U. S. Congress

Congressional Record

PROCEEDINGS AND DEBATES

OF THE

SECOND SESSION OF THE SEVENTY-THIRD CONGRESS

OF

THE UNITED STATES
OF AMERICA

VOLUME 78—PART 8

MAY 3, 1934, TO MAY 20, 1934

(Pages 7967 to 9118)

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1934

Congressional Record

PROCEEDINGS AND DEBATES

OF THE

SECOND SESSION OF THE
SEVENTY-THIRD CONGRESS

OF

THE UNITED STATES
OF AMERICA

VOLUME 78—PART 8

MAY 2, 1934, TO MAY 16, 1934

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1934

Deposited by the
United States of America
1879-1934

Congressional Record

SEVENTY-THIRD CONGRESS, SECOND SESSION

SENATE

THURSDAY, MAY 3, 1934

(Legislative day of Thursday, Apr. 26, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. LEWIS, and by unanimous consent, the reading of the Journal for the calendar day Wednesday, May 2, 1934, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the amendment of the Senate to the joint resolution (H.J.Res. 332) to provide appropriations to meet urgent needs in certain public services, and for other purposes.

The message also announced that the House had passed the bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the concurrent resolution (S.Con.Res. 14) relative to a duplication of an appropriation of $150,000 for expenses of inquiries and investigations ordered by the Senate for the fiscal year 1934.

The message also announced that the House had agreed to a concurrent resolution (H.Con.Res. 37) providing for a joint session of the two Houses of Congress for appropriate exercises in commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled joint resolution (H.J.Res. 332) to provide appropriations to meet urgent needs in certain public services, and for other purposes, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and move a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Gibson	Metcalf	Thompson
Bulow	Glass	Murphy	Townsend
Byrd	Goldsborough	Neely	Tydings
Byrnes	Gore	Norbeck	Vandenberg
Capper	Hale	Norris	Van Nuys
Caraway	Harrison	Nye	Wagner
Carey	Hastings	O'Mahoney	Walsh
Clark	Hatch	Overton	Wheeler
Connally	Hatfield	Patterson	White
Coolidge	Hayden	Pittman	
Copeland	Hebert	Pope	
Costigan	Johnson	Reynolds	

Mr. LEWIS. I announce the absence of the Senator from California [Mr. McADOO] because of illness, and the absence of the Senator from Florida [Mr. TRAMMELL], the Senator from Nevada [Mr. McCARRAN], and the Senator from North Carolina [Mr. BAILEY], who are necessarily detained from the Senate.

Mr. HEBERT. I announce that the Senator from Connecticut [Mr. WALCOTT] is absent because of a death in his family, and that the Senator from Pennsylvania [Mr. REED] and the Senator from Ohio [Mr. FESS] are necessarily absent, detained from the Senate.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

TRIBUTE TO THE LATE SENATOR JOHN B. KENDRICK, BY SENATOR ASHURST

Mr. NEELY. Mr. President, on the 27th day of April the senior Senator from Arizona [Mr. ASHURST] wrote a letter to the junior Senator from Wyoming [Mr. O'MAHONEY] in which he paid so very eloquent and beautiful a tribute to the memory of the late Senator John B. Kendrick that I think it should be preserved in the RECORD. The letter is as follows:

APRIL 27, 1934.

Hon. JOSEPH C. O'MAHONEY,
United States Senator from Wyoming, Washington, D.C.

MY DEAR SENATOR O'MAHONEY: You were one of the closest friends our departed John B. Kendrick ever knew.

Romance and emprise clustered around him, and although his lips have now partaken of the sacraments of the dust, the influence of his character survives and is treasured by his relatives, his friends, and his proud State.

Senator Kendrick possessed that heaven-born attribute which the English call a "cool head" and the Americans call "judgment"; hence, in sharp parliamentary contests and stormy conventions, he held true to the main purpose, was master of himself and of the business at hand.

He was a practical idealist. Nature in one of her prodigal moods stamped upon him her royal seal.

Even when he viewed the swelling dome and the fluted pilasters of the Nation's Capitol he wistfully yearned for the far-away rim of the prairie.

Amidst the din and sensation of politics in Washington, he longed for his shining Tetons and his gorgeous Yellowstone. His nostrils were always eager for the pungent odor of the wild sage, and his kindly eyes ever sought to descry the scarlet glory of the blossoming cactus.

In public office he trod the paths of his feet with marvelous circumspection, and he was inspired by an ardent enthusiasm for the public good. He was a competent Governor, a successful and influential United States Senator. He was a real cowboy, and he became the most distinguished of all of those excellent and racy spirits who, 50 years ago, drove the thundering herds.

The cowboy's work, like a particolored robe, is so woven about Senator Kendrick that a word describing the cowboy he so truly typified may not be out of place here.

No belted knight in chivalry on heath or strand ever appealed with such allurement and glamour as did the American knights of the remuda.

Among the cowboys there were varying degrees of sophistication, for they were drawn from the different walks of life. The majority, however, were drawn from pioneer stock. The nature of the cowboy's occupation afforded him scant opportunity for extended reading, for he must needs constantly attend the cattle.

If this cow range was on the desert, he must grind its bitter dust between his teeth, endure its flail of heat, and ride on and on. If his range was on the mountain, he must, in winter, ride hard beneath the cold stars. The cowboy's life was one of severe isolation, but his work was not only made endurable but was even rendered pleasurable as well when he took refuge, as many, if not most of them, did, during their lonely rides, by entering into the realm of imagination, where ideal experiences are possible without objective restraint—a realm where images form and fall; where glittering towers upthrust themselves and globes of gold expand and float; a domain peopled with a viewless throng, invisible to all but the eye of the imaginer; and in this way a

high percentage of the American cowboys became endowed with intellect and grace, fascination and tremendous personal charm.

Senator Kendrick symbolized the American cowboy—calm, steady, generous, fair, adaptable, industrious, and firmly devoted to the rugged old virtues which made our Nation great and strong.

With high esteem, sincerely yours,

HENRY F. ASHURST,
United States Senator from Arizona.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by Local No. 88, Cooks and Pastry Cooks Union, of Chicago, Ill., favoring the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also laid before the Senate a telegram in the nature of a petition from Judge James Coke, chairman Territorial Democratic Convention, Honolulu, Territory of Hawaii, praying, on behalf of that organization, for the prompt passage of legislation extending the operation of the Federal Deposit Insurance Corporation to Hawaii on an equality with the mainland of the United States, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate resolutions adopted by an unnamed organization in the State of Illinois, favoring the passage of legislation amending the Home Owners' Loan Act so as to permit the making of loans on buildings housing more than four families, provided such a loan does not exceed the sum of $20,000, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a memorial from Percy C. Magnus, president of the New York Board of Trade, Inc., on behalf of a meeting of various commercial and civic organizations held at the Hotel Pennsylvania, New York City, remonstrating against the passage of the so-called "Fletcher-Rayburn stock exchange regulation bill" in its present form, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Young Men's Board of Trade, of New York City, N.Y., favoring amendment of the so-called "Fletcher-Rayburn stock exchange regulation bill" so as to provide for general powers of regulation, leaving the interpretation and enforcement of the law in the hands of a nonpolitical committee, which was ordered to lie on the table.

Mr. KEYES presented the petition of members of the Home Study Club, of Bedford, N.H., praying for the passage of Senate bill 2800, the so-called "pure food and drugs bill", which was ordered to lie on the table.

Mr. ASHURST presented petitions of sundry citizens of the State of Arizona, praying that every means be used to keep them employed on local governmental projects in Yavapai County and vicinity, Arizona, and that no transients be employed to take their places on such Public Works projects, which were referred to the Committee on Finance.

He also presented petitions of citizens of Phoenix, Ariz., and of sundry citizens and organizations of Hagerstown, Md., praying for the passage of the so-called "Costigan-Wagner antilynching bill", which were ordered to lie on the table.

Mr. CAPPER presented a letter in the nature of a petition from members of the Methodist Episcopal Church of Byers, Kans., praying for the passage of Senate bill 3015, prohibiting the advertising of intoxicating liquors through the medium of radio broadcasting, which was referred to the Committee on Interstate Commerce.

He also presented a petition of sundry citizens of Belleville, Kans., praying for the passage of Senate bill 3231, to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes, which was referred to the Committee on Interstate Commerce.

REPORTS OF COMMITTEES

Mr. TOWNSEND, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1818. An act for the relief of W. P. Fuller & Co. (Rept. No. 876);

H.R. 2203. An act for the relief of Enoch Graf (Rept. No. 877); and

H.R. 2431. An act for the relief of certain newspapers for advertising services rendered the Public Health Service of the Treasury Department (Rept. No. 878).

Mr. TOWNSEND also, from the Committee on Claims, to which was referred the bill (H.R. 4533) for the relief of the widow of D. W. Tanner for expense of purchasing an artificial limb, reported it with amendments and submitted a report (No. 879) thereon.

Mr. GIBSON, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2712. An act for the relief of Yvonne Hale (Rept. No. 880);

H.R. 200. An act for the relief of Jacob Durrenberger (Rept. No. 881);

H.R. 207. An act for the relief of Homer C. Chapin (Rept. No. 882); and

H.R. 4060. An act for the relief of Ellen Grant (Rept. No. 883).

Mr. GIBSON also, from the Committee on Claims, to which was referred the bill (S. 2470) for the relief of Erik Nylin, reported it with an amendment and submitted a report (No. 884) thereon.

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 878. An act for the relief of Kathryn Thursion (Rept. No. 885); and

H.R. 1254. An act for the relief of H. Forsell (Rept. No. 886).

Mr. CAPPER also, from the Committee on Claims, to which was referred the bill (H.R. 5405) for the relief of Nicola Valerio, reported it with an amendment and submitted a report (No. 887) thereon.

Mr. STEPHENS, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3364. An act for the relief of G. T. Fleming (Rept. No. 888);

H.R. 4927. An act for the relief of C. J. Holliday (Rept. No. 889); and

H.R. 4929. An act for the relief of J. B. Trotter (Rept. No. 890).

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2049. An act for the relief of the Western Electric Co., Inc. (Rept. No. 891);

S. 3322. An act to carry out the findings of the Court of Claims in the case of the Union Iron Works (Rept. No. 892);

H.R. 177. An act for the relief of Lottie Bryant Steel (Rept. No. 893); and

H.R. 5299. An act for the relief of Orville A. Murphy (Rept. No. 894).

Mr. LOGAN also, from the Committee on Claims, to which was referred the bill (S. 1629) for the relief of the Southern Products Co., reported it with amendments and submitted a report (No. 895) thereon.

Mr. WHITE, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2473. An act granting jurisdiction to the Court of Claims to hear the case of David A. Wright (Rept. No. 896);

H.R. 1207. An act for the relief of Robert Turner (Rept. No. 897);

H.R. 1208. An act for the relief of Frederick W. Peter (Rept. No. 898);

H.R. 1209. An act for the relief of Nellie Reay (Rept. No. 899);

H.R. 2750. An act for the relief of Scott C. White (Rept. No. 900);

H.R. 3868. An act for the relief of Arabella E. Bodkin (Rept. No. 901); and

H.R. 4928. An act for the relief of the Palmetto Cotton Co. (Rept. No. 902).

Mr. ERICKSON, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1825) authorizing the Secretary of the Interior to issue patents to the numbered school sections in place, granted to the States by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress, reported it without amendment and submitted a report (No. 903) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S.J.Res. 109) authorizing a study by the Bureau of the Census with respect to the cotton stocks held in the United States, reported it without amendment and submitted a report (No. 904) thereon.

Mr. FRAZIER, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S.J.Res. 86) for the adjustment and settlement of losses sustained by the cooperative marketing associations, reported it with amendments and submitted a report (No. 906) thereon.

Mr. STEPHENS, from the Committee on Commerce, to which was referred the bill (S. 2001) to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes, reported it with amendments and submitted a report (No. 905) thereon.

ESTATE OF JOHN F. HACKFELD, DECEASED

Mr. STEPHENS, from the Committee on Claims, reported a resolution (S.Res. 229), which was ordered to be placed on the calendar, as follows:

Resolved, That the bill (S. 3227) for the relief of the estate of John F. Hackfeld, deceased, now pending in the Senate, together with all the accompanying papers, be, and the same is hereby, referred to the Court of Claims, in pursuance of the provisions of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary", approved March 3, 1911; and the said court shall proceed with the same in accordance with the provisions of such act and report to the Senate in accordance therewith.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 2d instant that committee presented to the President of the United States the enrolled bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. STEPHENS:

A bill (S. 3525) to repeal certain laws providing for the protection of sea lions in Alaska waters; and

A bill (S. 3526) to amend the Air Commerce Act of 1926 and to increase the efficiency of the Aeronautics Branch of the Department of Commerce with respect to the development and regulation of civil aeronautics; to the Committee on Commerce.

By Mr. ASHURST (by request):

A bill (S. 3527) to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government; to the Committee on the Judiciary.

By Mr. WALSH:

A bill (S. 3528) to grant permission to the Willard Family Association to erect a tablet at Fort Devens, Mass.; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 3529) concerning retired pay of Judges of the Supreme Court; to the Committee on Appropriations.

By Mr. TYDINGS:

A bill (S. 3530) relating to Philippine currency reserves on deposit in the United States (with accompanying papers); to the Committee on Banking and Currency.

By Mr. SHIPSTEAD:

A bill (S. 3531) to establish the Pipestone Indian Shrine in the State of Minnesota; to the Committee on Public Lands and Surveys.

By Mr. LA FOLLETTE:

A bill (S. 3532) granting certain property to the State of Wisconsin for institutional purposes; to the Committee on Indian Affairs.

By Mr. NORBECK:

A bill (S. 3533) to amend the act entitled "An act creating the Mount Rushmore National Memorial Commission and defining its powers and purposes", approved February 25, 1929, and for other purposes; to the Committee on the Library.

By Mr. JOHNSON:

A bill (S. 3534) to amend sections 116 and 22 of the Revenue Acts of 1928, 1932, and 1934; to the Committee on Finance.

A bill (S. 3535) for the relief of Samuel Kaufman; to the Committee on Military Affairs.

SALE AND DISTRIBUTION OF MILK AND DAIRY PRODUCTS

Mr. ASHURST submitted the following concurrent resolution (S.Con.Res. 15), which was referred to the Committee on Interstate Commerce:

Whereas an audit made by the Agricultural Adjustment Administration has revealed that distributors in four of the largest milksheds in the United States, for the 5 years ended December 31, 1933, made a net profit of 25.71 percent on their net plant investment; and

Whereas this audit shows the net profits of distributors in each of the milksheds for the 5-year period to be: Philadelphia (distributors handling 85 percent of volume), 30.76 percent; Boston (distributors handling 75 percent of volume), 22.45 percent; St. Louis (distributors handling 67 percent of volume), 14.64 percent; and Chicago (distributors handling 90 percent of volume), 25.84 percent; and

Whereas during this same 5-year period the wholesale price of milk sold by farmers declined 50 percent, resulting in severe hardships and suffering to milk producers throughout the United States and strikes and violence in many rural and metropolitan centers; and

Whereas the aforesaid audit by the Agricultural Adjustment Administration has revealed net profits of milk distributors which tends to establish that similar conditions exist in other milksheds throughout the United States; and

Whereas an investigation in the District of Columbia pursuant to S.Res. 76, Seventy-third Congress, first session, revealed testimony which abundantly sustains the contention that over a period of years large milk distributors have attempted to create a monopoly in the District of Columbia, and largely as a result of these efforts farmers producing milk for the District of Columbia milkshed have received low returns for their product and have been placed at a serious disadvantage; and

Whereas the testimony adduced at hearings in the aforesaid investigation in the District of Columbia tends to prove that similar monopolistic efforts likewise exist in other milksheds in the Unted States; and

Whereas there is reason to believe that there exists a close tie between certain leaders of milk producers' cooperatives and milk distributors, which tie is unbeknown to milk producers and detrimental to their interests; and

Whereas the continuation of the practices now engaged in by milk distributors and certain leaders of milk cooperatives seriously endangers the efforts of the Agricultural Adjustment Administration and of the several States to alleviate and remedy the distress now wide-spread among dairy farmers in the United States, which distress if permitted to continue will result in the destruction of the already sorely pressed agricultural industry: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That the Federal Trade Commission is authorized and directed to investigate conditions with respect to the sale and distribution of milk and other dairy products within the territorial limits of the United States by any person, partnership, association, cooperative, or corporation, with a view to determining particularly whether any such person, partnership, association, cooperative, or corporation is operating within any milkshed of the United States in such a manner as to substantially lessen competition or to tend to create a monopoly in the sale or distribution of such dairy products, or is a party to any conspiracy in restraint of trade or commerce in any such dairy products, or is in any way monopolizing or attempting to monopolize such trade or commerce within the United States or any part thereof, or is using any unfair method of competition in connection with the sale or distribution of any such dairy products, or is in any way operating to depress the price of milk sold by producers. The Federal Trade Commission shall report to the Senate as soon as practicable the result of its investigations, together with its recommendations, if any, for necessary remedial legislation.

MOTHER'S DAY STAMP

Mr. COPELAND. Mr. President, I shall detain the Senate but 2 minutes.

Each of us received in his mail this morning a letter with the Mother's Day stamp, sponsored by the American War Mothers. This inaugurates a new thought in our postal history. I think we should congratulate the President and the Postmaster General that they have turned aside from the ordinary activities of official life to honor the mothers of America, and particularly the war mothers.

I need not enlarge upon the sacrifices made by this group of fine women. They now have an organization dedicated to the welfare of indigent war mothers. They seek in this organization to see that war mothers deprived of the aid given by sons lost in the war shall not suffer want and privation.

We are now approaching Mother's Day; and I thought we might well pause in our activities for one moment to pay tribute to these women, who made sacrifices which to my mind are even greater than the sacrifices of the men who died in the service.

WHAT THE NEW DEAL HAS DONE FOR WOMEN IN INDUSTRY

Mr. COSTIGAN. Mr. President, from time to time at this session or previous sessions of Congress I have believed it in the public interest to have included in the CONGRESSIONAL RECORD statements of or tributes to leading American women of today. To such previous articles it is appropriate to add another.

Miss Mary Anderson, Chief of the Women's Bureau of the United States Department of Labor, for many reasons has received special appreciation for her public work. She is at all times a friend of women and has established a high personal and official reputation. In her official position she has enjoyed exceptional opportunities and has steadily striven for years to improve the lot of women, with necessary regard for those who, under the pressure of economic conditions or by reasoned preference, are today engaged in gainful employment.

On April 24, 1934, at the National Biennial Nursing Convention in Washington, D.C., Miss Anderson delivered an unusually timely address. This is an hour of searching scrutiny of certain admittedly experimental legislation of the present administration. The National Recovery Administration in some of its developments has produced divided judgments as to its value. Notably the effects of that administration's codes on industrial relations between employers and workers, and on price fixing by powerful business consolidations, if not monopolies, has aroused much anxiety. Whatever the conclusion, so far as the National Recovery Administration has opened the way to better industrial conditions for men, women, and children, credit should be given.

Miss Anderson is unusually qualified to discuss these industrial changes and did so in her address. In part, she referred to the recent emancipation of some women workers from sweatshop conditions under industrial codes adopted during the last year. She noted that about three fourths of such codes do not discriminate against women in regard to wages, and that men and women now, for the most part, have the same working hours. She directed attention to the significance for women of these developments.

I ask that Miss Anderson's discussion be placed in the RECORD as part of my remarks and that it may lie on the table.

There being no objection, the address was ordered to lie on the table and to be printed in the RECORD, as follows:

WHAT THE NEW DEAL HAS DONE FOR WOMEN IN INDUSTRY

(Address by Miss Mary Anderson, Chief of the Women's Bureau)

Depressions are not new. Throughout our economic history there have been stoppages of work from time to time. What is new about the current depression is the fact that due to unbalanced economic conditions both at home and abroad we had, along with the rest of the world, practically reached the saturation point of production. We no longer had sufficient markets for the goods from our factories and mills.

In the years previous to the depression we had produced on a scale never before anticipated. We had gone gaily along saying that all that was necessary to prosperity was that more and more goods be produced. And had we thought more seriously about adequate methods of distribution of these goods, we should not so soon have reached the saturation point in regard to production. In reality, there has existed in this country not a state of overproduction but rather one of underconsumption, wherein many persons have been unable to purchase the goods to satisfy pressing needs.

We have generally taken for granted that our American standard of living is high, forgetting the hundreds of thousands of workers who have never been paid wages that would guarantee them economic security and adequate decent living conditions.

The Nation's wealth has never been distributed in such a way as to guarantee a sustained purchasing power for all our people, and then we permitted the wages of a considerable proportion of our people to slide so low as to bring about the kind of unbalanced condition that helped greatly to precipitate the depression.

In a country like ours we have to depend upon 90 percent of our products being purchased by our own people, foreign markets in the best years utilizing only 10 percent of the goods produced. It is essential, therefore, that our great national income, which is ample for all the people, shall be more equitably distributed for work performed so that the buying power of the whole Nation be maintained and our home markets kept open. From the point of view of the families of our land we should see to it that wages paid be sufficient to guarantee not only that none shall go hungry or barefooted or be without necessary clothing but that every family shall have the essentials for a well-rounded existence and that all children shall have opportunities for education to enable the coming generation to have a better chance to achieve the good and cultural things of life than the one that has preceded it. Such aims are part of any program to prevent depressions and to promote real progress in the future.

What part did women play or wherein did they fall short in enacting their role in the situation leading up to the present depression? During the so-called "period of high wages" following the World War, women still received $9, $10, $11 a week while working in many instances as long as 10 to 12 hours a day. To be sure, of the 11,000,000 women reported by the 1930 census as in gainful employment, all did not receive such low wages nor work for such long hours. But a sufficient number were employed under such conditions to constitute a telling proportion of all women workers, and these women through their wages were unable to achieve an adequate degree of economic security.

In fact, the competition of employers tapping an ever cheaper and cheaper labor supply—and women, because of economic necessity and weaker bargaining power than that of men, have formed the greatest part of that sort of labor supply—helped to bring about the depression.

To be sure, there were many other causes leading to this major economic disturbance of our times. But cheap woman power was one of the vital factors because the purchasing power of this large block of wage earners was not great enough to buy back the goods they produced.

Once under way the depression brought serious hardships to women workers. Their wages, never high, sank to the lowest ebb. It has not been uncommon during recent years for women to receive $2 or perhaps $3 in their pay envelopes at the end of a week of long hours of labor. If there was any work to be had, many women were glad to get it at these wages. Is it any wonder that our purchasing power sank to so low a level that it became necessary to supplement the inadequate wages of millions of workers with private or public relief?

The mushroom growth of sweatshops, so effectively illustrated by the Women's Bureau study of Connecticut sewing trades, became a startling reality in many sections of the country. Aided by the effective publicity given to the findings of the bureau study, women throughout the Nation became aroused and eager to study local situations. The Women's Bureau was besieged by requests that it make similar investigations in a wide range of places.

By this time the better employers themselves realized that they could not maintain decent employment standards and compete with the increasing horde of cutthroat manufacturers. They joined whole-heartedly in requesting the new administration to formulate plans effectively to curtail destructive competition. The national recovery program was the result.

One of the first industries to avail itself of the new legislation was cotton-textile manufacturing. This industry has been one of those hardest hit by the depression and for several years previous had agitated for national regulatory legislation. It is significant that this is a basic industry and one employing large numbers of women.

Other examples of groups of workers benefiting under the new deal are those of the thousands of employees in certain of the clothing industries which prior to the N.R.A. had been honeycombed with sweatshop practices. The code for the coat-and-suit industry, signed in August of 1933, provided for a maximum work week of 35 hours and 5 days for both men and women in manufacturing processes. Guaranteed weekly minimum wages range from $22 to $47, according to occupation and section of the country. Piecework rates must yield from $0.53 to $1.30 per hour according to occupation and geographical section. An N.R.A. label must be attached to every garment made and distributed by plants operating under the provisions of this code.

The code for dress manufacturing also provides for the 35-hour and 5-day week. Though the basic minimum wage rates set are somewhat lower in general than those established for the

coat-and-suit industry, they constitute a striking advance over wages paid in sweatshop dress factories a few months previous to the adoption of the code. And that the public may be able to make sure that garments purchased are manufactured under the conditions stipulated by the code, the Blue Eagle label is attached to each garment so produced.

Under the N.R.A., whenever codes have been formulated and presented for adoption, open hearings have been held where all with anything to contribute of factual material have been given a chance to present such data. When a code finally is approved it contains certain labor provisions which include a minimum wage, basic or maximum hours (usually 40 weekly), in some cases the prohibition or regulation of home work, and in almost every case the elimination of the labor of children under 16. To prevent the exploitation of workers as learners, many codes limit the number so employed and the period of apprenticeship.

There are certain problems so far as women are concerned that have come to the fore in the N.R.A. deliberations. The traditional low pay for women is one of the battling points in the making of the codes. Many codes as submitted by manufacturers for consideration by N.R.A. authorities provide that the general minimum wage shall be a specific amount but the females shall receive in the majority of cases from 10 to 15 percent less than this amount. In this regard no consideration is given to the fact that many women are doing the same work as men, that their work in many instances is as highly skilled as that done by men. The fact is overlooked that the minimum set is for unskilled labor and that no workers should be paid below the minimum set if purchasing power is really to be raised. And increased buying power is one of the major planks in the plan for the rehabilitation of industry.

It is true, of course, that many N.R.A. deputies will argue that they can persuade manufacturers to agree to a wage of 40 cents an hour for men and 35 cents an hour for women, and that even then women's wages are being raised considerably. Employers themselves, strangely enough, will second this argument, forgetting or ignoring the fact that it is because of the ruthless competition brought about by juggling wages and allowing women to undercut men that they found themselves in the position they occupied at the beginning of the depression. They are not yet in the habit of considering that they themselves would be better off if wages and hours were excluded from the competitive field between the sexes. If the same minimum should be adhered to for men and women alike, there would be plenty of opportunity to set different wages for types of skill, also irrespective of sex, above the minimum.

Wherever a proposed code has carried a sex differential there has been considerable pressure brought to bear by forces both within and without the N.R.A. for its elimination. It is significant that 75 percent of the codes carry no such differential despite the fact that heretofore women in general have been paid rates below those of men, in some industries from 25 to 50 percent less. The setting of a minimum irrespective of sex in about three fourths of the codes is, I feel, a tremendous gain. Such progress we should not overlook, even though we regret the other 25 percent of the codes that still carry a sex differential. Moreover, we must remember that where such inequality exists in a code, the difference between men's and women's wages is less than has been customary in the past. No amount of legislation and agitation in the past had been able to overcome these basic differences in the wages of men and women. When we consider that between 1920 and 1930 women in gainful employment increased by two and one quarter million we realize what an important part the elimination of so large a part of the sex differentials and the narrowing of others in the wages of workers can play in our industrial life.

Nevertheless, while we as women have cause to be encouraged through the formulation of the codes and their resultant benefits to women we do not want to feel that our job is done, with one fourth of the codes still allowing sex differentials. Also there is still a big army of women who are covered by no code who will themselves have to battle for better standards. It would be well if all women could do this in groups like the nurses, but we know that many individuals will have to fight alone unless they have the backing of other groups.

Another advantage, of course, that the N.R.A. has brought to women is that men and women are now working the same hours. Women cannot be exploited as a group through being forced to work for longer hours than men who in the past because of organization have been in a stronger economic position and better able to bargain for the 8-hour day.

Think of what is meant to thousands of women suddenly to find themselves in a situation they scarcely dared dream of because it seemed so improbable—employment with a really short work schedule. Think of the benefits short work hours bring to women by helping to prevent undue fatigue, safeguarding health, and increasing their efficiency. To the many women who are mothers and home makers and must perform two jobs, one in the home and one in the factory, short work hours give much additional needed time for care of home and family. For a vast majority of women in industry the new law means more leisure, more time to follow their own personal interests and pursuits, more time for relaxation, recreation, self-development, and culture.

There has been much talk recently about how workers are to spend their increased leisure. With the 8-hour day and 40-hour week the question of ways and means of using the time after the job does not constitute a problem with the great majority of workers, particularly the women who have the additional job of home making and who welcome extra and much-needed time for such duties. Our greatest concern at present is that these women shall actually have some real leisure time to afford them opportunity for educational and cultural interests and problems of citizenship.

Secretary Perkins, when asked about the question of increased leisure, said that personally she was not worried about the matter, as she felt that workers would use their leisure very well in their own way, and their ways of spending it would be much better than any she might devise for them.

In conclusion, let me state that through the national recovery program women in general have had a chance to achieve progress in a comparatively short time. It is significant that within the last year women have been appointed in larger numbers to positions of responsibility than ever before in recognition of their ability in specific fields.

I am sure that we shall all rejoice in the advance made, but we must never feel that the work is done. No; we need more extensive and ever-vigilant cooperation so that finally we shall have no distinctions as to sex, but the work of women as well as of men will be predicated upon ability. Nor can we rest content until opportunity and economic security are not only goals but realities for individual women in the great body of those gainfully employed or in need of gainful employment.

EXISTING GOVERNMENTAL TRENDS—ARTICLE BY MALCOLM W. BINGAY

Mr. VANDENBERG. Mr. President, I ask unanimous consent to have printed in the RECORD an illuminating and significant analysis of existing governmental trends from the pen of Malcolm W. Bingay, editor of the Detroit Free Press.

Mr. Bingay rises entirely above partisan considerations in his discussion; yet he points what I believe to be a correct and sustained admonition to administration leaders in behalf of the speediest possible consolidation of the recovery programs on a basis of rational stability. It is a viewpoint largely held in the country. It deserves to be articulate.

Regardless of the degree in which one may or may not concur with all of Mr. Bingay's colorful comments, it cannot fail to be helpfully stimulating to contact these sturdy views of an able editorial analyst.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Detroit Free Press of Tuesday, May 1, 1934]

A GROWING PUBLIC OPINION DEMANDS UNIFIED PROGRAM

By Malcolm W. Bingay

I have just returned from the annual meeting of the American Society of Newspaper Editors at Washington and the spring meetings of the Associated Press and the American Newspaper Publishers' Association in New York.

In these three gatherings will be found all the cross-currents of public opinion in America—from the Atlantic to the Pacific, from the greatest cities to the smallest hamlets, from the roaring industrial communities to the peaceful prairie lands.

And if my eyes and ears and mind were able to register the trend of thought in America today, it is this: A demand for sanity and a sweeping away of the emotionalism that surrounds the new deal.

All indications are that President Roosevelt is fully cognizant of this steady rolling up of a mighty public opinion.

From all walks of life there comes pounding in upon him a demand for a coherent and understandable program of action.

This is not a discussion of whether the swing is to the right or to the left. The consensus of opinion is that the time has come for a clearly charted course so that business man and workingman alike will know where we are going.

Our people are weary of programs that contradict each other.

That the President and his political advisers are aware of it is quite evident by the changed attitude from a year ago when we were last in Washington.

The administration is today plainly on the defensive. Gone is that absolute assurance that the Holy Grail of political truth has been found.

A year ago there was much talk about the great social revolution that was sweeping over us. Today everyone, from the President down, emphasizes until the purport becomes obvious, not rev-olution but ev-olution. The "r" has been dropped like a hot potato.

Now, if the new deal has gone through a period of transition and is to be purely an evolutionary process then nobody can quarrel with that. All civilization, all life, is an evolutionary process.

And like a chorus there comes from all the spokesmen of the administration: "We can do nothing against the will of the people. It is up to them to decide."

The dreams of some of the "brain trusters" of a regimented American life have faded—or at least have been pushed out of the public picture.

A YEAR AGO

No judgment should be reached on the Washington picture without taking into full consideration the situation that confronted the new President a year ago. It would be unfair to him and blinding to a sane understanding of our problems. Then the

Nation was gripped with panic terror, our banks were collapsing like dominoes, one touching the other; business was paralyzed and chaos stalked the land.

Many moves were made in a case of desperate emergency. Nothing rallied America out of her depths of despond more than the calm sunny courage of our new leader. But that delirium of fear has now passed, the patient is convalescent and is eager to go places and do things.

MUST DEAL WITH INTANGIBLES

For an understanding we must again deal with the intangible values that go to make up a psychological study.

In this the big, the outstanding, significant fact is that the political divinity of Franklin D. Roosevelt no longer exists. That amazing hero worship which made of him a god, for the like of which we must go to Grecian mythology for comparison, is slowly orienting into an understanding that he is after all a human being. Glaring mistakes on the part of his "brain trust", for which he must stand responsible, have penetrated into the consciousness of the people, and they know now that he is not infallible.

This is the healthiest sign on the horizon.

I am sure that Mr. Roosevelt himself, as a practical politician, welcomes the change. He must take his place among the humans, as did Washington and Lincoln and Cleveland and Wilson, and other leaders who have gone through the agonies of leading a troubled Nation.

The reaction was natural: Out of the misery and terror of depression, to the wild hopes of an immediate millennium, then the disillusionment, and now the awakening to the facts.

Did he lead them with too high hopes or was that picture of the Promised Land necessary to arouse them from the depths of despond? That is aside from the present point, a something for the historians and the academicians to ponder on in the generations to come. We do know this, that a wise doctor promises a desperately sick patient many things that he knows in his own heart are not possible of realization.

By nothing herein contained do I mean to infer that the people have lost faith in Franklin D. Roosevelt, the man. He is still the hope of the Nation from the high skyscrapers of New York to the lowest cottage on the plains of Kansas; he is still the great faith of the great army of industrial workers, but it is now as a man with a man's limitations and not as a god. Miracles are no longer expected. That is why I feel that the change is a healthy one.

The rising tide of public opinion that can be sensed everywhere is not against the President but in a demand for a coherent program.

The main point is that the people are now ready to face a logically worked out program of action based on the hard grounds of practicability.

They are fed up with the theorists, each of whom contradicts all the others.

GREATEST STUMBLING BLOCKS

These theorists, these glib young gentlemen who glory in "showing off" their intellectual attainments, who can laugh at scars because they have never felt a wound—nor met a pay roll—are the great stumbling blocks to the success of President Roosevelt's second year, which must be one of constructive action.

These "smart alecs" are distrusted by the employers, the investors, the taxpayers, and the business men in general—large and small. And it is upon the faith of this latter group that the return of business is dependent. Though by no stretch of the imagination could anyone call Gen. Hugh Johnson a member of any "brain trust", yet his emotionalism, his strutting and swaggering, and his constant bellowing have done more damage than any of them. He has yowled about "cracking down" and "boycotting" and has given voice to other un-American expressions that have completely distorted the whole vision of the N.R.A. program.

What can the average business man, whether he is running a great motor factory or a peanut stand, think when he reads such contradictions as these:

General Johnson tells the National Retail Dry Goods Association:

"Keep prices down for God's sake. Keep prices down. That and that alone is the royal road to recovery."

And a few days later Professor Warren, the so-called "gold expert", equally close to the President, tells a Senate committee:

"By raising prices profits accrue. It becomes easier to pay taxes. Since it starts business, prices will rise."

A REASON FOR THE CONFUSION

Such citations of contradictions are endless. And, I think, there is a reason for all the confusion. It lies in the temperament of the President himself. Let me explain.

The greatest weakness Herbert Hoover had as President was that he insisted on doing everything himself. It was not that he did not trust others, it was his temperament, developed from years of being the lone guiding hand in many engineering exploits. He could not delegate authority or tasks.

The greatest weakness, as I am given to understand it, of Mr. Roosevelt is that he delegates too much to others. Only when a great crisis confronts him, as in the case of Jimmy Walker and the threatened automotive strike, does he reveal his granite side.

Then, too, he is a practical politician. I say this in the highest sense of the dictionary meaning. He has been in politics from the time he left college. The fundamental principle of all politics is to be loyel to those who are loyal to you. Roosevelt instinctively likes people who like him. And he is loyal to them, sometimes to his own detriment.

When he took over the reins of Government, he had gathered around him these bright young men. The wine of success had gone to their heads. They loved to pose and say clever things that would attract attention. That all went with the show.

MOLEY DROPPED EASILY

Raymond Moley was the first shining star. He permitted himself to be advertised by a newspaper syndicate as "the most important man on earth." Deftly, Roosevelt dropped him into an easy editorial job. But they are still friends.

Another example is this General Johnson, who bears the rank of a general but talks like a hard-boiled top sergeant. He has been allowed too much rein. He has angered and exasperated and terrorized business men whose whole-hearted support he could have had if he had shown the slightest understanding of the amenities of human relationships.

During the war he made a record handling the draft. During the war if his orders were not immediately obeyed the one who failed to obey could be taken out and shot. It is not on record that Henry Ford has been court-martialed as yet, though the loud-mouthed general bellowed around as though he were about to be.

When the newspapers of America, from the biggest dailies to the smallest weeklies, insisted that they would sign no code that did not guarantee the freedom of the press, it was the abuse heaped on them by General Johnson that made them more determined than ever to go to jail rather than waive the constitutional rights to free speech and a free press. The more the general bellowed, the more certain they were of sinister motives.

Finally, after months of battle against what they felt was an effort to license the press—as in Italy and Germany—the President signed the code with the constitutional provision guaranteed. But it was signed with a shocking and gratuitous insult.

It said that freedom of the press did not mean "freedom to work children or do business in a fire trap or violate the laws against obscenity, libel, and lewdness."

Probably no other sentence ever written so quickly aroused America to the manner in which we were drifting. It was the beginning of the end of the first phase of the new deal. It was the realization that great major issues were being handled by irresponsible people.

The working of children, of course, meant the newsboys. I sold papers myself as a kid and so did General Johnson. So have most boys. Nobody ever considered that as child labor.

As for fire traps, any Detroiter has but to look at the buildings erected by The Detroit Free Press, The Detroit News, and The Detroit Times to see how wicked that line was. And so it is in every other city. The newspaper plants are generally the finest buildings in the town. It is a matter of pride. And if there were any fire traps it would not be up to the President of the United States or General Johnson or the Federal Government, but to the State to eliminate them. So would any violation of the laws of libel or obscenity or lewdness.

Here was temper gone rampant. The reaction was terrific.

JOHNSON "TAKES THE RAP"

Last week before the assembled editors General Johnson "took the rap." The editors let him understand without mincing words that they resented the false accusations.

Arthur Sinnott, brilliant editor of the Newark Evening News and for many years a Washington correspondent, got the answer from the general that we wanted.

"Our main kick", said Sinnott, speaking for the editors of the country, "is that you are shooting too fast. It makes us all dizzy. You are trying to get heaven on earth—a code for this and a code for that. Give us a breathing spell. For example, I did not know, nor did anybody in this room, that the newspaper trade was a sweatshop."

"Who said that it was?" barked back Johnson, who had been on the defensive all afternoon.

"I think", answered Sinnott, "that it emanated from the White House."

The general grinned sheepishly, hesitated, and then said very quietly:

"I will take the responsibility for that. It was not the White House. I drafted that. It was very unfortunate. I am sorry for it. It was maladroitness of expression."

NOT ROOSEVELT'S WORDS

I have dwelt at length on this to make a specific point clear. President Roosevelt is too keen-minded politically to have said such a stupid thing. Further, he has charm and culture, neither of which are attributes of General Johnson. Yet he is presented to the country as having said it.

The editors of America have voices and typewriters. They can make their thoughts articulate. And so the general apologizes.

But a little merchant somewhere in New England put a sign in his window in which he sought to make use of the same Constitutional provision of free speech. The whole power of the Federal Government in the hands of General Johnson "cracked down" on him because he had the temerity to speak his mind about the N.R.A.

A United States Senator, CARTER GLASS, can call the Blue Eagle a blue buzzard and order it out of his shop without being molested.

FORD IGNORES EAGLE AND THREATS

Henry Ford can calmly ignore the Blue Eagle, though wildly threatened with all sorts of dire results. But a tailor in New Jersey is sent to jail for 30 days because he pressed a man's pants for a nickel less than the code said he should.

Multiply these incidents thousands of times and you have an explanation of the rising tide of public opinion throughout America.

The people are weary of the experimenters, the poseurs, the theorists, the highbrows who alone can understand what they are talking about.

They want action, clear-cut, tangible, understandable action.

There is not one word of criticism of Franklin D. Roosevelt. They know how he led them out of the terrors of a year ago. They have still unshaken faith in him. But they feel that the time has come for something to begin to jell.

They know that among his intimates President Roosevelt is known as "the skipper."

And steadily across this continent there is growing more articulate the voice of the people, and that voice is saying in essence:

"Skipper, for God's sake take the helm yourself and toss these amateur navigators overboard."

RECIPROCAL TRADE TREATIES

Mr. HATFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD a statement made on May 1, 1934, before the Finance Committee of the Senate by the Honorable Matthew Woll, opposing authorization to our entering into reciprocal trade treaties with foreign nations by reducing tariff rates and removing present import restrictions.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The question before the Congress, in the authorization to the President to enter into reciprocal trade treaties with foreign nations without public hearings and with ratification of any such treaties by the Senate, is rather simple.

The question is, Shall we change our present course and seek to increase the purchasing power of foreign nations, or shall we continue to seek to increase the purchasing power of our own people?

During the past few years the American people have spent billions of dollars in an effort to eliminate the present depression, to increase purchasing power, to provide employment opportunities for America's workers, and to make possible a profitable market for the products of America's farms and mines.

The proponents of this legislation contend that an increase of some $3,000,000,000 in our export trade will lift us out of the present depression. However, they also contend that, in order to make possible the exporting of these $3,000,000,000 worth of articles and commodities, we must import additional billions of dollars worth of foreign commodities and merchandise.

The proponents point to our export trade of 1929. They seemingly neglect or forget the conditions which made possible the exporting of some $5,000,000,000 worth of American products in 1929. They neglect to point out that large portions of those exports were paid for in I O U's or with money which our people had loaned to foreign nations and foreign nationals. They neglect to point out that most of the bonds which we purchased have defaulted in their interest payments and greatly depreciated in value. They fail to point out that most of the I O U's have been charged off to losses, to the greater loss of our Government in the form of tax collections. More important, they fail to point out that these exportations of $5,000,000,000 were based upon a price structure of about twice what current prices of the same articles and commodities were in 1932.

In 1929 we received an average of 19 cents per pound for the cotton we exported, while the average price we received for our exports of cotton for 1932 was only 7 cents per pound; we averaged 26 cents per pound for our exports of tobacco in 1929, while during the year 1932 we averaged only 16 cents per pound on the tobacco we exported; we averaged $1.25 per bushel for our exported wheat in 1929, while in 1932 we averaged only 60 cents per bushel for the wheat which we exported; we averaged 12½ cents per pound for the packing-house lard we exported in 1929, while in 1932 we averaged less than 6 cents per pound on our exports of lard. In 1929 we received 18 cents per pound for our exports of cotton, while in 1932 we received but 6 cents per pound for the copper we exported. In 1929 we received $1 per bushel for our exports of corn, while in 1932 we received only 35 cents per bushel for our exported corn.

The drop in the export value of these six commodities is but 50 percent, while the drop in the purchasing power of the workers amounted to 60 percent.

Naturally, with the price structure prevailing in 1929, our exports in value amounted to $5,000,000,000, especially when, in many cases, we received in payment, not cash, but some form of payment which in too many cases we have yet to realize upon.

America's industrial workers, opposing entry into reciprocal trade treaties with foreign nations without first having the opportunity of a public hearing, and, secondly, without ratification by the Senate of any treaties entered into with foreign nations, contend that our one assurance of safety, our assurance of providing employment opportunities of America's unemployed millions, our assurance of providing and of maintaining a market for the products of our farmers, lies in substantially increasing the mass purchasing power of our 50,000,000 workers.

The Census of Manufactures reports that those engaged in or employed in manufacturing industries in the United States in 1929 received in wages some eleven and a half billions of dollars; salaries paid in the same industries were some three and a half billions of dollars; with some thirty-six and a half billions paid for materials and containers, or a total of some $52,000,000,000.

It is quite generally understood that the present administration seeks to restore the price levels and conditions which existed in 1926.

Table 325, Employment and Payroll Indexes in Manufacturing Industries, as shown in the Statistical Abstract of the United States, 1933, published by the Department of Commerce, based on an index for 1926 of 100, shows that the 1929 index for pay rolls in these manufacturing industries was 100.5. The index for 1932 for pay rolls in the same industries had dropped to 41.6.

In other words, those engaged in or employed in our manufacturing industries alone suffered a loss in purchasing power of from $52,000,000,000 to some $20,000,000,000. Instead of chasing this lost $3,000,000,000 in export trade (based upon the price structure of 1929) we believe it safer, saner, and more constructive to bend our energies toward regaining this lost $30,000,000,000 of purchasing power, formerly possessed by those employed in or engaged in manufacturing industries alone.

The compilation I have just cited pertains only to manufacturing industries.

This compilation does not include those employed in or engaged in steam and electric railways; in mining, quarrying, or oil production and refining; in building; in wholesale or retail trade in hotels; in canneries, etc. We understand that the wages and salaries paid to those employed in or engaged in these nonmanufacturing groups amounted to more than $12,000,000,000 in 1929.

We know that the loss in purchasing power, of 1932, as compared with 1929, was as great as that suffered by those in the manufacturing industries.

The Statistical Abstract of the United States for 1933 contains a table showing the estimated gross income of American farms for 1929 and for 1932.

We note that this shows the income for 1929 at some $12,000,000,000, while for 1932 it was some $5,000,000,000, or, in round figures, a drop in purchasing power for those located on American farms of some 60 percent from that of 1929. Thus, the drop in purchasing power of those employed in or engaged in manufacturing and nonmanufacturing industries and of the farmers was practically the same.

We find that the 1929 purchasing power of some $75,000,000,000, possessed by the three groups which I have just referred to, had dropped to some $30,000,000,000 in 1932.

It is contended by those who wish to experiment with these reciprocal trade treaties with foreign nations that in order to enlarge our exports we must enlarge our imports.

What are those articles or commodities which those representing the United States in these bargaining tariffs will agree to facilitate the importation of, without injury to the employment opportunities of America's workers, or the destruction of the market in the United States, for the products of the American farms?

The press reports that farm organizations have been led to believe that importations of farm commodities will not be increased under these proposed reciprocal trade treaties. Is this possible?

Can we enter into reciprocal trade treaties with any nation on the American continent without accepting from such nations farm products?

Canada, Mexico, Argentina, Brazil, Patagonia, to mention but a few, have surplus dairy and cattle products; other nations have surplus fruits, vegetables, sugar, etc.

All of these farm products of these foreign nations are produced at total costs which are so much less than the costs which prevail on American farms that the prices which the American farmers would be forced to accept for domestic products in competition with the products imported as a result of our entering into reciprocal trade treaties will decline and that the American farmers would be worse off than they are today.

When we look at Europe, what do we find? With few exceptions they have, or they can easily arrange to have, a surplus of industrial products which they may be willing and anxious to trade to us in return for some of our surplus farm products.

In the case of most of the industrial products of Europe the labor costs of production is so much lower than the labor costs of similar goods which are the products of America's workers, that hundreds of thousands of our industrial workers would necessarily be deprived of employment opportunities. Again, and well worth your having in mind, is the fact that capital is very mobile. Already we have a number of American factories in foreign countries. Not only would these factories be supplying that foreign trade, which only a few years ago was supplied with the product of American labor, but we believe that even the American trade might be furnished with the products of these branch factories, located where the concern has the benefit of cheap labor costs.

In such a situation both America's industrial and agricultural workers would lose the benefits which they now have of the purchasing power of those industrial workers who would necessarily be deprived of employment.

Stressing the point further, what are those surplus products which it is claimed we must dispose of in foreign markets?

Short-staple cotton? Ordinarily we produce some 5,000,000 bales of cotton more than we can market in our own country. How-

ever, much of this trouble is not due to loss in our exports, as the figures show that our exports of cotton for 1932 was 9,058,000 bales, while for 1929 we exported 7,581,000 bales. The loss of the domestic market to products of cotton is due in part at least to the development of the rayon industry. Congress has just enacted legislation which restricts the production of cotton to some 10,000,000 bales annually, or, with any increase in our purchasing power, to such a figure that the cotton planters won't have to worry about the export market.

Insofar as it is legislatively possible, you have already eliminated the need of looking for foreign markets in which to dispose of our surplus cotton production.

We have a surplus ordinarily of about 20 percent of the wheat which we produce. Eighty percent of our wheat is sold in the domestic market, and, we understand, that we, American consumers, pay some 15 cents per bushel more for our wheat than is paid for the same type of wheat the foreigners buy from us.

We have tried to obtain a fair compilation of the net prices which the American farmer secures for his farm products as compared with the selling price plus transportation costs of similar farm products from other agricultural countries without success.

We believe that if such a compilation was prepared, it would show that with the higher standards of living which ordinarily prevail in our own country the American farmer nets far more than he would through our entry into reciprocal trade treaties with foreign countries, which, as we view it, means the forced unemployment of additional hundreds of thousands of America's industrial workers.

A hue and cry is raised from time to time of the necessity of our increasing our sales of American automobiles in foreign countries. It is claimed that we can undersell the foreigners in their own countries, owing to some supposed wizardry which we possess.

This is not true. We can undersell the foreign producers of automobiles solely because of the vast market for automobiles which exists in our own country.

Not alone is this true, but several of the large American automobile producers now possess plants in foreign countries. Will it be contended that they will dismantle these foreign plants and supply any increased trade which they might secure with the products of Detroit, Cleveland, etc.?

Realizing the necessity at this time of instilling confidence and eliminating fear as much as possible, we believe that the authorization to initiate and conclude reciprocal trade treaties with foreign governments, without hearings to those affected, and without final ratification dependent upon action of the Senate, will result in employers of labor hesitating or refusing to produce except for immediate sale, which means increasing unemployment for America's industrial workers.

INTERNAL REVENUE TAXATION—CONFERENCE REPORT

Mr. THOMAS of Oklahoma and Mr. HARRISON addressed the Chair.

The VICE PRESIDENT. The Senator from Oklahoma.

Mr. HARRISON. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. Mr. President, I understand there is some very important and urgent business to be transacted immediately. Because of that fact, I ask unanimous consent to yield the floor in order to permit the transaction of important and urgent business, with the understanding that when it shall have been concluded I may retake the floor.

Mr. McNARY. Mr. President, do I understand the Senator from Oklahoma asks to be recognized following the disposition of the conference report?

Mr. HARRISON. That is, as I understand, what the Senator from Oklahoma is requesting. He is willing, generously, to yield the floor until the conference report shall have been disposed of.

Mr. McNARY. Of course, it is a rather unique request; I do not care for the practice; but, if the Senator from Oklahoma had the floor yesterday——

Mr. HARRISON. He did.

Mr. McNARY. And he yields for this purpose only——

Mr. HARRISON. Yes.

Mr. McNARY. I shall make no objection.

The VICE PRESIDENT. The Senator from Oklahoma had the floor last evening when the Senate went into executive session, and the Chair thought that he ought to recognize that Senator this morning. Now the Senator from Oklahoma desires, as the Chair understands, to yield for a certain purpose to enable the Senate to transact certain business, with the assurance that he will have recognition at the end of that time. He asks unanimous consent to that effect. Is there objection? The Chair hears none.

Mr. HARRISON. I ask unanimous consent that the conference report on the revenue bill be laid before the Senate.

The VICE PRESIDENT. The Chair lays before the Senate the conference report on the bill, the title of which will be stated.

The CHIEF CLERK. A bill (H.R. 7835) to provide revenue, equalize taxes, and for other purposes.

The VICE PRESIDENT. The conference report was read yesterday and appears in the proceedings of the Senate on page 7879 of the RECORD of Wednesday, May 2, 1934. The question is on agreeing to the conference report.

Mr. BORAH. Mr. President, I simply wish the Senator from Mississippi to explain the present status of the so-called "consolidated returns provision."

Mr. HARRISON. Mr. President, the only change made in the provision providing for the abolition of consolidated returns is that railroads are excepted; so that the railroads, as common carriers, may file consolidated returns. In doing so, of course, the 2-percent penalty is imposed upon them. That is the only change.

Mr. BORAH. Otherwise, the provision stands as adopted by the Senate?

Mr. HARRISON. Absolutely.

Mr. TYDINGS. Mr. President, I am unable to support the motion to adopt the conference report because it still contains the provision taxing Filipino coconut oil, as Senators will recall.

Day before yesterday, May 1, the Philippine Legislature accepted the bill which provides for Filipino independence. There is no doubt in the world that when the Congress passed the bill there was an implied covenant, if not an express one, that the terms upon which they could secure their independence were as promulgated and set forth in that measure. They are a weak country as compared with the United States. We gave them our word that if they would do certain things and comply with certain conditions, independence would be theirs. Hardly is the ink dry on that document than we have changed the whole tenor and purpose and import of our agreement with those people.

Let me point out—and I hope Senators will listen to this one remark—that under the terms of the Philippine independence bill we virtually reduce by 40 percent their imports to the United States. In the matter of cordage alone we assumed they were importing 3,000,000 pounds into this country each year. We thought the figure had reference to pounds. As a matter of fact, it has reference to kilograms. In other words, they are importing three and a fraction kilograms a year, or about 6,000,000 pounds. Yet under the terms of the independence bill we cut their imports 40 percent, on the average, with reference to sugar, coconut oil, and cordage or hemp. That is a tremendous economic obstacle which they must overcome in order to get their independence.

Think what it would mean to us in the United States if 40 percent of our trade in our three major industries were taken away overnight. We question their ability to govern themselves in one breath, and then in the next breath we make it well-nigh impossible for them to govern themselves.

But bad as that situation is in the independence bill, which was written largely with an eye to our own rather than the Filipino interest insofar as its economic provisions were concerned, now we propose to further curtail the imports of Filipino products which are not produced in the United States proper. It is nothing more or less, in its naked truth, than an attempt on the part of some political farmers here in Washington to tax one part of the people under the American flag for the benefit of other people under the same flag. It is dishonest, it is unfair, and it violates our express promise in the Philippine independence bill itself.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. I yield.

Mr. LONG. I understood that was not a matter on which the Senate yielded, but a matter upon which the House yielded.

Mr. TYDINGS. It does not make any difference who has yielded or who has not yielded; the Senate and the House together have incorporated in the bill a provision which violates the terms of the Philippine Independence Act. Suppose the Filipinos were to violate the terms of the independence act, what would we say? We would rise in the Senate and denounce them as people who do not keep their word. Can we afford to pursue a course which reflects discredit and dishonor on the Congress of the United States? In the Philippine independence bill we take away 40 percent of their imports; and then at the very time when they are about to start on the long and perilous and troublesome road to independence, we propose to take away more of their imports through the process of taxation, and this, forsooth, under the guise that it will help the American farmer.

A calculation has been made which shows that a farmer will get one half cent more per hundred pounds of beef or 5 cents more per thousand pounds of beef as a result of this tax. So little is necessary to enable the Congress to forget its word to those people away over on the other side of the earth! For 5 cents per thousand pounds of beef we violate our agreement with the Filipino people!

They have no voice in this Chamber. They have to take exactly what we give them. The people in my State want this tax, but I do not believe those who want it are informed about the provisions of the Philippine independence bill or the small advantages which will come to them.

I appeal to Senators to reject the conference report. I appeal to Senators to keep their word with the people of the Philippines. The United States should not give its word and then break it if it wants to remain in a position to criticize the breaking of word by any other nation. The United States must come into court with clean hands if it wants to criticize others who may break their word on occasion.

But lo and behold, bad as all these things are, within the next 2 weeks we are going to have a reciprocal tariff bill in the Senate for which, perhaps, we are all going to vote. In 2 weeks there will come here a bill intended to revive world trade, and yet we are at the same time endeavoring to deprive the Philippines of this opportunity to trade with us. Where is there any consistency, logic, honor, principle, or anything else in such a system?

Letters have come here from the President of the United States to the chairman of the committee asking him not to put this provision in the bill and stating that it breaks the word of our Government. Letters have come from the Secretary of War, and letters have come from the Governor General of the Philippines. But the lobby is here to get it through, and what does our word amount to when the lobby is here?

What are we going to gain by it? The Filipinos are the best customers for the cotton goods of the United States. They buy $16,000,000 worth of cotton goods a year. We have just passed a bill to cut down cotton acreage because we cannot sell our surplus cotton, and now we are about to adopt an amendment which will destroy the purchasing power of the best customer we have for cotton goods. Let the farmers in the South know that the amendment destroys the market for $16,000,000 worth of cotton goods a year, the market of the leading cotton-goods customer of the United States. Let those farmers know that the Philippines buy more dairy products from the United States than any other country in the world. We have bills here to take care of the dairy interests, and yet at the same time we undertake to destroy the best foreign customer we have for the products of the dairy interests.

Does anyone in his right mind hold to the opinion that once the producing power of the Filipino people shall be curtailed, as it will be curtailed under the provisions of the conference report, there will be no less dairy products sold to them than they now purchase from us? Does any man claim that when this conference report shall be adopted there will be as much cotton goods sold to the Filipino people as are now sold? Of course not.

Mr. BORAH. Mr. President——

Mr. TYDINGS. I yield to the Senator from Idaho.

Mr. BORAH. In just what form does the amendment with reference to the Philippines come back to the Senate?

Mr. TYDINGS. It retains the excise tax of 3 cents.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. I yield.

Mr. NORRIS. As I understand—and I should like to be corrected if I am in error—the conference report contains the language on that subject just as it was adopted by the Senate.

Mr. TYDINGS. I have not read it; but that is my understanding.

Mr. NORRIS. Will the Senator from Mississippi answer that question—or perhaps the Senator from Michigan can answer it?

Mr. COUZENS. Mr. President, I may say, in response to the query of the Senator from Nebraska, that the only difference is that the House yielded on the 3-cent tax on copra and coconut oil and other oils from the Philippine Islands, and we yielded on the 5-cent tax from other countries than the Philippines, so they have 2 cents a pound differential.

Mr. NORRIS. I was wondering if the conference report now contains the language contained in the bill as it passed the Senate in regard to the payment of the tax into the Philippine treasury.

Mr. HARRISON. Mr. President, if the Senator will permit me——

Mr. TYDINGS. I yield to the Senator from Mississippi in order to elicit the information.

Mr. HARRISON. Of course, the Senator from Maryland understands my position, and knows how I opposed this proposal; but the Senate conferees tried to carry out the wishes of the Senate with reference to the matter.

No change was made with reference to the payment into the treasury of the Philippines of the tax collected on coconut oil from the Philippines. The only difference in this respect was that one or two oils—perilla oil and halibut-fish oil, I believe—were eliminated. I will state what the main difference was; and we did this in order to help the Philippines. There was not very much that the conferees could do, as the Senator appreciates.

The House had adopted an amendment putting a 5-cent tax on coconut oil and sesame oil. The Senate had put a 3-cent tax on coconut oil and on sesame oil, as well as on many other oils that were said to be interchangeable. What we did in conference was not to change the amendment offered by the Senator from Nebraska, but we provided that coconut oil coming to the United States from any country except the possessions of the United States—Guam, the Philippines, and so forth—should bear a 5-cent tax, but coconut oil coming from the Philippines should bear a 3-cent tax. In other words, the Philippine people have a differential of 2 cents a pound on coconut oil, and we are told by the experts that that will give them a practical monopoly of the importation of coconut oil into the United States.

The Senator from Nebraska will recall, as well as the Senator from Maryland, that in the discussion here it was shown that about 150,000,000-plus pounds of coconut oil come into the United States every year from countries other than the Philippines. So the conference report will give to the Philippines a complete monopoly in sending coconut oil to the United States because of this differential, and they will be given back the tax that is collected on the product from the Philippine Islands.

Mr. TYDINGS. The tax will be given back to the Government, but it will be permanently taken away from the producers.

In the short while I have been in Congress I have heard much about the abuse of power. I never saw Morgan use a more ruthless method of taking care of his own interests, or Wall Street or anyone else, without regard to justice or written agreements or fairness, than the American Congress has used in this instance. Having the ability to carry out what it desires with sheer brutality, it overrides these poor,

weak people, who are under the same flag which floats over us.

I have heard much about the ruthlessness of power. My God! Can a more ruthless exhibition of power be found anywhere than that we give, after having taken 40 percent of the imports away from these people under the independence bill, when, in spite of our plighted word, we stab them in the back, tax their farmers, and destroy their markets? It cannot be justified on the basis of honor. It cannot be justified on the basis of fairness. Every Senator here knows our action is unfair, whether he supports it or opposes it.

The fact that we take this money and give it back to the Filipinos is no justification at all for taxing their farmers. It is an invasion of their own taxing rights. We have no right whatsoever to tell the Filipino people how to run their own internal affairs; and, forsooth, while the effort was made to soften the blow by giving the tax back to the Filipino government, the fact remains that the farmer over there in the coconut industry has been penalized for an illusory gain to the American farmer.

There is no tariff at all on tallow. This action is supposed to help the farmers who produce tallow. The irony of the matter is that we tax one part of the American people and keep tallow on the free list. The whole thing is a monstrosity. It is illogical. It is inconsistent. It is unjust. It is dishonorable; and no other word will fit it.

I doubt if there will be any revenue to give back. The purpose of this action is to exclude Filipino products, not to raise revenue. It is false in its very trappings. It comes in here in disguise. It is the voice of Jacob, but the hand of Esau. It will be to the everlasting shame of the American Congress that, simply because, forsooth, a political farmers' lobby made the farmers believe there was some imaginary benefit in this proposal, the Congress stuck its tail between its legs and ran down the legislative alley with this dishonorable tin can dragging behind it. [Laughter.]

Talk about the ruthlessness of corporations attacking the poor and the downtrodden. Talk about Wall Street and all its power. Let those words never be heard again in this body, because nobody has been more ruthless or unfair or unjust or dishonorable than we are about to be in putting the stamp of approval on this nefarious measure.

I believe that in the inner consciousness of every Senator in this Chamber, when he considers this matter over in the light of his own conscience, he must know, if he has any conscience, that it is unfair, that it is dishonorable, that we are breaking our contract. I do not have to put forth my word for that. The President of the United States says we are breaking our contract. The Secretary of War says we are breaking our contract. Are we to break it again in the next session of Congress by taxing some other Filipino product? If this procedure is logical and right, why not tax them all before independence actually comes about? Why did we put certain provisions in the Independence Act if we did not mean to abide by them? What was the use of having a debate about the matter if the conditions upon which Filipino independence were predicated were to be so soon brushed aside, and that only 2 days after they had accepted our agreement for the accomplishment of Filipino independence?

Even so, if this were a revenue tax, we might justify it on some vague ground; but this is a tariff tax and nothing else, put on to exclude an article which we do not produce in the United States.

Senators know that these are true words. They know that the purpose of this tax was not to raise revenue. It is a legislative lie on its face. Senators know that it is one of the most ruthless exhibitions of legislative power toward a defenseless and unrepresented people that is to be found in the history of this or any other country. They know that there is no justification for it except that a number of political farmers running around in the lobby here have perhaps frightened some Senators and Representatives or are at least taking the sharp edge off their otherwise good judgment.

The president of the Philippine Senate, Hon. Manuel L. Quezon, says:

> If the bill is so altered that we must ship both copra and oil into the United States, then the amount of business which can be done by our oil mills in the Philippines will be so small that they will not be able to carry on. The total amount of oil which we could ship to the United States under the Tydings-McDuffie bill would be 448,000,000 pounds. If this be cut in half, we could then ship only 224,000,000 pounds of oil, whereas our Philippine mills actually shipped to the United States last year in the form of oil 316,000,000 pounds.

Showing how we cut down their oil under the Independence Act. But here is the significant thing for the farmers of the South to bear in mind: I quote from the statement of the Secretary of War, in which is to be found this pregnant paragraph:

> The Philippine Islands stand first as purchasers of United States dairy products with which coconut oil is alleged to compete.

They are the first customers for the dairy farmers of the West, and of Maryland, and of the Northeast, and of the South.

The Secretary of War proceeds:

> Our dairy industry should not overlook this fact when it advocates an excise tax which presumably will adversely affect our export market for dairy products.

Here is another thing:

> The Philippines also stand first in the purchase of United States cotton textiles.

We have just passed a bill to cut down cotton acreage because there is a surplus of cotton and no market for it. Now we are beginning to destroy the purchasing power of the first American customers outside our borders. They buy more cotton textiles than any other country in the world; and we are destroying their purchasing power, making it absolutely mandatory that they buy less, while at the same time we recognize that we have more cotton here than we can possibly sell.

Mr. BANKHEAD. Mr. President, I should like to ask the Senator if it is not a fact that the Filipinos buy more cotton textiles from Japan than they buy from this country?

Mr. TYDINGS. I have not the figures as to Japan, but I have the figures showing that the Filipinos buy more from us than from any other country in the world. If this conference report should be adopted, I should not be surprised if they would buy all their textiles from Japan; and they would have a right to do it in the face of our dishonor and the violation of our plighted word. The way to make them buy less is to follow the policy we are now pursuing.

The Secretary of War continues:

> Other items of importance are tobacco products—

Of course, they are manufactured in the cities. New York and Philadelphia, Pittsburgh and Baltimore are the big tobacco producers of the Nation. Tobacco is a city product. The loss in the purchase of tobacco produced in America will hurt the people in the cities only. It will not hurt the farmers, because tobacco is not raised on the farm. [Laughter.]

> Other items of importance are tobacco products, paper, rubber, iron and steel, electrical and sugar-mill machinery, automobiles, chemicals, drugs, books, etc. A complete list of the articles imported into the Philippine Islands from the United States would embrace almost the entire list of articles raised and produced in this country. All of these goods are admitted to the Philippine Islands free of duty.

We do not allow the products of the Philippines to come in, except in certain definite amounts, but we compel them to take all our products free of duty.

> I repeat that any restriction in the use of coconut oil in the United States would have a correspondingly adverse effect on Philippine purchases from the United States. Coconut oil ranks second in value of Philippine products sent to the United States.

Mr. President, that, roughly, is the issue. We have given them our word that they could have independence under certain definite terms and conditions. Are we to have so little regard for our word that a few people who represent a lobby here in Washington can point their fingers at us and scare us into violating our word?

We always talk about nations breaking their treaties, and we are about to break one, not with a foreign nation but with a people even now under the American flag.

We say we are trying to help the farmers, yet we are destroying the purchasing power of the best purchasers of our farm products.

We say we are trying to help the cotton farmers; yet we are destroying the market of the best customer, outside of our own country, for cotton textile goods.

We say we are trying to help the dairy farmer; yet we are destroying the market of the best customer in all the world for the products of the dairy farms of the United States.

We are to have before us in a week or 10 days a reciprocal tariff bill, when the measure before us violates every principle of trade reciprocity.

The provision I am discussing is found in the revenue bill, and it is an embargo measure, designed to exclude Philippine products.

Over and above it all, however, may I say in conclusion that we made an agreement with a weak people, a brown people, living half-way around the earth, and on the very day when they accept our agreement we break it. We, a great, strong Nation, are about to exhibit the most ruthless manifestation of dishonor and force and coercion ever recorded in legislative annals.

Mr. HARRISON. Mr. President, I hope the report will now be agreed to, unless there are some questions to be asked me about it. Then I shall ask that the Senate recede as to amendment numbered 13.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The question is on agreeing to the conference report.

The report was agreed to.

Mr. HARRISON. Mr. President, I move that the Senate recede from its amendment numbered 13. That is the amendment put into the bill by the Senate imposing a tax of 10 percent on normal taxes, surtaxes, and so on. The Senate conferees were unable to carry their point, and the House, by a yea-and-nay vote, rejected the amendment. The senior Senator from Michigan [Mr. COUZENS], I understand, desires to speak on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi, that the Senate recede from its amendment numbered 13.

Mr. COUZENS. Mr. President, amendment numbered 13—and perhaps the number in this case proved to be unlucky—is the amendment we put in the revenue bill before we passed it on the 13th of April, providing an addition of 10 percent on all net income taxes, to be paid by individuals during the calendar year 1934, not to be payable, however, until March 15, 1935.

So far as I am concerned, I shall not ask the Senate to insist further upon its amendment. The conferees on the part of the Senate, I think, did a very good piece of work in getting the House conferees to agree to nearly every important amendment we inserted in the bill in the Senate; the exception was the 10-percent amendment. It seems to me, however, in view of the publicity that was given to this proposal throughout the country, and particularly because of the vicious attitude taken by the Hearst papers, it is time that somebody replied to that system of yellow journalism.

I wish to compliment the American Congress for never having fallen for the stupid and unscientific general sales tax, in spite of the years and years of propaganda for it. I think Congress is to be commended because in the consideration of this particular revenue bill no one had the temerity to rise and offer an amendment to incorporate a general sales tax, so as to relieve the large income taxpayers.

Mr. Hearst, having a very enormous income, of course seriously objected to our elimination of consolidated returns, and of course objected to any raising of the income taxes.

When the Senate adopted the 10-percent amendment, Mr. Hearst organized a new party, entitled "The New Demagogic Party." It seems strange to me that when one of us has the temerity to take the side of the less privileged of our citizens; when we plead for the under dog, so to speak; when we adopt a liberal attitude toward those who are less privileged, we are called demagogues. But when we rise and plead for low income taxes, and for a sales tax, which would pass the burden from those less able to pay onto those least able to pay, then we are statesmen. That is a strange attitude which seems to have been built up, I suspect, largely under the aegis of the Hearst papers.

I have before me an article appearing in the Hearst papers—and most of their stuff is what is called "boiler plate"—and the article appeared, I suppose, in all the Hearst papers throughout the Nation, but the particular copy I have I observe was printed in the issue of the Washington Herald of Thursday, April 12, 1934, which I think was the day before we passed the revenue bill.

This communication is addressed to "All members of the new Demagogic Party", and reads:

All believers in un-American class distinction and discrimination.
All supporters of the cold deck and the misdeal.
All headed for the discard.
The list of Senators who voted for the Couzens amendment for a 10 percent supertax on all personal income-tax payments for 1934, to be paid in 1935, follows.

Here are all the Democrats who belong to the "Demagogic Party", and are slated for the discard:

Ashurst, Bone, Brown, Bulkley, Caraway, Clark, Costigan, Dill, Duffy, Erickson, Fletcher, Hatch, Hayden, King, Logan, Long, McCarran, McGill, Murphy, Neely, O'Mahoney, Overton, Pope, Reynolds, Russell, Sheppard, Thomas of Oklahoma, and Thomas of Utah.

I warn these Senators that they are all doomed and that this is their last session.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Alabama?

Mr. COUZENS. I yield.

Mr. BLACK. I desire to call attention to the fact that for some reason my name was left out of the list, and I certainly long to be in that club.

Mr. LONG. Mr. President, we cannot hear the Senator.

Mr. BLACK. My name should have been included in the list of members of that club.

Mr. COUZENS. It is not a club; it is a party.

Mr. BLACK. My name should be included in the membership of the party. While I was not present on the floor of the Senate when the bill was voted on, I certainly was paired, and was in favor of the Senator's amendment.

Mr. COUZENS. I should be glad to have the Senator a member of this party, but he does not happen to be named by Mr. Hearst.

Mr. BLACK. I appeal to the Senator to permit me to have my name inserted in the RECORD as a member of the party, because I certainly was paired in favor of his amendment.

Mr. COUZENS. The Senator has now made a record of his position, and I am glad to have him a member, because I understand my colleagues have elected me treasurer of the party.

Mr. BLACK. I was wondering whether or not there would be a right of action against a newspaper which left a man's name out of the membership.

Mr. COUZENS. I am not a lawyer, and I cannot advise the Senator as to that.

Mr. TYDINGS. Mr. President, if the Senator from Michigan is to be the treasurer of that party he is going to have a lot of converts very quickly. [Laughter.]

Mr. COUZENS. I want the Senate to listen to the list of the Republican members of the "Demagogic Party." We find the name of our distinguished colleague, Senator BORAH, of Idaho, and that of Senator JOHNSON, of California. They are two of the older Members of the Senate, so I mention them first. They are also slated for the discard.

In addition to them, there are CAPPER, and COUZENS, and CUTTING, and FRAZIER, and LA FOLLETTE; MCNARY, our distinguished leader; NORRIS, NYE, ROBINSON of Indiana; SCHALL; my colleague, Senator VANDENBERG, and Senator

WHITE. They are all slated for the discard, and a good many of them will find that out in November of this year.

Then there is the Farmer-Labor Senator [Mr. SHIPSTEAD] who is also slated for the discard.

Some others are named who were paired for the bill, who are also slated for the discard. One is Senator WHEELER, another is Senator GORE, and another Senator CONNALLY. They were paired for the bill, so they are slated for the discard.

It is a strange thing that there is a group of our citizens who love everything foreign more than things domestic, not only as to goods but as to individuals and personalities. It seems that if they get on a pair of spats and go to Europe as delegates to something, they become European. Having been born abroad, I have adopted this country, and am trying to stick to it and to its best traditions. I think it appropriate to advert to the fact that our distinguished colleague the senior Senator from Pennsylvania [Mr. REED], who is not present, is campaigning in support of the British system. He points out that the old British methods are better than ours, because recently in a speech in Philadelphia he said—and he also repeated it in the Finance Committee the other day in a colloquy with the Secretary of State, Mr. Hull—that Great Britain had recovered 84 percent since the depth of the depression in 1932.

Now it happens that Great Britain only fell 14 percent. Eighty-four percent of 14 percent is 11.70 percent; so they have recovered 11.70 percent.

Our distinguished colleague from Pennsylvania also said that we have only recovered 30 percent. We went down into the depths to 45 percent below normal. Thirty percent of 45 percent is 13½ percent; so, notwithstanding our greatly discredited American system, we have made a greater recovery since the depth of 1932 than has Great Britain.

I desire to draw the attention of the Senate to some of the differences between the British system with respect to income and estate taxes and the system in effect in our own country. I desire to say this in behalf of the British, while I am speaking, that they have never even discussed the question of a general sales tax, but notwithstanding that Mr. Hearst so endorses their having at last cut their income tax 10 percent. They have done it at an expense and at a cost to the less privileged class of their citizens, which I know that no Member of Congress would approve.

In that connection I desire to read, at the expense of boring the Senate——

Mr. CLARK. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. CLARK. They have also reduced their taxes at the expense of honest debts due the United States.

Mr. COUZENS. I was coming to that. I was also going to point out that if we repudiated our debts due our citizens to the extent of $10,000,000,000, which is approximately the amount owing us which foreign nations have repudiated, which includes $4,000,000,000 due us from Great Britain, we would not only balance our Budget, but we would have a grand surplus.

At the risk of repetition, I desire to say that if we incorporated in our tax laws the tax laws that Great Britain has we would collect $5,000,000,000 in 1 year, and we could balance our Budget and have a handsome surplus.

I desire to point out at what expense and at what cost the British accomplished this great feat which Mr. Hearst rhapsodizes about. I read from an article which appeared in the New York Times. I have observed that that paper is usually one of the most reliable newspapers. The article is dated April 29. It was written by a Britisher in Great Britain. It is not written by one of our "demagogic party" over here. I assume the writer is reliable and that his information is authentic, otherwise the New York Times would not publish it. It was written by Mr. Ferdinand Kuhn, Jr., in London, and it was published, as I said, in the New York Times April 29. I shall not read it all. I shall read portions of it and ask that the complete article be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit A.)

Mr. COUZENS. I quote:

Ever since the first of the year elation and pride have spread through the departments of the Government as the surplus became assured and as its proportions became clearer. Every cabinet minister and every member of Parliament not openly hostile to the Government has taken an almost personal pride in an accomplishment unmatched by any country since the world-wide depression began. Complacency has oozed through the headlines in the great conservative newspapers: "A Triumph of Sound Finance", "A Magnificent Achievement", "Virtue's Reward." A chorus of self-congratulation has risen from the financial community in the city of London, in the proud belief that England has pulled through.

I skip a portion and read further:

Yet there is strangely little exuberance in the country as a whole, even at the thought of the small reliefs which the new budget will bring. Millions of everyday citizens, contemplating their Government's fat surplus, somehow cannot bring themselves to regard their politicians as St. Georges who have slain the dragons of poverty and fear. They know only too well that the budget surplus has been wrung from them in sweat and strain—in taxes of almost unheard of severity, in diminished pay rolls and in the burdens which "sound finance" has imposed on countless families.

If there are any heroes who deserve to be decorated by their King for making the surplus possible, they are the middle-class taxpayers of the country, who have watched between a tenth and a quarter of their incomes go to the national treasury; the hundreds of thousands of school teachers, policemen, and civil servants who have seen their meager salaries reduced by 10 percent or more, and finally the millions of the unemployed and their struggling families who have had to give up part of their pitifully small insurance payments to make a budget holiday. These are the front-line soldiers who have taken the punishment.

Too many sacrifices have gone into the making of this triumph to permit of much rejoicing now. No one can spend even a few hours, with open eyes and ears, in any industrial town without sensing that the country is still in the throes of an economic and social crisis of terrible urgency. Whatever the chamber of commerce orators may say, there is no comfortable feeling in the north that the nation's emergency is over.

In order to regain its financial stability, the British Government has had to push millions of these unfortunates a little deeper into insecurity, debt, and distress beyond all measuring. The havoc of the depression is greater, the standard of living lower, the genuine hardship more bitter in Great Britain because the Government has had to reduce its payments to the unemployed and to its civil servants and to heap increased taxes upon every section of the community.

* * * * * * *

For the overwhelming majority of the British people had known nothing but continual crisis for more than 10 years.

* * * * * * *

I want to emphasize that they have gone through 10 to 12 or 14 years of depression, while we have had 4 years of depression, and yet we find Congress rebelling against increasing income taxes 10 percent. I desire to tell Members of Congress that that was not even a bite in the cherry of the price that we will have to pay before we are out of this necessary spending and before we will ever come anywhere near balancing the Budget. I continue reading:

Their troubles really began in 1919, when the demobilized troops poured back into a "land fit for heroes to live in", and found there were no jobs. For a year or so the emergency was so great that the Government found it necessary to spend £61,000,000 in an "out-of-work donation"—an outright dole to the unemployed, out of which the existing unemployment insurance scheme was developed in the following year.

What terrors of revolution of civil war these millions of pounds staved off in 1919 and in subsequent years nobody can tell; but when 1931 brought still heavier burdens, it was the unemployment insurance scheme and the existence of a sound banking system which acted as shock absorbers and enabled the British public to carry on.

They bore up under these taxes. They did not rebel. They knew that it was the humane thing to take care of the unemployed and to provide taxation for that purpose.

While on that point, I have a personal letter from an acquaintance of mine in London, who writes me and commends Great Britain for her policies with respect to the "dole", so called. In 1931 his concern made 101,120 pounds, and, out of that 101,120 pounds, he paid imperial taxation of 63,000 pounds.

We rebel and wince at our moderate taxation, while Great Britain maintains its position with even the large taxation she imposes, and still has to grind the poor.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. COUZENS. I yield.

Mr. LONG. I just want to say that the Senator's amendment did not affect the man of average means anyway. It did not start until a man earned in excess of $4,000 net. So it did not even begin to bear down as a burden on anyone.

Mr. COUZENS. In that connection I want to draw to the attention of Congress an editorial which appeared in the Daily News of last night, published here in Washington, wherein it is pointed out that Members of Congress not only increased their salaries from $8,500 to $9,500 a year but decreased their income taxes. What a grand position we are in to go before the public, having not only increased our salaries $1,000 but also having actually decreased our income taxes below what they were before the new tax bill was framed.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Washington?

Mr. COUZENS. I yield.

Mr. BONE. I hope the Senator at this point makes it plain that the members of the new "demagogic party" did not do that.

Mr. COUZENS. I have not distinguished between those who voted to raise their salaries. I was one of them; I voted to raise the salaries because we had to override the President's veto in order to get salary increases for the little fellows and also to get some recognition of the needs of the veterans. The two items were incorporated in one provision and there was no other way of getting at it.

Mr. President, we hear much said to the effect that the imperial or federal taxation of Great Britain is all-inclusive, while in our country we have local taxes outside our Federal income taxes. That is not a correct statement. I want to read from the same article about a little clerk who at the time the depression began was receiving as much as £10 a week, or about $2,500 a year. He bought one of those little stucco houses which those who have been to Great Britain recently will have seen scattered all around the outskirts of London:

> In one of the newer stucco houses lived Mr. Thimble and his wife and two young children. He is an expert bookkeeper in a big office building in the city, who formerly brought home £10 a week ($2,500 a year) and whose friends still think he has an excellent salary. Four years ago he bought his house for £800 through a building society; paid part of that sum by selling his little savings of war-loan bonds, and still pays the rest at 6 percent.
>
> Before the Government's finances ran on the rocks in 1931, Mr. Thimble had all he could do to make his £10 meet expenses; but, like all his big neighbors, he was thrifty and he managed. Shortly before England was forced off the gold standard his pay was cut by 10 percent. Then the tax assessments began to come in. His exemptions were reduced and his tax raised 10 percent over the year before, so that the Government could balance its budget. With a salary reduced to $2,250 a year, Mr. Thimble was called upon to pay $100 in income tax, $50 in property tax on his house, and $90 in local taxes.

So it appears that his aggregate local taxes were greater than the income tax which he paid to the British Government. Yet a man with such an income in America would not pay a nickel in Federal income taxes; in other words, he would have $2,500 exempted and $400 for each of his children.

So, Mr. President, the fact that Great Britain, after all this human misery, is able to reduce her income tax 10 percent and is being so heartily endorsed by Mr. Hearst should hardly have any appeal to us.

Now let us look at a comparison between the taxes paid by citizens of Great Britain and those paid by citizens of the United States. The new British normal tax in the case of an unmarried person with an annual income in excess of $515 is 22½ percent. That is their normal tax, while our normal tax is 4 percent. Not only that but the British tax begins in the case of an unmarried person when the income reaches $515 and above. A married person in Great Britain who has an income of $800 pays a normal tax rate of 22½ percent on his additional income; that is, he is exempted only on the income of $800. In our country a married man has to have an income in excess of $2,500 before he pays a normal tax. He then pays only at the rate of 4 percent.

I just wonder sometimes, Mr. President, as my colleagues talk about balancing the Budget and the great burden that we are placing upon our citizens, do they ever stop to think what Great Britain and other countries have had to go through as the result of the world-wide depression and the World War.

In Great Britain the Government collects from income taxes an average each year of about $52 for every person, while the average collected in the United States is only about $12. If we decided to impose a burden such as the British Government imposes, we would get about $5,000,000,000 more each year from our taxes, and we could balance our Budget very quickly.

During the 3 years—1931, 1932, and 1933—we collected in this country about a billion and a half dollars a year, while, if we take the taxes collected by the British Government over the 9-year period from 1924 and 1933, we find that the average collection was $2,286,000,000 a year. In other words, the British, with a population only about one third the size of ours, collected about $800,000,000 more than we did each year.

Now, take the British income tax and some of the schedules, which show how absurd it is for the press and for some of our colleagues to be continually crying and shedding tears in behalf of our terribly overburdened taxpayers. For example, on a $3,000 income under the present bill the possessor of that income pays $8; with 10 percent added he would pay $8.80. In Great Britain, on the other hand, he pays $311.

In the case of a $5,000 income—and I am referring, by the way, to a married man with no dependents—on a $5,000 income in Great Britain the possessor of that income would pay $711, and in our country he would pay $80.

A man with a $10,000 income in Great Britain would pay $1,862, and in the United States he would pay $415.

A man with a $50,000 income in Great Britain would pay $19,655, while in our country he would pay $8,869.

In the case of an income of $100,000 in Great Britain the possessor of such an income pays $48,102, while in our country he pays $30,594.

On a million-dollar income in Great Britain the tax is $639,160, and in our country $571,394.

Mr. President, I am not going to take up the time of the Senate in a further discussion of the income tax, but I do want to draw the attention of the Senate and the public to the differences between our estate tax and the estate tax imposed by Great Britain, because there has been some comment to the effect that in Great Britain the maximum tax on estates is 50 percent, while ours goes up to a maximum of 60 percent. Yet in spite of that an estate netting $10,000,000 in Great Britain pays a tax of $5,100,000, while, with our 60-percent maximum such an estate would only pay $4,387,600. So the average, in spite of the maximum being 60 percent, is only some 43 and a fraction percent of the net income. This is so notwithstanding the fact that the great Hearst newspapers continued to propagandize with the slogan, "soak the rich", but somebody evidently "put them wise" to the fact that you cannot soak the poor, so they have changed around and now have adopted the slogan, "soak the thrifty." Yet, with all their great organization, they have been unable, apparently, to secure the support of more than a few Members of Congress for a sales tax.

Great Britain begins taxing estates of only £100, or approximately $500. Such estates are taxed at 1 percent. The tax schedule then runs up to 50 percent on estates of more

than £2,000,000, which is just about our $10,000,000 schedule. We do not begin taxing estates until they have reached the sum of $50,000. That is one of the amendments on which the Senate receded, a provision in the Senate bill having reduced the limitation to $40,000, but the conferees have agreed on $50,000, as provided by the House.

All during this time of high tax rates in Great Britain, and notwithstanding what the workers and the unemployed had to suffer, we heard no cry over there, and I was unable to find any evidence of any cry, for a general sales tax or any general criticism of the high tax rate.

Senators, if we want to prevent trouble—I do not like to use the expression "trouble by force" or "revolutionary trouble"—not only Members of Congress but industry as well have got to adopt ways and means to establish some sort of security not only among those already unemployed but the millions and millions of our citizens who are now uncertain of whether they are going to have a job tomorrow. Only today a representative of the great industries of Detroit was in my office and stated that factories there had just this week laid off 8,000 men, and here it is the 1st of May. What are those 8,000 men going to do now? How will they live through the winter of 1934–35?

Senators, we are living in a strange era. We are living in a queer atmosphere. We seemed to be lulled by the N.R.A. and the A.A.A.—and when I mention them I am in no sense intending to criticize them, because I believe they are at least an effort, though by no means is it determined to be a correct effort. I have been loath to criticize all of the new things that have been started, because I am hoping that out of them something will come to bring a greater security for the workmen. We can talk about plowing under cotton, and we can use all the letters of the alphabet in these various organizations, but there is no solution to this economic problem until we can devise some substantial means of security.

EXHIBIT A

[From the New York Times, Sunday, Apr. 29, 1934]

UNSUNG HEROES GAVE BRITAIN A SURPLUS IN THE TREASURY—MIDDLE-CLASS TAXPAYERS, CIVIL SERVANTS, AND THE UNEMPLOYED BORE HEAVIEST BURDEN AND FACE GREAT SACRIFICES IN THE FUTURE

By Ferdinand Kuhn, Jr., London

History looked in at the House of Commons the other day when Neville Chamberlain opened his brandnew brief case and submitted his budget for the coming year. The stuffy air of that old chamber was vibrant with the sense that this was an occasion which would be remembered by future generations. It was not simply that the Government had a surplus of £31,148,000; England has had surpluses before and has forgotten them. What set this budget apart was the belief that it marked the end of a heroic struggle, the triumph of a nation over a crisis which had threatened to engulf it.

Ever since the first of the year elation and pride have spread through the departments of the Government as the surplus became assured and as its proportions became clearer. Every cabinet minister and every member of Parliament not openly hostile to the Government has taken an almost personal pride in an accomplishment unmatched by any country since the world-wide depression began. Complacency has oozed through the headlines in the great conservative newpapers: "A Triumph of Sound Finance", "A Magnificent Achievement", "Virtue's Reward." A chorus of self-congratulation has risen from the financial community in the city of London, in the proud belief that England has pulled through.

GROUNDS FOR SATISFACTION

And who but a cynic can deny that there are grounds for solid British satisfaction? A nation which was on the edge of bankruptcy less than 3 short years ago has produced a balanced budget with the largest surplus in 10 years; a financial panic has been checked and confidence restored; and London has regained some of her old proud preeminence as the world's financial capital. In the past few months industry has revived, profits have mounted for the first time since 1928, and unemployment has been reduced by three quarters of a million from its tragic peak of almost 3,000,000 at the beginning of last year.

Yet there is strangely little exuberance in the country as a whole, even at the thought of the small reliefs which the new budget will bring. Millions of everyday citizens, contemplating their Government's fat surplus, somehow cannot bring themselves to regard their politicians as St. Georges who have slain the dragons of poverty and fear. They know only too well that the Budget surplus has been wrung from them in sweat and strain—in taxes of almost unheard-of severity, in diminished pay rolls, and in the burdens which "sound finance" has imposed on countless families.

THE NATIONAL HEROES

If there are any heroes who deserve to be decorated by their king for making the surplus possible, they are the middle-class taxpayers of the country, who have watched between a tenth and a quarter of their incomes go to the National Treasury; the hundreds of thousands of school teachers, policemen, and civil servants who have seen their meager salaries reduced by 10 percent or more; and, finally, the millions of the unemployed and their struggling families who have had to give up part of their pitifully small insurance payments to make a budget holiday. These are the front-line soldiers who have taken the punishment.

Too many sacrifices have gone into the making of this triumph to permit of much rejoicing now. No one can spend even a few hours, with open eyes and ears, in any industrial town without sensing that the country is still in the throes of an economic and social crisis of terrible urgency. Whatever chamber of commerce orators may say, there is no comfortable feeling in the North that the Nation's emergency is over.

The Government's surplus may be very fine, but there is a greater and a tragic surplus of willing hands and able bodies in England today—at least 1,000,000, and possibly 2,000,000, workmen for whom it may be impossible to find jobs again. The work their fathers and grandfathers did in Victorian times is now being done more cheaply by oriental coolies and Central European factory hands, and by American potters and weavers and steel workers who, behind their tariff walls, are plying the trades which old England taught them.

DEBT AND DISTRESS

In order to regain its financial stability the British Government has had to push millions of these unfortunates a little deeper into insecurity, debt, and distress beyond all measuring. The havoc of the depression is greater, the standard of living lower, the genuine hardship more bitter in Great Britain because the Government has had to reduce its payments to the unemployed and to its civil servants and to heap increased taxes upon every section of the community.

It is fashionable in London to imagine that the people of Great Britain rallied to meet the crisis in a fine surge of patriotism. There was a time, it is true, in 1931, when a proud exaltation seemed to grip the country, just as it did in 1914, when cheering crowds shouted for a glimpse of their King outside Buckingham Palace and the war was still a glorious adventure.

"Cavalcade" caught the mood of the moment exactly; night after night in the autumn of 1931, in the audiences at Drury Lane, there were lumps in a thousand throats when two figures on the stage drank a final toast "that this England of ours, which we love so much, shall find dignity, greatness, and peace again."

Those were the days when a monster electric sign "Buy British" threw a lurid light on the lions of Trafalgar Square, and when every housewife found a paper Union Jack stuck in every British steak and joint in the butchers' windows. During that first winter of the financial crisis long lines of taxpayers waited outside the collectors' offices for a chance to pay their taxes and so help to save the country.

But within 6 months the crisis mentality had worn off. To the average British wage earner the events of 1931, which had seemed so catastrophic in the financial offices of London, had been like one more shock to a patient already numbed by hardships.

For the overwhelming majority of the British people had known nothing but continual crises for more than 10 years. Their troubles really began in 1919, when the demobilized troops poured back into a "land fit for heroes to live in" and found there were no jobs. For a year or so the emergency was so great that the government found it necessary to spend £61,000,000 in an "out-of-work donation"—an out-right dole to the unemployed, out of which the existing unemployment insurance scheme was developed in the following year.

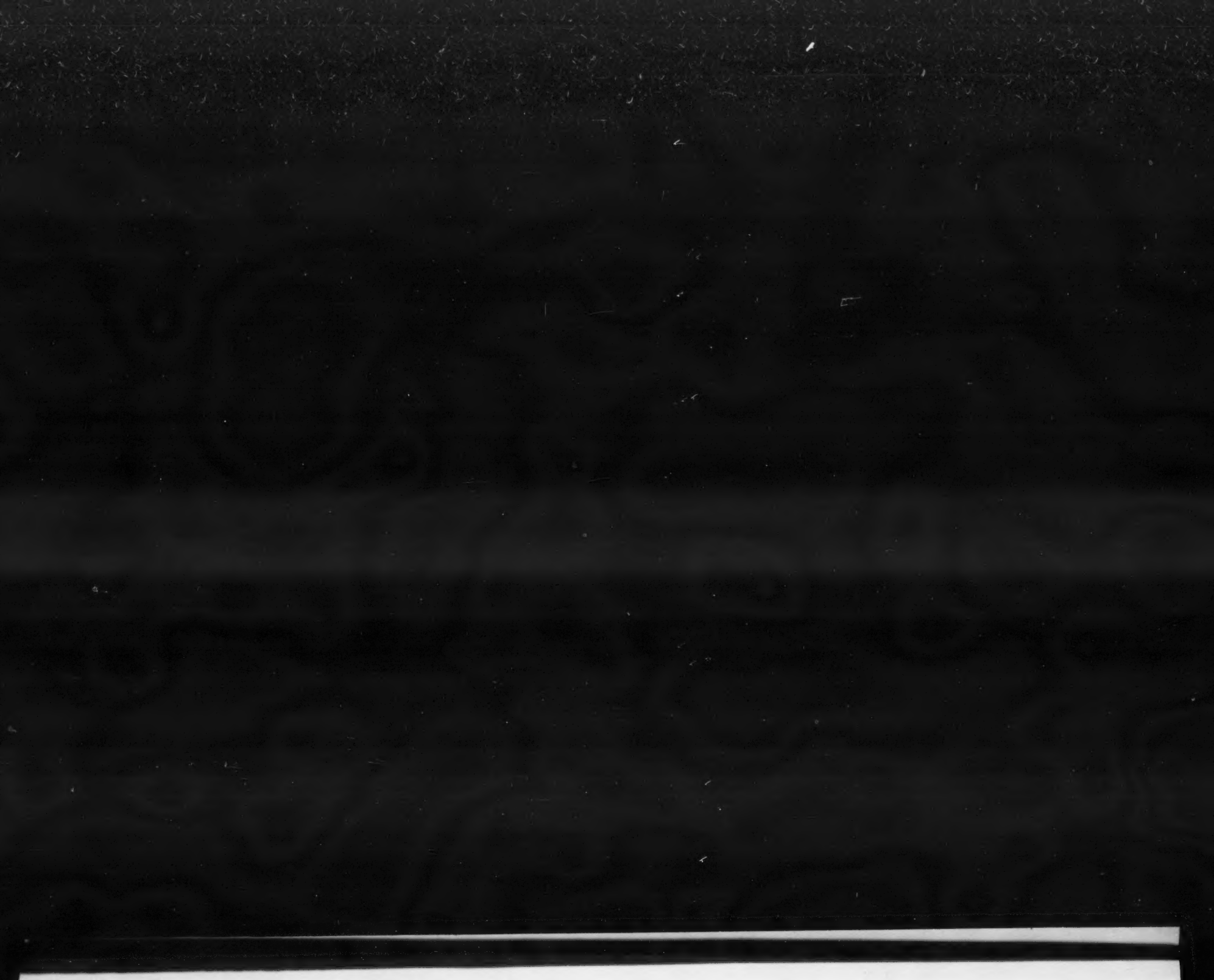
What terrors of revolution or civil war these millions of pounds staved off in 1919 and in subsequent years, nobody can tell; but when 1931 brought still heavier burdens, it was the unemployment insurance scheme and the existence of a sound banking system which acted as shock absorbers and enabled the British public to carry on.

HIGH INCOME TAXES

Not once in those desperate post-war years did England know prosperity, judged either by her old pre-war standards or by the standards then prevailing in the new era in the United States. Even in the relatively prosperous year of 1925, when Calvin Coolidge sat in the White House and America boomed, every Englishman earning more than $10 a week had to pay income tax at a basic rate of 22½ percent (slightly less, of course, when exemptions were deducted).

Even in 1927 and 1928 there remained an indissoluble mass of more than a million chronically unemployed. Whole industries died a slow and lingering death as the foreign trade of Britain declined, and as her former customers became industrialized nations themselves, and thickly populated areas became derelict, swamped with idleness and shot through and through with human misery.

No amount of prosperity elsewhere in the country could penetrate to these stricken regions. When the Prince of Wales visited Durham in 1928, the dizziest year of America's boom, he was sickened at the sights he saw and the stories he heard. In Lancashire, at almost any time from 1921 to the present day, one could have stood on a hill outside Blackburn and seen the smokeless chimneys of dozens of vacant cotton mills.



The cotton industry on which almost a million families depended for their livelihood was half dead, a living symbol of England's decline in a nationalistic world. Its spinners and weavers, by the hundreds of thousands, were thrown into the streets; its manufacturers lost enormous sums and some of them slipped into destitution like the workers whom they discharged. A blight lay upon the tradespeople who once supplied the cotton workers' wants, upon the towns in which they lived; and today one has only to go into Oldham or Blackburn or any one of a hundred cotton towns to see that the blight persists.

The miracle is that these people of England, who bore such back-breaking burdens while the rest of the world was prosperous, have been able to endure still more, to pay still higher taxes, and live on still less money, so that now the Government is able to congratulate itself on the largest budget surplus in 10 years.

But what else could they have done? They were told, during the election campaign of 1931, that they must make these sacrifices or lose everything in their country's utter destruction. At that time so honest and so moderate a statesman as Stanley Baldwin proclaimed his deliberate opinion to an audience in Liverpool that "if the Socialist Party is returned and puts its declared policy into operation it will plunge the nation into irretrievable ruin. You will see the pound smashed and the poor starving."

Nobody who was there will ever forget the utter unreality of the scene in a shabby miners' auditorium in Durham during that campaign, when Prime Minister MacDonald was begging his constituents to vote for the Government and save the nation from disaster. The hall used to be a motion-picture theater; in the glare of arc lights on the platform, where the screen should have been, stood Mr. MacDonald, talking of the national credit and the mysteries of currency to a crowd of pasty-faced miners in slouch caps and with soot-stained mufflers around their necks who had seldom earned more than $10 a week in their lives.

UNEMPLOYMENT BENEFITS

At that very moment most of them were dependent entirely on their six or seven dollars a week of unemployment benefit or upon the still smaller amounts of outright charity doled out by the poor-relief administration. The Prime Minister waved a 100,000-mark note at them, dating from the years of Germany's inflation. "Do you want your wives' shillings to be worth twopence at the grocer's shop?" he thundered at them in those persuasive evangelical accents of his. And there was an uneasy stirring in the hall, a tremor of fear at terrors which might, after all, be lurking just around the corner if the National Government were not elected.

So bus drivers and business men, miners and factory hands and farmers, and even the unemployed in that Durham movie theater, trooped to the polls to elect a government which was pledged to restore the nation's credit and balance its budget. They were weary and frightened, and they voted in millions to banish the specters of doom from their firesides, no matter what the cost might be.

Two and a half years have gone by since that momentous decision was made. Today one might peep through a million curtained windows and stand at a million firesides and hear tales of sacrifices which would differ only in details. One family in an industrial town would tell the tale of thousands; 1 shipyard worker's family along the Tyne, 1 wool comber's family in Bradford, or 1 white-collar man's family in a London suburb would be typical of a legion of others.

There have been no noncombatants in this war which has swept so relentlessly over the British Isles; the struggle to balance the nation's budget has gone on in millions of peaceful homes; it has unbalanced millions of family budgets in homes where "sound finance" is valued just as highly as in the Government offices.

IN A TYPICAL HOME

Suppose one looks at a typical street in Wambley, a few miles northwest of London, where the pleasant stucco houses face one another in long rows exactly alike, and with only the tiny gardens to distinguish one from its neighbors. These are the homes where the white-collar workers of London live—the bank clerks, the automobile salesmen, the floorwalkers in the big department stores, who commute to town every morning and hurry home again in the evening.

In one of the newer stucco houses live Mr. Thimble and his wife and two young children. He is an expert bookkeeper in a big office building in the city, who formerly brought home £10 a week—$2,500 a year—and whose friends still think he has an excellent salary. Four years ago he bought his house for £800 through a building society, paid part of that sum by selling his little savings of war-loan bonds, and still pays the rest at 6 percent.

THE BURDEN OF TAXES

Before the Government's finances ran on the rocks in 1931, Mr. Thimble had all he could do to make his £10 meet expenses, but like all his big neighbors he was thrifty and he managed. Shortly before England was forced off the gold standard his pay was cut by 10 percent. Then the tax assessments began to come in. His exemptions were reduced, and his tax raised 10 percent over the year before, so that the Government could balance its budget. With a salary reduced to $2,250 a year, Mr. Thimble was called upon to pay $100 in income tax, $50 in property tax on his house, and $90 in local taxes.

Things will be a little easier for Mr. Thimble and his little family now, with the possibility that his salary cut will be restored and taxes slightly lowered. The 2½ years since 1931 have been a nightmare to him, but he knows he is a happy man compared to his neighbor, who was laid off but who was not eligible for unemployment insurance, having earned more than £5 a week.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi [Mr. HARRISON] to recede from Senate amendment numbered 13.

The motion was agreed to.

The PRESIDING OFFICER. The Chair lays before the Senate the action of the House of Representatives receding from its disagreement to the amendment of the Senate numbered 1, with an amendment, which will be read.

The legislative clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
May 1, 1934.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1 to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, and concur therein with the following amendment: In lieu of the matter proposed to be inserted by said amendment insert:

"TABLE OF CONTENTS

"TITLE I. INCOME TAX

"*Subtitle A. Introductory provisions*

"Section 1. Application of title.
"Section 2. Cross references.
"Section 3. Classification of provisions.
"Section 4. Special classes of taxpayers.

"*Subtitle B. General provisions*

"Part I. Rates of tax

"Section 11. Normal tax on individuals.
"Section 12. Surtax on individuals.
"Section 13. Tax on corporations.

"Part II. Computation of net income

"Section 21. Net income.
"Section 22. Gross income.
"Section 23. Deductions from gross income.
"Section 24. Items not deductible.
"Section 25. Credits of individual against net income.
"Section 26. Credits of corporation against net income.

"Part III. Credits against tax

"Section 31. Taxes of foreign countries and possessions of United States.
"Section 32. Taxes withheld at source.
"Section 33. Credit for overpayments.

"Part IV. Accounting periods and methods of accounting

"Section 41. General rule.
"Section 42. Period in which items of gross income included.
"Section 43. Period for which deductions and credits taken.
"Section 44. Installment basis.
"Section 45. Allocation of income and deductions.
"Section 46. Change of accounting period.
"Section 47. Returns for a period of less than 12 months.
"Section 48. Definitions.

"Part V. Returns and payment of tax

"Section 51. Individual returns.
"Section 52. Corporation returns.
"Section 53. Time and place for filing returns.
"Section 54. Records and special returns.
"Section 55. Publicity of returns.
"Section 56. Payment of tax.
"Section 57. Examination of return and determination of tax.
"Section 58. Additions to tax and penalties.
"Section 59. Administrative proceedings.

"Part VI. Miscellaneous provisions

"Section 61. Laws made applicable.
"Section 62. Rules and regulations.
"Section 63. Taxes in lieu of taxes under 1932 act.
"Section 64. Short title.

"*Subtitle C. Supplemental provisions*

"Supplement A. Rates of tax

"Section 101. Exemptions from tax on corporations.
"Section 102. Surtax on corporations improperly accumulating surplus.
"Section 103. Rates of tax on citizens and corporations of certain foreign countries.

"Supplement B. Computation of net income

"Section 111. Determination of amount of, and recognition of, gain or loss.
"Section 112. Recognition of gain or loss.
"Section 113. Adjusted basis for determining gain or loss.
"Section 114. Basis for depreciation and depletion.
"Section 115. Distributions by corporations.
"Section 116. Exclusions from gross income.
"Section 117. Capital gains and losses.
"Section 118. Loss from wash sales of stock or securities.
"Section 119. Income from sources within United States.
"Section 120. Unlimited deductions for charitable and other contributions.

"Supplement C. Credits against tax

"Section 131. Taxes of foreign countries and possessions of United States.

"Supplement D. Returns and payment of tax

"Section 141. Consolidated returns of railroad corporations.
"Section 142. Fiduciary returns.
"Section 143. Withholding of tax at source.
"Section 144. Payment of corporation income tax at source.
"Section 145. Penalties.
"Section 146. Closing by Commissioner of taxable year.
"Section 147. Information at source.
"Section 148. Information by corporations.
"Section 149. Returns of brokers.
"Section 150. Collection of foreign items.

"Supplement E. Estates and trusts

"Section 161. Imposition of tax.
"Section 162. Net income.
"Section 163. Credits against net income.
"Section 164. Different taxable years.
"Section 165. Employees' trusts.
"Section 166. Revocable trusts.
"Section 167. Income for benefit of grantor.
"Section 168. Taxes of foreign countries and possessions of United States.

"Supplement F. Partnerships

"Section 181. Partnership not taxable.
"Section 182. Tax of partners.
"Section 183. Computation of partnership income.
"Section 184. Credits against net income.
"Section 185. Earned income.
"Section 186. Taxes of foreign countries and possessions of United States.
"Section 187. Partnership returns.
"Section 188. Different taxable years of partner and partnership.

"Supplement G. Insurance companies

"Section 201. Tax on life-insurance companies.
"Section 202. Gross income of life-insurance companies.
"Section 203. Net income of life-insurance companies.
"Section 204. Insurance companies other than life or mutual.
"Section 205. Taxes of foreign countries and possessions of United States.
"Section 206. Computation of gross income.
"Section 207. Mutual insurance companies other than life.

"Supplement H. Nonresident alien individuals

"Section 211. Gross income.
"Section 212. Deductions.
"Section 213. Credits against net income.
"Section 214. Allowance of deductions and credits.
"Section 215. Credits against tax.
"Section 216. Returns.
"Section 217. Payment of tax.

"Supplement I. Foreign corporations

"Section 231. Gross income.
"Section 232. Deductions.
"Section 233. Allowance of deductions and credits.
"Section 234. Credits against tax.
"Section 235. Returns.
"Section 236. Payment of tax.
"Section 237. Foreign insurance companies.
"Section 238. Affiliation.

"Supplement J. Possessions of the United States

"Section 251. Income from sources within possessions of United States.
"Section 252. Citizens of possessions of United States.

"Supplement K. China Trade Act corporations

"Section 261. Credit against net income.
"Section 262. Credits against the tax.
"Section 263. Affiliation.
"Section 264. Income of shareholders.

"Supplement L. Assessment and collection of deficiencies

"Section 271. Definition of deficiency.
"Section 272. Procedure in general.
"Section 273. Jeopardy assessments.
"Section 274. Bankruptcy and receiverships.
"Section 275. Period of limitation upon assessment and collection.
"Section 276. Same—Exceptions.
"Section 277. Suspension of running of statute.

"Supplement M. Interest and additions to the tax

"Section 291. Failure to file return.
"Section 292. Interest on deficiencies.
"Section 293. Additions to the tax in case of deficiency.
"Section 294. Additions to the tax in case of nonpayment.
"Section 295. Time extended for payment of tax shown on return.
"Section 296. Time extended for payment of deficiency.
"Section 297. Interest in case of jeopardy assessments.
"Section 298. Bankruptcy and receiverships.
"Section 299. Removal of property or departure from United States.

"Supplement N. Claims against transferees and fiduciaries

"Section 311. Transferred assets.
"Section 312. Notice of fiduciary relationship.

"Supplement O. Overpayments

"Section 321. Overpayment of installment.
"Section 322. Refunds and credits.

"TITLE IA. ADDITIONAL INCOME TAXES

"Section 351. Surtax on personal holding companies.

"TITLE II. AMENDMENTS TO ESTATE TAX

"Section 401. Revocable trusts.
"Section 402. Prior taxed property.
"Section 403. Citizenship and residence of decedents.
"Section 404. Real estate situated outside the United States.
"Section 405. Estate-tax rates.
"Section 406. Nondeductibility of certain transfers.

"TITLE III. AMENDMENTS TO PRIOR ACTS AND MISCELLANEOUS

"Section 501. Period for petition to board under prior acts.
"Section 502. Recovery of amounts erroneously refunded.
"Section 503. Statute of limitations on suits for refund.
"Section 504. Overpayments found by the Board of Tax Appeals.
"Section 505. Bankruptcy and receiverships.
"Section 506. Retroactivity of regulations, rulings, etc.
"Section 507. Examination of books and witnesses.
"Section 508. Sale of personal property under distraint.
"Section 509. Discharge of liens.
"Section 510. Jeopardy assessments.
"Section 511. Gifts of property subject to power.
"Section 512. General counsel for the Treasury.
"Section 513. Assistants in the Treasury.
"Section 514. Penalties and awards to informers with respect to illegally produced petroleum.
"Section 515. Postal rates.
"Section 516. Commissioner as party to suit.
"Section 517. Nondeductibility of certain gifts.
"Section 518. Liability of fiduciary.
"Section 519. Venue of appeals from Board of Tax Appeals.
"Section 520. Gift-tax rates.

"TITLE IV. EXCISE TAXES

"Section 601. Termination of soft-drink tax.
"Section 602. Tax on certain oils.
"Section 602½. Processing tax on certain oils.
"Section 603. Taxes on lubricating oil and gasoline.
"Section 604. Producers' tax on crude petroleum.
"Section 605. Tax on refining of crude petroleum.
"Section 606. Termination of bank-check tax.
"Section 607. Enforcement of liability for taxes collected.
"Section 608. Tax on furs.
"Section 609. Tax on jewelry, etc.
"Section 610. Tax on cigarettes.
"Section 611. Tax on matches.
"Section 612. Stamp tax on sales of produce for future delivery.
"Section 613. Termination of tax on use of boats.
"Section 614. Termination of tax on candy.

"TITLE V. CAPITAL-STOCK AND EXCESS-PROFITS TAXES

"Section 701. Capital-stock tax.
"Section 702. Excess-profits tax.
"Section 703. Capital-stock tax and excess-profits tax imposed by National Industrial Recovery Act.

"TITLE VI. GENERAL PROVISIONS

"Section 801. Definitions.
"Section 802. Separability clause.
"Section 803. Effective date of act."

Mr. HARRISON. I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 1. This is an amendment to take care of the table of contents, merely a clerical amendment.

The PRESIDING OFFICER. The question is on the motion of the Senator from Mississippi to agree to the amendment of the House of the amendment of the Senate numbered 1.

The motion was agreed to.

Mr. FRAZIER. Mr. President, I notice in the conference report, on page 30, that two or three oils were left out of the Senate amendment. One was perilla oil, which was included by an amendment offered on the floor of the Senate. Perilla oil comes in direct competition with linseed oil made from flaxseed. I want to ask the Senator from Mississippi why perilla oil was left out of the bill by the conferees.

Mr. HARRISON. Mr. President, the Senate conferees tried to carry out the wishes of the Senate with reference to perilla oil, but it was pointed out, and the House conferees objected on the theory that perilla oil is not an edible oil but is a drying oil. It is not interchangeable with the oils on which we are seeking to put the processing tax. It is used in the manufacture of linoleum, varnishes, and so forth, and to mix with other oils so as to hasten the drying of paints, and so forth. The House conferees objected and we had to yield.

Mr. FRAZIER. I should like to ask further what particular experts advised the conferees to leave out perilla oil?

Mr. HARRISON. It was not a question of advice. It was a question of the discussion of the various oils. When we came to perilla oil it was pointed out by the House conferees, upon information which was given to them, that it was a drying oil and was not interchangeable with other oils. We thought the reasons were such that perilla oil should be eliminated.

Mr. FRAZIER. Does the Senator mean information given by experts from the Department of Agriculture?

Mr. HARRISON. We sought information from various sources. We sought information also as to the use of perilla oil. Of course, none of the experts would advise one way or the other as to whether perilla oil ought to be taken out or left in the bill. They were there to give us information as to the use of the various oils.

The PRESIDING OFFICER. The Chair will state that this discussion is taking place by unanimous consent. The parliamentary situation is that the conference report has been agreed to and has been disposed of. Under the unanimouse-consent agreement entered into this morning the Chair expects to lay before the Senate the unfinished business, and the Senator from Oklahoma [Mr. THOMAS] by unanimous consent has the right to the floor at this time.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. I do not think it is quite considerate that the Senator from North Dakota should be taken from the floor. He has an inquiry to submit to the Senator from Mississippi. It is true that the conference report has been agreed to; but if there is any question about the rights of the Senator from North Dakota, I will ask unanimous consent that the vote by which the conference report was agreed to may be reconsidered.

Mr. HARRISON. I hope the Senator will not do that, but will request that the Senator from North Dakota may be recognized to ask his questions.

Mr. McNARY. Very well.

Mr. FRAZIER. I do not care to discuss the matter at length. I simply want to get some information. The people of my State are very much interested in the tax on perilla oil because such oil comes in direct competition with our linseed oil.

The Tariff Commission report on oils, no. 41, which was submitted to the Congress, discusses perilla oil and says that it is used for drying, and so forth, but also says that if perilla oil can not be obtained, linseed oil or tung oil may be used in its place.

Mr. HARRISON. Mr. President, there is no doubt that perilla oil competes somewhat with linseed oil. Both are drying oils, but perilla oil dries more quickly than linseed oil.

Mr. FRAZIER. Yes; and turpentine is also used as a drier, and that is produced in the Senator's State.

Mr. HARRISON. I have given the reason why perilla oil was eliminated.

Mr. FRAZIER. I wish further to call the Senator's attention to the fact that flax was included as one of the principal farm products to go under the processing tax if the Department wished it to do so.

Mr. HARRISON. As one Senator I did insist on perilla oil being included and retained, but I was unable to have it kept in the bill.

Mr. FRAZIER. I appreciate that very much. I merely want to say in conclusion that the importation of perilla oil has increased tremendously during the last few years. In 1921 the imports were less than 1,000,000 pounds. In 1933, according to the Department of Commerce, the imports were 22,775,968 pounds of a value of a little more than $1,000,000. It is quite an important import, coming from Japan and China, and it seems to me our own farmers ought to be protected against the competition of such imports.

LOANS BY FEDERAL RESERVE BANKS FOR INDUSTRIAL PURPOSES

The PRESIDING OFFICER. The Chair lays before the Senate Senate bill 3487, relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes, and recognizes the Senator from Oklahoma [Mr. THOMAS].

Mr. ROBINSON of Arkansas. Mr. President, I ask that the unfinished business be laid before the Senate.

Mr. LONG. Mr. President, will the Senator withhold that request for a moment?

Mr. ROBINSON of Arkansas. Yes; I withhold it.

Mr. LONG. The Senator from Oklahoma and I have reached, I think, an understanding by which he will permit me to offer the amendment which came from the Agricultural Committee, and then he can offer his amendment as a substitute for the agricultural amendment. Is that satisfactory to the Senator from Oklahoma?

Mr. THOMAS of Oklahoma. Mr. President, I think there is an understanding that will enable this matter to be disposed of in a moment. In order to make the situation as I would have it, and I think it will be satisfactory to those in interest, at this time I withdraw my amendment temporarily.

Mr. LONG. Now, Mr. President, I offer——

The PRESIDING OFFICER. Let the Chair understand correctly the parliamentary situation. Under the unanimous-consent agreement the Senator from Oklahoma has the floor. The Chair understands him to yield to the Senator from Arkansas, who requests that the unfinished business be laid before the Senate.

Mr. THOMAS of Oklahoma. This matter can all be worked out satisfactorily in just a moment, I am sure.

Mr. ROBINSON of Arkansas. Very well. I have no objection, Mr. President, to the withdrawal of the Senator's amendment and the offering of another amendment. The understanding is that the matter will not be proceeded with now.

Mr. LONG. Now I offer my amendment.

The PRESIDING OFFICER. Under the rules the Senator from Oklahoma has a right to withdraw his amendment. It is withdrawn.

Mr. ROBINSON of Arkansas. The Senator from Louisiana does not want his amendment read?

Mr. LONG. No; I do not want it read.

Mr. GLASS. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Virginia.

Mr. GLASS. I understood that the Senator from Oklahoma had consented to withdraw his amendment, with the understanding that if, after a conference over the matter, it should be deemed desirable to offer the amendment again, he would present it or not, as he might determine. What is the use of the Senator from Oklahoma withdrawing his amendment if the Senator from Louisiana is going to offer his?

Mr. McNARY. Mr. President, a parliamentary inquiry. I am at a loss to know what is taking place on the Democratic side of the Chamber. I think I know what Senators are trying to do, but I do not understand the suggestion made by the Senator from Virginia.

The PRESIDING OFFICER. The Chair will state that when the Senate recessed last evening the so-called "Glass bill" was pending. This morning a unanimous-consent agreement was reached that upon the disposition of the conference report the Senator from Oklahoma should have the floor.

Mr. McNARY. I am thoroughly familiar with that situation. I simply wish to know what is now taking place on the floor.

Mr. LONG. May I state what we are trying to do?

Mr. THOMAS of Oklahoma. Let me make a statement of about two or three sentences.

There is an understanding among some of us that the further discussion of this amendment shall be postponed until Monday. That is agreeable to me; but in order to preserve our parliamentary status, I offered to withdraw my amendment on condition that another amendment, known as the "agricultural amendment", be offered to this bill, whereupon I am to offer my amendment as a substitute for that amendment, and let the matter stand until Monday.

The PRESIDING OFFICER. The Chair understood that the Senator from Oklahoma had withdrawn his amendment.

Mr. THOMAS of Oklahoma. Mr. President, I will not lose any of my rights. I now withdraw my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Oklahoma is withdrawn.

Mr. LONG. Mr. President, I now offer the agricultural amendment which I have sent to the desk, to be numbered section 6, and ask unanimous consent that the reading of the amendment be dispensed with at this time.

The PRESIDING OFFICER. The Senator from Louisiana offers an amendment and asks that the reading of the amendment be dispensed with. Is there objection? The Chair hears none.

Mr. LONG's amendment is, on page 9, after line 6, to insert the following:

SEC. 6. That for the purpose of exchanging American agricultural surpluses for silver bullion and coin, and for the purpose of properly protecting and promoting international and domestic trade and commerce and promoting the general welfare, the Secretary of the Treasury and the Export-Import Bank of Washington (hereinafter referred to as the "bank") are authorized to acquire and purchase silver in the manner hereinafter provided.

SEC. 7. The bank is hereby authorized and directed to negotiate with foreign buyers with the view of selling American agricultural surpluses produced in the United States at the world market price to be paid for by said foreign buyers in silver coin or bullion at such value per ounce as may be agreed upon by the bank and said foreign buyers: *Provided, however,* That the bank shall in no event agree to accept silver bullion or coin at a price in excess of 25 percent above the world market price of silver: *Provided further,* That such price (including the amount of the world market price plus any excess) shall at no time exceed $1.29 per ounce. The bank is authorized to enter into option contracts with foreign buyers to deliver to them agricultural surplus products at the world market price and accept in payment for same silver bullion or coin at such value per fine ounce as may be agreed upon and which shall not exceed 25 percent above the world market price of silver.

SEC. 8. The bank is further authorized to purchase such agricultural surplus products as may be deemed necessary to fulfill option contracts with foreign buyers or to make deliveries to foreign buyers for the purpose of carrying out this act. The bank is authorized to employ any governmental agency of the Agriculture Department in securing the amount of agricultural surplus products necessary to make such deliveries, and to enter into contracts with the producers of such products as may be necessary for the purpose of carrying out the purposes of this act.

SEC. 9. The bank is authorized and directed to deposit the silver bullion or coin received in exchange for the said products sold to foreign buyers with the Secretary of the Treasury, and the Secretary of the Treasury shall immediately cause to be issued, against such silver bullion or coin, silver certificates based upon a value of $1.29 per fine ounce. The silver certificates so issued shall insofar as necessary be used by the bank to pay for the agricultural products sold to foreign buyers under the provisions of this act.

SEC. 10. The bank is hereby directed to authorize the Farmers' Cooperative Marketing Associations and other marketing agencies to enter into contracts for the sale of American agricultural surplus products in exchange for silver bullion or coin at such value per ounce as the bank shall determine, and the same provisions in reference to the issuance of silver certificates and the limitation as to the amount at which the silver coin or bullion shall be valued as above set forth in preceding section hereof shall apply to this section.

SEC. 11. The Secretary of the Treasury is authorized and directed to accept any deposits of silver in the Treasury of the United States which such Secretary, subject to regulations prescribed by the bank, is satisfied have been imported into the United States in payment for agricultural surplus products sold and delivered, or to be delivered, to foreign buyers for exportation at a price which shall from time to time be determined by the said bank: *Provided, however,* That the price per ounce for such silver shall not be less than 10 percent above the world market price of silver and not in excess of 25 percent above the world market price of silver: *Provided further,* That such price (including the amount of the world price plus any excess) shall at no time exceed $1.29 per ounce. The Secretary of the Treasury is further authorized and directed to issue for the account of the Treasury, against the silver so deposited, silver certificates based upon a value of $1.29 per fine ounce, and deliver same to the owner of such silver who tenders same to the Secretary of the Treasury under the provisions of this act.

SEC. 12. Upon receipt of such silver bullion or coin the bank shall deliver same to the Secretary of the Treasury. The Secretary of the Treasury shall immediately cause to be issued against such silver bullion or coin silver certificates based upon a value of $1.29 per fine ounce in denominations of $1, $5, $10, $20, and $100.

SEC. 13. The silver bullion received under the provisions of this act shall be stored in the Treasury of the United States in blocks or bricks of standardized or uniform fineness and in convenient units by weight and stamped by authorized official stamp as may be determined within the discretion of the Secretary of the Treasury.

SEC. 14. All coins and currencies of the United States (including Federal Reserve notes and circulating notes of the Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued shall be redeemable in silver coin.

SEC. 15. For the purpose of carrying out the purposes of this act, it is herein declared to be necessary to broaden the base of our monetary system by a wider use of silver as money and as the basis for the issuance of currency and credit, and because of such public necessity the Secretary of the Treasury is hereby authorized and directed to take title to all monetary silver bullion domiciled within the United States and its possessions for the public use and general welfare: *Provided,* That immediately upon the approval of this act the Secretary of the Treasury shall issue a proclamation embodying rules and regulations for carrying into effect the policy herein outlined and adopted: *Provided further,* That in taking title to and possession of such monetary silver bullion the Secretary of the Treasury shall ascertain and fix a fair price for such bullion, not less than the highest world price for spot fine silver on the day preceding issuance of the proclamation, and shall pay such price to the owner or owners of such bullion in the manner herein provided: *Provided further,* That hereafter silver dollars shall not be coined save by order of the Secretary of the Treasury: *Provided further,* That all silver accepted and received by the Secretary of the Treasury shall be tested, assayed, and, if necessary, refined and converted into silver bars of suitable sizes and weights and deposited in the Treasury of the United States, all under rules and regulations to be prescribed and promulgated by the Secretary of the Treasury: *Provided further,* That nothing in this act shall be construed as authority to recall silver dollars now in circulation or as authority to melt those now in the Treasury of the United States or in any of the banks of the Federal Reserve System.

SEC. 16. In addition to the powers granted in section 10, after January 1, 1935, the Secretary of the Treasury is hereby authorized and directed to purchase silver bullion at the rate of not less than 50,000,000 ounces per month, wherever silver shall be procurable, at a price to be fixed by him from time to time as provided herein, and the silver so purchased shall be paid for, held, and deposited as provided in this act.

SEC. 17. The Secretary of the Treasury shall cause silver certificates to be printed in such denominations as he may deem advisable and shall keep such certificates available for payment for such silver accepted and received as provided herein: *Provided,* That such certificates shall be issued to the full amount of the silver received at the rate of $1 for each 371.25 grains of fine silver: *Provided further,* That payment shall be made to the person or persons, firm, association, corporation, or bank tendering, delivering, or surrendering such silver at the price fixed as provided herein, or the price agreed to be paid, and all seigniorage shall accrue to the Treasury of the United States: *And provided further,* That the Treasurer of the United States shall use such certificates so received as seigniorage in payment of any obligation of the United States.

SEC. 18. The bank is hereby authorized to make such rules and regulations as may be necessary for immediately carrying out the provisions of this act.

SEC. 19. The receipt and purchase of silver under this act shall continue until the general domestic price level as measured by the index of the Bureau of Labor Statistics shall equal the price level of 1926, or until 371.25 grains of fine silver shall equal in purchasing power $1 in gold of the weight and fineness as fixed or as may be fixed by law, whereupon in either instance the acquisition and purchase of silver under this act shall be suspended: *Provided,* That if thereafter such general price level shall fall as much as three points or to 97, as measured by such price level as herein defined, or if the value of 371.25 grains of fine silver having reached a parity value with the gold dollar shall fall three points or to 97 cents as measured in gold, then in either event silver purchases, exchanges, and acquisitions as provided herein shall be resumed in such amounts monthly as may be necessary to the end that such 1926 general price level shall be maintained and/or the value of 371.25 grains of fine silver shall be maintained on a parity with the gold dollar.

SEC. 20. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 21. The provisions of this act are hereby declared to be supplemental to provisions of law respecting silver heretofore enacted.

Mr. THOMAS of Oklahoma. Mr. President, I now offer the amendment which I submitted on yesterday, and withdrew just a moment ago, as a substitute for the amendment offered by the Senator from Louisiana.

The amendment of Mr. THOMAS of Oklahoma is, on page 9, after line 6, to insert the following:

PART II

METALLIC MONETARY RESERVES—GOLD 70 PERCENT, SILVER 30 PERCENT

SECTION 1. It is hereby declared to be the policy of the United States to use both gold and silver as standard money and as the basis for the issuance of currency and as reserves in the Federal Reserve banks and in the Treasury of the United States on a ratio of 70 percent in gold and 30 percent in silver.

SEC. 2. That for the purpose of promoting the general welfare by a wider use of silver as money, the Secretary of the Treasury and the Export-Import Bank of Washington (hereinafter referred to as the "bank") are authorized to acquire, purchase, and use silver in the manner hereinafter provided.

SEC. 3. The bank is hereby authorized and directed to negotiate with foreign buyers with the view of selling American agricultural surpluses and manufactured articles and goods produced in the United States at the world market price, such agricultural surpluses and manufactured goods to be paid for by said foreign buyers in silver coin or bullion at such value per ounce as may be agreed upon by the bank and said foreign buyers: *Provided, however,* That the bank shall accept silver bullion or coin at a price in excess of the world market price of not less than 10 nor more than 25 percent. The bank is authorized to enter into option contracts with foreign buyers, to deliver to them agricultural surplus products and/or manufactured goods at the world market price and accept in payment for same silver bullion or coin at such value per fine ounce as may be agreed upon and as provided herein.

SEC. 4. The bank is further authorized to purchase such agricultural surplus products and/or manufactured goods as may be deemed necessary to fulfill option contracts with foreign buyers or to make deliveries to foreign buyers for the purpose of carrying out this act. The bank is authorized to employ any governmental agency or agencies in securing the amount of agricultural surplus products and/or manufactured goods necessary to make such deliveries, and to enter into contracts with the producers of such products as may be necessary for the purpose of carrying out the purposes of this act.

SEC. 5. The bank is authorized and directed to deposit the silver bullion or coin received in exchange for the said products sold to foreign buyers with the Secretary of the Treasury, and the Secretary of the Treasury shall immediately cause to be issued against such silver bullion or coin silver certificates based upon and equal to the exact price, including premium, at which such silver was received. The silver certificates so issued shall be used by the bank to pay for the agricultural products and/or manufactured goods sold to foreign buyers under the provisions of this act: *Provided,* That the bank is hereby authorized to arrange necessary credits with the Federal Reserve banks and/or the Federal Treasury to carry out the provisions in and the purposes of this act.

SEC. 6. The bank is hereby directed to authorize the Farmers' Cooperative Marketing Associations and other marketing agencies to enter into contracts for the sale of American agricultural surplus products in exchange for silver bullion or coin at such value per ounce as the bank shall determine and the same provisions in reference to the issuance of silver certificates and the limitation as to the amount at which the silver coin or bullion shall be valued as above set forth in preceding section hereof shall apply to this section.

SEC. 7. The Secretary of the Treasury is authorized and directed to accept any deposits of silver for the Treasury of the United States which such Secretary, subject to regulations prescribed by the bank, is satisfied have been imported into the United States in payment for agricultural surplus products and/or manufactured goods sold and delivered, or to be delivered to foreign buyers for exportation at a price which shall from time to time be determined and fixed by the said bank as provided herein. The Secretary of the Treasury is further authorized and directed to issue for the account of the Treasury, against the silver so deposited, silver certificates based upon and equal to the exact price including premium per fine ounce, and deliver same to the owner of such silver who tenders same to the Secretary of the Treasury under the provisions of this act.

SEC. 8. Upon receipt of such silver bullion or coin the bank chall deliver same to the Secretary of the Treasury. The Secretary of the Treasury shall immediately cause to be issued, against such silver bullion or coin, silver certificates, as provided herein, in denominations of $1, $5, $10, $20, and $100.

SEC. 9. The silver bullion received under the provisions of this act shall be stored in the Treasury of the United States in blocks or bricks of standardized or uniform fineness and in convenient units by weight and stamped by authorized official stamp as may be determined within the discretion of the Secretary of the Treasury.

NATIONALIZATION OF SILVER

SEC. 10. For the purpose of increasing our monetary metallic reserves, the broadening of the base of our monetary system, and carrying out the purposes of this act it is herein declared to be necessary to make a wider use of silver as money, and as the basis for the issuance of currency and credit, and for bank and Federal Treasury reserves and, because of such public necessity the Secretary of the Treasury is hereby authorized and directed to take title to all monetary silver bullion domiciled within the United States and its possessions for the public use and general welfare: *Provided,* That immediately upon the approval of this act, the Secretary of the Treasury shall issue a proclamation embodying rules and regulations for carrying into effect the policy herein outlined and adopted: *Provided further,* That in taking title to and possession of such monetary silver bullion the Secretary of the Treasury shall ascertain and fix a fair price for such bullion, not less than the highest world price for spot fine silver on the day preceding issuance of the proclamation, and in no event at a price in excess of 50 cents per fine ounce, and shall pay such fixed price to the owner or owners of such bullion in the manner herein provided: *Provided further,* That hereafter silver dollars shall not be coined save by order of the Secretary of the Treasury: *Provided further,* That all silver accepted by the Secretary of the Treasury shall be tested, assayed, and, if necessary, refined and converted into silver bars of suitable sizes and weights and deposited in the Treasury of the United States, all under rules and regulations to be prescribed and promulgated by the Secretary of the Treasury: *Provided further,* That nothing in this act shall be construed as authority to recall silver dollars now in circulation or as authority to melt those now in the Treasury of the United States or in any of the banks of the Federal Reserve System.

PERMISSIVE PURCHASES OF SILVER

SEC. 11. In addition to the powers granted in section 10, after January 1, 1935, the Secretary of the Treasury is hereby authorized to purchase silver bullion wherever silver shall be procurable, at a price to be fixed by him from time to time as provided herein, and the silver so purchased shall be paid for, held, and deposited as provided in this act.

SEC. 12. The Secretary of the Treasury shall cause silver certificates to be printed in such denominations as he may deem advisable and shall keep such certificates available for payment for such silver accepted and received as provided herein: *Provided,* That such certificates shall be issued in amounts equal to the price paid for the silver received: *Provided further,* That payment shall be made to the person or persons, firm, association, corporation, or bank tendering, delivering, or surrendering such silver at the price fixed as provided herein.

SEC. 13. The bank is hereby authorized to make such rules and regulations as may be necessary for carrying out the provisions of this act.

SEC. 14. The receipt and purchase of silver under this act shall continue until the general domestic price level as measured by the index of the Bureau of Labor Statistics shall equal the price level of 1926, and/or until the United States shall have secured and added silver to our monetary reserves to the extent of 30 percent of such total metallic reserves as measured by intrinsic or standard dollar value, whereupon in either instance the acquisition and purchase of silver under this act shall be suspended: *Provided,* That if thereafter such general price level shall fall as much as three points or to 97, as measured by such price level as herein defined, or if the value of such silver reserves having been increased to equal 30 percent in value of our total monetary metallic reserves and thereafter such silver reserves are reduced in value, then in either event silver purchases, exchanges, and acquisitions as provided herein shall be resumed in such amounts monthly as may be necessary to the end that such 1926 general price level shall be maintained and/or the value of such silver reserves shall be increased to equal 30 percent of such total monetary metallic reserves: *Provided,* That the policy of securing and preserving 30 percent of our metallic monetary reserves in silver shall be maintained.

SEC. 15. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 16. The provisions of this act are hereby declared to be supplemental to provisions of law respecting silver heretofore enacted.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Oklahoma [Mr. THOMAS] to the amendment of the Senator from Louisiana [Mr. LONG].

Mr. ROBINSON of Arkansas. I now ask that the unfinished business be laid before the Senate.

Mr. McNARY. In other words, the Senator demands the regular order.

Mr. ROBINSON of Arkansas. Yes.

CORPORATE REORGANIZATIONS

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The PRESIDING OFFICER. The pending amendment is the amendment of the Senator from North Dakota [Mr. FRAZIER].

Mr. BORAH. Mr. President, this amendment presents some difficult questions.

The amendment provides that—

Any farmer failing to obtain the acceptance of a majority in number and amount of all creditors whose claims are affected by a composition or extension proposal may amend his petition or answer asking to be adjudged a bankrupt. Said farmer may, at the time of the first hearing, petition the court that all of his property, whether pledged, encumbered, or unencumbered by liens or otherwise, be appraised at its then actual value and that his homestead and exemptions be set aside and that he be allowed to retain possession of any part or parcel or all of the remainder

of his property and pay for same under the terms and conditions set forth in this act.

Upon such a request being made in the petition or answer, or at the time of the first hearing, appraisers shall be designated and appointed. Such appraisers shall appraise all the property of the debtor at its then reasonable actual value. The words "actual value" shall not necessarily imply cash value, but shall imply the reasonable and fair value of the property at the time the appraisal is made. Such appraisers shall be designated and appointed.

The amendment further declares at the bottom of page 3:

At the time of the order setting aside to the debtor his homestead and exemptions, and giving him possession, under the control of the court, of any part, parcel, or all of the remainder of his property, whether pledged or covered by any prior lien or encumbrance, the debtor shall agree and bind himself that he will pay to the secured creditors, as their interests may appear, and to the trustee of the unsecured creditors, as his interests may appear, if a trustee is appointed, the value of the property as fixed by the appraisal together with interest at the rate of 1 percent per annum on the following terms: 2½ percent, together with interest on or before 6 months from date of agreement.

I understand that 2½ percent is 2½ percent of the principal. He pays 2½ percent of the principal, and pays 1 percent interest only.

Two and one half percent, together with interest on or before 12 months; 2½ percent, together with interest on or before 18 months; 2½ percent, together with interest on before 24 months, and that thereafter he will pay 5 percent principal, together with interest semiannually for the following 4 years and will pay the balance on or before 6 months after the last semiannual payment has been made to the secured creditors, as their interests may appear, and to the trustee of the unsecured creditors, as his interests may appear, if a trustee is appointed.

I am frank to say that I do not think this is a constitutional measure, but I am also frank to say that I think it is a constitutional measure within any rule which could be announced by the court sustaining the municipal bankruptcy act. Both propositions involve the impairment of contracts. They are different in terms but the constitutional question is the same. I cannot see any real distinction so far as the legal phase of the matter is concerned. I was of the opinion that the bankruptcy act was unconstitutional, and I think this comes within the same principle.

Mr. FRAZIER. Mr. President, I am not an attorney, and there may be a question of constitutionality involved; but in some of the recent court decisions, including one that was mentioned yesterday with reference to the Minnesota moratorium law, the Court practically held that under the existing conditions they were justified in ignoring certain technicalities in the law and Constitution.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. Reference has been made to the decision in the Minnesota mortgage moratorium case, having to do with a statute enacted by the State of Minnesota; but, in my judgment, that case has no application whatever to the amendment proposed by the Senator from North Dakota.

The Senator from Idaho has said that he believes the amendment to be invalid because it violates the Constitution. I concur in that statement, but for a different reason from the one the Senator has expressed.

An analysis of the Minnesota decision referred to will show that the majority opinion of the Supreme Court merely held that the statute authorized an extension of the time within which redemption might be made, and did not impair the value of the security in any particular. With the indulgence of the Senator, I quote just a few sentences from the decision. In the pamphlet published by the Senate as Document No. 113, at page 13, is this language:

That under the law then applicable the period of redemption from the sale was 1 year and that it has been extended by the judgment of the court over the opposition of the mortgagee-purchaser; and that during the period thus extended, and unless the order for extension is modified, the mortgagee-purchaser will be unable to obtain possession, or to obtain or convey title in fee, as he would have been able to do had the statute not been enacted.

Particular attention is called to the following:

The statute does not impair the integrity of the mortgage indebtedness. The obligation for interest remains. The statute does not affect the validity of the sale or the right of a mortgagee-purchaser to title in fee, or his right to obtain a deficiency judgment, if the mortgagor fails to redeem within the prescribed period. Aside from the extension of time, the other conditions of redemption are unaltered. While the mortgagor remains in possession he must pay the rental value as that value has been determined upon notice and hearing, by the court. The rental value so paid is devoted to the carrying of the property by the application of the required payments to taxes, insurance, and interest on the mortgage indebtedness. While the mortgagee-purchaser is debarred from actual possession, he has, so far as rental value is concerned, the equivalent of possession during the extended period.

Mr. President, it is apparent from a reading of other paragraphs in the decision that the Court merely held that the Minnesota statute under consideration effected a change in remedy without impairment of the right of the mortgagee, and for that reason sustained the statute.

It did not hold that the reduction of the rate of interest on the mortgage from, say, 5 or 6 percent, or whatever the rate may have been, to 1 percent was a valid exercise of the legislative power. It did not hold anything other than that the extension of time for redemption, on payment to the mortgagee of the rental value of the property, was not an impairment of the obligation of the contract. That was what the Court actually held.

Under the pending amendment the right of the mortgagee to have a sale of the property, the right to proceed for the deficiency, if any, against the mortgagor in person, the right to receive interest in accordance with the terms of the contract, are all disregarded. A mere nominal rate of interest is to be charged, under the amendment, interest at the rate of 1 percent per annum, and very small payments are permitted; 2½ percent for some years, and then later 5 percent, the interest at all times being 1 percent.

To my mind that plainly is an impairment of the contract. It is not a mere extension; it is a reduction of the value of the mortgagee's security, and, as such, if enacted by a State, would constitute a violation of the constitutional provision to the effect that no State shall pass any law impairing the obligation of contracts. As it is not an arrangement for composition or adjustment between the debtor and the creditor, it does not come within the power of Congress to pass uniform bankruptcy laws.

I thank the Senator from Idaho for yielding to me.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. AUSTIN. I should like to inquire of the Senator from Arkansas whether it is not true that there is another significant difference between the Frazier amendment and the Minnesota moratorium law in this respect, that whereas this amendment is not limited to a temporary period or the period of an emergency, the moratorium law was distinctly limited in time.

Mr. ROBINSON of Arkansas. That is entirely true.

Mr. BORAH. What difference does that make? What difference does the emergency make with reference to plain provisions of the Constitution? Emergencies cannot suspend, change, or modify the Constitution.

Mr. AUSTIN. Mr. President, for my part, I feel that I would take the same position the Senator from Idaho takes if we came to debate that question. I am not thoroughly satisfied that the Constitution may be suspended for any period of time, however short.

Mr. ROBINSON of Arkansas. Mr. President, in further answer to the question of the Senator from Vermont, the Court in the Minnesota mortgage-moratorium case expressly held that the emergency did not create any new right, that it did not bring into life any new power; that it merely made applicable the use of a power already in existence. I do not see the relevancy of the reference to and a lengthy discussion of the subject of emergency.

Mr. BORAH. I quite agree with the Senator. If, as the Court declared, an emergency created no new powers, what could be the relevancy of discussing it?

Mr. ROBINSON of Arkansas. In view of the fact that the existence of an emergency did not in anywise alter, according to the Court's opinion, the rights of the parties to the contract.

Mr. BORAH. Mr. President, I do not desire to discuss the Minnesota case at this time, but here is the situation. Day before yesterday we passed the municipal bankruptcy bill. The effect of that bill will be, in its execution, in my opinion, to impair the obligations of cities which are outstanding.

I received a telegram upon yesterday from the Teachers Association of the United States, in which they say that the school teachers of the country have a very large amount of outstanding warrants of cities, contracts to pay them money. They are objecting to this bankruptcy bill on the ground that it would impair the value of their contracts; and it would. Their contracts, unless they consent to come in, will undoubtedly be impaired.

Mr. FRAZIER. Mr. President, did they not say they had their savings invested in these bonds?

Mr. BORAH. Yes. It would impair them. Suppose these school teachers throughout the country have a large amount of contracts of these different cities where they have taught, and suppose the cities proceed with their plan for reorganization and refinancing. The school teachers' contracts amounting to less than 25 percent do not come in under the plan. Suppose the plan provides for reduction of 50 percent in the obligations of the cities. Has not the school teacher had his contract changed and impaired without his consent? That is precisely what this measure would do. I think both provisions are clearly within the provision of the Constitution of the United States which inhibits the impairment.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. LOGAN. I should like to ask the Senator whether there is not a clear distinction between the impairment of the obligation of a contract and the impairment of the value of a contract. As I understand it, this proposed law would not impair the value of the holding, or the obligation, although it might impair the contract. Under the power of the State to take property if it makes just compensation, it seems to me that in any composition, if the minority stockholders do not have the value of their holdings impaired, they have no right to make any complaint at all, although the obligation of the contract might be impaired. If they get the full value of the obligation, whatever it may be, in the reorganization, then what right do they have to complain that the value of their contract has been impaired?

Mr. BORAH. I do not know that I would dispute the position which the Senator takes in regard to that, but the very object and purpose of the municipal bankruptcy bill is to enable a city to reorganize its finances, to reduce its expenses, if it desires to, or to cut its obligations, if it desires to, and to bring into court creditors to the extent of 75 percent for that purpose. If 25 percent remain out, and have no part or parcel in the proceedings, their contracts may be impaired without their consent.

Mr. LOGAN. Mr. President, does the Senator think it is probable that the 75 percent will be apt to reduce the value of their obligations? The minority must be treated the same as the majority, and if these creditors of cities are going to be willing to accept less than that which is nominated in the bond, they will be a new species to me. I have not found any creditor who was anxious to take anything less than he could force. So if the 75 percent get all they possibly could get, the 25 percent will certainly get all they possibly could get.

Mr. BORAH. It must be remembered that these cities have the taxing power, and it must be borne in mind, furthermore, that the bankruptcy bill does not propose to distribute the property of the city, to have it go through an actual process of bankruptcy.

It does not propose to set up the property and divide the property among the creditors, and let them take what they may. The city is a continuing institution, a continuing business. The taxing power remains intact. In 10 years—in 5 years—after it has taken its advantage under this law, it may be in a perfectly sound financial condition. It is not proposed to wind it up, to terminate it, to put it out of business. Bear in mind that every person who took a contract from the city took it with the knowledge that it had the taxing power. They took it upon the faith of the city, and upon the ability of the taxing power to meet it. Now we say that if 25 percent hold out and refuse to accede to the program, and if the program reduces the value of the securities by 50 percent, they are bound by it. If that is not the impairment of a contract, I do not know what would be.

Mr. LOGAN. Let me suggest to the Senator, because I know what I say is true, that there are cities which do not have the unlimited power to levy taxes, and who cannot secure it. If the city has the unlimited power to levy taxes it can never receive any benefit from this law, because it can never be insolvent, and it can never be unable to meet the obligations of its debts.

Let me call the attention of the Senator to one city I know, a city having outstanding obligations of about $750,000 in bonds. Then, as the result of an old suit that had been pending for years, it had thrust upon it the payment of an old issue of railroad bonds amounting to $250,000—bonds which had been floated to build a railroad. The railroad was never built, but the bonds had passed into the hands of innocent purchasers. The city, under the constitution of its State, going to the full length of its taxing power, can raise $40,000 to apply on its debt. Its annual interest rate is 5½ percent. It requires $55,000 to pay the interest on the $1,000,000 outstanding. If by some composition with its creditors it could make arrangements whereby the interest rate were reduced to 3 percent, it could collect enough to have a sinking fund which in the course of time would extinguish the debt. What I am suggesting is that 25 percent, or a small number, ought not to be allowed to appear anywhere and prevent a city refinancing when a city is in such a condition as that, and there are many cities which are in that condition.

Mr. BORAH. That may be true, but it was precisely that nature of things which the Constitution was designed to correct. It might not have been a wise provision, but there it is.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. CLARK. Is there any difference in legal contemplation, so far as the impairment of contract is concerned, between authorizing 75 percent of the creditors to impose their will on the 25 percent, and 10 percent to impose their will on the other 90 percent?

Mr. BORAH. So far as the contract is concerned, there is no difference.

I desire to call the attention of the Senate to the fact that when we were considering the bankruptcy bill a certain case was cited from the Supreme Court of the United States by several contending for the constitutionality of that bill. It is my opinion that the Senators who cited this case were misled as to its purport by a brief which had been filed here by the supporters of this measure, as the brief failed to present the facts as they are. The facts, when presented, show beyond a question that the decision could be cited against the bankruptcy bill and not in support of it.

What was that decision? The decision is reported in One Hundred and Ninth United States Reports, the *Canada Southern Railway Co. v. Gebhard*. This was a corporation which had its origin under the laws of Canada; not under the laws of the United States, where the constitutional provision prevails, but in Canada, where there is no limitation as to the impairment of contracts and no limitation as to the due process of law clause. Here the Court says, and this part was not quoted in the brief:

> There is no constitutional prohibition in Canada against the passage of laws impairing the obligation of contracts, and the Parliament of the Dominion had in 1878 exclusive legislative authority over the corporation and the general subjects of bankruptcy and insolvency in that jurisdiction.

The legislative body in Canada had no limitation imposed upon it by any superior constitutional authority. It had full control over the corporation. It might pass any law with reference to putting it through a state of bankruptcy or reor-

ganization that it desired to. But when the Court reaches that point it is careful to distinguish the cases.

Hence it seems to be eminently proper that where the legislative power exists some statutory provision should be made for binding the minority in a reasonable way by the will of the majority—

That is what the able Senator from Kentucky contends for—

and unless, as is the case in the States of the United States, the passage of laws impairing the obligation of contracts is forbidden, we see no good reason why such provision should not be made in respect to existing as well as prospective obligations.

In other words, Mr. President, the Supreme Court held that owing to the fact that the corporation had its charter from Canada and under the Canadian law, and there being no limitation upon the impairment of contracts, that the Court would hold that they had a right to pass a subsequent act providing for the reorganization of the corporation. But they made the distinction and discrimination between the Canadian situation and that of the United States.

I cannot see any difference myself between that situation and the one presented by the amendment of the Senator from North Dakota. This amendment of the Senator from North Dakota undoubtedly, to my mind, impairs the obligation of a contract, or, as would be more proper to say, takes property without due process of law. It takes property without due process of law, in my judgment. It does not wind up the business and distribute the proceeds; it permits it to continue under certain conditions, but it impairs or reduces the amount which is to be paid, thereby impairing the obligation of the contract—thereby takes property without due process of law.

But what is the difference, I ask Senators, between that and what we did the day before yesterday, where we take a city with the taxing power; we do not dissolve it; we do not distribute its property; we do not divide up its assets; we permit it to continue as a continuing proposition, but we say that if 75 percent agree upon a reorganization and refinancing that it shall bind the 25 percent, and that their obligation shall follow the direction of the 75? Is not that the impairment of the obligation of a contract? Is not that taking property without due process? If we are going to give a great city like Detroit, with its stupendous wealth, the power to reorganize its finances and to impair its obligations with the taxing power complete, is there any reason why we should not extend the same right to a farmer? I do not mean to say that either is constitutional, but if one is it would be difficult to find a reason for holding the other unconstitutional. Both impair the obligation of contracts or neither does. While the facts are different, yet in both you meet the question of changing a contract. In the bill passed upon Tuesday you have a definite promise of the city to pay so much. In this case before us you have the farmer agreeing to pay so much. In both cases you propose to change the amount to be paid. I do not think you can do this in either case, but I do not see the distinction sought to be made.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. HASTINGS. I ask the distinguished Senator whether he has in mind section 12 of the Bankruptcy Act with respect to compositions? Of course, this theory upon which this new legislation with respect to bankruptcy has been passed has been an extension of the power which has been recognized for many years in the bankruptcy law with respect to composition; that is, under certain circumstances, and under certain rules and regulations laid down by the act, a composition may be made by the bankrupt with his creditors. The theory upon which all this new bankruptcy law is based is upon an extension of that provision. I was wondering if the Senator had given consideration to that and whether he could distinguish between the contracts which he speaks of with respect to the municipality, and the contracts that could be violated under section 12 of the Bankruptcy Act as it has existed for many years.

Mr. BORAH. Before I answer that, let me preface my remarks by saying that there are some things in this Minnesota case which it seems to me are worth considering in connection with both these propositions. I am frank to say that I do not cite the Minnesota case as representing the views which I would entertain upon that subject. In other words, I would not have supposed, prior to the rendition of that decision, that such a decision would be rendered by the Supreme Court; but it has been rendered, and until they see fit to depart from it, I suppose it is a fairly safe guide for legislators. But they say here:

An emergency existed in Minnesota which furnished a proper occasion for the exercise of the reserved power of the State to protect the vital interests of the community. The declarations of the existence of this emergency by the legislature and by the Supreme Court of Minnesota cannot be regarded as a subterfuge or as lacking in adequate basis.

It is difficult to know why the Court calls attention to the fact that an emergency existed in Minnesota, when it has said in the opening of its opinion that an emergency can add nothing to the Constitution, take nothing from the Constitution, or change the terms of the Constitution. Just what part the emergency played in this matter is difficult for one to understand, but undoubtedly the Court must have given some credit or some weight to the fact that an emergency existed; and that is the design of this measure and, I presume, of the other measure which was passed the day before yesterday—to meet an emergency.

I think the Minnesota moratorium case did something more than merely extend the time. It is true that it did not actually change the terms of the contract, but it is also true that it deprived the creditor of the benefit of his contract in realizing on the assets upon which he rested.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. HEBERT. As I remember from my reading of that decision, the Court maintained that it did not deprive the creditor of any of his rights unless it be the right of immediate possession. The Court went on to say that in effect they declared he did have possession of the property and was deriving a benefit from it, because it was understood that a rental should be paid by the occupant, who was no longer the owner of the property.

Mr. BORAH. Yes; that is the sophistry in which the Court indulged, undoubtedly.

Mr. HEBERT. I did not go so far as to characterize it in that way.

Mr. BORAH. When the Court says that a contract is not impaired which changes my right to enjoy the conditions and terms of the contract, no amount of reasoning can convince me that it is not in conflict with that provision of the Constitution. One of the things to which a man is entitled when he makes a contract is its execution in accordance with its terms. That is one of the most vital things touching a contract. And to say that it may be changed about and I may be given a different possession from that which it has been agreed I shall have, or a different enjoyment from that which it has been agreed I shall have, is to my mind not meeting the issue which was before the Court. It is in that sense I use the word sophistry, not, I trust, in any disrespect for that august tribunal.

Mr. STEIWER. Mr. President, will the Senator yield further?

Mr. BORAH. I yield.

Mr. STEIWER. Applying the Senator's argument to the amendment offered by the Senator from North Dakota [Mr. FRAZIER], does not the Senator from Idaho believe that the argument of an emergency as the basis for the constitutional validity of the legislation might better be made if this amendment were limited in time instead of being offered as a permanent and lasting piece of legislation?

Mr. BORAH. Undoubtedly, if an emergency has anything to do with the matter, then it would be desirable to have a limitation of time in the amendment.

Mr. FRAZIER. Mr. President——

Mr. BORAH. I yield.

Mr. FRAZIER. Is there any limitation of time in the bankruptcy bill which we passed the other day?

Mr. BORAH. Yes; there is a limitation of 2 or 3 years. Of course, Mr. President, I agree with the Senator from Ore-

gon that if we are going to give any consideration to the question of emergency, we ought to have a limitation of time, because it is one of the things upon which the Court always dwells.

However, without going into a discussion of that matter, I think the question, the existence or nonexistence of an emergency, can have nothing in the world to do with the construction of the Constitution of the United States. If the Supreme Court of the United States can say, "Here is an emergency; we recognize it to be an emergency, and, therefore, we find something in the Constitution that we did not otherwise see there", we have in this country a judicial oligarchy. When a statute comes before the Supreme Court of the United States it looks alone for the power under the Constitution, whether it is in time of normalcy or in time of emergency. If the Legislature of Minnesota had passed that same statute in a time of normalcy, the Supreme Court would have been compelled to search for the same power and the same authority to sustain it that it would in a time of emergency. This contention that an emergency calls up unused powers or sleeping powers, still necessitates the finding of these powers within the Constitution. Awake or asleep, used or unused, they must be found within the terms of the Constitution, under the rules of construction long established by that Court. There is one duty the Court owes the country and the Congress; it is that when it calls up an unused power or sleeping power, that power should be christened, named, identified, and defined so the people and their Congress may know what it is, its extent, and when it may be invoked.

Mr. STEIWER. Mr. President, will the Senator yield further?

Mr. BORAH. Yes.

Mr. STEIWER. Admitting the force of the Senator's logic with respect to the question of emergency, can it not be stated, nevertheless, under the decision of the Court in cases like Wilson against New, a few of the rent cases, and a few of the moratorium cases, that the Court does recognize that an emergency alters conditions and to some extent permits it to read into the Constitution that which it might not otherwise have seen there?

Mr. BORAH. It seems so. The Supreme Court of the United States in the case of Adams against Wilson did exactly the same thing that they did in the moratorium case. It started out by saying that an emergency neither added to nor took from the Constitution of the United States. What it had to do with the decision thereafter I have never been able to understand.

Mr. STEIWER. And then proceeded to say that it did add to it.

Mr. BORAH. Yes; that is, they proceeded to render a decision upon the theory that it did add to it.

Mr. HASTINGS. Mr. President——

Mr. BORAH. Just a moment. But nowhere do we find that the Supreme Court ever declared that an emergency called out any power that did not exist theretofore. The power was there, but it had been permitted to sleep. What a bundle of unused powers may be sleeping awaiting for some emergency to awaken them we do not and shall never know until the Court finds it necessary to arouse them from their slumbers.

I now yield to the Senator from Delaware.

Mr. HASTINGS. I was wondering whether the mere statement in the act itself that an emergency exists was binding upon the Supreme Court, or whether they would try to find from some other source whether the statement was or was not correct.

Mr. BORAH. The Court might take the statement of the legislature as being conclusive that there is an emergency, but suppose they do take the declaration of the legislature that there is an emergency, what must they then do? They must turn around and take the Constitution of the United States and find whether the legislation is there permitted or inhibited, must they not? And if they do not find it, what difference does it make whether there is an emergency or not; and if they do find it, what difference does it make whether there is an emergency or not? If a mere declaration of an emergency by the Congress, by the President, and by the Court either suspends, changes, modifies, or adds to the Constitution, then the will of the people as expressed in the Constitution gives way to the will of the agents of the people. A more subtle and vicious doctrine in a free government could not well be conjured up.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Illinois?

Mr. BORAH. I yield.

Mr. LEWIS. May I ask the able Senator from Idaho, does he not recall that many of the views touching which he is expressing some conviction were specifically alluded to in anticipation or in referring to what was passed in what is known as the "Milligan case"?

Mr. BORAH. I do. I remember the Milligan case very well. There was stated in that case a sound doctrine. The Court stated, in effect, that the doctrine of emergency was the most insidious one which could be called into existence against free institutions, that the Constitution was made for peace and for war and binding upon Congress, the courts, and the President at all times and under all circumstances.

Bear in mind, Mr. President, that until, I think, about 115 years after the Court had been in existence, never was the doctrine of emergency consented to or admitted for a moment by the Court. That an emergency calls up or evokes unheard-of, unusual, or sleeping powers is a doctrine of recent origin. And the striking peculiar part of the doctrine is that it is repudiated in express terms and then applied by implication.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. LOGAN. Is it not true that it is only in case of some kind of emergency that we have any use for a Constitution? If the Constitution is to be set aside during the course of an emergency, then we had just as well have no Constitution at all. It is in time of emergency when the Court ought to adhere more strictly to the Constitution than at any other time. Then the Court should not be persuaded by reason of emergency to make any effort to make the Constitution more elastic than it really ought to be construed.

Mr. BORAH. I do not contend, Mr. President, that the Constitution of the United States is sacred, but I do contend that the right to change it is sacred, and that right belongs exclusively to the people of the United States. Upon that doctrine rests the whole scheme of a peoples' government. The reason we declare this to be a Government of the people, for the people, and by the people, is because the people alone may change the Constitution.

Once grant that either the Congress or the Court can change the Constitution by implication or otherwise, is to implant a doctrine in our free institutions which means their end. The people, and the people alone, may change the Constitution of the United States. It may be that we have reached a time when it should be overhauled, when it should be rewritten, and when it should be changed in its terms and conditions, but no one can change it except the people themselves; and if we ever adopt the contrary doctrine it is not a government of the people but a government of Congress and of the courts. In the olden times the plea was "State necessity", and under that plea the people were the playthings of the ruler. If under the plea of emergency we have a different Constitution than we have in normal times then the people are the playthings of Congress and the courts, because the Congress and the courts can create an emergency or they may declare an emergency when in fact there is no emergency; this doctrine of emergency is the plaything of rulers.

But coming back, Mr. President, to the amendment before us, the Court says:

> In view of the nature of the contracts in question * * * the relief afforded and justified by the emergency, in order not to contravene the constitutional provision, could only be of a character appropriate to that emergency and could be granted only upon reasonable conditions.

Mr. President, if the municipal bankruptcy bill shall be sustained, the courts will have some difficulty in holding this amendment unconstitutional. I do not believe that either one of them will be sustained. I do not think the Court will go that far. The emergency cry will perhaps be over or faded into disrespect before the case reaches the Court, and it will again take up the Constitution itself and be guided by the Constitution. The day of unused or sleeping powers will be over.

Mr. NORRIS obtained the floor.

Mr. HASTINGS. Mr. President——

Mr. NORRIS. Does the Senator from Delaware desire to ask me a question?

Mr. HASTINGS. No; I wanted to make a brief statement with respect to the difference between this amendment, as I understand it, and section 75 of the bankruptcy law which now exists.

Mr. NORRIS. I do not want to do exactly that, but I want also to make a short argument.

Mr. HASTINGS. Very well.

Mr. BLACK. Mr. President, will the Senator from Nebraska yield to me to suggest the absence of a quorum?

Mr. NORRIS. I yield to the Senator.

Mr. BLACK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Gibson	Metcalf	Thompson
Bulow	Glass	Murphy	Townsend
Byrd	Goldsborough	Neely	Tydings
Byrnes	Gore	Norbeck	Vandenberg
Capper	Hale	Norris	Van Nuys
Caraway	Harrison	Nye	Wagner
Carey	Hastings	O'Mahoney	Walsh
Clark	Hatch	Overton	Wheeler
Connally	Hatfield	Patterson	White
Coolidge	Hayden	Pittman	
Copeland	Hebert	Pope	
Costigan	Johnson	Reynolds	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. NORRIS. Mr. President, the pending question is the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to amend the Bankruptcy Act. It seeks to enable farmers to secure the benefits of a bankruptcy provision and have their indebtedness, including all mortgages, ascertained, to have a homestead set aside and their indebtedness to be extended at a considerable reduction of interest, and so forth.

Mr. FRAZIER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. NORRIS. I yield.

Mr. FRAZIER. The setting-aside of a homestead is provided for under the present law, as, of course, the Senator knows. Any such setting-aside of a homestead is covered under existing law. Where the homestead is not mortgaged, of course, it would be set aside now under the exemption provided for in existing law.

Mr. NORRIS. But the homestead is mortgaged 999 times out of 1,000. I do not know how we can reduce a mortgage debt or reduce the interest on a mortgage debt without the consent of the owner and holder of the mortgage. Whether that would be a good thing or a bad thing, it seems to me, is a secondary question. I think it is an impossibility for us to enforce such a law as is proposed by this amendment.

I take it from the argument of the Senator from Idaho [Mr. BORAH] that he agrees with that contention; but he thinks we passed an act day before yesterday in which we did the very thing I have just referred to. I do not agree with the Senator from Idaho that the bankruptcy act we passed day before yesterday is unconstitutional. I believe the Supreme Court will hold it to be constitutional; but I do not want to go into a discussion of that matter now, because, as I look at the question, it is immaterial whether that act is constitutional or not. As I see it, the passage of an illegal measure today cannot be justified on the ground that we passed one day before yesterday.

If I had any doubt about the matter, I should vote for the amendment of the Senator from North Dakota, because I recognize his honest intention to do something to help the farmer. In that, I agree with him. I am just as anxious to do that as he is; but, as I see the matter, it is useless to enact a law of this kind when, as I look at the measure, it is perfectly plain on its face that the first court that has anything to do with it will nullify it.

A strong argument can be made against the amendment on its merits, also, as I shall point out a little later; but, Mr. President, we must remember that these mortgages in the main are executed under State laws. They are given under State statutes. I do not think, either, that the recent opinion of the Supreme Court holding the Minnesota law constitutional—with which, incidentally, I agreed, and I am glad they held that way—has anything to do with this question.

We have a mortgage executed by the owner of the property. We are called on now, by this amendment, to provide by law that that mortgage shall be extended as to time, that the rate of interest shall be reduced, and that other things shall be done in regard to the mortgage executed under a law that Congress did not pass, and over which Congress has no jurisdiction.

It is not a question, either, as I look at it, as to the remedy. I concede that a State would have a right to pass a law applying to future mortgages, making them illegal on homesteads or on any other property that might be specified. It could be provided by law that when an effort was made to foreclose a mortgage there should be a moratorium of 25 years, as applied to future mortgages. I do not mean to say that the States could have that kind of a law apply to existing mortgages; but the State is supreme. A State, if it wanted to do so, could make all mortgages absolutely illegal from the date of the legislation, and make it impossible for anyone to get a mortgage that was good. A State could provide, if it wanted to, any other thing in regard to the property of its citizens over which it is conceded to have jurisdiction.

Suppose a farmer has a farm that we will say, for the purpose of illustration, is worth $10,000. He gives a mortgage to somebody for $5,000. It is a perfectly honest deal. He wants the money; and the mortgagee—it may be either a widow or an orphan—has the money, and loans it to the farmer honestly, at a low rate of interest. The interest is not material, but suppose it is 5 percent. Later on, the farmer gives another mortgage to somebody else for $5,000. Still later, he gives a third mortgage for $5,000. Still later, he gives a fourth mortgage for another $5,000.

Can we, by a bankruptcy measure passed here in Congress, provide that that farmer can apply to the United States court and ask to be declared a bankrupt, and that the owners of these four mortgages amounting to $20,000, secured by property worth $10,000, will have to come into court and submit their mortgages there, and have appraisals of the property made, and find out that the mortgages are much more than the property mortgaged is worth, and have their mortgages reduced so that they will not be greater than the value of the property mortgaged, and that the mortgagees will be compelled, without their consent, to take interest at 1 percent instead of 4 percent for 20 years' more time?

Would that appeal to us if we were members of a State legislature? Even assuming that we had authority to pass a measure of that kind, would it be just to make the first man who had a $5,000 mortgage take a deduction because the farmer had put subsequent mortgages on the property, and subsequently had gone further into debt, and provide that the first mortgagee must reduce his mortgage and reduce his interest on that account?

As the constitution of the States and of the Federal Government stand now, would not any court hold that however technical a man might be who held a mortgage, he could not be compelled by law to reduce the rate of interest or to reduce the principal? He has his remedy in the State, provided by law, to foreclose his mortgage. It might be that the State would provide that he could not get a deficiency judgment. Such a law would be all right if passed before the mortgage was given. In that case the mortgagee would take the mortgage with his eyes open; but how can we permit somebody else who has another mortgage, or a judgment creditor, to come in and say?—"This property must be shared with me. I have a lien; and although under the law it is subsequent to yours, I am going to be on an equality with you in the division of this property." Can we provide that if a farmer has 320 acres of land, a homestead of 160 acres can first be set aside and be clear of debt?

That is another thing that the State can provide for. I think all States have such laws. I think every student of the subject will agree that it is wholesome to have liberal homestead laws and exemption laws, providing for certain things that a creditor cannot take; but when the owner of property mortgages it, he takes it out from under the protection that any homestead law would give him.

That is what we are here called upon to do, as I understand this amendment. In my judgment it would not only be illegal and unconstitutional to do it; but if we had no debts now and we were starting anew, and if I were a member of a legislature, I would not vote to provide by law that a man holding a mortgage could be compelled to divide the property mortgaged and be placed on an equality with subsequent creditors. It would mean that the last loan had been made in that State that ever would be made. Nobody would loan money under those conditions.

It might be better if we had a law providing that a homestead could not be mortgaged. There usually are some limitations. Personally, I should be glad if they were greater. I wish no man could mortgage his homestead; but he can do so under the law. He has done so under the law; and I do not think we are even doing a kindness if we pass a law of this kind, which cannot give him relief, and which will be held up. I think, even if such a law were held to be good, it would constitute an injury for all time to come.

Mr. COSTIGAN. Mr. President——

Mr. NORRIS. I yield to the Senator from Colorado.

Mr. COSTIGAN. Is it the purpose of the author of this amendment that a homestead, even if the exemption be waived, shall be protected?

Mr. NORRIS. There is something in the amendment about a homestead. I do not know what the idea of the Senator from North Dakota was in that regard. I yield to him if he wishes to explain his amendment.

Mr. FRAZIER. Mr. President, if the Senator will yield, as I understand, this amendment does not exempt the homestead if it is mortgaged, because there is a provision here which says that—

> After the value of the debtor's property shall have been fixed by the appraisal as herein provided, the referee shall issue an order setting aside to such debtor his homestead and exemptions, and shall further order that the possession, under the control of the court, of any part or parcel or all of the remainder of the debtor's property, shall remain in the debtor subject to a general lien, as security for the payment of the value thereof to the trustee of the creditors, if a trustee is appointed, such a lien to be subject to and inferior to all prior liens, pledges, or encumbrances.

The condition in that respect is just the same as it is now; but if the Senator from Nebraska thinks that this homestead provision means setting aside a homestead whether it has a mortgage on it or not, I should be perfectly willing to strike out all reference to homesteads here and just say "exemptions".

Mr. NORRIS. In my opinion it would make but little difference, because, in the practical application of this amendment, we all know that homesteads are mortgaged. If there were no mortgages on homesteads, there would not be very many people who would want to have a law of this kind enacted. There would be no objection to judgment creditors who have no liens on property being compelled to divide the returns that may come from that property pro rata in accordance with their debts and being prohibited entirely from getting anything from the homestead.

The point I make, however, is that it is the mortgage we are up against here; and in the practical application of the proposed law we should find, even if it were enacted and held to be good, that in applications under it there would be very seldom judgment creditors and other kinds of creditors. There would be mortgagees. The great difficulty that the farmers of America have now is to meet the increased taxes and the interest on their mortgages; and I know of no way by which Congress could pass a valid law which would bring about a compulsory reduction of interest, or a compulsory reduction of principal.

In the first place, as I said a while ago, 99 percent of all these cases arise under State laws. Even if the Federal Government had a mortgage, it would have it under a State law. The State remedies must be called into force if we undertake to enforce liens by a mortgage. The original mortgage was made under a State law. Congress cannot abdicate and say that in the State of Idaho, for instance, there shall be no more real-estate mortgages, or that, if there are to be any more real-estate mortgages, the rate of interest shall be subject to change at the dictate of Congress through some law it may pass. We would not have any authority to pass such a law.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. SHIPSTEAD. Is it not also true that corporations are incorporated under State laws, and governed by State laws, and, instead of issuing mortgages, issue bonds? The Senator does not mean to say that a bond issued by a corporation is less sacred as a contract than a mortgage issued by a farmer on his farm. As I understand the Senator, he objects to this amendment on the ground that it would impair contracts. Since the passage of monetary legislation last spring, and the confiscation of gold, and the decision of the Supreme Court sustaining the Minnesota moratorium law, it seems to me it is out of date to talk about the impairment of contracts.

Mr. NORRIS. Mr. President, perhaps I am out of date, perhaps I am old fashioned, perhaps I have not considered this subject at all. The young Senator from Minnesota has more advanced ideas and knows what is what. I do not. I am not going to argue that. I do not think what he has said has any more to do with the question I am discussing than the flowers that bloom in the springtime. [Laughter.] I think it has nothing whatever to do with what I was saying

I have not said what I should like to say. I believe, from my experience, that if I were a legislator in a State, I would vote to make it impossible to have a mortgage given for anything except part of the purchase price of a homestead. I think an enactment to that end would be a good law. I realize, however, that that has not been the law, and that is not the law, and that mortgages are put on homesteads for other than the purchase price. If we passed a law today providing that every mortgage on every farm should be cut down 75 percent, what effect would it have? What good would it do? Would anybody want to vote for that kind of a law? I would not vote for it myself. I think I am just as much interested in the welfare of the agriculturists of this country as is any man on this floor, but I never would knowingly do anything which I thought was dishonorable or illegal in order to help the farming industry out of the dilemma in which it is now placed. In the long run, we would get nowhere by doing such a thing. The real friend of the farmer does not want Congress to pass that kind of law.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. I have been voting since 1930 for legislation which to my mind was preferential and discriminatory, beginning with the Reconstruction Finance Corporation Act.

Mr. NORRIS. Mr. President, I do not want to prevent the Senator from going into that subject, but I am not going to discuss the organization of the different boards and the

various lettered corporations. I do not think that has anything to do with what I am now saying.

Mr. LONG. The point I am trying to make to the Senator is that I am of opinion that many of those measures were not constitutional, but I think the Supreme Court is going to hold them constitutional, particularly this municipal bankruptcy measure. I have not a doubt in my mind that it is going to hold to be constitutional, and yet I agree with the Senator from Idaho that it is not, and I cannot see why we draw the line.

Mr. NORRIS. I wish the Senator from Louisiana and the Senator from Idaho were members of the Supreme Court. I should like to submit all these questions to them, and I know that sometimes the cases would not be decided as I think they should be decided, but perhaps in the end we would get very much better decisions than we have sometimes received in 5-to-4 rulings by the Supreme Court.

Judges are men; they are not supermen. We had some experience with a superman, but we got tired of him, and I do not want any more of them. I do not want them on the bench. All judges are human. They are all moved by their viewpoints, their associations, their environment, their experience during life. They consider questions honestly but have different viewpoints and reach different conclusions, honestly, on the same proposition.

The man who always had the viewpoint of the palace, the man who always lived in luxury, who never knew what it was to want, who never came in contact with the poor and the struggling and the suffering—that man would likely, though not necessarily, have a different viewpoint from the man who had been down at the bottom, who knew what it was to feel the pangs of hunger, and to shiver in the cold for want of clothing. The latter would have a different viewpoint. He would have sympathy with struggling mortals and would look upon these questions from a different point of view from that of the other man, though both might be honest.

I should like to have that kind of men on all the courts in the United States, men who have the viewpoint that seems to me to be right, who think that there is something besides money in this life; that gold is made an idol by some; that it is not good to eat; it is not good to wear; it is not good to use, except as money; and it has no other value of any great importance so far as we are concerned. Some people worship at the shrine of gold, and they are honest in their worship. They hide it, they conceal it, they hoard it, and they are happy, even though living in misery, if they are covered up with gold. I do not want that kind of a man to run this Government, to be in the Senate, or to be on the Supreme Court, or even to be a justice of the peace.

There is something better than money. But when there are those who are in distress, as our farmers are, and there are people saying, "We are going to pass a law now which will cut mortgages in two", I cannot go with them. I do not want to advance the interests of the farmers by doing what I believe to be wicked, to be wrong.

Moreover, if there are to be any mortgages given in the future, even if we had the authority to enact such a provision, such action on our part would put an end to mortgages, because nobody would lend money on a mortgage—and there are many people who lend money, and lend it regularly, who are honest.

What the Senator from Minnesota suggested in his interruption about the financial legislation may all be true. I am one who has believed that in the case of people who are in debt—mostly the farmers, but also all the others who have gone into debt honestly, during times when there was a different value to the dollar than there is now; it is not fair to compel them to pay their debts with a dollar that takes twice the labor, twice the effort, to get. I should like to remedy that. That is why I voted for some of the bills presented to us which would have a tendency to increase the circulation.

The wheat farmer, the man who makes his living from raising wheat, who, if he got any profit, would get it out of wheat, may borrow $500 on his farm when wheat is worth $1.50 a bushel, and when the mortgage comes due he has to pay it. He has to pay it in dollars, it is true, but we know that is only a fiction. What he has to pay it in is wheat. He borrowed the money at a time when wheat was worth $1.50 a bushel and is called upon to pay it when wheat is worth 50 cents a bushel. That is an injustice. We will not remedy that injustice by passing this bill. I think we would remedy it by passing some of the other bills which are pending here and without any injustice to the creditor.

I have been one who has been contending for several years that we must do something to help the man who is in debt to pay his debts. If we are to make it possible for the man who is in debt to pay what he owes, we ought to make it easier for him to do it, but we cannot do it by enacting a law which says, "You have agreed to pay $500, and we have cut it down to $250, and we are going to make the other fellow take that." We could not do that if we wanted to, and I would not do it if I could and make it general. There would be some instances where we would be justified in doing that if we could do it legally. But we must be fair. I think we will be fair if we have currency legislation which will enable these people to pay their debts. I think we will have to do it, too. We cannot go on much longer with conditions as they are. But I am trying to point out that this is not the right way out of the difficulty. Those who want to do that ought to do it, it seems to me, in a way that would be effective.

I could not vote for this amendment even if I believed we had the power to enact it. I appeal to those who have the farming interests at heart. I think we would hurt the movement, we would give it a bad reputation, if we undertook to do what I believe this amendment would accomplish if it were held to be good by the courts.

COMMEMORATION OF THREE HUNDREDTH ANNIVERSARY OF THE FOUNDING OF MARYLAND

The PRESIDING OFFICER (Mr. MCGILL in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland, which were, on page 1, line 5, to strike out "10" and insert "25"; on page 1, line 5, after "thousand", to insert "silver"; on page 1, line 6, to strike out "silver"; and on page 1, to strike out line 9 and insert "but the United States shall not be subject to the expense of making the models for master dies or other preparations for this coinage."

Mr. GOLDSBOROUGH. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

CORPORATE REORGANIZATIONS

The Senate resumed the consideration of the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

OUR VANISHED CONSTITUTION

Mr. LONG. Mr. President, I have risen in the Senate today to speak a word for the American farmer. I have undertaken this afternoon, and will undertake again, to lay before the Senate what it knows just as well as I know, that there are in this country today many millions of American farmers and their families who are in want, who have not the necessities of life, who are clamoring and who are fighting for the chance to be restored to the homes which they have the right to possess and which they have lost or are standing in danger of losing through no fault of their own.

I ask for these farmers the same consideration that is being given to the bankrupt municipalities, for which Congress is about to enact legislation. If we are to pass the pending bill, which will permit corporations to free themselves of their debts, we should likewise allow the farmer to be freed of his debts. I ask, if we are to let the railroads

wipe off their debts and keep their property, if we are to let the corporations wipe off their debts and to keep their property and municipal corporations to wipe off their debts and to keep their property, in fairness, on the same principle, let the man at the bottom, the farmer, the backbone of our prosperity when we have prosperity, the main sustaining force of our civilization, the class of people who sacrifice the most, who work the hardest, and who have received the least and who expect the least—let that class of people also have the right to maintain the little shelter that is above their heads. Let them be returned to those homes they have recently lost, if we are to give to the bigger interests such privileges as we are giving to them by enactments of the Congress.

Mr. President, I did not vote for the municipal bankruptcy bill the other day. When I was in the Senate Committee on the Judiciary I cast the deciding vote there in the morning. I was willing to have that bill come on the floor of Congress and have it decided.

I voted against reporting the municipal bankruptcy bill unfavorably in order that it might come to the floor of the Senate, stating at the time that I did not intend to vote for that bill on the floor.

When we adopted the municipal bankruptcy bill, Mr. President, we prescribed a policy here for this Congress that we cannot now retract. I will show my friend from Nebraska [Mr. NORRIS] and the Members of the Senate that we are not doing anything in the way of granting relief to the farmer.

To begin with, Mr. President, the people of this country are loaded down with debt, and the farmer is worse affected by it than anybody else. He has the greatest debt, the most unjust debt, the least chance to pay it, and the heaviest of the burdens. He is yet expected to hold up the country. He is yet supposed to be the cornerstone if there is a survival of any prosperity, and yet I submit to the Congress, knowing what I know from having been a farmer in my early life to a little extent—and I farmed only to such little extent as I had to—that nothing has been done by this Congress yet which is going to mean that the farmer can get from under his debts.

The agricultural bill we passed with respect to cotton has not meant a great deal for the farmers in a few days it has existed as a law. Cotton has gone down 2 cents a pound since we passed the bill. Notwithstanding the fact that we put a processing tax of 3 or 4 cents a pound on cotton, which in the long run is paid by the farmer anyway, cotton is still selling for 2 cents a pound cheaper than it did, which makes a difference of 5 cents a pound in cotton. And today with cotton on the market at 11 cents, if you take off the 5 cents a pound for cotton, it is today bringing about 6 cents a pound.

Take some other commodities, particularly hogs, and the same thing is true. One year ago hogs were selling for more than they are selling for today, with the processing tax put on.

So that the farmer, Mr. President, has not been helped at all in any way that I can see in paying his way out of debts that were contracted in the last few years.

As the Senator from Oklahoma pointed out yesterday, the price of the dollar is still abnormally high. We have tried to get currency legislation to enable the agriculturists to come out of debt, and such legislation has been voted down. We have tried to get the remonetization of silver legislation to put the farmer out of debt, and that has been voted down. We have tried various and sundry expedients, most of which have been voted down, but when one has been favorably voted upon it has been at a time and under such conditions and restrictions that most of us have prophesied on this floor its operation would mean very little in the way of benefit to the farmer.

Now we have started in on the basis of repudiation. We had two ways of going out of debt. We had one way that could have been resorted to in the year 1930, when I first came to Congress—I believe it was early 1932 when I came here, but I was elected in 1930. In the latter part of the year 1931 we had an expedient by which we could have gone out of this economic depression, which afflicts the farmer first, foremost, and worst. We could have adopted what had been proposed by the Senator from Montana [Mr. WHEELER] and the Senator from Oklahoma [Mr. THOMAS], and have afforded a means by which agriculture could have redeemed itself and thereby have helped other business.

But we will not do that. We have given the farmer no greater market than he had. As a matter of fact, Mr. President, the farmer has not as much market for his products today as he had when this depression started in 1929. He has not as much market today. Why?

Mr. President, one American dollar can be exchanged in Mexico for three silver dollars of Mexican money. The European and other currencies of the foreign countries are on such a basis that we cannot go out and compete and expect to dispose of the agricultural surplus. The market has been closed year by year and day by day, steadily grinding against the farmer of this country to the point where today he has less chance to come out of debt than he has had probably at any time during this depression.

I was told by some one who read the newspaper article the other day, that Russia has contracted with Poland to supply Poland's next year cotton demands. Russia is a market which America used to have.

Congress has seen this condition, out of which the debtor class cannot pay. Congress sees it, Congress knows it. The President sees it, the President knows it. Even the Secretary of the Treasury, Mr. Morgenthau, seems to know it, although when it comes to taking financial advice, Mr. President, I would never think of taking the recommendations which might come from Mr. Morgenthau as compared with the other students who have studied this question, and who have shown their knowledge in this Congress ever since I have been here; I would not think of listening to the nostrums prescribed by Mr. Morgenthau as compared with what is recommended by the Senator from Mantana [Mr. WHEELER] and the Senator from Oklahoma [Mr. THOMAS] and the Senator from South Carolina [Mr. SMITH], because they have seen this situation long before the necessities were made so patent that our Cabinet members admitted some need of relief legislation of some kind or character.

Now, what are we going to do? If we are going to adopt the Thomas and Wheeler bills, and the bill which I had the honor to offer here this morning, coming from the Committee on Agriculture, of which the Senator from South Carolina [Mr. SMITH] is chairman, or any of them; if we are going to adopt silver legislation, if we are going to expand the currency, we might stop here; we can afford to stop and say, "An immunity and a bankruptcy provision has been granted only to municipalities in violation of the Constitution"—if we have one. I do not know whether we have one. I may be offending the sensibilities of some of my friends if I mention the Constitution.

Somebody said that to mention the Constitution is like going back to the Mother Goose almanac. Someone said that I would be quoting fairy tales the next thing if I kept talking about the Constitution of the United States.

I am speaking about the Constitution in two ways: One, what the Constitution is, and the other, the way the Constitution is going to be interpreted by the Supreme Court of the United States and the other courts. One is the Constitution which meant something. The other is the Constitution which has been required to yield to the necessities and demands of the conditions and performances now existing.

I do not think anyone is going to stand on the floor of the Senate and tell me that he thinks the legislation we have been passing is in accordance with what his understanding was of the Constitution as it existed before this distressful condition came about. No one is going to stand here and tell me that he thinks the Minnesota case was constitutional, top side and bottom, according to what he understood the law to be 5 years ago.

I remember when I would receive a box of law books, and I would put that box of books up in the bookcase and I would sit down, Mr. President, and read book after book,

thinking that I was learning the law that was going to be of advantage to me in later life. I would go over those monstrous court decisions, and read the jurisprudence from Chief Justice Marshall on down to the jurisprudence of Chief Justice White, day by day and night by night, thinking unto myself that I was putting there in my archives volumes, the reference to which would make me a worldly wise man, unthinking of the fact that in time I would have to come to look to the secretaries and bureaucrats and those sent out in the field, to find out what the ruling was and what the law was, and that all those books I had there were not worth the paper they were printed on. They are not worth a tinker's dam today. We all know that.

What is the jurisprudence worth? I have a $25,000 law library, and I had to beg somebody for space in which to put it, and I have a feeling that if I had room I would be glad to put it somewhere else, because it is a worthless possession, notwithstanding the fact that I spent a lifetime of savings and a lifetime in the practice of law to acquire it. But what is it worth?

Do not ever put another law book in front of me while we are running things like we are. Law books are not in the business. Publishers ought to be prosecuted for trying to sell law books. Any time the West Publishing Co., or the American Law Book Co., sends an advertisement through the mail trying to sell some young lawyer a set of books which costs him $150, they ought to be prosecuted for using the mails to defraud, because it does not mean a thing on God's living earth, and they are just taking the man's money and giving him nothing. So I am discarding all these fallacies; I am discarding all these schoolboy tales that I read about.

We will leave the monument to Chief Justice Marshall standing. Some day someone will come in and see the monument that is erected to Chief Justice Marshall because he made the Constitution breathe the spirit of life, and he will say, "What was that all about?" He will wonder why in the world there was not a statue put up for the man who wrote the first Mother Goose rhyme, if a statue is to exist in memory of the man who was honored for expounding the Constitution of the United States.

Mr. GORE. Among my souvenirs.

Mr. LONG. Yes. As my friend the junior Senator from Oklahoma [Mr. GORE] says, it will be labeled as those things "among my souvenirs."

I want to honor the Supreme Court of the United States as long as it can be honored, and I still honor it. They are worthy men; as good men as I am, and probably better in the places they occupy. They are probably doing the job a great deal better than those who criticize them, for all I know. We hear the harangue one moment that we are restrained from doing something to relieve the people from this deplorable condition on the basis of a constitutional restriction. It is the same as trying to explore the inner recesses of a cave without a lamplight. Constitution? There is nothing to it; it is not there; it does not belong there any more; it does not live in this house any more; we are through with it. Does any lawyer here tell me—and they are all honest men—that he thinks it was an exercise of constitutional power under the theory of interstate commerce to yank up a man who pressed a suit of clothes for 35 cents on the ground that he had violated a code to regulate interstate commerce because the code authority had said that 40 cents had to be the charge for pressing a suit of clothes? Is there anybody here who would say, on his word or off his word, that he thinks that was anything like an exercise of valid constitutional power? Where in the world was there any such thing as interstate commerce, topside, bottomside, inside, or out, in a man having a suit of clothes pressed and charging 35 cents instead of 40 cents? Yet the little tailor who pressed the clothes was sent to the jail for violating an interstate commerce code.

I sat on a public-service commission for 10 years and dealt with many questions as contradistinguished from interstate commerce during that length of time before I was ever governor of my State; and never did I ever hear anybody, topside or bottomside, ever talking about anything like that being regarded as interstate commerce. Nobody believes it is interstate commerce. The Supreme Court does not believe it is interstate commerce. Nobody believes that kind of a thing is constitutional. Yet we sit here, with codes of various and sundry kinds regulating all kinds of domestic business, regulating all kinds of private business, regulating all kinds of public business, regulating all affairs down to the number of eggs that a hen may lay and the number of pigs to be born in a litter; and then we are told that we have got to restrict ourselves because of some constitutional provision, because the makers of the Constitution surveyed things and wrote a document that left it standing for ages to come.

Now, let us get back to the law that we have, having recognized that the Constitution is out of this case. It has been put out by the Supreme Court of the United States; it has been put out by the President of the United States; it has been put out by the United States Senate—and I helped to do part of it—it has been put out by the House of Representatives; it is not here, and we had as well recognize that we have not buried that document, but have forgotten it; that we have left it to wither away, to fade away, to blow away like the mists that were here this morning when the sun rose. It has gone; it might have been here but its effects are not felt. But we have a law left, which I am going to read, a basic, a fundamental law, Mr. President, that supports the amendment of the Senator from North Dakota [Mr. FRAZIER]. The Senator is right; his contentions are based on right fundamentally, legally, and properly, and are grounded on the precedents of the United States Senate and the Congress of the United States.

The Senator from North Dakota is trying to do the only kind of justice for the farmers of the United States that the Congress has said they would let anybody do. He is trying to give the farmers the same shake of the dice that we have declared to be necessary for the railroads. We have said we had to do something to pare down the debts of the railroads. I voted for it. I voted for the railroad bankruptcy bill to allow them to wipe off certain of the debts due their creditors. I voted for certain other bankruptcy bills to allow corporations to wipe off their debts. I either voted or I saw the majority of the Senate vote for legislation to open the Treasury of the United States that it might lend to various and sundry interests funds that came from the general public to pay off their debts and refinance themselves. Now we come to the last bill which we voted.

What did we vote for here the other day, although I voted against it? We voted for a bill under which the sovereign States could set up a political subdivision and that subdivision, created by the State, could issue bonds and then decide that it did not want to pay them and could wipe them out. We voted for a bill that, if a set of politicians obtained control of a city government and loaded it down with every kind of debt and squandered its funds for a number of years, all they had to do was to come into court with a certain percentage of their creditors and wipe out whatever part of those debts they wanted to wipe out.

The bill meant more than the bill said. We said that a certain percent of the creditors had to agree, but there was provided a method by which the municipality could make them agree. All they had to do was to refuse to collect the taxes; all they had to do was to refuse to pay anything; all they had to do was to throw down their arms and refuse to operate as a municipality or to discharge the burdens imposed on them by law, and have the State sit silently by and not do anything to make the local subdivision do what it should do. Then the creditor has got to take anything he can get, on the basis that he will get nothing if he does not take what the governmental subdivision is willing to pay. Every contention made by my friend from Indiana [Mr. VAN NUYS] was absolutely sound and correct along the lines of his argument, but the Senate decided to pass that bill to allow subdivisions of sovereign States to act in that way.

Mr. President, nobody is going to starve whether these political subdivisions go free of their debts or not. It will not put anybody out of a home; it will not make any difference whether we relieve the town of Winnfield, La., from

which I come, probably one of the most noted and worthy towns in this country [laughter]—Mr. President, I am grateful for the generous response and appreciation that I get for my old home town, well known as it is—however, it does not make any difference whether that town is relieved of its debts or not; nobody is put out of his home; no farmer is put off the place where he is giving his family something to eat. We did not have to free the corporations or the railroads or the municipalities of their debts on the ground that they would be able to feed somebody if that were done. Acts of that kind did not help anybody so far as the immediate necessities of food, clothing, and shelter are concerned.

But here we come to a bill, Mr. President, after having dealt with these fantastic, artificial creations, some public and others private, and still others quasi-public—after we have decided on the principle of bankruptcy for them, wiping out their debts, under a municipal bankruptcy bill, then we come along to the farmer.

I want to say something to my friend from Nebraska [Mr. NORRIS], who has returned to the Chamber. We agreed in the municipal bankruptcy bill that we would allow 75 percent of the creditors or those owning 75 percent of the obligations to agree to wipe out all the debts or whatever proposition they agreed to. If we could make it 75 percent, why could we have not made it 25 percent? I want someone to tell me why, if it is legitimate to let 75 percent of the creditors agree to a cancelation of the obligations of a municipality, we might not have made it 25 percent? Why could we not have made it 10 percent? When we went to the point of stating it was constitutional to wipe out the debts of a municipality, with the agreement of the Court, based upon the petition of 75 percent of the creditors, we might as well have said 51 percent, 49 percent, 43 percent, or 99 percent. The percentage did not make it constitutional. I do not believe any lawyer is going to dispute that the Constitution did not allow us to take 25 percent of the debts away from anybody. We did not have any more right, if a municipality owed $100,000 and I held $25,000 of its debt, to wipe out my $25,000 because the holders of the other three fourths of the debt were willing to do it than if I owned 51 percent of it and the other 49 percent had wanted to wipe out those debts. On the ground of constitutionality, if there is any such thing as confiscation of property without due process of law, there was never a bill that went through the Congress that could have been further away from the principles of the Constitution.

We have gotten away from the Constitution; we have left it; we have quit it; we have forgotten it; but we have a law that is still left, and I am going to read that law in answer to some of my friends who look upon this as being evil.

I read, Mr. President, from the fifteenth chapter of the book of Deuteronomy, verse no. 1—and I want my friend the Senator from South Carolina [Mr. SMITH], who knows this verse very well, to bear me out as I read one little verse.

> At the end of every 7 years thou shalt make a release.

A 7-year release.

Verse 2—

> And this is the manner of the release: Every creditor that lendeth aught unto his neighbor shall release it; he shall not exact it of his neighbor, or of his brother; because it is called the Lord's release.

That is the law of the Scriptures, that every 7 years a release shall be granted.

We have no law left on this subject of debts and credits; it has all been wiped out. We wiped it out under the A.A.A. and the R.F.C. and the other organizations bearing alphabetical names, many of which I cannot remember; but, at any rate, Mr. President, whatever we call the municipal bankruptcy bill, we will be giving it some letters in a few days, because it will then be the President's too.

We have wiped out all such things as laws regulating conduct between debtor and creditor. We have no law left on the subject, so we go back to the law of all laws. We go back to the law that was handed down to man to live under. Before the scientific experts and legal analytics began to tinker with things, we had this as the law. But we have had gentlemen tinkering with the law. They have tinkered with it, and at last have thrown it away. All we have left, if we are going to judge this case on the grounds of good and evil, is the law that was handed down when man was placed on this earth, that every seventh year there should be a release and that debts should not be exacted.

I did not say we had to return to this, but Senators on the Republican and Democratic sides of the Chamber did. I did not say we had to come to this spirit that we are going to dishonor debts, but those Senators did. One of the most conservative men on the Republican side of the Chamber voted for the municipal bankruptcy bill the other day. I nearly fell out of my seat when I heard my friend the Senator from Vermont [Mr. AUSTIN] vote "yea." I did not know whether it was a mistake. I was fixing to walk over to him and tell him we were voting on the bill, but a few minutes later the Senator from New Jersey [Mr. KEAN] voted "yea." Then I understood that I did not understand what the whole thing was about. [Laughter.]

There was not anything left. We were through with the proposition of making anybody responsible for his debts. Why? My friend from New Jersey had a good reason. He said, "They cannot pay them." He is right. They cannot pay their debts. He said, "They cannot pay these debts anyway." That is a positive, honest-to-God fact.

You will not let us make silver money. You will not let us expand the currency. You will not let us bring it down to where there is any such thing as value on what a man has or the things he wants to dispose of.

Mr. SMITH. Mr. President, just whom does the Senator mean by "you"?

Mr. LONG. Not our family, let me say to the Senator from South Carolina. He and I are holy. I want the Senator to understand that I consider him one of the members of the lodge in good standing. [Laughter.]

Mr. SMITH. To whom does the Senator refer when he says "you"?

Mr. LONG. I refer to the law-making authority of this country, which the Senator from South Carolina [Mr. SMITH] and I have been trying to get to see the light, those who will not allow us to expand the currency or remonetize silver and give the people something to do business with in this country and to enable them to pay off their debts. It has been a majority of the Senate, not a majority of the Democratic side. We were for inflation of the currency and remonetization of silver. We had a majority of 4 votes on our side of the Chamber before Franklin D. Roosevelt came to be President of the United States. Since he came in as President we have still had a majority of the Members on the other side of the Chamber.

We have a bill that has been brought out of the Committee on Agriculture and Forestry—but it is said we are not going to be allowed to pass it—to dispose of the agricultural surplus and to accept silver in payment for it and issue currency on the basis of that silver. If we could have passed that bill earlier, we would not have to be here asking for the adoption of the Frazier amendment today. We would not have had to pass, probably, the municipal bankruptcy bill if we could have passed that bill providing for expansion of the currency and remonetization of silver. But we were not allowed to pass it. We cannot get it done. We are told that if we get it through the Senate it will be killed in the House. We are told that if we get it through both Houses the President will veto it anyway. We are told it cannot be done. We are told we cannot get it enacted into law. So we cannot get rid of what we have in the way of debts, and we cannot pay the debts.

There the farmer stands by his little cabin in which he raised his family. He stands there begging only an opportunity, not to walk the sidewalks, not to go to the moving-picture shows, not to see the world exposition in Chicago, but he stands there asking us to let his wife and three or four children stay in that little hovel he has built for them, to live there off the products that his little piece of land can

produce, to give him food for his children when they are hungry and to enable him to clothe them against the winter winds. But we are not going to be permitted to do that for him. The best we can get for him is some nostrum which we know will not do the work.

I admired my friend who interrogated me a moment ago, the senior Senator from South Carolina [Mr. SMITH], when on this floor last year he said he would not tell the American people that the bill which was brought out of his Committee on Agriculture and Forestry was going to give the farmers the relief they were being told they were going to get through the operation of that bill, because he did not believe the bill was going to accomplish that purpose. I knew myself it was not going to do it, but we went ahead and permitted the experiment to be tried. The experiment has been tried and it does not amount to anything.

How are we going to vote down this Frazier amendment? What is the basis for voting it down? I ask the conservative Members of the Senate. Shall it be on the basis of the Constitution? Are we going to vote it down on the ground that we cannot let the farmer go into bankruptcy and have a means by which the home he owns may be saved? We have gone ahead and voted for a corporation bankruptcy bill, a railroad bankruptcy bill, and finally a municipal bankruptcy bill, and yet Senators are going to reject the Frazier amendment on the ground of the Constitution, that it is an evil matter to allow the farmer an opportunity to get rid of his debts. On what ground is that going to be done? Why are we going to do it?

Let me ask the Senator from North Dakota what is the amount of the mortgaged indebtedness of the farmers of the United States today?

Mr. FRAZIER. It is $9,000,000,000.

Mr. LONG. Think of it—$9,000,000,000 of farmers' debts. I think the municipal bonded indebtedness today is about $20,000,000,000. That does not mean Government bonds. I mean to exclude all United States bonds. In round numbers the municipal bonds outstanding today amount to $20,000,000,000, as I understand. The mortgage indebtedness of the farmers amounts to $9,000,000,000, less than one half. As I understand the figures, the municipal bonded debts are $22,000,000,000 and the farmer mortgage debts are $9,000,000,000. The farmers' mortgage indebtedness is only about 40 percent as much as the municipal bonded indebtedness.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. LONG. Certainly.

Mr. MURPHY. I think the farm mortgage debt is nearer $11,000,000,000 than $9,000,000,000, and besides that since 1930 the farmer has accumulated a chattel-mortgage debt of perhaps $5,000,000,000.

Mr. LONG. The municipal debt is about as I stated. All right, let us say $16,000,000,000. It does not make any difference. What is $5,000,000,000 in this day and time? Why quibble over a matter of $5,000,000,000 or $6,000,000,000 difference in figures on a matter of debts? We have not been worrying over any amount like that. We are appropriating this year $10,000,000,000, and it is estimated that we are going to take in $3,000,000,000. We are spending $10,000,000,000 and we are going to collect $3,000,000,000 this year, so we are spending $7,000,000,000 more than we shall get in; so why worry about a mere matter of $5,000,000,000? It is a mere bagatelle. Who is worrying about a little thing like that?

All right, we owe $16,000,000,000, we farmers—$11,000,000,000 of debts in the form of mortgages on our farms and $5,000,000,000 chattel indebtedness. The matter of mortgaging chattels was not allowed in my State until recent years. I knew when we started the Federal land banks that we were not doing a thing in the world but encouraging the farmers to go further and further into debt, and that the day when pay time had come was going to be the day that he could not pay his debts. The money was loaned to him in prosperous times and it came due in depression times.

We have continued to create these debt-making agencies. I do not call them credit agencies. We continued to make it easy for the farmer to go further and further into debt. Now we have $22,000,000,000 of municipal debts. Which is going to do the most good—to help the farmer get rid of $16,000,000,000 of debts or to help the municipalities get rid of $22,000,000,000 of debts? The worst thing that we can say about it is that the farmers owe less than the municipalities owe.

Under the Frazier amendment the farmers' creditors will get $2 where they will get only $1 of the debts which are to be remitted under the municipal bankruptcy bill. I mean by that that from a credit standpoint, as I understand the Frazier amendment, 2½ percent of the principal is payable every year. Under the Frazier amendment the farmer takes bankruptcy. The value of his farm is established by appraisement under order of the court. The farmer who is bankrupt is given the right to repurchase that farm by paying 2½ percent on the principal every year plus 1-percent interest.

In other words, Mr. President, the present value of the farm stands there to be amortized by payments due at the rate of 2½ percent every 12 months, meaning in the long run that every dime of the present value of the farm is going to be paid; meaning that it is going to draw some interest. That is a great deal better than the settlement we made with Italy for the Government of the United States. We did not charge Italy any interest at all, and very little of the principal. That is a better deal than the settlements we have made with England and France and Russia and other foreign countries. That is a great deal better trade than we are making for the municipalities. That is a great deal better than we are going to come out with a whole lot of this other money we have put out.

That is a great deal better value than we are going to get out of a lot of the money we have put out under the E.R.A. and the C.W.A. It will have a great deal better effect on the credit of the United States, because it does not impair the condition of the Federal Treasury to the extent of one 50-cent piece; but it enables the farmer who has no other means by which he can discharge his debt to have the same benefit of the law that we have held to be necessary for corporations, and for railroads, and for municipalities. There is no other way that the farmer can come out. There is no other way that the debtor can come out.

We are told that this means wholesale repudiation. We have already embarked on wholesale repudiation. We embarked on wholesale repudiation when we allowed the European countries to forget $11,000,000,000 that they owed to this country. We embarked on wholesale repudiation when we allowed $22,000,000,000 worth of municipal securities to be wiped off the face of the earth. We embarked on wholesale repudiation when we created the C.W.A., and the E.R.A., and various other alphabetical forms by which Government money was thrown to the winds without getting a fair value for it. We embarked on wholesale repudiation not only of debts but of the constitutional methods that we had understood to be effective in this country when we adopted the N.R.A. and the A.A.A. and various and sundry other things that none of us had ever held to be legal and valid before that time.

Is the reason today for not allowing the farmer a chance to come out, is the reason why we have to defeat farm-relief legislation, to be that suddenly we have been horror-stricken by the midnight sight of the Constitution? Has somebody gone on a somnambulistic performance and in his dreams seen a vision of the Constitution? Has that phantom been thrown back in our faces after this interruption of sinfulness in which we have forgotten that that precious document ever was transcribed for the benefit of our people? Has somebody suddenly got the idea that he has to return to the pages of an instrument which has not touched the Senate top-side or bottom since I have been here, but, instead, we have been operating under the new schemes and new theories that we think are necessary for the American people? Does somebody believe that we are going to resurrect the old document here and have it read in the light of the new order; or are we going to interpret the Constitution along the lines that are necessary for the welfare of the country?

We are told—or, rather, I read that we are told—that under the new interpretations now being made, the Constitution is a reasonable document; that it yields to the necessities of the occasion, and concerns the welfare of the people. In other words, it reads something like one of the poems of Longfellow—one of these things that is all-embracing, and makes a person happy at death. The Constitution, we are told, must be read in the light of the conditions. The Constitution must be considered in the light of what can be done and what cannot be done.

We are not allowed to have constitutional money. We are not allowed to have silver for money. It is known that we could not pay our debts with the money we had. We started out with $7,000,000,000 in currency. How much currency have we today? Two years ago we were bemoaning the inadequacy of $7,000,000,000 in currency. I ask my friend from Oklahoma [Mr. THOMAS], what is our currency issue today? Does the Senator know? Has he read the last Federal Reserve report? I have not looked at it. I will ask the Senator to tell me while I proceed. We started out here and belabored the Republican administration and the Democrats, too, because there was not enough money in circulation. What have we in circulation now?

Mr. THOMAS of Oklahoma. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Oklahoma?

Mr. LONG. I yield to the Senator.

Mr. THOMAS of Oklahoma. On April 25, last Wednesday, we had in circulation $5,324,000,000. That was a decrease from the preceding week of $23,000,000. I might state, in further reply to the Senator, that a year ago, on April 19, 1933, we had in circulation $6,068,000,000. So in a year's time, instead of increasing our circulation as some of us thought we might do, we have lost $744,000,000 in circulation.

Mr. LONG. I might say to my friend from Oklahoma that again has his prophecy been fulfilled. We have decreased the money in circulation, and I notice that commodities are again falling in price. Cotton has gone down 2 cents a pound in the past 20 days, notwithstanding the passage of the Bankhead bill. We have decreased the currency $24,000,000 in a week, and we have decreased the currency supply, as the Senator from Oklahoma informs us, three quarters of a billion dollars; and that does not tell the story. Our present currency is worth only 59 percent of what it was worth last year, on the foreign market at least. So, instead of having five and a half or five and a third billion dollars, we have a little over $3,000,000,000 of value circulating as a medium of exchange in the United States today as against $6,000,000,000 a year ago.

In other words, we have come along here with our nostrums to pay people out of debt, and we have given them a circulating currency, particularly when it meets the foreign exchanges, that is only half what it was a year ago; and even upon any valuation we want to make of the 59-cent dollar, we have today three fourths of a billion less of 59-cent dollars than we had of 100-cent dollars 1 year ago today; and under the recommendations that are being brought in, we stand in a position where we can neither inflate, remonetize silver, expand the currency, nor allow the farmer to decrease his debts. We can go neither to the right nor to the left. We can go neither forward nor back.

We cannot compete with or meet the exchange of Mexico or the Orient. We cannot decrease the debts to meet the actual value of the dollar. Even on a 59-cent-dollar basis, not counting the other 41 cents, we have put through the Congress of the United States a bankruptcy bill to enable the corporations to discharge their debts. We have put through a municipal bankruptcy bill, so that every squandering political government in this country that has loaded itself head over heels in debt can wipe off the debts it has incurred and then go free, just as white as Gabriel's robes. We have come forward and proposed some kind of a bankruptcy bill to put the banks through the wringer; but the farmer cannot pay out of debt because we will not let him have enough money to pay out of debt, and we will not let him write down his debt.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. In the past week the dollar, instead of becoming cheaper, has started to increase in value.

At the end of March, I think, the dollar was worth $1.35. It is now worth $1.36 plus. So the dollar has increased in buying power during the past week or 10 days.

A short time ago silver was worth about 46 cents on the world market. It is now worth about 41 cents on the world market. In other words, silver has lost 5 cents per ounce in value in the past 10 days because of certain statements made by high officials.

Let me state the result of this fall in the price of silver upon our foreign trade.

About four fifths of the people of the world use silver as money. As silver goes down in value, their money is cheapened in value. As their money is cheapened in value, those countries can produce goods for a cheaper price than they could before the currency fell.

Take the nations of China and Japan and India and Mexico, and other silver-using countries. With a price decline of 5 cents per ounce of silver they can today produce goods 5 cents per ounce cheaper than they could, say, 2 weeks ago. As that affects foreign exchange, it destroys the market for American goods. These other nations can undersell America in the foreign mbarkets by a 5-cent-per-ounce ratio. When they go to buy American goods, their currency having fallen, they have to pay 5 cents per ounce more for American exchange; hence, American goods rise in price.

So the fall in the price of silver operates to the disadvantage of the American farmer, and likewise to the disadvantage of the American manufacturer. If something can be done to raise the price of silver, we shall automatically raise the cost of the production of goods in foreign countries and enable our factories and our farmers better to compete with four fifths of the peoples of the world.

Mr. LONG. Mr. President, I may say to my friend from Oklahoma that not only will an increase in the price of silver enable this country to compete, but it will enable this country to trade with four fifths of the world with which it cannot trade at present. Sixty-five percent of the people of the world, at least, use silver as the yardstick of money. China and India, with a combined population of some 800,000,000, almost half the world, know no money except silver as their primary money. It is the universal yardstick of money in China and in India. Many other countries, especially South American countries, know only silver as their primary yardstick of money.

With the fall of silver during the past week, cotton was going down, wheat was going down, and hogs were going down. It is not necessary to listen to the statements of the Senator from Oklahoma to know it. It is in the paper. It is there. The prices are down. Why? Because the Secretary of the Treasury and other "experts" who are supposed to be regulating the monetary policy of the present day have said that they are not going to allow any silver legislation to be enacted.

The moment the word went out that there was not to be any silver legislation, down went the prices of commodities, and up went the price of the dollar. The dollar rose from $1.35 to more than $1.36. The currency went down $24,000,000. Silver went down 4 cents on the ounce, or more, from 46 cents to 42 cents. Commodities went down with it. Commodities went down yesterday. I do not know what the stock market will show today, it does not make any difference what it shows, it is more or less a manipulated proposition for a period of time anyway; but it will have to go down. It has gone down. I noticed that the stock of the American Telephone & Telegraph Co. had gone down some 20 points already from the high point it had reached this year.

Why was that? For the simple reason that people cannot pay their debts, for the simple reason that the people of this

country cannot sell their commodities, for the simple reason that the country cannot have commercial intercourse with the outside world.

Mr. President, let us see whether this thing is so very bad. This is not the only country which has gotten into debt which it could not discharge, and which just had to repudiate a little.

Mr. THOMAS of Oklahoma. Mr. President, I note the Senator is apparently about to read from the Bible. Is that correct?

Mr. LONG. Yes, that is correct.

Mr. THOMAS of Oklahoma. Then I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hebert	Pittman
Ashurst	Couzens	Johnson	Pope
Austin	Cutting	Kean	Reynolds
Bachman	Davis	Keyes	Robinson, Ark.
Bankhead	Dickinson	King	Russell
Barbour	Dieterich	La Follette	Schall
Barkley	Dill	Lewis	Sheppard
Black	Duffy	Logan	Shipstead
Bone	Erickson	Lonergan	Smith
Borah	Fletcher	Long	Steiwer
Brown	Frazier	McGill	Stephens
Bulkley	George	McKellar	Thomas, Okla.
Bulow	Gibson	McNary	Thomas, Utah
Byrd	Glass	Metcalf	Thompson
Byrnes	Goldsborough	Murphy	Townsend
Capper	Gore	Neely	Tydings
Caraway	Hale	Norbeck	Vandenberg
Carey	Harrison	Norris	Van Nuys
Clark	Hastings	Nye	Wagner
Connally	Hatch	O'Mahoney	Walsh
Coolidge	Hatfield	Overton	Wheeler
Copeland	Hayden	Patterson	White

Mr. HEBERT. I desire to announce that the senior Senator from Nebraska [Mr. NORRIS] is detained in attendance at the ceremonies in connection with the unveiling of the statue to William Jennings Bryan.

I also wish to announce that the senior Senator from Indiana [Mr. ROBINSON] is detained on official business.

Mr. LEWIS. Mr. President, I beg to announce the absences announced by me on a previous roll call, and for the same reasons, and I ask that this announcement stand for the day.

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, there is a quorum present.

Mr. LONG. Mr. President, I had reached the point of reading the law from the Scripture when the Senator from Oklahoma thought there ought to be a quorum present so that Senators might be present to hear it. I might say to those who were not in the Chamber that what I am about to read is in connection with the fact that I had pointed out how the Constitution, from so many constructions of it being made necessary by present-day conditions, has been more or less forgotten. Therefore, I have gone back to cite the fundamental law.

The Senator from Arkansas and the Senator from Nebraska have thought that we are proposing a bad thing because we advocate forgiving interest, proposing to let the farmer wipe out his debts on the basis of bankruptcy, with interest of 1 percent a year for interest and 2½ percent for principal of the present value to be paid each year.

I am going to show the Senate that the Lord has commanded that in times of stress it is necessary to forgive interest altogether. I am going to show that it has been commanded by the supreme law of the world, the only law that has stood for very long. The Constitution has stood for about 125 years, perhaps not quite so long; I have not calculated the time. It was suspended during the World War and then put back on for a little while. [Laughter.] It has actually prevailed for about a century and a quarter, according to my best understanding.

Let me show what has been commanded to be done about interest during times like the present, and let us see whether this amendment of the Senator from North Dakota is to be condemned. I read from the Book of Exodus, the twenty-second chapter and the twenty-fifth verse:

> If thou lend money to any of my people that is poor by thee, thou shalt not be to him as a usurer, neither shalt thou lay upon him usury.

Then a little later on the Scripture defines that, in order to show just what it means. Listen to this, Mr. President and gentlemen of the Senate, you who no longer live under a Constitution, you who have forgotten, and had to forget many of the things you thought were law that we know now are not law, because they cannot exist by reason of necessity, and all law gives way to necessity; listen to what must be done in a time like this. I read from Leviticus, chapter 25, verses 35 and 36:

> And if thy brother be waxen poor, and fallen in decay with thee—

That is the condition that confronts us. If the poor farmer is down and out, the Book says, and has fallen to the point where he cannot pay, this is what the Book says should be done under these conditions, by all of us of the so-called "wise Scribes" who sit here.

Mr. LOGAN. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. LOGAN. It seems to me that the Senator from Louisiana is confusing his quotations from the Bible. The fact is that those commandments were given to the Jews, to Jewry, and at the same time they were directed to go out and plow up the fields and destroy the fields of the Gentiles and to kill them with rakes and hoes and cross-cut saws. So I do not think the Senator's quotation is applicable at all to the peculiar conditions which exist today.

Mr. LONG. Mr. President, the Senator is wise in many things, but he is not wise in that. The law is for all nations, says the Scriptures. It is said in the Bible that this law is for all nations and for all people; that those nations which observe it shall live and survive, and that those which despise it shall not survive. That is what the Lord says about the law.

Mr. LOGAN. Mr. President, I should be very glad to have the Senator tell me where the Lord said anything like that.

Mr. LONG. I will be pleased to give that to the Senator, for I have all these quotations copied. I do not at this time have all the quotations with me, but I will say to the Senator that I have put them into the RECORD many times.

The law is for all nations. I will say, Mr. President, that the Senator from Kentucky has fallen into error. I will take time on some other occasion to show him his error. I cannot take the time to do so now, for it would take me too long.

I will take the time now to read it—the Lord says in Leviticus, in Book 26——

Mr. LOGAN. Book 26 of Leviticus? There is no such thing as that.

Mr. LONG. The Senator does not know——

Mr. LOGAN. Book 26 of Leviticus?

Mr. LONG. Chapter 26, the Senator might call it.

Mr. LOGAN. Oh, I see.

Mr. LONG. They call it "book" in some places. Chapter 26 of Leviticus:

> And if ye shall despise My statutes, or if your soul abhor My judgments, so that ye will not do all My commandments, but that ye break My covenant:
> I also will do this unto you; I will even appoint over you terror, consumption, and the burning ague, that shall consume the eyes and cause sorrow of heart: and yet shall sow your seed in vain, for your enemies shall eat it.

That is the promise and the threat of the Lord.

Mr. LOGAN. That only applies to this particular people, though.

Mr. LONG. The Senator from Kentucky is wrong.

Mr. LOGAN. It did not have anything to do with the Gentiles.

Mr. LONG. St. Luke, chapter 17, verses 16 and 17, say:

> The law and the prophets were until John: since that time the kingdom of God is preached, and every man presseth into it.
> And it is easier for heaven and earth to pass than one tittle of the law to fail.

St. John, chapter 1, verse 17, says:

For the law was given by Moses, but grace and truth came by Jesus Christ.

And speaking to everybody, Jesus Christ said the following, from St. John, chapter 7, verse 19:

Did not Moses give you the law, and yet none of you keepeth the law?

So the law still exists and is universal.

Mr. President, what did the Lord say to do for the man who has fallen? I quote from Leviticus, twenty-fifth chapter, thirty-fifth verse:

And if thy brother be waxen poor, and fallen in decay with thee; then thou shalt relieve him: Yea, though he be a stranger—

Here it is, my friend from Kentucky.

Yea, though he be a stranger—

And not a Jew—

or a sojourner; that he may live with thee. Take thou no usury of him—

Neither the Jew nor the stranger who has fallen —

Take thou no usury of him—

not 1 percent, the rate which the Senator from North Dakota is willing to give him.

Take thou no usury from the fallen farmer who is trying to keep the little shelter above the head of his wife and children.

Take thou no usury of him or increase; but fear thy God; that thy brother may live with thee.

That is the Bible applied to the stranger and applied to the Jew.

Over in Deuteronomy, the twenty-third chapter and the nineteenth verse:

Thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of anything that is lent upon usury.

This is the law of the Scriptures, that in these days, when your brother has fallen, that in these days of stress, that with respect to the stranger and the Jew—the law is made for all nations—you shall not exact interest upon the fallen when he is not able to discharge the principal.

We know the farmer cannot pay this principal. Every man in the Senate knows that the farmer cannot pay the principal. The Lord has told us that it is easier for the heavens and the earth to pass away than for one tittle of the law to fail. He said that no country which refuses to recognize these economic laws can survive. And yet we come here saying that the interest of 1 percent is too little to exact of the fallen.

It reminds me of the old case of the man who was going to take away a sack of gold. He was given all the gold he could take away in a sack on one understanding, which was that he must not put more gold in the sack than he could carry away, and as he put gold into the sack he lifted the sack and decided to put the sack down and put another shovel of gold into it; and then he would lift the sack on his back and start off, and he decided to put it down and put in another scoop of gold; and, finally, Mr. President, he had more gold in the sack than he could carry away, so he had to leave it all.

It reminds me of the man who rides a horse. He spurs it one time and the horse jumps; he spurs him another time and he runs; he spurs him another time and he walks fast; but, finally, he has spurred the horse until there is nothing there that the spur can make respond to suffering.

Today, Mr. President, we have levied upon the American farmer to the point where he is $16,000,000,000 in debt, and he cannot pay the debt; he cannot pay the interest. The Senator from North Dakota comes in here and asks us to pass a bill just like the legislation we passed for the railroads, just like we passed for the corporations, just like we passed for the municipalities, and give that farmer the same right. Mr. President, without exacting all the interest, which he cannot pay, the right to keep the shelter above the head of his wife and his children and himself; the right to have a place whereon he can raise the necessities that are craved to sustain body and soul and life; and we are met at the threshold with the statement that the Constitution forbids the relief that can be given to the farmer, notwithstanding the fact that we could forgive the Government subdivisions of their debts, the railroads of theirs, and the corporations of theirs, and wipe out the outside investors at the same time, forsooth, to say nothing of $11,000,000,000 that we have forgiven which are owed by the foreign powers.

This country is in the condition that another country was in at one time. I am going to show my friend from Kentucky again that this law was for the Gentiles. I am going to read from the fifth chapter of the Book of Nehemiah. Some call it the fifth book of the gospel of Nehemiah. Nehemiah, chapter 5. Let me show to the Senators how the prophet of the Lord went in and redeemed the country when it was paralyzed, as this country is today. I quote beginning with the first verse:

And there was a great cry of the people and of their wives against their brethren the Jews.

This was the cry against the Jews.

For there were that said, We, our sons, and our daughters, are many: therefore we take up corn for them, that we may eat, and live.

Some also there were that said, We have mortgaged our lands—

One would think I was reading about the United States before I get through with this. One would think, Mr. President, that this had been written for the present country, in the present day, before I get through reading to the Senate what the Lord's prophet did under the command of the Lord in carrying out the law as recorded in the fifth chapter of the Book of Nehemiah.

Some also there were that said, We have mortgaged our lands, vineyards, and houses, that we might buy corn, because of the dearth.

There were also that said, We have borrowed money for the king's tribute—

To pay taxes—

and that upon our lands and vineyards.

Just like we have done here; we had to borrow money even to pay the taxpayers.

And I was very angry when I heard their cry and these words.

Then I consulted with myself, and I rebuked the nobles, and the rulers, and said unto them—

So said the prophet—

I rebuked the nobles, and the rulers, and said unto them, Ye exact usury, every one of his brother.

He rebuked the rulers and the nobles for allowing this condition to go on which I will show you we have right now, and the Spirit of the Lord ought to rebuke the American Congress for having allowed this condition to come on, and, worse still, to remain.

And I set a great assembly against them.

And I said unto them, We, after our ability, have redeemed our brethren the Jews, which were sold unto the heathen; and will ye even sell your brethren? or shall they be sold unto us? Then held they their peace, and found nothing to answer.

Also I said, It is not good that ye do: Ought ye not to walk in the fear of our God because of the reproach of the heathen our enemies?

I likewise, and my brethren, and my servants, might exact of them money and corn: I pray you, let us leave off this usury.

"I pray you", said the prophet, "let us leave off this interest." And that is not all he said. He went on down and told them what they had to do. He said:

Restore, I pray you, to them, even this day, their lands, their vineyards, their olive yards, and their houses—

Was that all? He did not say, "Restore it and make them pay 2½ percent a year", like the Senator from North Dakota said. He did not say, "Restore it and make them pay 1 percent on that", like the Senator from North Dakota and I are willing to do, if we cannot do better. No. He said:

Restore, I pray you, to them, even this day, their lands, their vineyards, their olive yards, and their houses, also the hundredth part of the money, and of the corn, the wine, and the oil, that ye exact of them.

Why, he said, "Give them back their lands, give them back their vineyards, give them back to them free of debt, and give them some money." That is what he said to do. Any they did it. I will not read the balance. They did it. They forgave their debts. They gave them back their vineyards. They paid out some of their money.

Then said they, We will restore them and we will require nothing of them.

We will require nothing of the fallen people whose farms are mortgaged for $16,000,000,000. We will require nothing of these people who cannot pay their taxes, who have fallen. We will require nothing of them. We will restore it to them and require nothing of them, said they.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. SHIPSTEAD. Is it recorded whether or not they were called members of the "Demagogic Party"?

Mr. LONG. Well, I think if they lived in this day they would probably be under the leadership of the Senator from Michigan [Mr. COUZENS]—they would at least be under his treasuryship. I will say to the Senator from Michigan that I am glad that he is to be the treasurer of that party. I am glad to surrender the part of the job that I had in that line down in my State. That will make it more easy for me in the future. I think that election is going to be unanimous.

Now, says the Bible:

We will restore them, and we will require nothing of them; so will we do as thou sayest. Then I called the priests, and took an oath of them, that they should do according to this promise.

Also I shook my lap, and said, So God shake out every man from his house, and from his labor, that performeth not this promise, even thus he be shaken out, and emptied.

And so the promise was kept, and the country was relieved. They went back to their homes, they went back to their farms; they were given back their homes and were given back their farms, and their vineyards. Their debts were forgiven, and no usury was exacted, and also the hundredth part of the money was given that had been exacted for them. All that was done so the people could get started to going again.

Apparently to us this law of the gospel does not mean a thing on God's earth; but we sit here, when people are starving to death, and say that we are fighting against revolution, when we now have a revolution, and have had it all the time. More people have already died from hunger and from sickness and from injuries done their vitals, going to bed without the food that is required and without the milk and the nourishment that is needed, especially for infants, than have been sacrificed in many a revolution. They have gone to bed in solitude and have awakened in a paralysis. There has been more carnage and more crime and more damage to humanity and to the family than if a revolution had already destroyed the lives of a million people. We would be better off today, Mr. President, even though we had killed a million people, leaving us with only 124,000,000 in this country, than to have living from 60,000,000 to 75,000,000 in the shadow of want and poverty and distress.

You do it for what? For whom? Who told you to do it? Who is telling you to do it now? Oh, the voice of the Constitution speaks; the Constitution comes up as though it were a floating zephyr that has newly made its appearance. Abou Ben Adhem saw a stranger writing in his room. The United States Senate saw the Constitution at midnight.

We have come to a time in the Senate of the United States, after we have declared the bankruptcy policy to be necessary to free corporations, to free the railroads, to free municipalities, when the farmers, who are starving to death, are asking us to invoke the same principle of government that we invoked the other day for the special interests, but suddenly the Constitution arises like Banquo's ghost, threatening fire and destruction, and someone suggests that that cannot be done because of that document that was written in 1789, I believe, which has all been forgotten until it comes down to a point where the man at the bottom is about to be relieved of distress, and still can be ground under and under, as a man lying at the bottom of a sunken road and the army passing over him grinds him farther and farther into the dust, and all he can say is, "But yesterday I was a living man." That is all that is left to him under the forms that we go through.

Why is it? We get somebody to tell us how to get out of trouble; I am glad we get somebody; but we always get somebody I never heard of before in my life, and perhaps it is better than to get somebody I have heard of. The somebody prescribes everything under the sun except something that is found to be fundamentally necessary.

Demagogic they call our party; that is, they form an organization and say it is a party and make some of us members of it. That certainly was a great honor to me. They said I did not belong to any party until they created that last one. I have been turned out of them all, they say. I was always without a party.

We are not allowed to go the road of freeing the people. We adopted a little amendment providing for an addition of 10 percent on the income taxes. That meant that a man paying 4 percent after he made four or five thousand dollars net would have to pay 4.4 percent. It meant also that after a man made over a million dollars he would have to add about 7 percent more to his income tax. It was done with the idea of restoring this Government, in part, to its place from the profits—not from the prophecies but from the profits of the men making the most. It has been pictured that that amendment would grind the people down. It would not do any such thing. It would levy the cost of getting out of this depression on the men whose profits are the biggest. It would not take away even from the biggest anything he had. It would limit his profits so that when he got up into the hundreds of thousands of dollars he would pay a few more thousands, but still have ample profits.

We were not allowed to do that. That could have been done. Nobody need tell me that if the powers had wanted that provision in the other House they could not have had it; the same gag rule that has operated to pass other bills could have operated to pass that provision; but those in charge of operating the machinery over there did not want to put the gag rule in motion. On the contrary, it looked like the gag rule went the other way. Only about 77 out of 435 were willing to allow that amendment to go through in the other House. So we had to back off in the Senate.

Now we come with a silver bill, another means of liberalizing the currency; and we also come with the Frazier amendment, designed to allow the farmers to pay off their debts. We did not establish the principle; we did not make the precedent. We let the leaders on this side of the Senate or on the other side, and the President and all the flower of administration that gathers around it from Florida to Maine, from the cotton fields to the pine forests, from the quagmires and the farms to the march of trade from one side of America to the other establish the precedents. Not until they had established the principle that the only way we could get this country out of the depression was to allow the corporations and the railroads and the municipalities to cancel their debts, did we come here with the amendment of the Senator from North Dakota, intended to give the farmer the same right to write down his debts as has been given to the special interests to write down their debts.

We would not have put anybody out of his home if we had failed to pass the municipal bankruptcy bill; we would not have done any such thing in connection with the railroad bill; but when we fail to adopt the Frazier amendment it means that day after day and month after month and year after year we have got to continue to take more farmers from under the roofs over their heads; we have got to take them away from the places which they need in order to make a living for themselves and their families; and, unless we are going to do something of this kind, I see no relief in sight unless, perchance, we adopt the amendments that have been offered by the Senator from Oklahoma [Mr. THOMAS] and myself, and the one which I was inspired through the Senator from Montana [Mr. WHEELER] and the Senator from South Carolina [Mr. SMITH] and comes from the Agricultural Committee, on which they serve, but all

of which, Mr. President, sprang from the pen and from the mind of the senior Senator from Montana [Mr. WHEELER], who, day in and day out, has stood on the floor of the Senate and gone to the wide-open spaces and into the crowded cities shouting that if we would restore constitutional silver money and afford a medium of exchange that is used as a yardstick of money by 65 percent of the people of the world, there would be a means of disposing of the surplus and creating the currency necessary to free this country of its debts.

I regret, Mr. President, to see grand old America admittedly slipping from its place of security, day by day. I regret to see municipal bonds no longer backed by the sovereignty and the credit and the stability of the law of any State or any government. I regret to see private bonds no longer protected by the guarantees that we thought existed for property of that kind.

I regret that I saw the day come when the gold that was the property of every man could be commandeered by the Government of which he was a part, brought into the Treasury, and to see him handed back a bill devaluated to 59 cents on the 100 cents of which he was deprived. I regret to see that kind of conditions come about.

I regret even more than that to see laws springing up all over this country under which people are being haled into the Federal courts, which to them are like foreign soil, called upon to stand trial and judgment for walking from one side of the yard to another side of the yard, wholly within one town and one county and one State, as though it were a matter of interstate commerce. I regret to see that where a man presses a little suit of clothes for 35 cents and returns it to his neighbor living 10 yards away, instead of charging him 40 cents, that it is held to be a matter of interstate commerce, so much so that he can be sent to the penitentiary. I regret to see those nostrums prescribed by which I cannot even take a ham after I have taken it from a fat hog over the back of my fence and swap it to my neighbor for a bag of beans. I think it a damnable outrage that I cannot take a sack of peanuts and go cross the street and trade it for a sack of rice or a bucket of cane sirup; but I am not permitted to do it under the existing law.

I am responsible for a little of it, because I sat here for some time and did not say anything, but went on like the chicken that had been pecked on the head so long that it did not know it would do any good to rise up and cackle another time. [Laughter.]

We went along until we got where we are today. Everybody seemed to have lost the courage to shout again against it. When the Senator from North Dakota [Mr. FRAZIER] offered his amendment, I wondered how he had aroused his courage to come back again. He has taken so many beatings in the Senate that I did not see how he could possibly come back again. Talk about the champion prizefighter of the United States coming back after he was knocked down 16 times. We have come back after we have been knocked down 16,000 times in the Senate. We have tried to expand the benefits of the Government honestly and equitably to the lowest as well as to the preferred. Time after time we have come back trying to get away from these fantastic fanaticisms that have been tried and found not to work.

We come now with another little simple expedient to let the people keep their homes, but that sounds like something not to be found in the blue book. We come with a little expedient to pare down their interest a little, but that is not to be found in the Constitution, they say. We come along with a financial proposal which the Senator from Montana [Mr. WHEELER] and the Senator from Oklahoma [Mr. THOMAS] have shouted about to the country, and I joined in their voices to try to make them a little bit louder, trying to tell the country that we had to come back and give the people of the country money to pay their debts and to have an interchange of commodities, not only domestically but even with foreign countries.

Mr. THOMAS of Oklahoma rose.

Mr. LONG. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. The Senator from Louisiana has mentioned the question of bonds and the probable result of the bill passed yesterday, I believe it was giving cities the right to file petitions in bankruptcy. If that legislation is finally enacted and signed by the President, it will be possible for cities to go into the Federal courts and file petitions, hoping or seeking to have an adjustment and a reduction of their bonded indebtedness. If the large cities take advantage of that law, and the representatives of the larger cities were sponsoring the bill, does not the Senator from Louisiana think it will follow necessarily that the smaller cities will do likewise?

Mr. LONG. They will have to do it.

Mr. THOMAS of Oklahoma. Even cities that are solvent, so to speak, will of necessity take that step.

Mr. LONG. They will all take it.

Mr. THOMAS of Oklahoma. Campaigns will be waged in the smaller cities to force them to take advantage of the law.

Mr. LONG. Certainly.

Mr. THOMAS of Oklahoma. If the larger cities and the smaller cities take advantage of bankruptcy, what is the opinion of the Senator from Louisiana with regard to the counties of the Nation?

Mr. LONG. They will have to take it, too, and the States will have to take it, and then the Nation will have to take it. That is what I think.

Mr. THOMAS of Oklahoma. That is what I fear, and that is the reason why I voted against the bill.

Mr. LONG. I voted against it for the same reason the Senator from Oklahoma did. It is going to mean that the counties will take advantage of the bankruptcy law. It is going to mean that the States will follow suit. It is going to mean that the United States will have to take bankruptcy. For example, the city of New York owes more money than the State of New York owes. I believe that is the fact. I think I am safe in saying that. If we are going to cancel the debts of municipalities owing more than the States in which they are located, certainly the States will follow suit. That goes as a matter of course.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. ERICKSON in the chair). Does the Senator from Louisiana yield further to the Senator from Oklahoma?

Mr. LONG. Certainly.

Mr. THOMAS of Oklahoma. If the cities scale down their indebtedness by forced refunding on the basis of a smaller bond issue, and if that wave spreads to the smaller cities and the States, what will be the effect upon those who now hold bonds, such as the life-insurance companies, the savings banks, the trust funds, the endowment funds for colleges, and the individual investors in bonds?

Mr. LONG. They are all going through the wringer. Everyone will go that way, because the life-insurance companies will have to fall if they own municipal bonds which they cannot collect. It will mean that a man's life-insurance policy will be depreciated in its value. It will mean that many men and women back in the country, who have spent every dime they had for a city bond, will wake up and find they have not anything of value. It will mean the constant falling of credit of all those big institutions upon which the Government depends for its financing and upon which the States depend for their financing. The States will not have the insurance companies to call on tomorrow for financing, because the insurance companies are not going to have the money.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. LONG. Certainly.

Mr. THOMAS of Oklahoma. Is it not a fact that since the depression struck in October 1929 the mass of the little people of the country—and by little people I mean those with small resources—have had their resources depleted, and now the same policy which destroyed the little fellow is reaching the creditor or bondholding class?

Mr. LONG. That is true.

Mr. THOMAS of Oklahoma. Under the present policy of this Government with regard to money, there is no other policy that can be pursued except the one Congress initiated a few days ago. The people cannot pay their obligations. The farmers cannot pay their taxes. The taxes are not being paid. Yesterday I had a wire from the State superintendent of my State advising me that in Oklahoma there are 1,607 school districts which are not collecting taxes. The teachers in those school districts, 11,000 of them, have had no salaries since February. The money is exhausted, the warrants are held at a discount, and there is nobody to buy the warrants even at a discount; the people cannot pay the taxes because they cannot borrow the money, they cannot sell anything for money, and so they are making an appeal to Washington for funds to keep the schools going.

Immediately I took up the matter with the proper relief organization, and I found that funds are now being made available, not for my State alone but for 29 other States to pay the salaries of teachers.

I submit, if this policy of deflation is to continue, the suggestions I have made in the last few moments and agreed to by the Senator from Louisiana are the inevitable result and a program of Nation-wide deflation, repudiation, and chaos faces us. That is the thing I have taken so much time in the last few years to endeavor to avert. It was clear to me months and years ago, but in some places it is not yet clear. I am afraid it will not be clear until it is too late.

Mr. LONG. Mr. President, without any question, what the Senator said is correct. I do not consider myself an economist, but how anyone can figure that we have started anywhere except toward world-wide or at least Nation-wide repudiation so far as the United States is concerned, I cannot understand. By the passage of the municipal bankruptcy law we are going to break down the credit of those municipalities which are solvent. Then will follow the breaking down of the credit of insurance companies, savings banks, and other financial institutions of the United States, and finally and inevitably we will begin the collapse that is bound to come. No one wants to see it, but I am afraid it is coming.

I do not know who is doing the planning. I do not know whose is the wise mind behind a lot of it. But I do know they have been told, if they have read anything at all, by the examples of the past, that we cannot start repudiating an enormous part of the bond structure of this country and of the debts of this country unless we expect it to affect the balance of the business.

I was glad a moment ago, when I was reading the Scriptures to the Senator from Kentucky [Mr. LOGAN], that I happened to read that the law was meant for the strangers as well as the Jews. I had intended, before I took my seat, if I had not been able to turn to the place readily, to read further.

I have read here many times to show that a nation cannot be held in bondage this way, that it has been pointed out through the divine law how a nation should get out of it. I have shown how nations did get out of it and the only way they can get out of it. We know from examples of the last few years, and if we have forgotten the last few years, we know from examples of the last few days, that when we took away the basic money and confined the spirit of our operations, confined the market for the disposal of our products, confined the recourse that we had to the world by not giving an adequate and sufficient currency and money to this country, we made it all the more impossible.

These examples apparently mean nothing. I said the other day, and I repeat, that I read over in the CONGRESSIONAL RECORD the other day by accident something I had said here that I had forgotten saying. I said that I had gone out to the worst adversary I had in business, and I had usually been able either to make him see reason or to see reason myself. If we tried something and it did not work, I could always get him to see my way, or I saw his way when he did not, or we mutually saw a way to show the fault of both of us to some extent. But how on earth can anyone figure that the United States of America, a country of States and of people and of law and order and government, can come out with a medium of exchange that has been reduced in 12 months from $6,000,000,000 to $5,300,000,000, with the $5,300,000,000 depreciated 41 cents on the dollar to a point where we have a monetary value of three and a fraction billion dollars today as against $6,000,000,000 a year ago, 50 percent, and we knew we had too little then? How we can expect to bring this country out and to afford the farmers and the debtor class a chance of discharging these obligations I cannot understand.

How a wise man, with enough talent to be in the Senate—and I hope all of us have that much talent—how any man with enough talent to sit in the United States Senate can see that there is a hope in the world of coming out of this condition, I cannot understand.

The Senator from Oklahoma [Mr. THOMAS] asked me a question. I should like to ask him a question, if he will permit me to do so; and I address this question to my friend from Oklahoma. I wish to ask him if he thinks that it is possible, with the money supply we have, that these various and sundry nostrums can possibly afford the farming and debtor class a chance to get into reasonable commerce in this country?

Mr. THOMAS of Oklahoma. Mr. President, not a single chance.

Mr. LONG. And we have stated that on this floor for how many years?

Mr. THOMAS of Oklahoma. For a good while.

If we are going to keep the monetary situation as it is, the only possible program is to scale down the debts, which means, in my judgment, Nation-wide repudiation.

On the other hand, the price level can be raised. It can be done at any time. Instead of having, as we have now in terms of gold, 49-cent wheat, it can be raised to a dollar by manipulating the money of the country. Cotton can be raised, livestock can be raised, everything else can be raised in price. It is as simple as it can be, and those in authority know that it can be done, but apparently there is an influence in certain places not to have prices raised.

I know there are people in the country who do not want to see prices go up; but no salvation is possible for the debtor class, which includes the vast majority, unless the price level is raised. If we continue on the present policy, a program of repudiation is the inevitable result.

Mr. LONG. Mr. President, we have been going along for a good while hoping to see something turn up to correct this condition. There are only two ways to go. I might say that there are three ways to go; but the last two ways might be regarded as one way, and the opposite might be regarded as the other alternative.

There are only two ways to go. One is the old laissez faire route; let things go as they will; let them alone. That is one way to go. That way means rolling over people. It means crushing their bones and their muscles. It means spilling blood. It means, in the final wind-up, the ordinary policy of human carnage that finally works itself out to a point where those who live—"the survival of the fittest", as it is called—own the earth, and are supplied.

That is one way. That way will work, and it will work the way it always has worked, and no other.

There is another way, and that is to work according to the law that is given here in this book. There are only two ways to work. There are only two ways in which we can make this thing work at all. One is to let it alone, to let people starve and let them cry, let them fight and let them die. That is one way—the old laissez faire doctrine. That is the ultraconservative way. The other way, Mr. President, is the way that is laid down by the Supreme Lawmaker of all time to regulate the conduct of one human being toward another among nations and among peoples.

There is the way that leaves people alone to suffer and to starve and to die. There is the way by which man considers himself a part of the family of all humanity; by which one nation's problems become the problems of all its people

and of all other nations. That is the way of the law of the Gospel and the law of the Supreme Lawgiver, who says that the nation which observes it shall be a people living in a land of plenty, eating their fill, with no misery and starvation among them. As we are told in the second chapter of the Prophet Joel:

> Behold, I will send you corn, and wine, and oil, and ye shall be satisfied therewith * * *.
> And the floors shall be full of wheat, and the fats shall overflow with wine and oil * * *.
> And ye shall eat in plenty, and be satisfied.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. With the Senator's permission, I should like to make a further observation in his time.

I said just a moment ago that it is possible to raise the price level, which means to raise the price of the things the people produce, not only on the farm but in the factory, in the fisheries, in the lumber camps, and in the mines.

In 1920 we had a very large amount of money in circulation—about $6,200,000,000. Because of this vast amount of money in circulation, placed there by the administration, it was possible to borrow money at the banks. Because of these two things—plenty of money and liberal credits—we had high prices. At that time wheat was selling for $3 a bushel. Cotton was selling for 42 cents a pound. Livestock was high. Everything else was high. Every man had a job. The man who did not want to work had to hide, because the job would pursue him.

In 1920, because of those things, we had prosperity. Everybody was busy. In one of the great political conventions held in 1920 the party that was out of power condemned the party in power, and accused that party of being responsible for the prevailing high prices. In the platform of the minority party at that time it was stated that the prevailing high prices were due to an overexpansion of currency and credit, which meant a depreciation of the buying power of the dollar.

In the same platform the minority party promised that if they were placed in power they would bring down these high prices; they would bring down the price of corn, the price of wheat, the price of cotton, the price of everything which was called "the high cost of living." Our problem today is just the reverse. We are trying to raise prices. At that time the problem was to reduce prices; and the opposition party pledged that if they were successful they would take money out of circulation, and they would curtail credits.

The minority party won in that year; and on the 4th of March 1921, when the new majority party came into power, the first thing that was done was to begin to take money out of circulation. For the next 18 months the party in power took out of circulation $100,000,000 per month, until the circulation had been decreased $1,800,000,000. When this money was taken out of circulation, cotton was not selling for 42 cents a pound. It had fallen to 20 cents. Wheat was not selling for $3 per bushel. Wheat was selling for $1 a bushel. There is positive proof that taking money out of circulation brought down the prices of commodities.

I think no argument is needed to prove that if we should reverse that policy and put money into circulation we could increase the price of commodities. If the economic law works one way, it is certain to work the other way. I suggest that program for the consideration of the Senate. If we want to raise prices, it can be done at any time we see fit by reversing our process of taking money out of circulation and beginning to put money into circulation. That can be done through the purchase of silver and in other ways.

Mr. LONG. Mr. President, what the Senator from Oklahoma says is so well known and is so easily understood that I do not even hear it disputed, and I do not think anyone will dispute it.

We were told in 1920 that the party elected in the fall of that year were going to do just what they did. They said they were going to bring down prices by depleting the money supply, and they did. I remember that when Mr. Harding took the oath of office, one of the first things he said was, "Back to normalcy!" He created and coined a new word—"back to normalcy; back to the normal state of things"—and we went back to the condition that had formely existed, if that is what he meant. It did not all happen in his day, but eventually we went back to it.

The return to the former condition was aided by something that was coming on that was still worse. There was a concentration of wealth in the hands of the few. There was a concentration of the money, and not only a concentration of the money but there was a gradual accumulation of the entire property of the country in the hands of a few men, and we saw everything that Oliver Goldsmith had told us about. We saw the princes and the lords beginning to flourish, and we saw the poverty-stricken peasants of the land beginnning to fade. Then it was that his words came true:

> Ill fares the land, to hastening ills a prey,
> Where wealth accumulates, and men decay;
> Princes and lords may flourish or may fade—
> A breath can make them, as a breath has made—
> But a bold peasantry, their country's pride,
> When once destroyed can never be supplied.

The princes and the lords grew; they flowered; they blossomed forth. They took up the game of golf in the afternoon. They took up the bridge party at nighttime. They took up the pastime by which they gathered together and consumed the wines of the Orient that were poured into their goblets of gold. Belshazzar's feast was imitated in every quarter of the globe.

Abundance, splendor, raiment, glory, everlasting for the few, until the carnage that had set in at the bottom for the masses began to spread, until they became homeless and hungry, and as that spiral wave went toward the top, the carnage began to reach up into the realm of the well-to-do, and like cannibals the rich began to eat the flesh of one another, so that one rich man fell and another rich man became richer, and the plutocracy became smothered, the rich became fewer, the middle class began to fail, there was no such thing as the masses at the bottom, the middle structure, and then the top. It became for America only the superrich, at the top, and the pitiful at the bottom.

I am not pleading for discrimination for the farmer; I am pleading for equality for him. I am pleading that he be given what it has already been said should be given to these other interests. I am appealing that he be given what it has already been said should be given to the railroads, and to the corporations, and to the municipalities. I am saying that if it has been decided that it is time to wipe out the debt structure and clear those debtors which happen to be among the railroads and the corporations, then by the same rule it is time to wipe off the debts the farmers cannot pay.

I see no one rising to contradict that statement. I have heard no one say that there is anything in that statement that is not in keeping with the facts. There is going to be no one here who will say that we have not vindicated the principle. We have done so. We are faced with the necessity of adopting a policy. We are faced with making a decision.

Mr. President, I do not suppose it is going to be the purpose to act on the amendment this afternoon. I see nobody here in the leadership on either side. I do not intend to call them in, but they had better come in. I am liable to make a motion to adjourn.

Mr. McKELLAR. We will not adjourn, Mr. President. Notwithstanding what the Senator says, we will go along for the present.

Mr. LONG. I thank the Senator from Tennessee. I am glad he is here. I have had a right nice audience here this afternoon, but I have not had the privilege of talking to the Senator from Tennessee. He is one of the Senators who ought to have been listening to what I have been saying, because he has the kind of heart that would have responded to it.

Mr. McKELLAR. Mr. President, I heard all the best of it. I heard the Senator's quotations from the Good Book, and that was the best part of the Senator's speech.

Mr. LONG. That is right; I thank the Senator. If he heard me read from Nehemiah, and Deuteronomy, and Leviticus, and Exodus, and if he applies those messages to his heart, in the present conditions, we will have another vote for the Frazier amendment tomorrow morning.

I really feel, Mr. President, that the time has come when we ought to return to the old fundamental law, return to wisdom.

According to the Bible, those who oppress the fallen, the heavy laden, the wage earner, the man who has something to sell, can only expect the visitation of the same kind of disaster upon himself that he brings upon others. Where a nation oppresses its peasantry to the point where they are gradually exterminated, run from their homes, left without shelter, given scant or no food, are scantily clad, the injustices practiced on the people who are left in that state as a result of the activities of the rulers and of the ruling classes must, in the nature of things, be visited upon the classes of people and upon the nations which tolerate that.

How can we go into the next year asking prosperity for business? The only way to secure prosperity for business is to have prosperity for the masses. The only way to get contented business is to have a contented commonry, a contented class of people at the bottom. The only way by which we can start to restore America is to correct the paralysis which exists at the bottom now.

Until we guarantee to the large majority of these people, many of whom live on the farm, that they shall be secure in receiving for their products and for their work the things which give them comfort and convenience in life, until that is done, until those people can start out with hope, with the glamor of promise, there is not a ghost of a show that we are ever going to bring prosperity back to America, or that we are ever going to have a safe ruling class.

Who is there who has read the works of Byron, who is there who has read the works of Milton, who is there who has read the works of Plato, who has read the philosophy of Goldsmith, of Burns, of every leader of Christianity and of every other religion, who has not found the similarity between what they have said and the common thread of thought expressed by Lord Bacon, that when you allow goods and property to be gathered into the hands of the few, there must be a fall for the people at the bottom, and that no nation can live unless it provides first against the acquirements of the few becoming too large and the holdings of the many becoming too small?

Who has not noted the lines of the Greek philosopher, which read:

> Fullness finds more suffering than famine.

Because in the days of fullness, say those philosophers, so many are desirous of having so much more than their share and than their needs.

So much, also, for the doctrine of Confucius. So much for the Scriptures. So much for it being proved today, when all should have enough for the convenience and comfort of everybody, that in the days of fullness, the greed and the avarice and the rascality of some people becomes so rampant that more people are starved in the days of plenty than in days of famine.

In the old days, after Joseph had been sold by his brothers and sent into the foreign land of Egypt, there was a famine in the land, and his brothers had journeyed out of the land over into Egypt, where they had met their brother, the new prophet, where he had stored up plenty in order that all might be able to feed themselves and others in the days of famine which were sure to come in the 7 years—in those days of famine, famished as were those people, barren as was their land, nevertheless they had spread around the products that they had gathered there for the days when there would be nothing grown, so that all might eat and all might rest, even in the days of famine, by sharing things among the people without the god of greed and selfishness controlling them.

And yet we come to these, the days of plenty. It is not a day of famine. It is not a day when the land has not yielded its fruit. It is the day when they have had yielded the pomegranates, the milk, the honey, the cotton, the wool; it is the day when the reservoirs have been opened by the smiles of the Lord, and every natural product that humanity could desire or could consume has come forth in abundance; and with it all we have a great Senator from North Dakota, who has to even ask that the farmers of this country be allowed to participate in this magnificent prosperity to the little extent of being allowed to live on the little farms and in the little houses that they own, but for which their wives and their children must be turned out into the roads and the streets. Yet in the days of fullness we deny them what they would have been granted in days of famine.

Yet we call upon the resurrection of the Constitution, we call upon the sacred elders and the sacred fires! We call back the spirit of the living and the spirit of the dead, that the living may die and the dead remain dead. For what? For peonage? Is it to preserve this peonage and to make it worse?

There is no difference in any State. It is the same in Tennessee as it is in Louisiana, only perhaps worse. The same in North Dakota as it is in Louisiana, only maybe worse.

Thank God for Louisiana. It can get along better than most States. Somehow or other the Lord has been kind to us down there. We have an abundance down there, if only it were shared. Somehow or other the ordinary man can take his share of much of it there without any law to help him. He can fish the year around, and there is plenty of fish. He can find fish, he can find shrimp, he can find oysters, he can find a little land where he can catch a few wild animals, such as the mink and the muskrat and the coon and the 'possum; he can always hoe down and pick up a little corn; he can always find a few tabasco leaves and make up a little pepper, and he can live there and bask in the sunlight of perfection and the splendor of the earth and of the divine realities, Mr. President, whether he has got much or not.

But, unfortunately, the country is not all like Louisiana. And even Louisiana could be so much better, if we followed these sacred rules.

For so much, Mr. President, we appreciate the great help that we have been given, that such a garden spot of the world might remain; we appreciate those two companies of mounted Tennessee riflemen who came down there in the year 1815, that in keeping Louisiana we might make North Dakota and other States members of the American Union; and we appreciate it so much that we would today extend our prosperity, and double it in our own State, and see it extended into Tennessee and into the other States of this country.

We cannot give them our climate; we wish we could. We would if we could. We cannot give them our marvelous and beautiful streams. We would if we could, but we cannot. We cannot give them the smile of the sunlight that comes only from the divinity itself, that is as brilliant there in the month of December as it is in the month of June, but we would if we could. At least we can extend our influences up to the State of Tennessee, and we can say, Whatever we have in superabundance we are willing that it might be shared with you, and whatever you have here among yourselves we want you to enjoy that.

So, Mr. President, it is with an unselfish motive and an unselfish purpose that we undertake to extend such an accommodation. And with the knowledge which I think that I have undertaken to spread here today, as it has been illuminated by the remarks of my friend from Oklahoma, who is there who will stand in the way, who is there who will throw the rock that will keep the sunlight of the splendor from all lands and all climes that is a part of these famous United States? Who is there that would have the American Congress stand in the way of breaking down the fetters and the shackles and artificial restraints that keep the people here, standing in the midst of all splendor, from sharing that magnificence among themselves and enjoying

the abundance which has been made possible through the blessings for which we are altogether to be credited?

I submit that we should go home now and sit down and give some thought to this problem. I believe that we ought to return to our respective places of abode now. I do not believe we should remain here longer this evening. We should take these propositions which have been presented to us today, hoping for the change that may help a suffering and struggling, but a mighty and worthy, people.

Mr. McNARY rose.

Mr. LONG. Does the Senator wish me to yield?

Mr. McNARY. If the Senator desires to discontinue, the Senator from Pennsylvania should like to have the floor for a short time, and then a motion would be made to recess until 12 o'clock tomorrow.

Mr. LONG. I will yield to the Senator from Pennsylvania.

ONE HUNDREDTH ANNIVERSARY OF THE DEATH OF GILBERT DU MOTIER, MARQUIS DE LA FAYETTE

Mr. ROBINSON of Arkansas. I ask the Chair to lay before the Senate a concurrent resolution coming over today from the House of Representatives.

The PRESIDING OFFICER (Mr. LEWIS in the chair) laid before the Senate the concurrent resolution (H.Con.Res. 37), which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That in commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette, the two Houses of Congress shall assemble in the Hall of the House of Representatives at 11 o'clock a.m. on Sunday, May 20, 1934.

That a joint committee consisting of five Members of the House of Representatives and five Members of the Senate shall be appointed by the Speaker of the House of Representatives and the President of the Senate, respectively, which is empowered to make suitable arrangements for fitting and proper exercises for the joint session of Congress herein authorized.

That invitations to attend the exercises be extended to the President of the United States and the members of his Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, the Diplomatic Corps (through the Secretary of State), the General of the Armies, the Chief of Staff of the Army, the Chief of Naval Operations, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard, and such other persons as the joint committee on arrangements shall deem proper.

That the President of the United States is hereby invited to address the American people at the joint session of the Congress in commemoration of the centennial anniversary of the death of General La Fayette.

Mr. ROBINSON of Arkansas. I ask unanimous consent for the present consideration and adoption of the resolution.

There being no objection, the concurrent resolution was considered and agreed to.

RECIPROCAL TARIFF AGREEMENTS

Mr. DAVIS. Mr. President, our desire to be neighborly with all the nations of the world must continue in the future as it has persisted in the past. The United States has always used its greatest power in a practical way to be helpful to all the people of the world. We cannot do so by encouraging legislation which will do much to undermine the living conditions of our own people. One of the greatest contributions which the United States has made to all the world is our example of high wages, improved working conditions, and standards of living, which example has set the pace for working people everywhere. To lower our living standards will not aid the working people of the countries which compete with us, but rather they will be further crowded down on the economic scale.

Today, when drastic legislation has been introduced dealing with every phase of our contemporary life, we need, more than ever, strong legislation which will firmly and permanently safeguard the interests of American labor and industry. In the interests of justice and brotherhood our highest duty is now performed by protecting ourselves.

I have long believed that it would be much better for us to maintain the competitive American markets for our own products and thus suggest to foreign competitors that they increase the wages of the foreign workmen who produce their competitive products to a parity with our own. This will result in a world-wide improvement of living standards, and an increase of purchasing power throughout the world. No successful substitute other than good wages has ever been found as the basis for purchasing power, and this is just as true in Europe and Asia as within our own borders. We cannot hope to compete with our own products in world markets as long as the cost of production by reason of higher wages is greater in America than in any other country.

Moreover, we dare not lower our wage scales if we hope to maintain our purchasing power. The only alternative in a competitive world—and we have plenty of competition—is a firm and just tariff legislation which will safeguard American industry and thereby help maintain our example of good wages and decent living standards to the rest of the world.

Although the basic principles of tariff legislation are the same today as they have always been, their application has been changed to some extent by new conditions of living. This is particularly true of our own country. The standards of living in the United States for the workingman are higher than those of any other people. It has long been recognized that other countries with whom we compete in the world market have not measured up to us in this respect. I fully realize it is more or less true that when we raise our tariff barriers to protect our workers European and Asiatic employers, to enable them to make our tariff inoperative, have cut their cost of production by reducing wages, thus decreasing their buying power and also their standards of living, in order that they may undersell us, not only in the markets of the world but also in our very own market.

We know, too, that if they fail to achieve their end by reducing wages and living standards, they resort to monetary inflation, for which we in the end pay. Therefore, shall we step away from our own rigid economic nationalism which, it is claimed by our international enthusiasts, lowers the living standards of the workers in foreign lands only to bring American living standards down to theirs? In other words, we are confronted with the question, Shall we destroy our own buying power, which makes the American market equal to the combined markets of all Europe, by lowering our wages and our living standards? My answer is "No."

Mr. President, the administration has insisted that the salvation of the United States and of the world depends upon the reduction of tariff rates on certain stipulated competitive articles. I would not wish to assent to this principle before the people of this country shall have had a full opportunity to know what such procedure will cost us in closed factories, increased unemployment, and the further impediment of American industry. I am unable to comprehend how we can expect to keep our factories open, many of them now only working part time, by lowering the tariff, thus giving our foreign competitors the American market. How can we hope to increase employment in this country by encouraging Americans to buy foreign competitive products at this time when even in normal times many of our own factories and mills operate not more than 7 months in each year?

Steel is a well-known index of American prosperity. Steel not only in itself is a great industrial field, but sympathetically affects the economic health of coke, coal, oil, ore, limestone, and practically all kindred industries. Again I ask how can we hope to increase employment in the United States by removing the protective safeguards of American industry and agriculture and thus encourage our countrymen to buy foreign competitive textiles, glass, coal, lumber, and steel, together with many other manufactured and agricultural products? The American people are now sufficiently alert to the precarious conditions of labor and industry that they will not support legislation which will result in reducing their standards of living.

We must defeat all proposals that do not openly protect the American standard of living and wages. We must increase rather than destroy the purchasing power of our American worker. I propose a plan that will not only pro-

tect the buying power of America, but increase the buying power of the people throughout the world.

I say now without fear of contradiction that if the workers of foreign lands had the same standards of living and wages that we have, they would have the same buying power, and with such buying power sufficient work would be provided to consume what agriculture produces, and keep the mills, shops, and factories busy for the next quarter of a century.

Therefore, I present an amendment to the bill (H.R. 8687) to amend the Tariff Act of 1930. The amendment is designed to maintain the buying power of the 50,000,000 gainfully employed in America, as well as to serve notice on foreign employers that if they want a share of our competitive market, they in turn must increase the buying power of their own people.

Mr. President, I ask unanimous consent that the amendments intended to be proposed by me may be printed in the RECORD and lie on the table.

The amendments intended to be proposed by Mr. DAVIS to the bill (H.R. 8687) to amend the Tariff Act of 1930, were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 3, after line 16, to insert the following:

"(b) No agreement under the provisions of this act shall be concluded with any foreign country with respect to articles in the production of which labor standards, as reflected in wages, living scales, and labor costs, are lower than those which obtain in the production of the comparable articles in the United States.

"(c) The United States Tariff Commission shall determine in each instance whether the specified conditions have been met."

On page 3, line 17, strike out "(b)" and insert "(e)."

On page 2, line 9, after the word "whenever" insert "after investigation by the Tariff Commission and conferences by said Commission with parties in interest."

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER (Mr. LEWIS in the chair). There being no Executive messages, reports of committees are in order.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the calendar.

THE CALENDAR

The PRESIDING OFFICER. There being no further reports of committees, the calendar is in order.

NOMINATIONS PASSED OVER

Mr. ROBINSON of Arkansas. Mr. President, the first two nominations on the calendar should be passed over, in accordance with the previous understanding.

The PRESIDING OFFICER. Without objection, the first two nominations on the calendar will be passed over.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that nominations of postmasters be confirmed en bloc, with the exception of no. 2458, the nomination of Ina T. Webster, to be postmaster at Ely, Vt. I ask that that nomination be passed over. This is done at the request of the junior Senator from Vermont [Mr. GIBSON].

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? There being no objection, the nomination referred to is passed over, and other nominations of postmasters, with the exception noted, are confirmed en bloc.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 10 minutes p.m.) the Senate took a recess until tomorrow, Friday, May 4, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 3 (legislative day of Apr. 26), 1934

POSTMASTERS

IDAHO

William O. Putnam, Jr., Arco.
Joseph W. Tyler, Emmett.
Horten H. Tate, Glenns Ferry.
Edward T. Gilroy, Kooskia.
Fred Kling, Lewiston.
John B. Cato, Meridian.
Henry G. Reiniger, Rathdrum.
Daisy P. Moody, Sandpoint.
Marie E. Roos, Weippe.

ILLINOIS

Hugh P. Rigney, Arthur.
Raymond E. O'Brien, Bartlett.
Thomas Bernard Meehan, Bluffs.
Leslie O. Cain, Bowen.
Gilbert Jeptha Armstrong, Chandlerville.
Meda Lorton, Cowden.
Vera E. Burrell, Cuba.
Harold R. Tomb, Eureka.
Edward P. Malone, Gilman.
Charles G. Sowell, Granite City.
Fred C. Hall, Griggsville.
Frank Fischer, Hamburg.
Orville W. Lyerla, Herrin.
John W. Hines, Lovington.
Ralph W. Metcalf, Marengo.
Joseph A. Maier, Marseilles.
Nellie Waters, Murrayville.
Eleanor McGovern, Oneida.
Mary Convery, Raymond.
James Doherty, Ridgway.
Howard P. W. Trumbull, River Grove.
Lorenz M. Lies, Riverside.
William W. Sloan, Rockton.
Otis M. Lamar, Rosiclare.
E. Ross Chitwood, Rushville.
Merr L. Abbott, Sheridan.
J. Vernon Lessley, Sparta.
Rose Zalman, Stewardson.
Rudolph Lowell Lightfoot, Stonefort.
Raymond L. Modro, Varna.
Irvin M. Lewis, Walnut.
Mathew L. McHugh, Westmont.
Charles E. Reilly, Winnebago.

INDIANA

Karl B. Gast, Akron.
John W. Markle, Andrews.
Neil D. Thompson, Argos.
Edward M. Cripe, Camden.
Fred M. Briggs, Churubusco.
Lowell B. Pontius, Claypool.
Neola S. True, Demotte.
Ellis D. Malone, Elnora.
Edward V. Myers, Fremont.
Ada R. Wilson, Galveston.
Arthur G. Houser, Garrett.
Hazel R. Widdows, Geneva.
Glenn R. Woods, Grabill.
John Victor Gidley, Hebron.
Adolph Seidensticker, Indianapolis.
Rheno M. Isherwood, La Fayette.
Homer Stephens, La Fontaine.
Walter J. Smith, Loogootee.
Douglas A. Blaising, New Haven.
Harold C. Atkinson, Oxford.
Frank L. Hand, Royal Center.

John F. Boyle, San Pierre.
Josiah J. Hostetler, Shipshewana.
Marion H. Rice, Wolcottsville.
Louis F. Fuelling, Woodburn.

MISSISSIPPI

William L. Forman, Meadville.
Clemmie A. McCoy, New Augusta.
Allen A. Edwards, Richton.
Viva H. McInnis, Rosedale.
Susie S. Burrous, West Point.

MISSOURI

Eugene K. Daniels, Ellington.
Roswell P. Lane, Naylor.
Walter E. Duncan, Newburg.

NEBRASKA

Claude L. Frack, Holbrook.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 3, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Heavenly Father, we praise Thee that in Thy presence there is fullness of joy, at Thy right hand there are pleasures forevermore. Only as we cherish high and holy thoughts of Thee do we find a permanent rest to our souls. We thank Thee for Thy brooding love and care. Forbid that we should look on a daybreak without it quickening us to new endeavor; let it always mean to us a new-born opportunity. "Holy, Holy, Holy, Lord God Almighty!" We rejoice that this is the song of the angels, of archangels, and of all the heavenly hosts, the song of the hovel and palace, the theme of mighty anthems, the prayer of inspired masses and of the hearts of Thy appealing children. We entreat Thee, Eternal One, to hold before us this vision of a holy God and crown our souls with that unmatched power that makes for righteousness. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The message also announced that the Senate recedes from its amendment no. 13, and agrees to the amendment of the House to the amendment of the Senate no. 1 to said bill.

THE NEW MOTHER'S STAMP

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of Mother's Day.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LUDLOW. Mr. Speaker, mother is by all odds the sweetest word in the English language. Around it cluster precious memories of swings and trundle-beds; of rolling hoops and patched pantaloons; of the pucker of green persimmons and the paralyzing smell of asafetida bags; of orchards full of blooms; of delightful excursions with joyful little companions through the woods down to the brook; of fishing all day long with bent pins when the largest victim was a solitary minnow of infinitesimal proportions; of mud squashing between bare toes; of contact with the business end of bumblebees; of loud wails on our part and of her whom we remember as being, of all persons in the world, most kind and sympathetic and true, telling us not to cry while she kisses our tiny wounds to take away the hurt.

There is no language known to men that can describe a mother's love. Of all emotions that influence the human mind it is the sweetest and the best. The bitterness and sorrow that would be the common lot in this vale of tears if it were not for mother love melt into happiness and joyous inspiration in the radiance of its tender flame.

Mother love has no yesterday and no tomorrow, but reigns eternally. There is no limit to its bounds. There is no plummet that can sound its depths. It reaches all the way from earth to heaven. With ineffable tenderness it leads the tottering infant past the dangers and pitfalls of life and guides him through the struggling years of childhood and maturity so that when the miracle we call death ends his earthly journey he is fit to take his place among the stars by the side of his Creator.

No tongue can explain mother love or trace its origin. The least we can say of it is that it is one of the mysteries that spring from God. We know that it is something real because there is no sacrifice too great for it to make.

From the time of Eve, who laid her very own on the altar of grief, down through the ages to Mary, who witnessed the unspeakable Tragedy of the Cross, and on and on, century after century, the word "mother" has always been the symbol of devotion, every age presenting in myriad repetitions and varying forms the solicitudes and sacrifices of mother love.

For the first time in the history of America, Mother is being recognized by the issuance of a special postage stamp in her honor. With the near approach of Mother's Day this stamp has just been placed on sale in all of the post offices of our country. It is a proper tribute and a beautiful recognition of Mother. Artistically, in its conception and in its design, the new stamp is next to perfection and is one of the most striking stamps ever issued by any government. Credit for the idea of issuing this very unusual stamp belongs to the American War Mothers. At the head of that national organization is a splendid Indiana war mother, Mrs. William E. O'Chiltree, who has made unsparing use of her magnificent talent and tireless energy in the successful promotion of this stamp.

The War Mothers are sponsoring an official cachet for this new stamp, the cover of which shows a special two-color border of carnations and a design symbolic of Mother's Day, in harmony with the stamp itself. A filler carries the sentiment of Mother's Day. The retail charge for these covers is 15 cents for singles and 25 cents for blocks of four suitable for air mail. The profit realized from these specially designed envelops, or cachets, will be used to carry on the work which has been undertaken by the American War Mothers since 1917, under a congressional charter, and in cooperation with the American Legion, the Disabled Veterans, Veterans of Foreign Wars, their auxiliaries, and similar organizations. This work consists in giving relief to needy veterans, their families, and especially to dependent mothers of the World War, a work which is more necessary at this time than ever before.

Orders sent to Mrs. William E. O'Chiltree, national president American War Mothers, Washington, D.C., will receive, prompt attention. The historic value of this cachet, with its tribute to the motherhood of the country, will make it a possession of intrinsic worth in the unfolding future, but its great appeal is not to our selfishness but to our humanitarianism, for who in all the world has more claim on our hearts than a dependent mother, and especially the mother of a veteran who offered his life that civilization might not perish from the earth?

SECURITIES EXCHANGE BILL

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the con-

sideration of the bill H.R. 9323, the securities-exchange bill, with Mr. TAYLOR of Colorado in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

MARGIN REQUIREMENTS

SEC. 6. (a) For the purpose of preventing the excessive use of credit for the purchase or carrying of securities, the Federal Reserve Board shall, prior to the effective date of this section and from time to time thereafter, prescribe rules and regulations with respect to the amount of credit that may be initially extended and subsequently maintained on any security (other than an exempted security) registered on a national securities exchange. For the initial extension of credit, such rules and regulations shall be based upon the following standard: An amount not greater than whichever is the higher of—

(1) Fifty-five percent of the current market price of the security, or

(2) One hundred percent of the lowest market price of the security during the preceding 36 calendar months, but not more than 75 percent of the current market price.

Such rules and regulations may make appropriate provision with respect to the carrying of undermargined accounts for limited periods and under specified conditions; the withdrawal of funds or securities; the substitution or additional purchases of securities; the transfer of accounts from one lender to another; special or different margin requirements for delayed deliveries, short sales, arbitrage transactions, and securities to which paragraph (2) of this subsection does not apply; the bases and the methods to be used in calculating loans and margins and market prices; and similar administrative adjustments. For the purposes of paragraph (2) of this subsection, until July 1, 1936, the lowest price at which a security has sold on or after July 1, 1933, shall be considered as the lowest price at which such security has sold during the preceding 36 calendar months.

(b) Notwithstanding the provisions of subsection (a) of this section, the Federal Reserve Board may, from time to time, with respect to all or specified securities or classes of securities, or classes of transactions, by such rules and regulations (1) prescribe such lower margin requirements for the initial extension of credit as it deems necessary or appropriate for the accommodation of commerce and industry, having due regard to the general credit situation of the country, and (2) prescribe such higher margin requirements for the initial extension of credit as it may deem necessary or appropriate to prevent the excessive use of credit to finance speculative transactions in securities.

(c) It shall be unlawful for any member of a national securities exchange or any broker or dealer who transacts a business in securities through the medium of any such member, directly or indirectly to extend or maintain credit or arrange for the extension or maintenance of credit to or for any customer—

(1) On any security (other than an exempted security) registered on a national securities exchange in contravention of the rules and regulations which the Federal Reserve Board shall prescribe under subsections (a) and (b) of this section.

(2) Without collateral or on any collateral other than exempted securities and/or securities registered upon a national securities exchange, except in accordance with such rules and regulations as the Federal Reserve Board may prescribe (A) to permit under specified conditions and for a limited period any such member, broker, or dealer to maintain a credit initially extended in conformity with the rules and regulations of the Federal Reserve Board, and (B) to permit the extension or maintenance of credit in cases where the extension or maintenance of credit is not for the purpose of purchasing or carrying securities or of evading or circumventing the provisions of paragraph (1) of this subsection.

(d) It shall be unlawful for any person not subject to subsection (c) to extend or maintain credit or to arrange for the extension or maintenance of credit for the purpose of purchasing or carrying any security registered on a national securities exchange, in contravention of such rules and regulations as the Federal Reserve Board shall prescribe to prevent the excessive use of credit for the purchasing or carrying of or trading in securities in circumvention of the other provisions of this section. Such rules and regulations may impose upon all loans made for the purpose of purchasing or carrying securities registered on national securities exchanges limitations similar to those imposed upon members, brokers, or dealers by subsection (c) of this section and the rules and regulations thereunder. This subsection and the rules and regulations thereunder shall not apply (A) to a loan made by a person not in the ordinary course of his business, (B) to a loan on an exempted security, (C) to a loan to a dealer to aid in the financing of the distribution of securities to customers not through the medium of a national securities exchange, (D) to a loan by a bank on a security other than an equity security, or (E) to such other loans as the Federal Reserve Board shall, by such rules and regulations as it may deem necessary or appropriate in the public interest or for the protection of investors, exempt, either unconditionally or upon specified terms and conditions or for stated periods, from the operation of this subsection and the rules and regulations thereunder.

(e) The provisions of this section or the rules and regulations thereunder shall not apply on or before January 31, 1939, to any loan or extension of credit made prior to the enactment of this act or to the maintenance, renewal, or extension of any such loan or credit: *Provided, however*, That the Federal Reserve Board is authorized and empowered to prescribe such rules and regulations with respect to such loans, extensions, maintenance, and renewals as it may deem necessary to prevent the circumvention of the provisions of this section or the rules and regulations thereunder by means of withdrawals of funds or securities, substitutions of securities, or additional purchases, or by other device.

Mr. BULWINKLE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise to say that the title given this section, "Margin Requirements" is a misnomer. In truth and in fact this entire section should be entitled "Limitation of Credit Union Listed Securities."

Much has been said about the 45-percent margin requirement, but this section provides only that there shall be a loan on these listed securities not exceeding 55 percent of their value. It has nothing to do with margin except that the Federal Reserve Board by appropriate regulations may make provision with respect to the carrying of undermargined accounts. References are made to margins on page 14, line 16, "Special or different margin requirements"; page 14, lines 19 and 20, "to be used in calculating loans, and margins and market prices"; on page 15, line 5, "prescribe such lower margin requirements"; and line 9, "prescribe such higher margin requirements."

I am doing this merely to call the attention of the House to the fact that this section does not provide margin requirements; it provides a limitation of credit which can be extended upon listed securities.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. BRITTEN. I do not know that I fully understood the gentleman's statement. Did the gentleman say this section provided limitations on loans to be made on listed and unlisted securities?

Mr. BULWINKLE. On listed securities.

Mr. BRITTEN. Does it not go much further than that?

Mr. BULWINKLE. I am talking about this particular section.

Mr. BRITTEN. Section 6?

Mr. BULWINKLE. Yes.

Mr. BRITTEN. That is what I am talking about, too.

Mr. BULWINKLE. It is a limitation upon listed securities.

Mr. BRITTEN. Is it not also a limitation upon unlisted securities?

Mr. BULWINKLE. No. Now, as to the provisions of the bill that a borrower must put up in cash 55 percent of the total value of the securities to be purchased means that one who desires to buy securities of the value of $25,000 may borrow under the provisions of the act $13,750, and must put up the remaining $11,250 himself. The excess value of the collateral over the amount owed is approximately 82 percent of the amount owed. This is the universal method of calculating margins by banks and other lenders of money. The required margin is thus 82 percent, and to say that it is 45 percent is misleading. If this fact is borne in mind, it is believed that the discussion of the so-called "margin requirements" will be better understood.

Mr. TREADWAY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, as a member of the Ways and Means Committee, I find my time so much taken up with the work of the committee that I seldom rise when measures are before the House not directly connected with that committee.

I feel, however, that the present bill is such an extremely important one that I wish to take time very briefly to explain why I shall vote against it.

A great deal has been said on this floor about where the bill originated, who its parents are, and remarks of that kind. It seems to me all this is of very little importance, although I admit that I greatly prefer to follow the advice of men experienced in business affairs rather than that of young theorists. The main object is to measure results.

As nearly as I can ascertain, the bill fails to separate the regulation of Wall Street and speculation from commercial industry. I know nothing of Wall Street speculation from personal experience, but there seems to be no denial that speculation in big exchanges has had free rein. The people who want to speculate or gamble will find a way to do so,

and we cannot legislate against the instincts of human nature. I am for control and regulation of unfair practices in Wall Street or in any other speculative market, and will vote for any fair control of this nature. Since this bill has been before the public, like every other Member of Congress I have had extended correspondence with constituents about it. To the best of my recollection, not a letter has come into my office favoring this measure, so it would seem to me that the regulatory powers contained therein were born not of a public demand but in the impractical brains of those whose views seem to be ace high with this administration.

Industry needs a breathing spell. It needs reestablishment of confidence, and it needs a permanency that has been unknown for the past year. This bill in its entirety is not a stock-exchange control bill but a business control bill in line with the program which has been in progress for a year, namely, centralization of authority and regimentation of industry to bring about dictatorial evolution. Congress has delegated its authority over all industry to officials not responsible to the electorate. Today by this bill Congress is asked to delegate its penal authority to a board controlled by the administration. Since when did the Federal Trade Commission become a judicial and respected organization? It is but a few years since there was a decided movement in Congress to appropriate no money for carrying on the work of the Federal Trade Commission. Since its inception the Commission has been severely and rightly criticized both on this floor and in the other body as well as by citizens. Its origin to a certain extent was to hamper industry, and today we are asked to place in its hands the right to make regulations under which business shall be conducted and the right to clothe business with a criminal status if it fails to live up to such regulations. I want to say here and now that the industrial companies and corporations which I represent, and I know many of my colleagues represent similar ones, are not criminals, do not carry on their business in a criminal way, and I protest against a regulation being written law which can make criminals out of them by enforcement of an arbitrary rule.

If the Committee on Interstate and Foreign Commerce can devise a bill to protect the public against the unfair and improper practices of Wall Street and associates, I will vote for it, but I will not, under the cloak of control of Wall Street, vote to make criminals out of the kind of business that wants a chance to furnish the bread and butter for the citizens of this country. [Applause.]

[Here the gavel fell.]

Mr. KENNEY. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. KENNEY: On page 14, line 5, strike out the figures "55" and insert in lieu thereof the figures "60."

Mr. KENNEY. Mr. Chairman, this amendment is offered so that credit may be extended initially to the purchaser of a security to the extent of 60 percent of the purchase price. Today, as in the past, we have a liquid market in securities. We ought to keep that market liquid, because it is upon the ready market for stocks and bonds that the great industries and enterprises of this country have been built. We ought not to make it too difficult for a purchaser of securities to acquire them. The credit situation generally, as has been explained by the gentleman from North Carolina, has been taken care of by this bill. The arm of the Federal Reserve Board has been extended, not only to its member banks but to all other banks and every stock broker and dealer in the country, so that the credit problem is well taken care of. There should be no initial margin requirement which would interfere with the ready marketing of securities.

I hold no brief for the corporations of this country, but I do know that many of them listed on the stock exchange are as progressive as the new deal itself. A great many of these companies are far ahead of us. We are planning various things here, but we forget and are unmindful of the fact that many of these listed companies have provided for minimum wages, retirement funds, old-age pensions, health insurance, and group life insurance for their employees. We do not want to do anything in this bill which will cut off the ready market for securities and keep the investor from standing behind the industries of our country which have done so much for a great many of the employees of this Nation. We want the employees themselves and the man of limited means to be in position to buy these securities, should they desire to do so.

We have taken care of the credit situation. The margin standard will have nothing to do, in my opinion, with the question of credit, because that is fully in the hands of the Federal Reserve Board, which is not bound by the standard set up in the bill; and today, after the passage of this bill, if it passes, a purchaser of securities upon credit or margin can only do so with the approval of the Federal Reserve Board, no matter what the standard which the Federal Reserve Board has the right to disregard in fixing margins and regulating credit.

I submit that we ought to provide for a sound standard. The Senate in its bill has set no standard. If we establish a standard, we ought to make it reasonable, one that will be lived up to, one that the Federal Reserve Board will follow, one that the Senate will adopt. I submit that this amendment should be adopted.

Mr. BRITTEN. Will the gentleman yield?

Mr. KENNEY. I yield to the gentleman from Illinois.

Mr. BRITTEN. As I understand the gentleman's amendment, it provides for a 60-percent credit and 40-percent margin?

Mr. KENNEY. Instead of 55-percent credit and 45-percent margin; yes.

Mr. BRITTEN. My feeling is that this is not low enough. I would be willing to support an amendment for a 66-percent credit and a 33⅓-percent margin.

Mr. KENNEY. If the gentleman will offer that amendment I will be glad to vote for it.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I rise in opposition to the amendment and ask unanimous consent to proceed out of order during these 5 minutes on what I consider an important matter. I may say that this is something I want to speak on at this moment. I am for this bill, and this is something to which I want to call the attention of the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Mr. Chairman, I apologize to my friend Mr. RAYBURN, Chairman of the Interstate and Foreign Commerce Committee, for taking time at this moment. I am for his bill and intend to vote for it.

What I wish to say at this time is that I understand the gentleman from Washington [Mr. ZIONCHECK] has caused a petition to be placed on the desk to discharge the Rules Committee on the Connery 30-hour week bill. May I say to the House that I asked my friend the gentleman from Washington not to file this petition?

The reason is that President Green of the American Federation of Labor, Miss Perkins, the Secretary of Labor, Mr. Richberg, and I have been in conference yesterday and are going into further conference with the idea of seeing if we cannot get together on some amendments which may secure Presidential approval for the 30-hour week bill. May I make it plain to the Membership of the House that I asked the gentleman from Washington [Mr. ZIONCHECK] not to file the petition for the 145 names in connection with the 30-hour week bill?

Mr. GOSS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it has been the custom in many of our industries of this country to sell to their employees stock in their own company, and on a very easy payment plan. It has occurred to me that possibly this margin requirement, whether it be on listed or unlisted stock, might prevent those corporations from selling the stock of their own company to their own employees unless they were able to furnish a suitable margin or collateral.

I should like to ask the chairman if this custom would be interfered with in any way so far as any of the provisions of this section of the bill are concerned.

Mr. RAYBURN. If the corporation is doing it as a regular course of business it would apply.

Mr. GOSS. Yes; but I want to call attention to the fact——

Mr. RAYBURN. You cannot make too many exemptions if you are going to attempt to stop so much of the money of the country going into the speculative market.

Mr. GOSS. However, I want to ask the chairman if it would be at all possible under the provisions of the bill for these employees to buy the stock without any security being put up, as has been the custom in the past, and I am sure the gentleman is very familiar with the custom in industry——

Mr. RAYBURN. To buy a stock listed on the securities exchange?

Mr. GOSS. It may be listed or it may not.

Mr. RAYBURN. If it is not listed, this would not apply.

Mr. GOSS. We may take the United States Steel Corporation as an example. They have sold, we will say, to their employees, stock in that company in the past and the employees have not had to put up collateral, perhaps. They sell them on an easy-payment plan and in some instances the money is taken out of their pay.

Mr. RAYBURN. If it is not in the ordinary course of business the rules and regulations adopted by the commission could not apply; but if it is in the regular course of business or if they are making a regular business of doing it, the rules and regulations would apply. This is covered by clause (A) of subsection (d).

Mr. GOSS. Would it be a part of their regular business if this was a custom of the concern involved?

Mr. RAYBURN. The board can make an exemption under clause (E) of subsection (d) and, furthermore, as I said, if it is not in the ordinary course of business, it is also exempt. The regular business of a steel corporation is making and selling steel, not selling securities.

Mr. PEYSER. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. PEYSER. I believe the answer to the question the gentleman has asked is that it would not come under the terms of this bill. If a concern acquired stock for distribution to people in their employ, that is a transaction between the industry and the purchasers of the stock.

Mr. GOSS. Well, they do not do that. They sell this stock out of treasury stock, in most instances, to the older employees.

Mr. PEYSER. In my judgment, that is a private transaction.

Mr. GOSS. And in the past they have not had to put up any collateral. They may have to stop the practice if they are required to put up collateral.

Mr. PEYSER. I may own 100 shares of my own industry, and I can sell that to my bookkeeper or secretary if I so desire.

Mr. GOSS. I understand; but this is a different procedure and one that the gentleman must be familiar with. The corporation sells its own treasury stock to its employees, perhaps, at a little below the market.

Mr. PEYSER. That is not an exchange transaction.

Mr. GOSS. And the employees pay for it out of their wages on easy terms without having to put up additional collateral, and sometimes they deposit the security, if they have taken it in their name, before it is all paid for; and I am fearful this section may interfere with this type of stock transactions, which is very much in the interest of the employee.

Mr. PEYSER. In my judgment, that would be construed as a private transaction and would not come under the provisions of this bill.

Mr. GOSS. The chairman of the committee has not quite satisfied me on that point.

Mr. LEA of California. Will the gentleman yield?

[Here the gavel fell.]

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent that the gentleman from Connecticut may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. GOSS. I yield to the gentleman from California.

Mr. LEA of California. As I understand the situation, the greatest reliance you could have for the situation you have described being taken care of is on page 17, under subdivision (e), which gives the Federal Reserve Board power to make rules and regulations governing such transactions as the gentleman has discussed.

Mr. GOSS. Then I would say to the gentleman that if they are given that broad power and it is the custom today, they might, by a whim, do away with that custom. In other words, if they have such broad power, as the gentleman from Illinois calls to my attention, it amounts practically to a control of industry under paragraph (e).

Mr. LEA of California. The committee gave a great deal of attention to the policy that should be pursued in reference to margins. We finally concluded that in the main we must rely upon the commission to adjust margins to conditions, because we realize there is a constant necessity, perhaps, for changing margins in order to adopt them to so many variable conditions. It is impossible to take care of them by fixed, inflexible rules.

Mr. GOSS. If this is to be on the basis of the Commission issuing rules and regulations with respect to margins, the Federal Trade Commission or whatever commission finally handles these matters under this bill, might go so far as to say that a company could not issue any stock.

Mr. LEA of California. No; I think that would not be within their power.

Mr. GOSS. According to the gentleman's intepretation of this provision, they might even stop the flow of credit to industry.

Mr. LEA of California. It is not within their regulatory powers to deny margins, but they can regulate them.

Mr. RICH. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. RICH. If we are going to place all the power in the hands of this Commission that may be formed to handle this transaction, and if we, as the Congress, are going to delegate this power to the Commission, does not the gentleman think we are doing the wrong thing?

Mr. GOSS. Why, certainly; that is what I am on my feet for. I want to call attention to the fact that the Federal Reserve Board is authorized to prescribe such rules and regulations—any rules and regulations—and after they decide on something they can change it overnight.

Mr. RICH. That is all wrong.

Mr. GOSS. I am fearful that that is going to work a handicap on industry and the pleasant relationship between employer and employee; because we have thousands of qualified men running our industries in this country only too glad to give employees a chance to share in the profits through this old custom.

Mr. MAY. Will the gentleman yield?

Mr. GOSS. Yes; I yield.

Mr. MAY. Suppose I am a bookkeeper for the United States Steel Corporation and they are about to issue stock.

Mr. GOSS. They do not have to have it in the treasury. It is the custom to sell stock to enable employees to share in the profits, and in many cases they sell the stock a little below the market price.

Mr. MAY. Will the gentleman let me state my proposition?

Mr. GOSS. Certainly.

Mr. MAY. This is a kind of transaction that is being carried on by thousands, where the bookkeeper of a corporation wants to buy a share of stock, par value $100. It sells the stock to the bookkeeper, who pays $20, and then they take out of his salary $20 a month for 4 months.

Mr. GOSS. That is true, and he will have to put up a margin or even collateral under this plan.

Mr. MAY. I do not think so under the provisions of this bill.

Mr. SABATH. Mr. Chairman, I rise in opposition to the amendment. I am of the opinion that the gentleman is unduly alarmed as to the question he has raised. All such stock sold to employees remains in the treasury of the corporation, and there is no loan required; the stock is not delivered to the purchaser until it is paid for in full. Therefore there will be no need for any loan on the part of the purchaser, because the corporation retains the stock in its treasury until it is fully paid for.

Mr. Chairman, ladies and gentlemen of the Committee, personally I am not so much interested in aiding people to buy stocks on margin, as I know what happened to all of them before and what is liable to happen in the future, if we permit still more liberalized requirements. Surely we do not need to fear that the corporation issuing the stock and disposing of it to their employees will not be able to find a way even under this bill to obtain loans, because I feel that these provisions will not apply to the treasury stock of these corporations. Henceforth, in view of this legislation, stocks issued in the future will represent real values. This legislation will in no way restrict them, but in view of the past, when nearly every corporation issued additional millions and more millions of shares of stock, unloading them upon the American people and even their own unfortunate employees, who lost not only the amount they invested, but even the amounts that they borrowed from their friends, and many of them are still paying for the worthless securities that they were made to purchase on a so-called "easy payment plan" and for which they made themselves liable to these heartless corporations and manipulators.

I am of the opinion that, in view of the fact that we cannot, as the gentleman from Massachusetts [Mr. TREADWAY] states, prohibit speculation or gambling, that it is our duty to see that the investing public, or rather the "lambs", be protected by this Government so that their investments shall not be wiped out even before the receipt of the stock certificates issued to them. I think this legislation is in the right direction. I congratulate the committee, and I hope that we will not in any way weaken the bill. If there is any way possible, we should strengthen it in the interest of the investors. Mr. Chairman, we should not take into consideration the interest of a few speculators and stock promoters who brought about the destruction of the entire Nation. It seems to me that some of my colleagues on the other side are much more interested in these corporations and houses of issue, in the stockbrokers and the manipulators, than they are in the public. I feel that had it been possible to consider this legislation in 1930, 1931, or 1932, or before the election of President Roosevelt and before conditions started to improve, very few of you would have dared to interpose objections to this bill. However, I realize that there are some Members on that side who are not familiar with the tactics and vicious and misleading propaganda that has been carried on in the past 3 months against this legislation. Fortunately, or unfortunately, this is not a new question to me. I had ample opportunity to learn of the intrigues and conniving influence used to mislead the Membership of the House, and therefore, feel it is my duty to warn you against this vicious, highly organized propaganda, as I know that most of you are honest and realize that this legislation is in the interest of legitimate business and will make possible the return of confidence.

Mr. MAPES. Mr. Chairman, there is a great deal of misapprehension about this particular section of the bill. It gave the committee a great deal of concern. As originally introduced the bill contained several very rigid requirements. It contained a rigid maintenance requirement for loans after they were once made. It seemed to some members of the committee that it was unfortunate to provide for a maintenance requirement under conditions such as the country has been going through in the past few years, when there has been an utter collapse of the economic structure, and that there ought not to be any rigid requirement in the law for the maintenance of credit after it has once been granted. There was also objection to any rigid standard being fixed. There has been a great deal of criticism about the discretion lodged in the Federal Trade Commission in the administration of this law. A great many of the discretionary provisions put into this bill were put in at the request of the representatives of the stock exchanges and of business, because they said that Congress did not have sufficient information to justify putting too rigid requirements into this act. This section is one of the concessions made in this bill to that thought. I say to those who want to oppose this bill, oppose it, but do not deceive yourselves in doing so. The business of stock exchanges is a very intricate and variant business, and to put rigid requirements into the law in some instances might be very unfortunate. The committee has all the way through conceded to the thought that the law should not be too rigid for the purpose of making it possible, if any requirement or rule or regulation of the Commission proved unfortunate and unworkable, to change it without going through the slow process of amending a law.

Mr. Chairman, this marginal requirement is not rigid. Some people would have it left entirely to the Federal Reserve Board. It is almost left to the discretion of the Federal Reserve Board as it is. The only legislative standard, the only suggestion made in this bill to the Federal Reserve Board is on an initial loan on a listed security. In effect the bill says to the Reserve Board, we think you should require a man who wants to purchase listed securities for speculation or who wants to invest in corporate securities, under your rules and regulations, to put up 45 percent of the current market price of the listed security. But we say to the Federal Reserve Board in the same breath, if you think for the accommodation of industry and commerce, you should allow a lower margin, or if you think in the interest of the public—if there is too much speculation in corporate securities—the margin should be increased, then you have the power to do that. That is all this provision does.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. MAPES. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. MAPES. Yes.

Mr. COX. While it is perfectly clear to me that the law does not apply in cases similar to the situation raised by the question of the gentleman from Connecticut [Mr. Goss] I think it would be unfortunate to leave the record in its present shape, because as yet I have heard no satisfactory answer to the question.

Mr. MAPES. What is the question?

Mr. COX. Does the law apply to a case similar to that raised in the question of the gentleman from Connecticut [Mr. Goss]? That is, where a company desires to distribute its stock to its own employees—purely a private transaction as between the two—would the regulations provided for in this section of the act apply?

Mr. MAPES. Of course not. These regulations apply more especially to loans to and by brokers and to transactions on stock exchanges.

Mr. COX. Purely exchange transactions?

Mr. MAPES. So far as this marginal requirement is concerned, it is almost an exclusive regulation of "brokers' loans", so-called, because it exempts all loans to individuals who want to borrow money for the purpose of putting it into their own individual business or into their local companies, to buy homes, or to do anything, except to speculate in the stock market, and then only on stocks that are listed on stock exchanges; not on ordinary bonds, not on municipal bonds, not on so-called "exempted securities" at all. There is a distinction here between the individual and the broker, but as far as individuals are concerned, it applies only to loans on stock listed upon stock exchanges, where the proceeds are to be put back into other stocks listed upon

stock exchanges, and it has no further application to them at all.

Now, those Members of the House who want to regulate stock exchanges and who do not want to hurt business, will have an opportunity to get back of this marginal requirement provision, because the people who are chiefly interested in the marginal provision are the brokers and dealers and members of the stock exchanges. They are opposed to marginal requirements being written into this bill. They do not want their business curtailed by any such limitation. They do not want anything done that will prevent the little fellow, the fellow who is in and out of the market, from carrying on and having unlimited opportunity to part with his savings. They are the ones who are particularly interested in these marginal requirements, not business, nor individuals, and not the banks.

Mr. COX. Will the gentleman yield further?

Mr. MAPES. I yield to the gentleman.

Mr. COX. This is an exchange control bill. The Congress is undertaking to regulate, through the exercise of its powers under the commerce clause. Now, if it has the power to touch private business, it is only that business whose operations have a direct effect upon interstate transactions, and it is not intended to touch private business insofar as it is altogether intrastate and not related to interstate.

Mr. MAPES. Not at all.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. McGUGIN. Mr. Chairman, I rise in opposition to the amendment.

The country is greatly in need of fair and effective control over stock speculation. Stock speculation has not only swindled the American people out of billions of dollars, but in addition to that it has impoverished millions of people who have never invested a dollar in stock. Stock speculation monopolized and absorbed the banking credit of this country. Throughout the country local banks in the latter part of the twenties closed out sound lines of credit for local business—agricultural, industrial, and commercial. These local banks then took this money and sent it in to New York for call money, where fabulous rates of interest were derived from stock speculation. In the end, this meant that credit was taken away from honest, productive business and given over to speculation.

The orgy of stock speculation in the latter twenties was a swindle upon the people and an economic outrage upon the country. All of this should be corrected, and every right-thinking person in the country favors sound and constructive legislation which will save the people of the United States from a repetition of the ghastly conduct growing out of speculation in the latter twenties.

However, there is a swindle being worked upon the people in 1934 in the name of the stock exchange. That swindle is this bill. Everyone refers to this bill as the stock exchange bill. The people think this is a bill to correct these wrongs which must be corrected. The people have been deceived. The people do not know that that is but a small part of this bill. The people do not know that control over the stock exchange is merely the excuse and title for this bill, while the real reason for this bill is to gain complete governmental control and domination, not alone over speculation in the stock exchange, but over legitimate industry in this country.

The bill itself, upon its face, proves the deception and hypocrisy of the claim that it is a stock-exchange control bill. It contains 61 pages. It does not require 61 pages of law to control speculation. It does require 61 pages insidiously to work into this law complete control and domination over all industry in this country.

The first nine sections of this bill might be accepted as a fairly respectable piece of legislation. Practically all of the remaining 25 sections are insidious, tyrannical control of industry by government. Among the victims of this bill will be the millions of people who are entitled to the opportunity to make a living in industry, but who will be denied that opportunity because this bill, with its control of industry, will only lead to a drying up of the channels of commerce.

I should like to vote for a bill which would control speculation on the stock exchange, but such control as this bill gives over the New York Stock Exchange is a small part of the control which has been written into the bill.

What is more, the 61 pages of this bill will in the end be a small part of the law which will grow out of this bill. Section 10 sets up a commission and authorizes that commission to issue such rules and regulations as it deems necessary or appropriate. In the fullness of time, those regulations will be far more voluminous than these 61 pages of congressional legislation. In the fullness of time those regulations will be the tail which will be wagging the dog. I cannot see where the bill would be materially affected whether this commission is a new commission or the Federal Trade Commission. In any event, it is a commission which will be issuing regulations and rules with the force and effect of criminal law, the violation of which by any citizen will mean that that citizen is on his way to the penitentiary.

Section 32 provides in part:

> Any person who willfully violates any provision of this act or any rule or regulation thereunder * * * shall, upon conviction, be fined not more than $10,000 or imprisoned not more than 2 years, or both.

Thus, citizens of America will be sent to the penitentiary for the violation of regulations which can only be found in some pamphlets issued by some commission and not in the statutes of the United States. In this respect, this bill bears the same tyranny which is found in much of our so-called "emergency legislation." Russia, Germany, and Italy are not the only countries in which citizens are being imprisoned for the violation of edicts. The United States is such a country under this act and other emergency legislation which has been enacted. Stalin issues the edicts under which Russians are sent to prison, Hitler the edicts under which Germans are sent to prison, Mussolini the edicts under which Italians are sent to prison, Secretary Wallace the regulations under the Agricultural Adjustment Act and Bankhead cotton bill under which American farmers can be sent to prison, and some commission of three men will issue the regulations under this bill under which American citizens will be sent to prison. American citizens under this bill, under the N.R.A., under the A.A.A., and under the Bankhead Act, are to be sent to prison for committing crimes, which crimes have no more been decreed by a representative legislative body of the people than are crimes in Russia, Germany, and Italy prescribed by representative legislative bodies.

I want regulation and honest and effective regulation of speculation and credit, but I will not vote for such tyranny as is found in this bill.

Another fraud which is being perpetrated on the people is the very title of this bill. It is referred to as the Fletcher-Rayburn bill. It is not the Fletcher-Rayburn bill; it is the Corcoran-Cohen bill. These gentlemen are a couple of self-styled intellectuals, a couple of Felix Frankfurter's protégés, a couple of men who do not have and could not obtain the support of any congressional constituency in the United States, yet they can write the bill, sit in the galleries, and watch Congress move while they crack the whip.

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. McGUGIN. Of course, personally, they have no whip to crack. The truth is, Congress detests following their dictation, but Congress does not have the courage to say no and perform its constitutional duty to protect the liberties of the people. The reason Congress has not the courage is because Congress is afraid the President will go on the radio, lead the people to believe that this bill is exclusively a control over the stock exchange, and then lead the people to believe that he who voted against this bill has been the tool of a band of Wall Street pirates. For my part, I am not

going to be intimidated by any such political character assassination. I am going to draw about me the cloak of truth and take my chances on that cloak's being a sheet armor of political protection. I am going to vote against this bill unless by amendments it is pared down to the point where it is an honest and exclusive stock-exchange control bill.

As proof that this bill is more nearly the Corcoran-Cohen bill than the Fletcher-Rayburn bill, I cite the incident which occurred in the House yesterday. The chairman of the committee did not feel exactly sure of himself in leading this bill through the House, so he insisted on having by his side Mr. Cohen, the real author of the bill. This bill is not a tariff bill with hundreds of complicated schedules, or a revenue bill with complicated rates. It requires no experts to supply the chairman with the facts. All that it requires is a knowledge of what is in the bill. Of course, the real author of the bill has a better knowledge of what is in it than one who is merely the sponsor of the bill.

Mr. RAYBURN. Mr. Chairman, I did not intend to stoop to reply to some things that have been said on this floor, which are a reflection not only upon myself but on the 24 other members of this committee. I thought that on yesterday we had enough of this little red house stuff; and it is stuff. The gentleman from Illinois [Mr. BRITTEN], always alert and alive to what will give him publicity, coined the phrase "the little red house in Georgetown." I did not object to his playing that at all. It is perfectly legitimate and perfectly correct. But every time a Member of this House gets up here and says that he is for legislation for the control of the stock exchanges, he winds up saying that this is not the medicine which the exchange needs.

The same talk was made before our committee by every man who appeared before that committee, who was trying to chisel and defeat stock-exchange legislation. [Applause.] Every man who has written a letter here, who has a reputation to guard, has begun his letter by saying just exactly what the gentleman from Kansas [Mr. MCGUGIN] has said: that he is for stock-exchange regulation; but he always winds up by saying this is not the proper bill. Every member of this committee is convinced that, with the ingenuity of the 25 men upon that committee, we have done our best to bring forward a bill that would be helpful to the American people, to the investors in securities, and not injurious to business. We could not do it without the advice of experts. The members of the committee have done their best, yet the same complaint lodges against the committee, the same chiseling amendments will be offered upon this floor to this bill that would have been offered to the original bill.

Now, our committee sits year in and year out considering the most technical problems of any committee in this House—railroads, transportation of all sorts. We are laymen. We are not experts. We do not arrogate to ourselves all the knowledge in the universe. If we were as able as some people in this country think they are, and as some Members of this House think they are, we would feel so self-sufficient that we would have to call in no experts. We have to sit and listen to men who have specialized in transportation for 40 years; men who have been hired for that time in order to make a case for their people. They are paid salaries for representing them. Special privilege always has counsel in the committees of this House. Now, because we call in Mr. Cohen and Mr. Corcoran, two of the ablest young men that it has ever been my privilege to know—and I think that is the unanimous consent of the other 24 members of the committee—young men who have appeared, not representing institutions that have robbed the investors of this country, but who have appeared there in the capacity of people's counsel; they are held up by men who are really opposed to this bill, but who are not going to have the "guts" to vote against it when the roll is called, as being somebody from Russia or being tainted with socialism or communism. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. RAYBURN. It rubs a pretty sore place on us, who have for 9 weeks been charged with this duty, who have considered every proposal from every section and from every person, Republicans and Democrats alike, to have even the gentleman from Illinois, if not even the gentleman from Kansas, come to us, in the face of the statement of the gentleman from Michigan [Mr. MAPES], his own colleague, and the statement of the gentleman from Ohio [Mr. COOPER], and other members of the committee on that side of the House, and say that even though we listened to those suggestions—and we were glad to have them from any source—it was the duty of the committee to write, and it did write, its own bill.

The committee stands here today practically solidly behind this bill; and we are going to fight down the people who, while saying they stand for legislation to regulate the stock exchanges, yet intend to offer chiseling amendments and make speeches in opposition to the bill.

The first chiseling amendment that was offered was offered by my genial colleague here to my right, my coworker on the committee. In the first instance the bill provided for 60 percent margin requirement. I did not think it was too high myself, because I have seen the lambs shorn for many, many years simply because they got in on a narrow margin and were shaken out sometimes between the hour the stock exchange closed in the afternoon and the hour it opened the following morning. I do not want such a condition to obtain if I can help it. Then in the subcommittee I proposed a 50-percent margin and 50-percent loan value. In order to help the committee along I agreed to a 45-percent margin and a 45-percent original loan value. Had we come in here with a 50-percent margin requirement an amendment would have been offered to reduce it to 45 percent. We have come in with a 45-percent marginal requirement and an amendment has been offered to reduce it to 40 percent; and had our original proposition been 40 percent, an amendment would have been offered to make it 35 percent; and so on down to nothing. So we brought in what we thought was a reasonable provision for the Federal Reserve Board. We made it flexible. We did not fix a rigid margin requirement; but, as I said, in my address the other day, we raised a flag, we drew a white line, and said to the regulatory authority, which is the Federal Reserve Board, that we believed—and it was the expression of congressional will—that somewhere around 45 percent should be the original margin requirement.

Some people said the provision with regard to margin should be flexible. We have set up this standard, this basis; but we have provided that the Federal Reserve may, if it finds it to be in the interests of trade and commerce—I believe that is the expression used—to change that original margin. We go further and say there shall be no rigidity whatever about maintenance and that the Federal Reserve may fix that. Yet we find people who have been so written to and talked to, to whom the provisions of the bill have been so misrepresented, that they say that even this is not flexible enough.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I dislike to do so, but because I believe this section is the very heart of the bill, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. The President of the United States thinks this bill should be passed; and I agree with him.

The margin requirements, so far as I individually am concerned, are not as high as I would have made them, but in order to meet objections I have agreed to a lesser requirement; and we have in the bill a reasonable margin requirement.

If we have safe and definite provisions in this bill to prevent manipulative practices, and then give to the enforcing authority enough power under the legislation to make it effective, we have a good bill. If, however, we adopt amendments that will weaken the margin requirements section, that will weaken the manipulative section, that will rob this board, authority, or whatever you choose to call it, of power to make this law effective, then we might as well strike the enacting clause out of the bill. This bill is 60 pages in length. It has been worked out, we believe, scientifically and sanely. If you begin allowing those who want to chisel this bill, those who at heart—and I do not put my friend from New Jersey in this class—want to weaken this bill, who want to vote against it but many of whom will not vote against it; if you begin adopting amendments offered to tear up the framework of this legislation, you might as well strike out the enacting clause and do nothing about this matter, but let the riots and the disgrace again come as it did in 1929 culminating that orgy of speculation. I trust that friends of this measure, friends of legislation to provide some sort of control of the practices on the stock exchange, will stand behind the members of the committee who are for regulation in voting down these amendments that would draw a knife under the chin of the bill. [Applause.]

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. MARTIN of Colorado. I may say to the gentleman that I am for his bill very strongly as far as it goes, but I should like to have him take notice of the statement made by the gentleman from North Carolina [Mr. BULWINKLE] a few minutes ago to the effect that this bill does not provide for any marginal requirements whatever but provides merely a limitation on credit.

Mr. RAYBURN. It can be called either one or the other. It can be said that a man can borrow 55 percent of the stock when he buys it or that he cannot borrow more than 55 percent of the market price when he buys the stock originally; or it can be said that when a man went to buy the stock originally on the New York Stock Exchange he must put up 45 percent of the market price and that the broker can lend him 55 percent in order to maintain it.

Mr. MARTIN of Colorado. What would be the objection to including in the bill language in substance as follows:

Provided, That the purchaser of any listed security under this act shall deposit not less than 45 percent of the current market price of the security at the time of the purchase.

Mr. RAYBURN. That would be perfectly all right, but we think our language is a little more scientific.

Mr. COLE. Will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Maryland.

Mr. COLE. So far as the margin requirement is concerned, with little, if any, strings tied to the Federal Reserve Board, 5 minutes after the passage of the bill if they find the formula prescribed by Congress is not broad enough, they can change it?

Mr. RAYBURN. Exactly. I stated in my remarks awhile ago if they found it was in the interest of trade and commerce they could change it at any time they pleased.

[Here the gavel fell.]

Mr. BRITTEN. Mr. Chairman, I move to strike out the last word.

Mr. BANKHEAD. Mr. Chairman, I make the point of order that debate under the rule has been exhausted.

Mr. BRITTEN. Mr. Chairman, I rise in opposition to the amendment, and that has not as yet been done.

Mr. RAYBURN. Mr. Chairman, I rose in opposition to the amendment. I thought I made myself clear that I was opposed to the amendment.

Mr. SABATH. And so did I.

Mr. BRITTEN. I did not hear the gentleman from Illinois [Mr. SABATH].

Mr. CLAIBORNE. Mr. Chairman, a parliamentary inquiry. What is before the Committee at this time? Is it an amendment or otherwise?

The CHAIRMAN. The amendment of the gentleman from New Jersey is before the Committee. The gentleman from Alabama [Mr. BANKHEAD] makes the point of order that all debate has been exhausted on the amendment. The Chair sustains the point of order.

The question is on the adoption of the amendment of the gentleman from New Jersey.

The amendment was rejected.

Mr. TABER. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 17, after line 25, insert a new subsection, as follows: "(f) The provisions of this act shall not apply to any loan unless at the time it was or is hereafter made the proceeds thereof were or are used for the purchase of securities."

Mr. TABER. Mr. Chairman, I suppose that this labels me as a chiseler. The only argument so far presented against amendments has been that Wall Street is the bugaboo which is trying to spoil this bill. We have not had straight-out or square-toed assertions or explanations of the provisions of the bill.

May I give you an illustration of how this bill would work. Suppose a clothing merchant in your town wanted to go to a bank and borrow $10,000 and the bank loaned the money to him and he put up $10,000 worth of securities. Just as soon as that was done this provision here would apply to him. There is no definite exception which excepts business loans; therefore I have drawn this amendment which does.

May I read to those of you on the committee a few words from this bill:

SEC. 6. (a) For the purpose of preventing the excessive use of credit for the purchase or carrying of securities.

Such a business loan would be the carrying of securities as soon as it was made. If it is not in its inception a business loan, something of this kind perhaps should apply; but if it is a business loan in its inception and is not used for the purchase of securities, it ought not to be burdened with the provisions of this act. If you do not want to tie down business and make business subject to all sorts of burdens, you do not want to pass the bill unless you have an absolutely clear and definite exception.

That is what this amendment that I have offered provides, and I hope that the committee will adopt the amendment in order to protect the business man who wants to do business and is willing to gamble his own securities in order to do it, and not require him to put up that margin which is required for a speculative loan.

Mr. GOSS. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Connecticut.

Mr. GOSS. In the debate I had a few minutes ago with the gentleman I think the gentleman from California brought that out very clearly. I will admit mine was on a different subject, but somewhat related to the gentleman's amendment; and, I think, unless the gentleman's amendment is adopted, business under the system that he has just mentioned here would be greatly penalized if not altogether stopped, particularly the small merchant.

Mr. TABER. If we are not going to protect the small merchants and small manufacturers in our home towns when we get up such a bill as this, we ought to quit. I am in favor of protecting them.

Mr. REED of New York. Will the gentleman yield?

Mr. TABER. I yield to my colleague from New York.

Mr. REED of New York. The loans of the merchants who had borrowed money before this act went into effect would be called?

Mr. TABER. This bill would not apply to them until 1939.

Mr. REED of New York. There would be a general calling of the loans of merchants all over the country.

Mr. MILLIGAN. It does not apply until 1939.

Mr. TABER. The provisions do not apply to business loans heretofore made until 1939, but it would apply to current loans.

Mr. MILLIGAN. It would not apply to renewal loans, either.

Mr. TABER. It would not apply to renewal loans that already exist; but if a man who is running a business today borrows $10,000 after this act is passed and puts up his own securities, this bill applies to the transaction.

Mr. MILLIGAN. It does not.

Mr. DUNN. May I ask the gentleman what the bill does require in that respect?

Mr. TABER. It requires them to carry a margin at the bank of whatever the Federal Reserve Board might require, not exceeding a 45 percent margin, if I remember rightly.

Mr. MILLIGAN. That is, if they are going to use the proceeds of the loan to purchase other securities.

Mr. TABER. The provision in here that I have read does apply to a business loan. I refer to page 13, section 6 (a). After this act takes effect, where they are carrying securities, unless it is a loan that has been made previous to the passage of the act, this applies.

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. BULWINKLE. May I call the gentleman's attention to page 13, section 6, which reads as follows:

For the purpose of preventing the excessive use of credit for the purchase or carrying of securities, the Federal Reserve Board shall—

And so on. The gentleman is mistaken.

Mr. TABER. May I call the gentleman's attention to the fact that I was not mistaken? I read that section over very carefully, and I explained to the House just how that section would work out. Probably that was the intention of the committee, but it is not the wording of the language, nor is it the effect of the language.

I want to fix it so that these things only apply to speculative loans. These loans, if they were made for other purposes than speculation, to enable the manufacturer or the merchant to have $10,000 to operate his business, would have to comply with these margin requirements as long as the loan was carried. I want to get away from this.

Mr. BULWINKLE. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BULWINKLE. I want to call the gentleman's attention to the fact also that I think hereafter when a man would go to the bank to borrow money, if this bill were to become law, he would have to sign an application and state in the application that it is or it is not for the purpose of buying securities.

Mr. TABER. That is perfectly all right; but I do not want it fixed so that a man is going to be obliged to put up this margin on nonspeculative loans because the banks, very generally, are accustomed to being exceedingly liberal in business loans.

Mr. RAYBURN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. RAYBURN. I may say to the gentleman it has been stated many times that this does not apply to that situation. The committee report says it does not apply to a transaction like that, and I think that is the clear language of the bill.

Mr. TABER. I appreciate the committee report said that, but the language of the bill itself is not that way. That is the trouble.

Mr. RAYBURN. The language of the bill is, "for the purpose of preventing the excessive use of credit for the purchase or carrying of securities." This is the plain language of the bill.

Mr. TABER. Purchase or carrying; yes.

Mr. OLIVER of New York. Will the gentleman yield?

Mr. TABER. I yield.

Mr. OLIVER of New York. The gentleman from New York does not define carrying of securities as meaning borrowing money on securities which a firm owns for the purpose of carrying on its business?

Mr. TABER. It would be interpreted as meaning the carrying of securities.

Mr. OLIVER of New York. Oh, no.

Mr. TABER. And that is what I want to get away from, and that is what I should think the committee would want to get away from.

Mr. OLIVER of New York. No; the language is, "purchase or carrying of securities", and it would not be carrying of securities to borrow money for the purpose of carrying on your business on a security which you already have.

Mr. TABER. If I may have a moment of your attention, I think I can demonstrate just the opposite of what the members of the committee have said.

After this loan comes into existence and it is carried along from time to time, it will be interpreted as a loan for carrying securities, and I think we ought to distinguish with respect to the inception of the loan so as to protect our business people and not have it construed by bureaucrats or by courts that have not taken these things into consideration, as placing an additional and an unwarranted burden on our people.

[Here the gavel fell.]

Mr. BRITTEN. Mr. Chairman, I rise in opposition to the amendment.

I am sorry that the distinguished, and always polite, great chairman of this important committee has seen fit to adopt the tactics of Gen. Hugh Johnson in "cracking down" upon Members of Congress and their so-called "chiseling" amendments. The word "chisel" is an old one, but it was made famous by General Johnson when he "cracked down" on the industries of the country.

The amendment before the committee when the distinguished gentleman was speaking was one which provided for a 60-percent credit and a 40-percent margin and had been presented by the gentleman from New Jersey [Mr. KENNEY]. What did that amendment provide in money? It provided that upon the purchase of a $10,000 security the buyer put up $4,000 and borrowed $6,000. There is nothing like chiseling in connection with a loan of that kind when you put $4,000 on a $6,000 credit. That is 75 percent.

I hope the gentleman or no other Member of this House will "crack down" on Members of equal standing. Every man is equal to every other man on the floor of this House, and I hope amendments will not be referred to as chiseling amendments and that no Member will be "cracked down" on for offering amendments. We do not deserve that, because we are trying to perfect a bill which has been written by a couple of youngsters—Cohen and Corcoran—who are sitting back here in the gallery—a couple of baby faces. [Laughter.] From here they look like fine, young, upstanding boys of 18 to 21 years of age.

Mr. BULWINKLE. Will the gentleman yield?

Mr. BRITTEN. Not now.

I want the House to know the type of young man that abounds in all of the important departments of the Government. They are brainy; they are good in principle; their character is all right. I have no complaint to make about that, and I had no objection yesterday to Benjamin Victor Cohen sitting on the floor with the chairman of the committee and the other members of the committee to advise them on the technicalities of this bill, which the members themselves did not understand, but which this young boy did.

Mr. OLIVER of New York. Then why are you always screaming about them?

Mr. BRITTEN. I am not screaming about anything.

Mr. OLIVER of New York. You are always screaming and screaming about them.

Mr. BRITTEN. Mr. Chairman, I decline to yield.

Every department of this Government is honeycombed, let us say, with fine, young men, like these boys; but they are only boys. They have had no political experience and not the slightest legislative experience. Perhaps they may have an ax to grind. They may not like the stock exchange. They might feel happy if the stock exchange, which is a

great medium of business, were closed completely. This might be pleasing to one of them, at least.

But the reason I rose was not particularly to call attention to them—they are undoubtedly very good boys, but they are boys, and I object to having their legislation before us and be refused the privilege to amend that legislation. There are men on the floor of the House who have vast legislative experience in drafting legislation.

These young men happen to have come from the "little red house" in Georgetown. [Laughter.] The distinguished chairman should not object to me because I happened to have referred to the "little red house." It is there that these men gather every night, and I am told by people who go there that they are a very charming set of young men, exceedingly bright, and that one of them tickles the piano keys like nobody's business. [Laughter.]

I like that type of young men, but if they write legislation for the floor of the House, I want the right to amend it or to offer an amendment if I feel that way; and I do not want my very dear friend—and he is a very dear friend of mine—I do not want him to crack down on his old friend FRED BRITTEN because he offers an amendment to improve this revolutionary piece of legislation. [Laughter.]

Mr. BULWINKLE. Mr. Chairman, I rise in opposition to the amendment. I hope the House will let the bars down for me as it has for the gentleman from Illinois. I feel sorry for the gentleman from Illinois, for no matter how much anybody tells him, the gentleman is so obsessed with the idea that Mr. Cohen and Mr. Corcoran are doing this nefarious work that he cannot sleep at night.

Mr. BRITTEN. The gentleman never saw me sleeping. [Laughter.]

Mr. BULWINKLE. No; I admit that; and am thankful that I have not. But it is pitiful to see the gentleman here talking about the "little red house." Has he ever been there? No; of course he has not. I stated to you yesterday, as well as to other Members of the House, that on the first bill that was drawn they—Mr. Cohen and Mr. Corcoran—did have something to do with it.

I also stated to you that the bill that is before the House now for consideration was drafted by the subcommittee. I do not agree with the subcommittee in all that they have done; but let us be just and let us be fair. It is the most important bill that has passed this session and the most far-reaching of any bill we have ever had before us. It is idle to spend 5 minutes talking about the "little red house" and the two boys.

By the way, I want to tell you that they are about as smart youngsters as you can find anywhere.

Mr. BRITTEN. They are too smart.

Mr. BULWINKLE. No; they are not. Just right.

Mr. BANKHEAD. Will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. BANKHEAD. Is not the gentleman of the opinion that the reason the sensitive nerve that has been touched in the gentleman from Illinois is because these gentlemen are so intelligent, so capable, and know so much about the nefarious practices of the New York Stock Exchange, and that they have had brains enough to lay their hands on some of the evils, and capacity enough to suggest a correction of them?

Mr. BRITTEN. The gentleman admits that they had hands on the legislation?

Mr. BULWINKLE. They have had their hands on the legislation in the first bill, and they know what they are doing.

Let us quit this kind of talk. Let us introduce our amendments to this bill, if we want to, and vote on them and argue the bill; but, in all seriousness, in all candor, it does not make any difference to me now who drafted the bill; let us give very careful consideration to the amendments introduced. The bill is here before us for consideration, and you and I and every Member in this House have a duty to perform in passing upon it; and all I say to the gentleman from Illinois [Mr. BRITTEN] is, do not let your obsessions weigh upon you, because when they become too strong they eventually drive you to a mental illness.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 46, noes 102.

So the amendment was rejected.

Mr. MAY. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MAY: Page 13, line 22, after the word "prescribe" and before the word "rules", insert the word "reasonable."

Mr. RAYBURN. Mr. Chairman, I do not know what the gentleman's amendment means. Of course, he may understand it. If it means anything, it would bring about confusion. I trust the Committee will vote down the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Kentucky.

The amendment was rejected.

Mr. MARTIN of Colorado. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

At the end of line 10, on page 14, strike out the period, insert a comma, and add: "*Provided*, The purchaser of any listed security under this act shall deposit not less than 45 percent of the current market price of the security at the time of purchase."

Mr. MARTIN of Colorado. Mr. Chairman, when I interrupted the chairman of the committee a few moments ago with reference to the matter concerning which I have offered an amendment, and which I read at the time, I stated that I was very strongly in favor of the bill, as far as it goes. The reaction that I noticed on certain faces was interesting and enlightening, and if those gentlemen were to ask me how far I would be willing to go on a bill of this kind, I would have to answer them at this time in the language of one of the Two Black Crows, "I'd hate to tell you."

Two schools of thought have been developed by the pending bill to regulate stock exchanges. One school holds the view that they should be thoroughly regulated and controlled along the lines of the bill, the other would merely give the exchanges a slap on the wrist, a Scotch verdict of "not guilty, but don't do it again." This last school recognizes the need of a gesture, they favor regulation, but not in the way prescribed in the bill.

There is another very general thought in the country regarding stock exchanges, not to be defined as a school, that these exchanges are gambling institutions, gambling in the wealth of the Nation, and mainly responsible for the disaster of 1929, which engulfed half the wealth of the Nation, and that they ought to be abolished. So strong and general is this view that if the proposition were to be submitted to a national referendum it would throw a scare into the stock exchanges compared with which the pending bill is a very mild sensation. The exchanges are lucky that Congress and not the country is regulating them.

The stock exchanges themselves are responsible for this state of the public mind. Originally, they were founded to facilitate the exchange of commodities, then of securities, but with the tremendous growth of commerce and industry, reflected in corporate stocks and bonds, they have been transformed into Monte Carlos on a planetary scale.

People do not go into the stock exchange to sell and buy things, they merely bet on what a security or a commodity will be quoted at tomorrow or some other day or maybe at a later hour the same day. All over the country, in all the cities and towns, are people playing the market, seated before blackboards or stock tickers, watching the figures and betting on them, and collecting their winnings and paying their losses, just as in any other game of chance. They do not own what they sell or get what they buy. It is not a business transaction at all, just gambling.

Mr. Chairman, I undertake to say that the New York Stock Exchange, for example, could not stay open one day

on legitimate exchanges of securities. No commodities exchange could operate on bona fide transactions. And yet so strongly entrenched is this institution that many good people, who would fine or imprison a cigar-store dealer or druggist for running a nickel trade slot machine, petition Congress against the rigid regulation of a system which permits a man to draw out his bank savings, mortgage his home, and hand over the proceeds to a broker he never saw to bet on a game he knows nothing about. Such is its hold on the people that a man of the cloth may hand over in this way the funds of a trust in his hands to bet on the market and nothing is said about it.

Will Rogers related his single experience on the New York Exchange. At the solicitation of his friend, Eddie Cantor, he bit on a sure thing. After putting up margin two or three times he went over to the broker and cashed out, not in. His friend Cantor stayed in until his loss is said to have been millions. Yet this is the game an unprotected public is permitted to buck and which it bucked to such an extent that it not only bankrupted America, but was drawing in the cash reserves of Europe. Gambling in the wealth of others, gambling in the necessities of life. Instead of stabilizing the economic life of the country, it frenzies it. Instead of building up an honest commerce, it converts business into a game of chance under a code of tricks and practices which would be permitted by the authorities in no gambling house.

This bill is not going to suppress gambling. It is only designed to keep it within bounds to the end that it may not again destroy the prosperity of the country. And the institution, foreseeing that the country may soon again be worth plucking, wants no burglarproof contraptions. Coming to the amendment I have offered, it wants no fixed marginal requirements. It may again need to divert the bank reserves into channels of speculation to finance the sale of $2 stocks for $60 and all the other nefarious practices which blew the biggest bubble in history. Having to put up a 45-cent margin may limit the sucker crop. It looks too much like business, too little like gambling, so they want no marginal requirement, and especially no fixed requirement.

They have help here from gentlemen who are very vocal when some poor little rich boy is going to get stepped on. It may be disclosed that the poor little rich boy is paying no income taxes, and they are silent. It may be disclosed that some poor little rich boy has spent a billion dollars to fictitiously kite his stocks on the market, which billian dollars was collected from the people of the country by an army of high-powered salesmen, and they are dumb. But when it is proposed to make the poor little rich boy at least play the game squarely, they have brainstorms about "little red houses" and "brain trust boys" down in the Departments. Some congressional districts in the United States seem not to be very particular about who represents them in Congress.

Mr. Chairman, I think it is dangerous for any Member to offer an amendment to this bill unless he is fairly grounded. He ought to know this bill thoroughly, and he ought to know stock exchanges thoroughly. Very few of us know either thoroughly. I am not among the few. A great deal of what I know about this bill I have read in the newspapers, but I have read both the bill and the report. The chief controversial feature of this bill is the marginal requirement. I have read much in the newspapers about that. If I recollect right, it was stated that one of the original drafts of this bill, although this is the only draft of it I have seen, carried a 60-percent marginal requirement. It was stated in the papers that the Senate would not stand for any such high provision as that and might scale it down to 45 percent.

The very able chairman of the committee, Mr. RAYBURN—and I am sure his handling of this bill has raised him in the estimation of this House, whether they are for the bill or not—says he thinks the language of the bill as it now reads is a more scientific phraseology to attain the desired end of the 45-percent marginal requirement, than the amendment I have offered, which provides in plain English that the purchaser of a security must deposit 45 percent of the current market purchase price at the time of the purchase. I will concede the gentleman may be right, and I would have accepted his answer and would not have offered this amendment had it not been for the fact that at the opening of the debate this morning the very able gentleman from North Carolina [Mr. BULWINKLE], a member of the committee, rose in his place and stated that the title to this section "Marginal requirement", was misleading or a misnomer; that there was no marginal requirement whatever in the section and that it was simply a limitation of credit.

When a Member of this House as able and experienced as the gentleman from North Carolina, himself a member of the committee, assumes responsibility for such a statement as that, it is small wonder that some doubt might exist in the minds of some lesser Members as to what is in that section and what will be the construction placed on it.

The chairman of the committee said he could see no objection to this language in my amendment, except that he believed the language of the bill as it now reads is more scientific and desirable phraseology. I realize that this amendment presents embarrassing aspects. If this amendment shall be voted down it will undoubtedly be construed as a rejection by this House of the requirement of putting up 45 percent of the purchase price of the stock upon the purchase of it. It will be a rejection of the requirement of a 45-percent margin or any other margin. I would not want to be responsible for any such embarrassment as that. My amendment may be inartificial. It is a sort of spur-of-the-moment idea, although I want to say that I have given enough attention to this legislation to have been impressed by the same thought voiced by the gentleman from North Carolina [Mr. BULWINKLE] this morning, and prior to his statement, that there are no marginal requirements in this bill. If we want marginal requirements in it, we should adopt this amendment, or have it explained plainly to the House that it is unnecessary and superfluous.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. MARTIN] has expired.

Mr. RAYBURN. Mr. Chairman, I rise in opposition to the amendment. In answer to the gentleman, I said that is what we tried to do in the bill. I hope the gentleman did not get the impression that I endorsed the language of his amendment. We have it not only in (1) on page 14 with reference to 55 percent, but we go on in paragraph (2) and have another standard. Now, I fear that if the gentleman's amendment is adopted, we might as well strike out paragraph (2), because it would certainly make it confusing and would go right in the face of it, because it would not be an alternative proposition. As the language in these two paragraphs has been so thoroughly gone over, we certainly feel that we have covered the proposition with reference to what the margins are in the bill. I think it would be dangerous to adopt the amendment.

Mr. BRITTEN. Will the gentleman yield for a question, on condition, of course, that I refrain from referring to the little red house?

Mr. RAYBURN. Oh, no, no; but if the gentleman will not say again what he said yesterday and then took out of the RECORD, that these boys wrote this bill, I will yield to him.

Mr. BRITTEN. What I said yesterday was that they wrote every word in the bill, and then I changed that by merely saying that they wrote the bill.

Mr. RAYBURN. I did not hear the gentleman say the word "nearly", but it is all right. I yield to the gentleman.

Mr. BRITTEN. I should like to ask the gentleman seriously about this section 6, on page 15, line 13. That is subsection (c). Then going down to line 14, my impression of that language is that unless the security is listed or unless it is particularly exempted, no one can make a loan upon it as collateral.

Mr. RAYBURN. That is only brokers.

Mr. BRITTEN. It says "directly or indirectly." I am thinking of this situation: Many bank stocks are not listed; many bank stocks may not be exempted. There are certain joint stocks of insurance companies which may not be

listed and may not be exempted. They may be very high character stocks, paying dividends; but, as I understand the language under the terms of this bill, unless the stock were particularly exempted by this commission, through its rules, it could not be used for borrowing money at a bank or from anyone having direct or indirect connection with the stock market. Is that right?

Mr. RAYBURN. I think the gentleman is entirely in error. If the gentleman will read paragraph (c), of which (1) and (2) are subparagraphs, he will find this:

It shall be unlawful for any member of a national securities exchange or any broker or dealer who transacts a business in securities through the medium of any such member, directly or indirectly to extend or maintain credit or arrange for the extension or maintenance of credit—

And so on. Then (1) and (2) certainly are controlled by that, because they are subsections of subsection (c).

Mr. BRITTEN. That is true; that is the way I read it; but I must state that in the opinion of myself and others on the minority side the language appears definitely to take the stock I am talking about out of the field of use for collateral purposes.

Mr. Chairman, one of the most serious objections of section 6 is the clause on page 15 of the bill, lines 24 and 25, which prohibits anyone loaning on any collateral other than an exempted security or a security registered upon a national securities exchange. This prohibition against loaning on unlisted securities is going to seriously impair the collateral value of millions of dollars worth of good, substantial dividend-paying stocks. For example, it makes it impossible for a broker to loan any money on national-bank stocks. There are hundreds of millions of dollars worth of national-bank stocks that are dealt in over the counter and are just as good, if not better, than many listed stocks. What the object is in trying to destroy their collateral value seems obscure. In addition to the bank stocks there are the joint-stock life-insurance companies, the fire-insurance companies, many local securities of any name and nature. It is a financial crime to injure the collateral value of stocks of this sort owned by millions of investors in this country. If a margin must be fixed by statute—and it should not be fixed by statute, because a margin which is adequate today may be entirely inadequate a year hence—but if a margin must be fixed by statute, it should be a reasonable margin. It should be high enough to keep the small speculator from overspeculating; it should be low enough to permit a distinct market in securities and to avoid freezing the market.

Mr. RAYBURN. That is not the intention; and we think we have covered it pretty well.

Mr. BRITTEN. That was not the intention.

Mr. RAYBURN. Not at all.

Mr. BRITTEN. The gentleman does not think the bill does that?

Mr. RAYBURN. I do not.

Mr. MARTIN of Colorado. Mr. Chairman, after the explanation of the chairman of the committee, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read as follows:

RESTRICTIONS ON BORROWING BY MEMBERS, BROKERS, AND DEALERS

SEC. 7. It shall be unlawful for any member of a national securities exchange, or any broker or dealer who transacts a business in securities through the medium of any such member, directly or indirectly—

(a) To borrow in the ordinary course of business as a broker or dealer on any security (other than an exempted security) registered on a national securities exchange except (1) from or through a member bank of the Federal Reserve System, (2) from any nonmember bank which shall have filed with the Federal Reserve Board an agreement, which is still in force and which is in the form prescribed by the Board, undertaking to comply with all provisions of this act, the Federal Reserve Act, as amended, and the Banking Act of 1933, which are applicable to members banks and which relate to the use of credit to finance transactions in securities, and with such rules and regulations as may be prescribed pursuant to such provisions of law or for the purpose of preventing evasions thereof, or (3) in accordance with such rules and regulations as the Federal Reserve Board may prescribe to permit loans between such members and/or brokers and/or dealers, or to permit loans to meet emergency needs. Any such agreement filed with the Federal Reserve Board shall be subject to termination at any time by order of the Board, after appropriate notice and opportunity for hearing, because of any failure by such bank to comply with the provisions thereof or with such provisions of law or rules or regulations; and, for any willful violation of such agreement, such bank shall be subject to the penalties provided for violations of rules and regulations prescribed under this act. The provisions of sections 20 and 24 of this act shall apply in the case of any such proceeding or order of the Federal Reserve Board in the same manner as such provisions apply in the case of proceedings and orders of the Commission.

(b) To permit in the ordinary course of business as a broker his aggregate indebtedness to all other persons, including customers' credit balances (but excluding indebtedness on exempted securities), to exceed such percentage of the net capital (exclusive of fixed assets and value of exchange membership) employed in the business, but not exceeding in any case 2,000 percent, as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors.

(c) To hypothecate or arrange for the hypothecation of any securities carried for the account of a customer under circumstances that will permit the commingling of his securities without his written consent with the securities of any other customer.

(d) To hypothecate or arrange for the hypothecation of securities carried for customers' accounts under circumstances (1) that will permit such securities to be commingled with the securities of any person other than a bona fide customer, or (2) that will permit such securities to be hypothecated, or subjected to any lien or claim of the pledgee, for a sum in excess of the aggregate indebtedness of such customers with respect to such securities.

(e) To lend or arrange for the lending of any securities carried for the account of any customer without the written consent of such customer.

Mr. STOKES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I desire to call attention to the fact that Wall Street is not made up of that group of men who happen to own seats on the exchange in New York City, but it is made up of that large group of people all over this country who buy and sell stocks and securities on the New York Stock Exchange. Probably at some time in their lives 50 percent of the Members of this Congress find themselves in this group and thus can be said to represent Wall Street. We can, therefore, hardly blame Wall Street for all the breaks and advances in the stock market. As pointed out by the minority report, it is estimated that something like 26,000,000 people in this country own stock holdings.

In a huge speculative market such as we had in 1929, when Pennsylvania Railroad stock, for example, sold at $130 a share, when brokers' loans amounted to $8,000,000,000, compared with the current price of $30 a share for Pennsylvania Railroad and $1,000,000,000 for brokers' loans, there was a greater need of rigid margin requirements. I think, therefore, that margin requirements should be flexible and should be controlled by some board such as the Federal Reserve Board, composed of men experienced in financial affairs. In fact, in times like 1929, when we had such a great speculative boom, it is better not to have any stocks bought on margin; they should be paid for in cash and cash alone.

The Securities Act of 1933 has unquestionably retarded business. It has retarded the flow of money into industry, both large and small, because of the civil and criminal liability linked inseparably with new securities issues. I have asked the Chairman of the Committee on Banking and Currency, the gentleman from Alabama [Mr. STEAGALL], to act in concert with the chairman of this committee, the gentleman from Texas [Mr. RAYBURN], to request the Federal Reserve Board to make a study of this act and to make such recommendations as they deem best toward encouraging business by the amendment of the Securities Act of 1933 before this Congress adjourns.

Mr. HOLMES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLMES: On page 18, line 20, after the comma, insert the following: "from a savings bank not doing a commercial banking business."

Mr. HOLMES. Mr. Chairman, as I look over this bill I am quite convinced that it is going to injure seriously many manufacturing concerns in the United States. It will also

take away from savings banks an avenue which they have always considered a secondary reserve for investment.

I find on page 63 of the Federal Reserve Act, section 2, the following language:

SEC. 2. That section 11 (k) of the Federal Reserve Act be amended and reenacted to read as follows:

"(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

"Whenever the laws of such State authorize or permit the exercise of any or all of the foregoing powers by State banks, trust companies, or other corporations which compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of State or local law within the meaning of this act.

"National banks exercising any or all of the powers enumerated in this subsection shall segregate all assets held in any fiduciary capacity from the general assets of the bank and shall keep a separate set of books and records showing in proper detail all transactions engaged in under authority of this subsection. Such books and records shall be open to inspection by the State authorities to the same extent as the books and records of corporations organized under State law which exercise fiduciary powers, but nothing in this act shall be construed as authorizing the State authorities to examine the books, records, and assets of the national bank which are not held in trust under authority of this subsection."

The Federal Reserve Act recognizes the sovereign right of a State to deal with its own State banks. The Banking Act of 1933 contains several references to previous legislation recognizing the sovereign right of the States to control and regulate their own banks.

That portion of section 7 of the bill under consideration, appearing on page 18 of the print, makes it unlawful for any member of a national securities exchange or any broker or dealer: First, to borrow other than through a member bank of the Federal Reserve System; second, from any member bank which shall have filed with the Federal Reserve Board an agreement which is still in force.

I shall not read the balance of the paragraph.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. I yield.

Mr. MAY. Does the gentleman think a man could borrow from a State bank which was not a member of the Federal Reserve System?

Mr. HOLMES. It would be unlawful for a member of a national securities exchange or any broker or dealer to borrow money.

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts may be permitted to proceed for 10 additional minutes. The gentleman is a member of the Committee on Interstate and Foreign Commerce, and did not take any time during general debate.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HOLMES. I may say to the gentleman from Kentucky that under this section of the act it is made unlawful for any member of an exchange, any dealer, or broker to borrow money from any bank unless it is a member of the Federal Reserve System.

Mr. MAY. That would undoubtedly have a serious effect on nonmember banks should it become effective.

Mr. RAYBURN. On nonmember banks, that is true.

Mr. HOLMES. Besides, it places them at a very great disadvantage unless they file an agreement, get a license, and are willing to conform with the Federal Reserve Act and the Banking Act of 1933, which acts have recognized the sovereign right of the State to control and regulate its own State banks and do not compel them to be members of the Federal Reserve System.

I have a report here of 567 mutual savings banks in the United States. They are not commercial banks. These savings banks are just the custodians of the depositors' money, and they will be prevented from making loans to a member, broker, or dealer under the terms of section 7. This also applies to trust companies and other nonmember banks which have been chartered by any State in the Union.

In Massachusetts alone the records I have received show that during the past 5 years $121,000,000 has been loaned to brokers and dealers, and during this whole period of 5 years the loss has been less than one half of 1 percent on those loans. Naturally the savings banks in my State—and I think this is true of other States, according to the brief filed by the Association of Mutual Savings Banks of the United States—want to preserve that market as a secondary avenue for investment of surplus funds where they may have a ready yield and get a quick turnover in case their depositors need the money. The resources of these combined 567 mutual savings banks amount to $10,856,000,000. Naturally they complain because this avenue of investment is going to be taken away from them.

In my own State, in establishing the savings-bank law the legislature has prescribed what investments these mutual savings banks may make. They cannot buy speculative securities, and they cannot buy speculative stocks, because they have to comply with the legislation passed by the legislature governing the savings banks of my State. They have to confine their investments to the highest type and the highest grade of securities.

I believe it would be a crime to deprive these banks of the privilege of investment as prescribed by their own legislatures. I personally have had a good many sleepless hours over this legislation as a member of the committee, because I realize its far-reaching effect, not by what the terms of the bill set forth but by what the Commission may do by its rules and regulations. That is the feature which worries me.

Mr. RICH. Will the gentleman yield?

Mr. HOLMES. I yield to the gentleman from Pennsylvania.

Mr. RICH. If a bank, then, is not a member of the Federal Reserve, it would be unable to loan to an individual on stock deposited with it even though the stock might have been bought through a broker and deposited with this bank in order that the individual might transact business with the bank?

Mr. HOLMES. If he is dealing in securities, they are prohibited by law from making any loan whatsoever on the stock.

Mr. RICH. Then, as a member of the committee, the gentleman is offering an amendment here?

Mr. HOLMES. I am offering an amendment to the bill which would permit members of the exchange, brokers and dealers, to borrow from the mutual savings banks of the United States on securities.

Mr. RICH. Is the gentleman going to be considered a chiseler for offering this amendment?

Mr. HOLMES. I might be, but I do not believe so.

May I further augment my statement, because I have not taken any time on the bill previously. The reason I have worried about the legislation is because I have here a census report taken in 1929, and naturally I am more interested in the statistics from New England's point of view.

I find the statistics for Connecticut show that in 1929 there were 3,129 industries in that State. They employed 36,155 salaried employees. They also employed 251,861 wage earners.

The record for Rhode Island shows that that State has 1,701 industries, employing 14,048 salaried employees, and 126,068 wage earners.

Vermont has 927 industries, with 3,119 salaried employees and officers and 27,421 wage earners.

New Hampshire has 1,075 industries, employing 5,722 salaried officers and employees and 65,511 wage earners.

Maine has 1,565 industries, employing 6,640 in salaried officers and employees and 70,159 wage earners.

Massachusetts, my State, had 9,872 industries, which employed 81,670 salaried officers and employees and 557,494 wage earners.

In my own county I have over 1,100 different individual concerns, and in my own city alone there are nearly 600 different manufacturing concerns. Naturally I have been seriously troubled. The far-reaching effect of this bill will be such as to affect thousands of people employed in my State, in my county, and in my own district. The same is true of other States.

[Here the gavel fell.]

Mr. MALONEY of Connecticut. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. HOLMES. I just desired to give you that little picture of the employment situation in New England, but the same thing is applicable to every other section of the United States.

The statistics show that there are in American business today 1,313,000 retailers, 258,000 manufacturers, 112,000 wholesalers, and 31,000 banks, so that the illustration I gave for the little area of New England, as I said, is applicable to every other section of the United States.

As I said previously, I do not worry so much over what is in the bill. That is not what is troubling me; but if you read through the bill you will find that practically every section will say that it is unlawful to do this and that, and you will find in almost every section that the Federal Trade Commission may, by rules and regulations, go far beyond the scope of this bill as presented here. Of course, an appeal may be taken from these rules. There is no limit to what they can do under the act. That is the element of danger that I see in this legislation.

I am for just as strict control of the stock exchange as any man that ever walked on two feet, but I do not believe we can afford to take a chance to cripple thousands and hundreds of thousands of concerns that are furnishing daily employment to our people dependent upon them merely for the sake of getting at the medium of stock-exchange control. I think there are many amendments that could be submitted to this bill which would actually take the fear out of the hearts of industries now afraid to go ahead because of the far-reaching effect that this bill has upon the control of corporations, which corporations do not have their stock listed on any exchange in the United States.

They can, under this bill, not only control listed stocks, but they can govern and control unlisted stocks of corporations in the United States and make it more difficult for them to continue to do business. We are discouraging industry to continue to go forward and to eventually get us back into the realms of prosperity where we may again see the American family happy.

Mr. HOEPPEL. Will the gentleman yield?

Mr. HOLMES. I yield to the gentleman with pleasure.

Mr. HOEPPEL. Will this bill prevent Morgan and others from handing marked stocks under the table to their friends in political life?

Mr. HOLMES. No. It is my personal opinion it will not stop any of that type of business at all.

Mr. DUNN. Will the gentleman yield?

Mr. HOLMES. I yield.

Mr. DUNN. Is it not a fact that if this bill becomes law any man or woman desiring to invest money will know if they invest their money that it is in a safe place?

Mr. HOLMES. It may be true that this bill provides a medium where they can do that, but on the other hand, the Securities Act that we adopted last year, if it is of any value whatever, on any issue put out in the future, there must be the sanction and approval of the Federal Trade Commission before it can be put on the market.

Mr. DUNN. Does not this bill go a little further than the Securities Act that we passed in the special session and is it not more drastic?

Mr. HOLMES. I am not objecting to that feature of the bill. I am in favor of that particular part. I think proper light and information should be thrown around every security that has been issued.

Mr. DUNN. I thank the gentleman.

[Here the gavel fell.]

Mr. LEA of California. Mr. Chairman, if it were only a personal matter I should be very pleased to give support to the amendment offered by the gentleman from Massachusetts. He is deeply interested in his local affairs and it would be a pleasure to conform to his desire if that could be done consistent with the policy of this bill.

However, I think it is very important that we do not create any exceptions in this attempt to preserve control of credit.

This section refers to loans by members of the exchange, brokers, and dealers. There are three sources of loans which will be principally used in purchasing securities listed on the exchanges. One is the member bank of the Federal Reserve, another is the nonmember bank and the third is the broker's loan.

The gentleman from Massachusetts proposes that an exception shall be made in the case of mutual savings banks. It is probably true at the present time that the mutual savings banks are not lending a great amount of money to brokers for the purchase of stock, but if you should grant them that privilege, under credit conditions that will arise under this bill it would furnish a means of evading the control that this bill attempts to establish by placing in the hands of the Federal Reserve Board complete control over the credit that shall be used for the purpose of purchasing and carrying securities.

Mr. HOLMES. Will the gentleman yield?

Mr. LEA of California. In just a moment.

It would establish a special class of banks that would have the privilege of ignoring the rules established by the Federal Reserve for the purpose of preventing speculation or whatever may be the object in purchasing or carrying these securities on loans.

I now yield to the gentleman from Massachusetts.

Mr. HOLMES. I want to call attention to the fact that any mutual savings bank can enjoy the provisions of this bill if it is willing to accept a license and enter into an agreement with the Federal Reserve Board that they will comply with the various provisions I have mentioned. However, there is a grave question in my mind whether the State savings banks of Massachusetts or any other State will have permission to accept such license or grant without enabling legislation from the State giving them that privilege. This was true in the matter of taking advantage of the guarantee-of-deposits provision which we passed last year. Our savings banks could not take the benefit of that unless special legislation was passed to do it. Therefore they established their own guaranty fund, and, as I recall, would not allow the savings banks to join the Federal Reserve System to get the benefit of the guarantee provision. This affects also cooperative banks, insurance companies, and building-and-loan association groups that do somewhat of a banking business. All these interests are absolutely deprived of investing any money in securities under this act, and I maintain that this privilege should not be taken away from these institutions and that they should be allowed to invest their money in this way.

Mr. LEA of California. As the gentleman has stated, this privilege may be granted to nonmember banks. It is not necessary that they shall become members of the Federal Reserve System to get that privilege.

This section, in line 16, provides that they may borrow—

From any nonmember banks which shall have filed with the Federal Reserve Board an agreement, which is still in force and which is in the form prescribed by the Board, undertaking to comply with all provisions of this act, the Federal Reserve Act, as amended, and the Banking Act of 1933, which are applicable to member banks and which relate to the use of credit to finance transactions in securities, and with such rules and regulations as may be prescribed pursuant to such provisions of law—

And so forth.

So these mutual savings banks have the same privileges as other banks. In most instances, no doubt, a mutual savings bank would have the right to file and get this permission. If there be some case in which they do not under a State law have this right, then, of course, it would require permission, through the State law under which they are organized, to qualify them for making such loans. We must remember, however, that these brokers' loans covered by this section are made only for the purpose of purchasing and carrying stock, and this restriction does not interfere at all with the ordinary private business transactions where stock is put up as collateral to secure money for ordinary commercial purposes.

Mr. DUNN. Mr. Chairman and Members of the Committee, I rise in opposition to the amendment.

Mr. Chairman, the gentleman who just offered the amendment no doubt is very conscientious and sincere in his remarks on the bill before the House. I asked the gentleman, who just spoke, a question which I asked yesterday. This was the question: If the Fletcher-Rayburn bill is enacted into law, will it protect the people who desire to invest their money?

He admitted that it would. That is all I need to know about this bill.

I introduced a similar bill in the first session of the Seventy-third Congress.

Mr. Chairman, I live in one of the biggest manufacturing districts in the United States. I have received many letters and telegrams from the officials of the various industries desiring to impress upon my mind that if I support this legislation it means that I will be killed politically.

When I was a member of the Legislature of Pennsylvania for 6 years I always did what they did not want me to do, and yet I landed in Congress. [Laughter.]

I want the people of my district to know that if by voting for this real progressive, humanitarian piece of legislation is going to defeat me politically for the balance of my life, I am willing to be defeated, because I believe it to be one of the greatest bills ever presented in this House or in any legislative body in the world.

Now, I want to call attention to one thing more. In a Washington newspaper yesterday my secretary read to me where a man and his children were evicted from their home because he was unable to pay his rent. This condition is prevailing throughout the whole United States.

Ladies and gentlemen, I think the time has come when this Congress should enact a law which will prevent real-estate owners from putting people out of their homes, especially when they are out of work. We know that in the United States today there are thousands of men and women out of work, not because they want to be but because it is impossible for them to get employment, and they are unable to pay their necessary expenses.

It is a fact that women and children are being put out into the streets. It is true that many real-estate men are not able to pay their taxes. I think it is the duty of the Government to come forward and see that the rents of those people are paid; and also not permit utility companies, to turn off the water, light, and heat in the homes of these people because they cannot pay their bills.

Mr. HOEPPEL. Will the gentleman yield?

Mr. DUNN. I yield.

Mr. HOEPPEL. Is it not true that the Government ought to pay the depositors in closed banks, and also to relieve these monopolists of complete control of utilities?

Mr. DUNN. I agree with the gentleman. I do not hesitate to say that the progressive Democrats and progressive Republicans have done a great deal in the Seventy-third Congress in behalf of our citizens. However, before we adjourn let us enact legislation which will provide the necessities of life for the unemployed men and women of our country. [Applause.]

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

FRAZIER-LEMKE BILL—MOTION TO DISCHARGE COMMITTEE

Mr. Chairman, rule 27, section 4, of the House of Representatives provides that a Member may present a motion in writing to discharge a committee from the consideration of a bill which has been referred to it 30 days prior thereto; the motion shall be placed in the custody of the Clerk, who shall arrange some convenient place for the signature of Members. A signature may be withdrawn by a Member in writing at any time before the motion is entered on the Journal; when 145 Members have signed the motion it shall be entered on the Journal and printed with the signatures thereto in the CONGRESSIONAL RECORD.

WHEN MOTION IN ORDER

The motion may be filed in 30 days, as the rule provides, but if the committee has not had an opportunity to pass on the legislation that fact should be taken into consideration. The author of any measure should want it fully discussed and considered by a committee. A committee can function much more easily and better results can always be obtained before a committee in the effort to discover the good and bad of a measure than in the House of Representatives. In the House the Members are bound by more rigid rules, a large number is present, and it is expected that a number of Members will know all about the measure and can answer questions in regard to every section of the bill, as well as to different amendments that may be proposed. Usually such amendments have been proposed before the committee, fully discussed, and the arguments in favor and against them well known.

BILL HANDICAPPED

A bill that comes before the House under the discharge rule is very much handicapped for these reasons, and the impatience of the Members caused by a general lack of understanding and cooperation may result in a very meritorious measure getting defeated. If it is defeated, no other motion for the discharge of a committee for that measure or a similar measure is in order during that session of Congress.

Therefore the proponents of any measure should seek a committee hearing and should only resort to a discharge motion as the last resort.

FRAZIER-LEMKE BILL

On the 1st of May 1933 a petition was filed to discharge the Committee on Agriculture from the further consideration of H.R. 2855, known as the "Frazier-Lemke bill" to refinance farm mortgages, to purchase farms, and extend credit to farmers on livestock at a very low rate of interest. It is a very important bill; it deals with one of the greatest problems we have to deal with. It involves a complete change of many major policies of government. Certainly such a measure should be fully considered by a committee and all the facts obtained, printed, and made available to all the Members of the House.

COMMITTEE ON AGRICULTURE FRIENDLY TO FARMERS

The Committee on Agriculture has demonstrated its sympathy, interest, and loyalty to the people engaged in agricultural pursuits. No other committee of Congress has ever at any time in the history of this Government done more for the farmers than this committee has done the past 12 months. Every member of this committee should be pleased with their great accomplishments in behalf of agriculture. The farmers of this Nation owe them a debt of gratitude.

HEARING REFUSED BY AUTHOR

I wanted the Frazier-Lemke bill brought before the House for consideration, although I was not committed to it in its present form, and believing that the committee would not grant a hearing on the proposal I signed the petition. Later I discovered that a hearing had not been refused but had been granted. It is my understanding that about 2 months ago the author of the bill in the House approached Congressman JONES, of Texas, chairman of the committee, and requested a hearing; Chairman JONES told him that just as soon as the committee finished with the administration bills a hear-

ing would be granted; about 2 weeks ago Chairman JONES announced that he was ready to grant a full and complete hearing on the Frazier-Lemke bill; the author of the bill refused the hearing. My name was withdrawn from the motion when I learned that the committee would consider the bill. I think it is unfair to try to force consideration of a bill in the House without a committee hearing, when the committee is ready and willing to grant a hearing. In fairness to the Members of the House all available information should be certified to them in printed hearings and be at their disposal when a bill is being considered.

PROPOSALS IN BILL

This bill will have to be materially changed before it can be enacted into law. It contains one great principle that I am intensely interested in, the principle that the farmers, home owners, producers, and wage earners should be permitted to use the credit of their Nation, within reasonable bounds and limitations, for a very low interest rate.

EFFECT OF FRAZIER-LEMKE BILL

Let us suppose the Frazier-Lemke bill as it is has been enacted into law. The following program for its enforcement will be adopted:

First. The Federal land banks will give public notice to the farmers of each county of the time of holding the first county convention which shall be held at the seat of government of each county. They shall at the same time give notice of the first convention of the State delegates, to be held at the State capital of each State.

Second. The farmers in each county will meet in mass meeting; only those who are indebted and declare an intention to take advantage of the act will be allowed to participate. Delegates to the State convention will be elected.

Third. The first convention of State delegates will be held at the State capital of each State. A member of the board of agriculture is selected from each State at the first convention, who shall receive $15 a day and necessary traveling expenses while on official business.

Fourth. The conventions held in each county and each State will make rules and regulations for their procedure and make arrangements for future conventions; they shall at all times cooperate and assist in liquidating and refinancing farm mortgages and farm indebtedness.

Fifth. The board of agriculture will meet in Washington, elect a chairman, secretary, and make such rules and regulations as they deem necessary and expedient to carry out the purposes of the act; they shall elect an executive committee of three, none of whom shall be members of the board of agriculture, who shall receive $7,500 annually and 5 cents per mile for traveling expenses.

Sixth. The members of the board of agriculture shall, (a) keep in touch with and report to the executive committee the progress of liquidating and refinancing farm mortgages and farm indebtedness in their respective States, (b) cooperate with county and State governments, (c) cooperate with all farm and cooperative organizations within their respective States to speedily bring about the liquidation and refinancing of farm mortgages and farm indebtedness.

Seventh. The executive committee of the board of agriculture shall, (a) advise with and supervise the work of liquidating and refinancing farm mortgages and farm indebtedness by the Federal Farm Loan Board and the Federal Reserve Board, (b) cooperate with said boards, with county and State governments, various farm organizations, and agricultural colleges of the Nation, in order to bring about a just and speedy liquidation and refinancing of farm mortgages and farm indebtedness.

Eighth. The executive committee of the Board of Agriculture shall report any member of the Farm Loan System or the Federal Reserve Board who neglects, hinders, or delays the carrying out of the provisions of the law, to the President of the United States, and it shall be the duty of the President, upon cause shown, to remove any such officer and appoint some other suitable person.

Ninth. Applications will be made by farmers to refinance their farms, purchase farms, or to obtain loans on livestock.

Tenth. Farm mortgages will be taken up to an amount equal to the fair value of such farms. If the farm has on it insurable buildings and improvements, 50 percent of their value may also be included. If there is a debt on any such farm in excess of these amounts, then such indebtedness shall be scaled down through the use of the Bankruptcy Act.

Eleventh. Who eligible to apply? Any owner of mortgaged farm, regardless of size or value; any farmer or member of his family who lost his farm through indebtedness since 1919, and who desires to purchase the farm lost or another farm; any tenant, or member of his family, who desires to purchase a farm, provided he has lived on and operated a farm as a tenant for at least 3 years prior to the enactment of the law.

Twelfth. How much interest will farmers pay? One and one half percent interest and 1½ percent on the principal will be paid each year until the debt is liquidated; at least 3 percent will be paid each year.

Thirteenth. Where will Government get the money? Farm-loan bonds will be issued which shall bear interest at the rate of 1½ percent per annum and offered for sale. If they cannot be sold, then the Federal Reserve Board shall cause to be issued Federal Reserve notes—currency—to an amount equal to the par value of such bonds as are presented to it, farm bonds to be held as security. The available surplus and net profits of Federal Reserve banks shall be invested in these bonds, and they may be purchased by the Treasurer of the United States. There will not likely be a market for bonds due in 47 years drawing 1½-percent annual interest.

Fourteenth. How much in Federal Reserve notes may be issued in this way? Until the amount of money in actual circulation shall exceed $75 per capita. This will increase our precent per capita circulation almost $33, or about $4,000,000,000 in all. I understand the author of the bill is advocating restricting the amount to $3,000,000,000. The per capita circulation of money at this time is about $42.

Fifteenth. The same kind of credit may be extended to farmers on livestock for breeding or agricultural purposes to an amount equal to 65 percent of the fair market value thereof, such loans to run for 1 year and bear 3-percent interest.

Sixteenth. In case of crop failures and other meritorious cases, the time of payments due on loans may be extended for a period not exceeding 3 years, provided the mortgagor pays the taxes. This extension may be granted by the executive committee of the Board of Agriculture.

FACTS COMMITTEE SHOULD ASCERTAIN AND REPORT ON

Since it is evident that all farmers eligible to apply for the benefits contained in the act cannot be accommodated, but only a very few of them, some consideration should be given to distribution of the benefits among the most worthy. In other words, tenants should not be denied this credit because the big landowners who are engaged in farming for speculation and profit, and not for a livelihood have already gotten commitments sufficient to absorb all the credit that will be extended; or to allow one person to buy 1,000 acres and deny 20 farmers the privilege of buying 50 acres each. Another question: Should credit to the amount of the fair value of the property be extended? Should a board elected by a mass meeting of interested parties be given supervision over such loans and the power to extend payments that are due? What effect will such a law have on the other credit operations of the Government?

It was estimated in 1932 that approximately $12,000,000,000 of mortgage debt was outstanding on all farm property, including chattel mortgages.

NUMBER OF FARMS AND FARMERS

The 1930 census discloses that we have 6,288,648 farms in this country, that 2,911,644 full owners operate 372,449,683 acres, 656,750 part owners operate 245,926,107 acres, 55,889 managers operate 61,985,902 acres, and 2,664,365 tenants operate 306,409,324 acres.

All the 2,911,644 full owners of farms, except 184,618, furnished information which disclosed that 53.9 percent of the full owners did not owe anything on their farms. The other

46.1 percent had their farms mortgaged for a total of $4,080,176,438.

The full owners of mortgaged farms, representing less than 20 percent of all farms, owe an amount sufficient to absorb the $4,000,000,000 authorized by the Frazier-Lemke bill.

TOTAL VALUE, ALL FARMS, $57,000,000,000

The 1930 census further disclosed that the total value of all farm land, not including buildings, implements, machinery, and livestock, amounted to $34,929,844,584; the buildings were valued at more than twelve billions; implements and machinery, more than three billions; and livestock at approximately $6,000,000,000, making a total valuation of more than $57,000,000,000. This is about 14 times the amount allowed in the Frazier-Lemke bill.

TENANT FARMERS OPERATE FARMS WORTH $16,000,000,000

The 1930 census discloses that 2,664,365 tenants operated farms valued at $16,381,557,526; this amount is about four times the amount allowed in the Frazier-Lemke bill. Every tenant farmer will desire to take advantage of this act; it will be very much to his advantage to do so. Will there be any requirements as to his ability to operate the farm after it is purchased or the size and value of the farm that may be purchased? If he lost a 20-acre farm in Texas, will he be permitted to buy a 1,000-acre farm in Iowa? Many such questions arise in the consideration of this legislation and should be thoroughly investigated and reported on by the committee.

ABOUT 200,000,000 ACRES IN FARMS OVER 500 ACRES EACH

Eighty thousand six hundred and twenty of the farms listed in the 1930 census contained more than 1,000 acres each and 159,696 of them contained more than 500 acres each but less than 1,000 acres.

LIBERAL CREDIT POLICIES OF PRESENT ADMINISTRATION

One of the happiest days of my legislative service was the day the Government invoked the policy of extending direct credits to the farmers of this country. Much has been done the past 12 months in that direction. Farmers are now able to obtain money from Government sources for 5½-percent annual interest to enable them to carry on their farming operations. As a tenant cotton farmer I paid as high as 24-percent annual interest for credit to conduct farming operations. In many places in the South it is customary for 10-percent interest to be charged for the whole year, although the credit is used by the farmer only a few months. The present administration has stopped such indefensible practices; it has also given the death blow to old 10-percent interest in any form. Interest rates to farmers are cheaper today than they have ever been during our entire national existence.

LANDOWNERS BENEFITED

Farms are being refinanced at a low rate of interest; the Government is guaranteeing the payment of bonds that are secured by mortgage loans on farms and homes. Farmers' debts are being scaled down.

TEXAS FARM-LOAN RATES REDUCED

An analysis of more than half the loans closed in Texas by the land bank and bank commissioner from June 1, 1933, through March 31, 1934, the administration has reported, shows that interest charges which formerly ran from 5 to 9 percent now carry a maximum interest rate of 5 percent, with a large proportion on a 4½-percent basis. Second mortgages are included in this analysis. It cannot be said that nothing is being done toward helping the farmer scale down his debt and interest burdens. Much is being done, substantial progress is being made in that direction at this time, and we hope it continues.

COMMITTEE ACTION NECESSARY

For the reasons I have endeavored to point out, the Frazier-Lemke bill should first be thoroughly considered by the Committee on Agriculture and a full report, along with printed hearings, should be made to the House before the bill is brought up for final passage in that body. I am hoping the bill will be considered by the committee at an early date.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last two words. I suppose that long after the names of the alleged authors of this bill are gathered unto obscurity, the provisions of the bill will continue to go marching on. I am, therefore, not concerned as to the authorship, but rather as to the merits or soundness of the present proposal. I am not going to hide behind any fancied amendment. I am going to defer to the wishes of the chairman of the committee and help him vote down all amendments that are offered, and then I intend to vote against the bill. Reasons for voting against a measure of such importance as this should not be founded on mere trivia. There ought to be some vital consideration for voting against this measure. I feel that the chairman of the committee is fundamentally correct in resisting all amendments, because that committee has spent 9 or 10 weeks on the bill. To permit Members of this House, without reference to some of the text that appears in some later sections of the bill, to tear it apart, is one of the distressing things about parliamentary procedure in this body. We had an experience with the District of Columbia liquor bill. I was a member of that committee, but when we got through with the carpenter work on this floor we made a mess of the bill. Consequently, I am going to abide by the thing that the committee has presented to this House, and then vote against or for the bill as its provisions appeal to me.

Now for the reasons on which I predicate my intention to vote against the bill. In the first place, I believe the philosophy of this bill is a good deal like the so-called "political party" they had immediately after the Civil War, which was called the "Barn Burners." You may remember the name of that party, named after the experience of a gentleman down in one of the Carolinas, who had a barn that was infested with rats, and who, in order to get rid of them, burned down the barn. I am fearful that perhaps we may be doing the same thing here in burning down the barn of incipient bank-credit recovery if we pass a bill of this kind, simply to kill a few rats in the form of abuses. I do not have to apologize for my attitude on this matter by saying that I am in favor of regulation, because I do favor regulation and control of the exchanges. It seems to me that everybody who came to the well of the House stated that he was in favor of regulation and control of stock exchanges, but many were afraid that perhaps this bill went too far. I have not heard anyone as yet raise the question as to whether there is an impelling need for this bill at this time. The question in my mind is whether there is a single sound reason for a bill that goes far beyond regulation of the exchanges now. Why such legislation now?

An examination of the report on member banks of the Federal Reserve System, issued last week by the Federal Reserve bank, is rather illuminating. Do you know that according to the Federal Reserve Reporter, which reports for one half of all the banks in the country that are members of the Federal Reserve System, commercial loans this week are $19,000,000 less than last week, that last week they declined $75,000,000 after an advance in the previous 3 weeks of only $55,000,000. All the gains that were made in the 3 weeks prior to the last 2 weeks have been wiped out by the decline in credit expansion. We had hoped that there would be a large expansion in bank credit as seemed so necessary to recovery, so that home building, factory operations, and other activities might gain momentum, but seemingly those hopes have been dashed.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DIRKSEN. We are toying now with a credit industry bill, and they are talking about a Glass bill to pump credit into the economic life-stream of this Nation, while the very avowed purpose of this bill is to control credit, and put it in a strait-jacket at the very time when recovery seems to

be more or less precarious, so far as industry and business are concerned.

Mr. CROSS of Texas. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Will the gentleman excuse me for a minute? Commercial loans have declined, security loans have declined, and on the 25th of April 1934 the Federal Reserve System reports that the ordinary loans are $99,000,000 less than they were 1 year ago, and that security loans are $122,000,000 less than they were a year ago. You get the full implication of those figures when you realize that we were almost at the very bottom of national despair a year ago, and now come figures from the Federal Reserve System stating that commercial loans and security loans are over 100 million less than they were when somehow the life stream of business and industry was at the very lowest ebb. Are we going to load additional impediments, additional obstacles, additional burdens upon the slim thread of recovery at the present time?

I recently received a verbal report from my district showing that the relief roll has ascended in my county from 500 to 1,200 in the last month. I have received other reports about recessions in business; about these declines in the grain market, where corn has lost 14 cents of the gain it made since last October. I am alarmed about that sort of thing. Farmers are alarmed; business is alarmed, and the unemployed are concerned. Frankly, I am laboring at the present time under fear and apprehension that if I vote for this bill I may be adding weight to the recovery burden, and that we may somehow start further disastrous declines that may add to the unemployment rolls, that may add to the difficulties which business has encountered, and ultimately set up a grave barrier and obstacle to recovery. Nobody has shown in argument, either in general debate or otherwise, that there is an impelling reason for this bill now. Why can it not be deferred a little while, instead of tampering with the confidence that has been slightly reinduced in business and industry in the country? That is what concerns me. I never bought a share of stock in my life. I never sold a share. I never bought or sold a bushel of grain in my life. If they want to tar me with the pitch of the stock exchange, well and good, but the fear under which I am laboring at the present time is entirely self-induced, and I am afraid we are going to load the last straw upon the camel's back that will ultimately send us down hill instead of continuing on that long, slow, tedious climb up the hill.

My objections to the bill are largely found in sections 6 and 7, although there are others. I have not heard any satisfactory explanation as yet about loans on unlisted collateral. Going back to section 6 on page 15, subsection (c), if you will scrutinize it, this is what you will find: That—

> It shall be unlawful for any member of a national securities exchange or any broker or dealer to advance or maintain a line of credit upon any other security except a registered security or an exempted security, with this condition——

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to continue for another 5 minutes.

Mr. RAYBURN. Well, Mr. Chairman, the gentleman has been speaking out of order most of the time.

Mr. DIRKSEN. I tried during the general debate to get a little time on the bill, and the gentleman knows how difficult it was. I ask indulgence to speak to sections 6 and 7.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. RAYBURN. We have passed section 6.

Mr. DIRKSEN. I am reading it in connection with section 7, which we are discussing at the present time. When we consider section 6, that it is unlawful for a broker or a member or a dealer to loan on anything except a registered or exempted security, with some condition that shall be written into it by rule or regulation of the Federal Reserve Board——

Mr. DUNN. Will the gentleman yield for a brief question?

Mr. DIRKSEN. I yield.

Mr. DUNN. Why does the gentleman object to that part of the bill? I think that is the most important part of it.

Mr. DIRKSEN. Let me continue, please, and we will get to the point. Now, that brings to mind all that other class of securities known as "unlisted securities", which are the securities of some of the corporations in my district and in every other district in the Nation. In other words, by this section, no member's, dealer's, or broker's loan on those unlisted securities shall be made, except in accordance with the provisions of this act. Is that a correct statement, Mr. Chairman?

Mr. RAYBURN. Well, for the purpose of buying other securities.

Mr. DIRKSEN. Yes; for the purpose of carrying or buying other securities.

Mr. RAYBURN. If the gentleman will allow me, that goes to the very heart of the act, for the simple reason that we do want in some way to restrict speculation.

Mr. DIRKSEN. Very well. Now, that comes to what I want to discuss. When you consider section 6, which lays restrictions on the borrower from any other institution except Federal Reserve banks, when you interpret the borrowing provision in section 7 of this bill, you must read it in connection with other restrictions that have been placed upon banks. There is the Federal Deposit Insurance Corporation. Here are the restrictions imposed by the Treasury. Here is the banking act, the R.F.C., and a great many other things that will make it difficult for you to take even sound investment security and get money on it at a bank. Moreover, that is controlled now by the Federal Reserve Board under the provisions of this bill. The result is what? An investor would like to go to a broker or a dealer and take unlisted security that is sound in every sense, that is a part of his investment portfolio as one of the durable, long-term investments, and this bill says he cannot do it; it is an unlisted security. It may be the security of some good, sound corporation in your district or mine, and because of the combined restrictions in sections 6 and 7, here is the ultimate effect: You are going to disturb the marketability of unlisted securities. Let me say to you that the value and the current price of the unlisted security is largely determined by three factors: First, the safety of the principal; second, the income; and, third, the marketability. If you destroy or disturb the marketability you disturb the value. The reason I am going to vote against this bill is because I am afraid it will disastrously affect the security value of those corporations in my district that have at some time in the past issued unlisted securities. That is the reason for it, along with the fact that I am not ready as yet to put any further load upon the recovery which we are experiencing at the present time. There is no particular mystery about those objections. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. GIFFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, at this particular moment I want to report that on yesterday afternoon a few of us attended the meeting of the Chamber of Commerce of the United States. We were particularly interested to know what that large body of the business men of the country gathered here in Washington might be saying as to the effect of the Securities Act and the pending bill. While the speakers were very restrained in their language, they were none the less very insistent in their statements that the Securities Act had had a very ill effect on recovery.

Many of us feel compelled to vote against this bill because we are convinced that it will retard recovery.

Reform seems to be more important than recovery to this administration. We all desire to stop the manipulation of securities on the stock market; everyone is agreed as to that; but at this particular time, with conditions as they are and business afraid to go ahead, recovery should come first. As was said yesterday at that meeting, some instrumentality must underwrite the securities necessary to be issued to

continue business. Must it be done by more agencies of the Government itself? Private capital will not assume the risk under the Securities Act. Had I not been a mere Member of Congress—and I can well imagine how those business men probably feel about a mere Member of Congress—I would have perhaps suggested that if this act passes, taken in conjunction with the Securities Act, the Government, of course, will be expected to create many more lending agencies, because of the failure of banking facilities, whatever may be the reasons. Whether more direct and more liberal loans are to be made by the Federal Reserve Board or by the Reconstruction Finance Corporation, it now seems that industry will have to be financed generally through governmental agencies; and the banks will be left with about the only business they are now doing, buying and selling the bonds that the United States Government sees fit to issue; and they necessarily must buy them all, no matter how many may be issued, because the United States Government credit must be preserved at all hazards. When the question is asked how many can or may be issued, the answer is that there seems no limit to the amount with conditions continuing as they are. Thus the banks will finance business indirectly.

I think we have gone far enough in the matter of reform for the immediate present, and that the matter of recovery ought to be most persuasive in our minds at this particular time. Is Congress going to pay no attention at all to the voice of the business men of this country?

Have you read the morning papers, which seem to show that business is practically unanimously against this and other legislation of this character and wants to be let alone for a little while? The passage of this bill can wait a little upon recovery. Its passage at the present time is not absolutely necessary. Why not enact into law that portion of this bill which prevents manipulation and then stop? But do not change the relationship of the bankers and their customers, who may be still willing to risk continuance of their business.

It has been stated on the floor of the House many times recently that there is very little business paper being presented for rediscount and that the Federal Reserve has an insufficient amount to issue Federal Reserve notes needed. Why do we not attempt to help and not retard business? Why do we not do something to regain the confidence of those on whom we depend to do business and furnish employment? This is a long and most difficult bill to fully comprehend the effect it will have, but certainly business men are generally fearful of it.

I repeat: Pay more attention to recovery. Do nothing at this critical time to further retard business. [Applause.]

Mr. RAYBURN. Mr. Chairman, the speech of the gentleman from Massachusetts is not very alarming to me. I have heard similar speeches for 12 months. I think the gentleman from California answered the argument of the gentleman from Massachusetts on his amendment. I call for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. HOLMES].

The question was taken; and on the division (demanded by Mr. HOLMES) there were—ayes 38, noes 83.

So the amendment was rejected.

The Clerk read as follows:

SEC. 8. (a) It shall be unlawful for any person, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce, or of any facility of any national securities exchange, or for any member of a national securities exchange—

(1) For the purpose of creating a false or misleading appearance of active trading in any security registered on a national securities exchange, or a false or misleading appearance with respect to the market for any such security, (A) to effect any transaction which involves no change in the beneficial ownership of such security, or (B) to enter an order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties, or (C) to enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

(2) To effect, either alone or with one or more other persons, any series of transactions in any security registered on any national securities exchange, for the purpose of raising or depressing the price of such security.

(3) If a dealer or broker, or other person selling or offering for sale or purchasing or offering to purchase the security, to induce the purchase or sale of any security registered on a national securities exchange by the circulation or dissemination in the ordinary course of business of information to the effect that the price of any such security will or is likely to rise or fall because of market operations of any one or more persons conducted for the purpose of raising or depressing the price of such security.

(4) If a dealer or broker, or other person selling or offering for sale or purchasing or offering to purchase the security, to induce the purchase or sale of a security registered on a national securities exchange by making a statement of any material fact regarding such security which he knows or has reasonable ground to believe is false or misleading; but any such statement, insofar as it is limited to facts set forth in any application, report, or document filed pursuant to this act, shall not be deemed false or misleading unless the person making such statement knew or had reasonable ground to believe that it was false or misleading.

(5) For a consideration, received directly or indirectly from a dealer or broker, or other person selling or offering for sale or purchasing or offering to purchase the security, to induce the purchase or sale of any security registered on a national securities exchange by the circulation or dissemination of information to the effect that the price of any such security will or is likely to rise or fall because of the market operations of any one or more persons conducted for the purpose of raising or depressing the price of such security.

(6) In contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, to effect either alone or with one or more other persons any series of transactions for the purchase and sale of any security registered on a national securities exchange for the purpose of pegging, fixing, or stabilizing the price of such security.

(b) It shall be unlawful for any person to effect, by use of any facility of a national securities exchange, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors—

(1) any transaction in connection with any security whereby any party to such transaction acquires any put, call, straddle, or other option or privilege of buying the security from or selling the security to another party to the transaction without being bound to do so; or

(2) any transaction in connection with any security with relation to which he has, directly or indirectly, any interest in any such put, call, straddle, option, or privilege; or

(3) any transaction in any security for the account of any person who he has reason to believe has, and who actually does have, directly or indirectly, any interest in any such put, call, straddle, option, or privilege with relation to such security.

(c) It shall be unlawful for any member of a national securities exchange directly or indirectly to endorse or guarantee the performance of any put, call, straddle, option, or privilege in relation to any security registered on a national securities exchange, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(d) The terms "put", "call", "straddle", "option", or "privilege" as used in this section shall not include any registered warrant, right, or convertible security.

(e) Any person who wilfully participates in any act or transaction in violation of subsection (a), (b), or (c) of this section, shall be liable to any person who shall purchase or sell any security at a price which was affected by such act or transaction, and the person so injured may sue in law or in equity in any court of competent jurisdiction to recover the damages sustained as a result of any such act or transaction. Every person who becomes liable to make any payment under this subsection may recover contribution as in cases of contract from any person who, if joined in the original suit, would have been liable to make the same payment. No action shall be maintained to enforce any liability created under this section unless brought within 3 years after the violation upon which it is based.

(f) The provisions of this section shall not apply to an exempted security.

Mr. KOPPLEMANN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, my advocacy of legislative control of our stock exchanges and its affiliated business did not begin with the crashes of 1929. Years before that when I was a member of the Connecticut State Legislature I pleaded for such laws in my State. The bills failed because the brokers and a highly paid lobby saw to it.

The practices of these same brokers which led me to urge corrective legislation then are the same practices which brought to a head the public demand for the bill we are

today considering. I am proud to be a member of this Congress which is attempting now—and I pray our efforts will be successful—to enact laws which aim to end the crimes which have been permitted under our financial system. I am happy that I am once again in a position to support a measure which has for its purpose the protection of those millions of small investors who confidently entrust their savings to the commercial and industrial enterprises of this country in the belief that these are safe for investment.

The stock of the strongest company was not immune from the avalanche when the bubble of gambling prices burst and billions of dollars disappeared in the thin air, leaving in their place despair, hunger, homelessness and hopelessness. You and I took our losses too.

The public is easily swayed by smooth salesmanship. The public does not look deeply into a situation. There is no point in arguing that human nature will gamble, regardless of laws promulgated to make gambling illegal. There is such a thing as laws which will prevent robbery committed because of the guilelessness of people. The public must be protected.

Until a generation ago financial panics hurt men and women of means, and no legislation was needed to regulate the exchanges. Those people knew what they were doing and took their chances. But today the activities of the stock exchanges are not confined to persons of wealth. Every banker, industrialist, tradesman, shopkeeper, stenographer, housewife, laborer, and maid-of-all-work either has owned or is putting aside for a day when they may have money enough to buy stock.

For these people protection is needed, and that is what this bill will give.

If the stock market were a separate institution apart from any other activity of our economic system, the restrictions brokers place upon themselves would be sufficient. But it is not. The stock market is intertwined with every industrial, financial, commercial, economic, even intellectual, pursuit. It is because of the enormity of its influence that its activities must be absolutely above reproach.

I do not have to go into the financial piracies committed by brokers which contributed so drastically to the horrors of the depression from which we are only just emerging. This bill seeks to correct and eliminate those practices.

I come from a financial city. My mail is flooded with protests to any regulatory legislation of the stock exchanges. I have asked these people how many securities houses have closed their doors because of the difficulties of operating under the Securities Act. I have asked them also how many new investment houses have opened up since the enactment of the Securities Act. But when I ask specific questions of this nature they do not answer. They seem to have forgotten that during the days preceding the fall of 1929 money, instead of going at legitimate interest to the aid of industry, went, instead, to the financial marts, where it was loaned at an interest of 20 percent and higher for the purpose of enabling the public to purchase securities, many of them out-and-out fakes.

Industry has been begging for years for the help which is due it. And suddenly the bankers and the brokers discover that they are afraid to help because the law is strict. Where were they when the laws were loose?

When the opponents of this bill say that this legislation will impair our personal liberty and our rugged individualism, I ask them, What personal liberty, what individual rights would a stockholder possess who never could find out what the companies in which he was investing were earning, whose directors and officers used inside information for their personal gain? What individual liberty did the employees of the National City Bank possess when they were sold out while the bank's officers were loaned money—oftentimes at no interest charge? What individual liberty would the investor in Brooklyn-Manhattan Transit Co. have when that stock was sold short by officers knowing that dividends would be omitted at the forthcoming meeting?

Brokers and bankers have themselves to blame for this legislation. They cry about radicalism. The stanchest friends the Communists had were Wiggin, Mitchell, and Insull.

You know the details of this measure. You know what each of its provisions aims to do. Let the opponents of this bill protest the infringement of their rights with weak voices. The people are with us, and so is every honest broker.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. KOPPLEMANN. I yield.

Mr. RICH. If an industry in the gentleman's district should go to a bank in the gentleman's district to borrow money with which to conduct its business and find that because of this bill it could not borrow the money, would the gentleman still consider this a good bill?

Mr. KOPPLEMANN. On account of this bill?

Mr. RICH. Yes.

Mr. KOPPLEMANN. No.

Mr. RICH. Then the bill is not good.

[Here the gavel fell.]

Mr. KENNEY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, some time ago the President of the United States sent a report to the Congress having to do with stock-market regulation. The report was prepared by the Assistant Secretary of Commerce, John Dickinson. It dealt with various matters relating to the stock market and concluded with the following statement:

> It must always be recognized that the average man has an inherent instinct for gambling. If abolished in one form, it seems always to crop out in another.
>
> In America the man of average income has, perhaps, turned to the stock-market exchange because of the prohibition of various forms of gambling. If the speculative tendencies of our people could be turned into other channels, this instinct might be satisfied without far-reaching economic consequences.

We have heard from the distinguished chairman of our committee that there has been some chiseling going on. I think by the provisions of this bill there will be chiseling. You are going to chisel the little fellow out of the stock market. Where is he going to turn? The President himself has warned you that he is going back to some other form of gambling. He will undoubtedly look about to spend a small sum or sums for a chance to improve his condition. Shall we allow him to enter upon the practice of the old gambling evils with all the vices to which all straight-thinking men are opposed? We can prevent this by furnishing a wholesome way for him to give vent to the inborn speculative urge.

There is, if we are to be guided by the President's report, a salutary piece of legislation now pending in the House of Representatives. It is the bill introduced by me providing for a national lottery. I cannot but perceive—and I hope most of you with me perceive—that a national lottery conducted by Government for public benefit is not gambling. [Applause.] Rather it would tend to control and eradicate gambling. It would at the same time provide sorely needed funds which hosts of citizens, many thousands of persons, would cheerfully and gladly contribute in small sums of gift money.

That it would be a means of controlling if not a cure for gambling, I would here quote a noted reformer on the subject:

> I see that Representative KENNEY, Democrat, from New Jersey, has introduced a bill to create a Government lottery in the United States to provide funds for the Treasury and for veterans' benefits. * * *
>
> As a moral principle, gambling of any kind is a waste. It has no basis as an economic measure. It is pitiful to find how plentiful the fish swarm about the thinly baited hook. * * *
>
> I repeat, I'm against it as a matter of policy; but a lottery, Government-directed, that would assure veterans having their pensions restored by the profits, is better than having gambling wide-spread with private persons reaping the harvest. At least the people who make the profits would get something from their investment and they'll never do it by any other means. It would be a sort of salvage from wrong.

I have another expression from a distinguished clergyman down in Richmond, Va., who a few days ago said:

The new morality does not frown on games of chance, but it asserts that only fools play for money in games that are rigged against them. * * *

Most reformers and clergymen seem to hate games of chance, matrimony being the only game of chance favored by most of the clergy. But some of them are coming to see that all life is a game of chance, and we develop skill at it only at life's long last.

It is a good thing that the instinct to take a chance is a part of human nature or we would never get anywhere at all.

A federally conducted and operated lottery would do more to control the gambling evil than the bill now before the House.

[Here the gavel fell.]

The Clerk read as follows:

REGULATION OF THE USE OF MANIPULATIVE DEVICES

SEC. 9. It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange, to effect a short sale, or to use or employ any stop-loss order in connection with the purchase or sale, of any security registered on a national securities exchange, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

Mr. WHITE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WHITE: Page 24, line 22, after the word "devices", insert a semicolon and the following: "sales of securities."

In line 23, before the word "it", insert "(a)".

On page 25, after line 7, insert the following new subsection:

"(b) It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails or any facility of any national securities exchange to sell any security registered on a national security exchange or any security not so registered, without having made available to the purchaser thereof before the sale is effective a description of such security which shall include the serial or certificate number thereof or similar mark of identification, the name of the person and such other information identifying such security as the commission shall by rules and regulations prescribe as necessary or appropriate for the protection of investors."

Mr. WHITE. Mr. Chairman, I believe this is the most important feature that is before us in connection with this legislation, and I hope that the members of this committee will very carefully consider the proposition as embodied in this amendment.

It is one that has been under consideration and given a great deal of thought. I do not think any man should be allowed to sell something which does not exist. We do not permit anyone to offer under rules and regulations now in effect under the Securities Act a misrepresented security, but we are still allowing them to sell just thin air or nothing at all under short selling.

If the gentlemen of this committee will recall the attacks that have been made in the past on good legitimate enterprises by short selling and the destruction of credit, I think they will give this amendment due consideration. I hope the committee will not just vote this amendment down perfunctorily but will give earnest thought and consideration to the fact that we should stop short selling.

Mr. PETTENGILL. Will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Indiana.

Mr. PETTENGILL. Do I understand that under the gentleman's amendment before a seller can sell a security he must tell the buyer the number of the security?

Mr. WHITE. He must positively identify the thing offered for sale by its description and number.

Mr. PETTENGILL. As a practical matter, let us assume the following circumstance: Here is a sale order which comes in from a broker in Indiana for execution in New York to sell 10 shares of steel. There is a buy order that originates somewhere in the United States—Colorado, Texas, California, Florida, or some other State. How, as a practical proposition, can the seller in Indiana, operating by telegraph to the New York Exchange, notify the possible purchaser of the stock as to the number of the certificate? He does not even know, or ever will know, who the buyer it.

Mr. WHITE. When he offers to sell 10 shares, it is mighty easy for him to identify those shares by certificate number. He will use the certificate number or serial. He has no more right to offer for sale 10 shares of a company than you have a right to offer for sale 10 lots on Pennsylvania Avenue down here without giving a description of the lots.

Mr. DONDERO and Mr. DARDEN rose.

Mr. DONDERO. Will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Michigan.

Mr. DONDERO. What difference would it make as to what the number or the serial on the stock was? It is all the same.

Mr. WHITE. It would operate to prevent the short selling of something which does not exist. Let us confine our sales to things that exist rather than to the sale of things which do not exist. If the gentleman is conversant with what happened to Mr. Saunders in the Piggly Wiggly transaction and the ruin that was brought about to business concerns and individuals by the short selling of securities, he would know the damage and destruction that has been brought to the business of this country.

Mr. DONDERO. The furnishing of the number would not make any difference.

Mr. WHITE. Men who were engaged in worthy enterprises were ruined by short selling and the damaging of credit and market value of securities.

Mr. DONDERO. It would not make any difference whether it was A or Z, if it is the same kind of stock and in the same corporation.

Mr. WHITE. Let the seller identify it by certificate number, as provided in this amendment.

Mr. DARDEN. Would not that entail endless litigation?

Mr. WHITE. How would it? If you offered 10 lots on Pennsylvania Avenue, lots nos. 7, 8, 9, 10, 11, and so on, in block 7, that would not entail any great amount of work.

Mr. DARDEN. That is true, but it would be very difficult, with the large number of issues of legitimate securities now on sale on the stock exchange, to describe them minutely in a telegraphic order.

Mr. WHITE. Is it the gentleman's contention that we should not identify what is offered for sale?

Mr. DARDEN. Generally, that is true, and that is done under the rules in effect on the exchanges, but under this amendment you would not only stop short selling, you would stop all selling, because you would make it so cumbersome that people could not engage in the business.

[Here the gavel fell.]

Mr. WHITE. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

Mr. WHITE. We who have studied the financial situation and short selling in this country know that business has been ruined and various enterprises have been destroyed by piratical attacks of unscrupulous dealers. We know that something should be done to curb this practice. Anybody who is conversant with what happened to Stutz Motor Co. knows how young Ryan cornered Stutz stock on the exchange and caused them to change the rules in order to avoid responsibility. We know what happened to Saunders in Memphis, Tenn., when his business was ruined by short selling.

Let us carry out the intention with which this bill was drawn and make it effective by the adoption of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho.

The question was taken, and the amendment was rejected.

Mr. SABATH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SABATH: Page 25, line 1, after the word "sale", insert "or offer to sell short."

Mr. SABATH. Mr. Chairman, ladies, and gentlemen, I hope the committee will accept this amendment. The intent of the provision is to prevent short selling by giving the commission the right to regulate. All I desire to do is to make this clear.

The bill, as it is written, restricts or prevents short selling, subject to regulation by the commission, and I know it has been the practice to offer short sales for the purpose of hammering down prices. I think the words "or offer to sell short" should be included, and I think this will make the bill more effective.

Personally, of course, I voted for the amendment of the gentleman from Idaho, and I have favored such an amendment, because in the fall of 1929 I started a crusade against short selling. I have done everything humanly possible to have the stock exchanges stop short selling, if not for the country's sake, then for its own sake, but they refused to listen to reason. Naturally, if I could absolutely restrict or prevent short selling, I would be extremely happy; but I have enough confidence in the commission to believe they will restrict and preclude any of these pool operations and short selling that brought about the destruction of the market in 1929.

Mr. Chairman, being extremely anxious and desirous for early passage of this bill, and realizing what this committee has been subjected to, and feeling that they have done the very best they could in formulating this bill—though I had intended to offer several amendments in the hope of strengthening and clarifying some of the provisions, I shall refrain from doing so, as I do not wish to give the enemies of this legislation a chance or opportunity to delay its consideration and final passage.

It is not by any means a perfect bill. It does not go as far as I should like it to; but, as I have stated, I feel it is the best bill the committee was able to agree upon during the long weeks the committee has had it under consideration. Having studied these abuses ever since the fall of 1929—having drafted many resolutions to investigate the stock exchange and its many ramifications and the causes and those responsible for the criminal conditions, and then the inevitable crash that was bound to follow; having also drafted and introduced in 1930, 1931, 1932, and 1933 several bills to restrict these abuses—in the first place, short selling, the floor traders, the specialist, match sales, sales against the box, the pool operations, I fully realize the tremendous task of the gentleman from Texas, the chairman of this committee, and its members in reaching a final agreement on the bill before the House.

My last bill, which I introduced on February 10 and which I felt would receive favorable consideration, was the work of many weeks, and I thought that I actually had a bill that would eliminate all the vicious practices and protect the public, but I am obliged to concede that the committee's bill before us today is much more comprehensive than mine, though not as restrictive. Therefore, I can appreciate the task of this committee, composed of 25 members, most of whom must have fully utilized their knowledge and ability, which I know are greater than mine, in accomplishing this task.

Mr. Chairman, ladies, and gentlemen, it is easy to criticize and tear down, but it is much harder to construct and perfect, and I, therefore, congratulate the committee that they have had the assistance of two expert draftsmen—that is, Mr. Crawford and Mr. Cohen—as they were familiar with the workings of the stock manipulations and with the technical terms, and in that way were able materially to aid the committee in its tremendous task. For that reason I do not blame the chairman of the committee for resenting the insinuations of my colleague [Mr. BRITTEN] in his aim to popularize the "red house", in view that the Dr. Wirt bubble had been so completely exploded. My colleague, though admitting that he does not know anything about a "red house", if there is one, I feel would have been more at home and in sympathy with a "green house" and its environments.

Personally, I feel that the committee has performed a great service to the country and are entitled to thanks, and I hope their wonderful services which they have rendered to the country will be appreciated and recognized. I admit that this legislation is not legislation that the stock exchanges desire. They hoped that they would be able to continue in the future as they have in the past—mulcting the American people without any restriction or limitations.

If these two gentlemen who have been designated as "young men", or "boys", had given their services to the stock exchanges, I presume they would be acclaimed as great financial experts and gentlemen of the highest attainments; but in view of the fact that they are giving their knowledge, experience, and ability to the committee and the Government, they must perforce be subjected to continuous attacks and abuse, the same as many other men who prefer to serve the country in preference to those who have in the past, and again contemplate wrecking the country in the future. I feel that the vast majority of the people of this country will appreciate the great service these gentlemen are rendering to the Nation.

In conclusion, let me say that I am indeed gratified, notwithstanding that nearly $2,000,000 has been expended in propaganda by the stock exchange and notwithstanding that thousands of misleading statements have been printed, and despite the attacks that have been made against this legislation, that a great majority of the Members of this body have remained steadfast and loyal to their country as against the tremendous power and influences that the stock exchanges have endeavored to exert upon them. Realizing that all their activities have not prevented the consideration of this legislation, they have again resorted to their tactics of hammering prices and instilling fear in the American business man. Therefore, I feel that once more I want to assure the American business men, who have permitted themselves to be used by this stock-exchange lobby and influence not to fear but to look forward with confidence that this legislation will be beneficial to legitimate business. For it will be impossible in the future for these stock-exchange manipulators to utilize billions upon billions of the people's money for gambling and speculation, and thereby deprive legitimate business of the financial aid and credit which these gambling overlords have in the past deprived them of in the hour of greatest need. The Wall Street bankers, and especially the investment bankers and these very stock-exchange manipulators, conducted the same vicious lobby and attack when the Federal Reserve legislation was being considered. I regret that they weakened that act; and if the bill had passed in its original form, as recommended by President Wilson, I am satisfied that the criminal orgy of 1928 and 1929 would not have been made possible, and therefore would have precluded the crash of 1929.

Under the leave given me I herewith insert as part of my remarks H.R. 7924, the last bill that I introduced on this subject:

A bill to provide for the registration and regulation of stock exchanges, to prohibit unfair transactions and practices, and for other purposes

Be it enacted, etc., That this act may be cited as the "Stock Exchange and Securities Act of 1934."

SEC. 2. (a) On and after 60 days after the date of enactment of this act it shall be unlawful to transmit or cause to be transmitted through the mails or in interstate commerce by any means or instruments of transportation or communication (1) any quotation of prices, or any other advice, report, or information concerning transactions on any stock exchange in any security listed, quoted, or dealt in on such exchange; (2) any offer to buy or sell any such security on such stock exchange; (3) any contract, agreement, or memorandum of purchase or sale of any such security arising out of any transaction on such stock exchange; and (4) any security sold or to be sold on such stock exchange, unless such stock exchange shall have first obtained a license from the Commission as hereinafter provided and such license is in effect at the time of such transmission.

(b) Applications by stock exchanges for licenses under this act shall be made to the Commission in such manner and under such terms and conditions as the Commission shall prescribe. No such license shall be granted unless at the time of the application therefor the applicant stock exchange agrees that upon the granting of the license it will comply with all the provisions of this act and of the rules and regulations made by the Commission pursuant thereto. The Commission may by order suspend or revoke any such license for noncompliance with any such provision or with any term or condition of the license, but no such order shall be made except after the licensee has been given due notice and a reasonable opportunity to be heard. Any order of the Commission suspending or revoking any such license may be reviewed as hereinafter provided by the Court of Appeals of the District of Columbia, or the circuit court of appeals for the

judicial circuit in which the licensee has its principal place of business, if a petition for such review is filed within 3 months after the date such order was issued. The judgment of any such court shall be final, except that it shall be subject to review by the Supreme Court of the United States upon certiorari, in the manner provided in section 240 of the Judicial Code, as amended. The review by such courts shall be limited to questions of law, and the findings of fact by the Commission, if supported by substantial evidence, shall be conclusive. Upon such review, such courts shall have power to affirm or, if the order of the Commission is not in accordance with law, to modify or to reverse the order of the Commission, with or without remanding the case for a rehearing, as justice may require.

(c) Each license issued to a stock exchange under this act shall contain the following terms and conditions:

(1) That the exchange will adopt, with the approval of the Commission, rules with respect to transactions on the exchange designed to comply with and enforce the regulatory requirements prescribed pursuant to this act;

(2) That the exchange will make such reports and such changes in its rules with respect to transactions on the exchange as the Commission may from time to time require;

(3) That the Commission may modify or alter the terms and conditions of the license at any time if in the opinion of the Commission such modification or alteration is necessary in the public interest;

(4) That the exchange shall take such disciplinary measures as may be necessary to properly enforce the requirements imposed upon it by its license and the rules and regulations of the Commission made pursuant to this act; and

(5) That the Commission, in conjunction with the Federal Reserve bank of the Federal Reserve district in which the stock exchange is located, shall have authority to prescribe margin requirements to be observed by the members of the exchange in their dealings in securities on such exchange: *Provided, however,* That short sales, pool operations, wash sales and matched orders, sales against the box, and buying or selling by specialists or by floor traders for their own account are prohibited.

(d) In the event that any stock exchange violates any of the terms and conditions of its license or of any provisions of this act or of any rules and regulations of the Commission pursuant thereto, and, in the opinion of the Commission, the immediate suspension or revocation of such license will not be in the public interest, the Commission shall have authority in its discretion to require licenses of the members of such exchange as a condition of the continued operation of the exchange, and/or to require the exchange to appoint new officers and new members of its governing boards and committees, and/or to subject the exchange to a penalty of $5,000 a day for each day that such violation continues, such penalty to be collected by the Commission by suit or otherwise.

SPECIAL POWERS OF COMMISSION

SEC. 3. (a) The Commission shall have authority from time to time to make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this act, including rules and regulations defining accounting and trade terms used in this act and with respect to pool operations, wash sales and matched orders, margin trading, specialists, short selling, corporate accounting and practices, publicity of transactions and customers' men, segregation of brokerage and other forms of business, reports, and examinations of members of the various exchanges, and unorganized or over-the-counter markets. Among other things, the Commission shall have authority, for the purposes of this act, to prescribe the form or forms in which required information shall be set forth, and the items or details to be used in required statements. The rules and regulations of the Commission shall be effective upon publication in the manner in which the Commission shall prescribe.

(b) The Commission is further authorized to establish such standards with respect to stock-exchange practices, and to gather and compile such information and make such investigations concerning the transactions on the various stock exchanges, stock-market operations and practices, and related matters, as in its judgment are necessary and proper in carrying out the functions vested in it by this act.

(c) For the purpose of all investigations which, in the opinion of the Commission, are necessary and proper for the enforcement of this act, any member of the Commission or any officer or officers designated by it are empowered to administer oaths and affirmations, subpena witnesses, take evidence, and require the production of any books, papers, or other documents which the Commission deems relevant or material to the inquiry. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States or any Territory at any designated place of hearing.

(d) The information contained in or filed with any statement required by this act shall be made available to the public under such regulations as the Commission may prescribe, and copies thereof, photostatic or otherwise, shall be furnished to every applicant at such reasonable charge as the Commission may prescribe.

(e) The Commission is further authorized to employ, to fix the compensation of, such officers and employees, and to make such expenditures (including expenditures for rent and personal services in the District of Columbia and elsewhere and for law books, books of reference, and periodicals and for printing and binding), as may be necessary to carry out the provisions of this act.

(f) The Commission is further authorized to prescribe fees for licenses required under this act.

(g) The Commission may, to such extent as it deems advisable, exempt from the operation of this act transactions in any security issued or guaranteed by the United States or any Territory thereof, or by the District of Columbia, or by any State of the United States, or by any political subdivision of a State or Territory, or by any public instrumentality of one or more States or Territories exercising an essential governmental function, or by any corporation created and controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or by any national bank; or any security issued by or representing an interest in or a direct obligation of a Federal Reserve bank.

SEC. 4. The Federal Reserve Board and the Federal Reserve bank of the district in which any stock exchange is located shall have authority to suspend for such period as they may determine the borrowing and rediscount privileges of any member bank which makes loans to a member of such exchange who fails to comply with the margin requirements prescribed by the Commission.

INJUNCTIONS AND PROSECUTION OF OFFENSES

SEC. 5. (a) Whenever it shall appear to the Commission, either upon complaint or otherwise, that the provisions of this act, or of any rule or regulation prescribed under authority thereof, have been or are about to be violated by any person, it may, in its discretion, either require or permit such person to file with it a statement in writing, under oath, or otherwise, as to all the facts and circumstances concerning the subject matter which it believes to be in the public interest to investigate, and may investigate such facts.

(b) Whenever it shall appear to the Commission that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this act, or of any rule or regulation prescribed under authority thereof, it may, in its discretion, bring an action in any district court of the United States, United States court of any Territory, or the Supreme Court of the District of Columbia to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. The Commission may transmit such evidence as may be available concerning such acts or practices to the Attorney General who may, in his discretion, institute the necessary criminal proceedings under this act.

(c) Upon application of the Commission the district courts of the United States, the United States courts of any Territory, and the Supreme Court of the District of Columbia, shall also have jurisdiction to issue writs of mandamus commanding any person to comply with the provisions of this act or any order of the Commission made pursuant thereto.

JURISDICTION OF OFFENSES AND SUITS

SEC. 6. (a) The district courts of the United States, the United States courts of any Territory, and the Supreme Court of the District of Columbia shall have jurisdiction of offenses and violations under this title and under the rules and regulations promulgated by the Commission in respect thereto, and, concurrent with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by this act. Any such suit or action may be brought in the district wherein the defendant is found or is an inhabitant or transacts business, or in the district where the sale took place, if the defendant participated therein, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 225 and 347). No case arising under this act and brought in any State court of competent jurisdiction shall be removed to any court of the United States. No costs shall be assessed for or against the Commission in any proceeding under this act brought by or against it in the Supreme Court or such other courts.

(b) In case of contumacy or refusal to obey a subpena issued to any person, any of the said United States courts, within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides, upon application by the Commission may issue to such person an order requiring such person to appear before the Commission, or one of its examiners designated by it, there to produce documentary evidence if so ordered, or there to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof.

(c) No person shall be excused from attending and testifying or from producing books, papers, contracts, agreements, and other documents before the Commission, or in obedience to the subpena of the Commission or any member thereof or any officer designated by it, or in any cause or proceeding instituted by the Commission, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for, or on account of, any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

EFFECT ON EXISTING LAW

SEC. 7. (a) The rights and remedies provided by this act shall be in addition to any and all other rights and remedies that may exist at law or in equity, except that this act shall supersede such laws of any State as are inconsistent with the provisions or purposes of this act and such laws of any State as provide for the supervision or regulation of the administration or conduct of business on any exchange which is licensed by the Commission.

(b) Nothing in this act shall be construed to modify existing law with regard to the binding effect on any member of any exchange of any action taken by the authorities of such exchange to settle disputes between members or with regard to the binding effect of such action on any person who has agreed to be bound thereby or with regard to the binding effect on any member of any disciplinary action taken by the authorities of the exchange as a result of violation of any rule of the exchange, insofar as the action taken is not inconsistent with the provisions of this act, or the rules and regulations of the Commission thereunder.

VALIDITY OF CONTRACTS

SEC. 8. (a) Any condition, stipulation, or provision binding any person to waive compliance with any provision of this act or of any regulation promulgated pursuant thereto, or of any rule required by such regulation shall be void.

(b) Every contract made in violation of, or the performance of which involves the violation of, any provision of this act or of any rule or regulation thereunder shall be void as regards any cause of action arising after the effective date of such provision, regardless of whether the contract was made before or after such effective date.

FOREIGN EXCHANGES

SEC. 9. It shall be unlawful for any broker or dealer, directly or indirectly, to make use of the mails or of any means or instrumentality of transportation or communication in interstate commerce for the purpose of effecting on an exchange situated in a place not subject to the jurisdiction of the United States any transaction in any security the issuer of which is a resident of, or is organized under the laws of, or has its principal place of business in, a place subject to the jurisdiction of the United States except in accordance with such rules and regulations as the Commission may prescribe.

DEFINITIONS

SEC. 10. When used in this act, unless the context otherwise requires—

(1) The term "Commission" means the Federal Trade Commission.

(2) The term "security" means any note, stock, Treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of interest in property, tangible or intangible, or, in general, any instrument commonly known as a security, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing.

(3) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, or a government or political subdivision thereof. As used in this paragraph the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "interstate commerce" means trade or commerce in securities or any transportation or communication relating thereto among the several States or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia.

(5) The term "Territory" means Alaska, Hawaii, Puerto Rico, the Philippine Islands, the Canal Zone, the Virgin Islands, and the insular possessions of the United States.

(6) The term "stock exchange" means a market or meeting place controlled by rules, on which only members are permitted to deal with one another on their own behalf or for their customers, and at which securities of corporations or joint-stock companies are bought and sold or offered for purchase and sale.

(7) The term "short sale" means any sale wherein the seller does not possess direct ownership of the shares sold.

(8) The term "matched order" or "wash sale" means (1) a sale or offer for sale, or the pretended sale or offer for sale, directly or indirectly, of any securities accompanied by or in conjunction with the purchase or offer to purchase, or the pretended purchase or offer to purchase, directly or indirectly, of the same securities, and (2) the pretended sale or purchase, or the attempt to sell or purchase, any securities with the purpose or intent of recording or procuring the recording of a price or quotation therefor.

(9) The term "specialist" means any person who specializes in the execution of orders in respect of any security or securities on an exchange and who commonly receives from other members of the exchange orders for execution in respect of such security or securities.

(10) The term "pool" means a number of persons uniting or joining their interests for the purpose of buying or selling and thus increasing or depressing the price of one or more securities.

(11) The term "sales against the box" means the technical disposition of securities owned but not actually presented with the payment of transfer tax, including the borrowing of a similar security from the box for the purpose of making delivery.

(12) The term "floor trader" means a member of the stock-exchange house who is permitted to execute the orders on the floor of the exchange.

PENALTIES

SEC. 11. Any person who willfully violates any of the provisions of this act, or the rules and regulations promulgated by the Commission under authority thereof, shall upon conviction be fined not more than $5,000 or imprisoned not more than 5 years, or both.

SEPARABILITY OF PROVISIONS

SEC. 12. If any provision of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 13. That paragraph (c) of section 3 of this act shall become effective upon the date of the enactment of this act: *Provided*, That the first part of paragraph (1) of section 3 (a) of the Securities Act of 1933, reading as follows:

"(1) Any security which, prior to or within 60 days after the enactment of this title, has been sold or disposed of by the issuer or bona fide offered to the public."

is hereby repealed.

Before closing I desire to express the fervent hope that in the future the Federal Reserve will not permit itself to be used by the selfish, avaricious, and greedy stock-exchange manipulators, nor that it will be permitted to raise the call interest rate to 18 percent and 20 percent in tempting and inducing the small banks to send all of their available cash to Wall Street for gambling and thus deprive legitimate business of the credit to which it is entitled, nor to give corporations the right to use their surpluses for those purposes, as has been testified to before the Senate committee.

A few days ago Mr. Pecora gave out a statement showing the amount of profits accruing to the members of the New York Stock Exchange, but, unfortunately, he did not have the complete report. I had figures compiled in 1930 showing that the commissions and interest payments alone received on the part of the stock exchanges and their brokers were over $2,000,000,000 for the single year 1929. No wonder that the membership of the New York gambling place sold as high as $650,000. Is there any wonder, then, why Mr. Whitney and his colleagues are using every ingenuity and the great power they possess to stop this legislation?

First and above all, the credit for this great measure must go to Franklin Delano Roosevelt. For we must not lose sight of the fact that it has been due to his courageous and fearless resistance to the greatest propaganda that has ever been launched in this country against an honest proposal to regulate the evils of stock-exchange gambling, that this bill is to be enacted into law.

And in conclusion, once more I want to congratulate the committee, and every member thereof, who has loyally stood by our great President in cooperating in the formulation of this bill, and who has aided in its passage. I fervently hope that this legislation will make impossible the crimes of 1893, 1907, and the greatest crime of all, that of 1929.

Mr. BLACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it seems to me that the only ones who had a real valuable, worth-while opinion as to the condition of this country were the shorts in the market. It seems to me that if we had paid more attention to the bears in the market and less to the bulls in the market, we would have been better off.

This bill presents to my mind a strange conflict of thought. You start out with a bill that is designed to curb extravagance of statement in the selling of stock, and you expect to do it by Government regulation, you expect to do it by Government commission.

We have had plenty of laws in all the States, we have a Federal law condemning extravagance of statement, condemning misstatements and providing penalties. In spite of all the laws, these extravagant statements have gone on. There has not been any real enforcement of the laws.

If the Government and the States enforced their laws as well as the stock exchange enforces its drastic regulations, there would not be this hue and cry.

You start off to curb extravagant statements, and then you provide against short selling of stock, which is on the other side of extravagant statement. It is a contradiction to the bulls. In other words, you try to curb extravagant statement, and at the same time you curb the natural regulatory process that has been carried on by the short side of the market.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEGREGATION AND LIMITATION OF FUNCTIONS OF MEMBERS, BROKERS, AND DEALERS

SEC. 10. (a) The Commission shall prescribe such rules and regulations as it deems necessary or appropriate in the public interest or for the protection of investors (1) to regulate or prevent floor trading by members of national-securities exchanges, directly or indirectly, for their own account or for discretionary accounts, and (2) to prevent such excessive trading on the exchange, but off the floor, by members, directly or indirectly, for their own account, as the Commission may deem detrimental to the maintenance of a fair and orderly market. It shall be unlawful for a member to effect any transaction in a security in contravention of such rules and regulations, but such rules and regulations may make such exemptions for arbitrage transactions, for transactions in exempted securities, and, within the limitations of subsection (b) of this section, for transactions by odd-lot dealers and specialists, as the Commission may deem necessary or appropriate in the public interest or for the protection of investors.

(b) In accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, the rules of a national-securities exchange may permit (1) a member to be registered as an odd-lot dealer and as such to buy and sell for his own account so far as may be reasonably necessary to carry on such odd-lot transactions, and/or (2) a member to be registered as a specialist. If under the rules and regulations of the Commission a specialist is permitted to act as a dealer, or is limited to acting as a dealer, such rules and regulations shall restrict his dealings so far as practicable to those reasonably necessary to permit him to maintain a fair and orderly market, and to those necessary to permit him to act as an odd-lot dealer if the rules of the exchange permit him to act as an odd-lot dealer. It shall be unlawful for a specialist to disclose to any person other than an official of the exchange, a representative of the Commission, or a specialist who may be acting for him, information in regard to orders placed with him which is not available to all members of the exchange, but nothing herein shall be construed to prevent the rules of an exchange requiring the disclosure to all members of all orders placed with a specialist. It shall also be unlawful for a specialist acting as a broker to effect on the exchange any transaction except upon a market or limited price order.

(c) If, because of the limited volume of transactions effected on an exchange, it is in the opinion of the Commission impracticable and not necessary or appropriate in the public interest or for the protection of investors to apply any of the foregoing provisions of this section or the rules and regulations thereunder, the Commission shall have power, upon application of the exchange and on a showing that the rules of such exchange are otherwise adequate for the protection of investors, to exempt such exchange and its members from any such provision or rules and regulations. Such exemption may be by order withdrawn by the Commission, after appropriate notice and opportunity for hearing, whenever the Commission finds that the conditions which gave rise to the exemption no longer exist.

(d) It shall be unlawful for a member of a national-securities exchange who is both a dealer and a broker, or for any person who both as a broker and a dealer transacts a business in securities through the medium of a member or otherwise, to effect through the use of any facility of a national-securities exchange or of the mails or of any means or instrumentality of interstate commerce, or otherwise in the case of a member, (1) any transaction in connection with which, directly or indirectly, he extends or maintains or arranges for the extension or maintenance of credit to or for a customer on any security (other than an exempted security) which was a part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within 6 months prior to such transaction: *Provided*, That credit shall not be deemed extended by reason of a bona fide delayed delivery of any such security against full payment of the entire purchase price thereof upon such delivery within 35 days after such purchase, or (2) any transaction with respect to any security (other than an exempted security) unless, if the transaction is with a customer, he discloses to such customer in writing at or before the completion of the transaction whether he is acting as a dealer for his own account, as a broker for such customer, or as a broker for some other person.

(e) The Commission is directed to make a study of the feasibility and advisability of the complete divorcement of the functions of dealer and broker, and to report the results of its study and its recommendations to the Congress on or before January 3, 1936.

Mr. PETTENGILL. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 26, strike out beginning with "It", in line 18, down through the period in line 1, on page 27, and insert in lieu thereof the following: "It shall be unlawful for a specialist to disclose to any person other than a representative of the Commission or a specialist who may be acting for him, information in regard to orders placed with him which is not available to all members of the exchange; but the Commission shall have power to require disclosure to all members of the exchange of all orders placed with specialists, under such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors."

Mr. PETTENGILL. Mr. Chairman, if our distinguished colleague, Mr. MARLAND, of Oklahoma, were in the city today, he would have offered this amendment. I am speaking in part in his behalf. I want to take a moment to say that our distinguished colleague, Mr. MARLAND, has rendered splendid service on the committee. No member of the committee had the large background of experience in the matters covered by this bill possessed by Mr. MARLAND. His voice was always on the side of honest dealing. In the short time he has been in Congress he has made a reputation with his colleagues which any Member with many years of service here would be proud to possess. We all regret that he is leaving Congress to run for the great office of Governor of Oklahoma. If I had anything to say to the citizens of Oklahoma, I would recommend that they elect him to that great office. [Applause.]

This matter is one of the most technical questions or problems presented in this bill. Under the language moved to be stricken out, it will be noticed that it is unlawful for a specialist to disclose information. In other words, that raises the problem of the closed book of the specialist, and upon further consideration by the committee we felt that we did not wish to give congressional sanction to the closed book of the specialist, which many people feel has been one of the greatest abuses on the exchange. Some members of the committee, including myself, would have written into this law that the books of the specialists shall always be open at all times to all members, but we realized that it is a matter that requires a great deal of study.

The Dickinson-Roper report recommended that the matter be deferred for further consideration by the Commission, and the Twentieth Century Fund was not able to make a definite recommendation in respect to the matter; so, by striking out the language which appears to give congressional sanction to the closed book, we are now giving the Commission the power to order the books either open or closed under such regulations as they may deem appropriate in the public interest and for the protection of the investor, rather than making a rigid, statutory limitation in favor of either the closed book or the open book.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. Yes.

Mr. SABATH. I fully appreciate what the gentleman has stated as to the abuses on the part of the specialists, and I am indeed grateful for the amendment the gentleman has offered, but even with that amendment is there not a danger that a few men on the inside, the officers of the exchange, may secure from the specialist in advance any and all information they desire, precisely as they have heretofore?

Will they not still be able to obtain information that will apprise them in advance of all the other members of the exchange knowledge of the accumulated overnight orders to buy or sell various stocks, the amount and the prices at which the sellers will sell, and the prices at which buyers are willing to buy? With such information the insiders would continue to possess in advance, as they do now, knowledge that probably no one else would have. Armed with this confidential information, they would be able easily to decide what course to pursue as between buying or selling. Or, in other words, as I have stated on the floor before, they would have the opportunity of looking into all the other players' hands, and then of making their bets at this gam-

bling table in safety not only to the disadvantage of outside investors but even to the advantage of their fellow members of the gambling fraternity as well. It is practically the same as if they were playing with marked cards.

Mr. PETTENGILL. Mr. Chairman, I offer no defense of the closed book personally, and I agree with the gentleman that until and unless the Commission shall order the books closed, the abuse the gentleman refers to might happen, that the specialist or his friends might have the advantage of the secret information that is on his books; but as I said a moment ago, neither the Dickinson-Roper report nor the Twentieth Century Fund nor this committee, during the past 10 weeks, feel that we have arrived at sufficiently definite conclusions in respect to the matter, and we prefer to leave it for the future regulation of the Commission.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

REGISTRATION REQUIREMENTS FOR SECURITIES

SEC. 11. (a) It shall be unlawful for any person to effect any transaction in any security (other than an exempted security) on a national securities exchange unless a registration is effective as to such security for such exchange in accordance with the provisions of this act and the rules and regulations thereunder.

(b) A security may be registered on a national securities exchange by the issuer filing an application with the exchange (and filing with the Commission such duplicate originals thereof as the Commission may require), which application shall contain—

(1) Such of the following information, in such detail, as to the issuer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the issuer, and any guarantor of the security as to principal or interest, or both, as the Commission may by rules and regulations require, as necessary or appropriate in the public interest or for the protection of investors:

(A) the organization, financial structure, and nature of the business;

(B) the terms, position, rights, and privileges of the different classes of securities outstanding;

(C) the terms on which their securities are to be, and during the preceding 3 years have been, offered to the public or otherwise;

(D) the directors and officers, their remuneration (including amounts paid, or which may become payable, as a bonus or under a profit-sharing arrangement), and their interests in the securities of, and their material contracts with, the issuer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the issuer;

(E) remuneration (including amounts paid, or which may become payable, as a bonus or under a profit-sharing arrangement) in excess of $10,000 per annum, to any person other than directors and officers;

(F) management and service contracts of material importance to investors;

(G) options existing or to be created with respect to their securities;

(H) balance sheets for the 3 preceding years, certified by independent public accountants or otherwise, as the Commission may prescribe; and

(I) profit-and-loss statements for the 3 preceding years, certified by independent public accountants or otherwise, as the Commission may prescribe.

(2) Such copies of articles of incorporation, bylaws, trust indentures, or corresponding documents by whatever name known, underwriting arrangements, and other similar documents of, and voting trust agreements with respect to, the issuer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the issuer as the Commission by rules and regulations may require as necessary or appropriate for the proper protection of investors and to insure fair dealing in the security.

(c) If in the judgment of the Commission any information required under subsection (b) is inapplicable to any specified class or classes of issuers, the Commission shall require in lieu thereof the submission of such other information of comparable character as it may deem applicable to such class of issuers.

(d) If the exchange authorities certify to the Commission that the security has been approved by the exchange for listing and registration, the registration shall become effective 30 days after the receipt of such certification by the Commission or within such shorter period of time as the Commission may determine. A security registered with a national-securities exchange may be withdrawn or stricken from listing and registration in accordance with the rules of the exchange and, upon such terms as the Commission may deem necessary to impose for the protection of investors, upon application by the issuer or the exchange to the Commission; whereupon the issuer shall be relieved from further compliance with the provisions of this section and section 12 of this act and any rules or regulations thereunder as to the securities so withdrawn or stricken. An unissued security may be registered only in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors. Such rules and regulations shall limit the registration of an unissued security to cases where such security is a right or the subject of a right to subscribe or otherwise acquire such security granted to holders of a previously registered security and where the primary purpose of such registration is to distribute such unissued security to such holders.

(e) Notwithstanding the foregoing provisions of this section, the Commission may, by such rules and regulations as it deems necessary or appropriate in the public interest or for the protection of investors, permit securities listed on any exchange at the time the registration of such exchange as a national-securities exchange becomes effective, to be registered for a period ending not later than July 1, 1935, without complying with the provisions of this section.

(f) The Commission is directed to make a study of trading in unlisted securities upon exchanges and to report the results of its study and its recommendations to Congress on or before January 3, 1935. Notwithstanding the foregoing provisions of this section, the Commission shall, by such rules and regulations as it deems necessary or appropriate for the protection of investors, prescribe terms and conditions under which, upon the request of any national-securities exchange, such exchange may continue until July 1, 1935, unlisted trading privileges to which a security had been admitted on such exchange prior to March 1, 1934, and for such purpose exempt such security and the issuer thereof from the provisions of this section and sections 12 and 15. A security for which unlisted trading privileges are so continued shall be considered a security registered on such exchange within the meaning of this act. The rules and regulations of the Commission relating to such unlisted trading privileges for securities shall require that quotations of transactions upon any national-securities exchange shall clearly indicate the difference between fully listed securities and securities admitted to unlisted trading privileges only.

Mr. LEA of California. Mr. Chairman, I offer the following amendment which I send to the desk and ask to have read.

The Clerk read as follows:

Committee amendment offered by Mr. LEA of California: Page 32, line 25, strike out the word "shall" and insert in lieu thereof the word "may".

Page 33, line 4, after the word "Exchange", insert "(1)".

Page 33, at the end of line 8, strike out the period and insert a comma and add the following:

"(2) May extend until July 1, 1935, unlisted trading privilege to any security registered on any other national-securities exchange which security was listed on such other exchange on March 1, 1934."

Mr. LEA of California. Mr. Chairman, under the bill as drawn, securities having unlisted trading privileges are to have that privilege until July 1, 1935. The proposed amendment would permit any security which is registered on any national exchange to continue its unlisted trading privilege until the same date. The difference proposed by this amendment is that it permits a stock which is registered on an exchange prior to March 1, 1934, to have the unlisted trading privilege on another exchange until 1935, it being anticipated that prior to that time the Commission will probably report to Congress with a recommendation as to what policy should be established as a permanent one as to unlisted trading privileges for the future.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

PERIODICAL AND OTHER REPORTS

SEC. 12. (a) Every issuer of a security registered on a national-securities exchange shall file the information, documents, and reports below specified with the exchange (and shall file with the Commission such duplicate originals thereof as the Commission may require), in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate for the proper protection of investors and to insure fair dealing in the security—

(1) Such information and documents as the Commission may require to keep reasonably current the information and documents filed pursuant to section 11.

(2) Such annual reports, certified if required by the rules and regulations of the Commission by independent public accountants, and such quarterly reports as the Commission may prescribe.

(b) The Commission may prescribe, in regard to reports made pursuant to this act, in accordance with accepted principles of accounting, the form or forms in which the required information shall be set forth, and the items or details to be shown in the balance sheets and profit-and-loss statements; but in the case of the reports of any person whose accounting is subject to the provisions of any law of the United States or any State, or any rule or regulation thereunder, the rules and regulations of the Commission with respect to reports shall not be inconsistent with the

requirements imposed by such law or rule or regulation, except that this provision shall not be construed to prevent the Commission from imposing such additional requirements with respect to such reports, within the scope of this section and section 11, as it may deem necessary for the protection of investors.

(c) If in the judgment of the Commission any report required under subsection (a) is inapplicable to any specified class or classes of issuers, the Commission shall require in lieu thereof the submission of such reports of comparable character as it may deem applicable to such class or classes of issuers.

Mr. COLE. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. COLE: On page 34, in line 23, strike out the period, insert a colon and the following: "*Provided*, That no additional requirements shall be imposed upon the carriers subject to the provisions of section 20a of the Interstate Commerce Act, as amended.

Mr. COLE. Mr. Chairman, I think the purpose of the amendment is obvious, and I have nothing to say about it, except that we do not want to impose on the carriers any additional requirements to those they already have.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. COOPER of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COOPER of Ohio: On page 34, in line 22, strike out the words "and section 11."

Mr. COOPER of Ohio. Mr. Chairman, running all through this bill we set up certain rules and regulations which are required in the filing of reports, and then at the end of those paragraphs we include the words "except that this provision shall not be construed to prevent the Commission from imposing such additional requirements with respect to reports, and so forth."

The language at the end of paragraph (b) not only covers section 12, which we are now considering, but it also goes back to section 11 and gives the Commission power to set up rules and regulations at any time, outside of what is contained in this particular section 12. It seems to me it gives to the Commission tremendous power at any time that they see fit to set up a rule or regulation requiring this or that to be done. I believe, Mr. Chairman, that that provision in paragraph (b) in section 12 should be confined to that particular section. For that reason I offer the amendment.

Mr. RAYBURN. Mr. Chairman, this was very thoroughly discussed in the committee. We made this exemption of States. In other words, section (b) provides that the Commission may prescribe in regard to reports made pursuant to this act. That is the whole act; but in order to limit it down here we simply make it apply to 11 and 12. I do not think the gentleman should want to allow these people to get out from under all the provisions of section 11.

Mr. COOPER of Ohio. I have no objection to it being there as to section 12, but I doubt whether it should go back to section 11 or not. I think section 11 is very specific in requiring what shall be done and what shall be filed in the report.

Mr. RAYBURN. This relates not so much to what is required as to what is not. We have exempted the Government and States. In other words, we have fixed it so that if a State does not have proper accounting, and some five or six States have none, we want to give the Commission some authority to require something, and make it specific that they will not require more than is already required in section 11. We put it in here that it shall apply to this section. I think the gentleman's amendment might do the very thing he does not want done.

Mr. COOPER of Ohio. It was not in the bill originally, before we put in the words "or any State."

Mr. RAYBURN. That is right.

Mr. COOPER of Ohio. I am willing to accept this amendment as far as it applies to section 12, but we did not have any such provision affecting section 11 before that amendment "of any State" was offered to section 12.

Mr. RAYBURN. That is right.

Mr. COOPER of Ohio. Now, we accepted that in good faith. I was glad to see the committee adopt that amendment, as the gentleman knows; but at the time I do not think it had any reference at all to section 11.

Mr. RAYBURN. I will say that that was discussed.

Mr. COOPER of Ohio. I do not believe that section 11 has any reference to that particular amendment at all.

Mr. RAYBURN. I think it would be a mistake to have the gentleman's amendment adopted.

Mr. COOPER of Ohio. I wish to assure the chairman of the committee that I am not suggesting this amendment in any attempt whatsoever to destroy the effect of this section. This is not a chiseling amendment. I am offering it in good faith. In other words, I thought these words at the end of the section were put in there to take care of the amendment which we inserted on line 15, "or any State."

Mr. RAYBURN. That is exactly right.

Mr. COOPER of Ohio. And it did not apply to section 11.

Mr. RAYBURN. But it does apply to the reports. One of the States of the Union, which issues more corporation charters than any other State in the Union, does not have any regulation at all.

Mr. COOPER of Ohio. Mr. Chairman, I have nothing further to say on that, but I should like to see the amendment adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. COOPER].

The amendment was rejected.

Mr. SIROVICH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIROVICH: On page 35, after line 4, insert a new paragraph, to read as follows:

"5. (d) Every issuer of a security registered with and on a national-securities exchange shall file with such exchange on the first quarter year day of each year the book, or accountancy value, of the security so issued and registered, interpreted in terms that shall be applicable to and understood to apply to the entire issue of such securities, expressed in terms of a single share, and no quotation of exchange price of such security shall be printed in the public press unless, underneath the price quotation of the day, there shall also appear the current book, or accountancy value of the security quoted, expressed in terms of a single share, so the investor may see at the same time the stock-exchange price quotation and the book, or accountancy value, of the security. Any false or intentionally misleading information given out in any manner or published in any form concerning the book, or accountancy value of any security shall be deemed to be a felony and the dispenser or proponent of such false or intentionally misleading information in regard to the book, or accountancy value of any security, on the complaint of any purchaser of such security, shall be subject to trial for felony in any court of competent jurisdiction, and on conviction therefor shall be imprisoned for not less than 2 nor more than 5 years."

Mr. SIROVICH. Mr. Chairman, ladies, and gentlemen, a great philosopher, scholar, and sage once remarked that success does not consist in making a mistake, but it consists in not making the same mistake over and over again.

The purpose of this bill is to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The amendment I have just offered, in my humble opinion, will protect and strengthen this measure, with which I am in full sympathy and accord. My amendment makes it mandatory upon every corporation or organization that has listed securities upon the market to publish with it the book value or accountancy value of every listed security that is sold in the exchanges and over-the-counter markets of our country.

If the book value or accountancy value of every security had been listed upon the exchanges of our country during the years 1928 and 1929 there would never have been that unfortunate debacle and that financial catastrophe that has left so much tragedy in the lives of millions of our American citizens.

When the security bill was passed, the Latin "caveat emptor"—"let the purchaser beware"—was changed to "let the seller beware also." If this amendment of mine would be enacted into legislation, the purchaser would not only be forewarned but would be forearmed in knowing exactly what he is buying. He knows the book value and it leaves a safe

margin for speculation when he also observes the selling value of the security that he buys.

This amendment of mine would help to bring speculation within reason and help to stabilize to a very large extent the sale of securities throughout our Nation.

[Here the gavel fell.]

Mr. SIROVICH. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. EDMONDS. I think the gentleman's amendment, if adopted, would make the balance of the bill unnecessary.

Mr. SIROVICH. I do not desire in any way to subtract from the magnificent accomplishment of the committee in the splendid bill they have given to the House. My amendment is only a perfecting amendment which I believe would be instrumental in making the bill as nearly perfect as human ingenuity and diversified minds can make it so.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield further?

Mr. SIROVICH. I yield.

Mr. EDMONDS. The gentleman's amendment is the only thing needed. It means more than all the balance of the bill.

Mr. SIROVICH. I am exceedingly grateful for the compliment paid to me by the distinguished gentleman from Pennsylvania. I appreciate his sentiments very deeply. At this time I should like to bring my surgical knowledge into operation and apply it to this bill.

Mr. Chairman and fellow Members of the Committee, as a surgeon it has been my privilege to open many an abdomen and correct the pathological conditions that are responsible for the diseases of human individuals. I have removed many an appendix, gall bladder, parts of the stomach, and sections of the intestines. When you remove the cause of disease you invariably cure the condition from which the individual suffers. In my humble opinion, this amendment would be instrumental in removing many of the exciting and contributory factors that are responsible in having people buy securities with whose values they are not conversant. Through a uniform system of bookkeeping any certified public accountant could easily determine the book value or accountancy value of any share of any security listed upon the exchanges of our country.

In every city, in every State, in every municipality property is appraised in order to determine its assessed value. No one with his eyes wide open will pay $400,000 for a piece of property that is assessed at only $20,000. The same principle applies to securities that are listed upon the markets of our country. If a stock known as "A stock" has a book value of $40, only an insane man will pay $2,000 or $3,000 for it. On the other hand, if a stock is listed on the markets as having a book value of $80 a share and sells for $40 a share, every conservative investor will try to purchase this stock because of its undervaluation in the selling market as compared to its book value.

This amendment of mine would help every conservative corporation or organization to honestly and legitimately sell its shares to the investing public upon the theory that book value and accountancy value gives them a formula upon which they can intelligently buy any of our securities of industry, finance, or commerce.

Mr. Chairman and members of the Committee, I desire at this time to pay the tribute of my homage and respect to the distinguished chairman of the committee and to the other members of the committee on both sides of the aisle who have so earnestly, faithfully, and conscientiously labored to bring out a measure of this nature that will to a large extent eliminate the evils and abuse to which the innocent investors of our country have been subjected in the past. [Applause.]

Mr. BLACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I was a little surprised to hear the distinguished doctor proclaim so strongly for this bill. After all, the market is only an indicator of business conditions. I would be surprised indeed to see the eminent scientist, the doctor who has just spoken, entering a patient's sick room, finding that the patient's temperature was very low, then proceed to kick the thermometer around the room, but that is what is being done now through the instrumentality of this bill.

After all, the stock exchange and the curb market are but barometers and thermometers of business conditions.

I do not know how you are going to keep people from losing money if they want to lose it unless you pass a law providing for the issuance each day of a Government bulletin saying: "Mr. Citizen, on this stock you can only spend so much; on this stock you can spend only so much. If you spend more, you commit a felony; if you spend exactly the price proclaimed, the Government will lend you the money."

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. BLACK. The doctor is interrupting me when I am conducting a clinic in a very orderly way. [Laughter.] Mr. Chairman, I cannot yield.

Another thing, I do not know how long it is going to take the accountants to get these figures together in order to warn the public. This means that once every 3 months the public will get accurate information; then the public can go "haywire" as to the prices and real values for the next 3 months following the report.

I know that the gentleman from New York [Mr. SIROVICH] means well and that he has an honorable purpose in view, but may I say to the gentleman and those who are from city districts that I have as much right to stand on the floor of this House and protect my people as any man representing any region has to protect his people. I feel that the stock exchange, by the issuance of securities, has been able to develop this country. They have sent money to the West, to the South, and to other places. They have helped mining, railroads, and other projects. Money drawn through the market on the eastern coast has gone for the development of all parts of the country.

There are stenographers, clerks, and accountants employed by stock-exchange houses in New York and elsewhere. Some are my constituents, and I feel that every man from a city district, particularly New York City and other cities which have branch houses, should do as much to protect their constituents under attack as you folks from the farming country would in order to protect your interests.

If you paralyze the stock market—in other words, if the doctor came into the sick room and squeezed the heart of the Nation when it needs help—you will paralyze the entire business of the country. You will not only hurt us in New York, but you will hurt every part of the country. You will ruin business by the rigidity called for in this bill and by the additional rigidity that the gentleman from New York would seek by his amendment.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment of the gentleman from New York [Mr. SIROVICH].

The amendment was rejected.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word to ask the distinguished chairman of the committee a question.

There are a number of corporations in the United States that have subsidiary corporations in foreign countries. It is necessary for them to form separate corporations in foreign countries, because if they do not do so and it is found that they are identified with an American corporation, there is a possibility of their being discriminated against.

In making the returns provided for by this bill, they will also have to incorporate in the return their holdings in these foreign corporations or furnish a return for the corporations in the foreign countries. That is all right. I have no objection to that, and I am in harmony with the idea.

But if there is any public disclosure, it will enable foreign countries to find out who these corporations are and the fact that they are affiliated financially directly or indirectly with American corporations.

Is there any provision in this bill which will permit the Commission, if they deem it advisable and in the best interests of our people, or if there is no public demand requiring the same, to provide that there be no publicity as to the returns made on those foreign corporations?

Mr. RAYBURN. It is the understanding that they will not.

The Clerk read as follows:

OVER-THE-COUNTER MARKETS

SEC. 14. It shall be unlawful, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest and to insure to investors protection comparable to that provided by and under authority of this act in the case of national-securities exchanges, (1) for any broker or dealer, singly or with any other person or persons, to make use of the mails or any means or instrumentality of interstate commerce for the purpose of making or creating, or enabling another to make or create, a market, otherwise than on a national-securities exchange, for both the purchase and sale of any security (other than an exempted security), or (2) for any broker or dealer to use any facility of any such market. Such rules and regulations may provide for the regulation of all transactions by brokers and dealers on any such market, for the registration with the Commission of dealers and/or brokers making or creating such a market, and for the registration of the securities for which they make or create a market, and may make special provision with respect to securities or specified classes thereof listed, or entitled to unlisted trading privileges, upon any exchange on the date of the enactment of this act which securities are not registered under the provisions of section 11 of this act.

Mr. CLAIBORNE. Mr. Chairman, I move to strike out section 14.

Mr. Chairman, this section, like many others, is as clear as mud to me. I wish I had the ability to fully understand this act. I have not been furnished any light by which to guide my conduct. I am from Missouri. You have to show me.

I prefer to do my thinking and not act on orders. In my district a gentleman proposes to run against me because I am not following the President closely enough. I am mighty proud of my seat in this House. I am fond of my associates here. I am the seventh member of my family to sit in Congress, but I would rather be beat by voting for what I believe in than stand here until my head was covered with the snowflakes of years.

The chairman of the committee, Mr. RAYBURN, sought in the beginning of the discussion in a very skillful manner to prejudice the new Members by throwing out the suggestion that if we voted against the bill we were taking orders from Wall Street. I do not hesitate to stand in this distinguished body and admit that I am not ashamed of my acquaintanceship with the bankers and business men of America. If it is the purpose of my party to destroy business, big or small, I certainly do not want to go along with my party in that regard. The chairman of the committee, Mr. RAYBURN, said if it was shown that the bill was unfair in any particular to business, amendments correcting the bill in such respects would be accepted.

Take section 14 and study it. How will it be interpreted if Mr. Corcoran or Mr. Cohen perchance is given an appointment by the President? Where will the small business house stand with respect to the treatment of its stock by the Commission? They would have you believe that all the propaganda sent out was put out by Wall Street, but may I say that the other evening I received a telephone call at my hotel from my law office in St. Louis asking if I would advise a St. Louis client whose stock was falling to sell out. I said, "Oh, no; when Congress is in session you are likely to have a bear market." This call was not suggested by Wall Street.

I have received a number of telegrams since this bill has been before the committee. Permit me to read the following:

My experience in railroad financing and knowledge of the effect of public control of business enterprises justifies me in saying for your information that I believe the proposed Fletcher-Rayburn bill unwise and unworkable. It, if passed, undoubtedly would prevent anything like a free flow of private capital into productivity. To my mind it is an effort to protect the sucker at the expense of the welfare of enterprises of all kinds which must rely on private financing. Political or public control by a board at Washington with the abuses, scandals, leaks, tips, and temptations which we know are inevitable would destroy the confidence of investors not only in the stock market but in the stability and dependability of investments generally. I do not speculate in the market, and believe those who gamble should not burden the Government with their guardianship at the expense of the enterprises of the country and those who have money to invest in them.

[Here the gavel fell.]

Mr. BLANCHARD. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SABATH. Will the gentleman yield?

Mr. CLAIBORNE. Not at this time.

Mr. SABATH. Who sent this telegram?

Mr. CLAIBORNE. I did not yield to the gentleman.

How did we get into the stock-market situation? In this way: The Government asked the public to buy Liberty bonds. The people bought them and got their first taste of such form of investment. From this they turned to the stock market in hope of greater return on the investment. The public, old and young, big and little, proceeded to make a bull market. That was the beginning of the stock market rise. The suckers had come in. Wall Street was not responsible.

You cannot write any kind of law to protect suckers. If you shut them out of the stock market they will turn to something else. Remember the Florida land boom? Nobody can read this bill and make me believe that the customers' chairs of America are to be occupied by grandmothers, sitting there complacently believing the Democratic Party has taken loss out of speculation. [Laughter.] And I am wondering, since business men are in such disfavor with the Democratic Party, where are we going to get the money to pay off our debt incurred in the last national election? How are we going to raise the campaign fund to carry on our next national election if we stifle business as this bill will do? [Laughter.]

I made a campaign over the State of Missouri in the primary and in the election, and I did not accept a dollar from a soul for campaign expenses because I did not want to get letters or wires from the fellows who might give, but I want to know how you are going to run campaigns when you harass, annoy, and destroy business. It is a practical matter.

Mr. BRITTEN. Will the gentleman yield?

Mr. CLAIBORNE. When I get through; yes.

There is another reason why I am opposed to this bill. I come from St. Louis. In St. Louis there is a great shoe house, the International Shoe Co. Under the corporate laws of the State of Missouri when corporate stock is increased each stockholder has a right to buy his or her fractional share of the increase, and in this way continues to hold his or her fractional interest. Now suppose the International should increase its capital stock, and a stockholder wishes to buy his or her fractional part of the increase, but cannot pay for same in cash, what does he or she have to do? Go to a banker to borrow and say, "Here is a loan I wish to make." "But", says the banker, "International Shoe is quoted on the market. I cannot lend you more than 45 percent." This man is prevented by this law from going along quietly working and saving and building up his fortune by borrowing and buying International stock. It was in this way 43 millionaires were made in St. Louis by International. [Applause.]

In conclusion, let it be distinctly understood I am not opposed to strict regulations of stock exchanges, but I am unalterably opposed to unreasonable registration and other requirements made on corporations doing business throughout the country, under the guise of a stock-exchange control bill.

Mr. LEE of Missouri. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, I am sorry I cannot agree with the gentleman from St. Louis. The gentleman says he is the seventh member of the Claiborne family to come to the Congress of the United States. If he keeps up this lip that he has started, he will be the last member of that family that will ever come to any Congress. [Laughter] The gentleman talks about the International Shoe Co., and he talks about this fellow and that fellow, and how we will pay the debt that the Democratic Party owes. We are going to pay the debt and collect the money from the rank and file of honest people in this country to pay the debt of the Democratic Party [applause], and we are not going to ask these stock jugglers and these crooks that have put poison in the universities of every State in this Nation—we are not going to ask them for a dollar, because you know, CLAIBORNE, they contribute to the Republican Party, because they belong to that outfit and not ours. [Laughter and applause.]

Mr. FOSS. How about Raskob?

Mr. LEE of Missouri. Raskob happens to be a Democrat who joined our party and left yours because he found it too crooked to stay in it. [Laughter and applause.]

Mr. ELTSE of California. How about Doheny?

Mr. LEE of Missouri. How about Doheny? He used to be a Democrat, and when they caught him stealing he immediately announced himself as a Republican.

Mr. ELTSE of California. When did he make his money?

Mr. LEE of Missouri. Doheny?

Mr. ELTSE of California. No; Raskob—after he joined the Democratic Party.

Mr. LEE of Missouri. Well, everybody made money when the Democrats were in power [laughter], but for the last 12 years nobody has made any money. In my district just common, everyday men got $8, $10, and $12 a day. They got so much money and got so fat they went to voting the Republican ticket, and three fourths of them have been on soup-house soup ever since [laughter], but we are going to bring you out. We will take care of you.

We will follow Mr. Roosevelt. He wants this bill, and he is the greatest President the world has ever known. There is no question about that [applause], and everybody is for him, and everybody will be for you, but you will not get the vote of any of these suckers who are trying to rob the poor. You have got to depend on the poor, Mr. CLAIBORNE, because you run on the Democratic ticket.

Mr. CLAIBORNE. Will the gentleman yield?

Mr. LEE of Missouri. Certainly.

Mr. CLAIBORNE. God help me!

Mr. LEE of Missouri. The Lord ought to help you, and if you will pray to Him I believe He will help you, and I am going to pray for you, because it is not of the heart, it is of the head. [Laughter and applause.] I thank you.

Mr. RAYBURN. Mr. Chairman, I did not know that there was any objection to this section. Frankly, this section of the bill protects the legitimate exchange from the over-the-counter fellows in having them run from the exchange to the unregulated market. As I say, I have not heard of any objection, excepting the gentleman from Missouri, who seems to have some objections against the bill and more against the Democratic Party. He is the only one I have heard raise an objection, and I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri to strike out section 14.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

DIRECTORS, OFFICERS, AND PRINCIPAL STOCKHOLDERS

SEC. 15. (a) Every person who is directly or indirectly the beneficial owner of more than 5 percent of any class of any equity security (other than an exempted security) which is registered on a national securities exchange, or who is a director or an officer of the issuer of such security, shall file, at the time of the registration of such security or within 10 days after he becomes such beneficial owner, director, or officer, a statement with the exchange (and a duplicate original thereof with the Commission) of the amount of all equity securities of such issuer of which he is the beneficial owner, and within 10 days after the close of each calendar month thereafter, if there has been any change in such ownership during such month, shall file with the exchange a statement (and a duplicate original thereof with the Commission) indicating his ownership at the close of the calendar month and such changes in his ownership as have occurred during such calendar month. Such issuer shall include in each periodical report made by it to its stockholders such information regarding changes in the ownership of its securities by its directors and officers which have occurred during the period covered by such report as may be revealed by the reports filed by such directors and officers under this subsection and by the records of such corporation.

(b) It shall be unlawful for any such beneficial owner, director, or officer, directly or indirectly, to sell any equity security of such issuer (other than an exempted security), if the person selling the security or his principal (1) does not own the security sold, or (2) if owning the security, does not deliver it against such sale within 20 days thereafter, or does not within 5 days after such sale deposit it in the mails or other usual channels of transportation, unless such person proves that he was unable to make such delivery or deposit within such time, or that to do so would cause undue inconvenience or expense.

Mr. PETTENGILL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 37, beginning on line 2, after the word "person", strike out the balance of line 2, all of lines 3, 4, and 5, including the word "or." And in line 8, strike out the words "beneficial owner", and on page 38, subsection (b), lines 1 and 2, strike out the words "beneficial owner."

Mr. PETTENGILL. Mr. Chairman and gentlemen of the Committee, from the time we began the consideration of this bill in committee I have thought with reference to the regulation of exchanges that we should be careful to go far enough, but with reference to the regulation of business we should be careful not to go too far. As far as regulation of business is concerned I would rather have the test of experience and later, if necessary, tighten up the bill rather than be compelled to loosen it as we find it necessary to do now with respect to the Securities Act of last year.

With reference to section 15, this is one place where I think we have gone a little too far.

The amendment that I am offering was debated at great length in the committee, and lost by a narrow margin. The gentleman from Texas [Mr. RAYBURN] will be called upon to oppose this amendment in deference to the majority voice of the committee as well as perhaps to express his individual views.

Now, I will tell you why I think this is going too far. With reference to the directors and officers of a corporation, who stand in a fiduciary relation to the stockholders of the company, in a quasi-trustee capacity, drawing their livelihood by way of salary from the stockholders of the company—those are the people in my judgment who owe a distinct moral, if not a legal obligation to not conceal, but to reveal, whether they are selling their own stock in anticipation of a future unfavorable report known only to themselves, or buying in anticipation of a future favorable report.

But, with reference to stockholders who are not directors or officers and who owe even no moral or legal responsibility to other stockholders of the company, I think it is going too far to ask them to file reports every time they buy or sell a share of stock, if they are stockholders who own as much as 5 percent of the stock of the company. The stockholder who is not a director or an officer owes no moral obligation to anybody in the world as to whether he is buying or selling the stock, and I think that we ought not to impose this burden upon him. There are many occasions when if this language stays in I can see the possibility of grave danger to the corporation. Here is a stockholder, not a director, not an officer, but who owns 5 percent of the stock of the corporation, and who, for some reason personal to himself which has nothing to do with any inside information that he has acquired with reference to the company, but because he needs money in his own business, sells his stock, and because of the report that he is required to file within 10 days after the sale it soon becomes known that that man is selling the stock of the company. It seems to me that, although he is doing it for a reason that is personal to himself, personal to his private business, it might incite a scare on the part of the other stockholders of the company needlessly injurious to them, or which might impair the credit of the company if it becomes known that one of its large

stockholders is selling the stock, and it might be ruinous to the corporation and the stockholders to have the information known.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. I yield to my colleague.

Mr. FISH. Is not this much more injurious to small companies than to larger companies?

Mr. PETTENGILL. I think that with reference to smaller companies, in which one man would more often own 5 percent of the stock than in a large company, it would be a peculiar embarrassment.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. Yes.

Mr. DONDERO. Suppose that a director of a corporation found himself in the same position as a stockholder, would you not be imposing an obligation on him that the stockholder would not be under?

Mr. PETTENGILL. I appreciate the point the gentleman makes, but there has been so much internal racketeering on the part of directors and officers of corporations who, knowing that there is going to be an unfavorable report of the condition of the company 30 days hence, sells stock short that they should be put under whatever difficulty there may be, because an officer or a director is a trustee and is acting in a fiduciary capacity.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. LEA of California. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Indiana. The provisions proposed to be stricken out attempt to require principal stockholders who hold a controlling interest in corporations from juggling their stock to their own advantage at the expense of the stockholders.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. LEA of California. Yes.

Mr. PETTENGILL. The gentleman has said those who hold a controlling interest. That would mean 50 percent. I am speaking only of the man who owns as much as 5 percent.

Mr. LEA of California. I recognize the fact that the 5-percent-line is an arbitrary one. It is variable in its effects in reference to different corporations. As to all corporations listed on the great exchanges of the country, 5 percent represents an important part of the stock of such corporations. It is so commonly the case that a man who owns a large amount of stock, but nothing like a majority, controls the directors of the corporation that the committee thought it was advisable to require these large stockholders who may be trafficking in the stock of the corporation to reveal the facts.

There may be cases, of course, many cases, in which the transaction is entirely legitimate, where no wrongful purpose is intended by a transfer of the ownership of this stock. A requirement that the fact of a stock transfer be reported does not stigmatize the transaction as wrongful. The reluctance to report will be greatest where the motive is wrong. If the transaction is innocent, the Commission can withhold the information from the public. There is a provision further over in the bill—section 21 (b)—which permits the stockholder who transfers his stock to file with his report a statement protesting against making a public disclosure of the facts. The Commission has a right to consider whether or not there are just reasons for withholding the information from the public; and if there is, the information will be withheld from the public, although it is on file with the Commission.

This section of the bill has been called the "Wiggin section" of the bill. It grew out of those transactions in which many prominent men, responsible in dominating the corporations of the country, were recreant to their trust and treated the corporation not as belonging to the stockholders but as if it existed for the benefit of these special controlling stockholders or officers.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. LEA of California. Yes.

Mr. PETTENGILL. The gentleman, of course, recognizes the fact that Mr. Wiggin was a director and an officer and would be caught under the language of the bill even if my amendment were adopted, because he was not acting as a stockholder alone, but was acting as a director or an officer.

Mr. LEA of California. That would be true as to the man who was acting as a director.

If we pass this bill without such a provision, leaving it the duty to disclose stock transfers only as to the director, we give the opportunity for a beneficial stockholder who dominates the directorate to accomplish his purpose without being a director. So part of the object of this provision is to prevent that method of evading a revelation of the facts by a dominating stockholder.

Mr. FISH. Mr. Chairman, I move to strike out the last word, to speak briefly in favor of the amendment. I may be wrong, but I understand the original section in the bill is known as the "anti-Wiggin proviso", and the amendment proposed by the gentleman from Indiana [Mr. PETTENGILL] does not affect that at all, because Mr. Wiggin was a director of a company, and it is evident from the newspaper report, at least—and that is as far as I know about his transactions—that he sold short both his company stocks and Chase National Bank stock. As a director he would be required to disclose the amount of his sales to the Federal Trade Commission within 30 days under the provisions of this bill, and the amendment proposed does not change the status of directors or officers of a company. Under the terms of the bill an officer or a director, if he owned 5 percent of a company, would have to state when he sold short and the amount sold. The amendment offered by the gentleman from Indiana, who is trying to protect the smaller companies and individuals, is sound and helpful, because any company on any national exchange—it does not mean necessarily the Stock Exchange of New York but it means any national exchange, any small group that is recognized can constitute a national exchange, and therefore it may apply to a small company with a small capitalization of $100,000, where one man owns 5 percent. It would certainly interfere with the business of small companies and would be an injustice to individuals. I do not think that is what you want to do at all in this bill. I think you are trying to protect the public interest. The public interest would be better protected by the amendment offered by the gentleman from Indiana, which protects the rights of individuals and small companies.

I have not studied this part of the bill, but it is obvious to me from listening to the gentleman's argument that his contentions are sound, and they are in the interest of the small man and the small company. I believe that is the last kind of business anyone in this House wants to hurt. We are still trying to pump credit into those small companies. If you want to help them, you should vote for the amendment.

Mr. PETTENGILL. Will the gentleman yield?

Mr. FISH. I yield.

Mr. PETTENGILL. The gentleman will agree that there is great danger of injuring 95 percent of the innocent stockholders of a company because one man holding 5 percent, by reason of personal necessity, may find it necessary to sell that stock?

Mr. FISH. Exactly. I want to make it clear that in favoring this amendment I am entirely in sympathy with that part of the bill that makes a director, or an official such as Mr. Wiggin, show when he sells short and the amount of stock sold, because although I come from New York, I am not taking this floor to defend Albert Wiggin, as I believe he and those like him, in selling short and in mulcting the public and deceiving the members of his own bank and his own stockholders, has done more to create communism in America than all the reds combined. [Applause.]

Mr. MAPES. Mr. Chairman, I think there is a chance for an honest difference of opinion as to whether this provision should remain in the section or not, but Members of the House should understand the purpose of it and the theory of it before voting for the amendment offered by the gentleman from Indiana [Mr. PETTENGILL] to strike it out.

It seems to me that it is very easy to overestimate the inconvenience or embarrassment that anyone may suffer in connection with this provision if it should remain in the bill. In the first place, it only applies to companies whose stocks are registered upon some national securities exchange. It seems to me that would eliminate the small companies for which the gentleman from New York [Mr. FISH] has been so earnestly pleading.

Mr. BOLTON. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. BOLTON. A national exchange means a stock exchange anywhere in the country of whatever size, whether it is New York or anywhere else.

Mr. MAPES. Well, it must be licensed by the Federal Trade Commission, and of course it must be doing a very substantial business.

Mr. HOLLISTER. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. HOLLISTER. Can it operate unless it is licensed?

Mr. MAPES. No.

Mr. HOLLISTER. Then it covers any exchange that operates?

Mr. MAPES. It cannot operate as a national-securities exchange unless it is licensed or exempted by the Commission. The law expressly provides that if an exchange is not doing enough business to justify licensing it as a national exchange, the Commission can exempt it from the provisions of this act.

Mr. FISH. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. FISH. Does that not include the Curb in New York, too?

Mr. MAPES. Yes; I think there is no question about that.

Now, Mr. Chairman, it is recognized that a great many large stockholders of corporations who are not officers or managers dictate the policies of the corporation and have all the information that any officer or anyone connected with the management has, and if you strike out this provision you will give the controlling interest in many cases an opportunity to take advantage of the secret and private information known ordinarily to the management only to speculate in the stocks of the company which it controls, the very thing that this provision attempts to prevent in the case of officers and directors. I think the House ought to understand very clearly what it is doing before it votes to strike this out of the bill.

Mr. Chairman, we get unduly excited, I think, about the information which this would require. In your town and my town at the beginning of every year the newspapers print a list of the stockholders and the number of shares which each stockholder owns in the national banks of the country. It is public information. Everybody knows it. It does not disturb the stability of the banks. Nobody will be disturbed here. This is not to prevent anybody from making an investment in corporations. If anybody is making real investments, as investments, he will not have any objection to making a report; and if he is buying and selling in the market simply to speculate in the companies in which he is an officer or which he controls, then he should be required to make the report which this provision requires.

Mr. BRITTEN. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. BRITTEN. The gentleman is in error when he says that the names of the stockholders and the amount of stock held by the stockholders in these corporations is made public once a year. That does not prevail at all, and, as far as I know, in Chicago it has never prevailed.

Mr. MAPES. Well, I do not know how it is in Chicago; but at the beginning of every year the newspapers in Grand Rapids, Mich., carry a list of the stockholders, together with the number of shares that they own in the banks of the city. No one gets disturbed about it.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. MAPES] has expired.

Mr. RAYBURN. Mr. Chairman, I dislike very much to disagree with the gentleman from Indiana, my friend, who has been so helpful in the preparation of this bill.

A while ago we passed a provision relating to manipulation, one of the finest in the bill. In my opinion, we are now considering another very important antimanipulative section.

The committee's investigation of utilities and other corporations revealed very few directors or officers owned a half, a quarter, or even a tenth of the stock of any of these great corporations. We do know, however, that in the case of any corporation having widely scattered stockholders the concentration of 5 or 10 or 20 or 30 percent of stock ownership is control; they can always get the proxies.

Speaking with reference to the amendment of the gentleman from Indiana to hold the officer or director of a company liable, the officer or director in many instances may not own even one half of 1 percent of the stock of the company in which he is a director. It will be found, I think, that the committee's investigation of the railroads, of power and gas companies, of telegraph and telephone companies, disclosed that rarely does an officer or director in any of these companies appear in the list of the 30 largest stockholders of the company—very rarely; but he is held, and he should be, as the gentleman from Indiana says, because he occupies a fiduciary position. Here is a man, however, who says: "I do not want to be an officer or a director for the reason that if I accept such office I am held under this provision. I can, however, be the largest stockholder in the company and by proxy and otherwise dominate the officers, the directors, and the policies of the company, and get all of the inside information, even though I am not an officer or a director. I will not, therefore, allow myself to be elected an officer; I will not allow myself to be elected a director; but I will stay on the outside, I will control the company, I will manipulate its stock up and down. When it is the proper time to run the market up in my interest I will run it up; when it is to my interest to run the market down I will have the power to run it down."

He can do all this, and his fellow stockholders throughout the length and breadth of the country will suffer as a result of this man using information never divulged to the public, using it to enrich himself and to impoverish other shareholders.

Mr. Chairman, I think it would be most unfortunate to let out the man who in the last analysis, in my opinion, really controls the corporation.

The CHAIRMAN (Mr. BYRNS). The question is on the amendment offered by the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. PETTENGILL) there were—ayes 42, noes 46.

Mr. PETTENGILL. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. PETTENGILL and Mr. RAYBURN.

The Committee again divided; and the tellers reported that there were—ayes 51, noes 72.

So the amendment was rejected.

Mr. GOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 38, after line 11, insert a new subsection, as follows:

"(c) The provisions of this section shall not apply if the registration of the equity security has been been secured without the consent of the issuer thereof."

Mr. RAYBURN. Mr. Chairman, so far as the members of the committee whom I have consulted are concerned, there is no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut.

The amendment was agreed to.

The Clerk read as follows:

LIABILITY FOR MISLEADING STATEMENTS

SEC. 17. (a) Any person (including any director or officer, or accountant or other expert) who shall make or cause to be made any statement in any application, report, or document filed pursuant to this act or any rule or regulation thereunder, which statement was false or misleading with respect to any material fact, shall

be liable to any person (not knowing that such statement was false or misleading) who, in reliance upon such statement, shall have purchased or sold a security at a price which was affected by such statement, for damages caused by such reliance, unless the person sued shall prove that he acted in good faith and did not believe that such statement was false or misleading. A person seeking to enforce such liability may sue at law or in equity in any court of competent jurisdiction.

(b) Every person who becomes liable to make payment under this section may recover contribution as in cases of contract from any person who, if joined in the original suit, would have been liable to make the same payment.

(c) No action shall be maintained to enforce any liability created under this section unless brought within 3 years after the violation upon which it is based.

Mr. BRITTEN. Mr. Chairman, will the gentleman from Texas yield for a question?

Mr. RAYBURN. Certainly.

Mr. BRITTEN. Did I understand the gentleman just now to make the statement that the Committee would rise in 15 minutes?

Mr. RAYBURN. I think so.

Mr. BRITTEN. Could not the Committee rise before that?

Mr. RAYBURN. I may say to the gentleman from Illinois there is a strong desire on the part of many Members to get away by 4 o'clock tomorrow, and we want to accommodate them if possible.

Mr. BULWINKLE. May I suggest to the gentleman from Texas that we meet tomorrow at 11 o'clock?

Mr. RAYBURN. It would be satisfactory to me to meet at 11 o'clock.

Mr. HOLLISTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: On page 40, line 1, after the word "fact", insert the following: "and was known to such person to be false or misleading at the time of making such statement."

And in line 6, beginning with the word "unless" strike out the remainder of the sentence.

Mr. HOLLISTER. Mr. Chairman, I cannot feel that this Committee or the Members of the House wish to insert a provision in the bill which casts the burden of proof upon the person sued for damages on the ground of having made a false or misleading statement in a document, report, or whatever it may have been. I cannot believe that in a country where the policy has been to lean backwards in giving the benefit of the doubt to the accused, this great Committee of the House has knowingly tried to insert in this bill a provision shifting the burden of proof to the defendant to prove his innocence.

If the Members will kindly read the section carefully as it now stands, I will show you what my amendment does. The way the section reads at the present time, anyone who claims to have suffered damage because of the fact that a false or misleading statement was made, may sue the person who was responsible or one of those who was responsible for the making of the statement and recover the damages which may have resulted because of the false or misleading statement. The burden of proof is cast upon the person sued to prove that he did not believe such statement was false or misleading.

All of you know the times through which we have passed and how in the excitement of the moment it would be difficult for a defendant under such circumstances to establish his innocence. We know perfectly well that innocent party after innocent party, many a man who had a little wealth, or who had a prominent position in the community, would be compelled without doubt at a jury trial to pay damages to some person who claimed to have lost something as a result of a misleading statement. The mere declaration that the person who made the report or the statement did not know it was false or misleading would mean the word of one man against the other man, and the burden of proof would be cast upon the defendant.

I sincerely hope that the committee will accept this amendment. All I am asking is that the ordinary processes of American justice be followed, and that the individual who made these statements shall be held responsible only in the event that after proper and fair trial it is shown that he knew the statement which was made was false or misleading. In no other way should it be proper to have damages brought in against a defendant. No man should be subjected to the processes of law without the right to a defense of that kind. I hope the committee will accept the amendment.

Mr. RAYBURN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not think any member of the committee will accept the amendment. We have been passing laws here which went a great deal further than this. We say here that if you make a false or misleading statement in reference to any material fact you shall be liable to any person who relies upon that statement. A man has to prove not only that the statement was false and misleading but that he relied on the statement. He cannot recover damages unless he does prove that, and if the man making the false or misleading statement, if it is a misleading statement, can prove that he acted in good faith and did not believe that the statement was false or misleading, damages will not lie against him.

If there is going to be any liability at all in this bill for false or misleading statements by which one man has gotten someone else's money, it appears to me, and the committee feels, that we have gone as far as we can to have anything in here that would protect a man who buys a security on a statement which is false and misleading.

Mr. HOLLISTER. Does the gentleman believe that it is the fair thing to make a person an insurer under such circumstances?

Mr. RAYBURN. As far as this goes; yes. A man who sells something under a false or misleading statement gets someone's money. He could not be damaged unless he got it.

Mr. HOLLISTER. This does not refer to a sale alone. It refers to a statement made in any application, document, or report.

Mr. RAYBURN. But nobody would sue him unless he was damaged.

Mr. HOLLISTER. Does the gentleman believe that whenever a man is damaged he has a right to sue somebody for damages, no matter how responsible the person sued may be for the injury?

Mr. RAYBURN. If they are responsible for the damage by false and misleading statements; yes.

Mr. HOLLISTER. Even if the statements are innocently made?

Mr. RAYBURN. If the statements are made in good faith, he is not responsible.

Mr. HOLLISTER. It casts the burden of proof upon the defendant.

Mr. RAYBURN. The burden of proof should be upon the defendant.

Mr. O'CONNOR. Is not the fallacy of the argument of the gentleman from Ohio the fact that we are talking about a civil action here? When you reach the point that a statement is false or misleading in fact that constitutes a prima facie showing, and the burden then shifts to the person accused of making the statement, which is misleading in fact or false in fact, to disprove.

Mr. HOLLISTER. The burden does not shift under any such principle of law.

Mr. O'CONNOR. If it is misleading or false in fact it makes a prima facie case.

Mr. HOLLISTER. Under what law?

Mr. O'CONNOR. Under the ordinary civil law.

Mr. HOLLISTER. A false or misleading statement does not make a prima facie case. What you are trying to do under these circumstances is cast the burden of proof completely the other way.

Mr. O'CONNOR. No.

Mr. HOLLISTER. It is a denial of justice that I do not believe this House is going to stand for.

Mr. RAYBURN. We passed laws that went a great deal further than this.

Mr. HOLLISTER. What are those laws?

Mr. RAYBURN. The Securities Act of last year and its liability provisions go a great deal further.

May I say that we have talked here a great deal about the members of the stock exchange and the fact we should not treat them unjustly. I do not want to do that. We talk about the issuer and all this, that, and the other thing, but it seems to me that a great many of us forget there is such a thing as an investing public in this country which should have some protection, and when we ask that the investor have protection against false and misleading statements with reference to a material fact and that the man knew of the statement and relied upon the statement as being not false and not misleading and invested his money, it does appear to me that the man ought to have some protection.

Mr. HOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. HOLLISTER. The gentleman keeps referring to the issuer or the seller. This is a general clause and covers anybody making any kind of statement in any kind of document or in any kind of paper that is filed. It includes accountants, lawyers, or any other expert.

Mr. RAYBURN. No.

[Here the gavel fell.]

Mr. MILLARD. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RAYBURN. I want to read this part of the section to the gentleman:

> Who, in reliance upon the statement, shall have purchased or sold a security.

Mr. HOLLISTER. Yes; that is the man who is going to sue. I am talking about the report that is made. This refers to any statement that is made in any report under this bill, if it contains a misleading statement.

Mr. RAYBURN. If upon that report somebody bought or sold a security and lost money relying upon the statement that was false.

Mr. HOLLISTER. Exactly, and it may have been a lawyer or an accountant or any other expert hired for the occasion. We make such a man practically an insurer, no matter how honest he may have been, if the statement is misleading. If he cannot sustain the burden of proof he is going to be held liable.

Mr. RAYBURN. Exactly, because he got the other man's money.

Mr. HOLLISTER. And the gentleman considers that American justice?

Mr. RAYBURN. I certainly do.

Mr. MILLIGAN. If the gentleman will yield, that is the common law.

Mr. HOLLISTER. It is not the common law in any State of the Union, never has been and never will be, I hope.

The CHAIRMAN (Mr. TAYLOR of Colorado). The question is on the amendment offered by the gentleman from Ohio [Mr. HOLLISTER].

The amendment was rejected.

Mr. RAYBURN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TAYLOR of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, had come to no resolution thereon.

PHILIPPINE INDEPENDENCE

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a cablegram from Governor Murphy, of the Philippine Islands, to the Secretary of War.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, under leave granted to extend my remarks by inserting in the RECORD a cablegram addressed to the Secretary of War by the Governor General of the Philippine Islands, it is with pleasure that I submit the message of Governor Murphy, which sets forth the concurrent resolution passed unanimously in a joint session of the Philippine Legislature on May 1, 1934.

The passage of this resolution undoubtedly indicates the good faith of the Filipino people in laying the foundation for a free and independent nation. These people have progressed in a way that surpasses all other nations in the Orient within the past 30 years. The spirit and economic conditions obtaining in the Philippine Islands today are a credit to both the American Government and the constructive leadership of the Philippine people. No colonization scheme in all the history of the world, especially insofar as the Orient is concerned, can compare with that of the United States in the Philippine Islands.

It has never been the intention of the American people since the day our flag was raised at Manila to hold the Filipino people against their will. From time to time the American Congress has given expression by its various acts to such an attitude on the part of our Government. We have promised that when the people of the islands attained a social and economic status qualifying them for self-government, we would make them a free and independent people. We took the first step in carrying out that promise by passing the Hare-Hawes-Cutting Act, which was later amended, and became Public Law 127 of the present Congress.

The legislature of the islands is to be congratulated. The passage of this resolution on May 1, I am sure, is thoroughly appreciated by the American people, and I am likewise sure an overwhelming majority of our people are looking with sympathetic interest in the future welfare of the Filipino people. I can but believe the injustice and burden of the tax on their second largest industry will be rectified in some way to the satisfaction of both countries. In all justice and fairness this great nation should keep its traditional faith with the Filipino people.

On behalf of the Committee on Insular Affairs of the House of Representatives I extend hearty felicitations to the members of the Legislature of the Philippine Islands and to the Filipino people, and bid them Godspeed in their onward march to independence.

The message from the Governor General to the Secretary of War follows:

MESSAGE RECEIVED BY THE SECRETARY OF WAR, HON. GEORGE H. DERN, FROM THE GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS, QUOTING THE TEXT OF THE CONCURRENT RESOLUTION ADOPTED AT THE SPECIAL SESSION OF THE NINTH PHILIPPINE LEGISLATURE ACCEPTING THE ACT OF CONGRESS APPROVED MARCH 24, 1934 (PUBLIC, NO. 127, 73D CONG.), THE NEW PHILIPPINE INDEPENDENCE ACT

Signed copies of following concurrent resolution received today: Concurrent resolution accepting Public Act No. 127 of the Congress of the United States, commonly known as the "Tydings-McDuffie Act", and expressing the gratitude of the Philippine Legislature and the Filipino people to the President and Congress of the United States and the American people.

Whereas the Seventy-third Congress of the United States of America has enacted Public Act No. 127, entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes", and commonly known as the "Tydings-McDuffie law";

Whereas section 17 of the aforesaid act requires the acceptance thereof by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that law before the same shall take effect;

Whereas although the Philippine Legislature believes that certain provisions of said act need further consideration, the said legislature deems it its duty to accept the proffer of independence thus made by the Government of the United States;

(A) Because the Filipino people cannot, consistent with their national dignity and love of freedom, decline to accept the independence that the said act grants;

(B) And because the President of the United States in his message to Congress on March 2, 1934, recommending the enactment of said law, stated: "I do not believe that other provisions of the original law need be changed at this time. Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples." A statement which gives to the Filipino people reasonable assurances of further hearing and due consideration of their views: Now, therefore, be it

Resolved by the senate (the House of Representatives of the Philippines concurring), That Public Act No. 127 of the Seventy-third Congress of the United States, entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes", commonly known as the "Tydings-McDuffie law", be, and is hereby, accepted by the Philippine Legislature in accordance with the provisions of section 17 thereof;

Resolved further, That the Philippine Legislature, in its own behalf and in behalf of the Filipino people, express, and does hereby express, its appreciation and everlasting gratitude to the President and the Congress of the United States and the American people.

Adopted May 1, 1934. Manuel L. Quezon, president of the senate. Quintin Paredes, speaker of the house of representatives.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate and House of Representatives of the Philippines in joint session on May 1, 1934. Fermin Torralalba, secretary of the senate; Julian La O, acting secretary of the house of representatives.

MURPHY.

WAR DEPARTMENT, *May 2, 1934.*

THE SUGAR INDUSTRY

Mr. MONTET. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MONTET. Mr. Speaker, the remarks of the gentleman from the Philippine Islands [Mr. GUEVARA] appearing in yesterday's RECORD indicate that while the Filipino sugar producers sought to take undue advantage of the American market pending the preparation and consideration of the sugar bill, they now have the audacity to plead for further consideration in the administration of the sugar program looking to the stabilization of this industry.

The Filipino sugar producers never favored the program in question. Their protests against it were heard throughout the country. They stamped this effort to help our American sugar-beet and cane growers as unpatriotic. In spite of the fact that Congress has written into the law that the marketing year shall begin January 1, 1934, they are still appealing that through administrative edict this date be changed to July 1, 1934. In spite of the low market price for sugar, by reason of their low production cost these producers have managed to show an operating profit anywhere from 10 to 30 percent on each unit of operation during this depression. By reason of their low production cost they have been able to monopolize the market and now request the further unrestrained privilege to continue in this debacle at the expense of our continental sugar producers.

I desire to submit some facts which conclusively show that, while the Filipino sugar producers were appealing to the patriotism of this country, at the same time they were attempting to take undue advantage of the delays necessary for the consideration of this legislation, and that by reason of their unfair methods and practices caused the sugar market to decline to a level absolutely out of proportion to the price of other commodities. While they were reminding us of solemn obligations to them in the hope of defeating or delaying the legislation, they were abnormally exporting sugar to this country, depressing the market, and at the same time expecting to "beat the wire" before the legislation would become law. However, because the marketing year begins January 1, 1934, for the administration of the act, this effort to take undue advantage of the situation has amounted to naught.

In 1931 the Philippine Islands exported to this country 679,968 tons of sugar. In 1932, 869,369 tons. In 1933 this increased to 1,035,738 tons, and according to the Weekly Statistical Sugar Trade Journal, published by Willet & Gray, of date April 26, 1934, our sugar importations from these islands during the first 3½ months of this year, amounted to 860,000 tons, thus flooding the market of this country with sugar in an amount almost equal to the entire 1933 importations from those islands, and at a time of the year when they, as well as anyone else, know there is less demand for sugar than during any other 3½ months of any year. In view of the sugar legislation and the sugar proposal which had been pending for many months, these figures bespeak the purposes behind these abnormal importations of sugar into this country. The London market established the world price for sugar. During this time when the Filipinos have been abnormally exporting sugar into this country, they forced our markets to a level 20 points below the world market. This not only represents a loss to our sugar producers but is as well an irretrievable loss to the Filipinos. Sugar is already the cheapest food article obtainable. While sugar has been selling at 2.70 in this country, it is a well-known fact that if sugar prices were on a level with that of other agricultural commodities, this price would now be 3.10, but to have it further depressed by the Filipinos in the fashion and for the purposes they have and at the expense of our sugar-beet and cane growers is only adding insult to injury. It must be obvious to all that while the Filipino sugar producers were stirring American patriotism on the continent, they were at the same time unethically attempting to defeat the purposes of this legislation in the hope that Congress would not take cognizance of their methods, thus permitting them to wreck the sugar market as they have during the last few months and at the same time expecting that in the allocation of their quota, this keen but defeated purpose would not be taken into consideration. I am happy to state, however, that under the sugar bill, these unscrupulous methods have met with substantial defeat, because the marketing year for which quotas are to be established is to begin January 1, 1934.

These large importations of sugar, coming from one source and at a time which reflects the lowest consuming months of the year, had the very detrimental effect of depressing the market to such an extent as to seriously impair the selling of sugars by domestic producers, to say nothing of what it has done to the Cubans and Hawaiians through the depressed market for granulated sugar. Such high-handed methods in trying to defeat the stabilization of the sugar industry by placing this product on the market in an irregular and disorganized manner are reprehensible indeed.

No sugar-producing area has prospered as much under the present sugar tariff as has the Philippine Islands. They have doubled their production since 1931, and their importations into this country have almost doubled. They have always sold their sugars on our market at a price below the world market. This they have done for many years. We have always manifested a helpful attitude toward the Philippine Islands, and I feel that this country should know of their sugar producers' last efforts to take advantage of the situation pending the formation and passage of the sugar bill. These people always raise the American flag, but on the other hand they have shown little respect for the rights of those of us who live on the continent and under this flag. In my opinion, their methods of continually wrecking the American sugar market, and particularly their last efforts in trying to "beat the wire" under the sugar bill, deserve universal condemnation. It is obvious to me that they have shown little or no appreciation of our many manifestations of interest and friendship toward them. Now that in the first 3½ months of this year they have practically exhausted what they can reasonably expect as their quota under the sugar bill, in all probability they will again appeal to American patriotism and clamor that they are not being fairly dealt with under the legislation in question. The facts disclose that the American people should pay little heed to these appeals, as they spring from a Filipino industry which by its conduct has demonstrated that it has little respect for the purposes of Congress, and which obviously believes that in all things the ends always justify the means.

In spite of the fact that the marketing year of 1934 has been designated in the act as beginning January 1, 1934, it is obviously the intention of the Filipino sugar producers

to appeal to the Secretary of Agriculture to make the marketing year begin on July 1 next, so that whatever sugar these producers have brought in during the first 3½ months will have been just that much advantage which they will have had over all other producers, including our own American farmers. Even now, if we may judge by the past, it is to be expected that these producers of Philippine sugar will seek to have some special treatment or exemptions in their favor because they will have large amounts of sugar on hand over and above their quota allotment for 1934. I personally have every confidence in the judgment and fairness of our Secretary of Agriculture, and I know that his fairness will not permit him to listen to the appeals of those who have not only depressed the market price for sugar more than 20 points under the world market but who sought to take advantage of a situation, to the detriment and harm of our own American producers and farmers.

These comments are not leveled at the Filipino people as a whole. My active participation in their fight for freedom is well known to all. I do feel, however, that, in justice to our own sugar producers, the people of this country are entitled to the facts with respect to the unfair methods of the Philippine sugar producers.

PRESENT-DAY GOVERNMENT

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to extend my remarks by including therein a radio address delivered over Station WOL last evening.

Mr. SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address made by me yesterday evening over Station WOL in Washington, D.C.:

Just prior to and since the election of President Franklin D. Roosevelt in 1932 this country has been educated to a new phase in government, "brain trust advisers", and through them the "new deal" has introduced a national political economic planning scheme which seems to have permeated all branches of Government.

The original "brain trust" was composed of Prof. Raymond Moley, Prof. Rexford Tugwell, and Justice Brandeis' contribution, A. A. Berle, Jr., and Bernard M. Baruch's contribution, Gen. Hugh S. Johnson. To these must be added Prof. George F. Warren and Prof. James Harvey Rogers, the gold-specialist twins, and other Justice Louis D. Brandeis' confreres, Prof. Felix Frankfurter, James M. Landis, Jerome Frank, and another Bernard M. Baruch contribution, Donald Richberg, Frederic C. Howe, Harry L. Hopkins, Clarence Darrow, Mordecai Ezekiel, Harold Ickes, and one must not omit Secretary of Agriculture Henry A. Wallace, nor the other Cabinet member, Henry Morgenthau, Jr., nor should we omit Henry Morgenthau, Sr., who is a sort of superadviser for his illustrious son.

These men are now or have been actively engaged in the various phases of the political-economic plan called the "new deal."

The country has recently been treated to the spectacle of the present administration's attempt to ridicule the idea that there is a definite new plan of government in process. Without attempting to comment in any manner whatever on the attempt to disarm the public, I desire now to refer briefly to a plan that was advocated as far back as 1918 when A. A. Berle had some very definite ideas regarding the establishing of a new state. Indeed, he wrote a little book on "The Significance of a Jewish State", dedicated to his friend, Louis D. Brandeis. In it he regarded the Jew as "the barometer of civilization at all times." He recognized the inability of Christianity to avert war or "to do a single thing toward mitigating its worst effects", and seemed to think the Jews were the only power that could do anything about it.

He believed "A Jewish state would be a 'Hague' which could, and which would, command the attention and govern the thought of the world."

He did not wait for the public recognition of the "brain trust" to start a campaign for social regeneration. In 1918 he said: "There have been many of us who for many years have seen in the Hebrew laws the elements of the social regeneration of the world. * * * It would have commanded interest to the entire world to see a state, albeit a small one, work these problems through, and especially a state which could, and which would, call to its aid the finest body, collectively, of intellectual force and discrimination which the world knows. * * * A rationalized Hebrew state, founded on Hebrew fundamental laws—ethical, social, sanitary, dietary, and all the rest—would be a working laboratory of social regeneration which would excite breathless attention. * * *"

In this state he advocated: "Concessions to intending builders could be made on the national plan and automatically agreeing with the national interest and the public welfare. The industrial expansion, therefore, could be without those weary steps toward freedom, which all other industrial civilizations have to undergo. Almost from the beginning land and industries, public resources, mineral and otherwise, could be nationally administered, and all this would make a most novel and striking page in statecraft. * * *"

An attempt to establish a political economic plan is now in operation under the leadership of a group, formerly connected with the Fabian Society in England. This, until the present, secret political-economic plan was drawn up by Israel Moses Seiff, an Israelite, the director of a chain-store enterprise in England, called "Marks & Spencer", which house handles almost exclusively imports from Soviet Russia, which enables them to undersell its competitors. Prominent members of this organization in England, besides Seiff, are Ramsay Macdonald; his son, Malcolm Macdonald; Sir George May; Kenneth Lindsey; Gerald Barry; I. Nicholson; Sir Henry Bunbary; Graeme Haldane; I. Hodges; Lady Reading; Daniel Neal; Sir Basil P. Blackett; Sir Arthur Salter; Sir Oswald Mosley; Sir George Allan Powell; Sir Sydney Chapman; Lord Eustace Percy; Ronald Davison; Lord Melchett; Sir Christopher Ternor; Mrs. Leonard Elmhirst, formerly Dorothy Willard Straight nee Whitney, of New York.

This political-economic plan organization, now secretly operating in England, is designated "Freedom and Planning", and is divided into many well-organized and well-financed departments, such as Town and Country Planning, Industry, International Relations, Transportation, Banking, Social Services, Civil Division. It is already in operation in the British Government by means of the Tariff Advisory Board. It has gathered all data and statistics obtainable by governmental and private organizations in administrative, industrial, trade, social, educational, agricultural, and other circles. Through its Tariff Advisory Board it has control over industry and trade and works in direct connection with the British Treasury, and together they devise the British tariff policy. It has also been granted the power of a law court and can exact, under oath, that all information concerning industry and trade be given it. Iron and steel and cotton industrials have been ordered by the Tariff Advisory Board to prepare and submit plans for the reorganization of their industries, and have been warned that should they fail to do so a plan for complete reconstruction will be imposed upon them. This board has been granted default powers, and can, therefore, enforce its plans.

May I pause here to suggest the similarity of the "Freedom and planning" scheme of the political-economic group in England with the N.R.A., the Bankhead cotton bill, the control of farm acreage, and the other planned developments of the new deal under the direction of the "brain trust" and their cohorts?

Neither you are nor I am particularly interested in what takes place in England, but what should interest us Americans, it seems to me, are the strong indications that point to the putting into operation definitely of this plan in the United States, with the necessary changes to adapt it to our conditions. This is made pertinent by the well-known fact that this particular English group has very close connections with the Foreign Policy Association of New York. This association was largely organized and fostered by Felix Frankfurter and the late Paul N. Warburg. In this group we must also place Henry A. Wallace, the present Secretary of Agriculture, for the reason that he has recently caused to be published under the auspices of the Foreign Policy Association a copyrighted article entitled "America Must Choose." This article is quite in keeping with the "Freedom and Planning" group in England.

There is no doubt, I think, that Professors Frankfurter, Moley, Tugwell, Berle, Jr., and the mysterious Mordecai Ezekiel are all members of this particular group who are carrying out a world plan.

That this political-economic group practically controls the British Government is indicated by the fact that Prime Minister Macdonald and his son and J. H. Thomas and other influential Britishers are officers of the group.

An interesting sidelight is that some 6 months ago when the father of this plan, Israel Moses Sieff, was urged to show more activity by the members of his committee, his answer was "Let us go slowly for a while and wait until we see how our plan carries out in America." That statement indicates that a plan similar to theirs is being tried in America.

When we consider Professor Tugwell's announced plans for control of all land in the United States and the production therefrom, and when we consider the plans of Professor Berle, Jr., for the railroads and finances of this country, and when we consider the Mordecai Ezekiel-Tugwell-Bankhead cotton control bill and the Wallace hog, corn, and wheat control plans, and the Ickes control of mineral and petroleum industries, and General Johnson's N.R.A. control of industry, we must know that something is being tried out here. And, again, when we hear President Roosevelt say, as he did on April 25, 1934, that this is "evolution not revolution", in his address at the opening of a subsistence homestead exhibit, at which time, according to press reports, he made an appeal for the recognition of the importance of long-range national planning as a step toward permanent improvement of the economic and social structure of the Nation, and he stated that the administration was going ahead with its experiments, can we say that this is mere experimentation? Further the President said, "If we look at this thing from the broad national viewpoint, we are going to make it a national policy if it takes 50 years." Again he said, "The time is now ripe, overripe, for planning to prevent in the future the errors of the past and to carry out social and economic views new to the Nation." Also,

yesterday, President Roosevelt announced the formation of a "plan committee on national land problems", with the apparent purpose of coordinating and stimulating the Federal program for retiring submarginal land—the Tugwell plan—which he designated as one of the main divisions of national long-range planning. The avowed purpose of the committee, according to the White House announcement, will be to improve "practices of land utilization" and achieve "better balancing of agricultural production, aiding in the solution of human problems in land use and developing of a national land program."

In view of all these things, can we say that this is mere experimentation? Or shall we say that which it is? It is assuredly "Freedom and Planning", adapted to the United States. Stripped of all its camouflage, it is the guild form of government and is the kind of government that has recently been established in Italy and Austria and which will be established in England if this particular group under the leadership of Israel Moses Sieff succeed in their plans. The guild form of government is directly the opposite of the constitutional form of government. It is the Jewish plan of a World State.

Mr. PETTENGILL. Mr. Speaker, I desire to submit a parliamentary inquiry to the Chair.

In the Appendix of the CONGRESSIONAL RECORD, when remarks that purport to be remarks of a Member of the House are included as an extension of remarks, is it to be assumed that the remarks were not made on the floor of the House?

The SPEAKER. They may have been withheld for revision. The Chair would have no knowledge about how the remarks were made.

Mr. PETTENGILL. The reason I ask this question is because I have noticed two or three times lately, and I am not going to refer to any Member of the House by name, that in extensions of remarks the words "laughter and applause" or "applause" have been sprinkled in the remarks, and I have wondered if it is correct for the Public Printer to insert any such language as that with respect to "applause" that did not occur on the floor of the House.

Mr. SNELL. I saw one a short time ago that had that in six different places.

The SPEAKER. The reporters can insert such words where it actually occurred on the floor.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BROWN of Michigan, for Friday and Saturday, on account of official business in Michigan.

To Mr. SWEENEY, for 10 days, on account of illness.

Mr. BYRNS. Mr. Speaker, the Chairman of the Judiciary Committee has reported the following bills, which are popularly known as the "crime bills." They are H.R. 9370, S. 2460, H.R. 8912, S. 2080, S. 2249, S. 2845, S. 2252, S. 2841, S. 2253, S. 2575. So far as I can learn, there is no objection to any of these bills. They were presented and urged by the Department of Justice in the interest of the campaign being made against the kidnapers, racketeers, gangsters, and criminals of the country.

I ask unanimous consent that it may be in order for the Chairman of the Judiciary Committee to call up these bills for consideration under the general rules of the House. I think that will avoid loss of time rather than have to resort to a rule.

Mr. SNELL. Are they unanimous reports from the Judiciary Committee?

Mr. BYRNS. All unanimously reported, as I understand, by the Judiciary Committee. The Senate bills were unanimously passed by the Senate.

Mr. BLANTON. And all recommended by the Department of Justice?

Mr. BYRNS. Yes; and they urge that they be passed as quickly as possible.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7835. An act to provide revenue, equalize taxation, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2922. An act to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H.J.Res. 332. Joint resolution to provide appropriations to meet urgent needs in certain public services, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 17 minutes p.m.) the House adjourned until tomorrow, Friday, May 4, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

448. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of Agriculture, Bureau of Chemistry and Soils, for the fiscal year ending June 30, 1935, amounting to $7,500 (H.Doc. No. 354); to the Committee on Appropriations and ordered to be printed.

449. A communication from the President of the United States, transmitting a deficiency estimate of appropriation for the Post Office Department for the payment of rewards for the detection, arrest, and conviction of post-office burglars, robbers, and highway mail robbers during the fiscal year 1933, in the sum of $4,900 (H.Doc. No. 353); to the Committee on Appropriations and ordered to be printed.

450. A communication from the President of the United States, transmitting with recommendation for its early consideration by Congress, a proposed provision of legislation to make available to the Secretary of Agriculture the funds required to give effect to the act of Congress approved April 21, 1934 (Public, No. 169), relating to cotton (H.Doc. No. 352); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SOMERS of New York: Committee on Coinage, Weights, and Measures. H.R. 8513. A bill to authorize the coinage of 50-cent pieces in commemoration of the birthplace and boyhood home of Gen. Thomas J. (Stonewall) Jackson; with amendment (Rept. No. 1445). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H.R. 8987. A bill to amend an act entitled "An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes", approved July 15, 1932; without amendment (Rept. No. 1446). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H.R. 4099. A bill to establish a holiday to be known as Jefferson's Birthday; without amendment (Rept. No. 1447). Referred to the House Calendar.

Mrs. NORTON: Committee on the District of Columbia. S. 3289. An act to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes; without amendment (Rept. No. 1448). Referred to the Committee of the Whole House on the state of the Union.

Mr. KENNEDY of Maryland: Committee on Disposition of Useless Executive Papers. Report on the disposition of

useless papers in the Federal Radio Commission (Rept. No. 1449). Ordered to be printed.

Mr. MAY: Committee on Military Affairs. S. 1328. An act to provide for the donation of certain Army equipment to posts of the American Legion; without amendment (Rept. No. 1450). Referred to the Committee of the Whole House on the state of the Union.

Mrs. GREENWAY: Committee on Indian Affairs. H.R. 8982. A bill to define the exterior boundaries of the Navajo Indian Reservation in New Mexico, and for other purposes; with amendment (Rept. No. 1451). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H.R. 9141. A bill granting the consent of Congress to the State of Alabama, its agent or agencies, and to Colbert County and to Lauderdale County in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., or to any two of them, or to either of them, to construct, maintain, and operate a bridge, and approaches thereto, across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala., suitable to the interests of navigation; without amendment (Rept. No. 1452). Referred to the House Calendar.

Mr. MAPES: Committee on Interstate and Foreign Commerce. S. 3144. An act to legalize a bridge across the St. Louis River at or near Cloquet, Minn.; without amendment (Rept. No. 1453). Referred to the House Calendar.

Mr. CONDON: Committee on the Judiciary. H.J.Res. 317. Joint resolution requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette; without amendment (Rept. No. 1454). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2080. An act to provide punishment for killing or assaulting Federal officers; with amendment (Rept. No. 1455). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise; with amendment (Rept. No. 1456). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce; with amendment (Rept. No. 1457). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases; with amendment (Rept. No. 1453). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2460. An act to limit the operation of statutes of limitations in certain cases; without amendment (Rept. No. 1459). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor; with amendment (Rept. No. 1460). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; with amendment (Rept. No. 1461). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property; with amendment (Rept. No. 1462). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 8912. A bill to amend section 35 of the Criminal Code of the United States; with amendment (Rept. No. 1463). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 9370. A bill to authorize an appropriation of money to facilitate the apprehension of certain persons charged with crime; with amendment (Rept. No. 1464). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H.R. 9419) for the relief of Joseph Edward Richards, and the same was referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DUFFEY: A bill (H.R. 9462) providing for an examination and survey with a view to the construction of a harbor at and near Marblehead, Ohio; to the Committee on Rivers and Harbors.

By Mr. HOWARD (by departmental request): A bill (H.R. 9463) to extend further the operation of an act of Congress approved January 26, 1933 (47 Stat. 776) entitled "An act relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects"; to the Committee on Indian Affairs.

By Mr. FITZPATRICK: A bill (H.R. 9464) providing for a preliminary examination and survey for widening and deepening the channel between Travers Island and Glen Island (Long Island Sound), N.Y.; to the Committee on Rivers and Harbors.

By Mr. SABATH: A bill (H.R. 9465) to authorize the Reconstruction Finance Corporation to make loans to public-school districts; to the Committee on Banking and Currency.

By Mr. OLIVER of New York (by request): A bill (H.R. 9466) to spur the manufacture and distribution of non-competitive new commodities by private industry, to coordinate existing facilities toward that end, and for other purposes; to the Committee on Ways and Means.

By Mr. BRUNNER: A bill (H.R. 9467) authorizing the coinage of a 3-cent nickel piece; to the Committee on Coinage, Weights, and Measures.

By Mr. DIMOND: A bill (H.R. 9468) to authorize the incorporated town of Seward, Alaska, to issue bonds in any sum not exceeding $60,000 for the purpose of constructing and installing a municipal light and power plant in the town of Seward, Alaska; to the Committee on the Territories.

By Mr. TRUAX: A bill (H.R. 9469) to provide revenue by taxation of mortgage-loan companies charging large interest rates; to the Committee on Ways and Means.

By Mr. RICH: A bill (H.R. 9470) to provide for the payment of gratuities to widows of deceased Members of Congress in an amount not exceeding $2,500 in any case; to the Committee on Expenditures in the Executive Departments.

By Mr. JONES: A bill (H.R. 9471) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity future exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges, by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes; to the Committee on Agriculture.

By Mr. ELLENBOGEN: A bill (H.R. 9472) to amend the postal savings law by providing that postal-savings deposits shall be exempted from taxation, now or hereafter imposed by any district, Territory, dependency, or possession

of the United States, or by any State, county, municipality, or local taxing municipal authority; to the Committee on the Post Office and Post Roads.

By Mr. LESINSKI: A bill (H.R. 9473) to amend section 9 of the National Industrial Recovery Act; to the Committee on Ways and Means.

By Mr. HILDEBRANDT: A bill (H.R. 9474) granting to the State of South Dakota for institutional purposes the property known and designated as the "Canton Asylum", located at Canton, S.Dak.; to the Committee on Indian Affairs.

By Mr. LANZETTA: A bill (H.R. 9475) to clarify the status of certain citizens who derived naturalization from parent or husband, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SUMNERS of Texas: A bill (H.R. 9476) to empower certain members of the Division of Investigation of the Department of Justice to make arrests in certain cases, and for other purposes; to the Committee on the Judiciary.

By Mr. PEAVEY: A bill (H.R. 9477) granting certain property to the State of Wisconsin for institutional purposes; to the Committee on Indian Affairs.

By Mr. WILSON: A bill (H.R. 9478) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended; to the Committee on Flood Control.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Philippine Legislature, opposing the proposed tax on coconut oil; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DARDEN: A bill (H.R. 9479) for the relief of Aaron S. Fass; to the Committee on Military Affairs.

By Mr. DICKINSON: A bill (H.R. 9480) granting a pension to Irma Mendenhall; to the Committee on Invalid Pensions.

By Mr. GAMBRILL: A bill (H.R. 9481) for the relief of Elizabeth S. Duke; to the Committee on Claims.

By Mr. HAINES: A bill (H.R. 9482) granting a pension to Mary Jane McGaulghlin; to the Committee on Invalid Pensions.

By Mrs. NORTON: A bill (H.R. 9483) to dissolve the Ellen Wilson Memorial Homes; to the Committee on the District of Columbia.

By Mr. DOCKWEILER: A bill (H.R. 9484) for the relief of Clyde Smith; to the Committee on Military Affairs.

By Mr. REECE: A bill (H.R. 9485) granting a pension to James A. G. Livingston; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4471. By Mr. BACON: Petition of the Bar Association of Nassau County (N.Y.), Inc., urging that the room now occupied by the United States Supreme Court, when vacated, shall be preserved and kept open to the public; to the Committee on Rules.

4472. By Mr. BOYLAN: Resolution adopted at a meeting held in the city of New York on April 30, 1934, by the American Society for the Protection of the Motion Picture Theater, as the organization for the independent talking motion-picture industry, that this society petition the Senate and House of Representatives of the United States that Senate Resolution 225 be passed and that this society cooperate with any committee to be appointed pursuant thereto; to the Committee on Interstate and Foreign Commerce.

4473. By Mr. CULLEN: Petition of the American Society for the Protection of the Motion Picture Theater, as the organization for the independent talking motion-picture industry, that this society petition the Congress of the United States that Senate Resolution 225, introduced in the Senate by Hon. CLARENCE C. DILL, be passed; to the Committee on Interstate and Foreign Commerce.

4474. By Mr. DIRKSEN: Petition of the citizens of Wenona, Marshall County, Ill., petitioning the Congress of the United States to initiate a constitutional amendment denying to the President and to the Congress the power to send an armed force in excess of 5,000 men into any foreign country for the purpose of waging war, unless authority shall have first been received from the American people, through the instrumentality of a referendum vote, taken in all 48 of the States, and taken in such manner as may be provided in such constitutional amendment or in any statute passed pursuant thereto; to the Committee on the Judiciary.

4475. By Mr. McKEOWN: Petition of International Association of Oil Field, Gas Well, and Refinery Workers of America, Bristow, Okla., Local No. 257, urging passage of Wagner-Connery disputes bill at this session of Congress; to the Committee on Labor.

4476. By Mr. MILLARD: Petition signed by residents of Westchester County, N.Y., urging the passage of the McLeod bill; to the Committee on Banking and Currency.

4477. By Mr. LINDSAY: Petition of the Constitutional Liberty League, Boston, Mass., opposing the Fletcher-Rayburn stock exchange bill; to the Committee on Interstate and Foreign Commerce.

4478. Also, petition of the North American Cement Corporation, New York City, urging revision of the Securities Act, and additional Federal appropriation for a second program of Public Works; to the Committee on Interstate and Foreign Commerce.

4479. Also, petition of the American Society for the Protection of the Motion Picture Theater, New York City, urging the passage of the Dill resolution (S.Res. 225); to the Committee on Interstate and Foreign Commerce.

4480. By Mr. ROMJUE: Petition of E. Godbold, general superintendent Missouri Baptist General Association, 1023 Grand Avenue, Kansas City, Mo., recommending legislation which would authorize the Reconstruction Finance Corporation to loan to both publicly and privately owned colleges, universities, and other institutions of higher learning, funds for refinancing their accumulated financial obligation; to the Committee on Banking and Currency.

4481. By Mr. SUTPHIN: Resolution adopted by New Jersey Ancient Order of Hibernians in America; to the Committee on Merchant Marine, Radio, and Fisheries.

4482. By Mr. THURSTON: Petition of various citizens of Decatur County, Iowa, protesting against the levying of a processing tax on beef cattle; to the Committee on Agriculture.

4483. By Mr. WERNER: Petition of citizens of Rapid City, Farmingdale, Caputa, Box Elder, Conata, Creston, Groshul and Piedmont, S.Dak., urging the passage of the Capper bill (S.3064) to amend the Packers and Stockyards Act; to the Committee on Agriculture.

4484. By the SPEAKER: Petition of the National Rivers and Harbors Congress, Washington, D.C., endorsing the river-and-harbor projects heretofore or hereafter approved by the Chief of Engineers of the United States Army, and sundry other river-and-harbor, flood-control, navigation, irrigation, and soil-erosion and water-conservation and power projects; to the Committee on Rivers and Harbors.

4485. Also, petition of the Catholic Ladies' Relief Society, Sacramento, Calif.; to the Committee on Merchant Marine, Radio, and Fisheries.

4486. Also, petition of the Orinoco Council, No. 39, Knights of Columbus, Greenwich, Conn.; to the Committee on Merchant Marine, Radio, and Fisheries.

4487. Also, petition of St. John the Baptist Roman Catholic Parish of New Haven, Conn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4488. Also, petition of Mary Boeding, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4489. Also, petition of the Church of Our Lady of Good Council, New York City, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4490. Also, petition of the National Council of Catholic Women, Sacramento, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4491. Also, petition of Charles Forney, opposing House bill 8301; to the Committee on Interstate and Foreign Commerce.

SENATE

FRIDAY, MAY 4, 1934

(Legislative day of Thursday, Apr. 26, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day Thursday, May 3, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2922. An act to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto; and

H.R. 7835. An act to provide revenue, equalize taxation, and for other purposes.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Robinson, Ind.
Bankhead	Dickinson	Lewis	Russell
Barbour	Dieterich	Logan	Schall
Barkley	Dill	Lonergan	Sheppard
Black	Duffy	Long	Shipstead
Bone	Erickson	McGill	Smith
Borah	Fletcher	McKellar	Steiwer
Brown	Frazier	McNary	Stephens
Bulkley	George	Metcalf	Thomas, Okla.
Bulow	Gibson	Murphy	Thomas, Utah
Byrnes	Glass	Neely	Townsend
Capper	Goldsborough	Norbeck	Tydings
Caraway	Gore	Norris	Vandenberg
Carey	Hale	Nye	Van Nuys
Clark	Harrison	O'Mahoney	Wagner
Connally	Hatch	Overton	Walsh
Coolidge	Hayden	Patterson	Wheeler
Copeland	Hebert	Pittman	White
Costigan	Johnson	Pope	

Mr. NORRIS. I am requested to announce the senior Senator from Wisconsin [Mr. LA FOLLETTE] is unavoidably detained from the Chamber.

Mr. ROBINSON of Arkansas. I announce the absence of the Senator from California [Mr. MCADOO] because of illness, and the absence of the Senator from Florida [Mr. TRAMMELL], the Senator from Virginia [Mr. BYRD], the Senator from North Carolina [Mr. BAILEY], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Nebraska [Mr. THOMPSON], who are necessarily detained from the Senate. I ask that this announcement may stand for the day.

Mr. MCNARY. I wish to announce that the Senator from Connecticut [Mr. WALCOTT] is absent because of a death in his family, and that the Senator from Ohio [Mr. FESS], the Senator from Delaware [Mr. HASTINGS], the Senator from West Virginia [Mr. HATFIELD], the Senator from Pennsylvania [Mr. REED], and the Senator from Vermont [Mr. AUSTIN] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

DEATH OF WILLIAM H. WOODIN

Mr. WAGNER. Mr. President, I am sure that we have all learned with very profound sorrow of the death of one of America's most distinguished and beloved sons, former Secretary of the Treasury William H. Woodin. I feel a deep personal loss in the passing of the man whose abilities I had occasion to admire and whose fine character was a true inspiration to all who knew him. He was a man of wide accomplishments, and his gracious manner brought him an even wider personal friendship. Industrialist, banker, and artist, he crowned his great career as Secretary of the Treasury during our greatest financial crisis. The energy and aptitude and untiring devotion which he brought to his huge task in the face of failing health was heroic and undoubtedly hastened his death. It can truly be said of him that he gave his life to his country, but not until after he had rendered inestimable public and patriotic service and created a multitude of friends who mourn their loss.

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, reporting, pursuant to law, relative to papers and documents on the files of the General Accounting Office which are not needed in the transaction of public business and have no permanent value or historical interest, and asking for action looking toward their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. GLASS and Mr. HALE members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Common Council of the City of Ashland, Oreg., favoring the passage of legislation to include a certain tract of timberland in the United States National Forest in that vicinity for the purpose of affording fire protection to the watershed of the city of Ashland, Oreg., which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a resolution adopted by the Board of Supervisors of the city and county of San Francisco, Calif., favoring the making of provision for the employment of local artists on Federal projects and under the Public Works Administration, etc., which was referred to the Committee on Education and Labor.

He also laid before the Senate a letter from the Commissioner of the Conservation Department of the State of New York, with an accompanying resolution adopted by the Legislature of New York, endorsing the report of the President's Committee on Wild Life Restoration, and favoring the adoption of such report as a basis for legislative and Executive action, which, with the accompanying paper, was referred to the Special Committee on Conservation of Wild Life Resources.

He also laid before the Senate a resolution adopted by members of Bethany Baptist Church, of Newark, N.J., favoring the passage of the so-called "Costigan-Wagner anti-lynching bill", which was ordered to lie on the table.

Mr. KEYES presented numerous petitions and papers in the nature of petitions of women's clubs and church, civic, and other organizations in the State of New Hampshire, and citizens of the State of Maine, praying for the prompt ratification of the World Court protocols at the present session of the Senate, which were referred to the Committee on Foreign Relations.

Mr. WALSH presented a resolution adopted by Frances Willard Chapter of the Woman's Christian Temperance Union, of Pittsfield, Mass., favoring the passage of House bill 6097, providing higher moral standards for films enter-

ing interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

Mr. COPELAND presented the petition of members of the Junior Boys' Clubs of Union Settlement, New York City, N.Y., praying that all appropriations of money for public works and the relief of unemployment be used for constructive and peace-promoting projects and not for the building of naval vessels, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by Washington Camp No. 53, Patriotic Order Sons of America, of Mamaroneck, N.Y., and the Regular Democratic Organization of Bronx County, both in the State of New York, favoring the passage of the so-called "McLeod bill", providing payment to depositors in closed banks, which were referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of Ithaca, N.Y., praying for the passage of the so-called "Wagner-Lewis unemployment insurance bill" and the "Wagner-Connery labor disputes bill", which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of Brooklyn, N.Y., praying for the ratification of the World Court protocols at the present session of the Senate, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Ancient Order of Hibernians in America, of Meriden, Conn., and numerous resolutions adopted by various religious, civic, fraternal, and other organizations, all in the State of New York, praying the amendment of proposed radio legislation so as to provide adequate broadcasting facilities for religious, educational, and agricultural subjects, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Woman's Christian Temperance Union in Brooklyn, N.Y., favoring the passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Bar Association of Nassau County, N.Y., favoring the adoption of Senate Resolution No. 193 (submitted by Mr. ROBINSON of Arkansas), providing that the room now occupied by the United States Supreme Court be preserved and kept open to the public, which was referred to the Committee on Rules.

He also presented a concurrent resolution adopted by the Legislature of the State of New York, endorsing the report of the President's Committee on Wild Life Restoration as a basis for legislation and Executive action designed to increase and protect the wild life of the Nation, which was referred to the Special Committee on Conservation of Wild Life Resources.

He also presented resolutions adopted by the board of trustees of the village of Mohawk, N.Y., favoring the passage of legislation providing for making direct loans to industry, which were ordered to lie on the table.

He also presented resolutions adopted by the Veterans Association, Thirteenth Regiment of National Guard of Brooklyn, N.Y., favoring the maintenance of an adequate Army and Navy and condemning efforts of certain organizations to curtail the military forces of the United States, which were ordered to lie on the table.

He also presented a resolution adopted by the Young Men's Board of Trade of New York City, N.Y., favoring amendment of the so-called "Fletcher-Rayburn securities-exchange regulation bill", so as to provide for general powers of regulation and the leaving of the interpretation and enforcement of the law in the hands of a nonpolitical committee, which was ordered to lie on the table.

He also presented resolutions adopted by the spring meeting of the Brooklyn, N.Y., district of the Society of Congregational Church Women of the State of New York, favoring adjustment of the relations between the white and black races in America, and the promotion of peace between the nations by adoption of a disarmament policy on the part of the United States, which were ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 2082) to amend the first sentence of section 8 of the act of May 28, 1896, chapter 252, relative to the appointment of assistant United States attorneys, reported it without amendment and submitted a report (No. 907) thereon.

Mr. O'MAHONEY, from the Committee on Indian Affairs, to which was referred the bill (S. 2614) for the relief of purchasers and owners of lands on irrigation projects on Indian reservations, reported it with amendments and submitted a report (No. 908) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 2286) to provide funds for cooperation with Joint School District No. 28, Lake and Missoula Counties, Mont., for extension of public-school buildings to be available to Indian children of the Flathead Indian Reservation, reported it with an amendment and submitted a report (No. 909) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H.R. 371) for the relief of Peter Guilday, reported it without amendment and submitted a report (No. 910) thereon.

Mr. THOMAS of Utah, from the Committee on Foreign Relations, to which was referred the bill (S. 1666) to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co., reported it with an amendment and submitted a report (No. 911) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers in the Navy.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LONERGAN:

A bill (S. 3536) for the relief of the Consolidated Ashcroft Hancock Co., Inc., Bridgeport, Conn.; to the Committee on Claims.

By Mr. GORE:

A bill (S. 3537) to amend the act entitled "An act forbidding the transportation of any person in interstate or foreign commerce kidnaped or otherwise unlawfully detained, and making such act a felony", approved June 22, 1932, with respect to the punishment for violations thereof; to the Committee on the Judiciary.

By Mr. ASHURST (by request):

A bill (S. 3538) to empower certain members of the Division of Investigation of the Department of Justice to make arrests in certain cases, and for other purposes; to the Committee on the Judiciary.

By Mr. FLETCHER:

A bill (S. 3539) for the relief of Kate E. Kemon; to the Committee on Claims.

By Mr. SMITH:

A bill (S. 3540) to amend section 32 of the Emergency Farm Mortgage Act of 1933; to the Committee on Agriculture and Forestry.

By Mr. BARBOUR:

A bill (S. 3541) to authorize production credit associations to make loans to oyster planters; to the Committee on Agriculture and Forestry.

A bill (S. 3542) to divest prize-fight films of their character as subjects of interstate or foreign commerce, and for other purposes; to the Committee on Interstate Commerce.

By Mr. WHEELER:

A bill (S. 3543) authorizing an appropriation for the development of the Poplar River unit of the Fort Peck Indian irrigation project, Montana; and

A bill (S. 3544) to extend further the operation of an act of Congress approved January 26, 1933 (47 Stat. 776) entitled "An act Relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects"; to the Committee on Indian Affairs.

By Mr. VANDENBERG:

A bill (S. 3545) to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.; to the Committee on Commerce.

By Mr. ADAMS:

A bill (S. 3546) for the relief of the Moffat Coal Co.; to the Committee on Claims.

A bill (S. 3547) to authorize the addition of certain lands to the Roosevelt National Forest, Colo.; to the Committee on Public Lands and Surveys.

APPOINTMENTS ON BOARD OF INDUSTRIAL ALCOHOL AND IN INTERNAL REVENUE BUREAU

Mr. McKELLAR introduced a joint resolution (S.J.Res. 113) providing that further appointments in the Bureau of Industrial Alcohol and certain appointments in the Internal Revenue Bureau shall be made from an eligible list hereafter established, which was read twice by its title, referred to the Committee on Civil Service, and ordered to be printed in the RECORD, as follows:

Whereas in 1926, 1927, and 1928 prohibition agents were employed by the Government with the requirement that they should take and pass character tests, and some 2,600, practically all belonging to one political party, were appointed as prohibition agents; and

Whereas in 1928 the Bureau of Industrial Alcohol Inspectors were required to take and pass similar tests and to have 2 years in pharmacy as a prerequisite; and

Whereas on August 9, 1933, prohibition agents were dropped and time was extended to January 30, 1934, to qualify with civil-service status, and after that these men could only be appointed with the President's approval; and

Whereas recently the Bureau of Industrial Alcohol has appointed many of the old prohibition agents and appointed them inspectors and even promoted them to better places; and

Whereas there was no real civil-service examination; and

Whereas it is believed that the Bureau of Industrial Alcohol is about to appoint 1,236 more agents who have never really taken a civil-service examination, except in the ways above stated; and

Whereas it is believed that practically all, with the possible exception of 47, belong to one political party; and

Whereas the appointment to places in the Bureau of Industrial Alcohol of persons from the list made up from character tests is not consonant with the civil-service laws and is contrary to the spirit and intent of the laws: Now, therefore, be it

Resolved, Before any further appointments are made in the Bureau of Industrial Alcohol or in the Bureau of Internal Revenue having to do with alcohol a civil-service examination shall be held by the Civil Service Commission for the specific purpose of securing eligibles for service in the Bureau of Industrial Alcohol, or in the Bureau of Internal Revenue having to do with alcohol, and that appointments to such service be made only from the list of eligibles to be hereafter secured by such civil-service examination; and

Resolved further, That appointments already made by or in the Bureau of Industrial Alcohol since March 10, 1934, be, and they are hereby, annulled, and all appointments shall be made from such civil-service eligible list to be established after the examination herein provided for, and such sums as may be necessary for the Civil Service Commission to hold such civil-service examinations are hereby authorized to be appropriated.

REGULATION OF SECURITIES EXCHANGES—AMENDMENTS

Mr. FLETCHER submitted three amendments intended to be proposed by him to the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. THOMAS of Oklahoma. I ask unanimous consent to offer an amendment to a pending bill. I ask, first, that the amendment intended to be proposed by me be printed in full in the CONGRESSIONAL RECORD, and thereafter that it be printed and lie upon the table. The amendment is to become part II of Senate bill 3420. Senate bill 3420 is the bill to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

My amendment, as submitted, proposes to amend and repeal certain portions of the Securities Act of 1933, the purpose being so to amend the act that it will be possible for securities of the proper kind to be issued and sold.

The amendment intended to be proposed by Mr. THOMAS of Oklahoma to Senate bill 3420 was ordered to be printed, to be printed in the RECORD, and to lie on the table, as follows:

On page 57, after line 9, to insert the following:

"PART II. AMENDMENT OF SECURITIES ACT OF 1933

"SEC. 1. Sections 11, 12, 13, 14, 15, and 16 of the Securities Act of 1933 are hereby repealed.

"SEC. 2. Such act is amended by inserting after section 10 two new sections, as follows:

"'SEC. 11. To facilitate the operation of the provisions of this act, and to the end that the issuance of securities may not be made unduly costly, the Commission is hereby authorized and empowered, in its discretion, to waive and dispense with the filing with it by any applicant for the issuance of securities any papers, documents, data, and/or information which in its judgment may be unnecessary in compliance with the purpose and spirit of this act, including any papers, documents, data, or information required by schedule A or schedule B hereof.

"'SEC. 12. Except as provided in sections 20 and 24, the common law shall apply to any violation of the provisions of this act.'

"SEC. 3. Section 17 of such act is renumbered as section 13, and is amended by striking out, where they appear in subsection (a) (2), the following words: 'or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading'; and such section is further amended by striking out subsection (b) and by relettering subsection (c) as subsection (b).

"SEC. 4. Sections 18, 19, 20, 21, 22, and 23 of such act are hereby renumbered as sections 14, 15, 16, 17, 18, and 19, respectively.

"SEC. 5. Section 3 (a), first sentence, and paragraph (1) of said act be amended to read as follows:

"'SEC. 3. (a) Except as hereinafter expressly provided, the provisions of this act shall not apply to any of the following classes of securities:

"'(1) Any security which, prior to July 26, 1933, has been sold or disposed of by the issuer or bona fide offered to the public.'

"SEC. 6. Section 24 of such act is hereby renumbered as section 20, and is amended by inserting immediately before the word 'omits' the word 'willfully.'

"SEC. 7. Sections 25 and 26 of such act are hereby renumbered as sections 21 and 22."

CODES FOR LUMBER AND TIMBER PRODUCTS INDUSTRY

Mr. CLARK. I ask unanimous consent that the resolution which I send to the desk may be read for the information of the Senate and may be printed and lie on the table, under the rule.

The resolution (S.Res. 230) was read and ordered to lie on the table, as follows:

Resolved, That the Federal Trade Commission is hereby directed to make an investigation and study of the code of fair competition for the lumber and timber products industry and the code of fair competition for the retail lumber trade, and report the result thereof to the Senate as soon as practicable, showing the practice of the lumber industries under such codes with reference to price fixing, the increase in price of lumber products, and such other matters as would give a full presentation of facts touching the industries since they began operations under such codes, respectively.

FINANCING OF MAYFLOWER HOTEL CORPORATIONS IN THE DISTRICT

Mr. GIBSON submitted the following resolution (S.Res. 231), which was referred to the Committee on the District of Columbia:

Whereas it is reported—

1. That the Mayflower Hotel Co. and the Mayflower Hotels Corporation of America were incorporated in or about 1922 to construct and operate the Mayflower Hotel on Connecticut Avenue in Washington, D.C., the title to the property to be in the Mayflower Hotel Co.;

2. That the following securities of said corporations were sold to the public, viz, $7,500,000 of first-mortgage 6-percent bonds; $2,400,000 of second-mortgage 6½-percent bonds; $3,031,100 of

6-percent preferred stock; and 60,000 shares of common stock, amounting, in the aggregate, exclusive of the common stock, to $12,931,100;

3. That a foreclosure of said first mortgage is pending, in which a sale of the properties securing the same has been authorized at a minimum price of $2,800,000;

4. That three bondholders' committees have been formed, which have obtained possession and control of about 80 percent of said bonds;

5. That two of said committees are composed of the original sellers of said securities or of their associates and affiliates;

6. That said bondholders' committees have united in a plan of reorganization, by the terms of which:

(a) No provision is made for any securities or stock except the first-mortgage bonds, with the result that under said plan the holders of said second-mortgage bonds, of the preferred stock, and of the common stock would suffer a total loss;

(b) Upon consummation of the plan depositing first-mortgage bondholders will receive for each $1,000 principal amount of said first-mortgage bonds (with a proportionately smaller amount for $500 and $100 denominations) $500 principal amount of new 15-year 4½-percent general-mortgage sinking-fund bonds, together with 10 shares of capital stock, making a maximum total of $3,721,500 principal amount of new bonds and the entire outstanding capital stock of the proposed new company (74,430 shares authorized);

(c) Said $3,721,500 mortgage will not be a first lien, but will be second to a mortgage estimated to be for not less than $500,000 nor more than $750,000, the giving of which $500,000 to $750,000 mortgage is claimed to be wholly unnecessary in view of the cash on hand, and of the ability to raise any small deficiency on short-term unsecured notes, or, if necessary, on pledging a sufficient amount of the first-lien mortgage bonds;

(d) The 74,430 shares of stock of the new company proposed by the reorganization committee will be issued to a voting trust committee consisting of three members, who will hold the stock for 2 years, subject to an extension of 6 years, making the voting trust period provided for 8 years altogether, the 6-year extension being subject to the authorization of a majority in interest of the voting-trust certificate holders;

(e) Provision is made for a reorganization committee of three members, each to be paid $7,500 a year; of a voting-trust committee of three members; and for the designation of a bank to supervise the financial affairs of the new company;

(f) The reorganization committee is given authority to bid in the hotel property or to refrain from purchasing it, in their discretion; and if they do bid the property in at the minimum price of $2,800,000, they propose to penalize nondepositing bondholders by settling with them on the basis of such price, whereas the depositing bondholders are to be paid on the basis of $3,721,500 (nearly $1,000,000 more);

(g) The voting trustees shall have full power, if the hotel property is bid in, to sell it and to act as fully as the stockholders themselves might act in regard to any company matters, including the designation of their successors;

(h) The three bondholders' committees shall be paid an aggregate of $62,000 for services;

(i) The bondholding committees with whom bonds have been deposited shall be paid fees and expenses and the charges of their counsel; and there shall be paid the expenses of organization of the new company and of the issuance of its securities and of the first-mortgage loan.

7. That there has accumulated and is on hand from the hotel operations the sum of about $900,000;

8. That it is feared because of the experience of a similar local reorganization, managed, it is asserted by the same persons or some of them, now composing two of the present bondholders' committees, or their affiliates or associates, that the new stockholders' bonds will not sell for more than 20 cents on the dollar, if said reorganization plan is carried out, which would result in a property on which securities were sold for $12,931,100, aside from the common stock, realizing for the security purchasers but $700,000: Now, therefore, be it

Resolved, That for the purpose of providing the Senate with information to serve as a basis for such legislation, if any, as may in its judgment be found necessary in respect of financing the construction of buildings, selling to the public of bonds secured by mortgages on such buildings and the land they cover, and of preferred and common stock of the corporate owners of such real estate, and to correct abuses in such financing, and to protect the public against losses from unsound financing, and in particular to protect such investors as have already suffered losses in this Mayflower Hotel financing and such as are threatened with further and future losses in connection with the proposed reorganization of said Mayflower Hotel corporations and properties, the Committee on the District of Columbia, or a duly authorized subcommittee thereof, is directed to investigate all facts in connection with the financing and the proposed reorganization of said hotel and in particular the following matters relating to said corporations and to said proposed reorganization, viz:

(a) Who sold and what methods were pursued to accomplish the sale of $7,500,000 of first-mortgage 6-percent bonds; of $2,400,000 second-mortgage 6½-percent mortgage bonds; of $3,031,100 of 6-percent preferred stock; and of 60,000 shares of common stock, all securities of said corporations, and aside from the common stock amounting in the aggregate to $12,931,100.

(b) As to the management of said corporations since their formation in or about 1925, to date.

(c) As to the circumstances which have led up to the fixing, in proceedings for foreclosure of the first mortgage, of $2,800,000 as a price at which the Mayflower properties may be sold, on which securities to the amount of $12,931,100 were sold to the public.

(d) Whether the sellers of such securities for $12,931,000 are the same persons, or some of them, who have now obtained control of said securities as members of bondholders' committees of said first-mortgage bonds and the methods used to obtain such control, and to induce the bondholders to whom they sold such bonds to deposit the same with them as reorganizers, and specifically to determine if said sellers of securities and the members of said bondholders' committees are now advocating the sale of said hotel property for $2,800,000, a sum approximately one fourth the amount of the securities issued against the same.

(e) Whether the proposed reorganization is in the interest of the security holders.

The committee or subcommittee shall make a final report of its investigation, with recommendations, to the Senate, not later than May 31, 1934. For the purposes of this resolution the committee or subcommittee is authorized to avail itself of the services of the Commissioners of the District of Columbia, and of the corporation counsel of the District of Columbia, and to make expenditures to be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee. The total of such expenditures shall not exceed $2,500.

SENATE RULES AND MANUAL

Mr. COPELAND submitted the following resolution (S.Res. 233), which was referred to the Committee on Printing:

Resolved, That the Committee on Rules be, and is hereby, directed to prepare a revised edition of the Senate Rules and Manual for the use of the Seventy-fourth Congress, and that 2,500 additional copies be printed and bound for the use of the committee, of which 300 copies shall be bound in leather and tagged as to contents.

TOLL ROAD IN COCONINO NATIONAL FOREST, ARIZ.

Mr. ASHURST submitted the following resolution (S.Res. 234), which was referred to the Committee on Agriculture and Forestry:

Resolved, That the Secretary of Agriculture be requested to enter into negotiations with the San Francisco Mountain Scenic Boulevard Co. of Arizona for the purchase of the toll road to the summit of the San Francisco Peaks, in the Coconino National Forest, State of Arizona, under the terms of the stipulation entered into by said company on January 27, 1920, under the authority of the act of June 4, 1897 (30 Stat. 35).

LOANS BY FEDERAL RESERVE BANKS FOR INDUSTRIAL PURPOSES

Mr. WALSH. Mr. President, I have a very able and comprehensive discussion and analysis of industrial credit legislation pending before the Banking and Currency Committee, prepared by Mr. John Galleher, general counsel of the Manufacturers' Community Mortgage Loan Corporation of Springfield, Mass. Mr. Galleher discusses and contrasts the difference between the Glass bill, which is now pending before the Senate, and the Jones Reconstruction Finance Corporation bill, which is to be heard by the Banking and Currency Committee on Monday.

I ask that this analysis and comments be printed in the RECORD as part of the debate on the bill under discussion on yesterday, and upon which action was postponed until Monday, and also that it lie on the table.

There being no objection, the matter referred to was ordered to lie on the table and to be printed in the RECORD, as follows:

PROPOSED INDUSTRIAL CREDIT LEGISLATION

THE GLASS BILL	THE JONES R.F.C. BILL
LOANING AUTHORITY	
The Federal Reserve banks.	The Reconstruction Finance Corporation.
PURPOSE	
Direct loans to industry, through banks, trust companies, mortgage companies, credit corporations for industry, and other financial institutions, for working capital.	Direct loans to industry in cooperation with banks or other lending institutions. Solely for the purpose of maintaining and increasing the employment of labor.
HOW EFFECTUATED	
By discount or purchase of credit obligations.	By discount or purchase of participations.
MATURITY	
Not to exceed 5 years.	Not to exceed 5 years.

REQUIREMENTS	
In exceptional circumstances, when it appears to the satisfaction of the Federal Reserve bank that the industry is unable to secure requisite financial assistance from usual sources on reasonable terms.	Shall be made only when deemed to offer reasonable assurance of continued or increased employment of labor. The borrower must be solvent. The borrower must be unable to secure credit at the bank rate for the character of the loan applied for. No one borrower may receive more than $1,000,000, subject to such terms, restrictions, and conditions as the board of directors may determine.
SECURITY	
Loans to be made on a reasonable and sound basis.	Loans shall be adequately secured.
ADDITIONAL GUARANTY	
The financial institution to guarantee 20 percent of the loan to the Federal Reserve bank.	No provision as to additional guaranty, but present policy of R.F.C. requires from 10 to 20 percent of each loan to be deposited as additional security in the form of a Government bond.
ADMINISTRATION	
Advisory industrial committee, of 3 to 5 members, to be set up in each Federal Reserve district, who will serve without remuneration, to recommend loans to Federal Reserve bank.	No provision for advisory committee. Present R.F.C. practice, however, includes approval of all industrial loans by an advisory committee of bankers set up in each loan agency.
AMOUNT AUTHORIZED	
Approximately $280,000,000.	$250,000,000.
TERMINATION OF AUTHORITY	
No termination; permanent part of Federal Reserve Act.	Authority terminates January 1, 1935.

COMMENT

1. Amounts authorized insufficient: The amounts authorized by both bills, even when taken in the aggregate, do not appear to be sufficient to meet the demands of industry for this type of loan.

In a report furnished to Senator FLETCHER by the R.F.C. as of March 6, 1934, 1,742 borrowers, through 382 mortgage-loan companies, have asked the R.F.C. for $172,526,524. Since that date this total must have increased considerably. This corporation has considered approximately 250 applications from borrowers since January 1 asking for approximately $4,000,000 for disbursement in the western part of the State, including the Springfield area. In our judgment, $750,000,000 to one billion should be provided for this purpose. Under present R.F.C. policy conditions, onerous, burdensome, and totally unnecessary, are attached to every loan. In most cases compliance with these conditions is impossible. Such conditions imposed by R.F.C. are much more drastic and unreasonable than conditions imposed by banking institutions for loans of a similar character.

If industry throughout the United States up to March 6, 1934, applied for $172,000,000 under these impossible conditions, the demand would, under reasonable terms and conditions, increase at least fivefold.

2. Glass bill—provision as to exceptional circumstances: The words "in exceptional circumstances" should be stricken out of the bill, because they would involve difficulties in construction, as to when an exceptional circumstance existed, and thus might vitiate the entire purpose of the bill.

3. Glass bill—advisory committee of industrialists: This provision is excellent and removes the present obstacle to granting of loans under the existing R.F.C. policy by requiring approval of all loans by a committee of bankers.

In our opinion, a clause should be added making it mandatory upon the Federal Reserve bank to authorize loans upon the recommendation of the advisory committee of industrialists. No discretion should remain in the Federal Reserve bank as to authorization of the loan by them after approval by the advisory industrial committee.

4. Jones R.F.C. bill—advisory banking committee in loan agencies: These committees in each loan agency are solely comprised of bankers, many of whom are totally opposed to this form of financial assistance to industry. Equal representation upon these committees in each loan agency should be accorded to industry in the interests of justice and fair play.

5. Jones R.F.C. bill—termination of authority: This authority should be extended beyond January 1, 1935, and it is suggested that it exist for at least 1 year, say, to July 1, 1935.

GENERAL SUGGESTIONS

To our mind, and in this we are in accord with most of the mortgage-loan companies in Massachusetts, neither of thes bills will reasonably accomplish the desired purpose.

The amendment to the Industrial Credit Act, which was under consideration by the Senate Committee on Banking and Currency during the early part of April, is practically perfect to effectuate the purpose of industrial credit expansion.

Senator Fletcher directed letters to all mortgage-loan companies who had had loans approved by R.F.C. asking for their comment on this bill, and we are sure the replies received were unanimously in favor of it.

The bill provided for the organization of mutual credit associations for industry, as Federal corporations, under the supervision and control of the Comptroller of the Currency, in much the same manner as our national banks are supervised. It sets up a mutual guaranty fund of liquid assets, contributed by the credit associations and supervised by the Comptroller of the Currency to protect the Government against any reasonable expectation of loss, based on the business mortality records of a given industry or community. It provides loans primarily for working capital purposes up to 5 years maturity, secured by first liens on industrial plants and equipment, by raw materials held for processing or manufacture, and by pledge of receivables. It authorizes Federal Reserve banks to purchase and discount obligations of these credit assocnations to the same extent as obligations issued under the Farm Loan Act, and further authorizes the Secretary of the Treasury to purchase obligations of these mutual associations out of funds in the Treasury arising out of the devaluation of the gold dollar.

IN CONCLUSION

We submit that the expansion of credit to industry, promptly, and upon reasonable terms and conditions, is very necessary to the economic welfare of the Nation, and in support of the national industrial recovery program.

We suggest that the Jones R.F.C. bill be favorably reported out of the committee as a temporary measure with authority to grant loans to January 1, 1935, or unless superseded by Executive order of the President. That hearings be held by the Senate Committee on Banking and Currency, to permit industrialist and mortgage-loan company officials to be heard.

Respectfully submitted.

MANUFACTURERS COMMUNITY MORTGAGE LOAN CORPORATION OF SPRINGFIELD, MASS.,
By JOHN C. GALLEHER, *General Counsel.*

HOUSING CONDITIONS IN THE DISTRICT

Mr. CAPPER. Mr. President, I ask to have inserted in the RECORD an editorial from the Washington Post of April 30, entitled "Low-Cost Housing."

The editorial is a concise and well-considered statement of the housing problem in the District of Columbia. It calls attention to the finding by the Public Utilities Commission that a scarcity of low-cost dwellings prevails in the District. The editorial also refers to plans of the Emergency Housing Corporation for construction of low-cost sanitary dwellings in this city.

More than 7,000 persons live in the alley slums of Washington. Many of them are crowded into dirty, unwholesome shacks. Granted that the alleys are sought out as homes by the criminal and the vicious, I cannot believe that thousands of the poor live in the alleys for any but one reason—low rents.

These people cannot afford to pay even a fair price for decent living accommodations. Under present conditions, their mode of living creates disease and fosters crime. The whole city pays the penalty and pays heavily for perpetuating the alley homes.

Therefore, I do not believe that the rehousing of the alley dwellers should be undertaken on a strictly business basis. I believe that new, clean housing should be rented to them at prices within their meager incomes. Whatever the public may pay to accomplish this result, it will earn a rich return in stamping out tuberculosis, in reducing crime and juvenile delinquency.

The elimination of the alleys is, however, only one phase of the housing problems in Washington, as the editorial ably points out.

With few exceptions, no effort has been made by private capital in Washington to provide homes for the people at prices within the reach of the low-paid Government clerk. Within the past few years and up to the present day there has been very little residential building of any kind in Washington.

As a result, the houses and apartments available in Washington today may be divided into two groups:

Buildings constructed under high costs and speculative conditions since the World War.

Old buildings rapidly deteriorating and costly to repair.

In neither case is the tenant getting fair value for his dollar. On the one hand, he pays for the basis of an inflated value to help the owner meet the interest on an exorbitant mortgage. On the other hand, he is paying for

depreciated property, living under undesirable conditions because he cannot pay more for better quarters.

Mr. President, private capital has done nothing to meet the needs of the large group of Government employees paying 40 percent or more of their small salaries for decent living accommodations. Here is a real opportunity for the Government to engage in housing on a strictly business basis.

I am convinced that the Government, through existing agencies, can and should show private business how to make housing for Government workers a paying venture, with rents low enough to give the Government worker a chance to live properly.

The sanitary housing companies of Washington, which are limited dividend corporations, have already demonstrated the practical success of such operations. These companies have over 800 two-family flats in Washington. They scarcely ever have a vacancy. They have been paying 5- and 6-percent dividends all through the depression, and their rents are approximately 30 percent lower than in comparable privately owned properties. This shows what can be done by eliminating the waste and greed of high finance.

I think the Government should serve notice on the real-estate interests of Washington now that it intends to follow the course which over 30 years has proved successful for these limited dividend companies. Let the Government build apartments for the workers of Washington and show what can be accomplished in giving Government employees decent homes at fair rents, with a fair return to the Government.

Mr. President, I ask that the editorial may be printed in the RECORD and lie on the table.

There being no objection, the editorial was ordered to lie on the table and to be printed in the RECORD, as follows:

[From the Washington Post, Apr. 30, 1934]

LOW-COST HOUSING

Plans for the construction of low-cost housing units in Washington are developing slowly. Nevertheless, they are being watched with intense interest. The alley-clearance project is of special importance to the people who live in these unsightly and insanitary quarters, but it has a broad community appeal, because all the people of Washington are exposed to the disease and crime originating in these infected areas.

Without in any way diminishing the importance of eliminating alley hovels, we must recognize that this is only one aspect of Washington's housing problem. A recent survey by the Public Utilities Commission showed an acute shortage of suitable dwellings for families of moderate means. Since the war the supply of higher-priced apartments and homes has been augmented by about 50 percent. But the needs of families with small and average incomes have been singularly neglected. The findings of the P.U.C. indicate that modern dwellings can be constructed and operated for much less rent than the average family is now paying. Yet private capital has failed to initiate low-cost housing projects on an extensive scale.

The purpose of the E.H.C. is to demonstrate that modern, sanitary dwellings with pleasant surroundings may be provided at reasonable rentals. Several large cities have already proved the feasibility of such undertakings. It seems quite proper that the Government should conduct an experiment of this kind in the National Capital, although its intention to take over this municipal responsibility in other cities throughout the country has aroused rather grave misgivings. In general, the low-cost housing program would be far more satisfactory if it were going forward as a series of community enterprises rather than as a Federal undertaking.

Projects of this kind are significant if they point the way for private enterprise to render greater service to the community. Of course, there is no excuse for subsidization of those families who may obtain quarters in houses built with taxpayers' money. The first prerequisite of community housing is that it be kept on a strictly business basis. If these Federal projects should develop into a racket, as other "letter" undertakings have done, the price would be excessive even for such essential developments as elimination of slums and hovels.

NATIONALIZATION OF BANKS—ARTICLE BY SENATOR CUTTING

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Is Private Banking Doomed?" by the senior Senator from New Mexico [Mr. CUTTING], published in the March 31 issue of Liberty Magazine.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Liberty, Mar. 31, 1934]

IS PRIVATE BANKING DOOMED?—"YES", SAYS A FIGHTING CHAMPION OF THE NEW DEAL—"IT WAS PRESIDENT ROOSEVELT'S GREAT MISTAKE" THAT HE DID NOT NATIONALIZE THE BANKS ON HIS FIRST DAY IN OFFICE

By Senator BRONSON CUTTING, as told to Frederick C. Painton

Just before I left for Washington to attend the present session of Congress a banker constituent of mine, whose intelligence I highly regard—and who is a good banker, incidentally—came to me in an angry mood.

"The Government", he said bitterly, "is caught in the same dole system that is wrecking England. The idea of putting 4,000,000 men to doing useless work is plain out-and-out charity. It is socialistic. It undermines personal initiative. Why, in many cases the Government is paying more for this silly labor than industry itself pays. And the whole thing is placing a colossal, unnecessary strain on Government income."

He switched abruptly to his other pet abomination.

"You've got to depend on us bankers to keep recovery going, once it really begins", he said. "The Government should leave us alone. BRONSON, I hope you will oppose this Government dole system and fight Government tinkering with the banks."

I told him, when opportunity came, that I intended to support the so-called "dole system" of Government-made work, because as long as our present economic system continues there will always be from three to four million workers whom industry cannot employ.

"And as time passes", I added, "this number of parmanently unemployed will grow instead of lessen."

He stood quite silent when I told him that I favored even more Government tinkering with the banks.

"Private banking", I said, "is doomed in this country by the new deal. Control of credit is a Government power that does not belong in private hands. Unless the administration presents a bill depriving bankers of this power, I myself shall introduce such a measure. Private control of credit must be abolished."

Both of these are key points in the development of the country's future. Without Government employment of surplus labor and Government control of credit, the new deal must fail. In my opinion, neither point is radical but rather a common-sense effort to bring the Government into alinement with modern needs.

Everyone now knows that the vital objective of the new deal is to raise consumer purchasing power. There is a fundamental need of national planning to equate consumption with production. Such an equalization cannot be made unless the Government employs the increasing surplus of labor to raise consumption to maximum levels, or unless, by control of credit, it forces industry to regulate its output.

The failure of consumption through unemployment and the wild gyrations of private banking control of credit brought on the 1929 crash and will cause another even greater unless the Government acts decisively now.

Let me say at once that I do not believe our political system needs any great change to achieve these ends. I am opposed to communism, fascism, or any other form of dictatorship. Those who wrote the Constitution of the United States knew what they were doing; but the Constitution is, after all, an eighteenth-century document and needs more than an occasional amendment to bring it up to date. It could well be rewritten. Nevertheless, our political system based on the Constitution is fundamentally American and should be preserved. We are capable of national economic planning without the shackling of human intellect now practiced in Russia and Germany.

What we are now witnessing is a modernizing of our Government to meet the changes of the last 60 years. This modernizing process is causing me—as well as thousands of my contemporaries—to discard the economic doctrine which we in our youth absorbed second-handed from Adam Smith, John Stuart Mill, and the others.

They started with an assumption that the supply of the necessities of life would always be insufficient, and built up an economic system based on the law of supply and demand. As long as there was a shortage of the necessities of life their system worked. But today we have turned from the economics of scarcity to the economics of plenty.

Yet, creatures of habit that we are, we grumble as my banker friend has grumbled and protest the vital changes necessary for our own welfare. I am no better than anyone else in this respect, but as a public official I have necessarily examined the situation carefully. Hence I venture to discuss the dole system and Government reform of bank credits, not as a progressive but as a Senator with one vote who is trying to apply his common sense to the situation that exists.

Now the Government has put 4,000,000 men and women on the Public Works Administration pay roll because industry cannot employ these people. The Government will have to employ another 4,000,000 next year and the year after, and indefinitely continuing, because even if we do have a return of prosperity—a sensible prosperity—industry will still be unable to absorb all those who wish to work.

It seems to me there is ample proof that the so-called "dole system" must endure. Ever since James Watt made a practical success of the steam engine we have seen machines steadily supplanting man power. At first, during the nineteenth century, when markets were expanding because of a receding frontier and

with working hours gradually being reduced, the slow increase in wages and the widening of human needs kept workers fairly in labor. But with the twentieth century progress swept upon us like an avalanche. The shortening of labor hours did not keep pace with the increase in production. The wage raises were not great enough to absorb the larger output. And hence there arose what was called a norm of permanently unemployed.

Very early indeed these numbered a million men and their dependents. We knew about it casually, but it was not until the depression of 1921 that we had public admission from high places that our economic scheme was keeping men permanently unemployed.

In his report of 1922 the Secretary of Labor said, "In 1921 we had between five and six million jobless. We were in the throes of one of the greatest industrial depressions ever known. The Nation fought its way through this period. * * * We are back to *normal* in our employment. *But we have made the startling discovery that normal in America means that approximately one and a half million men are detached from any pay roll.*" (The italics are mine.)

In 1928 and 1929 our unemployed reached a total of approximately 3,000,000. These were permanently jobless at the very time we were shouting an end to poverty.

The withdrawal of these millions as purchasers, and the increasing share of the national income taken by industry for larger plants and huge surpluses, brought on the crash of 1929. Then, of course, the unemployment grew, until in 1932 it reached a staggering total of 12,000,000 jobless.

If in the height of our so-called "prosperity" 3,000,000 men went jobless, how many will remain unemployed when and if we reach a point of recovery comparable to, say, 1926? The answer seems inevitably to point to 4,000,000 men and women who must turn outside of industry to find work.

Since the low of last March it is estimated that 3,500,000 men and women have returned to work. This uplift in business has, according to administration spokesmen, brought us back some 25 percent toward the prosperity peak of 1929. Yet we are told in the same breath that 9,500,000 people are still without employment.

In other words, business, recovering 25 percent, has absorbed 3,500,000 workers, leaving nearly three times that many still to find employment. Then we must recover another 75 percent to absorb the remainder. That would bring us back to the insane peak of 1929—which would be impossible anyway.

If, which is a more sensible theory, we revive 80 percent of the high of 1929, we should still have 4,000,000 jobless. And you can arrive at that same figure through several different considerations of the problem.

I shall be told that the very machines that threw men out of work created new lines of endeavor that absorbed the jobless. Once that statement might have been true in part; but we know now that machines have thrown men out of work faster than new industries could absorb them. And I am frank to say that I do not believe that any new industry or group of industries can reduce our permanently unemployed below the 4,000,000 mark.

Yet practically and morally these unemployed workers must be cared for. If purchasing power is to reach its ultimate high, they must have work and income to spend. Morally, they must have their chance to live like human beings. And when industry cannot care for them, then it becomes the Government's duty. This it has done and released a torrent of criticism.

Most of this protest is, I believe, directed at the uselessness of much of the made work. But no one can be blamed for that. The winter was here—the emergency at hand—the duty plain.

But presently, when the emergency is passed, much constructive employment can be found for these millions of eager hands. The mere removal of 210,000 grade crossings would cost something like $10,000,000,000 and would keep many men employed a long time. With water power, flood control, drainage, reclamation, reforestation, housing, and educational and recreational needs, there is no excuse, for a good many years, in believing that we cannot utilize surplus labor.

Despite the fact that we shall all benefit from this work, the cry has gone forth that our taxation will increase. For the time being doubtless it will. But by forcing industry to pay higher wages, seizing part of the profits through taxation to keep all workers in jobs, the profits will grow and thus provide a greater national income which eventually will reduce taxation.

In short, we must have Government regulation of all industry to name the capital return on money. The Government regulation is becoming greater, will become more pronounced during this session of the Congress.

As a matter of fact, I am more interested in seeing a growth of national income than in discussion of whether 4,000,000 men and women shall have a so-called "dole." And if capital gets its just—and only its just—return, if labor receives an adequate wage, and extra profits go to supplying needed work to those outside of industry's gates, our national income can again reach eighty billions a year. Real prosperity will be achieved.

There are many able thinkers who now believe that in the future, instead of letting industry make profits of which a portion is claimed through taxation by Government, the Government itself may start by doing all the work necessary for the Nation-community and pay for it directly through certificates of work done for the state. I am not arguing for or against this theory, but it does bring me directly to the second point which my banker friend raised—interference by Government with private-banking control of credit.

The announced objective of the present administration is to introduce national planning in order to adjust consumption to production. With private-banking control of credit such a realization is utterly impossible.

There is, let us say, a manufacturing company whose commodity is in good demand. Its president, desiring to increase his profits, decides to build an addition to his factory. He naturally approaches his local banker and asks to borrow $4,000,000. The banker recognizes in the plant itself a sound collateral; he knows the company's prosperous condition; and if he be a broad-minded banker he perceives, too, a chance to increase the wealth of his community through greater employment. Naturally, he makes the loan.

But how does he make it? He writes on the credit side of a little book the figures, $4,000,000. He has, then, reached into thin air and summoned $4,000,000. He has created $4,000,000 out of nothing. What he has loaned is his bank's credit.

That loaning of confidence in his bank is his own private responsibility. He is accountable to no one but his board of directors.

Now, presume that in the far end of the Nation another manufacturer of the same commodity also desires to expand. He approaches his banker, who makes the loan.

When the additions to the two manufacturing plants are finished and in operation, it is discovered that the combined increase in production has flooded the market. Naturally, the executives of the factories lay off men. But they have to lay off not only the newly employed but some of the old as well until a normal demand for their goods again presents itself.

A depression has begun in that industry, and we find national wealth uselessly tied up in too big productive facilities and the manufacturers barricaded behind their surpluses awaiting better times. Heretofore no thought had ever been given to the men laid off.

With the overproduction which their tsaristic control of credit created, the two bankers become worried and demand repayment of their loans. Yet when the banks made the original issue of credit they increased to that extent the amount of money in circulation. To that extent, also, they increased the price level. Hence, when they recalled their loans they deflated the price level by $8,000,000.

Yet, at the time they demanded their loans there was actually more goods in existence than when they made the loans. Obviously, to buy these goods there should have been more money in circulation instead of less.

To the extent that the above example actually occurred not once but many, many times in the years leading up to 1929, the banker can be held accountable for what followed. He exercises an uncontrolled and capricious power over credit that may be beneficent if he be lucky, but that is more apt to be destructive.

Most people, I believe, do not realize just how great that power is. Only a small part of our monetary system consists of currency. The greater part by far is made out of bank credit. Hence, the banker controls the major part of our financial system, yet works absolutely isolated from his cobankers and under little public control. He is no different from any other human being. In good times he is optimistic, free with credit; in bad times he is cautious. This has brought about the axiom that in good times there is too much credit and in bad times not enough. The Federal Reserve System was supposed to remedy this human defect, but we know now that it did not.

During the Hoover administration Government credit was poured out generously through the Federal Reserve and Reconstruction Finance Corporation in the hope that this credit would sift down to those needing it. But the credit never got any farther than the private banker. He was the dam where it gathered in a large pool.

The banker was so in control of the Nation's finances that even the Government was powerless to get its credit to those needing it to lift us out of the depression. How fully he exercises this power is shown by the fact that there was little or no credit available in the United States in 1932 save through the Government.

Here is a power controlling the very destinies of the Nation. Yet the people of the Nation have no word in the selection of the men who control credit. The men we elect to governmental power have little to say in authority. So the banker has held the power that enabled bankers to squander the national wealth in freak foreign loans and waste the national substance with overexpansion of industry at home.

With Government control of credit, however, such ridiculous foreign loans would be impossible, and there could be no overextension of industry in the Nation. It seems obvious, then, that Government control of credit is the only tool by which we can have national planning.

Yet Government control of credit does not necessarily mean the end of banks as we know them. Individuals and industrial enterprises will always need deposit money and issue checks. For giving this service the banks will make a charge. They will also be able to make small loans of the same nature as the loan of money between two men. But this is not the loaning of credit which has made the mischief. Either banks of this sort will be strictly regulated by the Government, or else the Government will take them over as an extension of the Postal Savings System. In either case they will be entirely sound, for they will be compelled to keep 100-percent reserves.

The fight against the abolition of the credit power of private banks will be a savage one, for their power as a unit is without equal in the country. Knowing this is why I think back to the events of March 4, 1933, with a sick heart. For then, with even the bankers thinking the whole economic system had crashed to ruin, the nationalization of banks by President Roosevelt could have been accomplished without a word of protest. It was President Roosevelt's great mistake. Now the bankers will make a mighty struggle.

But none the less, like any other outmoded machine, they must be scrapped.

Of course, the naturalization of banks by itself will not salvage our industry, nor yet will the employment by Government of surplus labor bring us upward. Prosperity will depend thereafter on the policies pursued by those in charge. Surely the first step is to place the Government in a position where it has full responsibility and then to hold it to strict account.

And there is where our two-party system would work if there was a distinct line of cleavage. It seems to me that the formation of a consumers' party would place the control of the Government in the proper hands.

Every man on the street corner will tell you that the depression has come because our consuming power did not equal our productive output, yet practically no one acts as if this were so.

The consumers are completely unorganized. Even those experimenting abroad, in Italy, Russia, and Germany, have not tried to organize them. Yet the consumers constitute the people of the United States. They are the one and only hope of what we call the "capitalistic system." Will we begin to recognize that we are not labor or capital, or broker or store proprietor, and recognize that we are consumers, and consider our national problems from that angle?

Certainly the age-long battle between capital and labor is near its close. As machinery increases and man power declines, labor, it seems to me, must identify itself as consumer rather than continue a futile fight with capital to obtain a greater share of profits which under Government regulation will be too small to be worth fighting for. Hence, we have a nucleus here on which to base a party that would see through consumers' eyes the necessity of more equal distribution of wealth, which would mean, of course, greater consumption and in the long run greater prosperity for us all.

If, as Thomas Jefferson once phrased it, "the earth belongs to the living", then we must throw away the old shibboleths and look to the future instead of the past. For myself, I have three positive conclusions:

First. The consumer is now the basic factor in our civilization, and until we recognize that fact maladjustments will continue.

Second. The Government must consider itself as the representative of the consumer and not as a representative of capital or labor, whose perennial war has helped produce the mess we are now trying to climb out of.

Third. The success of any new deal depends primarily on Government control of credit and Government employment of the surplus labor on national projects.

APPORTIONMENT OF COTTON IN ARIZONA

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed by me to the Secretary of Agriculture relative to the apportionment of cotton exempt from tax in Arizona.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

APRIL 28, 1934.

HON. HENRY A. WALLACE,
Secretary of Agriculture, Washington, D.C.

DEAR MR. SECRETARY: Telegrams from Arizona indicate that the Bankhead Act of April 21, 1934, is being misinterpreted so as to reduce the apportionment of cotton exempt from tax in Arizona by 14,000 bales or from 87,000, as originally announced, to 73,000 bales. This change is proposed to be brought about by taking into consideration only the short-staple cotton grown in that State during the 5 crop years instead of including all cotton grown during that period.

I respectfully insist that section 5 (a) of the act requires that all cotton produced must be included in the basis of apportionment to each State. The text of the section means just what it says and reads, as follows:

"SEC. 5 (a) When an allotment is made, in order to prevent unfair competition and unfair trade practices in marketing cotton in the channels of interstate and foreign commerce, the Secretary of Agriculture shall apportion to the several cotton-producing States, the number of bales the marketing of which may be exempt from the tax herein levied, which shall be determined by the ratio of the average number of bales produced in each State during the 5 crop years preceding the passage of this act to the average number of bales produced in all the States during the same period: *Provided, however,* That no State shall receive an allotment of less than 200,000 bales of cotton if in any 1 year of 5 years prior to this date the production of the State equaled 250,000 bales. It is prima facie presumed that all cotton and its processed products will move in interstate or foreign commerce."

The sole question to be determined is "the number of bales the marketing of which may be exempt from the tax herein levied." To obtain the only correct answer it is necessary to look to section 4 (e), which provides that:

"(e) No tax shall be imposed under this act with respect to—

"(1) Cotton harvested by any publicly owned experimental station or agricultural laboratory.

"(2) An amount of cotton harvested in any crop year from each farm equal to its allotment.

"(3) Cotton harvested prior to the crop year 1934–35.

"(4) Cotton having a staple of 1⅛ inches in length or longer."

The four kinds of cotton above specified must be all taken into account in fixing the number of tax-exempt bales in any State. It would be just as illogical to single out "cotton harvested prior to the crop year 1934–35" and deduct it from the calculations as to say that "cotton having a staple of 1⅛ inches in length or longer" shall be omitted or ignored.

The State of Arizona is lawfully entitled to have apportioned to it by the Secretary of Agriculture the number of bales of tax-exempt cotton as calculated and fixed by using as a basis the quantity of all cotton, whether short staple or long staple, produced in that State during the 5 crop years preceding the passage of the Bankhead Act. The direction to the Secretary of Agriculture is mandatory in that respect, and he cannot lawfully adopt any other method of deciding upon the number of bales in the Arizona quota or apportionment.

The cotton-planting season is now at hand, which makes it imperative that there be no delay in arriving at a final decision on this important matter. I hope that you will promptly repeat the advice previously given to the cotton growers of Arizona, that the apportionment to that State is 87,000 bales.

Very respectfully,

HENRY F. ASHURST,
Senator from Arizona.

FEDERAL CREDIT UNION SYSTEM

Mr. SHEPPARD. Mr. President, I ask unanimous consent that the Chair may lay before the Senate, Senate bill no. 1639, in order that I may offer and have adopted without reading some perfecting amendments to the bill.

The VICE PRESIDENT. Without objection, the Chair lays before the Senate, Senate bill 1639.

The Senate proceeded to consider the bill (S. 1639) to establish a Federal Credit Union System, to establish a further market for securities of the United States, and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States, which had been reported from the Committee on Banking and Currency with amendments.

Mr. SHEPPARD. I send to the desk certain perfecting amendments, which I ask may be adopted en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the amendments are adopted en bloc.

The amendments agreed to were, on page 3, line 8, to strike out the words "Federal Reserve bank" and insert in lieu thereof the words "banks for cooperatives."

On page 3, line 9, to insert between the word "the" and the word "district" the words "Federal Reserve."

On page 3, line 14, to strike out the words "Federal Reserve bank" and insert the words "bank for cooperatives."

On page 3, line 22, to strike out the words "Federal Reserve district" and insert in lieu thereof the words "bank for cooperatives in the Federal Reserve district."

On page 3, line 24, and on page 4, line 1, to strike out the words "Federal Reserve banks" and insert in lieu thereof the words "cooperatives to be deposited by said bank in the Treasury to the credit of the United States."

On page 4, lines 9 and 10, to strike out the words "Secretary of the Treasury" and insert in lieu thereof the words "Governor of the Farm Credit Administration."

On page 5, line 4, to strike out the words "Federal Reserve banks" and insert in lieu thereof the words "bank for cooperatives."

On page 6, lines 19 and 20, to strike out the words "in Federal Reserve banks."

On page 7, to strike out lines 4 and 5.

On page 7, to strike out "(11)" and insert "(10)."

On page 7, to strike out "(12)" and insert "(11)."

On page 9, line 10, to strike out the word "office" and insert the words "bank for cooperatives."

On page 15, line 25, to strike out the words "Secretary of the" and insert in lieu thereof the words "board of directors."

On page 16, line 1, to strike out the word "Treasury" and insert in lieu thereof the words "of the bank for coopera-

tives in the Federal Reserve district in which said Federal Central Credit Union is to be located."

On page 16, line 1, to strike out the word "He" and insert in lieu thereof the words "The said board of directors."

On page 16, line 3, to strike out the word "his" and insert in lieu thereof the word "their."

On page 16, line 4, to strike out the word "he" and insert in lieu thereof the word "they."

On page 16, line 5, to strike out the word "his" and insert in lieu thereof the word "their."

On page 16, line 7, to insert between the word "the" and the word "Federal" the words "bank for cooperatives in the."

On page 16, lines 10 and 11, to strike out "Secretary of the Treasury" and insert in lieu thereof the words "said bank for cooperatives."

On page 16, line 11, to strike out the word "him" and insert in lieu thereof the words "said bank."

On page 16, lines 15 and 16, to strike out "Secretary of the Treasury" and insert in lieu thereof the words "bank for cooperatives."

On page 16, line 16, to strike out the word "him" and insert in lieu thereof the word "it."

On page 18, to strike out lines 15 to 19, inclusive.

On page 18, line 20, to strike out "(9)" and insert "(8)."

On page 18, line 24, to strike out "(10)" and insert in lieu thereof "(9)."

On page 19, line 1, to strike out "(11)" and insert in lieu thereof "(10)."

On page 19, line 2, to strike out the words "Federal Reserve banks."

On page 19, line 6, to strike out "(12)" and insert in lieu thereof "(11)."

On page 19, line 12, to strike out "(13)" and insert in lieu thereof "(12)."

On page 19, lines 17 and 18, to strike out "said Secretary of the Treasury" and insert in lieu thereof the words "board of directors of the bank for cooperatives in the Federal Reserve district in which said Federal Central Credit Union is to be located."

On page 19, line 21, to strike out the words "Secretary of the Treasury" and insert in lieu thereof the words "board of directors of said bank for cooperatives."

On page 19, line 22, to strike out "Secretary of the Treasury" and insert in lieu thereof the words "board of directors of said bank for cooperatives."

On page 19, line 25, to strike out the word "he" and insert in lieu thereof the word "they."

On page 20, line 15, to strike out the words "governor of" and insert in lieu thereof the words "board of directors of the bank for cooperatives in."

On page 20, line 16, to strike out the word "governor" and insert in lieu thereof the words "board of directors."

On page 22, line 12, to strike out the words "Governor of" and insert in lieu thereof the words "bank for cooperatives in."

On page 24, line 25, and page 25, line 1, to strike out "governor of the Federal Reserve bank" and insert in lieu thereof the words "board of directors of the bank for cooperatives."

On page 25, line 1, to insert between the word "the" and the word "district" the words "Federal Reserve."

On page 25, lines 6 and 7, to strike out the words "governor of the Federal Reserve bank" and insert in lieu thereof the words "board of directors of the bank for cooperatives."

On page 26, lines 17 and 18, to strike out the word "governor of" and insert in lieu thereof the words "board of directors of the bank for cooperatives in."

On page 27, to strike out lines 4 to 6, inclusive.

On page 27, line 8, to strike out "29" and insert in lieu thereof "28."

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CORPORATE REORGANIZATIONS

The Senate resumed the consideration of the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, the pending question being the amendment offered by Mr. FRAZIER.

The VICE PRESIDENT. The Chair understands from the parliamentary clerk and those who were in the Chamber at the time the Senate took a recess yesterday that the Senator from Louisiana [Mr. LONG] yielded to the Senator from Pennsylvania [Mr. DAVIS] with the understanding that he would have the floor this morning. Therefore, the Chair recognizes the Senator from Louisiana.

Mr. LONG addressed the Senate. After having spoken for about 1 hour and 45 minutes,

Mr. FRAZIER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from North Dakota?

Mr. LONG. I yield to the Senator from North Dakota.

Mr. FRAZIER. I suggest the absence of a quorum, and ask for a roll call.

The PRESIDING OFFICER. Does the Senator from Louisiana yield for the call of the roll?

Mr. LONG. Yes; I yield.

The PRESIDING OFFICER. The Senator from North Dakota [Mr. FRAZIER] has made the point of no quorum. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Robinson, Ind.
Bankhead	Dickinson	Lewis	Russell
Barbour	Dieterich	Logan	Schall
Barkley	Dill	Lonergan	Sheppard
Black	Duffy	Long	Shipstead
Bone	Erickson	McGill	Smith
Borah	Fletcher	McKellar	Steiwer
Brown	Frazier	McNary	Stephens
Bulkley	George	Metcalf	Thomas, Okla.
Bulow	Gibson	Murphy	Thomas, Utah
Byrnes	Glass	Neely	Townsend
Capper	Goldsborough	Norbeck	Tydings
Caraway	Gore	Norris	Vandenberg
Carey	Hale	Nye	Van Nuys
Clark	Harrison	O'Mahoney	Wagner
Connally	Hatch	Overton	Walsh
Coolidge	Hayden	Patterson	Wheeler
Copeland	Hebert	Pittman	White
Costigan	Johnson	Pope	

The PRESIDING OFFICER. The present occupant of the chair announces the absence of the Senator from California [Mr. MCADOO], occasioned by illness, and further that the Senator from North Carolina [Mr. BAILEY], the Senator from Nevada [Mr. MCCARRAN], the Senator from Florida [Mr. TRAMMELL], and the Senator from Nebraska [Mr. THOMPSON] are all detained by official business.

The Chair announces eighty-three Senators having responded to the roll call, a quorum is present. The Senator from Louisiana has the floor.

ALLEGED DISCRIMINATORY PRACTICES UNDER STEEL CODE

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Minnesota?

Mr. LONG. I yield to the Senator from Minnesota with the understanding that he does not take the floor away from me.

Mr. SHIPSTEAD. I ask unanimous consent to have a resolution read; and if there is no objection, I should like to have immediate consideration of it. If it should lead to debate, I shall ask that it be printed and lie on the table.

The PRESIDING OFFICER. The Senator from Minnesota asks unanimous consent that a resolution be read. It will be read, subject to the further motion of the Senator.

The legislative clerk read the resolution (S.Res. 232), as follows:

Whereas complaints are being made to Members of the Congress that certain provisions of the code of fair competition for the iron

and steel industry discriminate unjustly against different manufacturers using steel as a raw material by the imposition of the basing-point method of selling only at delivered prices; and

Whereas complaints are also made that under code rules a schedule of extras for quantity was universally adopted by parties to the code which greatly increased the relative prices theretofore paid by the smaller manufacturers using steel as raw material, which makes it more difficult for them to compete with larger manufacturers who are able to buy and use larger quantities; and

Whereas in response to a resolution of the Senate (S.Res. 166) the Federal Trade Commission on March 19, 1934, has made a report indicating that these charges are well founded; and

Whereas the code will expire by limitation on May 31, 1934: Now, therefore, be it

Resolved, That the President be requested—

(a) To take notice of the manner in which the industry is discriminating against different localities by the basing-point practice and between large and small enterprises by the imposition of quantity extras; and to

(b) Refuse further approval of those portions of the code which make these conditions possible.

The PRESIDING OFFICER. The resolution having been read, what further motion does the Senator from Minnesota make?

Mr. SHIPSTEAD. Mr. President, I want to take a moment to explain the purpose of the resolution. In response to a resolution adopted by the Senate some time ago the Federal Trade Commission made a report on the practices of the steel industry under the code. In that report they mentioned certain monopolistic practices. They showed, for instance, that in certain cases prices had been raised as high as 800 percent over the former prices.

All this resolution proposes is that when the code which is now in existence shall expire, on the 31st day of May, if it shall be renewed by the code authority and by the President, it shall not contain the provisions allowing the practices complained of and which were shown by the investigation of the Federal Trade Commission to be well founded. That is all it does.

Mr. BORAH. Mr. President, is it a joint resolution?

Mr. SHIPSTEAD. No; it is not a joint resolution, but a simple Senate resolution expressing the opinion of the Senate that when the code shall be renewed, if it shall be renewed at the time of its expiration on the 31st day of this month, it shall not continue to include the provisions that make these objectionable practices possible.

Mr. BORAH. Then, the effect of adopting the resolution would simply be a request?

Mr. SHIPSTEAD. That is all.

Mr. McKELLAR. Mr. President, what is the request of the Senator from Minnesota?

Mr. SHIPSTEAD. I ask for the adoption of the resolution.

The PRESIDING OFFICER. The Senator from Minnesota asks unanimous consent that the resolution which has been read be now considered.

Mr. CONNALLY. Mr. President, I inquire if the Senator has consulted the majority leader, the Senator from Arkansas [Mr. ROBINSON], about the matter?

Mr. SHIPSTEAD. I have not. I endeavored to consult the Senator from Arkansas, but he has not been in the Chamber for some time.

Mr. McKELLAR. I inquire if the Senator consulted the minority leader?

Mr. SHIPSTEAD. I have not.

Mr. McKELLAR. I ask the Senator to defer his request until the Senator from Arkansas and the Senator from Oregon shall have returned to the Chamber.

Mr. SHIPSTEAD. Very well. I ask that the resolution lie on the table.

Mr. McKELLAR. That is all right.

The PRESIDING OFFICER. The Senator from Minnesota requests that the resolution lie on the table.

Mr. SHIPSTEAD. I should like to have the opportunity and privilege of taking it up, if consent can be secured, this afternoon.

The PRESIDING OFFICER. The resolution will be printed and lie on the table.

PROPOSED RETURN TO CANADIAN GOVERNMENT OF MACE OF PARLIAMENT OF UPPER CANADA (ONTARIO)

The PRESIDING OFFICER (Mr. LEWIS in the chair) laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Naval Affairs, as follows:

To the Congress of the United States:

During the War of 1812 the mace of the Parliament of Upper Canada, or Ontario, was taken by United States forces at the time of the Battle of York, April 27, 1813. That mace, which had been the symbol of legislative authority at York (now Toronto) since 1792, has been preserved in the United States Naval Academy at Annapolis.

On July 4, 1934, there is to be unveiled in Toronto a memorial tablet erected by the United States Daughters of 1812 to the memory of General Pike and others of the United States forces who were killed in action. The mayor and council of Toronto are providing the site for the memorial.

The suggestion has been made that it would be a gracious act for the United States to return this historic mace to Canada at the time of the unveiling of the tablet.

The mace is a token of representative government established at York nearly a century and a half ago. It symbolizes the orderly rule of such government in Canada, continuing from that day to this.

Since the agreement of 1817 the two countries have by common accord maintained no hostile armaments on either side of their boundary, and every passing year cements the peace and friendship between the peoples of Canada and the United States.

I heartily recommend to the favorable consideration of the Congress the enactment of a joint resolution authorizing the return of the mace to the Canadian Government.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *Washington, May 4, 1934.*

ACCEPTANCE OF INDEPENDENCE ACT BY PHILIPPINE LEGISLATURE

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table, as follows:

To the Congress of the United States:

I transmit herewith for your information a copy of a radiogram from the Governor General of the Philippine Islands quoting the text of a concurrent resolution, adopted May 1, 1934, at the special session of the Ninth Philippine Legislature, entitled "Concurrent resolution accepting Public Act No. 127 of the Congress of the United States, commonly known as the 'Tydings-McDuffie Act', and expressing the gratitude of the Philippine Legislature and the Filipino people to the President and Congress of the United States and the American people."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 4, 1934.*

VETERANS' REGULATION—BURIAL EXPENSES OF DECEASED WAR VETERANS

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table, as follows:

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith Executive Order No. 6695 (Veterans' Regulation No. 9 (c)), approved by me May 2, 1934.

This Executive order amends Executive Order No. 6567, January 19, 1934 (Veterans' Regulation No. 9 (b)).

This regulation was promulgated in accordance with the terms of title 1, Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 4, 1934.*

CORPORATE REORGANIZATIONS

The Senate resumed the consideration of the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, the question being the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

Mr. LONG resumed his speech. After having spoken for about an hour,

Mr. FRAZIER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. GIBSON in the chair). Does the Senator from Louisiana yield to the Senator from North Dakota?

Mr. LONG. I yield.

Mr. FRAZIER. Inasmuch as we have this to ourselves, I think we might as well adopt this amendment.

Mr. LONG. All right, I will yield.

Mr. FRAZIER. The question is on agreeing to the amendment, Mr. President.

The PRESIDING OFFICER. Does the Senator from Louisiana yield the floor?

Mr. LONG. Yes, sir; I yield for the amendment to be voted on.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

Mr. BACHMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Robinson, Ind.
Bankhead	Dickinson	Lewis	Russell
Barbour	Dieterich	Logan	Schall
Barkley	Dill	Lonergan	Sheppard
Black	Duffy	Long	Shipstead
Bone	Erickson	McGill	Smith
Borah	Fletcher	McKellar	Steiwer
Brown	Frazier	McNary	Stephens
Bulkley	George	Metcalf	Thomas, Okla.
Bulow	Gibson	Murphy	Thomas, Utah
Byrnes	Glass	Neely	Thompson
Capper	Goldsborough	Norbeck	Townsend
Caraway	Gore	Norris	Tydings
Carey	Hale	Nye	Vandenberg
Clark	Harrison	O'Mahoney	Van Nuys
Connally	Hatch	Overton	Wagner
Coolidge	Hayden	Patterson	Walsh
Copeland	Hebert	Pittman	Wheeler
Costigan	Johnson	Pope	White

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. FRAZIER. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield, provided I do not lose the floor.

Mr. FRAZIER. I desire to perfect my amendment, on page 2, line 5, by striking out the words "homestead and", so that it will then read:

be appraised at its then actual value and that his exemptions be set aside and that he be allowed to retain possession of any part or parcel or all of the remainder of his property—

And so forth.

I also desire to make a similar modification by striking out the same words, in line 25, page 2, and also in line 20, page 3. The modification merely leaves out words to which objection has been raised in the amendment.

The PRESIDING OFFICER. The Senator from North Dakota modifies his amendment as indicated by him.

Mr. LONG. Mr. President, yesterday at the time I yielded the floor we had under consideration the so-called "Frazier amendment." The constitutionality of that amendment had been questioned by the Senator from Idaho [Mr. BORAH] and by the Senator from Nebraska [Mr. NORRIS]. I had agreed in principle with both of the distinguished Senators that based on the old understanding of the Constitution as interpreted up to a few years ago by our Supreme Court, this legislation and other legislation of its kind would not be held constitutional; but that in view of the late jurisprudence that the Constitution had to yield to the necessities of occasions and events and cycles of time, it would be held by the Supreme Court to be constitutional.

On investigation, however, I find, contrary to what was my belief on yesterday in some particulars, or at least to some extent, that the Senator from Nebraska and the Senator from Idaho had labored in some error as to what the law really is in the matter of discharging debts under the power of Congress, and that in accepting some of those views I, too, have probably somewhat misinterpreted what has been the law. It is very likely that the municipal bankruptcy bill would be considered unconstitutional for many more reasons than those to be inferred from the amendment which has been offered by the Senator from North Dakota allowing farmers to take advantage of bankruptcy.

I know of no warrant of law whatever by which the Constitution allows Congress to permit municipalities to go into bankruptcy, because a municipality is a subdivision of a State and in effect the obligations which the Congress is undertaking to wipe out are obligations contracted under the sovereignty of the State. I know of no jurisprudence or any precedent whatever which indicates that Congress may go in that direction in the cancelation of debts through bankruptcy. In other words, I contend that if Congress may grant bankruptcy to municipalities, it certainly may grant bankruptcy to the States. If the Congress of the United States may say that obligations of States can be canceled, then, of course, that means that Congress has taken over the matter of public and private debts as to their cancelation.

But the cancelation of private debts through bankruptcy is not assailable under the Constitution of the United States, nor do I believe the means or the manner of cancelation of private debts can be assailed under the Constitution, particularly in view of the liberal way in which it is now being interpreted.

I desire to read several extracts from decisions of courts which have been furnished to me by the Senator from North Dakota [Mr. FRAZIER], who has taken the time since we recessed yesterday afternoon to look up these authorities.

From the text writer, 12 Corpus Juris, page 937, I read the following:

The prohibition of laws impairing obligations of contracts is expressly directed to state action and does not apply to Congress, which may pass laws directly or indirectly impairing the obligations of contracts.

Then I read from another well-known authority, volume 6, ruling case law, 323, the following, which I believe will be found to be the law:

The particular provision of the Federal Constitution designed for the protection of the citizen in respect to his contractual rights is that no State shall pass any law impairing the obligations of contracts (art. I, sec. 10). This clause of the Constitution is, in terms, a limitation on the powers of the States only, and neither it nor any other clause forbids the Congress of the United States, when acting within the scope of its powers, to enact laws which may operate to impair the obligations of contract. It is on this principle that Congress has the power to enact a bankruptcy law under which debtors may be discharged of their debts at the time of the enactment of the law, while the power of the States in this respect is limited to the discharge of subsequent debts.

Then I am furnished by the distinguished Senator from North Dakota another authority taken from a decision of the Supreme Court of the United States. I read from the case of *Louisville & Nashville Railroad Co.* v. *Mottley* (219 U.S.R. 467), the following quotation extracted from that decision:

An act of Congress rendering contracts in regard to interstate commerce invalid does not infringe on the constitutional liberty of the citizens to make contracts; an act otherwise constitutional under the fifth amendment as taking private property without due compensation because it invalidates contracts between individuals which conflict with the public policy in the act.

Then I am furnished with a comment taken from Eightieth American Law Reporter, 638, which I read, as follows:

Article I, section 10, of the Federal Constitution is also discussed in the so-called "Sinking Fund Cases" (99 U.S. 700; 146 U.S. 162; 186 U.S. 181; 58 L.R.A. 900). See also Due Process of Law, L.R.A. 6, page 433. Fourteenth amendment does not impair police power of State (113 U.S. 27). On impairing the obligation of contract (see Modern Woodmen Case, 80 A.L.R. 638).

Having placed these in the RECORD, which I hope may in due time be perused by Senators who are dubious on the question, I trust Senators will have an entirely different viewpoint then, because it is within the contemplation of the Constitution of the United States that the Congress may afford debtors a way and a method by which they can be relieved of their debts. It is also contemplated by the exercise of that power that debtors may retain certain parts of their property. As an example, the present bankruptcy laws of the United States specifically stipulate that when a debtor is discharged he can claim for himself the property that is exempted to him free from seizure under the homestead laws of the State.

In my State, for example, there is exempted from seizure land to the extent of 160 acres. In the State of Texas a great deal more is exempt than is exempted in the State of Louisiana. So it is within the power of Congress to prescribe any limitation and to prescribe certain properties which may be exempted as a result of the enactment of State laws, or with or without them. If that is within the power of the Congress, I see no particular reason why, under the liberal construction of the Constitution today, in the discharge of private debts this power may not be extended to allow a man to retain certain property by paying for it over a long period of time and at stated intervals, at a definite stated percentage of the total, with a certain rate of interest fixed. Even though it were without interest, I still conceive that under any liberal interpretation of the Constitution this would be interpreted to be a valid provision under the Constitution.

It is high time we begin to think a little. I was surprised to hear it said that this is a wicked exercise of legislative power. I read from the Scriptures to show that, instead of being wicked exercise of constitutional power, it is a good exercise, a proper exercise, the kind of exercise of power that has been commanded through the law and through the gospel. I read not only the specific instructions that those debts should be remitted in this manner but I read from the fifth chapter of the Book of Nehemiah to show that it had been done in exactly this manner, and where exempted property had been turned back without the discretion or consideration given to the creditor such as is provided in the amendment offered by the Senator from North Dakota.

Now, I am going to show something else. I am going to show that this was the law of America at one time. I am going to show that this country was settled under that law. I am going to read the original contract and the original law under which the Pilgrims came to this country and landed here. I am going to show that they came here to establish a country based on the law of the Lord, signed up and sealed and delivered, and that they did establish a colony which led to the settlement of a large part of this country, and gave a large support to this country by making a contract based upon the law of the Lord.

I read from The Bradford History, presented by the New England Society in the city of New York to its members, the original volume of which I think was published a number of years ago, this copy being reprinted in the year 1899. I read from page 56 of this book, containing the stipulations that were signed.

Here are the articles that were signed:

It will be meete I here inserte these conditions, which are as foloweth—

Says the author of this book; and here they are—

An°: 1620. July 1.

This is the Pilgrims' contract, signed when they came to settle America:

1. The adventurers & planters doe agree, that every person that goeth being aged 16. years & upward, be rated at 10li., and ten pounds to be accounted a single share.

2. That he that goeth in person, and furnisheth him selfe out with 10li. either in money or other provissions, be accounted as haveing 20s. in stock, and in ye devission shall receive a double share.

3. The persons transported & ye adventurers shall continue their joynt stock & partnership togeather, ye space of 7. years, (except⁹ some unexpected impediments doe cause ye whole company to agree otherwise,) during which time, all profits & benefits that are gott by trade, traffick, trucking, working, fishing, or any other means of any person or persons, remaine still in ye comone stock untill ye division.

4. That at their coming ther, they chose out such a number of fitt persons, as may furnish their ships and boats for fishing upon ye sea; imploying the rest in their severall faculties upon ye land; as building houses, tilling, and planting ye ground, & makeing shuch comodities as shall be most usefull for ye collonie.

5.—

Here is where I come to it:

5. That at ye end of ye 7. years—

This is the Pilgrims' covenant, now—

5. That at ye end of ye 7. years, ye capitall & profits, viz. the houses, lands, goods and chatles, be equally devided betwixte ye adventurers, and planters; wch done, every man shall be free from other of them of any debt or detrimente concerning this adventure.

In other words, it was written—and I will read the rest of this in just a moment—in the fifth clause of the contract made by the Pilgrims that at the end of the seventh year there would not be a debt left on one of those men owing to the other. We have been parading up and down this country for the past 300 years on the virtue and stability and good, sound common sense of the Pilgrim Fathers.

We have extolled the landing of the Pilgrims and the wonderful example they set to the world; and the first thing they did before they undertook to establish it was to declare that at the end of 7 years they were going to follow the Lord's command, and not have one of them bound down to the other by debt to a point where they would reach the cannibalistic condition that America has reached under the debts that it cannot pay today.

I have been reading from the contract made by the Pilgrims; and they could well afford to make that kind of a covenant, because they came to America, bowed upon the soil of America, and kissed the sacred ground on which they had been permitted to land by the great Jehovah, consecrating themselves to carrying out on this land the law as it had been commanded by the Holy Writ, which had not been observed in the country they had left.

That is how the colony was founded, Mr. President—on the condition that at the end of the 7 years the colonists were going to have a fair sharing and a remission of debts as commanded through the laws of the Gospel.

6. Whosoever cometh to y° colonie hereafter, or putteth any into ye stock, shall at the end of ye 7. years be alowed proportionably to ye time of his so doing.

Then they go on with one or two other little paragraphs which are not material but which merely carry out the purport of what I have already read, which is entirely sufficient to show that we are not proposing anything evil here. We are following the laws of the Scripture and the examples of the founders of this country in trying to give relief from debt and a chance to breathe the spirit of a new life to the 125,000,000 American people, a large part of whom are farmers, who would be affected by the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

Mr. President, I submit that it is high time that we should do this. I think I can show the reasons.

A short time ago we were all misled by the great amount of favorable publicity that was being given to what we were experimenting upon.

Everybody was complimenting the experiments that were about to be made. I think I was a great deal better friend to all of the Congress than some other men were when I expressed my doubt as to the feasibility of those experiments. I think I served a better cause. Although I voted for most of the experiments, reluctantly in many cases, I think it was better that I should have stated my forebodings at the time that I did so. However, others went ahead and complimented the various and sundry experiments that we were going to try out. I did not think they were going to

work. I could not see sense in some of them, any more than I can see sense in some of them now; but in a nonpartisan fashion, sponsored by all the general claptrap and hurrally and the spirit of the mob that goes with it, nearly everybody was in accord that everything that was being done was going to be holy and perfect.

I have before me now the New York Times of Friday, May 4, 1934. The very gentlemen who condemned the kind of criticisms that some of us saw fit to make, the gentlemen who saw nothing but fire and destruction in the philosophy of those of us who had misgivings in regard to what was being done and saw fit to express them at the time, now appear here in Washington, and here are 10 specifications of the United States Chamber of Commerce in which they lambast everything from Genesis to Revelation that has been done here in the past year or so. They find everything to have brought about calamity. They find nothing but fire and the sword and sinking and demoralizing influences in everything that has been done, they say. They can find no good in these things now. They did not intend to find any good in them, even though they had worked out better than they actually have worked out. They were simply biding their time until things had passed along, and the administration had lost a great deal of its power to put things over; and then, like somebody that slept behind a log, they would get up and show their heads and come out again.

I never did think these men were sincere in the lip service they were doing to the praise of the kind of things we were enacting, nor did I believe they were sincere in their belief and in their advocacy that any good was going to come from them. What these gentlemen were doing was to encourage these unworkable theories so as to keep their advocates playing with baby rattles in the corner, to keep them from doing the kind of things that had been advocated here that the people were really demanding. What they were doing was to keep up some kind of a smoke and a rabble and a procession and music, beating the drum to attract people's attention to theories that they did not think were going to work, to keep them from proceeding along the lines of substantial reform that would have worked and which they do not want.

These people wanted the administration to get into these various and sundry side pockets. They wanted them not to adopt the inflation measures that we had been trying to enact. They did not want silver remonetized. They did not want taxes levied at the top in order that wealth might be distributed at the bottom. They did not want the farmer relieved of his debts. They did not want agriculture to come out, to the destruction of the various and sundry mechanics of marketing from which they had profited through what the farmer had raised. So they got up various and sundry fulminations, and encouraged every kind of experimental theory, and put everybody off in the corner with a baby rattle and a Jew's harp, or something else to play on, until the time came when they could just get up and make a general shout that all these new theories had been tried and would not work, and the only thing that could be done was to go back to their old order.

We fell for it. What these men are trying to do now, and what we are having to fight against today, is to keep from being whipsawed from both sides. Here on one side are the theorists who ask for the right to experiment. Here on the other side are the Tories, who want everything to go along the route of the laissez-faire doctrine.

Here we were trying to use the processes that had always brought a country out. We were trying to expand silver. We were trying to provide more money in the country. We were trying to give the people a chance to get from under debt. We were trying to do sane, sensible, progressive things advocated by men who had sat here in the House of Representatives and in the Senate of the United States for 25 or 26 years, and whose policies had been lauded by their people all the time. But, oh, no; we could not listen to them. We had to go out here and look up some men with a bifocal spectacle over his eyes so thick that you could not drive a bullet through it unless you had a lot of power behind it. We had to go out here and get hold of somebody who uses a spirit level and a compass and a magnifying glass; and suddenly, out of his great mind, the fulminations spouted out something, and we ran and adopted it the next day without reading a line of it, or ever having it advertised among the people to see what they thought about it. No; we had to go out here and try these experiments, and the very men who are today criticizing the administration for doing it are the men who supported the efforts to put these experiments over and to keep the people's minds distracted on things of that kind, instead of along constructive lines that would have meant something to the people.

Now they want to go out and bait the trap, and have the fight come off next November, on the question whether the people should select the old Tory system or this baby-rattling system we have been trying out. They do not want to let the sound, progressive type of legislation have a chance. They want to make us compare our baby-rattler system with the old Tory system. One means bearing a man to the grave with music, the other means taking him there without a song. It makes no difference. A dead man does not need music anyway.

They come out today and criticize the President. They criticize everything he has done and the greatest hope we have is that they will keep up this criticism, and the President will find that their applause for anything he sets out to do means that he is bound to be nearer wrong than right. He will find out that their advice is never given with any intent of helping the country, unless it gives them a special privilege which they are not entitled to have.

So I do not read with approval the criticisms of the Chamber of Commerce of the United States. I learn rather with a spirit of pity that this source of applause is turned into one of condemnation, as showing that we ought to proceed along the course on which we ran our campaign, when we pledged that we were going to free the people of debt, were going to lighten the load of the people of the country.

The people thought they were turning to what had been advocated in the Congress, which had been defeated by the party in power. The people thought that they were turning to the kind of constructive policies that they had had years to investigate and many months to study.

What does the chamber of commerce say, as we find it in the New York Times?

DEFECTS IN NATIONAL RECOVERY PROGRAM AS SEEN BY COMMERCE CHAMBER SPEAKERS

WASHINGTON, May 3.—Points raised against the national recovery program in today's session of the annual convention of the Chamber of Commerce of the United States included the following:

"(1) The tax burden is becoming unbearable, if not confiscatory, according to Silas H. Strawn, of Chicago."

Oh, yes; his tax burden is becoming unbearable, because of what? Why is the tax burden on any of them any heavier than it was? That is not what is worrying them. It is not the National Government's tax burden that is restraining their prosperity. They brag about the theory of the income tax which England has working so successfully. Nothing we have proposed here would have taken half the toll off the big interests or the little interests that the income tax is taking in the British Isles today. So that is a great effort to beguile the people into a false channel.

What is the second specification of failure on the part of the Roosevelt administration which the Chamber of Commerce of the United States alleges?

"2. The administration's railroad policy indicates a strong possibility of Government ownership of the carriers, despite the help already advanced to them, in the opinion of Harry A. Wheeler, of Chicago."

It is not the administration's policy that indicates public ownership of railroads; it is the policy of the financial interests, of those who finance the railroads, and of those who have allowed them to go on for the last several years. That indicates Government ownership of railroads. They overwatered the railroads, they overbonded them. It was a fault

on the part of the carriers. Then, after they had been allowed to load themselves down with securities and financing which they could not discharge, we set up the Interstate Commerce Commission, and they began to make rules and regulations under which they would cooperate.

We made water transportation free, and it became a competitor of the railroads, and we taxed the railroads to build the waterways.

We made the public highways free, and we built paved highways over which trucks could go, and we made the free travel ways over which trucks could travel, and we taxed the railroads to help build the highways.

Then we began to expand, and we are trying to expand passenger travel through the air, and we subsidized and paid a great deal of money to airplane companies so that they would be able to carry passengers through the air. The Government paid the cost of developing the waterways, and taxed the railroads to help do it. The Government has paid the cost of building the highways, and it has taxed the railroads to help build them. The Government is subsidizing the airplane companies, and has taxed the railroads to help do that. Then they have such a machinated set of rules and regulations that a spirit level and a compass and the Egyptian emperor's soothsayer could not find out what the answer was if he studied for a week, and I cannot if I study for a year.

Under this kind of restriction and regulation the railroads have been attempting to find a way to live. There is no way for the railroads to live under the conditions, and the administration is not responsible for the conditions. The conditions were here when this administration came into power.

In just a moment I will state what the administration can do to get out of the difficulty. I will give the answer to all these criticisms, I will give the answer to every one of them, and the answer is, as was expressed here the other day in an editorial in the Philadelphia Record, that the President of the United States has gone too far trying to placate the Tories and conservative men. The trouble is in his undertaking to placate them and to accept advice from them, and then to communicate to the Congress their opinion. That is the cause of the trouble which afflicts us, for there is brought about a condition which they urge as a justification for this character of criticism I am reading now.

"(3) The processing tax is causing an appreciable reduction in the wheat consumption of the country, according to Fred J. Lingham, of Lockport, N.Y."

Certainly it is. Did we not say so here? The people did not advocate the processing tax, or they kept quiet about it. Certainly the processing tax is having that effect. They knew that all the time. That is nothing to blame anybody for. They are as much to blame for it as anyone else. I will give the answer to that criticism in just a moment, when I shall have completed reading these specifications.

The fourth criticism of the United States Chamber of Commerce against the recovery program is as follows:

"(4) Placing commodity exchanges under Government control would work havoc with prices for farm products, predicted Thomas Y. Wickham, of Chicago."

I will give an answer to that in just a moment.

"(5) The foreign-trade program is doomed to failure unless those affected are consulted, said James A. Farrell, of New York."

Oh, yes; that is a great thing. I will give a general answer to that in just a moment, but I will make specific reference to it now.

The foreign-trade program is doomed to failure unless those affected are consulted.

Whom are they to consult? Whom do they mean as the persons affected? The farmers of this country, whose produce has to be exported, or the exchanges, which think they are the masters of the export and import business of this country?

If there is any fault, it is because there has not been consultation with the man back in the interior, rather than the men found in the Chamber of Commerce of the United States.

The sixth specification of criticism by the United States Chamber of Commerce is as follows:

"(6) Increased expenditures and reduced receipts will raise the national public debt from $16,000,000,000 in 1930 to $32,000,000,000 in 1935, according to Fred H. Clausen, of Horicon, Wis."

Nobody is denying that. Everybody knows that we have run the public debt up to around thirty-two or thirty-three billion dollars, and it will probably go on up to $35,000,000,000 in the next few months.

Who is responsible for that? The United States Chamber of Commerce and the men who have been sponsoring it have been urging it as much as anybody else. They have been the chief instigators of it. They advocated it when many on the Democratic side were opposed to it, that the only thing to do was to go to spending money, to keep from taxing them. They urged that the Government ought to issue bonds and go in the hole instead of making them pay more. I will give an answer to that under the general answer I am going to give to all these questions in just a moment.

"(7) Arbitrary regulations of the Public Works Administration are preventing any revival of the construction industry under the Government expenditures authorized, in the opinion of Nick F. Helmers, of St. Paul, Minn.

"(8) Jurisdictional disputes and overlapping and conflicting claims are being written into the N.R.A. codes, according to Gilbert H. Montague, of New York."

Oh, yes. Who is it that is trying to put the N.R.A. code over? In the meeting called here of the Chamber of Commerce of the United States, among the first things Mr. Harriman did was to state that they had to stick by the N.R.A. codes, was it not? They have undertaken to enshrine themselves in the control of the National Recovery Act under the N.R.A. codes. None of them is being prosecuted, says General Hugh Johnson, because they have such skillful lawyers that they go so close to shore that there is no such thing as convicting one of them. They are the ones in charge, and if there has been any failure of the N.R.A. and if the N.R.A. is subject to any criticism, it is because of the fact that it has been left in the hands of the very type of men and the named men who are in this Chamber of Commerce of the United States leveling this criticism at the program of the President today. They are the ones who are responsible for it.

They wrote the oil code and they have written every other code, and they have been consulted in connection with them, and have been placed over most of them, and now they come in, after they have helped ditch the whole program, when they have practically destroyed it in their attempt to pervert it to their own selfish interests and aggrandizement, and undertake to level a criticism at somebody else.

The trouble is that these people were allowed to come in and make the codes. They are now criticizing their handiwork, and well it is that they should. We criticized them before ever they were brought here, because we knew they were going to do what they did, and we knew they would then go out and raise a loud clamor and undertake to saddle the responsibility on the new deal and then say, "Turn the thing back into our hands."

Oh, no; if you make a failure of the new deal, Messrs. Tories, we are not going to turn this Government back over to you. You may manage to saddle it down with theories and nostrums and palliatives and everything else to the point where it cannot possibly succeed, but when you come back here and hollo that the new deal has completely failed, and say "Now, turn the thing back to us", we are not going to do any such thing. This is the time, and the first time, when we are going to stand here and demand that we be given the opportunity to put into effect, and that the people be given a chance to have put into effect, the things they have clamored for all these years. We are not going to let the Tories build up a straw man and then chuck him down and say, "He will not work. Turn the Government back over to us." That is what they are trying to do here now.

Specification no. 9 against the recovery program:

"Political affiliations play an important part in an applicant's qualifications for a loan or grant under the P.W.A."

I do not doubt that. I am not arguing about that. But these very interests have been ingratiating themselves in the political inside of the House ever since it started. Whose political affiliations? Does anyone mean to say that they have been shoved away from their seat at the throne? Have they not been there more than anyone else has been there? Who has been there more than they have been there? What do they mean, coming out here with a great big Nation-wide public criticism now, when they have had the head of the American Telephone & Telegraph Co. writing one code and the head of the Standard Oil Co. writing another code, and they have had someone else writing still another code? And now they come out and say the whole thing does not work.

Of course it would not work, when such a gang as that is called in. That is the trouble.

Mr. President, I will tell the Senate the way this statement in the paper should read, if it were written in the true way and as I should rewrite it. If I were going to do it, I would put acid on the whole thing, and write there that the entire recovery program is threatened with failure because the same old set which, to begin with, sent this country to hell has been allowed to come in and participate in the handling of the recovery program. That is the way this thing should read. That is all that ought to be put in the paper. We ought not to leave the drawing of these specifications with them. They had more to do with the threatened failure of the program than anyone else, because they did most of the things that would cause it to fail. All that is needed to be put in here is that this recovery program is threatened with calamity because of the fact that the gang which brought the country to the brink of disaster, and then pitched us in the stream, has been allowed to participate in the main part in whatever has been done. That is what ought to be put in the paper.

Let us read their tenth specification.

"10. The Securities Act and the proposed stock-exchange control bill have caused almost complete cessation of private investment."

That is the last one.

Now Mr. President, I will make an answer to all this. I will make an answer a part of which will be defense and part of which will not be defense, but I will make an answer to it all.

When we came into power, Mr. President, on the 4th day of March 1933 we came into power with the country in a bogged-down, paralyzed, entangled, besmirched, discredited condition throughout, in all its activities. The condition of the banks was only a symptom of the tottering condition of the country. Nothing could be sold. The people did not have money with which to buy. The people could not consume because they could not buy. The people could not get any more credit. They already had too much credit. There already existed $250,000,000,000 to $275,000,000,000 worth of debt which the people owed. They already had too much credit. The country had no business operating on such credit basis.

When this administration came in there was only one way under God's sun of getting the country out of its trouble. This administration, when it took hold, had only one way under the shining heaven to get the country out of that kind of morass. The only way the administration could do it, which was the first thing to do, was to give the people a sufficient supply of money to start the intercourse of business and to secure freedom from their debts. That is the first thing, though not the main thing, the administration had to do. That was the necessary vehicle to carry us back to prosperity.

The next thing they had to do was by positive law, a positive unequivocal, nonpreferential law, to shorten the hours of labor universally and in all industry. I am not sure that 6 hours a day and 5 days a week are short enough. But the first thing they had to do, as I said, was to allow an adequate currency. Silver had to be remonetized or an adequate currency otherwise furnished.

As I said, the second thing they had to do was to shorten the hours of labor so we would begin to catch up with the production by consumption of products. That was the second thing the administration had to do.

Third, it had to provide for a system of public works so that we might take up the slack immediately.

The fourth thing the administration had to do was to pay for this cost of recovery through taxation to be levied on the big fortunes at the top, so that they might be dragged down to where the Government would not only have the money with which to give employment to its citizens and to stimulate business, but to destroy the disproportion existing between the man on the bottom and the man at the top, and in that manner, pulling down these fortunes from the top, giving the Government a sufficient revenue to carry on its program. Then the Government would proceed to use that fund, spreading it through the Treasury of the United States to the man needing employment, stimulating employment, thereby giving a purchasing power to the masses so that business could begin to revive.

Mr. President, with an adequate currency, and the shortening of the hours of work, America would not have been standing where it is now, 1 year and 2 months later, with conditions getting worse. We would have been out of this depression long ago. We would have gone out of it, Mr. President, so quickly that it would have been surprising to any man.

What did we do? Did we do those things? We promised them. That is what we promised to do. That was the Democratic Party's promise.

How much of it did we do? We started out to remonetize silver and expand the currency. The Senator from Montana [Mr. WHEELER], the Senator from Oklahoma [Mr. THOMAS], the Senator from South Carolina [Mr. SMITH], myself, and several others fought here, until finally one day we voted within a few votes of expanding the currency and remonetizing silver.

Mr. President, we heard that we had won the fight. I was in New York at the time, and they sent for my friend from Oklahoma [Mr. THOMAS] to come to the White House. I read this in the newspaper. He did not tell me anything about how it came about that he went down there. I just take it for granted that we all know the facts, and I am not violating any confidence in repeating what the newspapers published. The Senator from Oklahoma [Mr. THOMAS] was sent for, and he came back to Congress and introduced the bill which was supposed to result in our victory, giving the permissive authority to the bureaus and the Executive to expand the currency and to remonetize silver. That is the last we heard about those proposed laws. In other words, we could not get the laws which we were undertaking to sponsor enacted into law, because these very gentlemen who are now condemning the course which has been pursued were against it for one thing and the main thing. But we could get a law through that allowed the Government to expand the currency.

I desire to ask someone in this Chamber if it meant, when we passed that law to authorize an expansion of currency, that we were going to contract it? I want to know if anyone on the Democratic side of the Chamber or on the Republican side of the Chamber ever thought that we went through all that fight and all that compromise to get the final effect of the currency being reduced from $6,068,000,000 down to $5,300,000,000? That is what we did. We are here today—1 year after that so-called "victory"—we are here today after we were supposed to have won that fight, and the currency of the United States, which, on the 19th day of April 1933, was $6,068,000,000, is now $5,324,000,000 or a reduction in money of over $700,000,000.

That, Mr. President, is no. 1. After all the fighting we did we are no nearer to remonetizing silver now than we were then.

Mr. President, we have done one more thing besides all that. We have today $5,300,000,000 in currency, as against

$6,000,000,000 on the 19th day of April a year ago. But the dollar that is standing out today is supposed to be a 59-cent dollar, and it is that for foreign exchange. So we have fifty-nine one-hundredths of $5,300,000,000, as against 100 cents on the dollar of $6,000,000,000 a year ago. We have today on the basis of foreign exchange a circulating money currency value of $3,500,000,000 as against $6,000,000,000 a year ago. That is the condition. So that one thing which we had advocated as necessary for the restoration of this country on this side of the Chamber and on the other side of the Chamber has not only not been done but, despite the so-called "compromise" that was effected by the Wheeler-Thomas-Smith-Long bloc and the President and the reactionaries, we are today worse off with respect to the currency than we were when we started. That is no. 1.

No. 2. Did we shorten the hours of labor? We had here the Black bill, introduced by the Senator from Alabama [Mr. BLACK], to reduce the working hours to a maximum of 30 hours a week, but along came amendments to exclude certain interests from the purposes of that bill. They wanted to except cotton gins. I was from Louisiana and the South, and I led the fight on this floor to keep them from excluding cotton gins, because I did not want that measure to be mutilated to the point where it would, to the slightest extent, admit of exceptions to destroy its benefits. What became of the Black bill? The Black bill, the 30-hour week bill, passed the Senate and went over to the House, but it has never been heard of since. On the contrary, the Speaker of the House of Representatives gave out a statement about the same day we finally disposed of the Black bill in which he said that it did not have any chance of passing the House. Who told him that or why was he telling us that? Somebody evidently had told him something. I do not suppose he was speaking from his own knowledge. Evidently he communicated with somebody, because when the bill left here to shorten the hours of work, it never received any such thing as consideration in the other House.

They came along with the codes under the N.R.A. law and said, "This is our substitute for the Black bill; we are going to shorten the hours of labor and take up the slack through the N.R.A. codes; we are not going to have a compulsory law that will press down upon the brow of industry like a crown of thorns; we are going to call men together and have one of these love feasts; we are going to call upon the brotherhood of man; we are going to sit there with the big brother and the little brother, and get a code up."

My goodness, Senators, when are you going to find out that you cannot sit down at a table with that kind of men without getting eaten up yourselves? They never look at anything except across the table, and they are cannibals when they go there, and they leave worse than they were when they started.

However, we went into an N.R.A. code system under the National Recovery Act. I voted against it; I voted to strike the code authority out of the bill. I knew it was not going to be anything except a disguise; I knew it was not going to be anything except a smoke screen to put us to sleep again until the Congress should adjourn and keep from passing a compulsory law to shorten the hours of work. So we went home with the statement ringing in our ears that they would pull the country out of its difficulties with the N.R.A. Have they pulled the country out with the N.R.A.? Well, according to the last statistics I obtained, there are 800,000 more unemployed men in the United States, not including a proper survey of farmers, than there were in the month of last October; it has gone the other way; and there are admitted to be somewhere around 11,000,000 unemployed in the United States today.

That has been what we have yielded to as a result of the clamor and advice that has been given by gentlemen such as the leaders of the United States Chamber of Commerce, who are now criticizing the Democratic administration for what it has done. I knew they were going to do it. I said on this floor that they would be back here when the President's power was crimped, criticizing and condemning him in time for the fall election; and they are here doing just what I said they would do. So much for that bill. So we did not get the currency; we did not get a shortening of the hours of labor; we got nothing.

What was the third thing and why was it not done? Did we begin to tax at the top? No. I wonder if anybody wants me to read it again. I have read it so many times that I have worn it out. We came in promising that we were going to see that the big fortunes were pulled down at the top and that people were relieved of their debts and the country would have money to run on by building the little man up from the bottom at the same time. Did we do it?

The President of the United States made a speech a few days before he went into office in which he said that 200 industries in America were already controlling 45 percent of the business. What is the condition now? Since he went into office, according to Mr. Lawrence Dennis, in the article which he published last month, those 200 corporations control 55 percent of the business of this country today; their control has gone up 10 percent; and, as a result of it, they come here and publish 10 reasons to show why the Roosevelt administration ought to be hung. We did not give them enough. I knew we were not going to satisfy them; they cannot be satisfied.

So we have failed to turn the wheel the other way, as we said we would do, through our illustrious candidate, whom I supported for the nomination and for election and whom I yet want to see succeed, and I wanted to see succeed all the time. I wonder if I will be known to be sincere now? I advised against the things that these men advised for. I advised that he go along the old lines as he had pronounced and that he not allow his plans to be mellowed nor compromised by these men. I wonder if I will be given credit for being sincere now about it? The President said, if we did not check that condition whereby 200 industries control 45 percent of the business, that we would soon be an oligarchy run by two or three hundred men owning everything. The condition is 25 percent worse this year than it was then. The only difference is that they are operating as a government now, whereas they were not doing so then. That is the picture of what we promised.

Mr. COUZENS. Mr. President, I rise to a point of order.

The PRESIDING OFFICER (Mr. LEWIS in the chair). The Senator from Michigan will state his point of order.

Mr. COUZENS. Is it not a rule of the Senate that a Senator must remain at his own seat when he is addressing the Senate?

The PRESIDING OFFICER. The present occupant of the chair is unable to recall that there is such a rule, although that sometimes is the habit. It may develop that the Senator now addressing the Senate is indicating a change of mind by a change of position. [Laughter.]

Mr. LONG. Mr. President, I am glad the Chair did not invoke the rule because such a ruling would have victimized the present occupant very badly. I wish to say further, Mr. President, that I stand right where I always stand—all over the floor of the Senate.

The PRESIDING OFFICER. Whatever position the Senator from Louisiana takes, however varying, the present occupant of the chair is sure it satisfies his conscience.

Mr. LONG. Coming back to these matters, I have read the law of the Pilgrims. I, myself, am going to read a little authority beyond our platform, after I have given the proof by some examples. I read, Mr. President, from page 2 of the Washington Post, as follows:

> United States spends $14,000 per minute, day and night, last 10 months. For every dollar collected Government has put out $2.34.

I contend that the Government ought to spend every dollar it is spending, but I also contend that the way the Government ought to be getting the money, instead of going into debt, is to lop off the swollen fortunes at the top and spread the money out among the masses at the bottom. The article from the Washington Post continues:

> Uncle Sam has been passing out an average of $14,000 every 60 seconds, day and night, for the past 10 months, according to the Associated Press.

Government spending for the first 10 months of the present fiscal year has averaged $19,152,392.14 a day.

Against this expenditure it has collected a daily average of $8,184,154.89. This means that $10,968,237.25 of every day's expenditure is borrowed.

In other words, for every $1 collected the Government had spent $2.34, of which $1.28 went to emergency recovery expenditures.

Since last July 1 the Government expended in all about $5,822,427,211—a figure made up of $2,591,838,460 of routine running costs and $3,230,588,750 of emergency recovery spending. Receipts in the same period have been $2,487,983,087.

This leaves a deficit of $3,334,444,123. But only 2 months remain of the fiscal year and the Budget Bureau estimated a deficit of more than $7,000,000,000 by June 30.

Manifestly, Mr. President, we cannot stop spending this money. Under present conditions we cannot stop spending this money. It is not possible to turn these men back into idleness. It is not possible to turn these people loose without something to eat and without clothing to wear. We have to continue to spend this money, but we cannot carry the country much further into debt to do it. We are approaching the vanishing point of our national credit. When we get up to $35,000,000,000 of national debt we have gone a long ways. But we can spend the money; and we can see a way by which we can stop the expenditures in a few years, or possibly in a few months, if instead of issuing bonds we remonetize silver and expand the currency and tax from the top, where the big fortunes are found, until we bring them down to frying size. We can continue to spend the money if, instead of issuing Government bonds and going further into debt, we will tax the big fortunes at the top to raise the necessary money.

But manifestly a country that spends $10,000,000,000 and gets in only $3,000,000,000 cannot continue to be a financially solvent country for a very long time. We cannot safely issue $7,000,000,000 more of bonds next year and run our national indebtedness up to $40,000,000,000, and issue $7,000,000,000 the following year and run it up to $47,000,000,000. No one thinks we can continue to do that. Our bonded indebtedness has gone from $16,000,000,000 to $33,000,000,000. Our money supply has gone from $6,000,000,000 down to $5,300,000,000. Manifestly that is a situation which admits of its own destruction.

Difficult as it may seem to anyone, yet there is a remedy by which we can continue the expenditures as long as may be necessary, and improve the fiscal condition of the country every day that we do it, by breaking down the big fortunes until the little man begins to have an earning power. Not only is the Government paralyzed, not only is the Government Treasury depleted, not only is it becoming overbonded with debt, but if we begin to take off of the big fortunes we would begin to loosen up conditions and the situation would begin to unfreeze. The little man could compete with the big man. We would have industries and business thriving and owned by the people everywhere, as we once had. Instead of a chain store extending throughout the length and breadth of the country under the direction of a single fountainhead, we would have thousands and thousands of stores like we used to have, prosperous and owned by little men, scattered throughout the United States, owned by people of medium circumstances, and yet well-to-do because they are independent. But we cannot have it as long as the wealth of the country is practically under the control of a dozen men. Until we have torn down that condition, we face ruin.

Perhaps I am foolish. It may be that I am. I am rather old-fashioned. I believe, as Daniel Webster did, that the Bible means what it says. I realize I am now speaking in the highest legislative tribunal in the world—at least, we claim it is, whether it is so or not, and lots of people think it. Yet I wish to say there is no one here who can point to a single country that ever existed long that did not go to destruction when it failed to recognize and deal with what we are facing now. There has never been a country that did not go to rack and ruin when it continued to allow its wealth to be concentrated in a few hands. That is what America has done. I am saying here and now—and these words may be just as prophetic as what I said here in the year 1932—that Senators will look back to this day 2 years from today, and they will think what we have now is much better than what we will have then. They will look back, if they are allowed to look back. They may not be allowed to take a look, for aught I know.

Here is another dispatch which appeared in today's Washington Post, on page 7, showing the way the people look on what we are doing, showing the temper of the people. Mr. President, the temper of the people is not an indication except that there is bound to be something behind it to excite the people. The headline is, "Iowa Farmers Cheer Wallace Ouster Demand." Mr. Wallace is from Iowa.

I tried to get a member of the Cabinet appointed from Louisiana. I proposed a mighty good man, I thought, and if he had gone into the Cabinet from Louisiana, my State would have been very happy and proud of it. I have no doubt the people of Iowa felt the same way. We would have stood by almost anything to have backed up a Cabinet member from Louisiana. Conditions would have had to get powerfully worse than they are now for us to condemn him, even though he had been Secretary of Agriculture, appointed from Louisiana.

Here is a dispatch from Iowa, the home of the splendid young man who is Secretary of Agriculture. I think he is doing everything he can, everything that he knows how to do. Limited within the sphere in which he has been allowed to operate, tied down by the laws that surround him, he is probably doing as well as I could do in that kind of a job. I do not think he is doing it any better because, between us, Mr. President, I believe he knows no more about it than I do. I think he is doing as well as he can.

But here is Iowa talking about Iowa's native son:

IOWA FARMERS CHEER WALLACE OUSTER DEMAND—2,000 STAND AND CHEER WHEN RESOLUTION WINS

DES MOINES, IOWA, May 3.—The resignation of Secretary of Agriculture Henry A. Wallace was demanded by a gathering estimated to number 2,000 persons at the National Farmers' Holiday Association Convention today.

I know this will be a terrible bit of news to come to my friend the Senator from South Carolina [Mr. SMITH], who is at the head of the Committee on Agriculture and Forestry of the Senate. I know this will not be the wonderful result he thought he was going to get for the efforts he has put forth here. I know he will be disappointed to see his own Secretary of Agriculture condemned in the home State of that Secretary. If I were serving in that position and had given the time and study to it that the eminent Chairman of the Committee on Agriculture and Forestry in this body has done, and I saw the Secretary whom I had sponsored so long criticized in his own State and condemned for the results he had achieved, I know it would awaken me, and I would begin to reckon with events. I think events like this have been largely responsible for a very wonderful piece of legislation that has come out of that committee, in the form of an amendment which I offered to a bill now pending before the Senate, early to be acted upon.

Let me read what the Iowa farmers said yesterday about their native son:

The resignation of Secretary of Agriculture Henry A. Wallace was demanded by a gathering estimated to number 2,000 persons at the National Farmers' Holiday Association Convention today. Standing and cheering—

Listen to this, because it will show Senators how the people look on this business:

Standing and cheering, the group adopted a resolution presented by Governor William Langer, of North Dakota—

He is the man who is under indictment—

petitioning President Roosevelt to remove Secretary Wallace.

There is something funny about that, Mr. President. That is rather an abnormal thing. Here is a man who is under indictment as a result of Federal Government activities, who moves at a mass meeting of farmers that they ask the President to remove the native son of Iowa who is Secretary of Agriculture, and unanimously 2,000 farmers stand up and cheer lustily to show their approval of the

idea and of the petition to remove Mr. Wallace, the only man Iowa has had in the Cabinet for a long time.

I read further:

Earlier Milo Reno, president of the association, had termed Wallace "the worst enemy the farmer has ever had in an official position", and charged agriculture had been "ruthlessly and criminally betrayed" by the Democratic administration.

I deny that the Democratic administration has betrayed them any more than anybody else. They had the same complaint against the Republican administration. They have the same complaint now that they had then, perhaps; certainly no worse.

Late in the afternoon session the convention heard the Reverend Charles E. Coughlin, of Royal Oak, Mich., in an appeal for the farmers to battle what he termed "the Dillingers of high finance."

It is necessary to identify Father Coughlin. He was the most sincere, outspoken supporter that we have had, not politically speaking. He was backing up everything we were doing and shouting to give it a trial, shouting that it was either this thing or worse. What does he say?

The nationally known pastor of the Church of the Little Flower attacked the Federal Reserve banking system, defended rehabilitation of silver, and criticized crop-reduction programs.

"To the class legislation which has existed in our Nation in favor of the central bankers we stand opposed today and tomorrow and until such a day as we can restore to the people of this country their God-given rights", Father Coughlin said.

"Unless the farmers can accomplish this your meetings are in vain.

"This is the Gettysburg being fought between the disorganized and exploited agricultural class and laboring class of this country on one side and the handful of international bankers and Government riggers on the other.

"Against you are arrayed almost 50 percent of the mighty news journals of this Nation."

That is from Father Coughlin. No one deplores more than I do to see those signs. I do not deplore the criticism so much as I do the fact that it signifies that we are slipping, that we are failing to go forward along lines that we knew would save our prosperity, redeem our farmers, stabilize our credit, expand our agriculture, alleviate our debt, and breathe a spirit of new hope, life, and freedom among the 125,000,000 people of America.

I regret it because it is the cry of despair. I regret it because it shows that someone has surrendered and given up; that a group of people, with their State pride—and I know the citizens of Iowa have it as much as anyone—are so disgusted at what has been done and not been done that they demand the removal of their own son from the high position he occupies as a Cabinet officer of the Government. I deplore it. I regret it. I would do anything I could to correct it. I did everything I could to prevent it. I counseled along lines that I thought would have helped some of it.

I now turn to read from another newspaper published here today, the Washington Herald, a Hearst paper. I read on page 5, column 7:

FORMER SOLDIER, 56, STARVES TO DEATH

Michael J. Kervin, 56, a former soldier at Fort Myer, who was found near death from starvation on an island in the Potomac River yesterday, died last night at Georgetown Hospital shortly after being admitted.

The man's plight was brought to the attention of the Clarendon rescue squad yesterday afternoon by a fisherman. He was removed from the island by firemen and taken to the hospital, but efforts to revive him were to no avail. A report several other men were living on the island was being investigated.

Over on page 6 of the same newspaper I read another report showing the kind of criticisms we are getting, which I contend can be remedied by the kind of a bill that has been introduced here, and other bills along the same line, by the Senator from North Dakota [Mr. FRAZIER], but much better remedied by the silver legislation and the expansion of currency, coupled with a program which taxes from the top to reduce the swollen fortunes, and spread the wealth among the masses.

I read this report at the bottom of columns 1 and 2 on page 6 of the same paper:

TUGWELL SERVES BANKER, COUGHLIN TELLS FARMERS

DES MOINES, IOWA, May 3.—Economic equality for the farmer must result from a battle against the international banker and the philosophy of Rexford Guy Tugwell, the Rev. Charles E. Coughlin, Detroit priest, told the National Farm Holiday Association today.

The 6,000 members of the holiday group passed a unanimous resolution demanding resignation of Secretary of Agriculture Henry A. Wallace.

Father Coughlin charged:

"Tugwell wants you to sterilize your sows and wants Henry Morgenthau to sterilize the eagle on the gold dollar. The Government pays you 45 cents in corn loans as a bribe, and tomorrow Tugwell's boss will ask you to pay it back in taxes.

"You must fight not only the philosophy mouthed out by that blatherskite [Tugwell] but have power to fight his boss—the international banker."

Coughlin attacked the Federal Reserve System and the so-called "economists who teach the gospel of concentrated wealth."

Milo Reno, National Holiday president, in opening the convention, said the Roosevelt administration had "ruthlessly and criminally betrayed the American farmer", and branded Wallace as "the worst enemy the farmer ever had in official position."

I should like to turn those criticisms into commendations. We are prescribing the remedy to do it. I venture the assertion, Mr. President, that if Congress will listen to us instead of these illustrious men having this kind of criticism, a large part of which they cannot help, there would be commendation for this administration from one end of the country to the other. I should like to hear those in the moving-picture theaters cheer as they did the day our President went into office. I should like to see the hearts of people gladdened when they read the pronunciamentos coming from these distinguished advisers and members of the President's Cabinet.

I should like to see hope spring in the breasts and smiles appear on the faces of the people, the expectations of good returns again, such as they had on the 4th day of last March, rather than to have criticisms of this kind. I wanted those things to continue then. That is why I advised against the veterans' legislation, which we later came here and undid. That is why I advised against the kind of a banking bill that we took pleasure in passing the first day, to which, after a considerable fight, we managed to compel the adoption of an amendment which has been of great benefit to this administration. Had we not taken the stand that we took for the veterans, this clamor would be louder today than it is; but we have helped the administration, I believe, and our party, by having contributed to override the veto. I believe that that has helped the party, and I know that the administration is glad today that we fought the first banking bill that came in here until we compelled the adoption of an amendment guaranteeing the bank deposits not only of the Federal Reserve banks, but even of the State banks which are not members of the Federal Reserve System.

I know that that has been a good thing. Those have been two good things. The banking bill today stands as a piece of progressive legislation, and with all the criticisms that go out against the Securities Act—the Securities Act to compel the truth—I say that the Securities Act is a forward step of good legislation. I am glad that we have the present banking act. It is the right kind of an act. I am glad we have the Securities Act to prevent the liars and swindlers who have been cheating our 125,000,000 people with every kind of a wildcat nightmare that they could get them to accept. I am glad we have the National Securities Act, and I hope to see the stock exchange bill come in here without any of its teeth being pulled out, and I intend to vote for every word of it.

Those are good things; but where we made our mistake was in allowing those very disciples of iniquity who brought this country to the present brink of despair to come in here and participate in the writing of these codes.

We have allowed them to kill the 30-hour week bill. We have allowed them to kill such amendments as the Couzens amendment, which would have placed the taxes at the top to a greater extent and brought more money into the Treasury.

The trouble is, then, not along the line of the complaints which these financial masters make in the New York Times today, these 10 specifications which I have read into the RECORD. That has not been the trouble. The trouble has been that our financial masters have been allowed to share and to participate too much in what this Government has done. If we had gone ahead and shortened the hours of work, if we had gone ahead and taxed these men at the top, and had decentralized the wealth; if we had gone ahead and remonetized silver and expanded the currency, I guarantee that there would have been nothing but prosperity in the United States today. If we should do those things now, I venture the assertion that these men who met in Iowa and condemned their native son would every one go back there and apologize for what they had done. But they must be given a chance, and they have not been given a chance. The Securities Act has not been given a chance. We could protect the people from the kind of swindling to which they were subjected if we should enact a stock-exchange bill, but until we provide universally, unequivocally, without the possibility of fear or manipulation, for the shortening of the hours of work by law, we will never have anything that will be successful, and the evasions will be too great.

Why did I vote for the cotton acceptance bill? Why was it, when the Black bill was before us, that I fought against excepting cotton gins from it? For the reason that I knew that allowing one industry to write its own code was going to ruin the whole scheme of shortening the hours of work. Yet we put them all to exempting themselves and to writing the specifications of exemptions and exclusions, and I knew every one of them was going to mean the beginning of the breaking down of the law.

I do not want to disappoint my friend, the Senator from New York, who is not here. I would point out some of the errors in the N.R.A. legislation if he were here. It is not possible to work it. It cannot work.

I knew the railroad legislation would not work. I knew the provision for a Federal coordinator of railroads would not work. I helped to put that bill through. I was a member of the Interstate Commerce Commission, but the trouble with the country is that it has no money, and the people are laden down with debt. Everyone has recognized that, everyone sees it, all feel it. So we have adopted the course of bankruptcy after so long a time. That is not what we ought to have done.

Let me read now from the Proverbs.

The PRESIDING OFFICER (Mr. LEWIS in the chair). Will not the Senator from Louisiana permit the present occupant of the chair to call his attention to an accidental error, where the Senator alluded to himself as a member of the Interstate Commerce Commission? The Senator meant the Interstate Commerce Committee.

Mr. LONG. I referred to the committee, of course. I was formerly a member of the Public Service Commission of Louisiana, and I get those terms mixed, between member of the committee and member of the commission. I do not want to assume any more of the troubles of this complicated Government than I already have. I will do well if I convince my people I have not had as much to do with it as I really have.

Mr. President, I was about to read from Proverbs, from the words of Solomon, supposed to have been the wisest man who ever lived; and I believe he was. I believe Solomon was the wisest man who ever lived. It is practically the universal opinion of all Christian countries that the wisest man was Solomon. In looking over the situation, with all the wisdom and experience the Creator had given him, he said this:

> Two things have I required of thee; deny me them not before I die:
> Remove far from me vanity and lies; give me neither poverty nor riches; feed me with food convenient for me:
> Lest I be full, and deny thee, and say, Who is the Lord? or lest I be poor, and steal, and take the name of my God in vain.

Proverbs, chapter 30, verses 7 to 10.

Mr. President, that is all the Government needs, right along those lines. I would rather have that today than all the articles of the Constitution of the United States. What does he say? That poverty makes a thief of humanity; and it does. We have made thieves of many of our people by impoverishing them. So Solomon says:

> Two things I ask. Give me neither great riches, that I be full and deny the Lord and the people who are the Lord's. Nor give me poverty, that I become a thief, and defile the name of the Lord, and violate His laws.

In either instance, says Solomon, the wisest of all men—not as wise as the United States Congress, oh, no, not that wise; oh, no, I would not say that. Not as wise as the Cabinet; I would not say that. Thank God for the smart men we have here. God bless them and keep them. [Laughter.] Look about the country and see how well they have done their work. It reminds me of the man who was repairing an automobile. He took everything she had out and finally could not make her run, and somebody said, "Now, take off the wheels, and your job is complete." [Laughter.] That is all they have to do now, just take off the wheels. They are wiser than Solomon.

I will be criticized by them for what I am reading here now. Foolish business, to read the law of Nehemiah as to how they freed the country from the oppression of the Jews. The Senator from Kentucky thought the law was made only for the Jews, until I read him the Scripture showing they were taking the property away from the Jews in order to free another race. My friend, Mr. Morgenthau, however, ought to be all the more for that law, if it was not meant for anybody but for his kind. But it is meant for them all, Jews and gentiles. So said the wisest of all men, Solomon.

This does not mean anything. They say it is radical, nondescript, demagoguery. Somebody is here reading out that we ought to limit the amount of fortunes and not have anybody too rich or anybody too poor, taking up the time of Congress from this important legislation. They even accuse me of filibustering and trying to keep important legislation from being passed. Can one imagine a thing of that kind? [Laughter.]

The PRESIDING OFFICER. The present occupant of the chair can hardly conceive that possible of the Senator from Louisiana. [Laughter.]

Mr. LONG. If all the Senators could see it that way, we would reform this condition.

I am going to read that again, to see if I made a mistake. [Laughter.] I am going to read from the wisdom of all wisdom, the words of Solomon:

> Two things have I required of Thee; deny me them not before I die:
> Remove far from me vanity and lies; give me neither poverty nor riches; feed me with food convenient for me:
> Lest I be full, and deny Thee, and say, Who is the Lord? Or lest I be poor, and steal, and take the name of my God in vain.

Proverbs, chapter 30, verses 7 to 10.

We cannot get that done. We are assailed if we mention it. We cannot go back and read how a country was relieved, how the vineyards and the farms and the homes were given back to the people and part of the money was taken and distributed among them, too. We cannot do that. That is interfering with some important legislation which awaits hatching. Important legislation is being impeded, we are told, because I am trying to get the Frazier amendment tacked onto a corporation bankruptcy bill. I am delaying the passage of a bill which would free the corporations of some of their debts, trying to do the absurd thing of having the farmers included in it.

It is a horrible thing that I have not been able to progress. If I have the time, I am going back to school, and I am going to learn more of the modern things. I am going to have a chance to equip myself with the wide experiences of the world which are taught in the institutions of learning, which I never had a chance to attend. Some day I am going to get some money and go to one of them, and I am going to learn this viewpoint, which I have never been able to absorb.

I am going to learn how it is that it gets to be constitutional when it is desired to wipe out the debts of the big man and it gets to be constitutional when the special privileges can reach into the Government Treasury and borrow

money, but it gets to be unconstitutional when we try to restore the farm of a farmer and cancel out his debts.

I have been a lawyer for quite a number of years and have made a fair living—in fact, a pretty good living as a lawyer—and I thought I understood the law, but I have never been able to understand that distinction by which we can grant a bankruptcy constitutionally to a railroad and give it back its property, and we can grant a bankruptcy to a corporation and give it back its property, and grant a bankruptcy to a municipality and give it back its property, but when we come in here with a proposition by which the farmer can retain the farm and the little hovel in which he lives with his family, sharing what he can get from hand to mouth that they may sustain life, I have never been able to understand why that should be held to be radical and unconstitutional if the other form of legislation is held to be necessary.

Mr. President, it is a disaster that the circumstances justify the Frazier amendment. It is a disaster that the conditions which prevail justify that amendment.

Mr. President, they have made their own situation. They have created their own order of things. They have dug their own graves.

In Psalms, seventh chapter, fifteenth verse, we find the statement:

> He made a pit, and digged it, and is fallen into the ditch which he made.
> His mischief shall return upon his own head, and his violent dealing shall come down upon his own pate.

Why? Can Senators get anyone in the Congress today to tell them that the debt structure of this country can be discharged? That the $270,000,000,000 can be half paid? Can Senators get anyone to tell them that there is a chance on God's earth of the agricultural-mortgage indebtedness being reduced this year to amount to anything? It is said there is a total of $16,000,000,000 in chattel mortgages and farm mortgages. Does anyone hold out any hope for reduction for this year? If so, how? Why not enact the silver legislation?

I read an article in the paper this morning, from which I will quote one line:

> Strong forces want to compromise with the silver bloc.

I desire to read to the Senate the compromise they are offering. Here is an article in the newspaper informing us that there is another compromise offered, and that compromise is that consent will be given to a law providing for permissive legislation so that silver can be remonetized and the currency expanded, if that is desired. It ought to be quite encouraging to the silver bloc and the expansion bloc that a compromise has been offered.

We have won a great deal since yesterday or day before. We have been offered a compromise under which we will be allowed to pass another bill like the one we passed last year. They are going to give us another bill, 75 pages or 100 pages, just as long as the ink will hold out to write it, prescribing everything that can be done if it is desired to be done.

Is that not a fine thing? Those who suggest the compromise will pass a bill for us, if we want to compromise. They will pass a bill which will go through both Houses like greased lightning, and it will become the law, the law providing that the Secretary of the Treasury, or the President, or whoever else it is wished to designate, will have the right to remonetize silver and to buy silver and expand the currency.

Mr. President, I thought we did that last year. I thought we had that compromise. If it works out again as well as it did last year, about half the currency we now have will be taken out of circulation.

We compromised last year, when we had $6,068,000,000 worth of silver, and gave those in power the right to manipulate it up or down; and they took out seven hundred and some odd million dollars of the currency we had, and they have depreciated what is left to 59 cents on the dollar, thereby reducing the circulating value of the currency to three and one quarter billion dollars, whereas we had $6,000,000,000 to begin with. So, if we make another compromise, we could well wind up with about one and one half billion dollars' worth of circulating currency, if we do as well with the next compromise as we did with the last.

Someone can make that compromise if he wishes to, but a burnt child is afraid of fire. I have been there once, and I am not going back for any more compromise. A man does not have to whip me more than one time in order for me to know that I am licked. I never get up and ask a man to knock me down when he has already floored me one time, and I am not going back again for such a compromise as is now offered. I am not carrying any more coals to Newcastle.

Mr. President, we must stand and fight for only one thing. Yesterday in Washington a monument was dedicated to William Jennings Bryan, who lies buried in Arlington Cemetery. That monument was dedicated to him because in the hearts of the American people he occupies a place from which he can never be displaced. He occupies a unique place in the hearts and in the minds of the American people today. He ascended to that position because he undertook to remonetize silver, believing in it as strongly to the end of his days as he did the first day he espoused that cause.

Such men as Joseph Weldon Bailey, William Jennings Bryan, and those who served with them in Congress prophesied then what we have today—the crucifixion of mankind on the cross of gold. So it was then. So it is now.

(At this point Mr. LONG yielded to Mr. FRAZIER, who suggested the absence of a quorum, and the roll was called and other business transacted.)

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield.

Mr. LOGAN. I should like to know if the tenor of the speech of the Senator from Louisiana is going to change since he has moved from the Republican side of the Chamber to the Democratic side? [Laughter.]

Mr. LONG. Yes, sir; it is going to get worse.

The PRESIDING OFFICER. The query of the Senator from Kentucky being replied to by the Senator from Louisiana, the Chair will not say anything further.

Mr. LONG. "Give me neither riches nor give me poverty", said Solomon, "because the riches are productive of destroying the life of mankind, and poverty makes of him a thief." Yet in America, according to what we have prescribed, according to what the President of the United States has told us, according to what statistics tell us, we have created a condition of extreme riches on the one hand and extreme poverty on the other, with fewer people ascending into the realm of the rich and more people falling to the strata of the impoverished class of this country.

So we have done exactly what we were told not to do. We have created, according to the word of Solomon, a condition productive of indolence, productive of everything that cannot be desired for the maintenance of the country, by the creation of riches for a few, and we have created a condition productive of thieves of the masses on the other hand. We are out here today hunting Dillinger. Everybody wants to find Dillinger. When we get through hunting for Dillinger we will have somebody else to hunt. There are a thousand organized sets of thieves in America today. There are 60,000,000 people in America today who are either going to be thieves, or they are going to be fed by the Government, or some of them are going to starve.

We were told in the very inception of time that we cannot expect a country to survive, virtue to remain, order to subsist, humanity to be regarded, when there is a constant aggrandizement of fortunes among the few of the pompous and splendor class, and poverty constantly among those at the bottom.

I read some more from the Scriptures in order to show my friends something, and in doing this I include my friend the Senator from Kentucky [Mr. LOGAN], who inquired of me yesterday along this line, from Deuteronomy 4:7–2:

For what nation is there so great, who hath God so nigh unto them, as the Lord our God is in all things that we call upon Him for?

And what nation is there so great, that hath statutes and judgments so righteous as all this law, which I set before you this day?

I read from Ecclesiastes, fourth chapter, first verse:

So I returned, and considered all the oppressions that are done under the sun; and behold the tears of such as were oppressed, and they had no comforter; and on the side of their oppressors there was power; but they had no comforter.

Said the preacher, said the Scriptures in Ecclesiastes:

There is no comforter for the powerful and there is no comforter for the masses in the country where is an oppressed condition remaining among the people.

We have no happy people in America today. There is no comfort, there is no convenience for them.

The Secretary of Agriculture is being criticized today on the ground that he could, if he wanted to, do something for agriculture. There is nothing the Secretary of Agriculture can do for agriculture, Mr. President. I want to be fair about this matter. There is nothing the Secretary of Agriculture can do for agriculture. He cannot help himself. I know the young man only slightly. I have met him, I think, two or three times since he was appointed Secretary of Agriculture, and I think pretty well of him. He came well recommended from his home people over in Iowa. I was over through Iowa, and the people over there thought a great deal of Mr. Henry A. Wallace when I was over there. Never did I expect that after the gentleman came here and, I believe, did the very best he could we should have a headline in a paper that comes from his home town which says they want him removed from the office of Secretary of Agriculture, and that he is the worst enemy the farmer ever had.

Think of it! Here comes this gentleman, who, I think, is as good a man as we might ever get, and he comes over here as Secretary of Agriculture from the State of Iowa; and on yesterday a lot of farmers meet over in Des Moines, Iowa, and pass a resolution condemning Mr. Wallace as the worst enemy that the farmer and the common man has ever had in the Cabinet. I can feel for those farmers.

But there is nothing that Mr. Wallace can do. What could he do? What can Mr. Wallace do today that can improve the condition of the farmer 0.1 of 1 percent? What can Mr. Wallace do? He cannot do anything. Even if he knew how he could not do anything; and I admit that he knows as much as anybody else, as far as I know.

Then we have another condemnation of Mr. Rexford Guy Tugwell. He is condemned; but I do not condemn him for advising. The President has a right to have anybody advise him that he wants to have. The only job Mr. Tugwell holds is that of Under Secretary of Agriculture; and what can he do in that job? There is nothing that Mr. Wallace can do. There is nothing that Mr. Tugwell can do, so far as I know. I do not know anything they can do.

What can Mr. Wallace do that he has not done, anyway? What can Mr. Tugwell do that he has not done, anyway? If I were given the job that Mr. Wallace has and the job that Mr. Tugwell has, I do not know one thing under the sun that I could do that would improve the conditions of the farmers or anybody else 0.1 of 1 percent. I think with what they have to contend with, they are doing just as well as anybody else can do; and when they have not a friend on earth to stand up and defend their integrity and their honor and their efforts and their sacrifices in doing their dead level best, I will stand up, if I am the only man left in the length and breadth of this country, and say that those young men have done the very dead level best they could, and have tried to help the American people all they knew how, without any motive to do anybody any harm.

I will be one man left, Mr. President, if there is no one else, to defend the Department of Agriculture for what it has done. However wrongful, I will defend them for every pig they killed. They thought it was going to help things when they did it. They thought they were doing the best thing, and there are a whole lot of people who thought they were doing the best thing; and some of the very people who are condemning the administration today were standing right back of them at the time. I will defend them for every row of cotton they plowed up, although I condemned it under Hoover. I will say that they have done just what Congress told them to do; and if there is anybody to be condemned I will take my part of the responsibility and condemnation for what has gone on, although I said on the floor of the Senate when they were doing it that it would not work, and we would regret it, and that we were failing to do the things that ought to be done.

Somebody wants to know how we can come out of this condition. I will tell you how.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. Is it not a fact that the idea of curtailing the production of cotton, even to the extent of stopping production entirely, originated in the State of Louisiana under the régime of the then Governor, now senior Senator from that State?

Mr. LONG. Yes; the idea of stopping production of cotton originated with me. I was the first Governor of any State to advocate it. I did not advocate plowing up what they had planted.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. Is it not a fact that under the influence of the then Governor of Louisiana, the Legislature of the State of Louisiana took appropriate action following the recommendations of the Governor?

Mr. LONG. Yes. When I was Governor of Louisiana I had the legislature pass a sensible law, and the Legislature of South Carolina passed the same law; and if it had been adopted generally, it would have been a workable law. I favored the curtailing of acreage. But after studying the law, I did not think it could ever be successfully accomplished except by banning the crop, so I went back to the law of the Bible, and I found that the Lord had said that when there was a surplus of a crop every seventh year it should not be planted at all. Therefore I adopted that law—the law of the Bible—not to plow up a part of the acreage, not to burn up a part of the crop, because, manifestly, that was a destruction of property, but to plant something else instead of planting cotton for that year, and to do something else. Never did I advocate planting a crop of cotton and plowing up a crop of cotton or burning the cotton after it had been raised, because I think that is unsound from the standpoint of economics. Nor have I ever believed that a surplus can be successfully prevented except by the sabbatical law prescribed by the Scripture and by the Lord—that when there is a surplus of agricultural products every seventh year the crop should not be planted at all. That is the law, and that is what I followed.

The law was very much favored. When I proposed the law which I had drawn up, Mr. Hoover, then President, proposed that every fourth row of cotton be plowed up, and we laughed him out of existence. I succeeded in getting the Louisiana Legislature to pass my law by unanimous vote—a hundred men out of a hundred voting for it in the house, and 39 men out of 39 voting for it in the State senate. So much was that law thought to be good that the Legislature of Louisiana, viciously divided on partisan and political lines, voted unanimously in both houses for that regulation and that sabbatical cotton year, and it was adopted in South Carolina.

Fourteen or fifteen thousand farmers who assembled in the city of Austin, Tex., to hear a speech of their Governor, Ross S. Sterling, heard a speech from me over the radio and voted practically unanimously for the plan which I proposed instead of the plan which Governor Sterling proposed.

The farmers were in favor of it throughout the length and breadth of this country, and had they been allowed to have that law, we would have done away with the cotton

surplus, we would not have had it today, and those farmers would have gotten around 20 or 25 cents a pound for their cotton, instead of all the way from 6 to 10 and 12 cents a pound, and they would have had more money.

I was glad to support, to the limit of my ability, the Bankhead bill. I voted for it, or paired for it, although I crossed my fingers and held my eyes shut when I did, because it is filled with so many mechanisms, so many issues, so much regulation, which the proposition I had advocated did not contain, that I fear it will never be feasible or workable.

Now I come back to Mr. Wallace and to Mr. Tugwell. I asked what they could do, and no one knows, I take it, since no one has answered.

I will state that I will resign my seat in the United States Senate, and never run for another public office, if I cannot submit a program here, right now, which will bring prosperity in the United States in the next 10 weeks' time. I present a program, and I have been presenting it for many years. The experiment of everybody else has been tried, and now I want the officials to try mine out, what we were promised they were going to do. I will submit an experiment of my own conception, which has been agreed to in most cases. If what I propose does not bring universal prosperity to 125,000,000 American people in 10 weeks' time, I will walk out of the United States Senate and never advocate the election of another man or myself to any kind of a public office, or participate in politics for the balance of my lifetime.

I will state the proposition right now. I do not have to read it out of any almanac; I do not have to write it down and go over it; I will state it right now in five groups, and if those in power will do what ought to be done, we will have universal prosperity in America in the next 10 weeks, and there will not be a single unemployed man in the United States, and there will not be any trouble about it.

No. 1. I would have Congress enact a law providing that no man should work longer than 6 hours a day or more than 5 days a week. I would provide that in case there should be a surplus with that much work, the President of the United States would be authorized to prescribe a rule granting vacations of from 2 weeks to a month in the year, as often as twice a year, if it became necessary, in order to keep the consumption balanced with production.

No. 2. I would remonetize silver, as was done in 1873. I would expand the currency to such an extent as to make it possible to free the people of their burden of debt, and to make it possible for them to come out of their trouble.

No. 3. I would provide that whenever there was an agricultural crop of which there had been accumulated a sufficient surplus to last and to fill the demands of the following year, the production of that crop should be banned altogether, and that the United States Government would take over and store the surplus and issue credit receipts of the United States for it, so that in the following year it would be sold without a surplus being created for that year.

That is no. 3, and I want someone who is smart enough to dare to try to contradict one of these, because every one of them comes out of the Bible. I just want someone to get smart enough to try to contradict one of them. I am willing to take my chances that the Lord knew what He was talking about, and if they do not work in the United States it will be the only country where they have failed to work. I will state further that there is no other law that is going to work in the United States, and the Lord said there is no other that would work here. That is no. 3.

Now I come to the fourth. What would I do for the fourth one? I would not issue another bond of the United States Government. On the contrary, I would tax the swollen fortunes above a certain amount of money, throw the swollen fortunes into the Treasury of the United States; first, to pay the costs of running the Government; second, to pay the cost of public works; third, to spread money among the masses who had fallen below a certain stratum in their station in life. That would be my fourth, and that would be out of the Bible also.

I would not have one single bond issued by the United States. I would not be issuing bonds, throwing us further and further into debt. I would not be taxing the common people in order to bring the Government out of debt. I would be getting the money for running the Government entirely by bringing down the swollen fortunes, so that we might have in this country what has been said to be necessary by Solomon, by Isaiah, by the laws which Moses wrote in Leviticus and other books, by the gospel of Christ, by the rules of Confucius, by the teaching of Plato and Socrates and Diogenes, by the teachings of every religious teacher, by the rules of Theodore Roosevelt and Daniel Webster, William Jennings Bryan, Andrew Jackson, Abraham Lincoln, and all the remainder of them. I would bring down the swollen fortunes to the point where those having them had no more money than could be spent during their lifetimes, and their children's lifetimes, and their grandchildren's lifetimes. I would pull them down to frying size, to such a point that when a man had more money than he could use, and his children could use, and his grandchildren could use, that would be the limit of the amount of money he would be allowed to own, and the limit of the amount of property he would be allowed to have.

Mr. President, if that were done, would there be people starving when there was too much to eat? No; we would have the people all sharing in the consumption of wheat. There would be enough for the people to eat. But we would be distributing it among the people so that they could eat. We have enough for the people to wear—as a matter of fact, we have too much, but we are not distributing it so that the people can wear it. There are enough houses for the people to live in, but we are not allowing them to be used. We are allowing the people to be dispossessed of their homes and farms, where millions could live, because of the burden of debt and the concentration of wealth in the hands of a few and the impoverishment of the masses at the bottom.

Now for no. 5. I would add only one artificial law. Four laws I would take from the Bible, and I would add only one artificial law. I would not allow a stock exchange or a market exchange of any kind or character to operate in this country, except under the surveillance of the Government. I would stop those exchanges and market riggers from manipulating the markets in commodities on the exchanges, to the aggrandizement of themselves through swindling the American public. That is the only artificial law I would have to enact. The other four would come from the Bible.

One question arises. What would we do with the surplus farm labor when a crop was banned? Let us say that we banned the cotton crop, and that there were no other crop for the farmers to plant that year. Under my plan that would be the year when the public works would be constructed in the South. That would be the year when we would build the highways and complete our forest reserves and flood control.

That would be the year we would build up the farms, and paint the houses, and repair the fences, and make our streams navigable. That would be the year we would provide for our drainage, and the various and sundry other things, such as eliminating railroad crossings, and many things which we could occupy them in doing during the year. I would coordinate the work so that when I would have to ban a crop, I would have the Public Works there taking the place of crop labor during the one particular year in which I had a crop surplus and banned a crop. I would not go into a country where they had a shortage of labor and put on a Public Works program. I would simply coordinate the two, and we would have no problem.

If that were done tomorrow, there would be prosperity in America in less than 4 weeks' time; there would not be one idle man in this country; there would not be one hungry child; there would not be one naked man; there would not be one family dispossessed of its home; there would not be a single human who is entitled to it who would be deprived of the conveniences and comforts and, in large amount, of the luxuries of life. Then there would not be any Dillinger

gangs or thieves. We would not have men stealing to get something to eat and being put in the penitentiary. We would not have a generally demoralized condition. We would have people having enough to eat, enough to wear, and each with a place to sleep, where they could live and work in comfort, and under respectable conditions, according to the laws of the Lord.

If we do not do that, we are going to have just what the Lord said we were going to have. He said:

> If you will keep these laws I will give you a land of plenty, rain in due season, and ye shall eat your due fill, and lie down at night in safety, and none shall fear that harm shall come to him. But—

He said—

> if he keep not these laws I will send murder, consumption, wholesale destitution and destruction, and ye will starve even in the midst of plenty.

That was the promise and a threat to the Nation.

We have not kept the law.

So I have considered the Frazier amendment now before us for a vote.

Let me say, Mr. President, that the people can be satisfied with promises for a while. They have been hopeful of good results. They have been led to believe, through myself and others, that there was bound to be some good coming to them soon. The people have waited very patiently. They have shown a rather remarkable amount of confidence. But they are not going to continue to wait here for something to come so long that it means that they are going to perish before it gets through; and therefore these farmers, whether we pass the Frazier bill or not, if we do not remonetize silver, if we do not expand the currency, if we do not provide a means for them to keep their homes, some of these farmers are going to keep them anyway.

Remember what I am saying. These farmers are not going to be put out of their homes as easily as it may be thought they are. They are going to stay in those homes anyway. They may stay in there under a State law which postpones the time when they dispose of their place.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. FRAZIER. One of the farm organizations in the Middle West, after a careful estimate, says that in their opinion, according to the best figures they can get, there are 3,000 foreclosures and judicial sales taking place every 24 hours in the United States today. It is going on right now.

Mr. LONG. Three thousand a day?

Mr. FRAZIER. Yes.

Mr. LONG. Three thousand a day; that means about a million a year, does it not? We can count about five people to the farm family. That means that we get a figure of about five and a half million people having their homes taken away from them this year. And that applies to the farmers only. That does not include the remainder of the people—five and a half million people every year. It will be worse than that next year. It will finally get up to around 10,000,000. It will keep growing. That will result in turning out about 10,000,000 people from their homes in 1 year. That is a great army, Mr. President. Turn five and a half million men out this year, then start to turn about 5,000,000 more of them out next year, and with 10,000,000 unemployed, who were formerly employed in industries on top of that, it will make a pretty good sized army of unemployed and dispossessed people. I have been talking to many of these people. I have already had to go out to one or two places on behalf of one or two employers to help them out when they did not know whether they were going to get away with their lives or not. I have gone out to them. They listened to me, and they will still listen to me, because I have warned against these conditions all along. They are going to be sending for some of us. Yet we hear all this talk of prosperity and the playing of brass bands.

Mr. President, we will not have many more world fairs like the one held last year, with such conditions continuing. We cannot continue putting five and a half million farmers off their farms and having ten or fifteen millions laborers in the cities out of work and continue getting by with it. It cannot be done. It makes me sick; it makes me tired. One talks to empty seats when he mentions that kind of thing; he talks into the thin air. What do they care? It does not hurt anybody.

[At this point Mr. LONG yielded to Mr. FRAZIER to ask for a vote on his amendment, when Mr. BACHMAN suggested the absence of a quorum, and the roll was called.]

Mr. LONG. Mr. President, the New York Times this morning presents quite a picture that we ought to look at. The President of the United States says to the business leaders in Washington:

> It is time to stop crying "wolf"; asks cooperation instead.

That is the message the President of the United States sent to the business leaders who have come here and say everything is going to pot, everything is wrong, and everything is being terribly involved and has begun to go the way which depression naturally leads.

On the same page of the New York Times there is an inset which contains 10 specifications of the riotous and ruinous activities of the Government as set out by the business interests. It indicates that at least business openly is criticizing the President and the President is criticizing business. He said to the bankers that they ought to open up and lend more money, and the bankers came back and said the investigators of the Federal Reserve told them they could not lend any more money. There is another clash and there we have another stalemate.

Then we come down the line, and it is said that there ought to be a general revival of business in the country; that the people ought to spend their money. The people come back and say, "How are we going to spend any more money under you than we did under Hoover? Under Hoover we had $7,000,000,000 of currency, and under you we have $5,300,000,000. Under Hoover our $7,000,000,000 was worth $7,000,000,000, but under you our $5,000,000,000 is worth only $3,000,000,000."

So all around we have a stalemate and a paralysis, nobody getting anywhere, nobody knowing where they are going, and nobody knowing where they are going to be when they get there. That is our condition. It is a mixture of inconsistency. If I may explain it, if we are going to come out as some of these business leaders want us to do, evidently we must do like the boy who started to school one wet morning and discovered that when he took one step forward he slid two steps backward, and in order to get to school he had to start toward home. [Laughter.] Apparently we are going in that direction now. No one sees any better results than I do. I would be hopeful if they did, but I know of none who do.

It may be said that Congress gave the power to the President, but that does not relieve Congress from doing its duty. True it is that Congress is composed of 435 men in the one House and 96 men in the other House, all of whom are supposed to be necessary to the Government and have tried their best to help remedy the situation; but, it is said, they have passed all that business off on one man. True it is that he said it was all right to give him that power to run the United States, but truer it is that the people of the United States know our theory of government. They need the work and the conscientiousness and the mentality and the effort of 435 men and 96 men to do this legislative work, and we cannot expect it to be done under the other system.

The theory of our Government is that one man cannot do the legislating, and that his secretaries cannot do the legislating. The theory of our Government is that the legislating should be done in Congress. Even though we ask somebody else to do it for us, and he does not do it—even though somebody else says he will do it for us and then does not do it—that does not relieve the Congress; that does not relieve Senators and that does not relieve Members of the House themselves of their obligations to the American people to prescribe the legislative cure for the condition now confronting us. It is our duty to take the bull by the horns and bring the country out of chaos and bring order out of confusion, liberality out of stagnation. It is our duty.

Let us stop sitting here idle all the day. Let us go somewhere. Let us get up and go forward. Our farmers are in a serious condition. Let us do something for them. Let us quit criticizing Secretary Wallace for not doing it. He cannot do it himself, and we know he cannot do it. Mr. Tugwell cannot do it himself, and we know that he cannot do it. Let us give the world to understand that these men should not be condemned. Let us accept our own responsibility. If there be any condemnation, let it come upon ourselves, because the responsibility for sins of omission rightfully belongs here and in the other House of Congress before it belongs anywhere else.

True, if we prescribe the remedies and they should be vetoed by the President of the United States, then that would be his responsibility; but until we have prescribed the remedies, until that time has come, then the responsibility lies in the Congress of the United States, and as yet we have not acted for the people of America.

Three thousand farmers have been dispossessed of their homes since last night. Three thousand farms have been sold since last night under the sheriff's hammer. Three thousands farmers and their families are dispossessed of their homes every 24 hours, we are told. We have not done a thing on God's earth to help them.

I do not care whether we relieve corporations of their bankruptcy or not. I do not care whether we relieve the railroads of their bankruptcy or not. I do not care whether we relieve the municipalities of their bankruptcy or not. I do not care whether we plant any more saplings or not.

I do care about five and a half million people who are being put off their homes every 365 days; and I do care about 11,000,000 people, besides that, in the industrial centers, who are out of employment altogether; and I do care about the condition of debts that has been existing and continuing to get worse in this country, with no relief in sight.

I do not think this criticism against the administration is justified at all on the ground of debt, because the money had to be spent, and if we had stopped spending the money today all those people would be out of work, and a whole lot more people would be out of work who are getting business from them. So, on the whole, those criticisms, as I have already analyzed or answered them in detail and as a whole, are not to be found justified; but Congress needs to act. Congress needs to justify its own existence.

I should say that if we were to start here again tomorrow passing more laws for Congress not to legislate itself, or to have somebody else legislate for it, I should vote for an amendment to the Constitution of the United States to abolish Congress along with it. If we were to do it, the next time we come in here with a great big bunch of laws designating somebody esle to do the legislating that Congress itself is supposed to do, I am going to offer an amendment to the Constitution of the United States for Congress to stop drawing the money. There is no need for it.

I want to be fair about this thing. If Congress does not feel that it is competent to do the work it was sent here to do, if Congress does not feel that it wants to shoulder its constitutional responsibility, if Congress feels that conditions are so exciting and emergent that our complicated system of government negatives the idea of Congress discharging its functions, then Congress ought to get out of the way. The day that Congress says "We cannot do the job that was given to us by the people" is the day that Congress ought to say, "We are through."

I think Congress up to this time, in the necessities of the case, in trying out experiments, has half-way tried out the experiment of doing away with a large part of legislative government. There are a whole lot of people who thought Congress ought to do away with a lot of legislative government, and I think Congress did that. I think Congress has tried its hand at seeing just how far it dared go in discharging itself from the functions of performing legislative service to the American people, and in yielding those functions over into the hands of someone else. I think Congress has made the experiment. Congress decided that it was going to try the experiment of whether or not legislative government as such is a good thing. So, therefore, it said, "Inasmuch as the Constitution of the United States has placed the law-making authority in the House of Representatives and in the United States Senate, we are going to place this authority, or as much of it as we can, in the hands of somebody else, and see if it works better that way than having a Congress."

We have tried it. Now let us admit, having tried the experiment, that the experiment has not worked very well. Let us admit that at the very best we have not succeeded very well with the experiment of having Congress intrust its legislative capacities into hands not designated by the Constitution of the United States.

That having been done, now I ask Congress to legislate. I call upon the Congress to reassume the duties prescribed by the Constitution. I ask it to enact laws and to repeal some laws. I ask it to set up things that are prescribed as its duty. I ask the Congress to say, not that we will authorize somebody if he sees fit to do something, but I ask Congress to say that it is this or it is that, it is yonder, it is here, it is something tangible that you can put your finger on, and reach out in the nighttime and grab hold and know where you are going.

That is what I ask Congress to do. Otherwise, what is the law? What is the law down in Winnfield, La., today? The law in Winnfield, La., today on agriculture is whatever the Secretary of Agriculture has authorized the State administrative agency to authorize the county agent to authorize the agents under him to do that he has done or prescribed. That is the law. You have to go down there to find out what the law is, if there is anything down there to enable you to find out what it is; and when the law tinkers with anything, it is almost like lightning striking it.

Mr. President, I have seen lightning strike a man, and I have seen him live. I had a lawsuit once in which lightning struck a man, twisted his arm around into a terrible position, twisted his neck, and twisted his leg. Lightning struck him, and he lived; but I want to tell you that when one of these codes strike a man and he lives, he deserves all the credit in the world. No lightning has ever been so deadly to the institutions of mankind as one of these 467-page codes. When a man's industry gets through with that and lives, or his labor survives, he has gone far beyond anything that is expected of a man who has been struck by lightning, because such men have been known to survive, but none has yet survived under this theory of things.

So let us have Congress come back. Let us call the roll again. Let us say, "We are here", and that Congress has decided to go to work; and what is the first thing to do? Who is the backbone of society, of the country's living and of its prosperity? No. 1, the farmer and the laboring man. Therefore we have an amendment pending. We have had a bill to have bankruptcy for the corporations of the country, to allow all the corporations to wipe off their debts and keep most of their property on terms and conditions satisfactory to them and to the court and to some of their creditors. All right. That being true, we say, "If you are going to have bankruptcy for the corporations, give us a chance to have bankruptcy for the farmers. You have granted bankruptcy to the municipal corporations. You have granted bankruptcy to the railroads, so that they can wipe off their debts and keep their property. Now, you are going to grant bankruptcy to the other corporations. Now, we ask that the farmer be included in this bankruptcy law and allowed to wipe off his debts and keep his place"; that is all.

There is only one difference in these proposals. Flesh and bone is covered under this amendment, and intangibles are covered under the other measure. Property is the consideration of the other three laws. The lives and the living and the existence and the flesh and marrow of humanity are covered under this amendment. If this amendment is adopted, it means that a man can take his wife and children and stay in the house that he built. It means that he can plow the land that he has. It means that he can gather the corn he has planted, that he can kill the meat

on the farm, that he can fish in the back of the place if there is a stream somewhere around, and use those products to keep soul and body together, and to sustain the family he has there. That would be done under this amendment.

These other measures that we have passed do not place a single man back in a house. They do not keep any of them in a home. They do not feed any of them or clothe any of them.

Those measures are in order that municipalities can discharge their debts and go free, and that railroads can discharge their debts, and corporations can discharge their debts, under some theory that that is going to help business get started; and yet the man at the bottom, who cannot get started at all because he is burdened with debt and is about to lose the little hovel he has to keep his family in, must be dispossessed because it is thought to be something radical, and a great departure from the theme, if we allow him to wipe off the debts he has, the same as we are allowing these interests to wipe off their debts.

So let us get down to legislating for the man who stands on the bottom. Remember "the man with the hoe." Let us remember him.

So we have before us the amendment offered by the Senator from North Dakota [Mr. FRAZIER]. I wish I might claim the honor of having offered that amendment myself. If we are going along the lines we have been legislating in the past few days, in that direction and to that extent, it is one of the most constructive, humane, and meritorious amendments that has been offered since I have been in the Senate. It means and says that we are going to stop these farmers from being sold out.

Three thousand farmers have lost their homes since last night, and 3,000 more will lose their homes by this time tomorrow. Think of it. Three thousand farmers, with their wives and their children, are put out today. They are put out. Three thousand more will be put out tomorrow. We are talking about bringing back conditions, when we know, if we know anything at all, that conditions are bound to grow worse under developments of that kind. It is time to act. It is time for Congress to call a halt.

People talk about our adjourning and going home, as if that would do some good. It did not do any good when we went home the last time. What will do some good is for Congress to do something. That is what will do some good, if we will do it.

This bill reads:

SEC. 8. Section 75 of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, is amended by adding thereto a new subsection "s" to read as follows:

"(s) (1) Any farmer failing to obtain the acceptance of a majority in number and amount of all creditors whose claims are affected by a composition or extension proposal may amend his petition or answer asking to be adjudged a bankrupt. Said farmer may at the time of the first hearing petition the court that all of his property, whether pledged, encumbered, or unencumbered by liens or otherwise, be appraised at its then actual value and that his homestead and exemptions be set aside and that he be allowed to retain possession of any part or parcel or all of the remainder of his property and pay for same under the terms and conditions set forth in this act."

Mr. President, this simply means that if the farmer cannot get the creditors to agree to it to the amount and the number specified, he has the right to come in and effect this bankruptcy and to be relieved of these debts.

Section 2 provides:

"(2) Upon such a request being made in the petition or answer, or at the time of the first hearing, appraisers shall be designated and appointed. Such appraisers shall appraise all the property of the debtor at its then reasonable actual value."

That is, the value it has now.

"The words 'actual value' shall not necessarily imply cash value, but shall imply the reasonable and fair value of the property at the time the appraisal is made. Such appraisers shall be designated and appointed, and their appraisals shall be made in all other respects, with right of objections, exceptions, and appeal, in accordance with this act: *Provided*, That in case of real estate either party may file objections, exceptions, and appeals within 2 years from date of order approving the appraisal."

Section 3 provides:

"(3) After the value of the debtor's property shall have been fixed by the appraisal as herein provided, the referee shall issue an order setting aside to such debtor his homestead and exemptions, and shall further order that the possession, under the control of the court, of any part or parcel or all of the remainder of the debtor's property, shall remain in the debtor subject to a general lien, as security for the payment of the value thereof to the trustee of the creditors, if a trustee is appointed, such a lien to be subject to and inferior to all prior liens, pledges, or encumbrances. Such prior liens, pledges, or encumbrances shall remain in full force and effect, and the property covered by such prior liens, pledges, or encumbrances shall be subject to the payment of the claims of the secured creditors holding such prior liens, pledges, or encumbrances up to the actual value of such property as fixed by the appraisal provided for herein. All liens herein on livestock shall cover all increase, and all liens on real property shall cover all rental received or crops grown thereon by the debtor, as security for the payment of any sum that may be due or past due under the terms and provisions of the next paragraph, until the full value of any such particular property has been paid.

Section 4 provides—and this is the main section, this is one which really means something—starting with line 19 on page 3:

"(4) At the time of the order setting aside to the debtor his homestead and exemptions, and giving him possession, under the control of the court, of any part, parcel, or all of the remainder of his property, whether pledged or covered by any prior lien or encumbrance, the debtor shall agree and bind himself that he will pay to the secured creditors, as their interests may appear, and to the trustee of the unsecured creditors, as his interests may appear, if a trustee is appointed, the value of the property as fixed by the appraisal.

Think how much fairer this is. This man finds that he paid the amount of the appraisal of the property. In other words, this man agrees to pay him the money. He is not treated as the municipality and the corporation outfits are treated. In those cases in certain instances the debts were wiped out altogether. We are not asking for as much for the farmer as is being asked for these others, because the farmer is not used to getting much anyway. The farmer is used to not expecting much. The farmer is used to expecting a carload of promises and very little in the way of performance. Measured in terms of promises, the farmer would be gliding along the road to ease today. Measured in terms of performance, the farmer is right where we find him now. We provide here:

Together with interest at the rate of 1 percent per annum on the following terms: 2½ percent, together with interest on or before 6 months from date of agreement; 2½ percent, together with interest on or before 12 months; 2½ percent, together with interest on or before 18 months; 2½ percent, together with interest on or before 24 months, and that thereafter he will pay 5 percent principal, together with interest semiannually for the following 4 years and will pay the balance on or before 6 months after the last semiannual payment has been made to the secured creditors, as their interests may appear, and to the trustee of the unsecured creditors, as his interests may appear, if a trustee is appointed.

Does any man mean to tell me that that is giving the farmer a half break when compared with what has been done for the balance of these outfits? We provide here for the collection of the whole debt in 5 or 6 years' time. We would make the farmer pay every dollar the property was worth, but we would give him 6 years to pay it out, and charge him interest. Yet there is talk about this being a radical piece of legislation.

I want Senators to halt and think about this other bill they are about to pass, to which we want to attach this amendment. We would be giving the farmer very little, practically nothing. I would say that this was a good thing for the farm creditors. They would get more under this amendment than they would get without it. This is the best we could do for the farm creditor. It is the very best thing that could be done, if they expect to get anything. The farm will not be worth anything lying out there idle, with nobody on it. We are not going to help the matter just because we put the poor devil into the street and put his family out of their home. That is not going to help. This is the best thing that could be done. Yet it is said to be radical. Why radical?

Mr. President, I love every man in the Senate; they are all friends of mine; but I tell them that they are going to have some tall explaining to do when they get back home next fall. God help the man who voted for the railroad bankruptcy bill, and the municipal bankruptcy bill, and the corporation bankruptcy bill, and then votes against the farmers having this provision. God help that man. I said to a brilliant young man sitting in the Senate 2 years ago who voted against the other Frazier amendment, "Did you vote for the Reconstruction Finance Corporation Act?" He said, "Yes; I voted for it." I said, "Let me give you a little warning, brother. If you voted for the R.F.C. Act, to let the bankers and the big corporations have some money, and vote against this Frazier amendment, which is not a thing in the world but an R.F.C. for farmers, you are going to have one nice time getting back into the Senate." I met him in the Senate after the November election, and he said, "You were right. It kept me out of the Senate."

The Senate passed the municipal bankruptcy bill, which would allow the politicians to pay off their debts and to incur some more. That is all the municipal bankruptcy bill is. The politicians go out and pile up a bunch of debts they cannot pay, and then they come in and wash them out and enter into some more if they can, if anybody has little enough sense to lend them any money. I would not have little enough sense to do that if I had the money, and I have not the money, anyway.

Congress passes a municipal bankruptcy bill and a railroad bankruptcy bill and a corporation bankruptcy bill, and lends Government money to industries on top of that, but turns the farmer down, and will not let him pay his home out in 6 years. If we do that, we will find out how the people back home look on it when we go back. They are going to know about it. They are going to know all about it, and they will understand it a lot better than many people think they will.

Mr. President, I have done my part for them. I have stood here and spoken to the Members of the Senate as long as anyone would listen to me, and when one came in who had not been here I would start right in and make the speech all over, and then when another came in I would go back and argue it again. I have made this speech to all, as nearly as I could. I will not be able to make it to all, but I will stay here and make it to all I can reach.

I have done my part; I have raised my voice for the farmer of my country and of all countries. I have tried to get him the same measure of treatment that is being given to the corporations. We may not succeed in getting it, we may not be able to make our good and proper-motived colleagues see our way, but we will have done the best we could.

It is charged this would be impairing the Constitution. I do not know how anyone can entertain that thought. After I looked up the law I did not think this bill would ever be held unconstitutional. I think this is constitutional legislation. I think, as the Constitution has always been interpreted, this is constitutional. I do not think these other bankruptcy measures are. I do not think the municipal bankruptcy bill is constitutional. But I think this one is constitutional legislation, and I want to say a little something further as to why it is constitutional.

The Supreme Court of the United States has never held an act unconstitutional that was sanctioned by the laws of the Bible. The Supreme Court of the United States has never yet held any act to be unconstitutional that was in accordance with the Biblical law, and this measure is.

They may finally get down to the point where they will say that the Constitution of the United States, which was intended to carry out the divine law, prohibits the divine law, and when they do, that will be about the end of the country, if the people stand for it.

That is what the Bible said. The Bible said that a country which would not honor these laws was not going to last. None of them have as yet. They tried it in Rome. It did not work there. They tried it in Greece. It did not work there. They tried it in Sparta; they applied the laws, as they said, and it worked there for a while, and then it got away from them and it did not work any more. They tried it in Persia and it did not work there. They tried it in Assyria, and it did not work there. They tried it in Germany, they tried it in Russia, and now we are trying it out in the United States, and it is not going to work here, either.

Senators, remember what I am saying today. If nothing I have said up until this time means anything, remember what I say right now. The country is not going to last if we do not go according to the laws of God. Remember what I am telling the Senate. Some of the Senators will live to see it. We are either going to apply the laws which were given from Heaven, or our country is not going to last It is not going to take very long to find out the truth of that statement. Remember what I am saying. It will not happen when we are all dead and gone. No; Senators will be here then who are here now, and see it. Senators will live to see it. Our distinguished Senator from Illinois [Mr. LEWIS] will be alive to see the proof of what I have just stated.

We must either return to the laws of the Lord in this country, or our country shall perish. This country owes $272,000,000,000, and we do not have any more than $5,000,000,000 with which to pay that great debt. If we do not return to the laws of the Lord the Republic of the United States will be talked of as the one of Rome is today. Failure to observe those laws destroyed Rome.

In Rome 1,800 people owned the entire wealth of the city. There are not that many which own the greater part of the wealth of this country, if we take it on the percentage basis.

Twelve men in this country have practically grabbed it. They have it in the bag. A small percent of people own this country. Some of us own something, but if we pay our debts we would not have anything left. The surplus is somewhere among the small element. Those of us who have anything, if we paid up our debts, would not have anything left. So we do not own anything. I do not own anything. I am living on the interest of what I owe. [Laughter.]

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. LEWIS. The Senator from Louisiana has made an allusion to a matter which from time to time, I am sure, has been reflected upon by different historians, and that is the very small number who once controlled the wealth and power of different countries of the world which have passed away. We all recall the passage from Macaulay's essays referring to the time in the distant future—

> When some traveler from New Zealand shall, in the midst of a vast solitude, take his stand on a broken arch of London Bridge to sketch the ruins of St. Paul's.

I desire to ask my friend from Louisiana a question. Alluding to the fact that this country is in debt, without entering into the question of figures, but that it is overwhelmingly in debt, and that ultimately there must be some payment, and my friend the Senator from Louisiana estimates, or the suggestion is, that we have only $5,000,000,000 compared to a very large number of billions of dollars of debt; I ask the Senator, does he rest any hope upon the fact that the foreign nations which owe us more than $30,000,000,000, adding the interest, will contribute their payments to these debts so as to lighten the obligations of the United States?

Mr. LONG. I must reply to the Senator from Illinois that I do not think the foreign debts are going to be paid us or that very much of them are going to be paid. I think the countries who owe us those debts have already written them off their books. The fact of the case, if I properly understand it—my friend from Illinois knows it much better than I do—is that Great Britain did not even put the debt owing to us in the budget this year. They have stopped budgeting it even. It is "Among my souvenirs." [Laughter.] It is all gone. There is no way of getting it back. And this country stands today debt laden to the extent of $272,000,000,000. The United States Government has $32,000,000,000 of its own debt. There are one or two billion dollars in municipal debts. Private debts mount up to

from $225,000,000,000 to $240,000,000,000. So, altogether in this country, we have $272,000,000,000 of debt—more than the worth of the entire property of America on present values, and with currency to the extent of only $5,000,000,000. Gold is the only money that is recognized, and a man is not allowed to have gold.

I wonder how many people ever saw the wording on our currency. Here is a $5 bill which I still have. Thank God for one of them. "The United States of America will pay to the bearer on demand $5." Those words appear on this bill. This bill is not money itself. It is like a promissory note signed by an individual—in this case it is the promissory note of the Government—that he will pay you $5 when you bring him this piece of paper.

Mr. President, we have now a law which says that, if I go up to the Treasury and get gold, they will put me in jail. Here is a bill which says, "Come up and get $5"; and we have a law which says "you will be put in jail if you get $5." That is the law today.

That reminds me, Mr. President, of the case of a colored man I knew who ran a hamburger stand. He owed another colored man 50 cents. He kept a six-shooter on the counter and sent word to the other colored man and told him to come and get his 50 cents. "Come and get your 'four bits' when you want it." But that colored fellow was not going to come and get the "four bits."

So it is with our money. What is money today? Does anyone know? This bill which I hold up is not money. Yet is all we can get. It is a note saying that we can go and get some money.

I hold in my hand a piece of silver. Is silver money? No. Silver has been demonetized, also. Yet the Government has $850,000,000 worth of silver as money, and still silver is not money. The only thing which is money, if there is any money, is the gold; and we are not allowed to have it.

Mr. President, we go along in that way, playing along, hoping for something to happen, and something will happen.

I have not read the essay by Macaulay to which my friend from Illinois refers. I must read that essay. I am not a well-read man, Mr. President. I am not a man of learning. I had very little opportunity to acquire learning in my lifetime. I never went through high school. I had very little time in college, and that was only for the study of law, and they got rid of me there as soon as possible. Therefore I did not have the opportunity to become learned in the sciences and in the arts, and least of all in the letters.

However, I know one thing. I was taught in the beginning that there was one book which contained nearly everything. That book was the Bible. I was taught that a man who could read and write and knew the Bible knew nearly everything else. So, in spite of my failure to complete my course in mathematics and in the classics and in the various and sundry sciences and in history, I was able to get along with my knowledge which I gleaned from the Scriptures, and a very imperfect knowledge at that. But I found it all there in the Bible; I found the law there. I found the history there. I found the laws of inheritances, of science, of economy. It is all to be found there. And as I have pursued and perused the histories, the publications ancient and modern, I have yet to find a single historical fact, a single dictum of law, a single scintilla of philosophy which is in the Scriptures that has ever been disputed, regardless of any discovery that has been made by science or by those searching back into the past ages.

Nor have I ever found a prophecy as to the consequences which would come to a nation which failed to observe the law which was not in fact fulfilled.

Sixteen years ago—I believe it was in the year 1918, when I wrote and delivered the first speech in which I said that the concentration of wealth was creeping upon America and was going to mean calamity to the country—16 years ago I prophesied it for the year 1930 and it came in the year 1929. I did not miss it very much. It is of record that 16 years ago I gave the figures and the tables and the statistics which I had gleaned from the archives and documents published by Woodrow Wilson that the concentration of wealth meant the wrecking of America.

In the year 1929 I stood in front of an elevator in the biggest hotel in the South, and the leading banker of the South walked up to me and said, "Governor"—I, at that time, was Governor of Louisiana—"Governor, trouble has come. The market has broke. Everything has gone to pieces in America. There is no market today for anything, and I am afraid it will be 60 days getting straight again." I looked at him a moment and said, "My dear friend, it is not temporary this time. She has come. She is here." And I said to Mr. Rudolph S. Hecht, the president of the Hibernia Bank & Trust Co., "Go back and tell your board that 'hell' is come, and it will not cease until there is a redistribution of wealth in the United States."

In October 1929 the stock market broke. It has not started to correct itself yet, and it is not going to correct itself. Write all the laws you want to. I told you in April 1932 what they would amount to. Go on and write some more; write all the expedients you want to. Write a law, in addition to the one providing for the killing of hogs, to allow the killing of cattle; write one that will allow the killing of wild animals in the woods. You have enacted a law providing for plowing up the cotton; pass one allowing the burning up of wheat. Go on, write them all; write all these experiments you want to. Call in gold and call in the silver. You demonetized gold and then you demonetized paper, so that chicken feathers are as much a legal exchange today as is the paper I have in my pocket. Go on and pass some more of those laws and see where you come out. I have already told you, you are never going anywhere; you cannot do so.

There is one thing about it, however, and that is that the ruling class never abdicates; the ruling class never gives way one inch. They try to ruin the man who tries to make them do it; they caricature him in every way they can. I know something about that. They give you plenty. They try to ruin the man who tries to save them; but the day will come when someone goes to them, that they will come back to somebody to save them, but it will be too late then. They will not be like the thief on the cross. Christ will not be there to give His blessing before their death. They are moving themselves to the cataclysm; the abyss is yawning, and it is yawning for everybody. Their select status will not preserve them. They are going to bring this grand country, established here under the Stars and Stripes, and, better still, under the spirit of liberty and equality, to pillage and ruin. They are going to run the plow of destitution rather than the plow of productivity through the furrows of this country, and when they have done it theirs will be the chief share in what they have brought about in the United States. You cannot make them see. There are none so blind as those who, having eyes, will see not, and none so deaf as those who, having ears, will hear not. You cannot make them see; you cannot make them hear; they are not going to hear; and when they want to hear it is going to be too late. Marie Antoinette was finally brought to the point where she was willing to listen, but it was too late then to listen. They cried for bread, and she said, "Give them some cake if they have not any bread."

You are running farmers out of their homes today. Go on and run them out; keep on; hurry up the process. That is what you are doing. Hurry, hurry; get them all out. "Get out; get out; make way. A law is proposed for you, but you say it will be unconstitutional, and so you cannot stay on your farms; that would be contrary to law. In the case of the railroads it is all right; there is something due to them; it is all right with the corporations; turn them loose; it is all right in the case of municipal corporations; turn them loose; but it will be unconstitutional to help the farmers. You have got to get out." Three thousand families a day. Go on with it. You have had it your way. What is the result?

I wish that I had the speech I made here about April 4, 1932, as I recall. I will ask that the RECORD of that date be

furnished me, and perhaps I can find something I said then, shortly after I first came here, and which I should like to read to the Senate. I came here, I think, it was on January 23 or January 24, 1932. I was elected in 1930 but did not take my seat until 1932. I made some kind of a speech here about April 1932 on the conditions then prevailing. Mind you, the conditions were a whole lot better then than they are now. Do not mistake me; conditions were much better then than they are right now. The condition of our Treasury was then much better; the condition of State credit was better; everything was better than it is right now, as I think I can show.

In April 1932, if I remember the month correctly, I said that conditions were not going to improve unless we redistributed some of the wealth of this country, bringing it down from the forces at the top and spreading it among the masses at the bottom. Has that been proved or not? Let us see. I have before me now the CONGRESSIONAL RECORD, and I find in it something I said on April 30. There was another speech that I made about April 4, which is the one I had in mind. At the place I have before me, the late Senator from Nebraska, Mr. Howell, was giving the figures with reference to agriculture, and I had something to say then, although it is not exactly what I intended to call to the attention of the Senate at this time. However, I did say to Senator Howell:

I should like to have the attention of the Senator from New York on that point as in line with our President's speech at Indianapolis—

That was President Hoover—

that the need of this country is not to take away from these people what they have but to impose these taxes at the top, so that the big moneymakers of this country could supply what is needed in this country and not to have them falling at the bottom.

Mr. Hoover, when this condition developed, received some pretty good advice, or else he advised himself well. Mr. Hoover said, as I recall, that we were going to have a new deal. He referred in his speech to some kind of a new theory or new deal, and he went on to say that we were going to take taxes off the little man and put them on the big man at the top, to bring things down to a more equal condition among all the people. That is what Mr. Hoover said at Indianapolis, but on his way back here to Washington someone got hold of him. He said much in this speech along the lines that President Roosevelt has spoken. There is not much difference between what Hoover said at Indianapolis and at Madison Square Garden and what Roosevelt said during the campaign and before the N.R.A. meeting the other day. Both of them said practically the same thing. After Mr. Hoover made the declaration that he was going to take the taxes from the big interests in order to finance the country from the top they got hold of him when he came back here. This same man, Barney Baruch, appeared on the scene; they began to give him some advice, and the next thing they had Hoover out for a sales tax, advocating taking it from the bottom structure rather than from the top, not in the shape of an income tax on big fortunes but a sales tax on littl purchasers. I said:

What is the tax bill going to contain when it comes out? We have waited a long time to get some help. * * *
Why, if this Congress adjourns—

I said—

and does not provide a law for the effective starting of a redistribution of wealth in the United States, you need not be worried about the amount of the deficit that there is going to be in the National Treasury.

I said then, when we owed about $16,000,000,000, "You do not need worry yourselves, if you adjourn this Congress and do not provide for a redistribution of wealth do not worry about what the Treasury owes now." Well, what happened? The deficit has gone up to $32,000,000,000 instead of $16,000,000,000. I proved to be a pretty good prophet that time, I think. I said further:

If we adjourn here with this tax bill before us, with a bill passed as a result of it or with this bill passed, without providing a means for the redistribution of wealth in the United States today, and allow this snowball to go downhill for two or three more years as it is now, and allow this panic to be exploited as it is now being exploited to concentrate every business enterprise in this country, you do not need to worry about the Federal Government nor the Budget of the Federal Government. You will have a problem before you that is a great deal bigger than any problem of the Budget of the Federal Government.

That was in 1932. Have I not been proven to be correct? I do not think a man who was ever in the Senate will say that what I said has not been proved to be correct. In the same speech I said:

We are told that there never was a ruling class that abdicated. A great deal of speculation is made over who is the leader and who are the party leaders of this Nation, who are the leaders of Congress. I have been here long enough to say that if I had any legislation in the United States Congress today, I would a whole lot rather know that it had the sanction and approval of Morgan and Rockefeller and Baruch than to know that it had the sanction and approval of every party leader in both Houses of Congress.

That was in 1932 when I stood on the floor of the Senate and complained about the same men who are here now. I did not care whether they came here under one President or under another. I knew it was disaster, whichever way they came. They are still here. I named some of the same men on the floor of the Senate then that I named a moment ago. Blind guides! Blind guides! We used to hear it said in the old days that we would not expect the blind to lead the blind. Worse still, we do not expect the blind to lead men who have good eyes. These gentlemen have proved to be blind guides. They are a bad set of prophets. They are not good advisers. There should have been a change, but there was not. There should have been reform in the way we were going, but we did not make it.

I will read a little further:

The great and grand dream of America that all men are created free and equal, endowed with the inalienable right of life and liberty and the pursuit of happiness—this great dream of America, this great light, and this great hope—has almost gone out of sight in this day and time, and everybody knows it; and there is a mere candle flicker here and yonder to take the place of what the great dream of America was supposed to be.
The people of this country have fought and have struggled, trying, by one process and the other, to bring about the change that would save the American country to the ideal and purposes of America. They are met with the Democratic Party at one time and the Republican Party at another time—

That shows that I was not partisan, that I was not undertaking to play party politics at that time, because at that time I was clamoring for a liberalization of my own party—

and both of them at another time, and nothing can be squeezed through these party organizations that goes far enough to bring the American people to a condition where they have such a thing as a livable country. We swapped the tyrant 3,000 miles away for a handful of financial slave-owning overlords who make the tyrant of Great Britain seem mild.

Mr. President, I am not going to read further. Here was the thing I said then. I said at that time that we could not do anything unless we dethroned the power of mighty finance. I said then the country could not come out of its chaos, and I say now that it cannot. I gave my remedy. That is my prescription. That is how I looked on it, and that is how the facts have been proved by time and experience.

I am submitting to the Senate today, in the closing hours of this day's session, just as we are about to adjourn here today, and just before we adjourn at the end of this week, the simple proposition whether or not we are going to go afield and refuse a moderate amelioration of the debt structure of the farming interests of the country. If I had the time this afternoon—I shall not ask my colleagues to stay with me here, however, for the purpose—but if I had the time this afternoon, Mr. President, I would sketch briefly through the years in point of time from the point of percentages, showing how this concentration had been as a funnel, beginning at the big end of the funnel and going to the little end of the funnel in one group and beginning at the little end of the funnel and going to the big end of the funnel in another group.

In other words, I would draw a triangle, with one group sitting at the apex and the other group sitting at the base, and put them side by side, showing how each year a smaller percentage of the people owned a larger percentage of the wealth and how a larger percentage of the people owned a smaller percentage of the wealth. Perhaps Senators can visualize those angles, one group sitting on the base, the other group sitting on the apex. They will see a line drawn through the angle at a point somewhat about the center. Then, as we begin to go above the line, the few begin to get more; and as we begin to go below the line, the many begin to get less, until an absolutism develops to where the small percentage gets comparatively all and the large percentage gets comparatively none.

Today the masses have nothing. They have not a thing. Seventy-five percent of the American people have not a thing on earth. Can we imagine that condition to exist? Seventy-five percent of the American people have not a copper cent. Seventy-five percent of the American people, Mr. President, have not anything at all. Their debts amount to more than the little property they have.

According to the statistics that have been compiled and the admissions, that is the condition. No longer are the facts disputed now. When Mr. Morgan and Mr. Lamont were down here, they raised their little voices to dispute it, but since then that contradiction has passed out of existence. Statistics have been collected showing the condition so clearly that they make no more murmur against it. There are so many debts owed by the masses at the bottom of the triangle that they have not a thing left; not a thing.

What have we? Some man said to me, "You have already decentralized wealth. Nobody has anything." I said, "No? The property is all here. Everything is here that we have had here. Somebody has it. The masses have not got it. Who has? We know."

Just a few years ago there was a banquet held which was attended by 12 influential capitalists. At that banquet one of the 12 men rose and said, "It has been estimated that 12 men control all the business of the United States." That was his remark. He said, "I am one of the 12 men. Many of you are among the 12. That statement which has been made, that 12 men own all the country, is correct. I am one of the 12."

The report of that meeting and of that statement was given to the world through the efforts of Mr. James Truslow Adams, in a book which he wrote, which he styled "The Epic of America." Mr. Adams stated, in commenting upon that event, that, although that remark had been deleted from the newspaper report of the gathering of that evening, nevertheless, it is well known to the people, and even if it had not been made the facts were understood anyway.

That is the situation we face. As I said, had I the time in the closing hours of today's session to go into more detail, explaining the whys and the wherefores, the history and the authority, I feel sure that no one here, had he the time to look back in retrospection, could have made a prophecy other than that conditions would come as they now exist. We are now at the fulfillment of all our philosophy of laissez faire, the rule of the mighty. We have tried it out to its fullest extent.

But then we have undertaken to relieve the paralysis and to unscramble the congestion through expedients, none of which, however, takes into consideration that we must redistribute wealth, none of which takes into consideration that the masses must be relieved of debt. We have tried to unfreeze. We have tried to get going. We cannot get going. We cannot unfreeze. We cannot relieve the paralysis. The crystallization is too potent. There must be a melting. There must be a spreading.

May I say to the Senator who has just come into the Chamber, who was not here when I made some of these remarks early in the afternoon, which causes me to revert and to somewhat repeat what I have already said, there must be some melting process. It is like a huge cake of ice. The entire wealth of the country is an ice cake, we might say. It is in the hands of a relatively and comparatively infinitesimal minority. Something will have to be done to unfreeze, to decrystallize.

I have never yet been able to find any man who would undertake to defend the order as it exists today. Who is there who will say that he thinks it is possible for the country to come out with the entire wealth in the hands of a few people? Who is there who will say that he thinks the masses can pay their debts if a handful of people own all the property and are the only creditors? How are they going to begin the process of assimilating the resources of the country and distributing them among the people who could consume? How will the process be started?

We might just as well say that during the summertime we would make the Mississippi River flow to flood stage without the ice being melted in the North. It is the same proposition. The Mississippi River is practically at a low stage. It cannot be navigated in certain seasons of the year unless there is water. We might just as well try to start the flow of navigation through the Mississippi River without melting the ice of the North when the winter is over as to try to start the business of this country moving without melting the frozen fortunes that are in the hands of a few people. There is nothing to ride out on. There is no way of coming through. There is nothing to bear up the load; nothing to take the wheat that is in the hands of the speculator and place it upon the table of the hungry; nothing to take the cotton that lies upon the exchange and place it in the homes where it can clothe the naked children in the wintertime; nothing that can take the ownership of these houses and these tenements and all these palaces and place them at the disposal of the man who, with his wife and children, is walking the highways and the byways looking for a place to lay their heads. Nothing can be done unless this congestion is unfrozen, until this paralysis is disrupted, until the crystallization is thawed out and let flow, and until we distribute into the homes of 125,000,000 people the wherewithal that makes this country one of plenty and of luxury except for this false distribution that we have.

Why not? Who is there who does not want to do it? Who is there who does not say it should be done? Who steps in the way?

Well, to answer my own question, in a way nobody steps in the way. They all meet; they all agree that it has to be done, and they will do it. It is signed, sealed, and delivered. That settles it. Then we go in with a convenant with the people. Here we are, the possessors of the Ark of the Covenant. We go in to perform, and along comes Barney Baruch and hands us around a few baby rattles, and gets us off with a few experiments, making fudge at night, making this kind of a thing, killing a few pigs, milking a cow and putting the milk into the stream, shooting the cattle, burning up the cotton, playing around with baby rattles, giving the people something to pacify their minds and make them forget all about it, and the country goes on to the demnition bowwows, waiting around for somebody to come, waiting for the ships to come in laden with the oils of the Orient and the wines of the East. They cannot come in, they will not come in, and we know it.

That has been our trouble. It has been the work of the devil since the beginning of time to divert men's minds from good works and from worthy purposes and to get them confused with some kind of a tangled-up proposition, manipulations or processes that mean nothing. I do not mean the processing tax. I mean things of other kinds. I am trying to leave out anything except figures of speech rather than to deal in realities in some of these illustrations; but we have them. We have a few things.

Law is supposed to be simple. In days of stress, laws should be made workable. Laws should be made sensible. I have previously explained this to some of the other Senators here earlier in the afternoon. Others have come in now, and I wish them to know of it.

Laws should be made simple. Laws should be made workable. Laws should be understandable. It is the theory of the law, gentlemen of the Senate, as I shall explain unless

I am interrupted, that every man is presumed to know the law. That is the way we operate.

In other words, if I go out here on the streets tonight and I pick up a man sweeping the streets, or if I go out here in the country and pick up a man who is growing corn, or if I go out here and pick up a man who is hacking out a few crossties, that man is presumed to know all the law. It makes no difference what he does that is not in keeping with all the law in the State where he is and in the United States; the fact that he does not know what it is does not excuse him for anything.

That imposes upon the lawmaker the same duty to be reasonable. If we are going to have the law as it is, that a man must be charged with knowledge of it, then, forsooth, we should be charged with not asking that man and requiring of him something that we know is impossible. In other words, if this is a sensible Congress that is going to say, "We are going to send to the penitentiary every man who does contrary to what the law is", then this Congress ought to be sensible enough not to require that man to be charged with a knowledge of something that we know he cannot know.

All right. Now, let us have a little test here.

Is there any man here who will rise up and tell me what the price is, under the pressing code, for pressing a suit of clothes? If so, I should like to see him. I should like to see the color of his hair. That is one little law.

Is there any man here who will get up and tell me how long a grocery store can stay open? If there is, I want to see him. I am in the United States Senate, and I should like to see one of them.

Is there any man here who can show me the length that a crosstie must be made? If there is, I should like to see the color of his hair and the size of his eyes.

I should like to know if there is a man here who can tell me what a hotel has to charge for a room in Pelahatchee, Miss. I should like to know anything at all about these codes that any Member of the United States Senate can know; and yet they yanked up a little fellow here in New Jersey, I am told by the newspapers, and put him in jail, because he pressed a coat and a pair of pants for a man and charged him only 35 cents, and they said he ought to have charged the man 40 cents. They fined that poor little old devil, with a tub and a smoothing iron, $150, and sent him to the penitentiary for 30 days, for not carrying out the thing according to law.

Do you call that sensible legislating? Maybe it is, but that is not my way of looking at it. That is not how I look at it. I would have hardly any laws he had to remember. I have made the proposition to Congress, and I have made the proposition to the boards and the departments. I do not need any of these codes. We can simply get down to basic conditions in this country and write into the law that when a man gets so much money, that is the limit of what he is going to get; that when a man gets so much property, that is the limit of what he is going to get; that no man is going to be allowed to get so poor that he and his family starve; that no man is going to be allowed to get so destitute that he or his family are without something to wear.

Limit the size of the big man. Limit the poverty of the little man. In the words of the Scripture:

> Give me neither poverty nor riches; feed me with food convenient for me:
> Lest I be full, and deny Thee, and say, who is the Lord? or lest I be poor, and steal, and take the name of my God in vain.

That is the doctrine of the Scripture. Plato said that a state taking care of its people will see that there is not a great inequality between the citizens; that it will limit the share which one will be allowed to accumulate, and fix by law the amount below which no one will be allowed to fall. That was his theory. So was it the theory of Confucius, of Buddha, of Christ. It was the doctrine taught by the philosophers of all ages, and by the statesmen of America. It was part of the contract of the Pilgrims who landed in 1620, and I have read it into the RECORD today, to keep the people from becoming debt laden, and to have them share their wealth with one another. That was a part of it. It was written into the Declaration of Independence, and into the Constitution of the United States, and then allowed to be forgotten and to be ignored. Nostrums and experiments were undertaken by which they hoped to bypass the results inevitably to come to a country and to a class of people that does not keep its wealth and its prosperity shared and distributed so that the fullness may be enjoyed by the inhabitants of the land.

I had a grandfather, Mr. President, who lived a very peaceful and retiring life down in the great State of Louisiana. That is, he lived there part of the time.

There was a saloon there, and a young man came down from Maine who had never had any experience in mixing drinks, and he got a job in that saloon. My grandfather was a man who needed all his time. He needed it all, but he seldom used any of it. He was told that that young man did not know how to mix drinks. So the next day he volunteered to tutor him, and he went down to the saloon. He said to the young man, "I understand you are about to lose your job." The young man said, "Well, I am afraid I am." My grandfather said, "I have brought with me a book showing how to mix every drink in the category, and I am going to stand here and read you the directions how to mix these drinks, beginning with the A's, and I am going to try each drink until you get it mixed right. Then I will pass on to the next." [Laughter.] He spent the day with that young man. I will spend the day with my friends in Washington, if necessary, to see that they understand the situation.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. Does not the Senator believe that the same economic law which governs the price of cotton and the price of wheat and the price of pigs and the price of oil governs the value of money?

Mr. LONG. I do.

Mr. THOMAS of Oklahoma. Then, if the economic law works so that if we make wheat scarce, wheat will be high in value; if the economic law works so that if we make hogs scarce, pork will be high in value; if the economic law works so that if we make cotton scarce, cotton will be high in value; and if the economic law works so that by making oil scarce, we can make oil high in value, does not the Senator agree that by making money scarce we make money high in value?

Mr. LONG. I think every child in this country understands that except the Secretary of the Treasury. He is the only man I know who keeps disputing it. It does not seem as though he can get the idea.

Mr. THOMAS of Oklahoma. The Senator and I agree upon the premise. Now, if the economic law works in such a way that when we make things scarce they become higher in value, will not the same economic law work in such a way that when we make things plentiful they become cheaper?

Mr. LONG. Yes.

Mr. THOMAS of Oklahoma. Then, if we want to make money cheaper, we can put more money into circulation; and by making money more plentiful make it cheaper. Then if we make money cheaper, that automatically, alone, makes prices higher.

Mr. LONG. Absolutely. And thus people can pay themselves out of debt. It frees them from this calamity to a large extent.

The Secretary wanted to make pigs worth something, so he killed them. He wanted to make the cotton valuable, and we plowed up some of it. Milk was too cheap; that was poured into the creek.

It would seem that anyone would know that the trouble with the money situation and the price structure is that we do not have any money. That is the whole trouble. We are right back to the place we started from. With all my

effort to stay away from it, I am inescapably brought back to the silver question.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator further yield?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. Some people apparently wonder why it is that individuals cannot pay their taxes. Is it not true that in order to pay taxes the taxpayer must have money?

Mr. LONG. I think so.

Mr. THOMAS of Oklahoma. At the present time it is impossible for taxpayers to get money, except in two ways: First, to borrow the money, and, of course, everyone knows that they cannot borrow money, because the banks will not lend. The other way is for them to sell something, and when they have to sell the commodities they produce for so little that they cannot get enough to pay cost of production it is impossible to have profit or any surplus money with which to pay taxes. Does not the Senator from Louisiana think that is the trouble?

Mr. LONG. I think that is our tax trouble today with respect to municipalities, counties, States, and the Federal Government. In other words, if there is no profit to be made out of agriculture, how is a man going to pay? A man must have some profit in order to pay anything. There is no profit in agriculture.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator further yield?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. I should like to ask the Senator another question to ascertain if he and I agree, if no one else does. Is it not a fact that the economic system under which we are living in the United States is what is known as the capitalistic system?

Mr. LONG. Yes.

Mr. THOMAS of Oklahoma. Is it not also a fact that the capitalistic system must depend for its existence upon profits?

Mr. LONG. Yes.

Mr. THOMAS of Oklahoma. Unless the property owners can make profit from property, they cannot keep the property, and they cannot survive.

Mr. LONG. That is the theory.

Mr. THOMAS of Oklahoma. Then the capitalistic system must depend upon profits. People must make some money.

Mr. LONG. That is true.

Mr. THOMAS of Oklahoma. The second question: Is it not a fact that governments—Federal, State, county, and city—depend upon taxes? In order to get taxes the people must have money with which to pay them. In order to obtain the money they must make profits. Therefore, unless the people, the farmers, the miners, the lumbermen, the merchants, and others can make some money they cannot pay taxes.

Mr. LONG. That is true.

Mr. THOMAS of Oklahoma. Is it not a fact, then, that both the capitalistic system and the Government itself rest upon profits?

Mr. LONG. Yes.

Mr. THOMAS of Oklahoma. Unless the people can make profits those two institutions must fall.

Mr. LONG. They must.

We admit that the large majority of the American people are carrying on today without such a thing as profit. Agriculture is carrying on without such a thing as profit. There is no profit. Not only that, we are retiring a large number of people engaged in agriculture from the ranks of prospective activity, because we cannot use the products of too many of them.

We refuse to remonetize silver. We are told now that perhaps there will be a compromise, and we will be allowed to compromise on the question of remonetization of silver.

I consider myself a member of the silver bloc, and of the expansion-of-the-currency bloc. I have been working in that line ever since I have been here. The fact of the case is that I am a kind of an assistant leader in both of them—appointed by myself. I made myself assistant leader of the expansionists and the assistant leader of the silverites. I have offered some of the bills with regard to both those things. That ought to make me some kind of a third-rate assistant leader, at least by my own appointment, in this silver bloc and this expansion bloc.

I desire to say to the other members of this bloc that if they accept any more proposals for permissive legislation I am going to turn them out of the lot, and they will not come back. The next man I hear of who agrees to have a law passed as a compromise, which law is going to let the power be in the hands of someone else to remonetize silver, I will tell that man that I am no longer a member of his bloc.

From now on I am legislating by act of Congress, and that is all. I am not asking anyone's permission to do it either, so far as my vote goes. We have all the permissive legislation we need now, and that does not do any good.

We had the fight for silver won last year. We worked mighty hard, Mr. President. The Presiding Officer knows how hard we worked. We worked day and night to get ready for a vote, and we secured four more votes for silver on this side of the Chamber than there were against silver. It was due to the Republican support that the President was not obliged to carry out the provisions contained in our proposed legislation at that time. Some of the Republicans who criticize the President, remember that. When they criticize the President, let them remember that they helped accomplish the defeat of that helpful legislation.

The next thing we heard was, "We are all right; we have won." So I was agreeable to the proposition to put in a code allowing the remonetization of silver and the expanding of the currency.

I will ask my friend from Oklahoma, since he is the man who handled the bill for us at that time, if he understood the bill to mean that we were going to decrease the currency at that time, or for what reason did he understand he was writing the bill at the time he wrote it?

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. I had hoped that through the exercise of the powers conferred in the bill we would have more money placed in circulation, and, with the Senator's permission, I will make this observation in justification of my hopes, and likewise in justification of the Chief Executive.

The amendment adopted about a year ago conferred upon the President five powers.

Power no. 1 was to go into the open market and buy bonds through the Federal Reserve System, paying for those bonds with Federal Reserve notes. In the exercise of that power the administration has bought $600,000,000 of bonds, and placed $600,000,000 of new money in circulation. Notwithstanding the placing of $600,000,000 of new money in circulation, the total circulation has decreased something like $700,000,000 since that time. That was power no. 1.

Power no. 2 authorized the Chief Executive to accept silver from our war debtors. The nations which owe us interest and installments were given the privilege of paying us in silver at the rate of 50 cents an ounce. Under this power the debtor nations have paid us 22,000,000 ounces of silver. That power has been exercised to that extent.

Power no. 3 authorized the Chief Executive to remonetize silver. Under that power the President has issued a proclamation as of December 21 whereby he is now taking for the Treasury all newly mined silver. That is, of course, confined to this country. To that extent power no. 3 has been exercised.

Power no. 4 gave the President the right to devalue or cut the gold content of the gold dollar. Under that power he has reduced the content of the gold dollar from 23 grains plus to 15 grains plus, or reduced it from 100 cents to a value in gold of 59 cents plus. The President has exercised the fourth power.

The fifth power conferred was to issue greenbacks and Treasury notes to the extent of $3,000,000,000. That is the only power the Chief Executive has not exercised to any extent whatever.

I think it is only fair to place in the RECORD at this time the fact that, in a sense, the powers conferred have been exercised, but, in my judgment, they have not been exercised to a sufficient extent to do the thing that could be done. Because of that I still think we should take steps now to see that more money is placed in circulation to the end that money may become more plentiful, thereby cheaper, and to the extent that money becomes cheaper prices will automatically be raised.

Mr. LONG. Let me ask the Senator a question. Regardless of all the power we conferred, what we wound up with was $700,000,000 less money. Is not that correct?

Mr. THOMAS of Oklahoma. That is correct.

Mr. LONG. We were to get more money. That is what I understood. Instead of that we got $700,000,000 less money. A lot of powers were exercised in some kind of a left-handed way, but we did not get anything out of it. We did not get the commodity values and we did not get the money.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LONG. Certainly.

Mr. THOMAS of Oklahoma. For the benefit of the RECORD I think it is perhaps well to place in the RECORD at this time the essential facts taken from the Federal Reserve statement of yesterday. Every Thursday at 4 o'clock the Federal Reserve Board issues a statement relating to finance. This statement is of date May 2. On May 2 there was money in circulation in the sum of $5,359,000,000. The week prior to the past week the circulation decreased some $30,000,000-odd. The report shows that during the past 7 days the circulation has increased $35,000,000. I do not know how that comes about, but that is the statement which was released on the 3d day of May. Instead of losing as much as the Senator stated, the circulation has increased $35,000,000 during the past 7 days.

Mr. LONG. Mr. President, in the moving up and down, with the net result of steadily going downward, we need not less than $7,000,000,000 of new money in this country today. We need at least $7,000,000,000. I do not believe we can get out of the situation with $7,000,000,000. We have a law in this country under which we are supposed to be allowed to issue paper money at the ratio of 40 cents in gold to the dollar of currency. In other words, if we have 40 cents in gold in the Treasury we will be allowed to issue a dollar in greenbacks. How much money have we in the Treasury today, since we devalued the dollar? We have about $8,500,000,000 in the Treasury in gold on the 59-cent basis.

Mr. THOMAS of Oklahoma. It is not quite so much as that.

Mr. LONG. Will the Senator give me the figures?

Mr. THOMAS of Oklahoma. On the 3d of May we had a total monetary gold stock of $7,756,000,000.

Mr. LONG. My figures are a little high but not very much too high. We have $7,756,000,000. That is the amount of gold money we have in the Treasury. We have only about five and one third billion dollars of money outstanding. In other words, instead of having money on the basis of 40 cents gold to $1 in currency, we have $1.35 or $1.40 in gold to every dollar of currency that we have circulating. It is a great financial soundness to argue that we have gold enough to take care of the currency outstanding. The fact of the matter is we are on a worse basis than the gold standard today. We have less money. We have circulating among the people $2,400,000,000 less currency than we have gold. That is our status.

God knows if there ever was a time when the circumstances justified using the full limit of 40 cents gold as against $1 in currency, this is the time; but on the basis of $7,700,000,000 of gold we could issue today $19,200,000,000 in currency and still have no inflation.

Inflation of the currency is supposed to be, by those who argue against it, the issuance of paper money not supported by an adequate sum of gold. Our law, and the law of all nations for all time, has been that 40 percent of gold backing up a dollar of currency does not constitute inflation, but is sound, adequate, and secure financing.

That being the case we can today issue $19,200,000,000 worth of currency less the $5,300,000,000 outstanding, or between $13,000,000,000 and $14,000,000,000 worth of currency. If we are going to get any benefit from devaluing the gold dollar, we must put money out into circulation. It will not do any good to devalue the gold dollar down to 59 cents and then put out no additional money. If we are going to get any good out of reducing the gold content of the dollar, we have got to put out billions of currency. In other words, if we are going to cut the gold content of the dollar from $1 to 59 cents and then not have any more dollars in circulation, there was no use in cutting the gold content of the dollar. We might as well have left it like it was. If we are going to do anything, it is time to do something about this.

We do not ask to inflate. We ask to reflate. Rather, we ask that we expand our currency to its normal requirements. We need to get this country out of debt. We not only need to do that; we have our silver bill here. We have the bill here for remonetizing silver. We have the choice of two routes. We can take whichever one we want, or both of them; but we will have to remonetize silver if we want any world trade, or if we want to dispose of the surplus agricultural commodities we now have. That must be done, and it cannot be done unless we do it. That must be done first. Silver must be remonetized.

India uses silver as the yardstick of money. India and China together, with anywhere from seven hundred and fifty to eight hundred million population—nearly half the entire population of the world—use silver only as the primary yardstick of money. Silver also is the yardstick of money for the South American countries. It is the yardstick of money for many of the European countries—the Orient, Asia, Africa, South America, a large part of Europe, and even America is on a half-way basis of neither silver nor gold and part of both of them. Nobody knows what it is. There is no money of any kind in existence. I gave an example of that before my friend from Washington [Mr. BONE] came in, to show that we did not really have any money.

Here is a bill. It says, "The United States of America will pay to the bearer, on demand, $5." They are going to pay me that in gold. That is all they have to pay the dollar in, and yet they have a law that if I go there and get the gold they will put me in jail. So we have a bill here that gives us a right to go and get a dollar, and we do not dare go and get the dollar; so the fact is, we have no currency at all. Nobody knows what it is all about. Nobody can tell.

We would be a whole lot better off from a legal standpoint if we had the entire amount of currency inflated, and silver made the basis of money. It is argued that it is not a sound thing to do. Why is it not sound to remonetize silver? Where is all this terrible inflation to come from?

Why, Mr. President, the silver proposition, according to the bill I have introduced here, tacked on as an amendment to the banking bill, or according to the bill that is offered as a substitute by the Senator from Oklahoma [Mr. THOMAS], would mean an expanding of our commerce and of our trade intercourse so that we might dispose of these surplus commodities which we have, and give these people an immense chance to get out of debt that they never will have otherwise. If we are not going to do that, or if we are going to do it, either way, we have the farm problem to consider from the standpoint of debts. No way is provided to pay out the debts of the farmer.

Therefore, pass this Frazier amendment to give the farmers the same right of bankruptcy you are giving by the main bill to corporations.

Mr. THOMAS of Oklahoma. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

Mr. McNARY. Mr. President, will the Senator withhold that suggestion for a moment?

Mr. THOMAS of Oklahoma. I withhold it.

Mr. McNARY. Is it the desire of the Senator to continue this evening, or has the Senator from Louisiana concluded his remarks?

Mr. LEWIS. Mr. President, I do not know whether the Senator from Louisiana has concluded his remarks or not. I did not hear him observe as to that. I understand that the able Senator from Louisiana has yielded the floor in order that his colleague on this question, the Senator from North Dakota [Mr. FRAZIER], may take the floor.

Mr. LONG. If it is the purpose of the Senate to adjourn this afternoon I should think my remarks probably might be concluded, and I would leave the floor to the Senator from North Dakota.

Mr. FRAZIER. Mr. President——

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. FRAZIER. I desire to make some remarks on the amendment before we have a vote on it, and should be glad to get the floor and proceed in the morning if that would be satisfactory.

Mr. LEWIS. The Senator wants the floor and desires to be recognized now, as I understand. Will the Senator please address the Chair at this point?

Mr. LONG. Mr. President, just a moment. Are we going to recess? Is that all right? If it is, I will give up the floor.

Mr. LEWIS. We are going to recess and go on tomorrow.

Mr. LONG. All right. That is all right with me.

Mr. LEWIS. Then the Senator from Louisiana concludes at this time?

Mr. LONG. Yes, sir.

Mr. FRAZIER obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, I think the Senate ought to proceed for a time with the consideration of this bill.

Mr. McNARY. Inasmuch as the Senator from Louisiana has concluded his remarks, and the Senator from North Dakota desires the floor, I suggest to the Senator that the Senate now take a recess until 11 o'clock in the morning.

Mr. ROBINSON of Arkansas. I am wondering if we cannot have an agreement to vote some time tomorrow.

Mr. LONG. Mr. President, most of the Senators have gone. It is rather late. I should rather say we might vote on Monday. I do not even know about that. It would not hurt to adjourn over until Monday. I think there are going to be a considerable number of conferences on this matter tomorrow.

Mr. ROBINSON of Arkansas. I do not think we can do that, Mr. President. I think we had better proceed.

Mr. LONG. The absence of a quorum has been suggested.

Mr. McNARY. May I make another proposal to the Senator?

Mr. ROBINSON of Arkansas. In view of the manner in which we have been proceeding, I think we ought to do some business.

Mr. McNARY. I am in accord with that view. However, on account of the small number of Senators in attendance, and the fact that many Members are at their offices attending to their correspondence, I wonder if we might not then recess until 10 in the morning, with the Senator from North Dakota recognized?

Mr. ROBINSON of Arkansas. I think we can get a quorum. Let us go on.

Mr. McNARY. The Senator from Oklahoma [Mr. THOMAS] suggested the absence of a quorum and then left the Chamber.

Mr. ROBINSON of Arkansas. Very well; let us have a quorum.

Mr. LONG. He suggested the absence of a quorum. I renew his request.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum, if necessary.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Hatch	Neely
Bachman	Clark	Hayden	Norris
Bankhead	Connally	King	O'Mahoney
Barbour	Copeland	Lewis	Pope
Black	Dill	Lonergan	Robinson, Ark.
Bone	Duffy	Long	Schall
Brown	Fletcher	McGill	Sheppard
Bulkley	Frazier	McKellar	Thomas, Okla.
Byrnes	Gibson	McNary	
Capper	Goldsborough	Murphy	

Mr. NORRIS. I desire to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is necessarily absent from the city.

The PRESIDING OFFICER. Thirty-eight Senators having answered to their names, there is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of absent Senators, and Mr. HATCH, Mr. LONERGAN, Mr. PITTMAN, Mr. REYNOLDS, Mr. RUSSELL, Mr. SHIPSTEAD, Mr. STEIWER, Mr. STEPHENS, and Mr. THOMAS of Oklahoma answered to their names when called.

The VICE PRESIDENT. Forty-seven Senators have answered to their names. A quorum is not present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of the absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ROBINSON of Indiana, Mr. NYE, Mr. DIETERICH, Mr. THOMAS of Utah, Mr. COUZENS, Mr. DICKINSON, Mr. THOMPSON, Mr. WAGNER, Mr. VAN NUYS, and Mr. VANDENBERG entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-eight Senators having answered to their names, a quorum is present. Without objection, the order directing the Sergeant at Arms to request the attendance of absent Senators will be vacated.

Mr. FRAZIER. Mr. President, I desire to answer some of the objections which have been urged against my amendment to the pending corporation bankruptcy bill.

The objection was made that the amendment would impair contracts. The contracts on farm mortgages are really impaired now. The indebtedness on our farms was incurred when prices were high, when money was plentiful. The condition has changed entirely since that time. Prices have gone down, overhead expenses have gone up, and the values of farm property have gone down materially. They have gone down until in many cases the mortgage would not be covered by a sale of the land at the present price. The farmers' indebtedness has increased for the same reason; so the contract has been impaired on one hand and increased on the other.

If our farmers are to retain the ownership of their land, if they are to retain the ownership of their homes, they must be given a chance to take advantage of the bankruptcy law just the same as business interests have been given an opportunity to take advantage of it, just the same as corporations have been given an opportunity to take advantage of the bankruptcy law.

It will be recalled that at the time the farm bill was before the special session last year I offered a substitute for the refinancing provision, a proposal to refinance the farmers on their existing indebtedness. That substitute was voted down. Some of the Members said it was unconstitutional.

I never can quite agree with some of my friends here who are attorneys and learned in the law on these measures which they claim are unconstitutional. The Supreme Court always has the last guess as to the constitutionality of any law we may pass, and even the Supreme Court is not unanimous in its decisions many times. Oftentimes we have a 5-to-4 decision. So I never worry when anyone says that a bill is unconstitutional, because, in my opinion, no one knows, until the Supreme Court gets through with it, whether it is unconstitutional or not; and, as I say, usually

they do not agree upon the question. I am convinced, however, that something must be done to save our American farmers.

The Senate on two occasions has refused to pass a bill I have introduced to refinance the farmers on their existing indebtedness. It refused to do that when the farm bill was up at the special session. The argument was then made that the creditors should scale down their mortgages; that the creditors of the farmers, those holding the mortgages, should scale them down and make a settlement in that way.

Mr. President, that has been attempted under the farm-land bank provision, and in practically every instance the insurance companies and the banks which hold such mortgages have refused to scale down. The farmers have not been able to settle, and thousands upon thousands of farms are being foreclosed upon, and the farmers will lose their homes unless something is done, especially after the moratorium which has been declared in several States shall have ended.

So it seems to me now, inasmuch as the bill which was passed at the special session did not result in having the farmer's indebtedness scaled down, that we should adopt the amendment I have offered to allow the scaling down of farm indebtedness; and that is what this amendment provides. It allows the debts to be scaled down, and allows the farmer, after going through bankruptcy proceedings, to buy back his land, at a low rate of interest, it is true; but, in my opinion, that is not as bad as the conditions at the present time. The creditor now is not getting interest on his mortgage. Practically none of them are getting interest on their mortgages. Some of the farmers have been defaulting for 2 or 3 years on the interest on their mortgages. So if settlement is made under this amendment they can get at least 1-percent interest, and a chance of getting at least the cash value out of their land over a period of 6½ years.

Some of the Senators seem to think there is something sacred about farm mortgages, something sacred about the rate of interest that is being charged by the bankers and money lenders to our farmers. The fact that we have had the high rates of interest in the past on farm indebtedness it seems to me, is largely responsible for the plight in which we find ourselves; at least, it has had a great deal to do with it; and I am very much interested in seeing the farmers given a chance to hold their property and to pay out.

I have had a great many letters from farmers, some of which I have with me, but I am not going to take the time to read them. Many farmers have written me whose applications for loans from the banks have been turned down. I have written to the land bank at St. Paul in each instance, and there are many cases in which they have refused to give the farmer a large enough loan to refinance his indebtedness. These farmers, of course, at the present time are down and out, and there is no chance of their holding their land any longer than the period of the moratorium which now prevails in North Dakota.

I have a letter here that is dated May 1. It is from the land bank at St. Paul. They give their reasons for not renewing a farmer's mortgage. The farmer has a 640-acre farm. He has an indebtedness of about $6,500, as I remember, on his land. He has, in addition, some outside indebtedness. I asked the bank if they could not reconsider and, between the combination of the land bank loan and the commissioner's loan, give this farmer enough to refinance his indebtedness, and give him a chance to pay out. They wrote back that it would be impossible, that under the conditions which exist out there, they would not feel that it was a safe loan.

In many instances the land bank has written to the farmer who has applied for a loan telling him they were sorry, but that they could not make the loan. They will not agree to make a loan of any size on farmers' land. That is absolutely unfair. The refinancing bill which was passed at the special session was said to be for the purpose of enabling farmers to refinance their indebtedness, and to scale it down. The fact is that the indebtedness has not scaled down, and my amendment would compel the mortgagee to scale down the debt to the present value of the land. In other words, an appraiser would be appointed, and the land would be appraised at a reasonable value at the present time. Then, of course, the creditors would have to take their share.

The amendment is simply intended to save the homes of farmers, and can be and is justified under bankruptcy proceedings, and under the bankruptcy provision of the Constitution. All that the mortgagee and the lien holder and creditor ever were entitled to was the reasonable value of the bankrupt property, over and above the exemptions.

Mr. President, it seems to me that there is no logical argument against doing this for the farmer. We have legislated here for the benefit of the banker, for the benefit of the railroad companies, for the benefit of the corporations, and only a few days ago passed a bankruptcy law for the benefit of municipalities. I voted for that measure, because the argument was made that there were thousands of cities which were absolutely broke, and which could not meet their indebtedness unless some such measure were passed. I voted for the bill as indicating my desire to try to help the municipalities. I think they are entitled to some help. But the farmers, who produce the food products with which to feed the Nation, are also entitled to some assistance. So I hope that a sufficient number of Senators will agree to this amendment, let it go to conference, and see what can be done there.

Mr. President, the point has been made that the amendment is unconstitutional. I want to say that, according to the information I have, a subcommittee of the Committee on the Judiciary of the House of Representatives considered a similar measure, one introduced in the House as a separate bill, and there were five lawyers, from various sections of the country, on the subcommittee which considered the measure. They did not seem to think the bill was unconstitutional; at any rate, they made a favorable report to the committee. So it seems to me that even the lawyers in Congress disagree about the constitutionality of the measure.

I have some citations of cases, but I shall not bother to read them. A day or two ago, when the amendment was offered, I think it was the junior Senator from Oregon [Mr. STEIWER] who raised the objection that there should be a time limit in it. This amendment is an amendment to section 75 of the Bankruptcy Act. In paragraph (c) of section 75 there is fixed a time limit of 5 years. Any farmer may come in within 5 years' time and make application, and go through bankruptcy. A little over 1 year has elapsed of that 5-year period, so if the amendment shall be agreed to there will be almost 4 years for it to run.

This afternoon I also perfected the amendment by striking out, wherever it occurred, the word "homestead", so that the amendment would now read, in one case, that "the exemption be set aside", where before it said "homestead and exemption." In another place it will read, "the referee shall issue an order setting aside to such debtor his exemptions." Of course, the reference is to exemptions authorized by law in the State where foreclosure takes place.

Mr. President, to sum up the situation briefly in regard to the amendment, it affects only farmers, and it is to provide for a scaling down of their indebtedness. The amendment provides that the referee in bankruptcy shall appoint appraisers to appraise the actual value of all the bankrupt's property, and, after the debtor's exemptions shall have been set aside, he shall be permitted to select any or all of the remainder of his property and retain possession of it and pay for it on the installment plan, with a rate of interest of 1 percent, and then, on the installment plan, pay it out in 6½ years.

Under the provisions of the amendment, a farmer going through bankruptcy is allowed to retain possession of his property, under the control of the court, and to make the installment payments over a period of 6½ years. The creditors, including the mortgagee and the lienholders, will have to be satisfied with getting from the debtor the value of the property covered by the mortgage or lien, and the unsecured creditors will have to be satisfied with the fair actual value of all the debtor's property after his exemptions are set aside and the liens up to the actual present

value of the property have been taken care of. In case the farmer shall wish to dispose of any of his property, or consume it, under the terms of the amendment he will have to pay the appraised value to the lien holders.

Mr. President, I could talk for some time on the farm situation, but I do not want to delay the Senate this evening. It is getting late and I understand the Senator from Minnesota [Mr. SHIPSTEAD] is anxious to make a few remarks on the measure.

If our farmers are to be given an opportunity—and I think everyone will agree that they should have an opportunity—to retain the ownership of their lands and their farms, we have either to enact legislation which will allow them to refinance their existing indebtedness or else scale it down. This amendment simply provides that they may scale down their existing indebtedness to the fair value of their property and that they may make a fair payment for it.

I simply want to say, in conclusion, as was said this afternoon—perhaps some of the Senators did not hear it—that, according to figures compiled by one of the leading farm organizations in the Middle West, approximately 3,000 foreclosures and sales are taking place each day. That means that a large percentage of farmers will soon go out of business, so far as their being landowners and home owners is concerned. In my opinion, no greater calamity and no greater catastrophe could happen to those American farmers, who have lived on their lands perhaps a quarter of a century or a half a century and spent a lifetime working there in building up the farms, than to see them foreclosed and lost to them and their families, not because of any fault of their own but lost to them because of the dereliction of the United States Congress.

No one can tell me that the United States Congress could not have saved these farmers if it had wanted to do so. When the railroads were in dire need of help the Congress came to their assistance. When the bankers needed help the Congress came to their assistance. Oh, yes; a moratorium for the bankers was declared over night. Every bank in the United States was closed. What for? To protect the bankers' property; to keep them from going broke.

The Congress has also taken care of municipalities and corporations, and everyone else except the American farmer. It is true that we pass laws here and appropriate money for the Agricultural Department. Ask the average farmer out in the grass roots how much advantage the Agricultural Department is to him. Ask him how much the Department has done for him. Show that farmer the great new Agricultural Department Building, tell him how much the Congress appropriates each year for the maintenance of that Department, and then ask him how he would vote if the question were put to him as to whether or not the Agricultural Department of the United States should be abolished entirely.

I am satisfied as to how a great majority of the farmers of this country would vote on that question, because they say they have never gotten a square deal either at the hands of the Department of Agriculture or at the hands of the United States Congress. I am frank to say that, in my opinion, they are right. They have never had a square deal either at the hands of the Department of Agriculture or at the hands of the United States Congress.

If any other industry in the United States were in the hard, dire straits that the American farmer is in today, we would stay here tonight until we had passed a bill which would take care of that industry. Apparently, however, the American farmer cannot be given the same rights under the bankruptcy law that everyone else is given. The bankruptcy law is only a part of the police power to protect the interests of the country, and the farmers are entitled to that protection just the same as anyone else is. Apparently, however, we cannot get that protection for the American farmer.

I have called this matter to the attention of the Senate so many times that I am almost ashamed of it; but during the special session Senators will remember that in the Agricultural Committee of the Senate, and on the floor of the Senate itself, we put into the farm bill a provision that the farmer should receive cost of production and a fair profit for his products. That provision was stricken out by the conferees. Then when the National Industrial Recovery Act was passed we provided in it that the industries should receive cost of production. It went into the bill. The N.R.A. has put that provision into effect.

The senior Senator from Louisiana [Mr. LONG] said that under the code the price of pressing a suit of clothes was raised 5 cents and that someone was arrested because he kept the old schedule instead of going up to 40 cents, as provided in the code. Under the various codes, cost of production has been guaranteed for every industry except that of farming. I defy any Member of this body to go into any agricultural community in any State of the Union and explain to the farmers why the Congress of the United States has given every other industry in the country a provision covering cost of production, and has denied the same privilege and the same right to the American farmer, who produces the food products with which to feed the Nation, who works harder and works longer hours than any other class of people on earth.

The farmers are obliged to work under difficult conditions, and particularly under severe climatic and weather conditions. In my section of the country there have been no rains this spring. There have been wide-spread dust storms occurring practically every day. It was necessary for the pilot of an airplane to fly at an altitude of 10,000 feet on his trip between Chicago and Minneapolis the other day in order to get away from the dust. The dust storms begin away up in Canada, and come down as far as Kansas. I do not know what the situation is going to be; but, Mr. President, one thing is certain—a square deal was promised to the farmers in the last campaign by the present administration. They were promised a square deal, along with industry, but they have not gotten it. No one can tell me, or can tell any farmer in this country, that the American farmer has had a square deal at the hands of Congress. Unless we shall give the farmers a square deal, unless something shall be done to give them a chance to retain the ownership of their land and the ownership of their homes, they will be forced to go out of business and lose everything they have.

The amendment I have proposed would give the farmers a chance to get out from under their present heavy burden, and pay the fair value of their farms, and retain their ownership.

Mr. President, I hope the amendment will be agreed to.

Mr. SHIPSTEAD. Mr. President, I should not detain the Senate at this late hour for the purpose of saying anything on the amendment to the pending bill, were it not for the fact that the amendment has been ridiculed and, I think, a great injustice has been done to it.

There is involved in this amendment a principle which is in perfect harmony with the bill before the Senate. The bill before the Senate is not a bankruptcy bill. The bill, to which this amendment is offered, is a debt reduction bill or a debt repudiation bill.

It is provided that a corporation which owes money shall have permission to file a petition in court. The corporation does not need to show that it is insolvent. All it has to show is that it is unable to meet its debts at the time of maturity. If it can show that it is unable to meet its debts at the time of maturity, the bill provides a plan under which it can have its debts reduced, whether all its creditors agree to the reduction or not. Some of the creditors may think the corporation may pay its debts in time and, therefore, will not agree to a reduction of the indebtedness. That, however, makes no difference. If a certain number agree, those who do not agree and will not consent to the arrangement which is proposed must come into court and take the consequences.

It was said here yesterday, and has been said here today, that we must not interfere with a contract. That rule is applied to a farm mortgage. It is said that the holder of the mortgage is entitled to the letter of the law. Yesterday I ventured to ask whether or not the right of a farm creditor

is more sacred than that of a man holding a bond of a corporation or a municipality. It would appear, from the statements made on the floor of the Senate, that the right of a farm creditor is more sacred.

What does the bill before the Senate provide? Under section 79 it is provided that any corporation which could become a bankrupt, and so forth, may file an original petition, if it can show that it is unable to meet its debts as they mature, and that it desires to effect a plan of reorganization. That is one thing the corporation has to show. The inability of the corporation to meet its debts as they mature runs all through the bill. That is the basis of the petition.

Mr. BONE. In effect, it amounts to insolvency.

Mr. SHIPSTEAD. Very well; let us say that it amounts to insolvency. Then give the farmer the same privilege of calling his creditors into court if he cannot pay his debts as they mature. I dare say that the farmers of the United States who are in debt cannot pay their debts as they mature. If that means insolvency, give the farmer the same treatment that is accorded to a corporation, or a municipality, or a railroad company. Establish equality before the law. What is the plan? It is entirely proper to modify the contract of a corporation, but it is unconstitutional when applied to a farm mortgage.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. SHIPSTEAD. I yield.

Mr. LONG. Has the Senator been able to learn just what is the difference upon which the contention as to the unconstitutionality of the bill can be based, if it is constitutional as to railroads and corporations? I have been unable to find it. Perhaps the Senator can understand it.

Mr. SHIPSTEAD. The basis of differentiation?

Mr. LONG. Yes. The farmer gets his property back at a fair value and he is given 6 years to pay out with interest.

Mr. SHIPSTEAD. I am able to read English, but I am not a constitutional lawyer and therefore find it difficult to harmonize the arguments made against the amendment with the provisions of the bill.

What does the bill before the Senate provide with respect to violation or changing a contract? On page 6, specifying the plan under which this is to be done, it is provided:

(b) A plan of reorganization within the meaning of this section (1) shall include provisions modifying or altering the rights of creditors generally—

There is a provision to modify or alter the rights of creditors generally—

or any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise.

I should like to have those who say that such a provision should not apply to the farm mortgage explain why it should not, if we can apply it lawfully to corporations.

(2) May include provisions modifying or altering the rights of stockholders generally, or of any class of them, either through the issuance of new securities of any character or otherwise.

That is a provision for the altering and modifying of contracts of creditors in favor of debtors. If we applied that provision to a farm mortgage, we would give the debtor farmer the same privilege under the law that we give to the corporation, provided there is a showing that the farmer cannot meet his debts as they mature.

On page 8 of the bill there is even a provision for the rejection of contracts, not only for their modification and alteration, but also for their rejection. In line 13 it is provided that the court—

May reject contracts of the debtor which are executory in whole or in part, including unexpired leases except contracts in the public authority.

Due to the lateness of the hour, Mr. President, I do not intend to take the time of the Senate in an extended exposition of the bill. I merely wanted to point out that the principle involved in the amendment offered by the Senator from North Dakota [Mr. FRAZIER] is in perfect harmony with the principle involved in the bill now pending before the Senate.

Mr. BONE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Washington?

Mr. SHIPSTEAD. I yield.

Mr. BONE. I wish merely to ask the Senator a question. I think we all recognize that all forms of bankruptcy laws include involuntarily an abrogation of certain rights and may impair the validity of contracts and make them unenforceable. I should like to have the Senator express an opinion as to what would happen to a second mortgage on a farm under the bill. Perhaps at the bottom of page 3 he will find a reference to secured creditors and a reference to the interest of secured creditors. What would happen to the holder of a second mortgage or a third mortgage?

Mr. SHIPSTEAD. Applying the principle of the bill before the Senate, it appears that the bill in dealing with the creditors of the corporation throws them all in one basket. The court can deal with them at will as it finds necessary under the circumstances.

Mr. BONE. Of course, I know the Senator will realize that even in a bankruptcy proceeding, where there is a first mortgage and a second mortgage, the holder of the second mortgage is simply wiped out. I do not believe his position would be any worse under the terms of the bill. I thought the Senator might want to advert to it in his argument, though I know he is anxious to conclude.

Mr. SHIPSTEAD. The bill before the Senate, on page 6, item 1, provides that the arrangement for reorganization "shall include provisions modifying or altering the rights of creditors generally, or any class of them, secured or not secured." Then there is the general provision. It seems to me a great deal of latitude is allowed to the court.

The amendment may have some faults in draftsmanship, but the general principle of the amendment is in perfect harmony with the principle of the bill pending before the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Dakota.

Mr. FRAZIER and Mr. ROBINSON of Arkansas demanded the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. Not knowing how he would vote, I withhold my vote.

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from West Virginia [Mr. HATFIELD], who, I understand, if present, would vote "yea." I transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE] and vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Florida [Mr. TRAMMELL], and will vote. I vote "nay."

Mr. VANDENBERG (when his name was called). On this question I am paired with the senior Senator from Idaho [Mr. BORAH]. If he were present, he would vote "nay", and if I were at liberty to vote I should vote "yea." I withhold my vote.

The roll call was concluded.

Mr. LEWIS (after having voted in the negative). I voted under a misapprehension, unconscious that I was paired with the Senator from Rhode Island [Mr. HEBERT]. I now transfer my pair with him to the junior Senator from Oklahoma [Mr. GORE], and will allow my vote in the negative to stand.

Mr. McNARY (after having voted in the affirmative). I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the junior Senator from New Jersey [Mr. BARBOUR], and will permit my vote to stand. If the Senator from Mississippi were present, he would vote "nay."

Mr. McKELLAR (after having voted in the negative). I inquire if the junior Senator from Delaware [Mr. TOWNSEND] has voted?

The VICE PRESIDENT. That Senator has not.

Mr. McKELLAR. I have a general pair with that Senator. I am informed, however, that if he were present he would vote as I have voted, so I will allow my vote to stand.

Mr. WAGNER (after having voted in the negative). I am paired upon this question with the senior Senator from Missouri [Mr. PATTERSON]. I transfer that pair to the senior Senator from Massachusetts [Mr. WALSH], and will permit my vote to stand.

Mr. LONG (after having voted in the affirmative). I change my vote from "yea" to "nay" in order to be able to move a reconsideration.

Mr. LEWIS. I desire to announce the following special pairs:

The Senator from New Hampshire [Mr. KEYES] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from South Dakota [Mr. NORBECK] with the Senator from North Carolina [Mr. BAILEY]; and

The Senator from Delaware [Mr. HASTINGS] with the Senator from Nevada [Mr. McCARRAN].

If present, the Senator from New Hampshire [Mr. KEYES], the Senator from Delaware [Mr. HASTINGS], and the Senator from North Carolina [Mr. BAILEY] would vote "nay", and the Senator from South Dakota [Mr. NORBECK] and the Senator from Arkansas [Mrs. CARAWAY] would vote "yea."

I regret to announce that the Senator from Louisiana [Mr. OVERTON] is detained from the Senate on account of illness, and that the Senator from Arizona [Mr. ASHURST] and the Senator from South Carolina [Mr. SMITH] are necessarily detained.

Mr. McNARY. I announce the following general pairs:

The Senator from Ohio [Mr. FESS] with the Senator from Virginia [Mr. GLASS];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from California [Mr. McADOO];

The Senator from Wisconsin [Mr. LA FOLLETTE] with the Senator from Virginia [Mr. BYRD];

The Senator from Rhode Island [Mr. METCALF] with the Senator from Maryland [Mr. TYDINGS];

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN];

The Senator from Maine [Mr. WHITE] with the Senator from Idaho [Mr. POPE];

The Senator from Maine [Mr. HALE] with the Senator from Colorado [Mr. COSTIGAN];

The Senator from Vermont [Mr. AUSTIN] with the Senator from Montana [Mr. ERICKSON];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Georgia [Mr. GEORGE];

The Senator from Vermont [Mr. GIBSON] with the Senator from Montana [Mr. WHEELER]; and

The Senator from New Jersey [Mr. KEAN] with the Senator from South Dakota [Mr. BULOW].

The roll call resulted—yeas 11, nays 37, as follows:

YEAS—11

Bone	McGill	Nye	Shipstead
Capper	McNary	Robinson, Ind.	Thomas, Okla.
Frazier	Murphy	Schall	

NAYS—37

Adams	Couzens	Lonergan	Sheppard
Bachman	Dieterich	Long	Steiwer
Bankhead	Dill	McKellar	Stephens
Black	Duffy	Neely	Thomas, Utah
Brown	Fletcher	Norris	Thompson
Bulkley	Goldsborough	O'Mahoney	Van Nuys
Byrnes	Hatch	Pittman	Wagner
Carey	Hayden	Reynolds	
Clark	King	Robinson, Ark.	
Connally	Lewis	Russell	

NOT VOTING—48

Ashurst	Caraway	Fess	Hatfield
Austin	Coolidge	George	Hebert
Bailey	Copeland	Gibson	Johnson
Barbour	Costigan	Glass	Kean
Barkley	Cutting	Gore	Keyes
Borah	Davis	Hale	La Follette
Bulow	Dickinson	Harrison	Logan
Byrd	Erickson	Hastings	McAdoo
McCarran	Patterson	Townsend	Walcott
Metcalf	Pope	Trammell	Walsh
Norbeck	Reed	Tydings	Wheeler
Overton	Smith	Vandenberg	White

The VICE PRESIDENT. On this question the yeas are 11, the nays are 37. Two Senators are present and not voting. The amendment of the Senator from North Dakota is rejected.

Mr. CLARK. Mr. President, I move to reconsider the vote by which the amendment was rejected, and move to lay that motion on the table.

Mr. LONG. Mr. President, I wish to state that I have discussed this matter with the Senator from Arkansas——

Mr. ROBINSON of Arkansas. Mr. President, may I say to the Senator from Louisiana that I do not think there is any occasion to reconsider the vote, or to act upon the motion at this juncture. Let us proceed with the bill. My thought is that what the Senator from Louisiana had in mind was a motion to reconsider the vote on the bill if it should pass. I think the motion to reconsider the amendment should be withdrawn, unless the Senator wants it acted upon.

Mr. LONG. No; I wanted to move to reconsider the votes on this amendment and on the bill, so that the whole matter might be reopened to discussion.

Mr. CLARK. Mr. President, I will say to the Senator from Arkansas that when the Senator from Louisiana changed his vote, it was obviously for the purpose of moving to reconsider. We have had a two-day filibuster here without accomplishing anything. I, myself, made the motion to reconsider, and moved to lay that motion on the table, for the purpose of preventing further delay. If the Senator from Arkansas, who is the leader of the party on this side, thinks that procedure should not be taken, I am perfectly willing to ask unanimous consent to vacate my motion to reconsider and my motion to lay that motion on the table.

Mr. BLACK. I object.

Mr. LONG. It is all right, Mr. President. I have been acting in absolutely good faith about this matter.

The VICE PRESIDENT. The Senator from Louisiana is not in order, because a motion to lay on the table is not debatable.

Mr. LONG. All right.

The VICE PRESIDENT. The question is on the motion of the Senator from Missouri [Mr. CLARK] to reconsider the vote by which the amendment was rejected and to lay that motion on the table.

The motion was agreed to.

Mr. NORRIS. Mr. President, I offer an amendment, which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 30, it is proposed to strike out line 7 to 14, both inclusive, and to insert in lieu thereof the following:

SEC. 3. In the administration of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, the district court or any judge thereof shall, in its or his discretion, apportion appointments as receiver equitably among all persons, firms, or corporations, within the district, eligible thereto: *Provided, however,* That no person shall be appointed as a receiver who is a relative of any judge of a United States court, and no person shall be appointed as attorney for a receiver who is such relative, or who is a member of a law firm any member of which is a relative of such judge. The fee allowed a receiver or an attorney for a receiver shall in no case be excessive or exorbitant, and the court in fixing such fee shall have in mind the conservation and preservation of the estate of the bankrupt and the interests of the creditors therein.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. LONG. Mr. President, I desire to enter a motion to reconsider the vote by which the bill was passed.

The VICE PRESIDENT. The motion will be entered.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States

submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECESS TO MONDAY

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 6 o'clock and 45 minutes p.m.) the Senate took a recess until Monday, May 7, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 4 (legislative day of Apr. 26), 1934

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO FIELD ARTILLERY

First Lt. John Douglas Salmon, Infantry, with rank from March 28, 1930.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lt. Col. Albert Bowdre Dockery, Cavalry, from May 1, 1934.

Lt. Col. William Henry Cowles, Cavalry, from May 1, 1934.

To be lieutenant colonels

Maj. Frederick Arthur Mountford, Coast Artillery Corps, from May 1, 1934.

Maj. Horace Hayes Fuller, Field Artillery, from May 1, 1934.

To be majors

Capt. Henry Fred Grimm, Jr., Coast Artillery Corps, from May 1, 1934.

Capt. Richard Terrell Guthrie, Field Artillery, from May 1, 1934.

Capt. Henry Linsert, Chemical Warfare Service, from May 1, 1934.

To be captains

First Lt. John Thomas Dollard, Quartermaster Corps, from May 1, 1934.

First Lt. Norman Delroy Brophy, Air Corps, from May 1, 1934.

First Lt. Raymond Morrison, Air Corps, from May 1, 1934.

To be first lieutenants

Second Lt. Charles Grant Goodrich, Air Corps, from May 1, 1934.

Second Lt. Elmo Stewart Mathews, Signal Corps, from May 1, 1934.

Second Lt. Paul Amos Gavan, Field Artillery, from May 1, 1934.

CHAPLAINS

To be chaplains with the rank of captain

Chaplain (First Lt.) Joseph Oscar Ensrud, United States Army, from April 29, 1934.

Chaplain (First Lt.) John William Westerman, United States Army, from May 1, 1934.

POSTMASTERS

ALABAMA

Robert G. Davis to be postmaster at Gordo, Ala., in place of W. F. Barnard. Incumbent's commission expired December 18, 1933.

Effie Mann to be postmaster at Nauvoo, Ala., in place of W. A. Dodd. Incumbent's commission expired January 22, 1934.

Annie M. Stevenson to be postmaster at Notasulga, Ala., in place of A. M. Stevenson. Incumbent's commission expired May 2, 1934.

ARKANSAS

Joseph Edward Pittman to be postmaster at Marked Tree, Ark., in place of G. P. Stark, resigned.

William L. Patterson to be postmaster at Rogers, Ark., in place of C. M. Williams, resigned.

CALIFORNIA

John M. Gondring, Jr., to be postmaster at Ceres, Calif., in place of S. K. Helsley. Incumbent's commission expired December 18, 1933.

Edgar G. Eckels to be postmaster at Chino, Calif., in place of A. M. Smith. Incumbent's commission expired April 29, 1933.

Earl P. Thurston to be postmaster at Ukiah, Calif., in place of A. R. Thomas, resigned.

COLORADO

John W. Anson to be postmaster at Silt, Colo., in place of J. S. Bradbury. Incumbent's commission expired December 20, 1932.

Heman H. Davis to be postmaster at Springfield, Colo., in place of Roy Hodges. Incumbent's commission expired February 6, 1934.

George S. Niebuhr to be postmaster at Walsenburg, Colo., in place of E. S. Vories. Incumbent's commission expired March 22, 1934.

FLORIDA

John B. McGill to be postmaster at Lake Helen, Fla., in place of G. A. Sandifer, resigned.

Ralph S. Barnes to be postmaster at Penney Farms, Fla., in place of Eloise Marcy. Incumbent's commission expired February 10, 1934.

John Justin Schumann to be postmaster at Vero Beach, Fla., in place of F. W. Rodenberg. Incumbent's commission expired March 18, 1934.

Oliver B. Carr to be postmaster at West Palm Beach, Fla., in place of G. W. Smith, retired.

GEORGIA

John Day Watterson to be postmaster at Eatonton, Ga., in place of H. T. George, removed.

IDAHO

Thomas B. Hargis to be postmaster at Ashton, Idaho, in place of R. L. Baker, resigned.

ILLINOIS

John J. McGuire to be postmaster at El Paso, Ill., in place of F. G. Robinson. Incumbent's commission expired May 12, 1932.

Clyde E. Wilson to be postmaster at Melvin, Ill., in place of M. B. Ellis, removed.

Charles C. Wheeler to be postmaster at Sandwich, Ill., in place of E. F. Ledoyt, deceased.

Mary I. Quinn to be postmaster at Wilmington, Ill., in place of D. A. Spurr. Incumbent's commission expired February 14, 1933.

Croy Howard to be postmaster at Xenia, Ill., in place of W. W. Harmon. Incumbent's commission expired February 12, 1933.

INDIANA

Fred C. Brewer to be postmaster at La Porte, Ind., in place of P. O. Small, removed.

KENTUCKY

Thomas E. Cooper to be postmaster at Beaver Dam, Ky., in place of J. A. Leach, removed.

John A. Van Pelt to be postmaster at Kenvir, Ky., in place of E. T. Davern. Incumbent's commission expired January 9, 1933.

LOUISIANA

Winnie H. Arras to be postmaster at Gramercy, La., in place of L. P. Bourgeois, deceased.

Philip C. Girlinghouse to be postmaster at Jena, La., in place of P. C. Girlinghouse. Incumbent's commission expired September 30, 1933.

MAINE

Nelson A. Harnden to be postmaster at Belgrade Lakes, Maine, in place of M. S. Bartlett. Incumbent's commission expired January 16, 1934.

Louis N. Redonnett to be postmaster at Mount Vernon, Maine, in place of B. D. Redonnett. Incumbent's commission expired December 18, 1933.

Mary E. Donnelly to be postmaster at North Vassalboro, Maine, in place of J. L. Simpson. Incumbent's commission expired December 18, 1933.

MICHIGAN

Blanche L. Verplanck to be postmaster at Edmore, Mich., in place of B. M. Sinkey, resigned.

David L. Treat to be postmaster at Flint, Mich., in place of E. E. Baker. Incumbent's commission expired April 28, 1934.

MONTANA

Albert W. Schammel to be postmaster at Scobey, Mont., in place of Sidney Bennett, deceased.

Jesse G. Henderson to be postmaster at Shelby, Mont., in place of B. R. McNamer. Incumbent's commission expired February 28, 1933.

NEBRASKA

Plato C. Redfern to be postmaster at Big Spring, Nebr., in place of C. E. Bilyeu. Incumbent's commission expired January 9, 1933.

James P. Jensen to be postmaster at Blair, Nebr., in place of J. F. White. Incumbent's commission expired January 22, 1934.

William H. Leff to be postmaster at Carleton, Nebr., in place of W. E. Flory. Incumbent's commission expired December 18, 1933.

Richard M. Britt to be postmaster at Doniphan, Nebr., in place of R. H. Stapleton. Incumbent's commission expired December 18, 1933.

Paul W. McCoy to be postmaster at Edison, Nebr., in place of E. E. Gockley, removed.

George L. Koehler to be postmaster at Geneva, Nebr., in place of S. E. Ralston, removed.

George A. Kittle to be postmaster at Hayes Center, Nebr., in place of L. W. Enyeart. Incumbent's commission expired December 16, 1933.

NEW YORK

George W. Sheahan to be postmaster at Elmira, N.Y., in place of G. M. Diven. Incumbent's commission expired December 16, 1933.

Katherine C. Newton to be postmaster at Homer, N.Y., in place of C. R. Merrill, removed.

Arthur F. Hawkins to be postmaster at Patchogue, N.Y., in place of H. T. Weeks, transferred.

NORTH CAROLINA

Carl G. Smith to be postmaster at Troutmans, N.C., in place of T. A. Kennedy. Incumbent's commission expired May 16, 1932.

OHIO

Claude S. Coyle to be postmaster at Batavia, Ohio, in place of F. A. Brown, deceased.

Clyde M. Bartlow to be postmaster at Felicity, Ohio, in place of W. E. Pangburn. Incumbent's commission expired February 13, 1933.

Walter T. Ault to be postmaster at Findlay, Ohio, in place of C. A. Saunders, transferred.

Burch Trent to be postmaster at Leesburg, Ohio, in place of E. D. Cox. Incumbent's commission expired December 16, 1933.

Susan M. Ramsey to be postmaster at Loveland, Ohio, in place of B. C. Reber, removed.

Alex F. Wannemacher to be postmaster at Ottoville, Ohio, in place of J. P. Lauer. Incumbent's commission expired December 16, 1933.

OKLAHOMA

John A. Park to be postmaster at Krebs, Okla., in place of Rose Crowder. Incumbent's commission expired January 28, 1934.

Walter E. Primm to be postmaster at Meeker, Okla., in place of J. C. Molder. Incumbent's commission expired December 16, 1933.

OREGON

Oscar L. Groves to be postmaster at Monmouth, Oreg., in place of O. A. Wolverton. Incumbent's commission expired January 4, 1932.

PENNSYLVANIA

William J. Cannon to be postmaster at Lansford, Pa., in place of William Millen. Incumbent's commission expired February 28, 1933.

Wilbur G. Warner to be postmaster at Lehighton, Pa., in place of F. R. Diehl, resigned.

SOUTH DAKOTA

Adolph M. Kaufmann to be postmaster at Colman, S.Dak., in place of O. V. Loughlin. Incumbent's commission expired December 16, 1933.

Edward P. Amundson to be postmaster at Colton, S.Dak., in place of H. C. Grinde. Incumbent's commission expired December 16, 1933.

Harm P. Temple to be postmaster at Davis, S.Dak., in place of W. A. Dalziel. Incumbent's commission expired January 28, 1934.

Grace M. McGillivray to be postmaster at Garden City, S.Dak., in place of P. S. Feldmeyer. Incumbent's commission expired May 10, 1932.

Josephine C. Eggerling to be postmaster at Orient, S.Dak., in place of P. J. Dunn. Incumbent's commission expired January 28, 1934.

George L. Egan to be postmaster at Parker, S.Dak., in place of L. K. Stoddard. Incumbent's commission expired December 12, 1932.

Cleveland F. Brooks to be postmaster at Platte, S.Dak., in place of M. K. Norbeck. Incumbent's commission expired December 11, 1933.

Francis J. Farley to be postmaster at Wagner, S.Dak., in place of H. G. Wilson. Incumbent's commission expired January 28, 1934.

Henry A. Wagner to be postmaster at Watertown, S.Dak., in place of J. C. Southwick, removed.

George M. Bailey to be postmaster at Winner, S.Dak., in place of E. O. Frescoln. Incumbent's commission expired February 25, 1933.

TENNESSEE

Katherine P. Hale to be postmaster at Rogersville, Tenn., in place of D. C. Ripley. Incumbent's commission expired May 23, 1933.

TEXAS

Robert A. Lyons, Jr., to be postmaster at Galveston, Tex., in place of O. S. York, removed.

Gober Gibson to be postmaster at Kerrville, Tex., in place of Emil Gold. Incumbent's commission expired March 18, 1934.

Emilie K. Dew to be postmaster at Ysleta, Tex., in place of R. E. Ambler. Incumbent's commission expired December 16, 1933.

VERMONT

Ernest A. Naylor to be postmaster at Alburg, Vt., in place of M. T. Flynn. Incumbent's commission expired December 16, 1933.

Cecelia S. Joslyn to be postmaster at South Hero, Vt., in place of R. H. Allen. Incumbent's commission expired December 16, 1933.

Ruth A. Randall to be postmaster at Wells River, Vt., in place of G. B. Adams. Incumbent's commission expired February 28, 1933.

VIRGINIA

William R. Allen to be postmaster at Buchanan, Va., in place of of Harry Fulwiler. Incumbent's commission expired March 18, 1934.

Judson J. Patterson to be postmaster at Chatham, Va., in place of L. H. Law, removed.

William S. Crockett to be postmaster at Hampton, Va., in place of A. W. Brittingham. Incumbent's commission expired June 19, 1933.

Benjamin W. Councill to be postmaster at Holland, Va., in place of E. F. Raiford. Incumbent's commission expired June 7, 1933.

James R. Gregory to be postmaster at Martinsville, Va., in place of C. P. Smith, Jr., transferred.

Robert W. Shultice to be postmaster at Norfolk, Va., in place of L. C. Page, resigned.

Willie R. Slagle to be postmaster at Virgilina, Va., in place of A. L. Jones. Incumbent's commission expired January 31, 1934.

WASHINGTON

George D. Magee to be postmaster at Aberdeen, Wash., in place of W. G. Powell, removed.

Vaughan Brown to be postmaster at Bellingham, Wash., in place of Hugh Eldridge. Incumbent's commission expired February 6, 1934.

Jeane R. French to be postmaster at Skamokawa, Wash., in place of S. D. Vinson. Incumbent's commission expired December 18, 1933.

WISCONSIN

Walter H. Sprangers to be postmaster at Waldo, Wis., in place of W. H. Petersen. Incumbent's commission expired December 19, 1933.

WYOMING

William H. Watson to be postmaster at Dubois, Wyo., in place of O. W. Stringer. Incumbent's commission expired January 8, 1934.

Althea E. Rollins to be postmaster at Lyman, Wyo., in place of F. P. Youngberg. Incumbent's commission expired January 9, 1934.

John T. Jones to be postmaster at Worland, Wyo., in place of C. A. Ackenhausen. Incumbent's commission expired April 16, 1934.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 4, 1934

The House met at 12 o'clock noon.

Rev. Dr. Oscar Fisher Blackwelder, pastor of the Lutheran Church of the Reformation, Washington, D.C., offered the following prayer:

Father of us all, Lord of the nations, unfailing source of wisdom and guidance, we turn to Thee on behalf of the Congress. Conceived in prayer, in conscience, in freedom, in dependence on God, may our country sustain today these spiritual qualities of our fathers. May their sturdy faith inspire a like courage in us.

We pray for every public official in America. We pray for world brotherhood and for that security which is based on the recognition of the teachings of the Prince of Peace. Enable us to do our best, and Thy will. We ask in the spirit of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On April 30, 1934:

H.R. 7488. An act authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes.

On May 1, 1934:

H.R. 518. An act for the relief of T. Perry Higgins; and

H.R. 2666. An act for the relief of D. F. Phillips.

On May 3, 1934:

H.J.Res. 315. Joint resolution granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority, with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada;

H.R. 323. An act for the relief of Harvey M. Hunter;

H.R. 1301. An act for the relief of M. Aileen Offerman;

H.R. 4542. An act for the relief of Frank Wilkins;

H.R. 6013. An act to authorize the sale of land and houses at Anchorage, Alaska;

H.R. 210. An act for the relief of Anne B. Slocum;

H.R. 233. An act for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay;

H.R. 470. An act for the relief of the city of Glendale, Calif.;

H.R. 520. An act for the relief of Ward A. Jefferson;

H.R. 2040. An act for the relief of P. Jean des Gerennes;

H.R. 2041. An act for the relief of Irwin D. Coyle;

H.R. 2169. An act for the relief of Edward V. Bryant;

H.R. 2337. An act for the relief of Harry L. Haberkorn;

H.R. 2818. An act for the relief of Katherine G. Taylor; and

H.R. 4609. An act for the relief of Augustus Thompson.

On May 3:

H.R. 2858. An act to add certain lands to the Pike National Forest, Colo.;

H.R. 2862. An act to add certain lands to the Cochetopa National Forest in the State of Colorado;

H.R. 7803. An act authorizing the city of East St. Louis, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.; and

H.R. 8516. An act granting the consent of Congress to the Mississippi Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River in the State of Mississippi.

CONTESTED-ELECTION CASE—WEBBER *v.* SIMPSON

Mr. KERR, from the Committee on Elections No. 3, reported a privilege resolution (H.Res. 374, Rept. No. 1494) in the contested election case of *Charles H. Webber* v. *James Simpson*, which was referred to the House Calendar and ordered printed.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H.Con.Res. 37. Concurrent resolution providing for a joint session of the two Houses of Congress for appropriate exercises in commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette.

The message also announced that the Vice President had appointed Mr. GLASS and Mr. HALE members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the department of the Comptroller General of the United States.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland.

LEAVE TO ADDRESS THE HOUSE

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, in a local morning newspaper there appeared an article quoting our President to the effect that there will be no further major legislation presented to this Congress. In this connection I wish to call attention to a public resolution which I have received showing that in California, in the county of Los Angeles alone, there are more than 104,000 families on the public-relief rolls and more than 400,000 people on public charity. Their distressing plight demands our attention and, in my opinion we will be shirking our sacred responsibility as representatives of the people if we adjourn without enacting legislation to alleviate the desperate situation of our unfortunate unemployed. If we do not recognize their plight by the enactment of substantial progressive legislation, we at least ought to enact legislation which will permit them to earn

their daily bread through the P.W.A., the C.W.A., or some other agency which the administration may suggest.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. HOEPPEL. Yes.

Mr. BLANTON. In addition to the $30,000,000 which the Congress appropriated for this district and Washington, this present fiscal year, the District of Columbia has gotten $11,000,000 more from the P.W.A. and the C.W.A., $9,000,000 of which so far is a pure gift from the United States. Major Gotwals yesterday stated that there are 25,000 persons on the relief rolls here that are frauds, and who ought not to be on relief rolls in Washington.

Mr. HOEPPEL. The gentleman's statement is no doubt true, but I am interested first in my own constituency and my county, and I hope this Congress will not adjourn until we appropriate sufficient billions to put our American unemployed to work.

I ask unanimous consent in this connection to insert in the RECORD a letter received from the Mayor of Covina, in my district, together with a resolution on this same subject.

The SPEAKER. Without objection it is so ordered.

There was no objection.

The matter referred to follows:

COVINA, CALIF., *April 28, 1934.*

Hon. J. H. HOEPPEL,
Washington, D.C.

MY DEAR MR. HOEPPEL: The enclosed resolution is self-explanatory. The general social unrest and the entire recovery program can be constructively met only by putting men to work. The millions of dollars that have already been expended through direct relief have supplied the needs of the moment, but this plan of helping tends to destroy respect for and dependence on labor.

The citizens of the United States can best rehabilitate themselves through Federal control of work projects. The C.W.A. set-up under the management of the Army Engineers reestablished confidence on the part of the public generally. Their supervision should be continued, and the C.W.A. program carried on. We as a people cannot allow the dole system to be established, and we cannot prevent its establishment if the Government of the United States does not continue along the line of the C.W.A.

The program of a particular community must include the employment of local labor. The set-up we have outlined in this resolution will care for a goodly portion of our suffering unemployed. Our city council meets on the average of three times a week, no member of which receives or wants a cent of compensation. We are doing all we can to put over the recovery program. We need labor and material for our continued work. On this basis we will be able to provide for our people in a way to prevent suffering, the work program supplementing our local community chest, the Red Cross, and the charity work of our civic bodies.

I am urging that you get in touch with Mr. Harry Hopkins, express to him the sentiment of your constituents, and work with the same energy you have demonstrated before, to the end that we may go on, and keep going, until this stimulus shall bring about a return of livable conditions, thus justifying the expenditure of huge sums of money.

Again thanking you for your many past favors, and trusting sincerely that you will again represent us in Washington, I am,

Very sincerely yours,

GEO. H. MAXFIELD.

Resolution 70

Whereas the unemployment situation in the county of Los Angeles, Calif., is grave; and

Whereas the quotas and allotments for relief in this county as announced under the S.E.R.A. are wholly inadequate to care for the local relief problem; and

Whereas a serious unemployment problem exists in Covina, with no adequate provisions to meet the consequent distress which is imminent; and

Whereas the city of Covina made application to the C.W.A. for governmental assistance in meeting the unemployment situation of December 1933; and

Whereas the application was found good and acceptable by the C.W.A.; and

Whereas the C.W.A. did not fully comply with the terms set up in said application, which failure resulted in the inability of the city of Covina to complete the work outlined therein by the 29th of March 1934; and

Whereas the city of Covina is not financially able to furnish material, equipment, insurance, and supervision to complete said project; and

Whereas other constructive work projects are pending which will, if carried through, adequately supplement the agencies now administering the relief program: Now, therefore, be it

Resolved, That the incomplete C.W.A. project no. 448 be resumed immediately and carried to completion as approved, and that the Federal Government pay for materials, insurance, equipment, and supervision as called for in the approved C.W.A. application for the project; that the Federal Government arrange to pay for materials, insurance, equipment, and supervision on new projects; that the administration and control of the emergency program in this city and county shall be handled by the United States Army engineers; that in all cases local labor shall be employed so long as local unemployment is in a critical condition, and only such outside labor shall be brought in as is necessary to make the quota of men employed a practicable working unit.

This resolution was unanimously adopted by the Council of the City of Covina, Calif., April 28, 1934.

SECURITIES EXCHANGE BILL

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce, and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the securities exchange bill, with Mr. TAYLOR of Colorado in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 18. (a) The Commission is authorized, if in its opinion such action is necessary or appropriate for the protection of investors—

(1) After appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding 12 months or to withdraw the registration of a national-securities exchange if the Commission shall find that such exchange shall have violated any provision of this act or of the rules and regulations thereunder or shall have failed to enforce, so far as is within its power, compliance therewith by a member.

(2) After appropriate notice and opportunity for hearing, by order to deny, to suspend the effective date of, to suspend for a period not exceeding 12 months, or to withdraw, the registration of a security if the Commission shall find that the issuer of such security has failed to comply with any provision of this act or the rules and regulations thereunder.

(3) After appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding 12 months or to expel from a national-securities exchange any member or officer thereof whom the Commission finds has violated any provision of this act or the rules and regulations thereunder, or has effected any transaction for any other person whom he has reason to believe is violating in respect of such transaction any provision of this act or the rules and regulations thereunder.

(4) And if in its opinion the public interest so requires, summarily to suspend trading in any registered security on any national-securities exchange for a period not exceeding 10 days, or, with the approval of the President, summarily to suspend all trading on any national-securities exchange for a period not exceeding 90 days.

(b) The Commission is further authorized, if after making appropriate request in writing to a national-securities exchange that such exchange effect on its own behalf specified changes in its rules and practices, and after appropriate notice and opportunity for hearing, the Commission determines that such exchange has not made the changes so requested, and that such changes are necessary or appropriate for the protection of investors or to insure fair dealing in securities traded in upon such exchange or to insure fair administration of such exchange, by rules or regulations to alter or supplement the rules of such exchange (insofar as necessary or appropriate to effect such changes) with respect to such matters as the classification of members and the methods of election of officers and committees to insure a fair representation of the membership; the suspension, expulsion, or disciplining of members; safeguards with respect to the financial responsibility of members and adequate provision against the evasion of financial responsibility through the use of corporate forms or special partnerships; the limitation or prohibition of the registration or trading in any security within a specified period after the issuance or primary distribution thereof; the listing or striking from listing of any security; the making available, at appropriate times and upon reasonable terms and conditions, of the names and addresses of holders of listed securities; the manner, method, and place of soliciting business; fictitious or numbered accounts; the time and method of making settlements, payments, and deliveries, and of closing accounts; the reporting of transactions on the exchange and upon tickers maintained by or with the consent of the exchange, including the method of reporting short sales, stopped sales, sales of securities of issuers in default, bankruptcy or receivership, and sales involving other special circumstances; the fixing of rates of commission, interest, listing, and other charges; minimum units of trading; odd-lot purchases and sales; minimum deposits on margin accounts; and similar matters.

Mr. FISH. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 42, line 12, after the word "by", strike out the words "rules or regulations" and insert the word "order."

Mr. FISH. Mr. Chairman, I trust I may have the attention of the Members of the Committee, because in my humble opinion I believe this to be about the most important amendment that can be considered in the pending bill outside of the Bulwinkle amendment. If the Members will listen to the facts and consider them on their merits, they should support this amendment. As I stated previously, I am inclined to vote for this bill. As I stated, I expect to vote for this bill, and I add that I want to vote for a stock exchange regulation bill, but if this amendment is turned down, it is going to make it very difficult for me, at least, to support the bill. It would be most inconsistent for me to do so, having made the fight on the floor of the House against the cancelation of the air-mail contracts, because the contractors were given no hearing or right to go to court. I merely ask to strike out the words in line 12, page 42, under section 18 (b), "rules or regulations" and insert the word "order." That would permit recourse to the courts by the exchange, whereas under "rules or regulations" the Federal Trade Commission can do about anything it wants to the exchange and its members, even telling them who they are to elect as officers, without the exchange having any recourse whatever to the courts. In the words of Colonel Lindbergh, that is not only unjust but it is un-American. It is an absolutely un-American and an unjust theory. It cannot possibly do any harm to give the members of the exchange recourse to the courts, which is their constitutional right, but it will be exceedingly harmful if the members of an exchange are deprived of this right by any act of Congress.

Let us consider it from another angle. Let us forget the exchange for a minute. At least half the Members of this House are in some kind of business. Most of them are lawyers and take cases when they can get them during the recess of Congress. Suppose the Federal Government should come to Congress and by this sort of bill regulate your business and say to you whom you should elect as your officers, and what you might do with your business and where you could transact it, taking away your personal and property rights, your constitutional rights, without any recourse to the courts.

My amendment simply gives them the right to appeal to the courts. If you apply the same principle of taking away this right to your own business I do not think you would want to do it to any other business. I say that as one who has believed for many years in a sound and firm regulation of the stock exchange, but not in an unfair and un-American regulation.

It is very dangerous for a politician to predict anything, but I predict that if you leave this unlimited power to make rules and regulations you will destroy the purpose of the bill. I have already commended the chairman and members of the committee for rewriting this bill at least a half dozen times since the original financial atrocity and economic imbecility was presented by the members of the "junior brain trust." I repeat my commendations to the committee. There is no committee in this House who has worked harder or more conscientiously than has this committee. Unfortunately, however, there has grown up in this House a very stupid and silly custom.

The CHAIRMAN. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. FISH. We have built up a Frankenstein. There are sixty-odd pages to this bill. Nine tenths of the provisions are sound, well thought out, and well considered, yet we have built up a legislative Frankenstein that says to us we must not propose any amendment; we must not try to perfect the bill, because it is a reflection on the committee reporting the bill, and the committee is infallible. That is sheer nonsense. We are here to legislate as Members of the House, to try to improve legislation, to try to perfect the bill, to try to make the bill workable. I submit that if you leave this drastic power in, it will not only work a hardship and hinder business recovery and cause a loss of confidence but it will be a target for everybody who is against the bill to say, "This is exactly like the drastic and unworkable provisions of the securities bill." We all know the purpose of the securities bill was excellent. It could not have been improved upon; but that securities bill has already ruined itself by being too drastic. It has prevented business recovery. Everyone of us is interested in trying to get the free flow of capital back into industry. It has prevented that, the very object that we sought. This bill, if you leave it as it is, will prevent the same thing.

Mr. MAY. Will the gentleman yield?

Mr. FISH. I yield for a brief question.

Mr. MAY. The only fear I have of this bill is the same thing that seems to be in the mind of the gentleman, that there may be too much regulation of business.

Mr. FISH. Of course.

Mr. MAY. Does the gentleman not think that anyone who is aggrieved by the regulations of the Commission will have the power to go into the courts through an injunction proceeding?

Mr. FISH. No. The only power they will have to get into the courts is after they are indicted. As a business man, do you want to be indicted and have your name spread all over the front page, in order to get into court? That is the only recourse they have under this provision.

As the gentleman has raised the question, I should like to make a little comparison. A few days ago the President of the United States said:

We are not in the midst of a revolution.

But he added:

If you take the "r" out, we are in the midst of an evolution.

A quarter of a century ago I went to Harvard University where we were taught about evolution and the Darwinian and monkey theory. The trouble with this bill in this particular section is that there is too much monkey business in it. There is too much monkeying with legitimate business. When you are honestly trying to regulate it, all right, I am with you, particularly in regulating the stock exchange; but when you go as far as to hold a club over their heads and say who their officers are to be and where and how they are to do business and fixing rates of commission, interest, listing, and other charges, it is going beyond the bounds of reason and moderation. It is hard to give you all the facts in a short time. This section is the grab bag. It is the trick in the bill. It is the joker. The Federal Trade Commission takes back all the power in this section that the committee has taken away from it throughout the bill. I can point out section after section that has been rescinded and placed in this grab-bag section 18 (b). The result is that after the committee has done all of its work these young, smart "brain trusters"—and they are smart—these young radicals, visionaries, and dreamers, who know little or nothing about practical business affairs have taken all the power back under this grab-bag section 18 (b).

Mr. WHITE. Will the gentleman yield?

Mr. FISH. I decline to yield at this time. I just want to point out what this does. What I am trying to do is to strike out "rules and regulations", in order to give the American business man a fair deal. I do not care whether he is on the stock exchange, or whether he is a farmer, or what he is; he is entitled to his constitutional right to appeal to the court.

In the first place, it provides for the methods of election of officers and committees. It controls the election of officers on the stock exchange, the curb, or any other exchange, and the suspension, expulsion, or disciplining of members. It also takes away the powers from the Federal Reserve Board and gives those powers to the Federal Trade Commission.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. FISH. I ask unanimous consent to proceed for 2 additional minutes, please.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. FISH. It takes away the powers from the Federal Reserve Board in two instances and turns them back to the Federal Trade Commission after we have written it in the bill. For instance, on page 43, lines 4 to 6, it controls the question of the time and the method of making settlements, payments, deliveries, and closing of accounts. This was turned over by section 6 to the Federal Reserve Board. The same thing applies as to making minimum deposits on margin accounts. This again is a provision affecting the control of credit, which, under the act, is vested in the Federal Reserve Board. There are a number of other instances of that sort. The question we have to decide here, those of us who believe in a regulation bill, is whether we want to perfect the bill or whether we want to pass a new securities act and have it fail and defeat its very purposes, which are to protect investors, the public interest, and to prevent destructive and disastrous overspeculation in the stock market. I hope my amendment, which is in the Senate bill and seeks to provide a court review of any action of the Commission changing the rules of an exchange, will be adopted as a matter of justice, common sense, and fair dealing. The bill as it stands will discourage business, destroy confidence, and be another repetition of the Securities Act and cause loss to hundreds of thousands of small stockholders and prevent the much-needed free flow of capital into industry.

The adoption of this amendment will perfect the bill, make it acceptable and workable, and make it do what it was designed to do. Leaving this language in the bill opens the bill up to the very attacks that everybody in this country has made owing to the blunder of the Postmaster General in canceling the air-mail contracts. There is no recourse to a court of law, and I want to see that provided. I hope you will put partisanship aside. I hope you will consider the amendment on its merits; and I hope you will not pass another securities act simply because you want to stand by the committee.

Mr. MAPES. Mr. Chairman, I join the distinguished gentleman from New York in the hope that we may put partisanship aside in the consideration of this amendment.

I think the gentleman from New York in his remarks has demonstrated how easy it is to fall into extravagance of statement in the consideration of this legislation. Speaking of the exchanges—and I think I quote him verbatim—he said:

> It will give the Commission authority "even to tell them whom they can elect as officers."

This shows the extreme to which the critics of this legislation go. Had the gentleman read the section carefully, he would have seen that it did no such thing. It authorizes the Commission, if the Commission finds it necessary or appropriate for the protection of investors or to insure fair dealing in securities traded upon such exchanges, or to insure fair administration of the exchanges, by rules and regulations to require the exchanges to alter or amend their rules, not to require them to elect any particular man to office. As far as this particular clause is concerned, it requires them simply to amend their rules as to the classification of members and as to the methods of electing officers and committees. The gentleman may as well say that the Congress of the United States has power to determine who the Members of the House of Representatives shall be, because the Constitution of the United States authorizes Congress to determine the times, places, and manner of holding elections for Senators and Representatives. There would be just as much logic in the argument that Congress could perpetuate itself or its personnel because of this provision of the Constitution as there is in the argument that the Commission can force upon these exchanges any officer that the Commission may choose.

Mr. FISH. Mr. Chairman, will the gentleman yield for a statement?

Mr. MAPES. Certainly.

Mr. FISH. I know the gentleman wants to be fair. I shall read the language of two or three lines of the bill.

Mr. MAPES. I read them.

Mr. FISH. No; the gentleman did not finish them at all. I read:

> With respect to such matters as the classification of members and the methods of election of officers and committees to insure a fair representation of the membership; the suspension, expulsion, or disciplining of members.

That is very clear language, and anybody can interpret it.

Mr. MAPES. I think that is true, Mr. Chairman, that it is clear and that anybody can interpret it. I think the interpretation placed upon it by the gentleman from New York is absurd.

Mr. Chairman, I further call the attention of my Republican colleagues, in particular the gentleman from New York, and others who want to support legislation to regulate stock exchanges, that this particular section relates exclusively to stock exchanges. There is nothing in this section that authorizes the Commission anywhere to control in any way any corporations except stock exchanges; and if we want to regulate stock exchanges, we should leave this provision in the bill. This provision, Mr. Chairman, merely gives the Commission authority to change the rules and regulations of the exchanges, or to require the exchanges to change their own rules in order to guarantee fair dealing on the exchanges. It is a question of policy, Mr. Chairman; it is simply a question as to whether we are going to leave this question of policy to the Commission or whether we are going to delegate it to the courts.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAPES. This is the meat of the bill as far as regulation of stock exchanges is concerned, and I repeat that this particular section relates exclusively to the stock exchanges. The question is whether we want to give the Commission some authority over the rules and regulations of the exchanges, whether we want to delegate this power to the Commission or leave it to the courts. A careful reading of this section of the bill shows that the Commission's authority is very limited; it is very closely restricted to certain specific things. I shall not take the time to enumerate these powers, but read the bill and you will find that the Commission is given no power to which anyone could reasonably object. The Commission must have this power if it is adequately to regulate the stock exchanges.

If we are to allow the stock exchanges the right of appeal to the courts from every rule or regulation made by the Commission, we might as well eliminate this section entirely, because it would make the process of enforcing the regulations of the Commission endless.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield.

Mr. WADSWORTH. The gentleman from Michigan states that the Commission is confined to certain specific subjects in its power to make regulations.

Mr. MAPES. Yes.

Mr. WADSWORTH. If the gentleman will notice the language appearing in line 14 of page 43, the gentleman will observe that the Commission can approach any similar matters. This opens the door wide.

Mr. MAPES. I think there is some justification for the statement of the gentleman from New York; but, even so, that clause limits the Commission to matters "similar" to those that have been specified in the section.

[Here the gavel fell.]

Mr. TRUAX. Mr. Chairman, I think you will all agree with me that the gentleman from Michigan has just made one of the clearest and best statements for passing this bill as it is that can be made.

I want you to remember one thing that the gentleman from New York said, and I challenge his statement. He stated that one half of the Members of this House are in business. Can you imagine what an insidious, what a damnable position that would be to take before the American people, that one half of the Members of this House of 435 Members are in private or legal business for themselves, hence their views, their voices, and their votes should be colored and determined by their own private business rather than by the business of 120,000,000 people of this great country of ours?

Mr. FISH. Will the gentleman yield?

Mr. TRUAX. No; the gentleman refused to yield to me.

Mr. FISH. I made no such statement as the gentleman attributes to me, and he has no right to put such words in my mouth.

Mr. TRUAX. Mr. Chairman, I refuse to yield. I am quoting the gentleman's own utterances.

Mr. Chairman, we may have some "brain trusters" in this administration. The gentleman likes to impress on this House that he has a fine education. I am glad that he has, but the "brain trusters" of this administration are "brain trusting" for all the people instead of a few racketeers and robbers down on Wall Street, United States of America. That is the difference between Democratic "brain trusters" and Republican "brain trusters."

Mr. LEE of Missouri. Will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from Missouri.

Mr. LEE of Missouri. The gentleman from New York always says that he went to such and such college. Would we know that he went to any college or school unless he said so in his speeches?

Mr. TRUAX. The gentleman from New York will have to answer that question himself.

The gentleman speaks about a "grab bag." It means that the thing that is worrying a great many people, and particularly those from the sidewalks of New York, is, that the "grab bag" is about to be taken away from them, the "grab bag" in which they plundered this country of billions of dollars, the "grab bag" in which the brokers of Wall Street made $3,000,000,000, while the investing public, whom they now have the gall to call "suckers" and "fools", lost $65,000,000,000. Why, this game that they play is nothing more than a legalized poker game.

The fellow who runs a poker table has a little kitty. He has a slot in the top of the table, and every time a hand is played the winner drops in a chip or two chips. This is the way the fellows in New York play the game. What they want is violent fluctuations up and down so that regardless of who loses they win.

Mr. O'CONNOR. Will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from New York.

Mr. O'CONNOR. I agree substantially with what the gentleman says, but I am compelled to state to him that New York City is not the only place where they have these stock exchanges.

Mr. TRUAX. Oh, no. They have them in Chicago. They have there the Chicago Grain Exchange. They work the same racket. They have fellows there who "bull" the market and who "bear" the market. They sell billions of bushels of wheat, corn, and oats which they never own or never expect to own. There is hardly one of those fellows in Chicago who would recognize a good Ohio cornfield if he met it in the middle of the road. They want to be regulated, too; but they want to do the regulating. They are like the gentleman from New York, who is in favor of regulation as long as he can prescribe the regulations.

The Wall Street brokers say that they favor law and order. Of course they do, so long as they can write the law and issue the orders.

[Here the gavel fell.]

Mr. BLOOM. Mr. Chairman, I ask unanimous consent that the gentleman may have 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TRUAX. Mr. Chairman, we have some other smart men in this administration. One of them is named Ferdinand Pecora. He is one of these "brain trusters." Last summer he had the king of kings, J. P. Morgan, on the witness stand, and Mr. Morgan was rather uncomfortable. He was so poor that he could not pay an income tax, yet it took three floors of the Carlton Hotel to house himself, his secretaries, income-tax dodgers, French chefs, maids, and so on. This gentleman admitted on the witness stand that he had not paid any income tax for the past 2 years. I presume he is in favor of regulation, too, so long as he can control the regulations.

The bare facts are, Mr. Chairman, that this is merely a repetition of the age-old struggle between the idle holders of idle capital and the struggling masses who create all the wealth and pay all the taxes. For the first time in my recollection the idle holders of idle capital, so ably represented by some gentlemen on this floor, are going to get the damnedest licking of their lifetime.

Mr. STUDLEY. Will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from New York.

Mr. STUDLEY. Is it not true that the gentleman from Ohio has boasted on the floor of this House that he is in business as a hog farmer?

Mr. TRUAX. No, not now; not since 1921, when a Republican President was inaugurated. I have been out of the hog business ever since that time. If I had my way about the matter, I would say that every Member of the Congress of the United States should devote all his time to the job to which he was elected by the people or resign from this great body.

Mr. KENNEY. Will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from New Jersey.

Mr. KENNEY. Are we not doing that right now?

Mr. TRUAX. I would not say so.

Mr. KENNEY. Some of us are.

Mr. TRUAX. I agree with the gentleman's statement to a certain extent; but when a gentleman rises on this floor and says that one half of the Members are in private business or legal business, then I say that that is a bad condition for the Congress of the United States to be in. This may be the reason why we do not get action on such measures of the people as the Frazier bill, the McLeod bill, and some other bills that the people back home are praying and begging that this Congress enact into law.

Mr. MARTIN of Colorado. Will the gentleman permit a brief interruption?

Mr. TRUAX. I yield.

Mr. MARTIN of Colorado. I drew an entirely different inference from the statement of the gentleman from New York [Mr. FISH]. I drew the inference that at least one half of the Members of this House were in some kind of business and that the other one half were not in any kind of business, and therefore were not qualified to pass on this legislation. [Laughter.]

Mr. TRUAX. The gentleman may be right. Possibly he meant one half of the Members were engaged in racketeering business, but again I refute and deny such a statement.

Mr. MARTIN of Colorado. I think, perhaps, the irony of the statement has escaped the gentleman.

Mr. TRUAX. I think a majority of the men and women on the floor of this House—the great majority by and large—are honestly and devotedly giving the best there is in them to give the people of this great country a square deal, something they have not had in decades. I believe that the bill you are debating today is one of the bills that will go down in history as a new declaration of independence, a declaration of independence from the strangling clutch of those long, bony talons of Morgan, Kuhn & Loeb,

and the rest of the Wall Street racketeers, who have literally robbed this country of billions and billions of dollars. [Applause.]

[Here the gavel fell.]

Mr. SNELL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I do not intend to try to discuss this bill in detail, but the general intent and purpose of the whole bill, as I get it from reading the bill and the report and the discussion that have been had of the bill on the floor.

I think my good friend, the genial chairman of this committee, was a little severe yesterday when he chastised some of us because we offered and supported some amendments to this bill. I may say to my good friend that in doing this we thought we were just as honest as he was in opposing the amendments.

I may also say that there are some Members of this House who always vote on the floor just exactly as they talk in the cloakrooms and the corridors, and I am one of those who follow this custom. I am not interested to know by whom or where this bill was written, but I am interested in what is in it and how it affects the small business man if this country. I do not want to put any more burdens on him than he is carrying at present.

I have approached the consideration of this bill with an absolutely open mind. As far as any regulation of the stock exchange is concerned, under this bill or any other reasonable bill, I am for it; and if this bill had been confined to that end of the problem or to what is carried in the first part of this bill, I think it would be passed in this House with a 100-percent vote; but, as I understand the bill, it seems to me to go much further than this. It goes so far in regulating and in regimenting individual and private business, small business in the various towns and communities of this country, that I am not willing to support it. Even if these additional regulations were advisable, this is not time to do it. Give the country a rest for a few days. And while I have no disposition to find fault with the committee, in my judgment, at this time you would have done much more to aid recovery if you had proposed some amendments to the present securities act so it would be more workable, rather than put more hurdles to discourage the business which is trying to get capital to make a pay roll and to buy capital goods.

The real crux of this whole bill, as I see it, is whether in the long run you are in favor of continually building up in Washington Federal bureaucratic control, or believe the Federal Government knows more about your own business than you do. I have said publicly and privately a great many times that this is not my idea of the proper function of the Federal Government, and I cannot understand how anyone who thinks as I do along this line can support the latter part of this bill which is really the major part of the whole proposition.

We have spent billions of dollars in trying to change the sentiment of the people and to increase their hope and courage, to help them get on their feet and go forward; but to offset this, Congress is almost continually, day after day, providing new regulations or restrictions and regimentation of business which I honestly believe is taking the hope and the courage which you are trying to create away from the small business man in every part of this country.

He has been so harassed and interfered with he is about ready to throw up his hands, and he is in no condition or frame of mind to have another Federal regulation put on him.

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. SNELL. Certainly.

Mr. MAPES. Does the gentleman take the position that evils or unfair practices in business should not be corrected?

Mr. SNELL. The gentleman has no right to say that I take that position because I never have taken that position in private or in public life, and no man can point to a single act of mine that would lead him to make that insinuation. [Applause.] The gentleman has no right to insinuate such a thing, because I have not made a statement on this floor now or at any time which would give him the right to make such a statement. I say I am opposed to extremes and unnecessary regulation of every small activity of every small business man in this country, and I stand on that statement, and the gentleman from Michigan [Mr. MAPES] can agree with me or not as he sees fit.

Mr. MAPES. Will the gentleman yield further?

Mr. SNELL. Yes.

Mr. MAPES. The only thing this bill attempts to do is to provide fair and honest market places on the stock exchanges.

Mr. SNELL. As far as that is concerned, I am perfectly willing to go along with you but, as I understand the bill, and as it has been explained here, it goes much further and regulates every detail of the business of the small business man in every little community in this country, and that is the part of this legislation I am opposing.

Mr. MAPES. It seems to me the gentleman's argument would apply against all legislation that tries to correct evils and——

Mr. SNELL. I am not going to yield to the gentleman for a speech, because he has had a lot of time, and I do not think the gentleman has any basis for that deduction. I merely want to say that I am for reasonable and fair regulation. You can go as far as you want against any dishonest or unlawful business, but the average business man is honest and intends to do about what is right, and it is in his interest I am speaking.

[Here the gavel fell.]

Mr. SNELL. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection?

Mr. SNELL. I think we are making a mistake in placing a new, harassing regulation on business practically every day. The small business man in this country is getting discouraged. He does not have time to recover from the regulation that you put on him yesterday before we put another one on him today. This is the part of the bill I am opposed to.

I shall go just as far as any man on the floor of this House in regulating anything in business that is not right or honest so far as the American people are concerned. I have always followed this in my private business, and I am willing to submit to any reasonable regulation, but there is a limit to the regulations you can provide and have the people do business, and I think this bill goes too far. This is the reason I shall vote against the measure. Let us try for a little while to leave honest business and industry alone; and if we do, I believe they will do their part in aiding recovery and prosperity.

Mr. LEA of California. Mr. Chairman, the remarks of the gentleman from New York [Mr. SNELL] are directed to a general phase of this bill. They have some application to the section to which the amendment of the gentleman from New York [Mr. FISH] is offered.

The bill provides that an exchange shall file an application in which it agrees to abide by the regulations of the Commission. These regulations include the right of the Commission to insist on alterations of the rules and regulations of the stock exchange.

The proposal here is whether there shall be an appeal from the action of the Commission requiring a change in the rules of an exchange.

The section provides that an interested exchange be given a right to a hearing, and after the hearing the Commission by rules and regulations determines whether or not the change in rules shall be made. The practical question is whether or not the exchange shall be given an appeal to a court of law from the ruling of the Commission.

It is important that we shall not give exchanges the right to appeal and go into court from the action of the Commission in making rules and regulations. It would subject the Commission to endless harassment.

There are two types of power delegated to the Commission, and that is true of every regulatory act. The first is a quasi-legislative power, and the other is a quasi-judicial power.

When we give the Commission the right, by rules and regulations to require that an exchange shall have a certain rule governing its functions, that is a quasi-legislative power of Congress. The Commission acts for Congress in establishing such rule or regulation. No one living ever heard of a claim that an interested party should have a right to go into court to restrain the action of Congress in passing laws to regulate the affairs of our country.

There would be a quasi-judicial power, perhaps, if under a rule the Commission should attempt to determine whether or not an alleged guilty man should be penalized or subjected to a fine. That the exercise of quasi-judicial power over the exchange would give it the right to go to court. The exchange would not have the right to claim the attention of the court until it claims to be injured by the action of the Commission. If we want regulation, we must give the Commission power to make its action effective.

We have the same situation in relation to the Interstate Commerce Commission. As members of the Interstate Commerce Committee we have had this policy constantly before us. We have a regulatory system controlling the railroads. I would thoroughly deplore the prospect of Government ownership. As I see it, the problem is between successful regulation or Government ownership. We give the Interstate Commerce Commission full power, because regulation without power to be effective would be a failure. This Commission is given broad powers. I will not deny that. If the Commission does not correctly use those powers, if it is not constructive in its purpose, if it does not act in harmony with the spirit of this bill, its regulation would be a failure. The success of the measure is dependent on the Commission, its ability, common sense, fidelity to duty, courage, yet moderation, in administering its powers. If the spirit and purpose of the bill shall be accepted by the Commission to which its regulations is intrusted, then this measure will be a constructive act and an aid to business.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. RAYBURN. Mr. Chairman, if no other member of the committee desires to talk, I wish to close debate.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield to me for a question?

Mr. RAYBURN. Certainly.

Mr. PETTENGILL. To ask our distinguished and able chairman, who has worked so faithfully in the support of this bill, his construction of this language. Line 11, page 43, calls for the fixing of rates of commission and interest that brokers may charge their customers, and so forth. Of course, it would never happen; but in pure theory is it not true that the Commission could fix rates of commission and interest rates so low that no broker could stay in business, and thus destroy his business—and if that were done, is it the gentleman's construction that the exchange and members of the exchange would be absolutely without appeal to the courts? If so, I think a very serious question is raised.

Mr. RAYBURN. They would be without appeal unless the Commission exceeded its jurisdiction and its authority under the act.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. COX. In order that I may propound a question to the gentleman from California?

Mr. RAYBURN. I yield to the gentleman from California.

Mr. COX. The gentleman from California [Mr. LEA] was discussing a very interesting question touching the matter of the delegation of power. Of course, the gentleman concedes that there is a limit to the power of Congress to make delegations of power to administrative agencies?

Mr. LEA of California. That is undoubtedly true.

Mr. COX. In every instance where that delegation of power takes the complexion of a power to legislate Congress must lay down standards for the guidance of the administrative agency. Congress cannot delegate to any agency the power to legislate.

Mr. LEA of California. No; it cannot.

Mr. COX. What troubles me is this. I fail to find in the bill in every instance where there is a broad delegation of power a standard prescribed by the Congress for the guidance of the Commission, which brings the delegation within the decisions of the courts construing acts of Congress delegating power. In other words, there is nothing prescribed for the guidance of the agency. You do not lay down a rule which they must follow, but you simply in broad language delegate to them blanket power to adopt regulations having the force of law.

Mr. LEA of California. There is broad power in the bill, but there are several standards, and in attempting to determine what those standards are the courts have a right to resort to all sections of the bill.

Mr. COX. I concede that.

Mr. LEA of California. The standards of the Commission must be those which are consistent with the purposes of the bill. The establishment of a commission carries ordinary incidental powers to its functioning. This act constantly makes the interest of the investor one of the standards to justify action by the Commission.

Mr. COX. What one body might think to the interest of the investor another body might not.

Mr. LEA of California. A common standard accepted by the courts in the interpretation of the Interstate Commerce Act has been action found to be in the public interest and welfare. Language tantamount to that appears throughout this bill. The committee has been conscious of this situation, and has realized the necessity of setting up standards for the exercise of its powers. We have attempted to establish standards throughout the bill. We believe we have conformed to the requirements of the courts as involved in the interpretation of the interstate commerce and other acts establishing regulatory bodies.

Mr. COX. I thank the gentleman.

Mr. WADSWORTH. Mr. Chairman, I move to strike out the last three words. May I call the attention of the Committee to the real significance of this section? As has been stated in the discussion that has taken place so far, under this section the Commission may order an exchange to completely revamp its rules. It can do so by the issuance of regulations, and those regulations have to an extent the force of law upon the exchange. A violation of them, of course, subjects the exchange to the penalties of the act.

It is all very well to say that the matters related upon page 42 and page 43 are merely matters of routine interest in the purchase and sale of securities upon an exchange, but if Members will read some of that language they will see that under it the Commission itself might issue a regulation which would mean the life or death of the exchange. Attention has already been called to one phase of it by one of my colleagues on the committee.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. PETTENGILL. I would much appreciate to have the gentleman's interpretation of the question that I addressed the chairman.

Mr. WADSWORTH. I am not entirely sure that I am competent to interpret the meaning or implication of all the things contained in this section, but certainly they are exceedingly serious. For example, the Commission may make these rules and regulations with respect to—

The fixing of rates of commission.

I assume that that means the rate of commission charged by the broker. Then, it may make rules and regulations fixing the rate of interest, I presume, asked by the brokers for loans. Also, the listing of securities—

And other charges.

What are "other charges"? I do not know myself. I can go through this language and easily visualize that under this section it is within the power of the Commission to tie

up an exchange by a regulation in such fashion that the business of purchasing and selling securities in the United States would be hog tied, not only to the injury of the exchange and its members but to the injury of all the business in the country.

Yet under this section there is no recourse to the court. The final regulation of the Commission cannot be appealed from, and the amendment offered by the gentleman from New York [Mr. FISH] is merely for the purpose of allowing an exchange, in case of an extreme ruling which threatens to injure its legitimate business and the business of buying and selling securities all over the country, the right of appeal.

I call the attention of the Members to the fact that in various sections of this bill the words "by order" are used, and in order to be consistent the words "by order" should be used in this section. On page 40, line 23, at the bottom of the page, I find this:

After appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding 12 months—

And so forth. There are several other instances of the same thing, in which the Commission may, "by order", suspend or put into effect its regulations. The use of the phrase "by order" automatically gives a person or an exchange thus to be regulated the right to appeal.

Have we come to this point in our consideration of legislation of this drastic kind, where we are going to forbid a group of American citizens from appealing to the courts? [Applause.]

The CHAIRMAN. The time of the gentleman from New York [Mr. WADSWORTH] has expired.

Mr. DONDERO. Mr. Chairman, I move to strike out the last four words.

Mr. RAYBURN. Mr. Chairman, I want to get through with this sometime. We have spent almost an hour on this section. I move that all debate on this amendment close in 12 minutes.

The motion was agreed to.

Mr. DONDERO. Mr. Chairman, yesterday a statement was made on the floor of the House that a great many Members of this body had been flooded with propaganda in relation to this bill and that most of it was inspired or came directly or indirectly from either the New York Stock Exchange or Wall Street. Now, coming from one of the greatest industrial centers in this country, representing an automobile district in part, I became interested in knowing whether or not that statement was true. I checked up last night the messages that had come to my desk in relation to this bill. Out of 68 appeals I found that 5 came from stock exchanges or stock brokers; 21 came from small industries, 42 from individuals, and not one for this bill. The appeals that have come from the small industries in my district certainly could not have any connection with either Wall Street or the New York Stock Exchange. Therefore, I challenge that statement as being fallacious and not according to the facts.

I am not opposed to the reasonable regulation of the stock exchange. I believe it should be regulated to the extent where honest methods in business may prevail, and where wild and reckless speculation, such as we had in 1929, may be curtailed and prevented; but I am opposed to any bill which goes so far as to tell a small industry any place in this land how far it can go, how little it can do, and so on. I believe there is a great deal of merit to the amendment offered by the gentleman from New York [Mr. FISH]. When any governmental body can fix rates of commissions, interest, listing, and other charges—when you attempt to tell people, business, and industry how much they may charge and what officers they may appoint, we are going too far and we are doing more harm than good. I believe this bill would greatly retard business, the flow of capital into legitimate industry and prevent a return of better times in this country. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SABATH. Mr. Chairman, it may be true that only five letters came directly from stock-exchange members or those connected with it, but I am satisfied that all of those letters came to the Members because of the publicity and the propaganda that have been initiated by the stock exchanges, whereby they are trying to instill fear in the small business man who does not know much about this legislation.

Mr. DONDERO. Would the gentleman say that applied to the Detroit Board of Commerce?

Mr. SABATH. Oh, they are interested, of course, the same as Chicago institutions are interested.

Mr. DONDERO. And would the gentleman say that applied to the 42 individuals I mentioned?

Mr. SABATH. Pardon me. Every one of the gentlemen from New York, as well as the gentleman from Michigan [Mr. DONDERO], appears to be very much interested in the small business man, but are, in fact, interested in the stock exchange also. Mr. Chairman, the small business man is not to be injuriously affected by this legislation. He is going to be protected. This legislation is in his interest. This legislation only attempts to regulate dishonest transactions and manipulations of the New York Stock Exchange and other stock exchanges. The gentleman from New York [Mr. FISH] and others are fearful of governmental regulation in this instance. Do they not know that these stock exchanges are penetrating every section of our country and that during the years 1927, 1928, and 1929 they established offices in the smallest towns in the United States, so that today millions upon millions are being spent on the telegraph service connecting the New York and Chicago institutions with every village and hamlet, for the purpose of encouraging gambling and speculation on the part of the people of the whole United States? The power given to this Commission by this section has been given to every other commission in every act we have ever reported or enacted in this House. It is the power to adopt proper and protective rules and regulations.

There is no man living, there is no committee in existence, that could write in any bill all the desirable regulations for stock exchanges. Consequently, we must delegate this power to the agency we designate to enforce this legislation, namely, the Federal Trade Commission. Personally, I have the utmost confidence in the gentlemen who are given the duty in this bill to administer this legislation. I know they are honest and experienced. I know they are fair, and, because they are honest and because they are fearless, some gentlemen do not want them to have this jurisdiction and power to regulate the stock exchanges.

I repeat, the statements made by some of the gentlemen from New York and others, that this legislation, as well as the legislation which we passed last year and known as the "Securities Act", has retarded business, is unwarranted and not true. Look over the financial pages of the largest Republican newspapers and you will find that we are progressing under Democratic rule. We are improving. You will find that every industry that has made a report within the last few months has shown a gratifying and progressive improvement in business. Where there were losses there are now profits. Carloadings, that dependable barometer, are improving every week. Conditions in the heavy-goods industries, such as iron and steel, are steadily and measurably improving.

Let us observe today's New York newspaper, which shows that bank clearings are up 23.6 percent; that

Treasury deposits rise $225,000,000.

That there is a—

Big gain in quarter made by Chrysler; $3,303,805 profit contrasts with $3,038,082 loss year ago—record since 1929.

And from a Chicago newspaper we learn that—

Output of pig iron up 12 percent during April. Steel production has two-point rise.

That—

April sales of new autos in Cook County 70 percent over last year.

That—

Burlington's profits rise—net income $5,598,023, as compared with $1,502,815 in 1932.

That—

Auto, iron, steel exports at high level in March.

Again—

Hibbard April sales 50 percent above same month of 1933.

Again—

New York phone gain 4,474 stations in April.

Again—

The Lumbermen's Mutual Casualty Co. has announced an increase of 23.4 percent in its scale of dividend distribution on compensation policies, compared with rates paid during the last 12 months.

That—

Wage increases of 10 cents per ton for pick diggers and 8 cents per ton for machine diggers were effected today for Iowa coal miners.

That—

The outlook is better for hosiery industry.

All these quotations point unmistakably to improved and progressive business conditions. If some gentlemen here would cease their opposition to this remedial legislation and not permit themselves to unwittingly be the tools of stock-exchange manipulators who are working for the defeat of this good legislation, I feel that the country would make even greater progress. The improvement is in spite of the efforts of some gentlemen here, and it will continue increasingly.

I want to say with confidence that it is absolutely necessary to give to the experienced and trustworthy Federal Trade Commission the duty and the power to prescribe rules and regulations for the conduct of stock exchanges if the clear intent of the Congress is to be properly carried out. As for myself, I should have liked to see some of the restrictive provisions written into the law directly, had that been practicable.

It has been my fervent hope and aim to enact really beneficial legislation that will be full of teeth and which the stock-exchange experts and the stock-exchange corps of attorneys cannot circumvent or evade, so that honest investors of the future would not be at the mercy of these flagitious slickers and confidence men, and that the stock exchange might become an orderly, legitimate market place for the legitimate sale of securities.

In conclusion, though the temptation for me to take the floor to answer some of these reckless statements of opponents of this proposed legislation is great, yet, in the hope that we may pass the bill before adjourning for the day, I shall refrain from doing so.

We had no governmental regulation or interference of any kind between 1920 and 1929—yes; up to March 1933—and what happened! [Applause.]

Mr. RAYBURN. Mr. Chairman, I may say in reply to the gentleman from New York [Mr. WADSWORTH] that I do not know of any power of Congress—and certainly it could not be exercised under this bill—to deny a man the rights guaranteed to him by the fifth amendment to the Constitution.

I regretted very much to hear my friend the gentleman from New York, the minority leader [Mr. SNELL], make the statements he did. I do not try to influence his judgment, so I say only that I regret to hear him say he is going to vote against this bill. I cannot follow the course of reasoning the gentleman pursued in arriving at his conclusion. The gentleman made the statement that from the speeches made on this bill in the House it was demonstrated that it was going to regiment business, and especially small business. I do not think the gentleman from New York heard anybody who understood the bill make such a speech.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a question?

Mr. RAYBURN. I yield.

Mr. SNELL. I think the gentleman misinterpreted my remarks, or else I do not make myself clear. What I said was that I was satisfied from information in my possession, together with a study and examination of the bill, that that would be the outcome and that that was the purport of the bill. I still think so; but I may be wrong.

Mr. RAYBURN. I challenged these business men who came to my office. I was interviewed by a man appointed by the business men's committee to contact me. I read to him those sections of this bill which it has been said regimented business, and I told him if he could find one line in the bill that regimented or tried to run anybody's business, that I would be the first one to strike it out. He said he could not find it. We do call for reports; we do give the Commission power to call for the information that is absolutely necessary in order that it may formulate rules and regulations for the control of the national-securities exchanges.

In my opinion we have a good bill, a fine, reasonable, sane bill; but if we adopt the amendment offered by the gentleman from New York [Mr. FISH], we shall defeat practically everything we have done in the preceding 40 pages.

In my opening statement, and again on yesterday, I said that three features must be contained in this law if there is to be effective control of the stock exchanges: One is a reasonable margin of requirement, the second is a strong antimanipulative section, and the third is to give to the Commission which administers this law the power to make it effective. If you are going to say that the Commission may do this by rules and regulations, that is one thing. If you are going to say that the Commission shall formulate rules and regulations and issue them in the form of orders, that is another thing; and every one of them could be tied up in the courts from 12 to 24 months and thus absolutely negative the very things we have done in the preceding forty-odd pages of this bill.

In my opinion, the question involved in the Fish amendment is whether or not after writing a law you are going to give the administrative body the power to make the law effective and the power to enforce it. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment of the gentleman from New York [Mr. FISH].

The amendment was rejected.

The Clerk read as follows:

LIABILITIES OF CONTROLLING PERSONS

SEC. 19. (a) Every person who, directly or indirectly, alone or pursuant to or in connection with any agreement or understanding with one or more other persons, controls any person liable under any provision of this act or of any rule or regulation thereunder shall also be liable jointly and severally with and to the same extent as such controlled person to any person to whom such controlled person is liable, unless the controlling person acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action.

(b) It shall be unlawful for any person, directly or indirectly, to do any act or thing which it would be unlawful for such person to do under the provisions of this act or any rule or regulation thereunder, through or by means of any other person.

(c) It shall be unlawful for any director or officer of, or any owner of any of the securities issued by, any issuer of any security registered on a national-securities exchange, without just cause to hinder, delay, or obstruct the making or filing of any document, report, or information, required to be filed under this act or any rule or regulation thereunder.

Mr. McCLINTIC. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McCLINTIC: On page 44, after line 12, add a new section, as follows:

"REPORTS BY ISSUERS IN DEFAULT

"SEC. 20. Any issuer, any of whose securities are registered on a national-securities exchange, when in default of interest or dividend payments on any such securities, shall file a monthly statement with the Commission, which shall include a list of all owners of such securities and the salary, commissions, bonuses, or other forms of payments made to its officers during the time of such default, and such information shall be available to all stockholders of record of such issuer."

Mr. RAYBURN. Mr. Chairman, I reserve a point of order on the amendment.

Mr. McCLINTIC. Mr. Chairman, one of the glaring abuses that now exists is the misuse of power on the part of officials of the various companies that are in default on interest or dividend payments. They often misuse such power by raising their own salaries to unheard-of heights and, in addition, in some instances pay themselves large bonuses, notwithstanding the fact the companies are in default.

It seems to me that if we are going to pass a securities bill we ought to strike at the greatest evil that exists at the present time on the part of those who proceed in an unethical manner. I dare say every Member of this House knows that a wild scramble is now being made, or has been made recently, on the part of many officials of certain companies to obtain proxies, for they realize that when they obtain a sufficient number of proxies they have in their hands the power to vote themselves as high a salary or bonus as they desire. Unless we can provide some means by which the partners in a business, who, in the case of corporations, are the stockholders, can have the right to know who each individual partner is, there will be no way to take control from the officers who are robbing their partners, or stockholders, from the inside.

My only object is to afford this kind of protection so that if any person has paid his hard-earned cash for stock in some company when it was paying dividends, that one may have the right and the means to obtain a list of his partners or stockholders when the ethics of sound business is violated. It is my purpose to charge some agency of the Government with the responsibility of collecting the names of these stockholders and make the list available to those entitled to the same.

May I say that I introduced such a bill and it was sent to the Federal Trade Commission for a report. Such a report was furnished to the distinguished chairman, and in substance it said: "There is much to be said in favor of legislation which will provide this kind of relief, and if the committee desires to favorably report such a bill and the Congress decides to act on it, the Commission will carry out the provisions of the same."

That, in substance, is the report filed on this particular amendment in the form of a special bill.

I want to fix it so that companies like the Cities Service, Montgomery Ward, certain utility companies, and others that pay their officers enormous salaries and bonuses will have to furnish the stockholders or the partners in the company with the information necessary to bring about a revolution of policy if needed so as to take away the control from unethical officials, and thus save such investments, or at least a part of them. I hope the distinguished chairman and the members of the committee will accept this amendment.

Mr. PETTENGILL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am speaking on behalf of the chairman of the committee. I think we all have a great deal of sympathy with the objects and purposes sought to be achieved by the amendment offered by the gentleman from Oklahoma [Mr. McCLINTIC]. But it is the view of the chairman of the committee and myself that the objectives and purposes sought to be accomplished by his amendment are already in the bill.

With reference to the large and secret bonuses that have been a scandal in corporate affairs in recent years, we think that the matter is fully covered by sections (e) and (g), and others, on page 30, which include bonuses and profit-sharing arrangements, and so forth.

With respect to a corporation whose securities are in default continuing to sell its securities, we think that is fully covered by line 25, page 42, which gives the Commission the power to delist or requiring the delisting of a corporation which has permitted its bond maturities to go into default.

Mr. McCLINTIC. Will the gentleman yield?

Mr. PETTENGILL. I yield to the gentleman from Oklahoma.

Mr. McCLINTIC. Will the gentleman state whether or not there is a provision in this act which will make it possible for you or me as a stockholder to find out who our partners are in the case of companies that have defaulted in interest or dividend payments?

Mr. PETTENGILL. That is the general law. Any stockholder has the right to see the books of the corporation. That is the general corporate law.

Mr. McCLINTIC. The stockholders may be located in cities thousands of miles away from the headquarters of the company—New York or some other place. If we had some Government agency that had the power and the permission to give to stockholders this information, does not the gentleman think it would be advisable and go a long way toward curing the present evils?

Mr. PETTENGILL. Would it be any easier for a stockholder to get this information by writing a bureau in Washington than by writing his own company?

Mr. McCLINTIC. Does the gentleman say that a stockholder can always get the information?

Mr. PETTENGILL. Or he may write to the transfer agent of his company.

Mr. McCLINTIC. The gentleman states that a stockholder can now obtain this information by writing to the headquarters of the company?

Mr. PETTENGILL. I know that is his legal right; and if it is denied him, why, of course, he is being denied a legal right.

Mr. McCLINTIC. I am sure that the gentleman would not desire to leave that impression with the Members of the House, because I have never heard of a stockholder who was able to obtain such information as provided by this amendment. I do not want to do anything which would disrupt the machinery of the bill, and I was hoping this would be a helpful amendment. I realize that if the gentleman thinks that the subject is already covered my amendment would not be necessary.

Mr. PETTENGILL. I know that is the purpose of the gentleman, but it is the position of the chairman of the committee that the objectives sought to be accomplished are already fully covered by the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was rejected.

Mr. HOLLISTER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: Page 43, line 16, strike out subdivision (a) of section 19.

Mr. HOLLISTER. Mr. Chairman, this is another amendment not made with any attempt to defeat the purposes of the bill, which have been so ably expressed by the chairman of the committee within the last few minutes, but in an attempt to see that the orderly processes of American justice are truly followed.

This particular section which I ask to be stricken out is the section which makes an unlawful act the performance by a controlling person of some act. If there is any Member of this House who would like to stand up and define to me what a controlling person is, I should like to know. We know—and I know that I speak to an audience the majority of which are lawyers—what an agent is; we know that if you perform something through an agent you perform it yourself. The term "agent" has a reasonable and well-known legal meaning, but I should like to have someone tell me in what law, in what decisions, or in what textbooks I can be told what a controlling person is. I say that such a provision in no sense belongs in this law.

It is merely another opportunity to open up a so-called "strike" suit. The gentlemen of the committee and those in favor of this legislation have stated on a number of occasions that they themselves fear the strike suit, and they did not wish to do anything which would make it easy to attack an honest man under this bill merely because he may have wealth, or because he might have some connec-

tion with a corporation which has made a report of some kind or another. To put in a provision of this kind and allow a jury to have the decision of what a controlling person is certainly makes it most difficult for any defendant.

Let me repeat that my amendment is merely an attempt to protect agains the strike suit and takes out of the bill nothing which in any way is involved in the so-called "teeth" of the bill. It is a protection for the average man who should be able to be assured that he will not have to defend himself from suit when, as a matter of fact, he is not culpable.

I hope the committee will see fit to adopt the amendment.

Mr. LEA of California. The object of this provision is to catch the man who stands behind the scenes and controls the man who is in a nominal position of authority. The man in control is just as well known as a dummy on a directorate. If a case went into court, of course, it would be necessary to establish the charge of control by the evidence.

Mr. HOLLISTER. Will the gentleman yield?

Mr. LEA of California. I yield.

Mr. HOLLISTER. Would not an ordinary agency provision cover that? A man is either an agent or he is not an agent.

Mr. LEA of California. There would be no contractual relation, necessarily. It is just the same position as in the control of a dummy on a directorate. The man who stands behind the scenes and dominates the dummy ought to be responsible because he is the real party in interest.

Mr. HOLLISTER. The gentleman means that no matter how honest the man nominating the director may have been in making the nomination, if the director does something unlawful and unknown to the man nominating him, the latter should be held responsible?

Mr. LEA of California. The man charged with control is only responsible to the extent he did control the action complained of, and his actual control must be established.

Mr. HOLLISTER. What would constitute such control? Can the gentleman define to me any legal way a man can decide whether he has such control? Suppose a prominent stockholder names a director and then goes to Europe and the director does something illegal, would the gentleman say that the person who named the director should be held responsible?

Mr. LEA of California. It is a question of fact to be determined by the issues presented in the case. This is not a new question from a legal standpoint.

Mr. HOLLISTER. It is a very new question from a legal standpoint.

Mr. LEA of California. I believe it is a very well-known question in corporate law.

Mr. HOLLISTER. I wish the gentleman would refer me to any such precedent. There is no such law in any State of the Union and no law of the United States to find out what a controlling person is, and I do not believe that the gentleman or any member of the committee can refer me to any such law. I would be pleased to have it stated if there is one.

Mr. LEA of California. The gentleman does not doubt that one man controlling another in a corporate enterprise is a very common thing?

Mr. HOLLISTER. I know there is the test of agency, and I know of no other test which would make a person responsible criminally. We are going far beyond any precedent in providing for criminal actions in this way. It is part and parcel with a number of things that have been put in this bill which are absolutely contrary to all the principles of American jurisprudence.

Mr. LEA of California. It is simply a question of putting the responsibility on the man who is really responsible.

Mr. HOLLISTER. How does he know what that responsibility is?

Mr. LEA of California. Of course, the responsibility must be established.

Mr. HOLLISTER. But what will be the rule by which a man may guide himself to decide whether or not a jury in what we call a "strike" suit may not find him responsible.

Mr. LEA of California. It is a question of proving the case in court on the basis of the facts to show that one man did control the other in doing a wrongful thing, and until you have done that there is no punishment or penalty.

Mr. HOLLISTER. But you are leaving such a man wide open and subject to all kinds of unnecessary and dangerous attacks.

Mr. LEA of California. It is just the same wide-open position you always face when you go into court.

Mr. HOLLISTER. No; because you are ordinarily given proper grounds of defense, but here you are creating a new kind of unlawful act which is contrary to all accepted principles of jurisprudence.

Mr. LEA of California. I think the gentleman is mistaken in stating it is a new kind of responsibility.

Mr. HOLLISTER. I wish the gentleman would refer me to any such precedent.

Mr. LEA of California. I cannot just at the moment. If he will refer to the definitions of the word "control", as established by the courts as set forth in Words and Phrases, he will find the term is well known and its meaning has been long established.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. HOLLISTER].

The question was taken; and on a division (demanded by Mr. HOLLISTER) there were—ayes 30, noes 56.

So the amendment was rejected.

The Clerk read as follows:

INVESTIGATIONS, INJUNCTIONS, AND PROSECUTIONS OF OFFENSES

SEC. 20. (a) Whenever the Commission, either upon complaint or upon its own initiative, is of opinion that it should make an investigation to determine whether any person has violated or is about to violate any provision of this act or any rule or regulation thereunder, it may conduct such investigation, and, in its discretion, either require or permit such person, or any person making such complaint, to file with it a statement in writing, under oath or otherwise as the Commission shall determine, as to all the facts and circumstances concerning the matter to be investigated. The Commission is authorized to investigate, and in its discretion to publish information concerning, any facts, conditions, practices, or matters which it may deem necessary or proper to aid in the enforcement of the provisions of this act or in the prescribing of rules and regulations thereunder.

(b) For the purposes of any such investigation, or any other proceeding under this act, any member of the Commission or any officer designated by it is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records which the Commission deems relevant or material to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States or any State at any designated place of hearing.

(c) In case of contumacy by, or refusal to obey a subpena issued to, any person, the Commission may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, correspondence, memoranda, and other records. And such court may issue an order requiring such person to appear before the Commission or member or officer designated by the Commission, there to produce records, if so ordered, or to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found. Any person who shall, without just cause, fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, and other records, if in his power so to do, in obedience to the subpena of the Commission, shall be guilty of a misdemeanor and, upon conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for a term of not more than 1 year, or both.

(d) No person shall be excused from attending and testifying or from producing books, papers, correspondence, memoranda, and other records before the Commission, or in obedience to the subpena of the Commission or any member thereof or any officer designated by it, on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him, may tend to incriminate him or subject him to a penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may testify or produce evidence, documentary or otherwise, in obedience to any such subpena; except that no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

(e) Whenever it shall appear to the Commission that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this act, or of any rule or regulation thereunder, it may in its discretion bring an action in the proper district court of the United States, the Supreme Court of the District of Columbia, or the United States courts of any Territory or other place subject to the jurisdiction of the United States (to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. The Commission may transmit such evidence as may be available concerning such acts or practices to the Attorney General, who may, in his discretion, institute the necessary criminal proceedings under this act.

(f) Upon application of the Commission the district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States, shall also have jurisdiction to issue writs of mandamus commanding any person to comply with the provisions of this act or any order of the Commission made in pursuance thereof.

Mr. HOLLISTER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 47, line 21, strike out subdivision "(f)."

Mr. HOLLISTER. Mr. Chairman, I offer this amendment striking out the subdivision for the purpose of asking the Chairman to explain what it means. If he can explain to the committee the purpose of the provision, I will not press it. I understand a mandamus proceeding to be an order against a governmental officer who is required to perform some ministerial duty enjoined on him by law. Where there is no discretion, he can be mandamused to perform the act. Can some gentleman tell me what it means in this act? Who is going to be mandamused? Is it a private director, an attorney, or an accountant? An explanation may clear it up. I do not understand it, and I have asked several gentlemen on this side and they do not understand it.

Mr. LEA of California. This provision is taken from the Securities Act.

Mr. HOLLISTER. I thought that is where it came from.

Mr. LEA of California. I have not given any special thought to this particular section. However, it is fairly plain from the language that it applies to any person whose duty it is to perform any function under this act.

Mr. HOLLISTER. Then it is not an ordinary mandamus.

Mr. LEA of California. I think it would be the kind of a mandamus the gentleman mentioned a moment ago.

Mr. HOLLISTER. Is it to be against a director of a corporation or an officer who neglects to carry out some order of the commission?

Mr. LEA of California. If the director failed to carry out a court order. If some officer failed to follow the provisions of the act, and the court made an order, and for the violation of that order he could be mandamused. Mr. Perley, of the Legislative Counsel, says this is the same as a subdivision in the Securities Act.

Mr. HOLLISTER. I remember in discussing the question of shifting the burden of proof yesterday, where I unsuccessfully made the attempt to point out that it is un-American, I was answered by the statement, "This is in the Securities Act." Then the principle of the act was apparently taken from the Securities Act, and there is no other precedent in American jurisprudence that we can follow?

Mr. LEA of California. This provision is also in the Interstate Commerce Act.

Mr. HOLLISTER. Mandamus ordering performance of any act ordered by the Interstate Commerce Commission?

Mr. LEA of California. It is section 19 of the Interstate Commerce Act. For the moment I cannot tell the gentleman when that first became a law, but it was many years ago. That has been in the law for at least 12 years.

Mr. HOLLISTER. Has the gentleman section 19 of the Interstate Commerce Act there?

Mr. LEA of California. Yes. I have not had the time to compare it, but I understand the language is about the same—

That the district courts of the United States shall have jurisdiction upon the application of the Attorney General of the United States, at the request of the Commission, alleging failure to comply with or a violation of any of the provisions of this section by any common carrier, to issue a writ or writs of mandamus commanding such common carrier to comply with the provisions of this section.

Mr. HOLLISTER. That is against a common carrier. That is quite a different matter.

Mr. COX. Oh, the mere purpose of the language is to compel compliance with any legal regulation of an administrative agency, which is the Federal Trade Commission in this act. If anybody whose duty it is to obey the law does not obey the law, the Commission resort to the courts by mandamus.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. EDMONDS. Mr. Chairman, I move to strike out the last word. What is meant by the language on page 47, line 7, "about to engage in any acts"?

Mr. PETTENGILL. It seems to me that the language is plain. This is to permit application for injunctive relief to prevent a threatened violation of the act.

Mr. EDMONDS. It means that the Commission is given power when anybody is under suspicion in the United States, or whom the Commission wants to bring under suspicion, to arrest him and apply the penalties of this bill, or give him opportunity to prove his innocence.

Mr. PETTENGILL. Oh, it says nothing about arresting him or sending him to jail or even to Moscow. It means that this gives the power to the Commission to apply for an injunction where someone is about to violate the law, and the man against whom it is directed can have the protection of the United States court.

Mr. EDMONDS. It means that they can conjure up in their minds some man who is going to do something that is opposed to the act, and that, therefore, they may arrest him and put him in jail?

Mr. RAYBURN. Has anybody complained about a similar provision in the Interstate Commerce Act in that respect, or in the Securities Act of 1933?

Mr. EDMONDS. Oh, there are things in the Interstate Commerce Act that the gentleman knows can well be changed. This language "about to engage in any act" means anybody against whom they have any suspicion.

Mr. RAYBURN. A similar provision has been on the statute books for 12 years.

Mr. BLACK. The same thing is in the Martin act in New York governing securities.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio to strike out paragraph (f) on page 47.

The question was taken, and the amendment was rejected.

Mr. JOHNSON of Oklahoma. Mr. Chairman, the pending bill to control and regulate stock exchanges is one of the boldest and most progressive steps thus far taken under the able and far-sighted leadership of the administration of President Franklin D. Roosevelt.

We have listened with much interest to this extended debate for the past few days on this important legislation. The burden of argument against the pending bill is the old cry that it might hurt business. Opponents of regulation are attacking the measure today on the ground that it will hamstring business. I agree with them that it is designed to hamstring some kinds of business—the business of fleecing the lambs by robbing many innocent people. The regulation herein proposed will not, in my judgment, interfere with any legitimate business.

Mr. BROWN of Kentucky. Mr. Chairman, is it not the purpose of this act to aid legitimate business, instead of to hamstring it?

Mr. JOHNSON of Oklahoma. I think the gentleman is correct in that statement. It will aid rather than hamstring any legitimate business, and if it is not legitimate business, it ought to be hamstrung.

I am sure that many of those now opposed to this bill have been misinformed. I feel that the passage of this bill will prove of benefit to legitimate business.

I was especially interested in the argument of the gentleman from Illinois [Mr. BRITTEN], who has devoted much of his energy and his fine talents to efforts to belittle the new deal. He attempted to draw a red herring across the trail by attacking this as planned legislation and legislation written by the "brain trust." I am surprised that the gentleman should pick so many quarrels with brains and that he would attempt to frighten us by that word. I did not realize that brains were so much in disrepute in the great city of Chicago, from whence he hails. But I want to say here and now that I would rather support legislation written by the "brain trust" than legislation written by the Money Trust, which was about the only kind of legislation we were offered in the days of rugged individualism.

The gentleman from Ohio [Mr. COOPER] also went to great lengths to try to convince us that these protests against the bill were not inspired by Wall Street but from investors. Maybe the investors in the gentleman's district were more fortunate than the average and lost nothing in the great crash of 1929. Maybe they want to let things rock along as they have been, with the likelihood that another era of prosperity will be wrecked by another wild orgy of speculation. But it would be my guess that the people the gentleman has been hearing from are more interested in selling so-called "securities" than they are in purchasing them.

I am satisfied that when this bill becomes a law and its value has been tested by actual operation that all of the so-called "investors" now protesting to the gentleman from Ohio will thank this Congress for making it possible for them to buy real securities rather than insecurities when they invest their money.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. Yes.

Mr. MOTT. Will the gentleman tell us what there is in this bill that is calculated to prevent the stock-exchange crash that we had in 1929? Specifically, what provision of the bill will do that?

Mr. JOHNSON of Oklahoma. I shall be glad to answer the gentleman. If the gentleman knows anything about the bill, he knows that the margins have been raised to 45 percent. That provision alone will do much to prevent wholesale gambling and thus prevent the major cause of the unprecedented crash of 1929.

Mr. MOTT. That is the gentleman's answer. That is the provision of the bill that will stop a stock-exchange crash?

Mr. JOHNSON of Oklahoma. That is one of the several provisions that certainly will curb gambling on stocks and prevent bogus and fictitious sales that have been carried on by the New York Stock Exchange since the memory of man runneth not to the contrary.

There is no question but that bill is an important part of the new deal. In every speech I made in my district last winter I predicted that legislation of this nature would be introduced and passed at this session. I told the people that I had discussed this legislation with the President several times and knew that protection of our investors is very close to his heart.

It has surprised me that some of those protesting against this bill have prior to this time insisted they were supporting the President's recovery program whole-heartedly and have demanded that Members of Congress go down the line for the President's program without the crossing of a "t" or the dotting of an "i."

My State has a blue sky law to protect investors. But that does not prevent our people from sending their money off to Wall Street to invest to the detriment of our State. The Coolidge boom brought on a wild scramble for profits, and millions of people decided they could get rich by speculation. The result was that millions of dollars of wealth was withdrawn from my State and dumped into the whirlpool of speculation. That wealth was needed at home to develop a great new State. It was needed to finance new industries, build new homes, and to promote home business. But a big percent of that sent off to Wall Street never returned. It left our banks, our building-and-loan associations, and our savings accounts, and will never come back. It deprived our farmers of capital needed to finance their farms.

This bill does not go far enough to suit me. At the proper time I shall introduce as an amendment my bill, introduced earlier this session, to tax the sales of the stock exchange 1 per cent. Adoption of this amendment will bring in some $300,000,000 or $400,000,000 a year to provide funds very necessary to finance the new deal and provide relief for our needy people.

I am no recent convert to legislation along these lines. The record shows that during the Seventy-second Congress I supported the so-called "LaGuardia amendment" to tax the sales of securities on these exchanges one quarter of 1 percent, which passed this House. At that time I made a fight to get a tax of 1 percent on these sales. My proposal and the proposal of Mayor LaGuardia were denounced bitterly on this floor, and the assertion was made time and again that should either tax be levied that short selling would be destroyed and the exchanges would be virtually put out of business.

In speaking on the proposed tax, I said on this floor on March 31, 1932:

> Let me say frankly I only wish that the tax proposed to be imposed on the stock gamblers could be placed so high that it would not only curb short selling but stop gambling on products of the farm. If that could be accomplished, Mr. Chairman, it would be the most far-reaching and beneficial legislation ever passed by this or any other Congress. Speculation on the New York Stock Exchange by white-collared parasites who toil not nor spin is largely responsible for our financial troubles. These Wall Street gamblers do not confine themselves to intangible stocks, mythical securities, and bogus memoranda, but they gamble to the tune of billions of dollars on commodities they never see but which are produced by the sweat of the brows of millions of honest, hard-working farmers of America. Instead of prices of farm commodities being based on the law of supply and demand, they are too often controlled by and held at the mercy of Wall Street stock gamblers.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. Yes, with pleasure, to my good friend from Illinois.

Mr. SABATH. Is it not a fact that this bill will preclude the selling orgy and the extending and enlarging of issues by millions and millions, and the sending out of false propaganda day in and day out telling the people that these are good securities, when the people who offer them for sale know they are making misstatements? That will be prevented by this bill if it is passed?

Mr. JOHNSON of Oklahoma. The gentleman has stated the situation correctly. That is the primary purpose of the measure.

Some Members of this House possibly were amazed by the revelation of the gentleman from Ohio [Mr. CROSSER] that in the last 5 years there has been spent nearly $1,000,000 in so-called "publicity", which consisted chiefly of distributing a book called "The Work of the Stock Exchange" to public libraries, school libraries, teachers, public officials, and editors throughout the country.

A short time back a friend of mine, a former resident of Oklahoma but now connected with the New York Stock Exchange, was in my office and told me that the exchange recently had sent 1,500 lobbyists to Washington to fight this bill. He also told me of the flood of letters sent out by the exchange to stockholders of various corporations over the country in an effort to build up a public sentiment against this bill.

The lobby against this bill has been the most powerful and best organized of any in the four terms I have served in this House. I have received hundreds of letters and telegrams from every county in my district, urging me to oppose this bill. If I have received one letter asking me to vote for the bill, I am unable to recall it. The plain people of the country have no lobby here except their Members of Congress, and they are looking to them to pass this bill and carry out one of the major provisions of the new deal to protect innocent investors and the entire financial structure of the country.

Wild speculation which leads to a collapse, such as occurred in 1929, affects every man, woman, and child in the country, regardless of whether they own stocks or not.

I was amazed by the figures presented by the gentleman from Indiana [Mr. PETTENGILL] showing that from September 1929 to June 1932 the value of bonds listed on the New York Exchange depreciated $9,387,000,000. In the same period brokers' loans were liquidated to the extent of $8,308,000,000, and the value of listed stocks shrank $74,034,000,000, a total liquidation of $91,729,000,000 in 34 months. As the able gentleman from Indiana pointed out, these figures are for the New York Exchange alone, which is only one of the twenty-odd exchanges in the country. That $92,000,000,000 is three times the national debt. It is exclusive of the depreciation in value of real estate, merchants' stocks, and farm commodities. It does not reflect the loss to investors in banks and building and loan associations.

As the gentleman pointed out, this terrible calamity occurred because we had no legislation to prevent speculation and avert a wild orgy that brings on these booms and the consequent bursting of the bubble.

So, in spite of the high-powered lobbyists that have swarmed in and around the National Capitol for the past several months, and in spite of the insidious propaganda and misinformation that has been scattered throughout the country against the pending bill to control and regulate stock exchanges, now that the final show-down has come, the wild statements and unfounded assertions of opponents of this measure have vapored away, when confronted with facts and figures, like dew before the bright glow of the morning sun. Let us pass this bill today by an overwhelming vote and say to the money changers of Wall Street and all those white-collared parasites who have wallowed in the wealth they did not earn that this Congress will not further countenance such outrages against the public interest. Let us do nothing to disturb or interfere with legitimate business, but let us do everything humanly possible to prevent another such catastrophe as that brought on by the spree of speculation this country went through only a few years ago. [Applause.]

The Clerk read as follows:

COURT REVIEW OF ORDERS

SEC. 24. (a) Any person aggrieved by an order issued by the Commission may obtain a review of such order either in the circuit court of appeals of the United States, within any circuit wherein such person resides or carries on business, or in the Court of Appeals of the District of Columbia, by filing in such court, within 60 days after the entry of such order, a written petition praying that the order of the Commission be modified or set aside in whole or in part. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm, modify, and enforce or set aside such order, in whole or in part. No objection to the order of the Commission shall be considered by the court unless such objection shall have been urged before the Commission. The finding of the Commission as to the facts, if supported by substantial evidence, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by substantial evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order. The judgment and decree of the court, affirming, modifying, and enforcing or setting aside, in whole or in part, any such order of the Commission, shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 346 and 347).

(b) The commencement of proceedings under subsection (a) shall not, unless specifically ordered by the court, operate as a stay of the Commission's order.

Mr. HOLLISTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: Page 51, line 11, strike out section (b) and insert in lieu thereof the following: "(b) Any order of the Commission, a review of which is desired by an aggrieved person, may be stayed in the same manner as is now provided by law for the staying of decrees of Federal district courts."

Mr. HOLLISTER. Mr. Chairman, I am rising again in perhaps a vain hope that we will try to adhere to well-known principles of justice in protecting the individual, protecting the corporation, stock exchange, or whatever it may be, against unjust acts of a commission. I will probably be met here by the statement that the securities bill contains something of this nature. It may be even something which is taken out of the Interstate Commerce Act. The Interstate Commerce Act is quite a different kind of an act than this. This involves many individuals, as well as corporations and exchanges. It brings in the individual in many different ways, not under specific provisions of the act but under rules and regulations laid down by the Commission. Are we going to deny to an individual or to anyone who is involved in this act the right to have an ordinary stay of the action of the Commission until the upper court can act?

Mr. COLE. If the gentleman will read the language of the act, it is entirely in the discretion of the court. If the court thinks that an aggrieved party should have a stay, he will grant it.

Mr. HOLLISTER. Why should it be left in the discretion of the court? Why should it not be a matter of right to stay an order of the Commission if a bond is given?

Mr. COLE. Now, if a bond is given to stay the execution of an order which may be passed for violation of this act, what good would that do? All the damage would be done.

Mr. HOLLISTER. Yes; and the damage might be done to an individual or it might be done to a corporation if the Commission's order were not stayed. The whole purpose of this act is not to give the defendant any reasonable chance. It is to put all the power in the hands of the Commission, to do as it pleases, even if it wrecked an individual's business. What good would it do an exchange if it were closed for the year and it could not stay the action of the Commission in that instance?

Mr. COLE. I think the average judge of a district court would stay the execution of an order if it were shown to him that the order would operate to his disadvantage or damage.

Mr. HOLLISTER. I cannot agree with the gentleman. I do not think it should be left to the discretion of anybody. I think there should be a right to stay an order of the Commission until the higher court can pass upon the order. It does not seem fair or just that any kind of an order could be made by the Commission, and the discretion of a single judge might decide whether or not that order could be stayed.

Mr. KELLER. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. KELLER. What is the gentleman's idea of the right of injunction under any condition?

Mr. HOLLISTER. This has nothing to do with the right of injunction. This is not connected in any way with the right of injunction. The gentleman misunderstands the section.

Mr. LEE of Missouri. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. LEE of Missouri. If we had had this law a couple of years ago our people would not have been loaded up with $50,000,000,000 worth of useless securities.

Mr. HOLLISTER. If the gentleman will ask me a question about what I am discussing I shall be glad to answer him.

Mr. LEE of Missouri. I will ask the gentleman a question. I will ask if he is for or against this bill?

Mr. HOLLISTER. I am against it, of course, in its present form.

Mr. LEE of Missouri. And will the gentleman give his reasons? Its present form is intended to keep the crooks

from doing business in this country and the present form does not in any way affect any legitimate business.

Mr. HOLLISTER. Will the gentleman make a stump speech in his own time? My time is very limited, but I shall be glad to answer any question the gentleman may want to have answered.

Mr. MONAGHAN of Montana. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. MONAGHAN of Montana. Would the gentleman vote for this bill if this amendment were adopted?

Mr. HOLLISTER. If this particular amendment were adopted, and if seven or eight other amendments governing procedure were adopted, I would vote for the bill.

Mr. MONAGHAN of Montana. The gentleman wants the whole bill changed.

Mr. HOLLISTER. I want it changed so that it protects the innocent man from all kinds of suits that will be filed against him just as sure as you and I are living, if this bill is passed.

Mr. COX. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. COX. The implication might arise from what the gentleman states that the rules and regulations adopted by the Commission might be made to apply to any type of business. The gentleman is not contending that it is contemplated or intended to empower the Commission to regulate any business which has not some direct connection with an exchange. That is true, is it not?

Mr. HOLLISTER. That is true.

The CHAIRMAN (Mr. BANKHEAD). The time of the gentleman from Ohio [Mr. HOLLISTER] has expired.

Mr. RAYBURN. Mr. Chairman, this is the same amendment that the gentleman has been offering to all these sections. It will result in the same thing—that is, to absolutely stay the order of the Commission until the time has gone and the damage has been done.

I ask for a vote on the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. HOLLISTER].

The amendment was rejected.

The Clerk read as follows:

JURISDICTION OF OFFENSES AND SUITS

SEC. 26. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this act or the rules and regulations thereunder, and of all suits in equity and actions at law brought to enforce any liability or duty created by this act or the rules and regulations thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enforce any liability or duty created by this act or rules and regulations thereunder, or to enjoin any violation of such act or rules and regulations may be brought in any such district or in the district wherein the defendant is found or is an inhabitant or transacts business, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 225 and 347). No costs shall be assessed for or against the Commission in any proceeding under this act brought by or against it in the Supreme Court or such other courts.

Mr. RAYBURN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Committee amendment offered by Mr. RAYBURN: On page 52, in line 9, after the word "have", insert the word "exclusive."

Mr. RAYBURN. Mr. Chairman, I have only this to say—that we thought the bill as drawn meant exclusive, but in order that it may be entirely clear we offer this amendment.

The amendment was agreed to.

The Clerk read as follows:

FOREIGN SECURITIES EXCHANGES

SEC. 29. (a) It shall be unlawful for any broker or dealer, directly or indirectly, to make use of the mails or of any means or instrumentality of interstate commerce for the purpose of effecting on an exchange not within or subject to the jurisdiction of the United States, any transaction in any security the issuer of which is a resident of, or is organized under the laws of, or has its principal place of business in, a place within or subject to the jurisdiction of the United States, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate to prevent the evasion of this act.

(b) The provisions of this act or of any rule or regulation thereunder shall not apply to any person insofar as he transacts a business in securities without the jurisdiction of the United States, unless he transacts such business in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate to prevent the evasion of this act.

Mr. BULWINKLE. Mr. Chairman, I move to strike out the last word in order to ask a question of the chairman of the committee as to the next section dealing with registration fees. Does not the bill now pending in the Senate provide that the entire cost of this regulation shall be paid by the exchanges of the country?

Mr. RAYBURN. I do not know.

Mr. BULWINKLE. The fee is fixed at an amount equal to one five-hundredth of 1 percent of the aggregate dollar amount of the sales of securities transacted on the exchanges. Has the chairman any idea what the cost of administering this act will be?

Mr. RAYBURN. No; I have not. We appropriated $250,000 for the administration of the Securities Act, but its administration will require still more money.

Mr. BULWINKLE. From the information I can gather it is my opinion that the cost of administering the provisions of this bill will run to practically $1,500,000 or more.

Mr. RAYBURN. The best information I have on this is that the fees will range in the aggregate from $600,000 to not more than $900,000 a year.

Mr. WADSWORTH. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I could not hear all of the answer of the gentleman from Texas to the inquiry of the gentleman from North Carolina.

Mr. RAYBURN. I said that it was stated in our committee I think several times that, in all probability, this would provide from $600,000 to $750,000, or not more than $900,000.

Mr. WADSWORTH. In revenue?

Mr. RAYBURN. I am speaking of the fees required in section 30.

Mr. BULWINKLE. Mr. Chairman, if the gentleman from New York will yield and if the chairman of the committee will pardon me, the fees to be collected from the New York Stock Exchange will be between $500,000 and $700,000; and about $300,000 will be collected from the other exchanges of the country. But the cost in addition to the fees collected will be something between $500,000 and $1,000,000 at the minimum.

Mr. RAYBURN. The additional cost of what?

Mr. BULWINKLE. The additional cost of administering the act.

Mr. RAYBURN. The gentleman means it will cost the institutions that, not the Government.

Mr. BULWINKLE. It will cost the Government that much in addition to the fees collected. That is the reason I brought the matter to the chairman's attention.

The Clerk read as follows:

REGISTRATION FEES

SEC. 30. Every national securities exchange shall pay to the Commission on or before March 15 of each calendar year a registration fee for the privilege of doing business as a national securities exchange during the preceding calendar year or any part thereof. Such fee shall be in an amount equal to one five-hundredth of 1 percent of the aggregate dollar amount of the sales of securities transacted on such national securities exchange during the preceding calendar year.

Mr. WADSWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WADSWORTH: Page 56, beginning at line 5, strike out section 30.

Mr. WADSWORTH. Mr. Chairman, this particular section may not seem of very great importance to the members of the committee. Scarce any discussion took place in the Committee on Interstate and Foreign Commerce with regard to the question of the expense of enforcing this law.

The policy contained in section 30 of the bill runs contrary to the policy contained in the so-called "Meat Inspection Act." Those Members of the House who have been here for many years may remember that a great controversy arose in the House at the time of the passage of that act. The first bill on that subject was passed by the Senate and came to the House. That bill contained a provision to the effect that the cost of the inspection of meat products during the course of their preparation in the so-called "packing houses" should be met by those concerns that were being inspected. In other words, the inspected person should pay the salary of the inspector. The House of Representatives at that time rejected that theory and clung to the theory that the person to be inspected should have nothing to do with the payment of those who did the inspecting, that the Government should pay the cost of inspection and the costs of the administration of the law. The same principle should apply with regard to this bill. The chairman stated that one exchange alone would be taxed $500,000 a year.

Mr. RAYBURN. The chairman did not make that statement; it was made by the gentleman from North Carolina.

Mr. BULWINKLE. I said, upon the basis of the business done by the New York Stock Exchange it would run from $500,000 to possibly $600,000 or $650,000.

Mr. WADSWORTH. Yes; but at any rate it will be a very substantial sum.

Mr. MONAGHAN of Montana. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. MONAGHAN of Montana. Does the gentleman know that in the last 5 years the New York Stock Exchange has spent approximately $1,000,000 to flood the channels of public education with propaganda designed to make people believe in some of the nefarious practices that have existed on the exchange?

Mr. WADSWORTH. In other words, the gentleman wants to punish somebody by this section.

Mr. MONAGHAN of Montana. Not punish them.

Mr. WADSWORTH. Then what is the object of it?

Mr. MONAGHAN of Montana. I ask the gentleman if it is not fair to assess a license fee to clean up the stock exchanges so the people can buy with a reasonable degree of confidence the stocks listed on the exchanges?

Mr. WADSWORTH. The gentleman from New York believes that if the bill is drawn upon the proposition that it will clean the channels, as the gentleman uses the phrase, why tax the exchanges at all?

Mr. MONAGHAN of Montana. It may not entirely clean up the exchanges, but since the nefarious practices of the stock exchange necessitated the bill it is only fair to assess the cost of regulation upon those who occasioned the need.

Mr. WADSWORTH. I cannot yield further. The imposition of a fee against the San Francisco Stock Exchange, the Chicago Stock Exchange, or the Boston Stock Exchange is not going to make the members of those exchanges more honest. The purpose of this section is punitive. It is to get even with somebody. It is to tax somebody. That is what it is for.

Why should it cost any concern in the United States $500,000 to do business legally? It is being assumed that after the passage of this act, with many of the provisions of which I am utterly in disagreement, exchanges are going to be honestly conducted. That is to be assumed, according to the claims set forth by the authors of the bill. If so, why tax them?

Mr. WHITE. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Idaho.

Mr. WHITE. If we have to pay for the regulation of a business why should not the business stand the cost of regulation?

Mr. WADSWORTH. I think it is a bad principle. Government says to business, "We are going to regulate you in the interest of the whole people", and then government in the same breath should not say to business, "You will have to pay the cost of our inspection." That is one thing we should keep clear of. When government exercises the power to regulate, to inspect, and to control, if you please, it does it in the interest of 123,000,000 people, and the 123,000,000 people should pay the bill.

[Here the gavel fell.]

Mr. OLIVER of New York. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, may I say to the gentleman from New York that the Federal Reserve Board is supported by fees contributed by member banks, and I do not see any different principle in this bill than is involved there. A number of Government institutions are supported by fees paid by the companies which they regulate rather than by a general tax. There has not been any evil. The whole history of government shows that the Government is just as honest and business is just as honest. The only question is, How are you going to support the particular commissions or the particular officials who are governing these different characters of business? Are you going to do it by placing a tax upon the public, or are you going to allow the Government to be supported by the business that is regulated? If there was any definite connection between the officials themselves and the money derived from these fees, I would say it would be a corrupting influence; but since the fees go into the Public Treasury and not into the officials' pockets, there is no corrupting influence.

Mr. BRITTEN. Will the gentleman yield?

Mr. OLIVER of New York. I yield to the gentleman from Illinois.

Mr. BRITTEN. Is there anything in the pure food law which provides for a tax in connection with the enforcement of those laws?

Mr. OLIVER of New York. We did have such provision at one time many years ago, but I think it was repealed.

Mr. BRITTEN. I do not think there is any such provision at this time. The gentleman referred to the Federal Reserve Board. That is not a governmental institution.

Mr. OLIVER of New York. The Federal Reserve Board is a governmental institution. It is the governing board over the Federal Reserve banks. The Federal Reserve banks are private corporations whose stock is owned by member banks.

Mr. SNYDER and Mr. SHALLENBERGER rose.

Mr. OLIVER of New York. I yield to the gentleman from Pennsylvania.

Mr. SNYDER. The gentleman from New York [Mr. WADSWORTH] said if this law was passed it was assumed that it would do away with all dishonesty in the management of stock-exchange affairs. This bill does not assume that at all.

Mr. OLIVER of New York. It is hoped it will.

Mr. WADSWORTH. That is the object of the authors of the bill.

Mr. OLIVER of New York. It is hoped it will do this. We hope it will do away with dishonesty and give the people the benefit of honest business. As I read the bill, it is filled up with the hope that it will do away with crooked securities, crooked brokers, and crooked manipulators of the mechanism of the exchange, whether they be within or without the exchange. Nobody is going to disagree with that hope, and if I did not feel that very strongly in my heart I would not vote for the bill.

Mr. SNYDER. As long as human nature remains the same we will always have a little crooked business going on, no matter what the law is.

Mr. OLIVER of New York. If we reenacted the Ten Commandments and doubled the penalties of hell we would still have that situation.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. OLIVER of New York. I yield to the gentleman from Nebraska.

Mr. SHALLENBERGER. I call attention to the fact that the national banking and State banking business is something that needs to be regulated by law similar to the attempt which is now being made to regulate the stock exchange. Every bank is required to pay a fee for the inspection. When the examiner comes in he is paid a

fee in proportion to the amount and volume of business of the bank, so that that fee is comparable exactly with the one asked for here.

Mr. OLIVER of New York. Yes. There is not any intention to get square with anyone on earth. The stock exchange got square with itself. It has ruined itself, and until we get it back to the point where the public has confidence in it, I say the stock exchange is going to lose, lose, and lose. I am for a bill such as this because, first, it makes securities liquid and keeps them liquid. It does not cause a wave of liquidation to occur. [Applause.]

The fears and apprehensions of the opponents of the bill are not well founded. It will build up the business of the exchange. There is nothing radical in it. It will protect the honest buyer, the honest broker, and the honest trader.

Mr. FISH. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I think this is a very good place to make a few observations, possibly in justice to the members of the New York Stock Exchange. I do not represent the district in which the exchange is located. In fact, I do not live within 50 miles of it.

The New York papers, through their editorials, I think, are justified in the statements they made in criticizing the publicity releases of Mr. Pecora just before this bill was brought up for consideration in the House, pointing out that the members of the exchange and the stock houses had made excessive profits, leading the public to understand they had made the enormous profits of $833,000,000 in the past 6 years and put this profit into their pockets. I think it is only fair to point out that that only amounted to three tenths of 1 percent of all the transactions on the exchange, which is not a very excessive amount for conducting a legitimate work of buying and selling stocks.

Furthermore, over $110,000,000 of that money went back to the Federal Government in income taxes. Someone took the trouble to check up on the main stock houses that were listed by Mr. Pecora, and it was stated that between 20 and 25 percent of the money which was supposed to have gone into the pockets of stockbrokers and brokerage houses, amounting to about $110,000,000, went back into the Federal Treasury as income taxes.

Now, the New York Tribune has this to say about it:

> The figure of $833,000,000 is less impressive when you know the facts. It amounts, to be precise, to less than three tenths of 1 percent on the amount of business transacted. Indeed, it is only a little more than twice as large as the stamp taxes on security sales that went to the Federal and State Governments during the period, which item Mr. Pecora conveniently forgets to mention. Transfer taxes on this huge turnover amounted, the records show, to more than $360,000,000.

That is another item of $360,000,000 that Mr. Pecora forgot to tell the public about.

In view of the fact we are talking about registering the stock exchange and getting additional fees, I think it is only fair at this juncture to show there are two sides to this picture. The stockbrokers and stock houses have been making certain profits, of course, but about half of that $833,000,000, referred to by Mr. Pecora, went back to the Federal Government in some form of taxes.

Mr. DONDERO. Where did the $360,000,000 go?

Mr. FISH. It went to the Federal and State Governments as transfer taxes.

Mr. RAYBURN. Mr. Chairman, I would like to vote on this amendment at an early date, but I may say that people who deal with the Patent Office pay a fee, and, as has been said here, national banks pay a fee. They do not have to pay the fee, because they can be a private bank. No one has to pay this fee unless the exchange is a registered exchange. It can remain unregistered and not pay this fee.

Today we are collecting from the railroads of the country $1.50 a mile to pay the cost of the Coordinator-Administrator. I did not hear any complaint about this at all.

If I recall correctly, and if I am mistaken I hope I may be corrected, I heard no representatives of the exchange complain about this fee which they would have to pay.

We did have in the first draft of the bill, I may say to my friend from New York, the very thing he said this House struck out some years ago, and that was that the representatives of the Commission were allowed to make these inspections and the brokerage houses paid for the inspection. We struck that out, which I quite readily agreed to myself, but it does appear to me that if these people are going to be registered and are going to have the standing of being registered exchanges, they ought to be willing to pay a little for it.

Mr. WADSWORTH. Will the gentleman be kind enough to allow me to make a very brief statement?

Mr. RAYBURN. Yes; I yield.

Mr. WADSWORTH. I am not at all concerned, I may say to the gentleman from Texas, about the amount of this fee. It is the principle involved that appeals to me as being important. I do not believe we should reach the point in this country when we would impose licenses of substantial figures for the conduct of honest business, I do not care what business is involved. We have got to assume when we pass these statutes that the overwhelming majority of people engaged in the business to be regulated are honest people, and this proposed law, as I understand it, intends to see that there shall be a greater degree of honesty in the business. Now, why charge a fee for it? I cannot understand why you should impose any such financial conditions.

Mr. SABATH. Will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Illinois.

Mr. SABATH. The gentleman from New York has read, I presume, some of the evidence that was presented before the Senate committee investigating this matter. Does he still maintain that it was honest business that they conducted over there, or does the gentleman believe that the dishonesty that was practiced forced this legislation?

Mr. WADSWORTH. I am not talking about what forced the legislation; I am talking about the average man engaged in business, including the security business. Of course, I realize, just as the gentleman from Illinois realizes, there have been some very grave abuses. They have been confined, however, to a very small minority of the people engaged in the business. They stand out like sore thumbs, conspicuously, and deserve punishment and prevention in the future, but I do not believe it is sound Government policy, generally speaking, for the Federal Government to begin to charge licenses for the conduct of business.

Mr. RAYBURN. I agree with the gentleman up to a certain point. I want just as little licensing by the Federal Government as possible, but the exchange that is licensed here is given a privileged status, and it appears to me it would be perfectly all right in this instance.

I yield to the gentleman from California, who has had some experience along this line.

Mr. BUCK. It is a fact, Mr. Chairman, that every commission merchant and every dealer in perishable commodities throughout the United States engaged in interstate commerce is licensed and required by the Department of Agriculture to pay a fee. Every grower of fruits or every shipper of fruits who uses the inspection service of the Department of Agriculture is required to pay the fee himself, and I have never heard any intimation that any corruption resulted therefrom.

Mr. WADSWORTH. Are they not nominal fees? They do not reach $500,000.

Mr. BUCK. They are sufficient to maintain the expense of the service of the Department in connection therewith.

Mr. RAYBURN. I should think, in all probability, they are larger than these fees in comparison with the business they do.

Mr. MOTT. Mr. Chairman, I rise in opposition to the amendment. I cannot agree with the gentleman from New York that it is not a proper policy to charge the persons regulated for the expense of such regulation.

This policy is one which has been universally in operation for the last 30 or 35 years in the regulation of securities under the several State securities acts.

There has never been any objection to it on the part of those engaged in the sale of securities under any of the

thirty-odd State blue-sky laws, and I think objection to it in Federal legislation having as its purpose the regulation of securities sold in interstate traffic or on stock exchanges would not be a valid objection.

However, I do have some other objections to this bill which I am going to take occasion to state at this time. I was corporation commissioner in charge of securities regulation in my own State before coming to Congress. I am supposed myself to know something about securities regulations, and I have been under the impression that I knew, or at least had heard of most of the recognized authorities on securities legislation in the country.

So I was very much surprised yesterday when the gentleman from Ohio, in his discussion of the bill, named the people who conceived this legislation and those who had to do with the drawing of this bill.

Mr. Chairman, so far as I have been able to learn no one who has had anything to do with the making of this bill has ever had any practical experience in the regulation of securities, either interstate or intrastate. The list of authors, sponsors, and collaborators read by the gentleman from Ohio does not contain a single name that any securities commissioner in the United States ever heard of.

This, Mr. Chairman, is the principal reason why this bill is so impractical, so visionary, and, I am afraid, unworkable. It contains the germ of a good idea, and that is all. The good idea in it is that unwarranted speculation—that is to say, gambling—on the stock exchanges ought to be curbed and regulated. The bill makes a feeble effort to do this, and to that extent it is good. But in trying to get at this evil and to stop it the authors of the bill, whoever they are, have ignored every fundamental rule and principle that there is in securities regulation and have wandered off into fields of theory altogether new and untried.

If I were attempting to properly characterize this bill, I would say that it is amateurish. That describes it as well as anything I can think of. It is a gesture, the same as the Security Act which was passed in the last special session of the Congress was a gesture.

When I discussed that bill last session I referred to it as a gesture, and that is what it has turned out to be. Like this bill, the Federal Securities Act was written by men who knew nothing about the regulation of securities. It, too, contained the germ of a good idea, and nothing else.

The Federal Trade Commission has not attempted to enforce the Federal Securities Act, and I doubt if it can while the act remains unchanged. The people who issue and deal in legitimate securities are afraid to put their securities on the market under the weird provisions of that act, and it will have to be drastically amended before it will work.

And unless this pending bill is drastically amended either here or in the Senate, its administration will do no more practical good than has the National Securities Act to date.

Now, why do I say this bill is impractical? Because while its ostensible purpose is to curb and regulate illegitimate speculation on stock exchanges it subordinates this chief purpose to an attempt to control this evil indirectly by regulating the issuance of the security itself. It goes even further than that, because it undertakes to control and regulate the actions of the corporations issuing the securities. This is perhaps a proper thing to do in a Federal securities act. It has no legitimate place in a bill the purpose of which is to regulate and supervise operations on stock exchanges.

In my opinion, what is necessary in a bill of this kind is, first, to provide for the issuance of licenses for those who deal in securities in any capacity on stock exchanges, and to make the issuance of such licenses a condition precedent to the right to operate a stock exchange or to engage in stock-exchange operations as brokers, dealers, or other agents.

The bill should provide, as most security acts provide, that those people, aside from purchasers who sell and trade in securities or exchanges, shall put up a bond to insure compliance with the act, and that the penalty for the violation of the law itself or for the violation of any regulation issued by the Department or the Commission should be cancelation of the license. Violation of the law, not of a regulation, should also be punished by fine and imprisonment.

If you do that, that is all the regulation necessary, because few dealers will violate regulations issued in pursuance of law if they know that the penalty is the cancelation of their licenses or the suspension of them. [Applause.] For an operator to violate the regulations would be to put himself out of business, and any dealer or broker, either on a stock exchange or elsewhere, would rather abide by proper regulations and stay in business than to violate them and go out of business. This is the fundamental theory upon which practically all State blue-sky laws are based. And let me say this: That the State blue-sky laws of this country constitute the entire corpus juris of securities regulation in the United States and that the authors of this bill would have done well to consult some of them before trying to draft a Federal securities law.

As for willful violation of the law itself, if the law is definite, plain, and sensible, and the operator knows it is going to be enforced, experience has shown that it is seldom violated. When it is violated the prosecution and punishment should be swift and sure, as it always is under a proper State securities act properly administered.

I shall vote for this bill, poor as is the opinion I have of it, because, as I have said, although it is amateurish, visionary, and largely impractical, it does contain a germ of good. Regulation is needed, and we must have it even if the bill in which we get it is not the kind of a bill it ought to be. It is the administration bill, and that being the case it is the only bill on this subject we are going to have a chance to vote on this session.

I hope the bill will be amended here. If not here, I trust the Senate will take hold of the fundamental motive behind the bill and build a good, workable piece of legislation around it, so that in a year from now the country will not say of it, as it is now saying of the Federal Securities Act, "What has happened to it and what good is it doing?" This can be done if you will eliminate the camouflage and propaganda and the visionary provisions in the bill and confine it to its legitimate purpose of regulating speculation on the stock exchange. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York to strike out section 30.

The question was taken, and the amendment was rejected.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Oklahoma: Page 56, line 15, add a new section, to be known as "subsection C", to read as follows:

"That there shall be levied, collected, and paid on all transfers of stock or securities on any stock exchange a tax of 1 percent of the sale price of the securities sold. Such tax shall be paid by the person, partnership, association, or corporation to whom the transfer is made."

Mr. RAYBURN. Mr. Chairman, I reserve a point of order on that.

Mr. COCHRAN of Missouri. Mr. Chairman, I make the point of order.

Mr. RAYBURN. It is clearly subject to a point of order.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I have offered the pending amendment for the purpose of calling attention to the fact that this House more than 2 years ago, after discussing this subject in the revenue bill, passed this amendment with practically the same language, in what is known as the "LaGuardia amendment", except it proposed one quarter of 1 percent instead of 1 percent. It was shown at that time that the stock exchanges had done a yearly business of more than $34,000,000,000—more money than there is in circulation in all the world. The stock exchanges, through their gambling activities and juggling of bogus stocks, were able to do a business of $34,000,000,000 in 1 year, much of which was robbed of innocent people, and it is just such business on fake stocks and

bogus memoranda that has caused the demand for this legislation. This body discussed the LaGuardia amendment for several hours, as I recall, during the consideration of the revenue bill, and gentlemen will remember Mayor LaGuardia, then a great progressive member of this House, made a heroic fight for the amendment to tax stock sales. The House adopted the amendment by an overwhelming majority. It went to the other body, where it was eliminated after one Andrew W. Mellon, then Secretary of the Treasury, had appeared before the Senate committee in opposition to taxing stock exchanges. I should like very much to see a vote taken at this time to find whether the Members of this House have changed front on the matter of taxing sales on the stock exchange.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. Yes.

Mr. BRITTEN. Do I understand from the gentleman's remarks about his amendment that if it were carried into the bill it would provide a tax of $340,000,000 a year on the stock exchange?

Mr. JOHNSON of Oklahoma. That is the understanding, assuming that the business amounts to $34,000,000,000 a year.

Mr. BRITTEN. That would be a considerable tax.

Mr. JOHNSON of Oklahoma. Oh, yes; a considerable tax, but why should not those white-collared parasites who deal in commodities they never see pay considerable tax? Frankly, I would go further if I had my way. I would make the tax so much that it would tax the damnable stock exchanges out of business. Some of those opposing the amendment passed by this House but defeated in the Senate argued that the proposed tax would force the stock exchanges into Canada. It might be a good thing for legitimate business if they went there or elsewhere, but they are not going to Canada. Will anyone seriously argue that a tax of 1 percent would drive those gamblers out of business?

Mr. SABATH. Would not the gentleman like to see them go a lot further than Canada, where it is somewhat warmer?

Mr. JOHNSON of Oklahoma. Well, I cannot say I would seriously object. Now, may I call your attention to the fact section 30 provides for only one five-hundredths of 1 percent to be charged as a fee, and although that will bring in several thousand dollars, it is not enough to pay for the administration of this bill. Certainly those who have been dealing in fake stocks, and we hope they will not be able to continue to do so, ought to pay the cost of the bill that regulates them. It occurs to me that when we have a depleted Federal Treasury it would be a good way to get some needed revenue into the Treasury of the United States.

Mr. CANNON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. Yes.

Mr. CANNON of Wisconsin. Regardless of any regulation that may be made here by this House or of how high the tax may be, you cannot keep those fellows honest down there.

Mr. JOHNSON of Oklahoma. Oh, no. We cannot legislate honesty into Wall Street, but we can legislate to make that gang toe the mark. I am sure that this House desires to make every possible effort to curb gambling in farm commodities by those who never saw those commodities.

Mr. HASTINGS. I suggest to my colleague that he change his amendment to strike out one five-hundredths and make it 1 percent now.

Mr. JOHNSON of Oklahoma. I agree that is where it belongs, but it was suggested to me that it be taken care of in a separate section.

Mr. HASTINGS. We are still on that section.

Mr. JOHNSON of Oklahoma. I should be glad to do that.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. RAYBURN. Mr. Chairman, I make the point of order.

Mr. BLACK. Mr. Chairman, will the gentleman reserve his point of order?

Mr. RAYBURN. I reserve the point of order.

Mr. BLACK. Mr. Chairman, I rise in opposition to the amendment. The gentleman from Oklahoma spoke about fake stocks, and the statement was somewhat aggravated by the suggestion of the gentleman from Wisconsin [Mr. CANNON]. Mr. Chairman, I do not care how many bills you pass, you will not be able to put oil into those empty oil wells in Oklahoma, nor are you going to help out those poor eastern fellows who bought the stock from the breezy westerners who came east with oil stocks. And you are not, with this bill or any other bill, going to put money into the pockets of the poor gullible eastern widows and orphans who bought stock from those snappy westerners on the last round-up in their mining ventures.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. BLACK. Is the gentleman with me or against me?

Mr. TABER. I am with you.

Mr. BLACK. I yield.

Mr. TABER. Is there anything in this bill that will stop that?

Mr. BLACK. Not a thing. There is nothing in this bill that will keep the farmers from carrying out their own racket that they have been carrying on ever since I have been here, always on the verge of bankruptcy, the country always collapsing, blackmailing the country, shaking down Congress, shaking down the Treasury year after year by prospectuses in the mouths of Congressmen from the West as to the terrible condition of the western country. This proposition of fake stock is not one-sided at all. Stocks on the stock exchange had some decent supervision and decent regulation. The damage that was done in many cases to the investor was done by the fellow who had no connection with the stock exchange, and therefore the stock exchange could not control him. At least they could not control these gentlemen who had billion-dollar propositions, paying dividends out of stock sales. You could not stop that with your speeches from Oklahoma and Texas.

Mr. BRITTEN. Will the gentleman yield?

Mr. BLACK. I think the gentleman is with me. I yield to him.

Mr. BRITTEN. Does the gentleman think I am with him?

Mr. BLACK. I yield, anyway.

Mr. BRITTEN. Is there anything in this bill that will stop another murderous boom in Florida?

Mr. BLACK. Oh, leave Florida out of it. I am just talking about the West.

Mr. RAYBURN. Mr. Chairman, I make the point of order against the amendment offered by the gentleman from Oklahoma [Mr. JOHNSON] that is not germane.

The CHAIRMAN (Mr. TAYLOR of Colorado). The amendment offered by the gentleman from Oklahoma [Mr. JOHNSON] provides for raising revenue. The bill under discussion provides for the regulation of stock exchanges. Therefore the Chair is of the opinion that the amendment is not germane and sustains the point of order.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Oklahoma: On page 56, line 10, strike out all after the word "be" up to an including the word "of" where it occurs the first time in line 11.

Mr. COCHRAN of Missouri. Mr. Chairman, I make a point of order against the amendment, that it comes too late. The gentleman offered an amendment a moment ago adding a new paragraph to the section.

Mr. JOHNSON of Oklahoma. But we are still on this section, Mr. Chairman.

Mr. COCHRAN of Missouri. Mr. Chairman, the gentleman says he will not address the House on the amendment. Therefore I withdraw the point of order and let the committee vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. JOHNSON].

The amendment was rejected.

The Clerk read as follows:

SEC. 31. (a) The Federal Trade Commission shall hereafter be composed of seven Commissioners, who shall be appointed by the

President, by and with the advice and consent of the Senate, and not more than four of whom shall be members of the same political party. The two additional Commissioners, who shall be appointed pursuant to this act, shall continue in office through September 25, 1936, and September 25, 1937, respectively, the term of each to be designated by the President, but their successors shall be appointed for terms of 7 years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the Commissioner whom he shall succeed. No Commissioner shall engage in any other business, vocation, or employment, or hereafter effect any transaction in any security (other than an exempted security) unless 10 days prior to such transaction he shall notify in writing the other members of the Commission of his intention to effect such transaction, and shall also notify in writing the Commission that such transaction has been effected, which later notice shall immediately be made a matter of public record by the Commission. The Commission is authorized by order to divide the members of the Commission into as many divisions (each to consist of not less than three members) as it may deem necessary, which may be changed from time to time. Any Commissioner may be assigned to and may serve on such division or divisions as the Commission may direct, and the senior in service of the Commissioners constituting any of said divisions shall act as chairman thereof. In case of vacancy in any division, or of absence or inability to serve thereon of any Commissioner thereto assigned, the chairman of the Commission, or any Commissioner designated by him for that purpose, may temporarily serve on said division until the Commission shall otherwise order. The Commission may by order direct that any of its work, business, functions, or powers arising under this act, or under any other provision of law, or with respect to any matter which has been or may be referred to the Commission, be assigned or referred to any of said divisions for action thereon, and may by order at any time amend, modify, supplement, or rescind any such direction. All such orders shall take effect forthwith and remain in effect until otherwise ordered by the Commission. In conformity with and subject to the order or orders of the Commission in the premises, each division so constituted shall have power and authority by a majority thereof to hear and determine, order, certify, report, or otherwise act as to any of said work, business, functions, or powers so assigned or referred to it for action, and with respect thereto the division shall have all the jurisdiction and powers now or then conferred by law upon the Commission, and be subject to the same duties and obligations. Any order, decision, report made or other action taken by any of said divisions with respect to any matters so assigned or referred to it shall have the same force and effect, and may be made, evidenced, and enforced in the same manner as if made or taken by the Commission. The secretary and seal of the Commission shall be the secretary and seal of each division thereof. After a decision, order, requirement, rule, or regulation has been made by any said division, any party aggrieved thereby may, according to such regulations as may be prescribed by the full Commission, make application for rehearing of the same, or any matter determined therein. If sufficient reason be made to appear for granting such a rehearing, the full Commission in its discretion shall do so, and the rehearing shall be held before the full Commission. In case a rehearing is granted, the proceedings thereupon shall conform as nearly as may be to the proceedings in the original hearing, except as the full Commission may otherwise direct; and if, in its judgment, after such rehearing and the consideration of all facts, including those arising since the former hearing, it shall appear that the original decision, order, or requirement is in any respect unjust or unwarranted, the full Commission may reverse, change, or modify the same accordingly. Any decision, order, or requirement made after such rehearing, reversing, changing, or modifying the original determination shall be subject to the same provisions as an original order. No such application for a rehearing shall excuse any person from complying with or obeying any decision, order, or requirement of a division, or operate in any manner to stay or postpone the enforcement of any decision, order, requirement, rule, or regulation without the special order of the full Commission.

(b) For the purposes of this act and of the Securities Act of 1933, the Federal Trade Commission may select, employ, and fix the compensation of such attorneys, examiners, and other special experts as shall be necessary for the transaction of the business of the Commission with respect to such acts without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States.

Mr. BULWINKLE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Mr. BULWINKLE moves to strike out subsection (a) of section 31, and the title thereto, beginning at line 15 on page 56, down to and including line 24 on page 59, and insert in lieu thereof, on lines 15 and 16, a new title, and the new section, section 31 (a), to read as follows:

"MEMBERS AND EMPLOYEES OF THE FEDERAL STOCK EXCHANGE COMMISSION

"SEC. 31. (a) There is hereby established a Federal Stock Exchange Commission, to be composed of three members, to be appointed by the President, by and with the advice and consent of the Senate. Not more than two of such appointed Commissioners shall be members of the same political party. No appointed Commissioner shall actively engage in any other business, vocation, or employment than that of serving as Commissioner. Each appointed Commissioner shall receive a salary at the rate of $10,000 a year and shall hold office for a term of 6 years, except that (1) any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of office of the Commissioners first taking office after the date of the enactment of this act shall expire, as designated by the President at the time of nomination, one at the end of 2 years, one at the end of 4 years, and one at the end of 6 years, after the date of enactment of this act."

Mr. BULWINKLE. Mr. Chairman, when the Committee on Interstate and Foreign Commerce had under consideration the first so-called "stock exchange bill", which was drafted by Mr. Corcoran, Mr. Cochran, and others, at the close of the hearing, it was apparent that that bill was entirely too vicious, unworkable, and the consequences that would have ensued from its enactment could not be foreseen.

At this time, with the aid of the legislative drafting service, and this alone, I drafted a stock-exchange regulation bill, which I believed then, and believe now, that, if enacted into law, would have been far better for everyone concerned in this country. In that bill I provided for a separate and distinct commission to be appointed by the President to consist of three members. The amendment that I am offering and that the Clerk has just read follows the lines of that which I proposed originally in the bill.

During 1933 the President had appointed a committee to investigate the question of stock-exchange regulations. On that committee Mr. John Dickinson, Assistant Secretary of Commerce, was chairman. Mr. A. A. Berle, Jr., Mr. Arthur H. Dean, Mr. J. M. Landis, and Mr. Henry J. Richardson were the other members.

In the early part of this year this committee made a report to Hon. Daniel C. Roper, Secretary of Commerce, and the President sent a copy of the report of the committee, with Mr. Roper's letter, to Senator FLETCHER, Chairman of the Banking and Currency Committee of the Senate. The Roper committee had given careful consideration to the organization of the Federal stock-exchange authority, and while they presented the facts as to each—a new stock-exchange authority or a Federal Trade Commission—yet I believe that from reading the report that a separate commission was favored. And I am quoting various sections from this report, in order to give to the House the views of this committee:

Your committee believes that at this time a mechanism ought to be set up which is—

(a) Capable of collecting necessary information;

(b) Capable of being used to carry out a policy as it shall be developed; and

(c) Flexible enough to permit meeting of situations, both specific and general, as they shall have been fully disclosed and developed.

* * * * * * *

At the same time, it must be recognized that a Government agency operating in this field, and endowed with wide powers to license or close exchanges, coupled with a reserve power to license individual brokers as more fully discussed hereafter, and to make rules and regulations concerning a delicate mechanism like the stock exchange must be in the highest degree effective, nonpolitical, able to act rapidly, and at the same time so constituted as to place responsibility to the fullest extent possible on the private bodies now handling the work of security exchanges. * * * Technical specialization in financial matters of this character together with practical problems of administration might dictate as to the wisest course the setting up of a new and separate authority in which the administration of the Securities Act and the regulation of stock exchanges would be vested.

I am firmly convinced that the fair and just administration of this bill, if it were enacted into law, that a separate commission should be established. We all know that this legislation today is one of the most important that has come before this session of Congress. Everybody in the country is affected by it. It affects credit. It may mean deflation. It may mean on the one hand a partial paralysis of business. All of these things being involved in it, why not let us try to give it the best administration possible?

I am not speaking detrimentally, nor do I know anything against the Federal Trade Commission or any members thereof, but I do know this: that the manifold duties of the Federal Trade Commission are enough for it. I know well

enough and you do too, that it is best not to overburden any man or set of men with work. We all know that the Senate bill provides for a separate Commission, and we all know that it has been rumored around here that the only reason to keep the Federal Trade Commission in this bill in the House is to give the conferees ground to trade upon. I do not believe that is either fair or just to the Federal Trade Commission or to the Members of the House.

I ask the members of the committee to adopt my amendment, because I believe that in the long run that it will be better for all concerned. After the adoption or rejection of the amendment that I have offered there is very little else to consider in the few remaining pages of this bill, and it will be passed by an overwhelming majority in the House and sent to the Senate. To a great extent the bill was not considered on its merits in the House. To a great extent, I have noticed that in the debate on the bill and under the 5-minute rule that it was in some of the Members' minds to penalize the stock exchanges for their past misdeeds. We are not here passing ex post facto law. We are here attempting to provide for permanent legislation for the control, regulation, and supervision of the stock exchanges. The idea, through the legislation that we are considering, is to permit and require men in dealing in public securities to do business legitimately, honestly, and under proper supervision and regulation in the interest of the public.

It is unfortunate that no one who offers an amendment could do so without being termed a "chisler" or being branded as offering a stock-exchange amendment for the purpose of weakening the bill. It is also unfortunate that the bill was not passed upon its merits.

During the course of practicing law, in many cases, I have seen an attorney representing a client in a case in court who either was not sufficiently acquainted with the law and the facts in his case, or who had a weak case, spending a great deal of the time of the trial not upon the merits of the case but upon a denunciation of the witnesses and others connected with the other side.

I hope and trust that the Senate will amend it in a great many particulars in order that a workable bill may be finally enacted into law. I hope and trust that whatever bill may pass will not in any respect cause any deflation and further restriction of credit to industry. I am vitally interested in all legislation that has for its purpose aiding in employing the unemployed, and I do not want any legislation passed which would in any way retard recovery, and with legislation of this type which we are passing here today that is the great danger that we face. I believe that even now, though it pass in the House, that this bill could, by the Senate and in conference, be made a far better bill.

The second paragraph, which is the argument of its passage, should be omitted. The so-called "section in regard to the margin requirements" should be clarified. The unnecessary burden thrown upon corporations in reporting should be lessened. The multitudinous criminal and penal sections and a great many others could be, to a great extent, done away with. A separate commission should be established. In short, the Roper report should be followed more closely.

We are legislating today for the public interests. We are not legislating to penalize the stock exchanges of the future and the business of the future for what has been done on the stock exchanges in the past.

I trust that this bill, if it should become a law, will do all that the proponents of it think that it will, although I have grave misgivings and doubts.

Mr. MAPES. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAPES. Mr. Chairman, we are approaching the end of the consideration of this bill, and before we conclude I want to say that I have supported this legislation, and that I supported the legislation which resulted in the Securities Act.

I have not been impressed at all with the argument directed against these two pieces of legislation that they will bring about a regimentation of industry. The Securities Act was based upon the theory that anyone who made a false representation of a material fact and benefited by it at the expense of an innocent investor should reimburse the innocent investor whatever he suffered because of that false representation. I stand upon that policy. I think perhaps the Securities Act might be amended to advantage in some particulars, but for one I think the purposes of the legislation were good and that the act itself should not be weakened.

I am supporting this legislation because I believe that if we provide fair and honest market places for the transaction of the purchase and sale of corporate securities in this country, it will be a desirable thing and will be to the benefit of the general public and to the benefit of business.

As I have said, Mr. Chairman, I am not impressed with the argument directed against these two pieces of legislation on the ground that they regiment business. I may say to my Republican colleagues that we have passed act after act based upon the theory which lies behind the pending legislation. A few moments ago I referred to the Congressional Directory to see how many governmental commissions are in existence. I shall mention some of them. I submit that most of them have greater discretionary power over business than this legislation proposes to vest in the Federal Trade Commission with regard to the stock exchanges. Let us start with the Federal Reserve Board. Has any board or agency of the Government power approaching that which this agency has over the banks of the country? I think those familiar with the banking legislation of this country will admit that the Federal Reserve Board exercises a discretionary power so great that by comparison it makes the power conferred upon the Federal Trade Commission by this legislation seem almost insignificant. To continue with governmental boards, we have the War Finance Corporation, the Tariff Commission, the Federal Power Commission, the Radio Commission, the United States Board of Mediation, and the Interstate Commerce Commission, to name only the important ones. All of these agencies have a much greater degree of discretionary power over business than is conferred upon the Federal Trade Commission over stock exchanges by this legislation.

Mr. HOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield.

Mr. HOLLISTER. How many of those commissions have the right by rules and regulations to make criminal offenses?

Mr. MAPES. The Federal Reserve Board and the Comptroller of the Currency have the power to close all the banks of the United States.

Mr. HOLLISTER. I did not ask the gentleman that question; I asked the gentleman how many of those boards to which he has referred have the right by rules and regulations to make criminal offenses? This is the great objection to the pending bill.

Mr. MAPES. I have heard that argument made many times.

Mr. COX. If the gentleman from Michigan will yield, have those boards and commissions not the right to adopt rules and regulations the violation of which constitute a criminal offense?

Mr. MAPES. Why, certainly they have.

Mr. HOLLISTER. Will the gentleman name those boards which have such power?

Mr. MAPES. Mr. Chairman, I decline to yield further. If agencies of the Government have not some power with which to enforce their rules and regulations, what is the sense of giving them any power to make rules and regulations, whether it be with regard to the stock exchange or something else?

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield.

Mr. COOPER of Ohio. I wish the gentleman would point out to me any specific provision in the law creating the commissions the gentleman has mentioned, from the Federal Reserve Board down, which gives them the power to adopt a rule or regulation which would send a man to the penitentiary and fine him, if that rule or regulation is not written into the law itself?

Mr. MAPES. I may say to the gentleman from Ohio that the Federal Trade Commission is given no such power under this law.

Mr. COOPER of Ohio. Will the gentleman yield for a further question?

Mr. MAPES. Not until I have answered the gentleman's first question.

Mr. COOPER of Ohio. I disagree with the gentleman.

Mr. MAPES. Yes; I know the gentleman disagrees with me; but I insist on answering the gentleman's first question before I yield further.

Mr. COX. If the gentleman will permit I may call attention to the National Recovery Act.

Mr. MAPES. Mr. Chairman, the Federal Trade Commission is given power to prescribe rules and regulations; but it is not given power to punish anyone. The matter must be taken to the courts and a case made out, and then it is left to the judge to determine whether the violator of the rules and regulations shall be punished by sentence of fine or imprisonment.

Mr. CROSSER of Ohio. Is it not a fact that the Banking Act of 1933, the Agricultural Adjustment Act, and the National Recovery Act all give the power to which these gentlemen have just referred?

Mr. MAPES. I think so, but I have not the act before me. Mr. Chairman, may I get to the particular amendment of the gentleman from North Carolina? I expressed myself on this amendment in general debate. I have not considered that it was a matter of first importance whether this act was administered by the Federal Trade Commission or a separate commission, but it seems to me that the organization of the Federal Trade Commission is particularly well adapted to take on the administration of this act. That Commission administers the Securities Act. It is organized for the purpose of maintaining fair practices in business. The Federal Trade Commission will be divided into divisions, as I pointed out in general debate, and one division will be charged with the duty of administering this act.

Anyone who is aggrieved by any order, rule, or regulation of the Commission, may I say to those who are so afraid of the rules and regulations to be promulgated by this Commission, or anyone who is aggrieved by any order of the division of the Federal Commission having this matter in charge has a right to appeal to the full Commission and to have a hearing before the full Commission of 7 members, not by the 2 or 3 making up the division that is centered on this act. In that way he will have the benefit of getting the view of the other members of the Commission as well as those who have the direct administration of the act.

Commissioner Landis, of the Federal Trade Commission, said before our committee in the hearings that the Commission had taken on a personnel of about 65 to administer the Securities Act. A good deal of the same kind of investigation and research work will be required to administer this act as the Securities Act, and it would be a simple duplication of authority if a new commission were established.

May I say further, and I say this without any desire to do anything more than state the facts, I think it may be assumed that everybody who is opposed to this legislation, who wants to see it defeated and who wants to see it fail, will vote for this amendment for a new commission. I think the friends of the legislation should see to it that the amendment does not carry.

Mr. MERRITT. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I am heartily in favor of the amendment offered by the gentleman from North Carolina [Mr. BULWINKLE], providing for the administration of this act by a commission not connected with the Federal Trade Commission.

The fundamental objection which I have to the bill now before the House is, as I indicated in my minority report, that it goes beyond necessary legislation for stock-exchange regulation and gives the Commission, directly or indirectly, control over securities and therefore the corporate life of practically every corporation in the United States. The amendment proposed by the gentleman from North Carolina will to some extent modify this difficulty, because the commission which would be appointed under his amendment would start with the fundamental idea that they are to control stock-exchange activity, and not business management and business practices. But I go further than the desire to have this amendment of the gentleman from North Carolina adopted, and should like very much to have substituted for the pending bill a bill which he introduced during the discussion of this matter before our committee, which is known as "a bill to establish a Federal Stock Exchange Commission, to provide for the licensing of stock exchanges, and for other purposes", and is numbered 8575. Its main provisions follow:

First. The bill provides first for the establishment of a Federal Stock Exchange Commission, composed of the Secretary of the Treasury, the Governor of the Federal Reserve Board, and three others, to be appointed by the President.

Second. After 6 months no stock exchange can do business without a license. The Commission shall grant the license applied for if it finds that the provisions of the constitution of such exchange reasonably guard against undue speculative activity, manipulative practices, and otherwise afford reasonably adequate protection for investors.

Third. The Commission has power over the future rules and practices of the exchange after a license shall be granted, and to see that the exchange takes such disciplinary measures as are necessary to enforce its rules.

Fourth. The Commission has power to suspend and revoke the licenses of an exchange, to make all necessary inquiries and investigations to see that its rules are carried out, and to summon witnesses, administer oaths, and so forth. It may call for the production of any documentary evidence which may be required from any part of the United States to any designated place of hearing.

Fifth. It provides a penalty for violation of the provisions of the act of a fine not exceeding $10,000, or imprisonment for not more than 5 years. Any person knowingly violating any of the rules or regulations promulgated by the Commission may be fined not more than $1,000, and without any provision for imprisonment.

This bill completely meets the objections which I and a number of other Members of the House have to the present bill and is, as its name implies, a bill strictly for the regulation and government of stock exchanges. It will at the same time carry out the views of President Roosevelt as expressed in his letter of March 26 to Chairman RAYBURN:

> That the Government be given such definite powers of supervision over exchanges that the Government itself will be able to correct abuses which may arise in the future.

It is perfectly clear from the discussion which has extended for several days in connection with the bill that there is great diversity of opinion in this committee and throughout the country as to the effects of the bill before us. Rightly or wrongly, it engenders great fear and prevents the feeling of security which is necessary to a renewal of business. I submit that whether the bill before us or the bill offered by the gentleman from North Carolina is enacted the efforts of the commission appointed either under one bill or the other must be preliminary work for a large part of the first year, certainly for 6 months. If the Bulwinkle bill is substituted the commission can, during these 6 months, make a full examination of existing stock exchanges and the rules under which they act, and can also provide and insist upon such changes in the rules as will fully protect investors. If they find that additional legislation is needed either to increase their powers or legislation which directly affects the exchanges

they can recommend it to the next Congress with fuller knowledge as to the necessity for the legislation and as to its effect.

No possible harm can be brought about by the delay in the enactment of the many specific provisions of the present bill, while their enactment into law may do much present harm and will make any change very difficult.

I have made this explanation so that when I have an opportunity to make a motion to recommit and to substitute the Bulwinkle bill the House will understand the reasons underlying the motion. I have no objection and I think no Member of the House has any objection to proper regulation of the stock exchanges, but there is grave fear on our part and on the part of the Nation of the effect of many of the provisions of the pending bill.

Mr. BULWINKLE. Will the gentleman yield?

Mr. MERRITT. I yield to the gentleman from North Carolina.

Mr. BULWINKLE. I call attention to the fact that I was informed that the gentleman from Michigan [Mr. MAPES] stated that my amendment would take some of the powers away from the Federal Trade Commission. It takes away none of the existing powers.

Mr. MAPES. If the gentleman had been here I do not think he would have interpreted anything I said to that effect. I certainly did not have any idea of conveying such an impression.

Mr. O'CONNOR. Will the gentleman yield?

Mr. MERRITT. I yield to the gentleman from New York.

Mr. O'CONNOR. If the gentleman is so enthusiastically in favor of this amendment, I am curious to know why in his minority views on page 32 he wrote these words:

> The creation of new commissions having power over business and the creation of new regulations and penalties do not tend to quiet and confidence but to the contrary, and thus retard business.

Mr. MERRITT. I was referring, of course, to the present commissions that have the power.

Mr. O'CONNOR. The gentleman is advocating a new commission?

Mr. MERRITT. Yes; in a way.

Mr. TABER. If the gentleman will yield—it will be the lesser of two evils.

Mr. MERRITT. May I point out for the benefit of the committee that Mr. BULWINKLE's original bill is H.R. 8575, which can be had, and I hope the Members will secure a copy of this bill before we vote on this bill.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I ask unanimous consent that the gentleman may have 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MERRITT. Mr. Chairman, this Bulwinkle bill to my mind, has every advantage that the other bill has and none of its disadvantages. May I suggest to the committee that whether the bill before the House is passed, or whether the Bulwinkle bill is passed, it will take 6 or 8 months for the preliminary organization work. The Bulwinkle bill has everything of advantage in it that this bill has, so far as the stock-exchange business is concerned. That commission, after looking over the field for 6 months, will know whether they have enough power or whether they should ask for additional power. I say it is much safer to enact a bill which we know cannot do much harm than a bill which may do great harm and which will be very difficult to correct hereafter. I advise the Members of the House that when the proper time comes I propose to offer a motion to recommit this bill and to substitute for it the Bulwinkle bill.

So, when the motion to recommit is offered, which cannot be debated, you will know the object I have in mind in offering the motion.

Mr. TABER. Will the gentleman tell the House the number of the bill?

Mr. MERRITT. As I stated a moment ago the bill is H.R. 8575. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Chairman, I am sure everyone sees the very close and intimate relationship between the Securities Act and this stock-exchange bill. The Securities Act deals primarily with the original distribution of securities, while the Stock Exchange Act deals with trading in outstanding securities. Since this is true it would appear that both acts should be administered by the same agency. If a special commission—as is proposed by the pending amendment—is to be set up to administer the pending bill, then certainly the administration of the Securities Act should be withdrawn from the Federal Trade Commission and put in the hands of the new commission. But, in view of the experience of the Federal Trade Commission in the administration of the Securities Act, and in view of the fact that this Commission has built up an organization made up of the best talent obtainable, I respectfully submit that if the purpose of the Congress is to enact a law which shall be promptly put into effect, its administration should go to the Federal Trade Commission.

This Commission primarily deals with trade and commerce. This bill deals with trade and commerce and I am sure that any Member of the House reading this bill will be impressed with the view that the Federal Trade Commission is the agency to which its administration should be entrusted.

From whence comes the urge for the setting up of a special commission? Does the suggestion come from friends of the bill? Is it something that would make the legislation less objectionable to the exchanges which are to be regulated?

We have proceeded in the consideration of the measure upon the idea that we would follow the committee that wrote the bill, trusting and believing in the committee as friends of the public, and if the committee is to be sustained then I submit it is important to vote down the pending amendment.

By what I have said I do not mean to in any way question the sincerity of the author of the amendment. He invoked the report of the Roper committee or commission in support of the amendment which he offered. In this connection may I direct your attention to the fact that Commissioner Landis was a member of the Roper committee or commission, and the commissioner appeared before the committee sponsoring the legislation and urged very strongly that its administration be put in the hands of that commission. That commission is set up and ready to go, and if you want effective and prompt administration of the law, its administration should be entrusted to this body. [Applause.]

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, it has been very amusing to me to hear some gentlemen on the floor, especially on the other side, oppose this measure to regulate the stock exchanges, and at the same time say they are strongly in favor of some method of regulating the stock exchanges. When did they get that way? What method do they favor? I wonder where these gentlemen were from 1926 to 1929. "Oh, where was Roderick then?" No blast upon their bugle horns then to warn the American people of the grave dangers that confronted them; no protest came from them at that time against the unjust, dishonest, cruel, and inhuman practices on the stock exchanges.

They talked about prosperity then—Hoover prosperity. The truth is, there was no prosperity. That jamboree on the stock market, fostered by the four M's—Morgan, Mellon, Mills, and Meyer—was simply an artificial stimulation, a drunken orgy, a saturnalia of speculation, graft, fraud, and corruption, the like of which the world has never seen. It wrecked fortunes, blasted hopes, destroyed lives, ruined homes, made beggars of innocent women and children, and thieves of honest men.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. No. The gentleman from New York [Mr. FISH] ought not to interrupt me now. He should have spoken then. His party was in power at that time, and this misconduct was going on in his own State, right under his very nose. He and his colleagues who are now exhausting themselves critizing this bill were too busy shouting "prosperity" to warn the American people of the approaching disaster. At a time when our farmers were being bled white, when the small business men were losing everything they had, when the country was going to rack and ruin, they were shouting "prosperity" from one end of the country to the other, while the Federal Reserve Board, which had been created to protect the American people, was then being engineered by Eugene Meyer, Ogden Mills, and Andrew Mellon, and was financing this jamboree on the stock market, aiding and abetting, with Government credit, the most gigantic scheme of highway robbery the world has ever known.

"Oh, where was Roderick then?"

Where, then, were these Republican leaders who are now criticizing this bill and proclaiming so loudly their desire to regulate the stock exchanges by some other method and at the same time fighting this measure which they know will regulate then? Where were they when these financial buccaneers were unloading onto the American people $2,000,000,000 of Central and South American bonds, selling them to the widows and orphans and to the aged and infirm—bonds that are now scarcely worth the paper they are written on? Their loud professions of a desire to regulate the stock exchanges comes too late. They have sinned away their day of grace.

Let us see what happened at the time when we were going down into the pit of this depression. We find that in 1921 there were in the United States 21 people with incomes of $1,000,000 a year or more. In 1928 it had grown to 511, and in 1929 it reached the peak of 513 individuals with incomes of more than $1,000,000 a year. Where did these millions come from? They came from the American people. Who reaped those fortunes? Did the manufacturers make them? No; they did not. Did the farmers make them? No, indeed. Did the merchants make them? Not on your life. Did they come from our international trade? No, no. Our international trade was already dead. They came from the highway robberies on the stock exchanges, which we are now trying to prevent in the future by the passage of this bill. [Applause.]

Now, Mr. Chairman, I want to say a few words in opposition to this amendment which would take the supervision of the exchanges out of the hands of the Federal Trade Commission.

By all means, this amendment ought to be defeated. In the first place, as the gentleman from Michigan has said, we already have too many commissions. You remember we Democrats used to chide the Republicans because every time they got into trouble they created a new commission. And every time they created a new commission they made it worse. [Laughter.] Let us not fall into that error ourselves. [Applause.]

The Federal Trade Commission is doing some of the greatest work that has ever been done by any agency of the Government. By its investigation of the utilities in the last few years, it has brought relief to the American people through a reduction of utility rates to the ultimate consumers, amounting to $118,000,000. Only yesterday, in the State of Illinois, the Power Trust, seeing the handwriting on the wall, undertook to placate the people of Illinois and reduced their light and power rates $1,300,000 a year. If they had lowered them to the rates provided by the yardstick of the Tennessee Valley Authority it would have saved the people of Illinois $6,000,000 a year.

It is estimated that this program of the Federal Trade Commission will bring a reduction in utilities to the ultimate consumers of the country in the next 10 years amounting to $1,000,000,000. Yet they have done this work at a cost of less than $2,000,000.

No man can question the efficiency of the Federal Trade Commission. No man can question the effectiveness of its work. No one questions the sincerity of its present membership.

Let us see what it will cost to create another commission, such as this amendment provides. It is estimated that it will add an extra expense of not less than $500,000. You would have to have new quarters. You would have to have new personnel, additional clerks, stenographers, and so forth. You would have to have a library. All this would be additional expenses piled onto the American people, without bringing them any additional relief.

I sincerely trust that the amendment will be voted down and the bill passed as it is written. I congratulate the committee on its efficient work. It is a long step in the right direction—one of the most important that has ever been taken by the Congress of the United States. [Applause.]

Mr. SUTPHIN. Mr. Chairman and Members of the Committee, this is one of the most important bills that has been presented for consideration on the floor of the House. Twenty millions of people who hold securities are interested in it. Every man, woman, and child who may own 1 foot of real estate is interested or jeopardized by it. Every person who owns a life-insurance policy or building-and-loan stock is interested in it. It may have a tendency to cause immediate deflation more than we have at the present time. But let us profit by the action of this body a number of years ago, when they enacted legislation, the McNary-Haugen bill, which resulted in the migration of billions of American capital to foreign countries, giving employment to hundreds of thousands of foreign workmen, while millions of American men and women walked the streets seeking food and shelter. There is no question but that that was an error, and we might err again.

Only a few days ago we read where a former distinguished Secretary of State had condemned that measure. Let us not also overlook the prohibition measure of years ago.

In my judgment this bill is a misnomer. A word came into frequent use during the war which acquired quite a vogue. I refer to the word "camouflage"—making something look like what it is not. That is what this bill amounts to. It is a camouflage bill. Everyone is in favor of the regulation of the stock exchange to prevent the marketing of fraudulent securities, but this bill regulates all business. Have we arrived at such a condition? I sincerely trust that this amendment will be adopted, and we will not place additional unnecessary burden on industry that is making a noble fight to recover. We must not aggravate the unemployment situation.

Mr. RAYBURN. Mr. Chairman, I rise to see if we cannot agree on some time to close debate. We are likely to have two roll calls this afternoon.

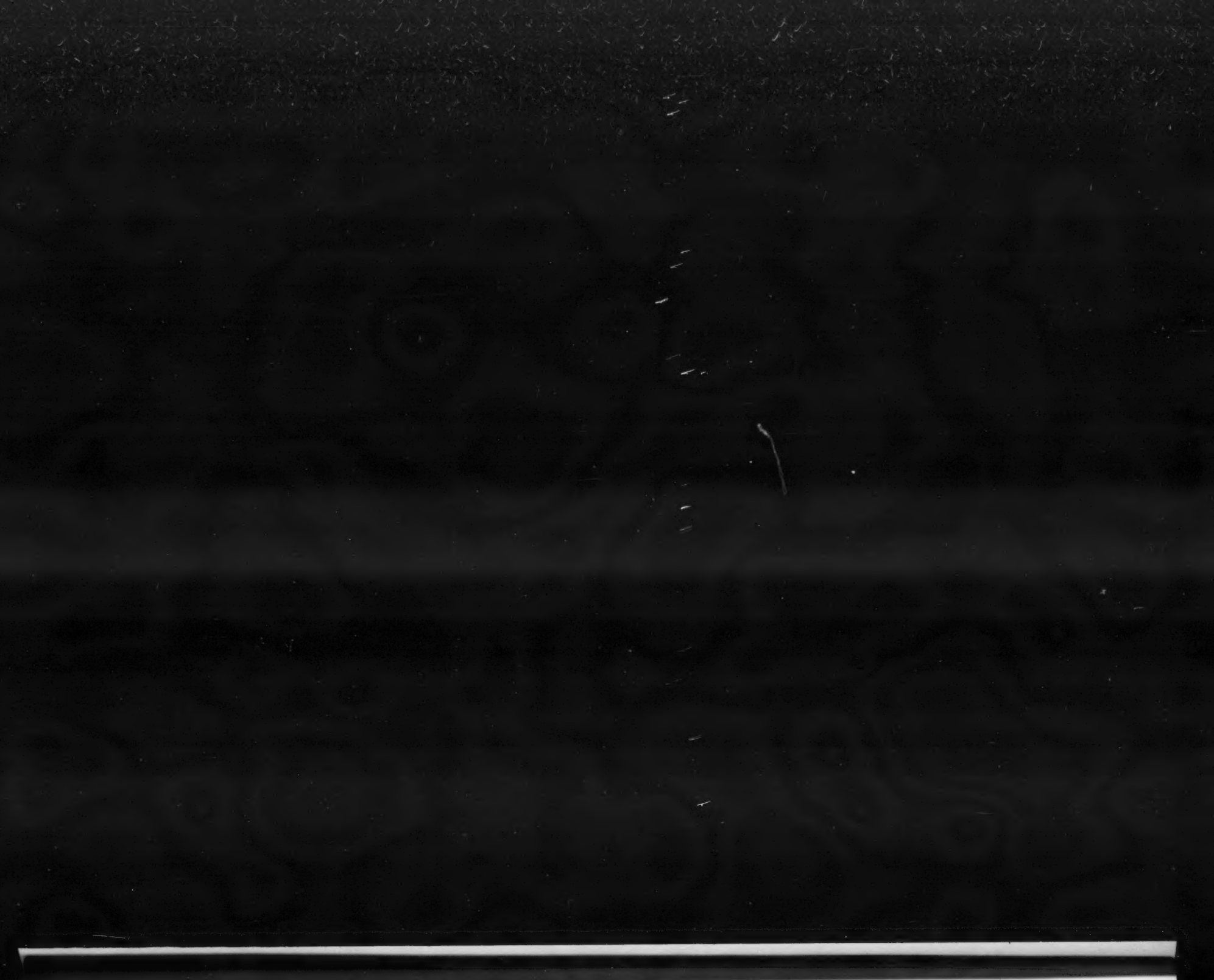
Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. ANDREWS of New York. There is one point which, I think, would be interesting to the House in connection with the amendment proposed by the gentleman from North Carolina [Mr. BULWINKLE], which I intend to support. Can the gentleman give me any information, as the leading Democratic conferee when the bill goes to conference, as to what his attitude will substantially be in respect to the Bulwinkle amendment which is included in the Senate bill?

Mr. RAYBURN. It is not included in the Senate bill. The Bulwinkle amendment provides for 3 and the Senate provision provides for 5. I shall never agree to it unless I have to, in order to get a bill or have to give up something I think is more important.

Mr. COOPER of Ohio. Mr. Chairman, I do not believe there is anyone on this side who desires further to discuss the Bulwinkle amendment. I want the House to understand that, if the Bulwinkle amendment is adopted, it gives to the Commission the same power that is given to the Fed-



eral Trade Commission under the act that we are considering.

Mr. RAYBURN. I ask unanimous consent that all debate upon this amendment close in 20 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Chairman, I have not spoken in respect to this bill, and I would not speak now except probably for some mutterings I have heard around here about the New York delegation. I do not pretend to speak for that delegation in any respect. I speak for myself; but I think I know the views of some of the members of that delegation, and I want to dissipate any thought that the Members of Congress from New York are in any fear of the "big bad wolf" of Wall Street or the New York Stock Exchange. We have lived with them. We know them. I have practiced law in the Wall Street district for over 20 years. I have sued them, I have represented them, and I have defended them in criminal cases. I was amused the other day when my dear friend from North Carolina [Mr. BULWINKLE], who now offers this amendment, said to some Member, "Will you point out one person in your district who has been robbed by a member of the exchange?" Why, Mr. Chairman, the courts of New York are filled with such cases, and my office and every law office in New York is filled with just such cases in which the charges certainly do constitute "robbery." Furthermore, the largest bureau in the office of the attorney general of New York is one which has recently grown to an organization greater than the whole attorney general's office was a few years ago, because it devotes its entire time to prosecuting frauds in Wall Street.

But it must not be forgotten that there are exchanges in cities other than New York that have been just as guilty of these unfair practices. I heard the gentleman from Connecticut [Mr. MERRITT] support the Bulwinkle amendment, contrary to the direful expression he used in his minority views against any new commissions being created. The gentleman comes from a district up there in Connecticut where most of the Wall Street brokers live. They live there to dodge the taxes in New York State and to evade jury service, and so forth.

I understand the minority report in the other body will be written by the senior Senator from Connecticut, in whose district the Wall Street brokers form such a large part of the population.

Mr. MERRITT. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. MERRITT. Does the gentleman know where the senior Senator from Connecticut lives?

Mr. O'CONNOR. I understand it is in a district beyond Greenwich.

Mr. MERRITT. The gentleman is wrong. His home is in the middle of the State.

Mr. O'CONNOR. I have campaigned in the gentleman's district, and I have seen the posters, "Wall Street Brokers Association", and so forth.

Now, as to the employees of Wall Street, hundreds of whom live in my district: The Members from New York have received thousands of letters from them, all compelled to be written, stating that they would lose their jobs if this bill passed. Those people need their jobs, and I want to help them, but they are not going to lose their jobs. This bill will correct the evils in the business and make more jobs. Let me say this. Of any industry or business organization in America, the poorest employees who perform similar work to the work done in Wall Street are the Wall Street employees. But worse than that, their employment is the most uncertain of those in any other business.

They fear losing their jobs, which they never really had. For instance, if there is a 3,000,000-share market today and a 2,000,000-share market tomorrow, tomorrow night one third of the employees will be laid off in every brokerage house in New York. They are not employed by the week. They are employed by the day. They are more uncertain of their employment than the employees of any other industry. They know it. They have been frightened into writing this propaganda to Members of Congress against this bill.

The CHAIRMAN. The time of the gentleman from New York [Mr. O'CONNOR] has expired.

Mr. O'CONNOR. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. O'CONNOR. These exchanges cannot and will not regulate themselves. That has been proved. Just a few weeks ago a man came to me and said, "You do not mean to say you are going to pass that bill to regulate the stock exchanges?" I said, "Yes; I think we are." He said, "Why, that would put us out of business." I said, "By the way, what are you doing now?" He said, "I am manager of a house down in the Street." I said, "I hope you take care of yourself and do not get into trouble again, because it is within the year I had you paroled, after doing between 4 and 5 years for robbing people in the same business." There are many such employed in these exchanges, and there is no denying that. During the boom days of the exchange every bookmaker at the race track in New York was in a brokerage house holding a seat or connected with a firm. We from New York know them personally. They are nice fellows, but a few years ago the way to rise to prominence in the Street was to gain a reputation of betting thirty or fifty thousand dollars on a horse race.

Now, in the opposition to this bill, the same lobby that has been and still is lobbying for the Whisky Trust, the very same individuals are lobbying for this bill in the city of Washington. I do not have to tell you who they are. You know them. It is not strange because the headquarters of the Whisky Trust is in the Kuhn-Loeb Building, at 52 William Street, in the Wall Street district. Of course, when the exchange wanted lobbyists, they knew the boys who had lobbied so well in behalf of the Whisky Trust were the best operators in Washington. They had entree everywhere.

It is not easy for me to oppose the distinguished chairman of my ex-committee, the "Wirt" committee [laughter], on his amendment, but I sincerely believe that the Federal Trade Commission, from its experience with the Securities Act, and because of the type of the members of that great Commission, possibly augmented in its membership, is well qualified and experienced to administer this act, without setting up another commission and falling into the danger of the "bureaucracy" that helped so much to elect our party to office.

Mr. BULWINKLE. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BULWINKLE. I might state that the Senate bill provides for a separate commission. Rumors are that the only reason they want to give this to the Federal Trade Commission is to give them a trading point between the House and Senate. Now, I do not care whether this is carried today or not or whether it is defeated or not. In the end you will come back here from the conference report and vote for a different commission.

Mr. O'CONNOR. Of course, the gentleman's prophecy may be correct. In my experience with the recent tax bill, which to my mind was one of the greatest surprises that ever came out of a conference in my experience, we may expect anything to happen in conference if our managers are not adamant. I believe firmly, however, that we should not establish this new commission, at least not now. We should place the powers in the Federal Trade Commission; and as to the bill in main, however, I do believe that if any industry with an unchallenged reputation for unfair practices ever needed regulating, it is those of our stock exchanges, whose unfair practices have been carried on brazenly and defiantly in our country for the last generation, resulting in the loss of billions of dollars to many millions of our people. [Applause.]

The CHAIRMAN. The time of the gentleman from New York [Mr. O'CONNOR] has again expired.

Mr. RAYBURN. Mr. Chairman, the reason for this amendment and its advocacy, I presume, grow out of the conversation that has been going on around Washington for several years. The Federal Trade Commission has been under fire. It is more under fire right now than it has ever been, because, in response to resolutions of the Senate, it has dug into and found out some things about people in this country who have been violating moral law, if not statutory law.

I echo the sentiments of my distinguished friend from Michigan [Mr. MAPES]. This so-called "Bulwinkle amendment" will get the vote of every man in this House who is opposed to this bill.

Now, the gentleman from North Carolina [Mr. BULWINKLE] offers an amendment to provide for a separate commission of three members to administer this act. It is known, of course, that if a separate commission is provided for, it will have the administration of the Securities Act also.

There has been a great deal said around this Capitol and whispered throughout about Mr. James M. Landis, a so-called "member" of the "brain trust" and present Federal Trade Commissioner. I do not know whether there is a "brain trust" or not, but I say this about Jim Landis—that if there is a "brain trust" in this Government, he is entirely capable of being a member of it. [Applause.] What will happen, therefore, if you want to get away from Landis and Mathers and the other members of the Federal Trade Commission in the administration of this act? If the Securities Act is transferred to this new commission—if there is such a commission, and I hope there never will be—what would the President necessarily and naturally do, being a man of sanity and having appointed two men on the Federal Trade Commission to administer the Securities Act? He would transfer them to this new commission that is provided for under the Bulwinkle amendment, and there would be 2 to 1 in the administration of this act. I hope there will never be any such commission, and whatever has been said around here I am not going to yield on that point in conference unless I have to in order to save the bill at all.

If you want no effective regulation of the stock exchange, vote for the motion of the gentleman from Connecticut [Mr. MERRITT] to recommit this bill and instruct the committee to bring back the original Bulwinkle bill.

The question involved in the vote upon this amendment and in the vote upon the motion to recommit is whether or not you want effective regulation of the stock exchanges.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. McCORMACK. There is just one observation I want to make with reference to the Federal Trade Commission, and that is that since its inception there has not been, without regard to administration, the least breath of scandal directed toward it. [Applause.]

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. DUNN. Is not the main question, Will the public in the future be robbed? [Applause.]

Mr. RAYBURN. That may be; but I say in closing that if you want effective regulation of the stock exchange, vote down this amendment. [Applause.]

If you want effective regulation of the stock exchanges, vote down the motion to recommit, and send your House conferees into conference with the Senate with a satisfactory, original bill—something upon which they can stand—and bring back to the House a report of real regulation and not a sham or a fraud. [Applause.]

Mrs. GREENWAY. Mr. Chairman, I feel that the speech just made puts some of us on the spot unjustly.

For one, I am for this bill; but in supporting the amendment just proposed I do not feel that I am in any way forfeiting my right also to support the bill.

Reform legislation is always commendable, but sometimes it is not wholly practicable at first. Today as we vote upon this all-important legislation there are millions of people who have put their savings into a few stocks listed on the stock exchanges, and they are profoundly worried. Some of us who will vote for this amendment will do so in the belief that the President may well choose if he so desires from the Federal Trade Commission some of its experienced executives to constitute this stock-exchange commission and, in setting up such an amendment as proposed by the Bulwinkle amendment, protect these investors and also create a smaller unit or body which will not be so difficult to cope with when emergencies arise, and the defects of this reform legislation must be corrected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. BULWINKLE].

The question was taken; and on a division (demanded by Mr. BULWINKLE) there were—ayes 95, noes 143.

Mr. BULWINKLE. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. BULWINKLE and Mr. COLE.

The Committee again divided; and the tellers reported that there were—ayes 102, noes 145.

So the amendment was rejected.

Mr. COLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLE: On page 57, line 12, after the word "The" where it appears the second time, strike out the word "Commission" and insert the word "President."

On page 57, line 18, strike out the word "Commission" and insert the word "President."

On page 57, line 25, strike out the word "Commission" and insert the word "President."

Mr. COLE. Mr. Chairman, the purpose of this amendment is to make very definite and very certain that the commission administering this act will be appointed by the President and not changed by anyone else.

The original bill on this subject introduced in February, upon which extended hearings were held by the committee over a course of many weeks, provided that the Federal Trade Commission should administer the act. After these extensive hearings a second bill was prepared—we have had 5 or 6. The purpose of the second bill was to reflect as nearly as possible a cross- section of the views of the committee at that time. Then for the first time was the appointment of two additional members to the Federal Trade Commission proposed and a direct division of the Federal Trade Commission called for.

I hope the Committee realizes that as provided in the pending bill the President appoints two additional members to the Federal Trade Commission, with the approval of the Senate, but 5 minutes after the appointment is confirmed the Federal Trade Commission can change the personnel of the division of three to administer this important act, change it every day if they please, without the approval of the President. I feel, and I believe this Committee does, that such should not be.

In 25 different places in the present bill the commission administering this act has the power to make rules and regulations to which the penalty clause of the act applies; that is, rules and regulations the violation of which is made a crime, if you please; I believe that the business people of the country, the stock-exchange people, and especially this Congress has its eyes riveted more upon the personnel which is to administer this act than upon anything else.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. COLE. I yield gladly to my distinguished colleague on the committee.

Mr. PETTENGILL. Is it not true that under the language now carried in the bill should a difference of opinion arise between the Federal Trade Commission and the President with reference to procedure or policy, the Federal Trade Commission might even checkmate the President of the United States?

Mr. COLE. The gentleman is absolutely correct. I am glad to see the distinguished gentleman from Indiana, a member of this committee, who has rendered such valuable

service during the consideration of this bill, in favor of this amendment.

Mr. PETTENGILL. I shall support the gentleman's amendment.

Mr. COLE. Mr. Chairman, this is not a new thought, because throughout the great mass of bills prepared at different intervals in an effort to present to the Committee on Interstate and Foreign Commerce, what the drafters thought was a cross-section of the views of the committee, the word "President" appeared in them. Not until about the last week of our entering in executive session was the word "President" taken out and the word "Commission" substituted. The purpose of my amendment is to put back the word "President" in three important places so that when the three men who administer this act are named and appointed, no one can change them except the President of the United States.

Mr. BRITTEN. Will the gentleman yield?

Mr. COLE. I yield to the gentleman from Illinois.

Mr. BRITTEN. The gentleman just indicated that the word "President" was in the former bills and finally taken out. Can the gentleman without violating any confidences indicate to the House why the word "President" was changed to the word "Commission"? That is a very material change.

[Here the gavel fell.]

Mr. COLE. Mr. Chairman, I ask unanimous consent that I may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. COLE. The word "President" was in the bill where I seek to return that word during a large part of the hearings on this bill. During the weeks and weeks of testimony the word "President" appeared. Not a word of testimony from any witness was directed to this language because, answering the gentleman's question, it came to the committee from the subcommittee after we had concluded our testimony and in executive session had given the subcommittee as near as we could a fair idea as to how the whole committee stood. Why the subcommittee changed it I do not know.

In the committee meeting this amendment was offered to put the word "President" back. I do not mind telling the gentlement of the committee that the amendment failed by a very close vote. I am not going to take much more time, but I think in all seriousness, the success or failure of this bill depends on the administration of the act. Everyone will have an eye upon those men who are going to carry the responsibility of administering this important measure and will look at the names of the two men who will be sent to the Senate. Judge Landis would be acceptable from my viewpoint as one of the commission.

Business and everybody would know that the three-named gentlemen named by the President were the ones to administer this bill, and not three men on the present Federal Trade Commisison, unless the President should so decide, and I say this without reflection upon them, but they were not selected, with all due respect to them, with the idea of administering this law. I feel the country had great confidence in the President; so let us adopt this amendment and assure the country as to the personnel of the commission to administer this extremely important legislation.

Mr. RAYBURN. Will the gentleman yield?

Mr. COLE. I yield to the gentleman from Texas.

Mr. RAYBURN. Mr. Chairman, the gentleman has stated that in the original bill the word appearing was "President." The Interstate Commerce Commission and all the other commissions that I know anything about have been allowed to form on their own divisions. I do not think it makes a great deal of difference one way or the other; and as far as I am individually concerned, if the House wants to put the responsibility entirely on the President, it is all right with me.

Mr. BRITTEN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I do not think I will consume 5 minutes, but I should like to follow the gentleman from Maryland [Mr. COLE] with a word or two. I think he is entirely correct when he said to the House that the most important feature of this bill is the personnel of the commission, whatever it might be called, that will by rule, which may be changed from day to day, actually regulate the industries of the United States, to say nothing about its control and regulation of the stock exchanges. I am not nearly so much interested in the regulation of the stock-exchange features of this bill as I am in this direction of industries by the rules of a commission. If, perchance, the division of the commission within itself is made as the act is now drawn, let us consider for a moment the gentleman who has just been mentioned. James McCauley Landis probably had more to do with the writing of all these various bills from the first one to the last one than any other individual, and this work was done in collusion with the boys from the "little red house" in Georgetown. [Laughter.] I am serious about this.

Mr. CHAPMAN. May I ask the gentleman how far it is from the "little red house" in Georgetown to the "little green house" on K Street?

Mr. BRITTEN. I know there are two very distinctive houses in town today—the "little red house" in Georgetown and the "little green house" on K Street. Each of them has played an important part in the administrations of their time. The "little red house" is playing a bigger part than the baby faces in the gallery would indicate.

It is understood, Mr. Chairman, that Judge Landis has no sympathy whatever with the stock exchange. It is understood that he is not at all sympathetic with the stock market.

Mr. COX. Will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman from Georgia.

Mr. COX. Has not the stock exchange employed or engaged Mr. Landis in a number of instances?

Mr. BRITTEN. I do not know. I am not a lawyer, and I would not know that; but I do know that Judge Landis has on more than one occasion indicated his lack of sympathy with stock exchanges.

Mr. RAYBURN. If the gentleman will yield, may I say that my genial friend himself has not been in sympathy with all the stock exchanges.

Mr. BRITTEN. I should say I have not.

Mr. RAYBURN. That does not disqualify the gentleman.

Mr. BRITTEN. No; but if the language of this bill prevails, and a man who is unsympathetic has the selection of the other two members of a commission that will regulate all the industries and stock transactions of the country, he may, and probably would, select men who think about that particular operation as he does. That is the reason the amendment now pending should be adopted.

Mr. RAYBURN. It is going to be adopted by unanimous consent. I have already agreed to that. I was wondering what the gentleman from Illinois was thinking about. I stated that the amendment was agreeable to me.

Mr. BRITTEN. I understood the gentleman to say that, as far as he was concerned, it could go one way or the other; that he was agreeable to allowing the House to use its own judgment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. COLE].

The amendment was agreed to.

Mr. MAPES. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MAPES: Page 60, strike out paragraph (b), lines 1 to 8, inclusive.

Mr. MAPES. Mr. Chairman, in view of the rather persistent habit which this Congress has had of putting provisions in new legislation providing for the appointment of the personnel without regard to the Civil Service and the rather organized opposition to a similar provision proposed in the Home Owners' Loan Corporation bill a short time ago, I am not very hopeful this amendment is going to pre-

vail; but I did not want a piece of legislation reported by a committee of which I am a member to go through the House without expressing myself upon such a provision.

Over 20 years ago, when I was a member of the State Legislature of Michigan, I introduced a civil service bill in the legislature and I have consistently supported civil-service legislation from that time on.

I think it is a great disappointment to the people who believe in civil-service reform that this Congress has so persistently and consistently put provisions in new legislation ignoring civil-service regulations, and in this bill particularly, which is a constructive, progressive piece of legislation, it seems to me it is entirely out of place to have this provision in the bill.

Mr. Chairman, I think it is a great disappointment, as I have said, to the people who believe in civil-service reform. They do not look upon the question of reinstating the spoils system as a new deal, but distinctly as an old deal.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. MAPES].

The amendment was rejected.

Mr. PETTENGILL. Mr. Chairman, I offer a perfecting amendment. On page 58, line 12, at the end of the line, appears the word "other", when it is obvious it should be "otherwise." The "wise" was left off. It ought to go in, because I think this bill ought to be as wise as possible.

Mr. RAYBURN. Mr. Chairman, the amendment that should be adopted is a little more than adding the word "wise." Clearly, the lines were transposed.

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PETTENGILL: On page 58, strike out line 13, and insert "wise act as to any of said work, business, functions, or powers."

The amendment was agreed to.

Mr. BRITTEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BRITTEN. I should like to know if the amendment just adopted brought about the use of the word "wise" for the first time in connection with this bill.

The CHAIRMAN. That is not a parliamentary inquiry.

The Clerk read as follows:

PENALTIES

SEC. 32. Any person who willfully violates any provision of this act, or any rule or regulation thereunder the violation of which is made unlawful under the terms of this act, or any person (including any director or officer, or any accountant or other expert) who willfully and knowingly makes, or causes to be made, any statement in any application, report, or document required to be filed under this act or any rule or regulation thereunder, which statement was false or misleading with respect to any material fact, shall upon conviction be fined not more than $10,000 or imprisoned not more than 2 years, or both, except that when such person is an exchange, a fine not exceeding $500,000 may be imposed.

Mr. COOPER of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COOPER of Ohio: Page 60, line 11, after the word "act" strike out "or any rule or regulation thereunder."

Mr. COOPER of Ohio. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. COOPER of Ohio. Mr Chairman, not having a legal mind I somewhat hesitate to discuss what I believe is a legal question, but I believe this amendment affects one of the most important provisions in the legislation which we are now considering.

Section 32 provides that "any person willfully violating any provision of the act, or any rule or regulation, the violation of which is made unlawful, upon conviction, provides for a fine or not more than $10,000, or imprisonment for not more than 2 years, or both."

Under this act either the Commission or the Federal Reserve Board is given the power to make rules and regulations which, by the terms of the act, have the force of law in at least 40 cases.

In nine sections of the act, where conduct is declared unlawful, the crime is specifically defined.

In at least 20 other places in the act things are declared to be unlawful without any definition of the act other than to provide that the doing of such things shall be unlawful when in violation of rules and regulations to be made by the Commission or the Federal Reserve Board.

Such wide delegation of power to create criminal acts by as yet undetermined rules and regulations appear in section 6 (c–1–2), sections 6 (d–1), section 7 (a–2–3), section 8 (a–6), section 8 (b–1–2–3), section 8 (c), section 9, section 10 (a–b), section 11 (d–e–f), section 13 (a–b), section 14, and section 29.

It is doubtful whether ever in the history of Congress such a wide and sweeping delegation of power has been given to any administrative body to create by rule and regulation crimes punishable by severe fine and imprisonment, or both.

By rule and regulation not only are the exchanges and members of the exchanges affected but individuals, corporations, stockholders, and banks.

The creation of such new crimes might be justifiable if it appeared that this was the only way of enforcing this act. However, under the provisions of the act not only is the Commission given power, by mandamus or injunction, to enforce its rules and regulations—section 20—but also in case of violation of the rules and regulations, or failure to put them into effect, exchanges and members of exchanges or dealers or brokers dealing through such exchanges can be expelled if they are found to be violating the rules.

Finally, the Commission is given the broadest power to investigate any person who is suspected of violating any provision of the act, in order to enable the Commission to obtain evidence upon which to take action, through court order or by suspension or expulsion.

The criminal provisions should be confined to willful violation of the act.

I want to call the attention of the House that my amendment does not in any way interfere with the specific violation of any provisions that are now in the bill.

Running all through this measure you find provisions that give to the Federal Trade Commission the power to set up additional rules and regulations other than those specifically provided in the bill.

For instance, on yesterday we were told by Mr. RAYBURN, and rightly so, that the committee eliminated some objectionable features in the bill as it was first drafted. Take section 11: We struck some very objectionable features out of this section.

However, if you examine paragraph (b) of section 12 you will find it contains these words:

Except that this provision shall not be construed to prevent the Commission from imposing such additional requirements with respect to such reports within the scope of this section and section 11, as may deem necessary.

In other words, this provision gives the Federal Trade Commission the power to put back in section 11, by rules and regulations, the objectionable features which we took out of the bill.

Now, I wonder if this Congress is going to authorize one of its subordinate agencies to have the power to write rules and regulations that are not in the bill, for the violation of which provides for fine and imprisonment.

A few days ago the gentleman from California [Mr. LEA] said: "Give a commission power and it will use it." Of course, they will use it, and yet we are writing into this bill a provision giving the Federal Trade Commission the power to adopt rules and regulations any time they see fit, which will send a man to the penitentiary and impose a fine upon him for the violation of such rules and regulations.

During the last year or so we have passed legislation granting great powers to commissions and boards, but this was all done under the theory of emergency legislation.

I want to call attention to the fact that the first important piece of legislation which this Congress passed a little over a year ago was the Economy Act, and there we delegated

broad powers to the President of the United States, but we specified in the law what his powers should be. What was the result of giving that power to the President of the United States? You all know what was the result. It is very evident that this Congress only a short time ago believed that power given to the President was abused, and it took away from him the power given him under the Economy Act of 1933.

Then we passed other emergency legislation giving broad powers to commissions and boards. There is a vast difference between emergency legislation and this measure we are considering here today. I think the American people are a little bit fearful about some of this legislation we are passing.

I read in the newspapers a few days ago where a poor tailor got haled into court for pressing a pair of pants for 35 cents when he should have charged 40 cents under the code. He was taken into the court, and the judge sentenced him to 30 days' imprisonment and fined him $100.

Again, a woman and mother went into a delicatessen store in Rochester, N.Y., to buy a quart of milk. The proprietor knew she was poor and needy and he gave her a quart of milk and threw in a loaf of bread. He was taken into court and fined for giving a hungry woman a loaf of bread. It was a violation of the code.

How much farther are we to go on giving this power to Federal boards and commissions? I think the American people are just getting a little bit tired of it all.

I believe in criminal penalties, but they should be confined to the specific things which are intended to be made criminal. However, I wonder if we want to write into this bill a provision which provides a fine and imprisonment for the violation of a rule or regulation which is not now in the bill but may be made hereafter by the Commission. Should we go so far as to subject any person, business man, bankers, officials of industry, and their employees to the hazards of criminal prosecution for the possible violation of any rule or regulation which the Commission may adopt?

This provision gave the committee much concern when we were writing the bill.

It will be said that the criminal provisions are confined to willful violation of the rules or regulations made by the Commission. The proof of whether the violation was willful or not will have to be made in court. We should remember, however, that it is the indictment of the individual which is likely to destroy his standing and reputation. The proof of his innocence by showing that the violation was accidental and not willful is not news, and is not given the same publicity as the mere indictment of a prominent citizen. When some district attorney goes to a Federal grand jury and gets an indictment, that is the thing that is going to ruin the reputation and standing of the individual in the community in which he lives. I hope the House will carefully consider this amendment.

Let me repeat, and say again, that the amendment I offer does not in any way interfere with the violation of any specific rule or regulation now in the bill. As I have stated running all through this measure there are provisions which delegate to the Federal Trade Commission the power to set up rules and regulations that are not in the bill, the violation of which is a criminal offense punishable by fine and imprisonment. Personally, I am not ready to delegate to any Government commission or board the power to write a criminal code. The Constitution delegates this power to Congress. As a member of the House Committee on Interstate and Foreign Commerce, who was charged with the duty of drafting this measure, I want to support the provisions of the bill which relates to the regulation of the stock exchanges. I cannot, however, vote for the measure as long as it gives to a commission unlimited power to draft rules and regulations the violation of which is a criminal offense. I appeal to you, my colleagues, to accept the amendment I offer. [Applause.]

Mr. MONAGHAN of Montana. Mr. Chairman, as I said to the distinguished gentleman from Ohio [Mr. COOPER] the other day, the gentleman unintentionally, no doubt, is creating the false impression that this provision goes farther than anything that is made unlawful in this act. Mr. WOLVERTON, a member of the committee, suggested an amendment which specifically limits the rules of the Commission so that this provision applies only to those commissions which are unlawful under the act. The President of the United States has asked for a bill with teeth in it. If the amendment of the gentleman from Ohio is adopted, the teeth are literally taken out of this measure.

Mr. RAYBURN. Mr. Chairman, I have only a few words to say. We were urged by gentlemen who came before the committee and by gentlemen in the committee, amongst whom was the gentleman from Ohio [Mr. COOPER], not to go into so many details in the bill, but to leave the matter to the rules and regulations of the Commission. If we should adopt the amendment of the gentleman from Ohio, it would be tantamount to repealing four fifths of the law that we have just gone over.

Mr. OLIVER of New York. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. OLIVER of New York. The only amendment that could be suggested as a logical one by the gentleman from Ohio is that we write into the statute now a strait-jacket law. If you do not write a strait-jacket law into the statute, you have to leave it to the Commission to enact rules and regulations. You have the choice of one or the other, as I understand the proposition now, and no one at this time wants a strait-jacket law.

Mr. MONTAGUE. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. MONTAGUE. Has the gentleman any objection to having the amendment again reported? Some of us have not heard the amendment.

Mr. RAYBURN. No; I have no objection, and ask unanimous consent that the amendment be again reported.

There was no objection, and the Clerk again reported the Cooper amendment.

Mr. COOPER of Ohio. Mr. Chairman, I ask unanimous consent to have the section read in full.

Mr. RAYBURN. I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and on a division (demanded by Mr. COOPER of Ohio) there were—ayes 70, noes 135.

So the amendment was rejected.

The Clerk concluded the reading of the bill.

The CHAIRMAN. The Committee automatically rises under the rule.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TAYLOR of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 9323, and, pursuant to House Resolution 363, reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered. Is a separate vote demanded upon any amendment? If not, the Chair will put them en gros. The question is on the adoption of the amendments.

The amendments were agreed to.

The SPEAKER. The question now is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. MERRITT. Mr. Speaker, I offer the following motion to recommit, which I send to the desk.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MERRITT. I am.

The Clerk read as follows:

Mr. MERRITT moves to recommit the bill to the Committee on Interstate and Foreign Commerce with instructions to that committee to report the bill back to the House forthwith with the following amendment:

Strike out all after the enacting clause and insert the following: "That this act may be cited as the 'Stock Exchange Act of 1934.'

"STOCK EXCHANGE COMMISSION

"SEC. 2. There is hereby established a Federal Stock Exchange Commission (hereinafter referred to as the 'Commission') to be composed of the Secretary of the Treasury and the Governor of the Federal Reserve Board, who shall be members ex officio, and three members to be appointed by the President, by and with the advice and consent of the Senate. Not more than two of such appointed Commissioners shall be members of the same political party. No appointed Commissioner shall actively engage in any other business, vocation, or employment than that of serving as Commissioner. Each appointed Commissioner shall receive a salary at the rate of $10,000 a year and shall hold office for a term of 6 years, except that (1) any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of office of the Commissioners first taking office after the date of enactment of this act shall expire, as designated by the President at the time of nomination, one at the end of 2 years, one at the end of 4 years, and one at the end of 6 years, after the date of enactment of this act.

"LICENSING PROVISIONS

"SEC. 3. (a) After 6 months after the date of enactment of this act it shall be unlawful to transmit or cause to be transmitted through the mails or in interstate commerce by any means or instruments of transportation or communication (1) any quotation of prices, or any other advice, report, or information concerning transactions on any stock exchange in any security listed, quoted, or dealt in on such exchange; (2) any offer to buy or sell any such security on such stock exchange; (3) any contract, agreement, or memorandum of purchase or sale of any such security arising out of any transaction on such stock exchange; and (4) any security sold or to be sold on such stock exchange, unless such stock exchange shall have first obtained a license from the Commission as hereinafter provided and such license is in effect at the time of such transmission.

"(b) Any stock exchange may make application to the Commission for a license, and such application shall be in such form and accompanied by such information as the Commission shall by regulations prescribe. Within 30 days after the receipt of any such application, and after full opportunity for hearing, the Commission shall enter an order granting or denying the license, unless the applicant therefor withdraws the application or consents to postponement of action thereon for a period to be designated by the Commission. The Commission shall grant the license applied for if it finds that the provisions of the constitution and rules of the stock exchange reasonably guard against undue speculative activity and unwarranted manipulative practices on such exchange, and otherwise govern the activities of the exchange and its members so as to afford reasonably adequate protection for investors.

"CONDITIONS OF LICENSES

"SEC. 4. Each license issued to a stock exchange under this act shall contain the following terms and conditions:

"(1) That no change will be made in the constitution or rules of the exchange unless the Commission, after full opportunity for hearing, has first approved such change as being consistent with the requirements of subsection (b) of section 3 for the granting of a license;

"(2) That the exchange will make such changes in its rules as the Commission may from time to time require, after full opportunity for hearing, as being necessary to make such rules consistent with the requirements of subsection (b) of section 3 for the granting of a license; and

"(3) That the exchange shall take such disciplinary measures as may be necessary properly to enforce the provisions of its constitution and rules.

"REVOCATION AND SUSPENSION OF LICENSES

"SEC. 5. (a) The Commission shall by order, after due notice and opportunity for hearing, revoke the license of any stock exchange in any case where it finds that such exchange has failed or refused to comply with any of the terms and conditions of its license; except that if, in any such case, the Commission is of the opinion that the revocation of such license will not be in the public interest, it shall suspend the license of such exchange for such period as it deems consistent with the public interest.

"(b) Any order of the Commission revoking or suspending a license may be reviewed by the Court of Appeals of the District of Columbia, or the circuit court of appeals for the judicial circuit in which the stock exchange is located, if a petition for such review is filed within 1 month after the date such order was issued. The judgment of any such court shall be final, except that it shall be subject to review by the Supreme Court of the United States upon certiorari, in the manner provided in section 240 of the Judicial Code, as amended. The review by such courts shall be limited to questions of law, and the findings of fact by the Commission, if supported by substantial evidence, shall be conclusive. Upon such review, such courts shall have power to affirm or, if the order of the Commission is not in accordance with law, to reverse the order of the Commission, with or without remanding the case for a rehearing, as justice may require.

"SPECIAL POWERS OF COMMISSION

"SEC. 6. (a) The Commission shall have authority from time to time to make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this act.

"(b) The Commission is authorized to recommend to stock exchanges licensed under this act such standards with respect to stock-exchange practices, and to gather and compile such information and make such investigations concerning transactions on the various stock exchanges, stock-market operations and practices, and related matters, as in its judgment are necessary and proper in the public interest and for the protection of investors.

"(c) For the purpose of all inquiries and investigations made by the Commission under this act, any member of the Commission or any officer or officers designated by it are empowered to administer oaths and affirmations, subpena witnesses, take evidence, and require the production of any books, papers, or other documents which the Commission deems relevant or material to the inquiry or investigation. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States at any designated place of hearing.

"(d) The Commission is authorized to appoint and fix the compensation of such assistants and experts, and, subject to the civil-service laws and the Classification Act of 1923, as amended, to appoint such employees, and to make such expenditures (including expenditures for rent and personal services in the District of Columbia and elsewhere and for law books, books of reference, and periodicals, and for printing and binding), as may be necessary to carry out the provisions of this act.

"(e) The Commission is authorized to prescribe reasonable fees for licenses required under this act.

"TESTIMONY AND PRODUCTION OF EVIDENCE

"SEC. 7. (a) In case of contumacy or refusal to obey a subpena issued to any person pursuant to this act, any United States court, within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides, upon application by the Commission may issue to such person an order requiring such person to appear before the Commission, or one of its members or officers designated by it, there to produce documentary evidence if so ordered, or there to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof.

"(b) No person shall be excused from attending and testifying or from producing books, papers, or documents before the Commission, or in obedience to the subpena of the Commission or any member thereof or any officer designated by it, or in any cause or proceeding instituted by the Commission, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for, or on account of, any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

"PENALTIES

"SEC. 8. Any person who knowingly violates any of the provisions of this act shall upon conviction be fined not more than $10,000 or imprisoned not more than 2 years, or both. Any person who knowingly violates any of the rules or regulations promulgated by the Commission under the authority of this act shall upon conviction be fined not more than $1,000.

"DEFINITIONS

"SEC. 9. When used in this act—

"(1) The term 'person' means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, or any unincorporated organization.

"(2) The term 'interstate commerce' means trade or commerce, or any transportation or communication relating thereto, between any State or the District of Columbia and any place outside thereof, or within the District of Columbia.

"(3) The term 'stock exchange' means a market or meeting place, within the United States, controlled by rules, on or at which only members are permitted to deal with one another on their own behalf or for their customers, and on or at which securities of corporations or joint-stock companies are bought and sold or offered for purchase and sale.

"(4) The term 'security' means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of interest in property tangible or intangible, or, in general, any instrument commonly known as a 'security', or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase any of the foregoing.

"(5) The term 'United States' means the several States and the District of Columbia."

Mr. RAYBURN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. SNELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 83, nays 278, not voting 70, as follows:

[Roll No. 136]

YEAS—83

Allen	Ditter	Kinzer	Seger
Andrew, Mass.	Dondero	Knutson	Simpson
Andrews, N.Y.	Edmonds	Lehlbach	Snell
Bacon	Eltse, Calif.	Luce	Stalker
Bakewell	Englebright	McGugin	Stokes
Blanchard	Evans	Marshall	Studley
Bolton	Fish	Martin, Mass.	Sutphin
Britten	Foss	Merritt	Swick
Brunner	Gifford	Millard	Taber
Buckbee	Goodwin	Moynihan, Ill.	Thomas
Burnham	Goss	Muldowney	Thurston
Cady	Guyer	Norton	Tinkham
Carter, Calif.	Hancock, N.Y.	Perkins	Tobey
Chase	Hartley	Peyser	Traeger
Christianson	Hess	Plumley	Treadway
Claiborne	Higgins	Powers	Wadsworth
Connolly	Hollister	Ransley	Whitley
Cooper, Ohio	Holmes	Reed, N.Y.	Wigglesworth
Crowther	Jenkins, Ohio	Reid, Ill.	Wolcott
Darrow	Kahn	Rich	Wolfenden
Dirksen	Kenney	Rogers, Mass.	

NAYS—278

Adair	Driver	Kramer	Reece
Adams	Duffey	Kvale	Reilly
Arens	Duncan, Mo.	Lambertson	Robertson
Arnold	Dunn	Lambeth	Robinson
Auf der Heide	Durgan, Ind.	Lanham	Rogers, N.H.
Ayers, Mont.	Eagle	Lanzetta	Romjue
Ayres, Kans.	Edmiston	Larrabee	Rudd
Bailey	Eicher	Lea, Calif.	Ruffin
Bankhead	Ellenbogen	Lee, Mo.	Sabath
Beam	Ellzey, Miss.	Lehr	Sadowski
Beiter	Faddis	Lemke	Sandlin
Biermann	Fernandez	Lesinski	Schuetz
Black	Flesinger	Lewis, Colo.	Sears
Bland	Fitzgibbons	Lewis, Md.	Secrest
Blanton	Fitzpatrick	Lindsay	Shallenberger
Bloom	Flannagan	Lloyd	Shannon
Boehne	Fletcher	Lozier	Sinclair
Bolleau	Ford	Ludlow	Sirovich
Brennan	Foulkes	Lundeen	Sisson
Brooks	Frear	McCarthy	Smith, Va.
Brown, Ga.	Frey	McClintic	Smith, Wash.
Brown, Ky.	Fuller	McCormack	Smith, W.Va.
Buchanan	Gambrill	McDuffie	Snyder
Buck	Gasque	McFarlane	Somers, N.Y.
Burch	Gavagan	McKeown	Spence
Busby	Gilchrist	McLean	Steagall
Byrns	Gillespie	McLeod	Strong, Tex.
Cannon, Mo.	Gillette	McMillan	Stubbs
Cannon, Wis.	Glover	McReynolds	Sullivan
Carden, Ky.	Goldsborough	Maloney, Conn.	Sumners, Tex.
Carmichael	Granfield	Maloney, La.	Tarver
Carpenter, Kans.	Gray	Mansfield	Taylor, Colo.
Carpenter, Nebr.	Green	Mapes	Taylor, S.C.
Carter, Wyo.	Greenway	Martin, Colo.	Terrell, Tex.
Cartwright	Gregory	Martin, Oreg.	Terry, Ark.
Cary	Griffin	May	Thom
Castellow	Haines	Meeks	Thomason
Chapman	Hancock, N.C.	Miller	Thompson, Ill.
Church	Hart	Milligan	Thompson, Tex.
Clark, N.C.	Harter	Mitchell	Truax
Cochran, Mo.	Hastings	Monaghan, Mont.	Turner
Coffin	Healey	Montague	Umstead
Colden	Henney	Montet	Utterback
Cole	Hildebrandt	Moran	Vinson, Ga.
Collins, Miss.	Hill, Knute	Morehead	Vinson, Ky.
Colmer	Hill, Samuel B.	Mott	Wallgren
Condon	Hoeppel	Murdock	Warren
Connery	Holdale	Musselwhite	Wearin
Cooper, Tenn.	Hope	Nesbit	Weaver
Corning	Howard	O'Brien	Weideman
Cox	Hughes	O'Connell	Welch
Cravens	Imhoff	O'Connor	Werner
Cross, Tex.	Jacobsen	O'Malley	West, Ohio
Crosser, Ohio	James	Oliver, N.Y.	West, Tex.
Crump	Johnson, Minn.	Owen	White
Cummings	Johnson, Okla.	Parker	Whittington
Darden	Johnson, Tex.	Parks	Wilcox
Dear	Johnson, W.Va.	Parsons	Williford
Deen	Jones	Patman	Williams
Delaney	Kee	Peavey	Wilson
DeRouen	Keller	Peterson	Withrow
Dickinson	Kelly, Ill.	Pettengill	Wolverton
Dickstein	Kennedy, Md.	Pierce	Wood, Mo.
Dies	Kennedy, N.Y.	Polk	Woodruff
Disney	Kerr	Prall	Woodrum
Dobbins	Kleberg	Ramsay	Young
Dockweiler	Kloeb	Ramspeck	Zioncheck
Douglass	Kniffin	Randolph	The Speaker
Dowell	Kocialkowski	Rankin	
Drewry	Kopplemann	Rayburn	

NOT VOTING—70

Abernethy	Beedy	Brown, Mich.	Burke, Calif.
Allgood	Berlin	Browning	Burke, Nebr.
Bacharach	Boland	Brumm	Caldwell
Beck	Boylan	Bulwinkle	Carley, N.Y.
Cavicchia	Doxey	Kurtz	Schulte
Celler	Eaton	Lamneck	Scrugham
Chavez	Farley	McFadden	Shoemaker
Clarke, N.Y.	Focht	McGrath	Strong, Pa.
Cochran, Pa.	Fulmer	McSwain	Swank
Collins, Calif.	Greenwood	Marland	Sweeney
Crosby	Griswold	Mead	Taylor, Tenn.
Crowe	Hamilton	Oliver, Ala.	Turpin
Culkin	Harlan	Palmisano	Underwood
Cullen	Hill, Ala.	Richards	Waldron
De Priest	Huddleston	Richardson	Walter
Dingell	Jeffers	Rogers, Okla.	Wood, Ga.
Doughton	Jenckes, Ind.	Sanders	
Doutrich	Kelly, Pa.	Schaefer	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "no."

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Beck (for) with Mr. Sweeney (against).
Mr. Turpin (for) with Mr. Boylan (against).
Mr. Eaton (for) with Mrs. Jenckes of Indiana (against).
Mr. Kurtz (for) with Mr. Mead (against).
Mr. Cochran of Pennsylvania (for) with Mr. Farley (against).
Mrs. Clarke of New York (for) with Mr. Crowe (against).
Mr. Doutrich (for) with Mr. Beedy (against).
Mr. Culkin (for) with Mr. Brumm (against).
Mr. Cavicchia (for) with Mr. Celler (against).
Mr. Burke of California (for) with Mr. Schaefer (against).
Mr. De Priest (for) with Mr. Strong of Pennsylvania (against).
Mr. Cullen (for) with Mr. Sanders (against).
Mr. Bacharach (for) with Mr. Doughton (against).
Mr. Waldron (for) with Mr. Focht (against).

General pairs:

Mr. Hamilton with Mr. Kelly of Pennsylvania.
Mr. Dingell with Mr. Collins of California.
Mr. Brown of Michigan with Mr. McFadden.
Mr. Richards with Mr. Taylor of Tennessee.
Mr. Walter with Mr. Shoemaker.
Mr. Palmisano with Mr. Caldwell.
Mr. Harlan with Mr. Burke of Nebraska.
Mr. Browning with Mr. Crosby.
Mr. Wood of Georgia with Mr. Scrugham.
Mr. Underwood with Mr. Richardson.
Mr. McSwain with Mr. Marland.
Mr. Huddleston with Mr. Schulte.
Mr. Swank with Mr. Carley of New York.
Mr. Greenwood with Mr. Rogers of Oklahoma.
Mr. Abernethy with Mr. Chavez.
Mr. Hill of Alabama with Mr. Boland.
Mr. Doxey with Mr. Jeffers.
Mr. Oliver of Alabama with Mr. Griswold.
Mr. Fulmer with Mr. Lamneck.
Mr. Allgood with Mr. McGrath.

Mr. CHAPMAN. Mr. Speaker, I wish to announce that my colleague, Mr. HAMILTON, is unavoidably absent. If present he would vote "no" on the motion to recommit and "aye" on the passage of the bill.

Mr. BYRNS. Mr. Speaker, the gentleman from New York, Mr. BOYLAN, is absent, having been called to New York under subpena as a witness in a lawsuit. If present he would vote "no" on the motion to recommit and would vote "aye" on the passage of the bill.

I also want to say that the gentleman from Ohio, Mr. UNDERWOOD, and the gentleman from Tennessee, Mr. BROWNING, are absent on important business. If present they would vote "no" on the motion to recommit and would vote "aye" on the passage of the bill.

Mr. CARTWRIGHT. Mr. Speaker, my colleague, Mr. ROGERS——

Mr. SNELL. Mr. Speaker, I object.

The SPEAKER. Objection is heard. The gentleman must get unanimous consent.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, my colleague, Mr. ROGERS of Oklahoma, has been called home on account of illness in his family. If present, he would vote "no" on the motion to recommit.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to make an announcement.

Mr. SNELL. Mr. Speaker, I am going to object to that. That is not understood by the rule.

Mr. JOHNSON of Oklahoma. Mr. Speaker, my colleague——

Mr. SNELL. I object to a unanimous-consent request of that kind.

Mr. FIESINGER. I desire to make an announcement.

Mr. SNELL. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. FIESINGER. I ask unanimous consent to read a telegram.

Mr. SNELL. Mr. Speaker, I object.

THE BRIDGE ACROSS THE COLUMBIA RIVER AT ASTORIA, OREG.

Mr. MOTT. Mr. Speaker, I ask unanimous consent to extend my remarks on toll bridges.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MOTT. Mr. Speaker, I have just introduced a bill (H.R. 9436) creating the Oregon-Washington Bridge Commission, to which is to be transferred the authority to build the bridge across the Columbia River at Astoria which was authorized by the bill, S. 2545, which passed the House on April 5, and which has been signed by the President.

This Commission will have all the attributes of a public body that it is possible to give it. Its function will be to build, operate, and maintain the bridge, under the terms, conditions, and regulations provided in this bill, to create a sinking fund out of the proceeds of the tolls, to pay the bonds, and to deed the bridge upon the liquidation of the costs thereof to the States of Oregon and Washington.

I want to state very frankly that the purpose of making this Commission a public body is to facilitate the procuring of a loan from the Public Works Administration for the building of this bridge, and if this bill is passed we should not encounter a great deal of difficulty in that regard.

We had no difficulty whatever in procuring a loan from P.W.A. for the purpose of constructing the five bridges on the Oregon Coast Highway. These bridges, of course, are owned and are to be operated and maintained directly by the State of Oregon, and they were among the soundest projects anywhere in the United States for which P.W.A. loans were asked. It was for the purpose of putting out public money upon projects of this kind that P.W.A. was brought into existence, so that unemployment could be relieved as quickly as posssible and at the same time sound, self-liquidating public projects could be created.

I think I am correct in saying that every application made last year to the Public Works Administration for a loan to construct a State owned and operated toll bridge on a main State highway anywhere in the United States has been approved.

Now, while the Columbia River Bridge will not, in a technical sense, be a State-owned project to begin with, nevertheless, it is now as nearly that as we can make it. I hope, therefore, when this bill is reached on the Consent Calendar, it may, with this explanation, be speedily passed so as to give us the best opportunity possible in presenting this meritorious project to the Public Works Administration.

SECURITIES EXCHANGE BILL

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. RAYBURN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 281, nays 84, not voting 66, as follows:

[Roll No. 137]

YEAS—281

Adair	Biermann	Buchanan	Carpenter, Kans.
Adams	Bland	Buck	Carpenter, Nebr.
Arens	Blanton	Bulwinkle	Cartwright
Arnold	Bloom	Burch	Cary
Auf der Heide	Boehne	Busby	Castellow
Ayers, Mont.	Boileau	Byrns	Chapman
Ayres, Kans.	Brennan	Caldwell	Christianson
Bailey	Brooks	Cannon, Mo.	Church
Bankhead	Brown, Ga.	Cannon, Wis.	Clark, N.C.
Beam	Brown, Ky.	Carden, Ky.	Cochran, Mo.
Beiter	Brunner	Carmichael	Coffin
Colden	Gray	McCormack	Sears
Cole	Green	McDuffie	Secrest
Collins, Miss.	Greenway	McFarlane	Shallenberger
Colmer	Gregory	McGrath	Shannon
Condon	Griffin	McKeown	Sinclair
Connery	Haines	McReynolds	Sirovich
Connolly	Hancock, N.C.	Maloney, Conn.	Sisson
Cooper, Tenn.	Hart	Maloney, La.	Smith, Va.
Corning	Harter	Mansfield	Smith, Wash.
Cox	Hastings	Mapes	Smith, W.Va.
Cravens	Healey	Martin, Colo.	Snyder
Cross, Tex.	Henney	Martin, Oreg.	Somers, N.Y.
Crosser, Ohio	Hildebrandt	May	Spence
Crump	Hill, Knute	Meeks	Steagall
Cummings	Hill, Samuel B.	Miller	Sumners, Tex.
Darden	Hoeppel	Milligan	Stubbs
Dear	Hoidale	Mitchell	Sullivan
Deen	Hope	Monaghan, Mont.	Sumners, Tex.
DeRouen	Howard	Montague	Tarver
Dickinson	Hughes	Montet	Taylor, Colo.
Dickstein	Imhoff	Moran	Taylor, S.C.
Dies	Jacobsen	Morehead	Terrell, Tex.
Disney	James	Mott	Terry, Ark.
Dobbins	Johnson, Minn.	Murdock	Thom
Dockweiler	Johnson, Okla.	Musselwhite	Thomason
Douglass	Johnson, Tex.	Nesbit	Thompson, Ill.
Dowell	Johnson, W.Va.	O'Brien	Thompson, Tex.
Drewry	Jones	O'Connell	Thurston
Driver	Kee	O'Connor	Truax
Duffey	Keller	O'Malley	Turner
Duncan, Mo.	Kelly, Ill.	Oliver, N.Y.	Umstead
Dunn	Kennedy, Md.	Owen	Utterback
Durgan, Ind.	Kerr	Parker	Vinson, Ga.
Eagle	Kleberg	Parks	Vinson, Ky.
Edmiston	Kloeb	Parsons	Wallgren
Eicher	Kniffin	Patman	Warren
Ellenbogen	Knutson	Peavey	Wearin
Ellzey, Miss.	Kocialkowski	Peterson	Weaver
Evans	Kopplemann	Pettengill	Weideman
Faddis	Kramer	Pierce	Welch
Fernandez	Kvale	Polk	Werner
Fiesinger	Lambertson	Prall	West, Ohio
Fitzgibbons	Lambeth	Ramsay	West, Tex.
Fitzpatrick	Lanham	Ramspeck	White
Flannagan	Lanzetta	Randolph	Whittington
Fletcher	Larrabee	Rankin	Wilcox
Ford	Lea, Calif.	Rayburn	Williford
Foulkes	Lee, Mo.	Reece	Williams
Frear	Lehr	Reilly	Wilson
Frey	Lemke	Richardson	Withrow
Fuller	Lesinski	Robertson	Wolverton
Gambrill	Lewis, Colo.	Robinson	Wood, Mo.
Gasque	Lewis, Md.	Rogers, N.H.	Woodruff
Gavagan	Lindsay	Romjue	Woodrum
Gilchrist	Lloyd	Rudd	Young
Gillespie	Lozier	Ruffin	Zioncheck
Gillette	Ludlow	Sabath	The Speaker
Glover	Lundeen	Sadowski	
Goldsborough	McCarthy	Sandlin	
Granfield	McClintic	Schuetz	

NAYS—84

Allen	Ditter	Kinzer	Rogers, Mass.
Andrew, Mass.	Dondero	Lehlbach	Scrugham
Andrews, N.Y.	Edmonds	Luce	Seger
Bacon	Eltse, Calif.	McGugin	Simpson
Bakewell	Englebright	McLean	Snell
Black	Fish	McLeod	Stalker
Blanchard	Foss	Marshall	Stokes
Bolton	Gifford	Martin, Mass.	Studley
Britten	Goodwin	Merritt	Sutphin
Buckbee	Goss	Millard	Swick
Burnham	Guyer	Moynihan, Ill.	Taber
Cady	Hancock, N.Y.	Muldowney	Thomas
Carter, Calif.	Hartley	Norton	Tinkham
Carter, Wyo.	Hess	Perkins	Tobey
Chase	Higgins	Peyser	Traeger
Claiborne	Hollister	Plumley	Treadway
Cooper, Ohio	Holmes	Powers	Wadsworth
Crowther	Jenkins, Ohio	Ransley	Whitley
Darrow	Kahn	Reed, N.Y.	Wigglesworth
Delaney	Kennedy, N.Y.	Reid, Ill.	Wolcott
Dirksen	Kenney	Rich	Wolfenden

NOT VOTING—66

Abernethy	Clarke, N.Y.	Griswold	Richards
Allgood	Cochran, Pa.	Hamilton	Rogers, Okla.
Bacharach	Collins, Calif.	Harlan	Sanders
Beck	Crosby	Hill, Ala.	Schaefer
Beedy	Crowe	Huddleston	Schulte
Berlin	Culkin	Jeffers	Shoemaker
Boland	Cullen	Jenckes, Ind.	Strong, Pa.
Boylan	De Priest	Kelly, Pa.	Swank
Brown, Mich.	Dingell	Kurtz	Sweeney
Browning	Doughton	Lamneck	Taylor, Tenn.
Brumm	Doutrich	McFadden	Turpin
Burke, Calif.	Doxey	McMillan	Underwood
Burke, Nebr.	Eaton	McSwain	Waldron
Carley, N.Y.	Farley	Marland	Walter
Cavicchia	Focht	Mead	Wood, Ga.
Celler	Fulmer	Oliver, Ala.	
Chavez	Greenwood	Palmisano	

The SPEAKER. The Clerk will call my name.

The Clerk called Mr. RAINEY's name and he voted "yea."

So the bill was passed.

The Clerk announced the following additional pairs:

On this vote:

Mr. Sweeney (for) with Mr. Beck (against).
Mr. Boylan (for) with Mr. Turpin (against).
Mrs. Jenckes of Indiana (for) with Mr. Eaton (against).
Mr. Mead (for) with Mr. Kurtz (against).
Mr. Farley (for) with Mr. Cochran of Pennsylvania (against).
Mr. Crowe (for) with Mrs. Clarke of New York (against).
Mr. Beedy (for) with Mr. Doutrich (against).
Mr. Brumm (for) with Mr. Culkin (against).
Mr. Celler (for) with Mr. Cavicchia (against).
Mr. Swank (for) with Mr. Burke of California (against).
Mr. Strong of Pennsylvania (for) with Mr. De Priest (against).
Mr. Sanders (for) with Mr. Cullen (against).
Mr. Doughton (for) with Mr. Bacharach (against).
Mr. Focht (for) with Mr. Waldron (against).

Until further notice:

Mr. Hamilton with Mr. Kelly of Pennsylvania.
Mr. Dingell with Mr. Collins of California.
Mr. Brown of Michigan with Mr. McFadden.
Mr. Richards with Mr. Taylor of Tennessee.
Mr. Walter with Mr. Shoemaker.
Mr. Palmisano with Mr. Berlin.
Mr. Harlan with Mr. Burke of Nebraska.
Mr. Browning with Mr. Crosby.
Mr. McSwain with Mr. Marland.
Mr. Huddleston with Mr. Schulte.
Mr. Wood of Georgia with Mr. Carley of New York.
Mrs. Greenwood with Mr. Rogers of Oklahoma.
Mr. Abernethy with Mr. Chavez.
Mr. Hill of Alabama with Mr. Boland.
Mr. Oliver of Alabama with Mr. Griswold.
Mr. Fulmer with Mr. Lamneck.
Mr. Allgood with Mr. Schaefer.
Mr. Underwood with Mr. Doxey.
Mr. McMillan with Mr. Jeffers.

The result of the vote was announced as above recorded.

On motion of Mr. RAYBURN, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FIESINGER. Mr. Speaker, my colleague from Ohio, Mr. LAMNECK, is out of town on important business in connection with a meeting at Columbus, Ohio, tonight, which will be addressed by General Johnson, Administrator of the N.R.A.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I desire to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I desire to announce that my colleague the gentleman from Oklahoma, Mr. SWANK, is ill. Had he been present he would have voted "yea" on the passage of the bill.

Mr. WEST of Ohio. Mr. Speaker, I desire to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. WEST of Ohio. Mr. Speaker, my colleague the gentleman from Ohio, Mr. HARLAN, is unavoidably absent. Had he been present he would have voted "nay" on the motion to recommit and "yea" on the final passage of the bill.

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, my colleague, the gentleman from Minnesota, Mr. SHOEMAKER, is absent on account of important business. Had he been present he would have voted "nay" on the motion to recommit and "yea" on the final passage of the bill.

BRYAN MEMORIAL STATUE

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, it is timely and appropriate, I believe, to bring to the attention of the Members of this House a short tribute to William Jennings Bryan, "the Peerless Leader" in whose honor and memory a statue was dedicated in the Capital City only late yesterday afternoon.

With several hundred other persons I stood in a drizzling rain during the addresses of President Franklin D. Roosevelt, Josephus Daniels, and other notables, as they spoke feelingly of this "prince of peace" whose voice was once heard as a Member of the House of Representatives following his election to the Fifty-second Congress at the age of 30 years.

Midway between the memorials of Abraham Lincoln and Robert E. Lee, at Constitution Avenue and Riverside Drive, was unveiled the bronze statue showing the crusader in speaking pose with his right arm lifted to the heavens. The sculptor was Gutzon Borglum. In speaking at the dedication yesterday he said:

> Man is finally chosen for the hall of fame for what he thinks and tries to do and not for the crown he wore.

As I left the impressive exercises, my eyes could see through the mists across the Potomac the shrine to Lee. I recalled the story about him which should be told and retold to every schoolboy in America. It is this:

At the close of the war between the States, Lee found himself a loser in a cause which he had thought right. His earthly goods had been swept away, and those who banded together in an infamous lottery enterprise came to him with an offer of $50,000 if he would allow his name to be used as one of the sponsors of their crooked scheme. He did not hesitate in his answer. He simply said:

> Gentlemen, I have nothing left but my name. It shall never be for sale.

That was a splendid answer for a defeated warrior with a lost cause behind him, and as we think of William Jennings Bryan today we can well say of "the Great Commoner" that he was a leader who stood for certain principles; and even though we may or may not agree with those ideas, yet we can well pay tribute to his sincerity and to the zeal and devotion with which he fought throughout his colorful and worth-while life.

President Roosevelt brought this out yesterday in his well-chosen remarks when he said:

> We can look back and scan his record without being able to point to any instance where he took a position that did not accord with his conscience or his belief. He did not have to dare to do what to him seemed right; he could not do otherwise.
>
> We can all agree that he fought the good fight, that he finished the course, that he kept the faith.

To the Membership of this House I submit the deep feeling and offer the thought that we should attempt in our services here to follow Bryan's course as outlined in one of his campaign speeches before his election to this body. In reply to a question as to what might be expected from him when the protection of the sugar-beet interests of his district were at stake, he replied:

> I will not vote in Congress to injure my own constituents for the benefit of others, nor will I vote to injure others for the benefit of my own constituents.

My colleagues, I offer the belief that the problems of this Nation will never be settled right until the hearts of its chosen spokesmen speak again and again, as did the heart of William Jennings Bryan, for the welfare of the great mass of the citizenry of our Republic.

THE TROUBLES OF A CONGRESSMAN

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, so much has been said about the honor of being a Congressman, the prestige, social distinction, and pleasures supposed to be enjoyed by Members of Congress, that I think the other side should be pictured, too. I believe it is no more than right that while

the whole Nation is pouring its trouble upon Congress, people should realize that Congressmen have their troubles, too; and that their path is not as rosy as many seem to think.

It is not my intention or desire to paint a pessimistic view of our life in Congress, for regardless of troubles, a Congressman is never willing to give up his seat to another unless he is ready to retire; but I want to mention a few things to show both sides of this so-called "honor and distinction", "society and life of ease" that we hear so much about every 2 years during campaign season.

CONTINUOUS OPPOSITION

Owing to the short 2-year term and the necessity for running for office every other year, a Congressman is forced to be a walking petition and a living prayer for votes. He does not have a chance to do his best work on legislative matters, because he is constantly being irritated and pecked at by sharp-beaked opponents. If it were possible for a new Congressman to accomplish anything worth while in the first few years he is in Washington, there might be some merit in electing a new one often; but since seniority counts for so much in Congress, people are just working against their own interests when they vote to unseat their Congressman.

About the time a serious, hard-working Congressman climbs the ladder of seniority to a point where he really has influence and can do some good for the people of his district, some fellow will come out against him with the declaration that "he has been there long enough, and it is now time to make a change." An experience of my own is even more humorous. About the time I was recently honored with the Chairmanship of the Committee on Roads in Congress a man possessed with speech-making proclivities came out against me declaring that "the people of the Third District need leadership up there." This fellow evidently did not stop to think that should he replace me he would have to start at the bottom of the ladder, and he would be extremely lucky if in 7 years he should be able to climb to the round of leadership that I hold today, which is ordinarily not achieved under 15 or 20 years of service.

FINANCIAL TROUBLES

People do not realize the many financial troubles Congressmen have. They look at the salary we used to get and think we should get rich. I thought that, too, before I was elected to Congress, but I do not think it now. All hotels and apartment houses in Washington boost their prices when Congress convenes and reduce them again the day after Congress adjourns. At the same time we have to keep up a home in our district, as the people expect us to return when Congress is not in session. It has been my practice to establish at my own expense a branch office each summer and fall in my home town, McAlester, for the convenience and accomodation of the people of my district. During this time I divide my office force, keeping one clerk in Washington and the other in McAlester. Of course, having only one room in the McAlester office, which is usually full of people, it is impossible for me to do much real work or dictate letters there, and I have actually been criticized for not spending my entire time in that office which I provide only for the accommodation of my constituents, with a clerk always there to assist them.

But I am speaking just now of a Congressman's expenses. During the busy seasons when Congress is in session I have always found it necessary to employ extra office help at my own expense to keep up with the tremendous amount of daily mail and departmental business. Besides this, my wife works regularly in my office at no expense to the Government. She understands me, knows my work, and the people I represent, and no one could take her place. She is not on the pay roll, and in order to make it possible for her to help me, I must pay a helper in our home out of my own pocket. To show the misconception some people have of this, a lady recently remarked to another as they passed our house in McAlester, "This is the Cartwright home, and just think, Mrs. Cartwright is in Washington on a big salary, playing society." As a matter of fact, there are no big salaries attached to my office, and Mrs. Cartwright does not draw a cent for her services. The most amusing charge was "playing society." A Congressman and his wife seldom find time to attend social functions after the first term or two in Washington. Up to that time he has little influence and cannot do much anyway, so he usually attends all the receptions, teas, and dinners in the catalog. I could count on the fingers of one hand the social functions my wife and I have attended in Washington this year.

But to get back to the expenses a Congressman must bear: He is expected to belong to every club and lodge in his home town, and contribute to all the churches, charitable institutions, and other organizations in his district. I pay out a fair salary each month in dues and donations, besides the great expense that comes in campaigning every 2 years, which is a constant drain.

Because of the fact that Congress is always in session up to the primary election, a Congressman cannot make a personal campaign, so it is quite necessary for him to advertise in all the papers, pay the Government printing charges of his speeches in Congress to send out over the district, provide campaign literature, and sometimes pay people to campaign for him. The last method I have not indulged in much, because, first, I do not have the money to pay them, and, second, I usually get into trouble when I do. People will ask a Congressman for a certain amount of "expense money" to work for him, then after he gives them a liberal amount of expense money and does not follow that up with a major job, they get sore and work against him in the next campaign. I have in mind a certain man whom I scarcely knew until after I had won my first nomination. He declared he had worked hard for me and so impressed my friends to the extent that they asked me to make him my secretary. I offered the place to him, but after a month's thought over the matter he declined on the ground that the salary was not big enough. Time went on, and my race 2 years ago came up. He was out of work, and a mutual friend wrote me and suggested that I employ him to do some campaigning for me. I finally borrowed the money and employed him along with two or three others. As a result he wanted the post office, one of the largest in my district. As we never know who will make the eligible list, I suggested that due to the uncertainty of the post office, he accept another position I was able to get for him. He declined because he wanted nothing but the post office. He failed to make the eligible list, so now he is out fighting me.

Such are the financial troubles of a Congressman, with his salary gone at the end of the year, and a lot of sore spots to boot.

JOBS AND POST OFFICES

Speaking of jobs and post offices, these are the ruination of Congressmen. We have only a few jobs to offer and over 50,000 voters. In many cases an applicant for a job seems to think he is the only friend a Congressman has. At any rate, when we have 15 applicants for a certain job and 1 gets it, the other 14 usually go out fighting us. The Civil Service Commission trims the list of post-office applicants to not more than three, nevertheless they blame the Congressman for not getting on the eligible list. With all my many duties, if I had little enough sense to try to interfere with the Civil Service Commission in making up the eligible lists for the 270 post offices in my district, even if I could, I ought to be defeated for lack of brains. After an eligible list is certified it is the duty of a Congressman to make his recommendation, but even then he must recognize the county and precinct endorsements of the party in power. Regardless of which applicant stems the tide of all these limitations and secures the office, the others nearly always go out fighting the Congressman.

LETTER WRITING

Members of Congress are always criticized for writing letters. How are we expected to run our offices if we do not try to answer and handle through the departments the hundreds of letters and requests we receive from constituents every day? I have received in my office so many letters, requests, and petitions relating to everything imaginable that I find it utterly impossible to make proper reply to

them all. If it were physically possible, every letter, telegram, and petition would have a personal reply. I lose many hours of sleep laboring until the wee hours of morning and pondering over the problem of how to dispose of so much work, and at the same time try to take care of a campaign 1,500 miles away.

The Federal Government has taken on so many new duties that it has materially handicapped a Congressman as a legislator. He does not have time to properly study legislation, prepare bills, or make speeches. He is kept busy 95 percent of his time answering letters and calling on different departments of Government. For example, if someone is not satisfied with a code, they take it up with the Congressman; if they are not satisfied with the P.W.A. set-up or any other form of relief work, they take it up with the Congressman; if they want a C.C.C. camp, they take it up with the Congressman; if a member of the C.C.C. camp gets 2 pairs of pants when he thinks he should have had 3, he takes it up with the Congressman; if the patrons of a fourth-class post office want the postmaster removed, which is strictly civil service, they take it up with the Congressman; if anybody wants a job of any kind in any part of the United States, he usually takes it up with the Congressman. Despite all this, opponents are constantly in the field—for they have plenty of time, and some of them on the taxpayers' money—criticizing us for "writing so many letters." Could anything be more absurd, inconsistent, and ridiculous?

FEDERAL PROJECTS SECURED

Charges are being made by opponents that no Federal projects have been secured for my district since I have been in Congress. Such statements are either utterances of colossal ignorance or willful and malicious misrepresentations. I need only to name a few Federal projects secured within the last year or two to show the fallacy of such a statement:

The Red River Bridge near Durant; Lake Murray in Carter and Love Counties; C.C.C. camps at Stapp, Talihina, Muse, Smithville, Wilburton, Battiest, Eagletown, Broken Bow, and Ardmore, and one recently in McAlester; C.W.A. airports established at Hugo, Durant, McAlester, Heavener, Poteau, Talihina, and Ardmore; road projects too numerous to mention; applications for P.W.A. funds recently approved for a courthouse at Antlers; for schools in Pittsburg County; for waterworks and schools in Durant; and schools at Brock and Kemp. We are expecting P.W.A. approval for a gas project at Atoka and Stringtown and have hopes of getting others. There have been more C.C.C. camps and C.W.A. airports established in my district than in any other district in the State, and yet my opponents say I have "done nothing" for my district. The fact is the real duties of a Congressman are to make laws and appropriations for the Nation as a whole, and it is more the duty of such citizens as certain district judges and county attorneys, who boast of leadership, influence, and power, to look after these local matters. Instead of that those fellows are spending their time out running against me on the taxpayers' money, while I remain on the job fighting for and securing these projects and other things for the Third District. They never mention the important bills I have secured passage of, the many claims I have put through for ex-service men and others in my district, nor any other good I may have done. Such acknowledgment would defeat their purpose.

A MULTITUDE OF DUTIES

To mention a few of my legislative duties, I am Chairman of the Committee on Roads (the only chairmanship held by any Congressman from Oklahoma), I am Acting Chairman of the War Claims Committee, Vice Chairman of the Indian Affairs Committee, and ranking member on two other committees. With so much important legislation passing through all of these committees, the battles of which I must either lead or help fight on the floor of the House; other measures to study and vote on; the unemployment situation to deal with; farm, industrial, and school problems pressing for attention; inflation, stock market, the tariff, ex-service legislation; and many other matters of national importance before us; together with post offices, departmental work, and other things previously mentioned, a Congressman who takes his duties seriously and works at the job is completely swamped. It is no wonder 32 Congressmen died during the last Congress from overwork and nervous strain as diagnosed by physicians, including 2 members ahead of me on the Roads Committee, leaving me the chairmanship of that important committee before my time. Not such an encouraging outlook, is it? Yet my opponents are making great promises of what they will do, and complain that I have done nothing.

MISREPRESENTATIONS AND POLITICAL CHICANERY

Such are the troubles of a Congressman, but I like my work and have no complaint to make except for the misrepresentations and the fact that I am being used as a target back home in all sorts of political chicanery manipulated by opponents in an effort to defeat me. It is not pleasant to hear of their game of filing six candidates from all parts of the district to force me into a run-off; of their agitating post-office troubles, and of false charges being made either privately or in public speeches that I voted to raise my own salary, that my wife plays society and I have her on the Government pay roll, that the Choctaws and Chickasaws have lots of money and should have a per capita payment, that I do nothing for my district but write letters. Such unjust and unfounded charges, together with many others going on in my district while I am on the job in Washington, 1,500 miles away, laboring 16 hours a day, is enough to kill a man with nervous prostration.

And yet they say a Congressman gets a big salary and lives a life of ease and luxury. The Lord forgive them, for they know not what they say!

PERMISSION TO ADDRESS THE HOUSE

Mr. BULWINKLE. Mr. Chairman, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BULWINKLE. Mr. Speaker, this afternoon the Chairman of the Committee on Interstate and Foreign Commerce made the statement that in the committee I had done more to emasculate this bill than probably anyone on the committee. I am sorry the gentleman from Texas is not in the Chamber. That was in executive session, and I take it that no man, be he chairman or member, has the right to say what happened in executive session. But unfortunately the statement was not correct, and I suppose that he will correct this statement. But this is immaterial to me.

It is true that when the first bill came in I did help to emasculate it; I did my full part toward improving it, and some others did their full part, too; there is no question about that. It is equally true that I attempted to perfect as much as possible the bill that finally came out of the committee. I think every member of the committee knows that I did nothing out of order, nothing which some of the others did not do themselves.

In justice to myself I think I should make this statement, because I have made it a rule when serving on a committee of Congress to pass upon the proposed legislation that comes before the commitee. I intend in the future, as I have done in the past, to try to perfect the legislation both in the committee and the House. That is part of my responsibility, and I intend to do it regardless of all the innuendoes and threats that may come at any time. [Applause.]

Mr. COLE. Mr. Speaker, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. COLE. As a member of the committee I may say to the gentleman from North Carolina that his service on the committee, so far as I have observed it, has been most helpful. I have no doubt that some of the suggestions the gentleman made in executive session might be construed by the chairman as he interpreted them this afternoon; but I know the gentleman has acted with entire good faith.

Mr. BULWINKLE. I thank the gentleman. When I serve on a committee I intend to do my duty as I see it.

Mr. PETTENGILL. Mr. Speaker, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. PETTENGILL. I would like to say in behalf of the gentleman that while at times there were some disagreements between various members of the committee, my friend, the gentleman from North Carolina, was at all times actuated by the highest and most patriotic motives in everything that he did.

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, with Senate amendments, disagree to the Senate amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Chair appointed the following conferees: Mr. SUMNERS, Mr. MONTAGUE, Mr. MCKEOWN, Mr. KURTZ, and Mr. PERKINS.

OUR NATIONAL PLAYGROUNDS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by Horace M. Albright concerning the national parks.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD, I include an exceptionally interesting and informative radio address of Horace M. Albright, former director of the National Park Service, at New York, April 14, 1934.

I have often expressed my sincere appreciation of the character and effective work of Mr. Albright in behalf of our parks and monuments. The history of our national parks will forever pay a grateful tribute to the long, patriotic, and splendidly efficient services of Stephen T. Mather and Horace M. Albright in developing our great national-park system and creating our superb National Park Service that is one of the prides of our country and is the admiration of all the visitors from every nation in the world.

The address is as follows:

REMINISCENCES OF PARKS AND PEOPLE

There are folks from Indiana,
There are folks from Idaho,
There are folks from Maine to California,
There are folks from North to Mexico.

Thus visitors to the national parks sing about themselves around the camp fires and in the community halls, and thus I found them during the 20 years I spent in the National Park Service of the Department of the Interior; and thus President Harding found them as he held an impromptu reception at Old Faithful while visiting the Yellowstone in 1923, just a month before his death. His guests were asked to name their home States as they shook his hand. They represented every State in the Union. As the reception proceeded, the President time and again turned to me and said, "Here is a cross section of America." The privilege of meeting these cross sections of America, of mingling with folks from the lowly home to the great mansion year after year makes my memories of parks and people the richest reward of my long public service.

Folks came to the national parks then, as they do now, by train, by automobile, horseback, or afoot, and sought the accommodations most suited to their tastes or their pocketbooks—the comfortable hotel, the lodge with its well-equipped cabins, even de luxe cabins with bath, the public auto camp where they pitched their own tents, or, if not outfitted for camping, where they rented furnished tents or cabins and cooked their own meals or resorted to the convenient cafeterias. Our park guests were always resourceful and soon adapted themselves to the living conditions best suited to their tastes and purses.

I remember seeing a Massachusetts car one day. It was a well-known car of a very ancient vintage and was driven by two young ladies. I asked them if they had driven all the way from Massachusetts. They said they were school teachers out to see America first and had come all the way from New England without any trouble whatever. They added that they did not even know what was under the hood of the car. I expressed surprise that they had such a perfect experience, and then one said, "Oh, yes, we did have trouble finding hay one night." I remarked that I understood that even their car used gasoline. They replied that it did, but that they had not taken a mattress and depended on hay for a bed, and one night they could not beg or steal any hay.

Then there was the middle-western farmer who came in an improvised house built on a truck. In the house rode four of his children; on the seat beside him, his wife and 6-month-old baby; and on the running board in a wired crate a goat. He explained to me that the baby had a very delicate stomach and that only goat's milk agreed with him. If the trip was to be made, the goat had to go along.

Our visiting folks were of all ages, some over 90, some very young. One day we were passing a car parked on the side of the road and heard a baby cry. A mother was holding an infant in her arms. My wife spoke to the mother and said, "That sounds like the cry of a very young child." "Yes," she replied, "the baby is just 2 weeks old today." And what's more, that family had come all the way from Nebraska.

Occasionally a child was born during the vacation of its mother in a national park. We always had a few advanced medical students serving as temporary rangers in remote sections of the parks distant from the hospitals just to be on hand to greet these excessively young visitors.

Going to the other extreme, we have one friend over 90 years of age who visits the national parks every summer, and he told me the other day that he is going again this year, and moreover, he is going to travel once more the Old Oregon Trail through Nebraska, Wyoming, and Idaho. He is William H. Jackson, who was in the Battle of Gettysburg, and who in 1871 made the first pictures ever taken in Yellowstone and Grand Teton National Parks.

It was great fun to visit the hotels, lodges, and camp grounds in the national parks and talk with folks. It was interesting to hear the man from Maine talking with the man from Kansas, each getting the other's point of view, and becoming better Americans with better understanding of broad national problems. We Park Service men were always sure that if enough of our people would travel about their own country and stay a while in the national parks each year, mingling with each other on common ground, and thus getting first-hand information on conditions in all parts of this far-flung Nation of ours, most of our economic problems would be much more easily solved.

Usually, folks in the national parks exchange ideas only at night around the campfire or on the porches of the lodges. During the day they walk, ride, or fish, or devote themselves to natural history studies or the pursuit of some other special outdoor interest under the guidance, perhaps, of national park naturalists, a most delightful way to pass vacation hours in the open. I don't know where a Park Service man could get more pleasure and satisfaction than in spending an evening in a camp ground. Go through early and see trout cooking in a hundred frying pans, then come around later and hear the tales of how the fish were caught. We are all liars about fish around a campfire, and the yarns grow taller and longer as the fires die to embers. Listen, too, to the campfire stories of bears. Occasionally some fellow will tell a bear story, and how the bear bit him. I always felt these bear-bitten fellows were prouder than the fishermen. They had a minor scar on a finger to show as long as they live, and their stories of the conflict with the big bad bear always grew faster and bigger than the fishermen's yarns. Let me give my listeners this word of advice: Don't worry about national park bears. Follow a few simple rules, especially the one about not feeding bears from the hand and they will give you worlds of pleasure and not a bit of a bite of harm. They are under Government control more completely than our New York stock-market bears will be under the new stock exchange law.

Every normal American wants to visit the national parks; the same can be said of most foreigners who visit our shores, because the fame of this magnificent park system has spread around the world. Kings, princes, maharajahs, ambassadors, and ministers, as well as commoners from abroad, upon arriving in the United States have Yellowstone, Grand Canyon, Yosemite, and other parks on their lists of places to see. Royalty checks its dignity at park gates and becomes folks for awhile. In 1926 I took Crown Prince Gustav Adolf, of Sweden, to the summit of Mount Washburn in Yellowstone to photograph mountain sheep and saw him wiggle and crawl on his tummy in the damp rocky ground for several hundred yards while stalking the noble bighorn, which he did successfully. The late King Albert, of the Belgians, in 1919 visited Yosemite and Grand Canyon National Parks. One of the old-time rangers was detailed to accompany him on a long horseback trip. The ranger was coached as to the words he should use in addressing the King, but he got confused and finally said to the King, "I forgot what they told me to say to you, but suppose you call me 'Billy', and I'll call you 'King.'" King Albert had a rare sense of humor and henceforth it was just Billy and King.

Marshall Foch visited several national parks after the war. On the rim of the Grand Canyon he remarked to his National Park Service companion, "What a place to bring a mother-in-law!"

Presidents Arthur, Theodore Roosevelt, Harding, and Coolidge all visited Yellowstone while they were occupants of the White House. I had the honor of acting as host for the latter two and for President Hoover, also, but while he was Secretary of Commerce. One day, while walking with President Coolidge near the site of President Roosevelt's camp of 1903, Mr. Coolidge asked me to point out the exact spot where his predecessor had camped with

the great naturalist, John Burroughs. As I described the site with a sweep of my arm and finger, he turned to me and remarked, "I have his camp in Washington now", meaning, of course, the White House. A day or two later I took Mrs. Coolidge and John, their son, on a trip to the Jackson Hole country south of Yellowstone, where the Grand Teton National Park has since been established. Around a turn in the road a man had stationed his wife to stop our automobile so he could get a picture. As he snapped the picture he looked up and saw that the President was missing. As we started the car, he shouted, "Where you got him?" Mrs. Coolidge gayly answered, "We haven't got him, we left him home." Then she laughingly said to us, "I wonder where he thought we had him—under the seat?" The next week's issue of the little Jackson Hole Courier, one of the most unique newspapers in America, had the following item—this and no more: "Mrs. Calvin Coolidge and John Coolidge were visitors in town last Wednesday."

I was always glad to see Senators and Congressmen visit the national parks, for two reasons: First, because they were splendid people and good sports as a rule. If they were not far above the average they would not be in the Capitol at Washington. Second, because their first-hand knowledge of park needs made it easier for us to present our requests for appropriations and other legislation. I never failed to urge my congressional friends to bring their wives because the women folks talk about the parks at home, and ask the men what they are going to do about park problems, whereas, too often the men after leaving the parks get interested in other things and forget our far more important park matters.

Once I had a large congressional party in Yellowstone. It was in charge of the late James W. Good. Yellowstone's roads were terribly dusty and the water sprinkling was of little value. We wanted Congress to adopt an oiling program, but every night while the committee was in the park it rained and the roads were perfect. Nevertheless, every day I told of the dust menace and urged the improvement, but the Congressmen only laughed, and some Member would say, "Albright's going to tell his old dusty-road story again." Another year I met a subcommittee of the House Appropriations Committee at the Grand Canyon National Park. Congressman, now United States Senator, CARL HAYDEN was with the party when they reached the park. Here, again, we had a problem of terrible roads. The committee had not had much sleep the night before arrival, due to changing trains, and when I took them over the worst road in the park they went to sleep on me. I bounced them into every rut and hole I could find, but even then I had to shake them to wake them up. For a long time they contended that the road was a boulevard, but finally authorized the improvement desired. On the same trip Congressman Cramton, of Michigan, for years the stalwart champion of national parks, saw a camper stop his car near the Grand Canyon Park office. He went over to him seeking information about the conduct of the park. The tourist gave him a vigorous denunciation of the roads in the park, and Mr. Cramton always claimed that I planted the camper there to trap him.

When this congressional party was at the Grand Canyon, it was decided that the trails in the canyon should be inspected, because it was the opinion of the National Park Service officers that they ought to be pretty largely rebuilt in order to make them safer for the ever-increasing throngs who were going into the canyon on horseback. We went down the Bright Angel Trail on a bright, sunny morning, and after reaching the Tonto Plateau, which is a relatively flat area, Senator HAYDEN dropped the reins on the neck of his mule, and with a flourish, jerked his handkerchief out of his pocket with one hand and his horn-rimmed glasses with the other. His mule, out of the corner of his eye, saw the flash of the handkerchief and began to buck. Four times he went into the air with violent pitches, hitting the ground stiff legged. The Senator, who was an old cowboy and a good one, stayed with the mule on the first three pitches, but he hit the ground after the fourth pitch. The mule fell down, and the Senator went off landing on his head in a sage brush which had been cut with an ax close to the roots. His very sparsely covered scalp was terribly cut and bruised, and he was covered with blood and dirt when I, who rode immediately behind him, reached him. I asked him if he were hurt, but he anxiously inquired about his mule. The mule stood by, looking at him. The Senator was too dazed to see him. Again and again he asked about the mule in answer to my question about his own condition. Finally he regained his senses and was satisfied with the condition of the mule, which was not hurt in the least. The Senator had to stay in the canyon for several days until his wounds healed. He was so badly scratched that he did not want anyone to see him, particularly his wife.

United States Senator PETER NORBECK, of South Dakota, founder of the great Custer State Park in the Black Hills, is the foremost park expert in Congress today. To fool me, he once registered at Yellowstone as a well-digger, which he is in private life.

I know many Cabinet officers and assistant secretaries of the great executive departments at Washington. Generally speaking, they enjoyed outdoor life and were easy to please. They were all extremely conscientious in considering national-park problems, and the National Park Service owes much to their wise decisions and strong support. I had the honor of serving under seven Secretaries of the Interior, from Franklin K. Lane, the high-minded practical idealist who brought his old college friend Stephen T. Mather to Washington and with him established the National Park Service and started it on its remarkable career of public achievement, to Harold L. Ickes, the present vigorous, courageous Secretary who, under President Franklin D. Roosevelt's reorganization plan, has greatly expanded the National Park Service to include many historical parks and monuments and the parks and parkways in the District of Columbia. Secretary Ickes has ridden the trails of Yellowstone and Glacier National Parks on horseback and knows from experience what the American people will see if they act on his advice to make 1934 a national-park year.

Judge John Barton Payne, now head of the American Red Cross, was especially interested in national parks and before going to Washington had been for many years head of the South Park Commission of Chicago. He helped us cut red tape and go places and do things.

In February 1921 we were fighting a bill to authorize a dam at the outlet of Lake Yellowstone. Secretary Payne was on the stand before the Senate Committee on Irrigation and Reclamation and was vigorously opposing the bill. Senator Gooding, of Idaho, delivered an impassioned speech directed at the Secretary warning him that if he did not withdraw his opposition and let the bill pass he would endanger the food supply of our country. In closing, the Senator shouted at the Secretary, "What do you say to that?" Secretary Payne looked up and drawled, "Well, Senator, there is a heap more in this world than three meals a day."

Dr. Hubert Work, when Secretary of the Interior, urged the establishment of more eastern national parks, and the Great Smoky Mountains National Park in North Carolina and Tennessee, Shenandoah in Virginia, and Mammoth Cave in Kentucky were all authorized as a result of his activities. Secretary Work and Gov. John S. Fisher, of Pennsylvania, were with me in Yellowstone when in 1927 a friend telephoned me President Coolidge's famous message, "I do not choose to run in 1928", which I promptly delivered to my guests. I must confess that the Secretary and the Governor did not enjoy the scenery that afternoon. They worked steadily on the problem of analyzing the word "choose."

Secretary Albert B. Fall, in the autumn of 1921, wanted to take a rough camping trip with pack train as far away from roads as he could get in a reasonable time. We gave it to him, and there were no tables, chairs, mattresses, or other comforts. He rode a cow pony on a jog trot, and insisted that all his guests, some six or eight men, keep up with him. This was easy for the Secretary and the National Park Service men, but the guests, who were unaccustomed to the saddle, had to eat supper lying flat on their backs, for we had even omitted to include shelves in our outfit.

Secretary Ray Lyman Wilbur and I traveled many hundreds of miles together on our inspections of the national parks and monuments. He was tremendously interested in our park affairs, and before coming to Washington he had served for years on the California State Park Commisison, which did such splendid work in saving the coast redwoods . Secretary Wilbur is a great "yarn-spinner" and is one of the best campers and fishermen I know. Once when he came into camp with a fine string of trout and was asked by less fortunate friends why he was so lucky, he replied, "I study the habits of trout."

Governors are frequent park visitors and they, too, are always welcome because there are so many ways in which they and their associated State officers can cooperate with the National Park Service especially in fish and game problems, and approach road improvement. One day, Gov. Joe Dixon of Montana, one of the finest personalities in public life, visited the Yellowstone with Mrs. Dixon and three of his daughters. We invited the Governor and his family to take luncheon with us, but he said they had to move on at once to Old Faithful, which was 50 miles away. Some 5 hours later the Governor came to my office and asked for help in locating a missing daughter. He had searched all afternoon and could not find her. A ranger soon located her at the transportation company's garage where she was helping wash a bus. Her college boy friend was a bus driver and it was his day to wash busses. The only way they could visit was at the wash rack working together, and what was a Governor's itinerary compared to that precious visit of a young college couple.

My radio friends, I am going to take Secretary Ickes' advice and join the throng of folks who will visit the national parks this year. I am going to lovely Acadia Park in Maine, to Rocky Mountain in Colorado, to Carlsbad Caverns in New Mexico, and several national monuments in the Southwest and I hope I can get in a few days on a dude ranch.

If I can, I want to travel awhile with my friend, Dr. Frank Castler, who each summer spends 3 months in the national parks away from professional duties gathering new material for his collection of park photographs, already the finest private collection in existence.

The whole country is rapidly recovering from the depression and folks everywhere need rest and relaxation. Right now is the time to plan trips. Railroad rates were never so low and train service never so luxurious. I usually travel by train both to save time and to have an opportunity to see the country; that is the way I am going to travel this year. It is very easy, however, to drive out to the national parks in one's own car for the roads are perfect.

So I suggest that none of us stand upon the order of our going—that we just go.

GENERAL PULASKI

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to make a brief announcement.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, I wish to announce to the House that the Speaker has agreed to recognize me on Monday to move the immediate consideration of Senate Joint Resolution No. 36 requesting the President of the United States to call for the observance of October 11, 1934, in celebration of the anniversary of the death of General Pulaski. This is a resolution that has often been presented to the House and passed, and I trust that it will meet with no opposition on Monday.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—MACE OF THE PARLIAMENT OF UPPER CANADA, OR ONTARIO (H.DOC. NO. 357)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

During the War of 1812 the mace of the Parliament of Upper Canada, or Ontario, was taken by United States forces at the time of the battle of York, April 27, 1813. That mace, which had been the symbol of legislative authority at York (now Toronto) since 1792, has been preserved in the United States Naval Academy at Annapolis.

On July 4, 1934, there is to be unveiled in Toronto a memorial tablet erected by the United States Daughters of 1812 to the memory of General Pike and others of the United States forces who were killed in action. The mayor and council of Toronto are providing the site for the memorial.

The suggestion has been made that it would be a gracious act for the United States to return this historic mace to Canada at the time of the unveiling of the tablet.

The mace is a token of representative government, established at York nearly a century and a half ago. It symbolizes the orderly rule of such government in Canada, continuing from that day to this.

Since the agreement of 1817, the two countries have by common accord maintained no hostile armaments on either side of their boundary; and every passing year cements the peace and friendship between the peoples of Canada and the United States.

I heartily recommend to the favorable consideration of the Congress the enactment of a joint resolution authorizing the return of the mace to the Canadian Government.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *Washington, May 4, 1934.*

PHILIPPINE INDEPENDENCE (H.DOC. NO. 355)

The SPEAKER laid before the House the following message from the President, which was read, and, with the accompanying papers, referred to the Committee on Insular Affairs and ordered printed.

To the Congress of the United States:

I transmit herewith for your information a copy of a radiogram from the Governor General of the Philippine Islands quoting the text of a concurrent resolution, adopted May 1, 1934, at the special session of the Ninth Philippine Legislature, entitled "Concurrent resolution accepting Public Act No. 127 of the Congress of the United States, commonly known as the Tydings-McDuffie Act, and expressing the gratitude of the Philippine Legislature and the Filipino people to the President and Congress of the United States and the American people."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 4, 1934.*

VETERANS' REGULATIONS (H.DOC. NO. 356)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments and ordered printed.

To the Congress of the United States:

Pursuant to the provisions of section 20, title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith Executive Order No. 6695 (Veterans' Regulation No. 9 (c)), approved by me May 2, 1934.

This Executive order amends Executive Order No. 6567, January 19, 1934 (Veterans' Regulation No. 9 (b)).

This regulation was promulgated in accordance with the terms of title I, Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 4, 1934.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted—

To Mr. LARRABEE, for a few days, on account of important business.

To Mr. BOEHNE, for 7 days, on account of important business.

To Mr. HAMILTON, for 2 days, on account of illness.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2966. An act to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 7835. An act to provide revenue, equalize taxation, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 55 minutes p.m.) the House adjourned until tomorrow, Saturday, May 5, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

451. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 2, 1934, submitting a report, together with accompanying papers, on a preliminary examination of the coast of New Hampshire between Rye Beach and Fox Head Point, with a view to the establishment of a harbor of refuge, authorized by the River and Harbor Act approved July 3, 1930, was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KERR: Committee on Elections No. 3. H.Res. 374. Relative to the election of James Simpson, Jr., as a Representative from the State of Illinois; without amendment (Rept. No. 1494). Referred to the House Calendar.

Mr. STUBBS: Committee on Indian Affairs. H.R. 9407. A bill to amend the act of March 27, 1928, and section 4 of the act of May 31, 1933, enacted to safeguard the interests and welfare of Indians of the Taos Pueblo, N.Mex., in certain lands within the Carson National Forest; without amendment (Rept. No. 1495). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 9002. A bill to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes; without amendment (Rept. No. 1497). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES: Committee on Agriculture. S. 2817. An act to amend the act relating to contracts and agreements under the Agricultural Adjustment Act, approved January 25, 1934; without amendment (Rept. No. 1498). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. OWEN: Committee on Claims. H.R. 3034. A bill for the relief of Joseph M. Purrington; with amendment (Rept. No. 1465). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. H.R. 4404. A bill for the relief of E. M. Elliott; with amendment (Rept. No. 1466). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H.R. 4473. A bill for the relief of Chellis T. Mooers; with amendment (Rept. No. 1467). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 5655. A bill for the relief of Mayme Hughes; with amendment (Rept. No. 1468). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6317. A bill for the relief of A. E. Clark; with amendment (Rept. No. 1469). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H.R. 6701. A bill for the relief of John F. Cain; with amendment (Rept. No. 1470). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6807. A bill for the relief of Fred L. Seufert; with amendment (Rept. No. 1471). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6333. A bill for the relief of Christina Englund; with amendment (Rept. No. 1472). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H.R. 7032. A bill for the relief of Mary Brown Raley; with amendment (Rept. No. 1473). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H.R. 7069. A bill for the relief of Milton Hatch; with amendment (Rept. No. 1474). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7170. A bill for the relief of the Grier-Lowrence Construction Co.; with amendment (Rept. No. 1475). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 7680. A bill for the relief of Marie Linsenmeyer; with amendment (Rept. No. 1476). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 7687. A bill for the relief of J. W. Hearn, Jr.; with amendment (Rept. No. 1477). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 7726. A bill for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; with amendment (Rept. No. 1478). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H.R. 7817. A bill for the relief of Robert M. Kenton; without amendment (Rept. No. 1479). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 8465. A bill conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claim of Squaw Island Freight Terminal Co., Inc., of Buffalo, N.Y., against the United States in respect of loss of property occasioned by the breaking of a Government dike on Squaw Island; without amendment (Rept. No. 1480). Referred to the Committee of the Whole House.

Mr. OWEN: Committee on Claims. H.R. 8526. A bill for the relief of James O. Greene and Mrs. Hollis S. Hogan; with amendment (Rept. No. 1481). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. H.R. 8583. A bill for the relief of the George R. Jones Co., a corporation organized under the laws of the State of New Hampshire; with amendment (Rept. No. 1482). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. S. 255. An act for the relief of John Hampshire; with amendment (Rept. No. 1483). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. S. 1072. An act for the relief of Rufus J. Davis; without amendment (Rept. No. 1484). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. S. 1758. An act for the relief of B. E. Dyson, former United States marshal, southern district of Florida; without amendment (Rept. No. 1485). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 1901. An act for the relief of William A. Delaney; with amendment (Rept. No. 1486). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 2141. An act for the relief of Roy Lee Groseclose; with amendment (Rept. No. 1487). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2338. An act for the relief of Robert V. Rensch; with amendment (Rept. No. 1488). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2373. An act for the relief of Isidor Greenspan; with amendment (Rept. No. 1489). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2398. An act for the relief of Nancy Abbey Williams; without amendment (Rept. No. 1490). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2467. An act for the relief of Ammon McClellan; with amendment (Rept. No. 1491). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H.R. 6177. A bill to provide for the payment of damages to certain residents of Alaska caused by reason of extending the boundaries of Mount McKinley National Park; without amendment (Rept. No. 1492). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 1461. An act for the payment of the claims of the Fidelity Trust Co., of Baltimore, Md., and others; without amendment (Rept. No. 1493). Referred to the Committee of the Whole House.

Mr. STUBBS: Committee on Indian Affairs. S. 2957. An act for the relief of the rightful heirs of Wakicunzewin, an Indian; without amendment (Rept. No. 1496). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H.R. 9486) to amend the Securities Act of 1933, approved May 27, 1933; to the Committee on Interstate and Foreign Commerce.

By Mr. LEWIS of Maryland (by request): A bill (H.R. 9487) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. AYERS of Montana: A bill (H.R. 9488) authorizing an appropriation for the development of the Poplar River unit of the Fort Peck Indian irrigation project, Montana; to the Committee on Indian Affairs.

By Mr. MURDOCK: A bill (H.R. 9489) authorizing the Southern Ute and the Ute Mountain Bands of Ute Indians, located in Utah, Colorado, and New Mexico, to sue in the Court of Claims; to the Committee on Indian Affairs.

By Mr. DOCKWEILER: Resolution (H.Res. 375) to provide for the appointment of a special committee to investigate the military defenses and the condition thereof on the Pacific coast; to the Committee on Rules.

By Mr. BACON: Resolution (H.Res. 376) authorizing an investigation of the relationship existing between certain contractors and their employees in the District of Columbia; to the Committee on Rules.

By Mr. RANKIN: Joint resolution (H.J.Res. 333) to provide for the continuation of the investigation authorized by Senate Resolution 83, Seventieth Congress, first session; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURNHAM: A bill (H.R. 9490) granting a pension to Emma Jones; to the Committee on Pensions.

By Mr. COLE: A bill (H.R. 9491) for the relief of Emil Gathmann; to the Committee on War Claims.

By Mr. COLMER: A bill (H.R. 9492) for the relief of J. B. Herrington; to the Committee on Claims.

By Mr. DICKINSON: A bill (H.R. 9493) granting a pension to Missouri Pettis Benton; to the Committee on Invalid Pensions.

By Mr. JENKINS of Ohio: A bill (H.R. 9494) for the relief of Perry W. Heldman; to the Committee on Military Affairs.

By Mr. PALMISANO: A bill (H.R. 9495) to refund to Theodore Reichhart, Inc., part of the brewers' occupational tax; to the Committee on Claims.

Also, a bill (H.R. 9496) granting a pension to Joseph Galonska; to the Committee on Pensions.

By Mr. PEAVEY: A bill (H.R. 9497) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Mary Sero Johnson (nee Mary Sero); to the Committee on Indian Affairs.

By Mr. POLK: A bill (H.R. 9498) granting a pension to Mary B. Evans; to the Committee on Invalid Pensions.

By Mr. SADOWSKI: A bill (H.R. 9499) to authorize the award of the Congressional Medal of Honor to Allan Joseph Chamblin; to the Committee on Military Affairs.

By Mr. WEARIN: A bill (H.R. 9500) for the relief of Anthony Wade; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4492. By Mr. KENNEY: Petition of the Madonna Parent-Teacher Association, of Fort Lee, N.J., favoring the amendment offered by the Very Reverend John B. Harney, Superior General of the Paulist Fathers, who appeared before the Senate Interstate Commerce Committee; the purpose of said amendment is to secure justice for those radio-broadcasting stations which have dedicated themselves to the cause of education, religion, social service, and other worthy fields of endeavor, and to prevent the gradual monopolization of the radio-broadcasting facilities of the United States, by interests which have as their chief aim the securing of profits; to the Committee on Interstate and Foreign Commerce.

4493. By Mr. DONDERO: Petition of the common council, being the legislative body of the city of Detroit, Mich., urging the immediate initiation of the Federal emergency housing project for slum clearance in the city of Detroit; to the Committee on Banking and Currency.

4494. By Mr. FORD: Resolution of Division No. 997, Amalgamated Association of Street and Electric Railway Employees of America, of the Los Angeles Railway Corporation, urging the passage of the Wagner-Connery bill; to the Committee on Labor.

4495. Also, resolution adopted by the Los Angeles County Committee of the Young Democratic Clubs of California, urging the development of civil aviation in all its phases; to the Committee on Appropriations.

4496. By Mr. HOPE: Petition of Rev. Ernest D. Bartlett and 54 others, protesting against the passage of House bill 7316, a bill to authorize the raising of Government funds by means of a Government lottery; to the Committee on Ways and Means.

4497. By Mr. KENNEY: Petition of the Little Ferry Regular Democratic Club, Inc., Little Ferry, N.J., commending to the United States Government such further projects for the relief of the unemployed in the borough of Little Ferry, and in all municipalities of Bergen County, wherein unemployment exists, as a wise discretion suggests; and requesting that EDWARD A. KENNEY, Esq., Congressman of the Ninth District of New Jersey, use his good graces with the Government to initiate and foster such further projects for the relief of the unemployment situation as he may kindly undertake to recommend; to the Committee on Appropriations.

4498. Also, petition of the Society for Constitutional Security, a member of the American Coalition of Patriotic, Civic, and Fraternal Societies, of Leonia, N.J., opposing the membership of the United States in the World Court; to the Committee on Foreign Affairs.

4499. By Mr. LINDSAY: Petition of the Veterans' Association, Thirteenth Regiment National Guard, Brooklyn, New York City, urging the building up and maintenance of our Navy; to the Committee on Naval Affairs.

4500. Also, petition of the Interprofessional Association for Social Insurance, New York City, urging the consideration of the workers unemployment and social insurance bill, House bill 7598; to the Committee on Labor.

4501. Also, petition of the National Association of Letter Carriers, Forest City Branch, No. 40, Cleveland, Ohio, favoring the passage of the Sweeney bill (H.R. 9046); to the Committee on the Post Office and Post Roads.

4502. Also, petition of New England section of the National Association of Amusement Parks, relative to the responsibilities of publicly owned parks, pools, and beaches under national industrial codes; to the Committee on Public Buildings and Grounds.

4503. Also, petition of the Eighty-sixth Street Board of Trade, Inc., Brooklyn, N.Y., opposing the proposed Narrows Bridge to Staten Island; to the Committee on Interstate and Foreign Commerce.

4504. By Mr. LUDLOW: Petition of a number of citizens of Indianapolis, Ind., protesting against the enactment of the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

4505. Also, petitions of a number of citizens of Indianapolis, Ind., endorsing the workers' unemployment and social insurance bill (H.R. 7598) and requesting early passage of same; to the Committee on Labor.

4506. By Mr. MALONEY of Connecticut: Petition from the Children of Mary Society, St. John the Baptist Roman Catholic Parish, New Haven, Conn., supporting the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; and approving the valiant struggle of the non-profit-making associations conducting radio stations to preserve their ideals of serving in the public interest; to the Committee on Merchant Marine, Radio, and Fisheries.

4507. Also, petition from St. John the Baptist Roman Catholic Parish, New Haven, Conn., supporting the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use, and approving the valiant struggle of the non-profit-making associations conducting radio stations to preserve their ideals of serving in the public interest; to the Committee on Merchant Marine, Radio, and Fisheries.

4508. Petition from the Rosary Society, St. John the Baptist Roman Catholic Parish, New Haven, Conn., supporting the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the

allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use, and approving the valiant struggle of the non-profit-making associations conducting radio stations to preserve their ideals of serving in the public interest; to the Committee on Merchant Marine, Radio, and Fisheries.

4509. Petition from the Holy Name Society, St. John the Baptist Roman Catholic Parish, New Haven, Conn., supporting the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use, and approving the valiant struggle of the non-profit-making associations conducting radio stations to preserve their ideals of serving in the public interest; to the Committee on Merchant Marine, Radio, and Fisheries.

4510. By Mr. RUDD: Petition of the Interprofessional Association for Social Insurance, New York City, favoring the passage of workers unemployment and social insurance bill (H.R. 7598); to the Committee on Labor.

4511. Also, petition of the Central Committee of Employees of the Financial Districts of the United States, favoring the appointment of special commission to administer control consisting of 1 eminent industrialist, 1 banker, 1 broker, 1 Democrat, and 1 Republican; the National Securities Exchange Act; to the Committee on Interstate and Foreign Commerce.

4512. Also, petition of Recovery Associates of Woodhaven, Woodhaven, Long Island, N.Y., favoring the enactment of the Wagner industrial disputes bill; to the Committee on Labor.

4513. Also, petition of Recovery Associates of Woodhaven, Woodhaven, Long Island, N.Y., favoring the Wagner-Lewis bill (H.R. 7659) to establish a system of unemployment insurance; to the Committee on Labor.

4514. Also, petition of the National Association of Letter Carriers, Forest City Branch No. 40, Cleveland, Ohio, favoring the Sweeney antifurlough bill (H.R. 9046); to the Committee on the Post Office and Post Roads.

4515. Also, petition of the Constitutional Liberty League, Boston, Mass., opposing the Fletcher-Rayburn stock exchange bill; to the Committee on Interstate and Foreign Commerce.

4516. Also, petition of the Veterans' Association, Thirteenth Regiment National Guard, New York, Brooklyn, N.Y., condemning certain alien groups and commending the present movement to build up and maintain our Navy to the point of strength and efficiency; to the Committee on Naval Affairs.

4517. Also, petition of the American Society for the Protection of the Moving Picture Theater, favoring the passage of Senate Resolution 225; to the Committee on Interstate and Foreign Commerce.

4518. Also, petition of the New England Section of the National Association of Amusement Parks, relative to the responsibilities of publicly owned parks, pools, and beaches under national industrial codes; to the Committee on Public Buildings and Grounds.

4519. Also, petition of the Eighty-sixth Street Board of Trade, Inc., Brooklyn, N.Y., opposing the passage to the proposed Narrows Bridge to Staten Island, N.Y.; to the Committee on Interstate and Foreign Commerce.

4520. By Mr. STUDLEY: Petition of James A. Atwell and other residents, of Yonkers, N.Y., urging the Congress of the United States to repeal that part of the Economy Act which permits department heads to impose payless-furlough days on their employees, etc.; to the Committee on Appropriations.

4521. By the SPEAKER: Petition of the American Society for the Protection of the Motion Picture Theater, supporting Senate Resolution 225; to the Committee on Interstate and Foreign Commerce.

4522. Also, petition of the Home Owners' Association of the twenty-sixth ward, Chicago, Ill., regarding the advisability of amending the Home Owners' Loan Act; to the Committee on Banking and Currency.

4523. Also, petition of the Young Ladies' Sodality, of St. Agatha's Parish, Canastota, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4524. Also, petition of the Holy Name Society of St. Agatha's Parish, Canastota, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4525. Also, petition of the Rosary Society of St. Agatha's Parish, Canastota, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4526. Also, petition of the Immaculate Conception Cathedral, Rapid City, S.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4527. Also, petition of St. Joseph's rectory, Spring Valley, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

HOUSE OF REPRESENTATIVES

SATURDAY, MAY 5, 1934

The House was called to order at 12 o'clock noon by Hon. South Trimble, Clerk of the House, who read the following letter from the Speaker:

MAY 5, 1934.

I hereby designate Hon. WILLIAM W. ARNOLD to act as Speaker pro tempore today.

HENRY T. RAINEY, *Speaker.*

Mr. ARNOLD assumed the chair as Speaker pro tempore.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O God and Father of our spirits, bend low over all hearts and lift upward the fragments of our humanity. Let us hear Thy beating heart as we breathe: "Emanuel, God with us." Heavenly Father, we pray that the Divine One may form Himself in every soul. Hold us all to that deep and abiding realization that it behooves us to be watchful, energetic, and enthusiastic in the devoted service of our country. Almighty God, the Creator of heaven and earth, human nature in its needs and emotions is one. The heart speaks a language that is heard everywhere and the voice of the soul makes every tongue immortal. O let the whole earth come to its ripeness and more and more may it learn to love and obey Thy laws. Keep it back from the sins of violence, of cruelty, greed, and avarice. Bind every section of our country together in the bonds of brotherhood and may the peaceful victories of all industry lay a crown of rejoicing on the brow of the Republic. In the name of our Elder Brother. Amen.

The Journal of the proceedings of yesterday was read and approved.

ORDER OF BUSINESS

The SPEAKER pro tempore. Monday is suspension day. The Speaker has given the present occupant of the chair a list of the bills that may be called up on Monday under suspension of the rules. Without objection, the Chair will have the Clerk read them for the information of the House.

The Clerk read as follows:

SPEAKER'S SUSPENSION LIST FOR MONDAY, MAY 7, 1934

H.R. 9410. A bill providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes.—Mr. GRIFFIN (Mr. BUCHANAN).

H.R. 8644. A bill to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy.—Mr. WARREN.

S. 2568. An act granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934.—Mr. DEROUEN.

H.R. 6550. A bill to remove the limitation on the filling of the vacancy in the office of United States district judge for the district of Massachusetts.—Mr. HEALEY.

H.R. 6803. A bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes.—Mr. VINSON of Georgia.

H.R. 9068. A bill to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy, and for other purposes.—Mr. VINSON of Georgia.

H.R. 7290. A bill authorizing the President to present a gold medal to George M. Cohan.—Mr. PETSER.

H.J.Res. 317. Joint resolution requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette.—Mr. CONDON.

S.J.Res. 36. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.—Mr. SUMNERS of Texas.

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. Mr. Speaker, the gentleman from Tennessee [Mr. BYRNS], the majority leader, made the request of me that we give unanimous consent to the consideration at this time of the so-called "crime bills" from the Judiciary Committee. It was generally understood that no other business would be presented to the House today, and with this understanding I have told a good many men who are not specially interested in these matters that they might be away. I hope no one will make any unanimous-consent requests for the consideration of other matters, because it will be necessary to object on account of this general understanding.

Mr. BULWINKLE. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. BULWINKLE. The gentleman from New York is correct. The majority leader stated he had made an agreement with the minority leader that only the crime bills would be taken up today.

Mr. SABATH. Mr. Speaker, I have talked with our distinguished Speaker, as well as our able and accommodating majority leader, about a small but very important bill here in connection with the great Chicago Exposition. This is not the appropriation bill, but is a bill giving the Treasury Department the right to permit exhibits which are here only for this purpose, to come in free of duty. The fair will be opened on the 26th instant. A great many of these exhibits are now in the warehouses and cannot be released. It is absolutely necessary that this should be done and done promptly. This is customary in all such matters and there is, I believe, no opposition to the measure. There is a unanimous and favorable report from the Ways and Means Committee.

Mr. SNELL. Let me say to the gentleman that so far as his bill is concerned I am for it, but that measure has been around here for a long time and if we are going to make a program and stick to it we will have to follow it from the beginning and I shall have to object to the consideration of that bill the same as I am going to object to any other matter that was not included in the agreement between the gentleman from Tennessee and myself about the program for today.

Mr. BLANTON. Will the gentleman from Illinois yield?

Mr. SABATH. I yield.

Mr. BLANTON. The gentleman says all these exhibits are in the warehouses awaiting release.

Mr. SABATH. Many of the new exhibits; yes.

Mr. BLANTON. Are the streets of Paris exhibits in warehouses?

Mr. SABATH. No. We do not need to import them. I had no idea that the gentleman from Texas is interested in the streets of Paris. On the other hand, it seems to me that he should realize that exhibits that are exhibited in the streets of Paris could and would not stay stored in any warehouse. Not only that, we did not need to import exhibits of that character, as I am satisfied that they have nothing in Paris or anywhere else that would excel our own exhibits in charms or beauty, and therefore no importations are necessary. Though I myself have made no personal investigation of these exhibits, if the gentleman from Texas or any other Members desire to see real works of art and the latest in important matters of great and elevating interest, I hope they will not miss this year's great exhibit at our fair, as I have the dependable assurance that it will far excel the greatness of last year's fair in every respect.

Mr. BLANTON. Usually I am in hearty accord with my good friend from Illinois [Mr. SABATH]. He is an able, earnest, energetic legislator here and never overlooks an opportunity to be of service to Chicago and to Illinois. I am willing for Chicago to carry on her splendid and instructive exposition for another year, but I am against the proposal to appropriate an additional $405,000 out of the Public Treasury to assist in the enterprise. I will assist my friend in every possible way to help Chicago get started this year, so long as it does not cost the Government anything. But I will never agree to appropriate the $405,000.

KILLING OR ASSAULTING OF FEDERAL OFFICERS

Mr. SUMNERS of Texas. Mr. Speaker, under the special order given by unanimous consent, by direction of the Committee on the Judiciary, the first bill on the calendar, which I desire to call up, is the bill (S. 2080) to provide punishment for killing or assaulting Federal officers.

The Clerk read the bill, as follows:

Be it enacted, etc., That whoever shall murder or otherwise kill any civil official, inspector, agent, or other officer or employee of the United States engaged in the performance of his official duties, or on account of the performance of his official duties, shall be punished as provided under section 275 of the Criminal Code.

SEC. 2. Whoever shall forcibly resist, oppose, impede, intimidate, or interfere with any civil official, inspector, agent, or other officer or employee of the United States engaged in the performance of his official duties, or shall assault him on account of the performance of his official duties, shall be fined not more than $5,000, or imprisoned not more than 3 years, or both; and whoever, in the commission of any of the acts described in this section, shall use a deadly or dangerous weapon shall be fined not more than $10,000, or imprisoned not more than 10 years, or both.

With the following committee amendments:

Page 1, line 3, after the word "otherwise", strike out the words "kill any civil official, inspector, agent, or other officer or employee of the United States" and insert in lieu thereof the following: "kill, as defined in sections 273 and 274 of the Criminal Code, any United States marshal or deputy United States marshal, special agent of the Division of Investigation of the Department of Justice, post-office inspector, secret-service operative, any officer or enlisted man of the Coast Guard, or any employee of any United States penal or correctional institution, while".

On page 2, line 4, strike out the words "civil official, inspector, agent, or other officer or employee of the United States" and insert in lieu thereof "person—designated in section 1 hereof while".

Mr. SUMNERS of Texas. Mr. Speaker, it seems that the language and purpose of the bill are sufficiently disclosed by the reading of it and the committee amendments and no further explanation is required. We have a very considerable number of these bills that we hope will be finally passed in the House today.

Mr. HASTINGS and Mr. COCHRAN of Missouri rose.

Mr. SUMNERS of Texas. I yield first to the gentleman from Oklahoma.

Mr. HASTINGS. At the end of section 1 there is a provision that the party shall be punished as provided under section 275 of the Criminal Code. I have not had an opportunity to look this up. What is the punishment that is provided under the Criminal Code?

Mr. OLIVER of New York. Mr. Speaker, if my colleague will yield, section 273 defines murder and section 274 defines manslaughter, and the punishment for the murder or manslaughter of a Federal officer is the same punishment as that now provided.

Mr. COCHRAN of Missouri. The committee has stricken out the Senate language in reference to Government employees and has substituted the language certain officials enumerated in the bill?

Mr. SUMNERS of Texas. Yes.

Mr. COCHRAN of Missouri. The language of the House amendment leaves out a great many Government employees engaged in duties that are extremely dangerous.

Now, the employees of the intelligence unit in the Bureau of Internal Revenue who are after gangsters and racketeers, who put Capone and others where they are, you offer no protection. Nor do I see where you offer protection for the immigration officials and others.

Mr. MILLER. I think the objection of the gentleman is answered by the present law. I refer the gentleman to the letter of the Attorney General which he will find included in the report. You will find that practically all the parties the gentleman named have that protection now by existing law. The purpose of limiting those to which the bill would apply is to try and get around the set-up.

Mr. SUMNERS of Texas. May I suggest to the gentleman from Missouri that the Committee on the Judiciary went thoroughly into this matter. Considering existing law and what is the purpose of this bill, the committee felt that this was as far as the Federal Government should go in undertaking to withdraw exclusive jurisdiction from the State courts.

Under existing activities of the Federal Government there are numerous employees which the Judiciary Committee felt it was not necessary to bring under Federal protection as distinguished from State protection.

Mr. COCHRAN of Missouri. As I read the letter of the Attorney General, I find other employees are covered by the existing law. Therefore I have no objection to the bill. I simply desired to strengthen it. I thank the gentlemen for their information.

Mr. SUMNERS of Texas. As I said, the committee, after full consideration and consultation with the agents of the Government, felt that this bill was as far as we could go.

Mr. SHANNON. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. SHANNON. There is an attempt here to change in section 2 the provision that exists making what has heretofore been a misdemeanor a felony. There never was an officer who was charged with the duty of serving civil process who did not meet with resistance of some kind. The procedure has been to prosecute the offenders under the statute for resisting an officer when serving a process. That has been a misdemeanor. There is no officer who has had experience in serving processes but that has met resistance from someone. Sometimes a woman locks the door or throws a skillet. It is all right about the committee giving close consideration to this, but the change, making it a felony, as is done in this section, it seems to me is going too far. It is all up to the discretion of the judge whether he will sentence the woman to the penitentiary or fine her up to $5,000, but it is a felony just the same. I think that is a very severe penalty.

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. DOWELL. I call the attention of the gentleman to the committee amendment on the first page of the bill. I note that the amendment clearly defines each person convicted, and then, in line 9, it uses the phrase "secret-service operatives." These are all Federal officers, and I am wondering if this is construed to be a Federal service operative and, if so, should not the language be inserted to make it definite?

Mr. SUMNERS of Texas. I do not believe it is necessary to insert it. We are dealing with Federal officers.

Mr. DOWELL. The language used in this instance does not indicate who these operatives are. I merely call attention of the chairman to that fact, and I think, if it referred definitely to Federal officers, it would be clearer.

Mr. MONTAGUE. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MONTAGUE. What jurisdiction would the United States Government have with respect to anybody else except Federal officers?

Mr. DOWELL. They would have none.

Mr. MONTAGUE. We could not legislate with respect to anyone else, and, therefore, there is nothing here but United States Secret Service officers. I agree with the gentleman that it should apply to them, but we cannot legislate about anybody else than United States officers.

Mr. RUFFIN. Mr. Speaker, referring to the inquiry of the gentleman from Missouri [Mr. SHANNON], my understanding is that by reason of the fact that it does not specify the offense as being a felony or a misdemeanor, whether it is a felony or a misdemeanor would be determined by the penalty actually imposed. In other words, the criminal could be fined from $1 up to $5,000. If he were fined $1, it would be only a misdemeanor. It would be determined by the penalty imposed.

Mr. SUMNERS of Texas. Mr. Speaker, I ask for a vote.

The SPEAKER pro tempore. The question is on agreeing to the committee amendments.

The committee amendments were agreed to; and the bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

TRANSMISSION OF EXTORTION MESSAGES IN INTERSTATE COMMERCE

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (S. 2249) applying the powers of the Federal Government under the commerce clause of the Constitution to extortion by means of telephone, telegraph, radio, or oral message, or otherwise.

The Clerk read the bill, as follows:

Be it enacted, etc., That whoever, with intent to extort from any person, firm, association, or corporation any money or other thing of value, shall transmit in interstate commerce, by telephone, telegraph, radio, or oral message, or by any other means whatsoever, any threat (1) to injure the person, property, or reputation of any person, or the reputation of a deceased person, or (2) to kidnap any person, or (3) to accuse any person of a crime, or (4) containing any demand or request for a ransom or reward for the release of any kidnaped person, shall upon conviction be punished by imprisonment for such term of years as the court, in its discretion, shall determine: *Provided*, That the term "interstate commerce" shall include communication from one State, Territory, or the District of Columbia, to another State, Territory, or the District of Columbia.

With the following committee amendments:

Page 1, line 5, after the word "commerce", strike out "by telephone, telegraph, radio, or oral message, or."

Page 1, line 6, after the word "any", strike out the word "other."

Page 2, line 2, after the word "be", strike out "punished by imprisonment for such term of years as the court, in its discretion, shall determine" and insert in lieu thereof the words "fined not more than $5,000 or imprisoned not more than 20 years, or both."

Page 2, line 8, after the word "Columbia", strike out the period, insert a colon and the following: "*Provided further*, That nothing herein shall amend or repeal section 338–A, title 18, United States Code (47 Stat. 649)."

The committee amendments were agreed to; and the bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

AMENDMENT TO THE KIDNAPING ACT

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (S. 2252) to amend the act forbidding the transportation of kidnaped persons in interstate commerce, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That the act of June 22, 1932 (U.S.C., ch. 271, title 18, sec. 408a), be, and the same is hereby, amended to read as follows:

"Whoever shall knowingly transport or cause to be transported, or aid or abet in transporting, in interstate or foreign commerce, any person who shall have been unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away by any means whatsoever and held for ransom or reward or otherwise, shall, upon conviction, be punished by imprisonment in the penitentiary for such term of years as the court, in its discretion, shall determine: *Provided*, That the term 'interstate or foreign commerce' shall include transportation from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia, or to a foreign country, or from a foreign country to any State, Territory, or the District of Columbia: *Provided further*, That if two or more persons enter into an agreement, confederation, or conspiracy to violate the provisions of the foregoing act and do any overt act toward carrying out such unlawful agreement, confederation, or conspiracy, such person or persons shall be punished in like manner as hereinbefore provided by this act: *And provided further*, That in the absence of the return of the person or persons so unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away and the apprehension of the person or persons offending against the provisions of this

act for or during a period of 3 days, it shall be presumed that such person or persons have been transported in interstate or foreign commerce, but such presumption shall not be conclusive."

With the following committee amendments:

Page 1, line 11, after the word "otherwise", insert "except, in the case of a minor, by a parent thereof."

Page 2, line 2, after the word "punished", insert "(1)."

Page 2, line 3, after the word "shall", strike out the word "determine:" and insert "determine, or (2) by death if the verdict of the jury shall so recommend, provided that the sentence of death shall not be imposed by the court if, prior to its imposition, the kidnaped person has been liberated unharmed: *Provided*, That the failure to release such person within 7 days after he shall have been unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away shall create a presumption that such person has been transported in interstate or foreign commerce, but such presumption shall not be conclusive."

Page 2, line 13, strike out the words "*Provided*, That the."

Page 2, line 14, insert the words "Sec. 2. The."

Page 2, line 15, at the beginning of the line, insert the words "as used herein."

Page 2, line 19, after the word "Columbia", strike out ": *Provided further*, That if."

Page 2, line 20, insert "Sec. 3. If."

Page 2, line 25, after the word "this" strike out "act: *And provided further*, That in the absence of the return of the person or persons so unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away and the apprehension of the person or persons offending against the provisions of this act for or during a period of 3 days, it shall be presumed that such person or persons have been transported in interstate or foreign commerce, but such presumption shall not be conclusive."

Page 3, line 8, insert the word "act."

The committee amendments were agreed to.

Mr. LLOYD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LLOYD: Page 2, line 2, strike out all after "(1)" up to and including the words "determine, or" in line 4. Strike out "(2)" in line 4 and insert in lieu thereof "(1)."

In line 7, strike out the colon after the word "unharmed" and insert in lieu thereof a comma and the following: "or (2) if the death penalty shall not apply nor be imposed, the convicted person shall be punished by imprisonment in the penitentiary for such term of years as the court in its discretion shall determine."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BLANCHARD. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. BLANCHARD. I understand the gentleman proposes to call up nine of these bills this afternoon?

Mr. SUMNERS of Texas. I am calling them up. I believe there are 9 or 10.

Mr. BLANCHARD. Is the so-called "firearms bill" included in the list?

Mr. SUMNERS of Texas. No; it is not. That bill went to the Ways and Means Committee on account of the tax features.

Mr. ROMJUE. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. ROMJUE. I want to ask a question. In the first section of this bill, the bill refers to transporting—"whoever shall knowingly transport or cause to be transported across the line", and so on. That is the meaning of it?

Mr. SUMNERS of Texas. Yes.

Mr. ROMJUE. Suppose a party living in a second State has nothing to do with the transportation, but he receives the abducted person afterwards, he is not a party to the transportation and they have not entered into any agreement to do anything about it, but an arrangement after abduction is made to conceal the party after they have them in another State. I do not see anything in the bill which catches that kind of a person.

Mr. SUMNERS of Texas. May I state the only way you could probably prosecute would be under the conspiracy law; but if the person had nothing to do with the kidnaping or transportation, he could not be convicted simply for having the kidnaper stay all night in the house. The committee had not thought to go that far.

Mr. ROMJUE. Let me ask this question: Does the gentleman undertake to say that if a citizen in the State of Illinois receives an abducted person who has been transported from the State of Missouri, say, who did not first enter into the negotiation or commission of the crime but who afterward found out and knew about it, and with that knowledge receives the person, can he not be reached under a Federal statute?

Mr. MILLER. Will the gentleman yield?

Mr. OLIVER of New York. He can be reached under the conspiracy clause.

Mr. SUMNERS of Texas. I yield to the gentleman from Arkansas.

Mr. MILLER. I should like to invite attention to the present law enacted on kidnaping. That question is covered. It is also covered by the conspiracy statute.

Mr. ROMJUE. Conspiracy, of course, means that an agreement or understanding is entered into beforehand; but suppose the party who receives the abducted person did not know anything about the original abduction, but afterward receives the person, I can conceive in a case like that the party might be covered by the State law alone.

Mr. MILLER. If a person knowingly received a kidnaped party, then he would be doing an overt act toward carrying out the kidnaping and would therefore come under the original Lindbergh law.

Mr. BLANTON. But if the gentleman will yield, under the law of principals, if one in another State, even though not present, should aid and abet and agree upon the commission of a crime, though not present, and aid in carrying out the purposes and intent of the parties agreeing upon it, should afterward receive the kidnaped person, certainly he would be a principal, under the law, even though he were not present at the actual kidnaping.

Mr. LLOYD. We have gone as far as we can with this kind of legislation. We have gone as far as we think the Constitution will permit us to go. Manifestly there must be things that cannot be reached. We cannot even catch Dillinger by the passage of this bill.

Mr. McFARLANE. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Texas, and then I must not yield further.

Mr. McFARLANE. Under section 3, would that not be covered by this language: "If two or more persons enter into an agreement, confederation, or conspiracy to violate the provisions of the foregoing act"?

Mr. SUMNERS of Texas. As I have stated two or three times, if a conspiracy has been formed, of course, all persons who are parties to that conspiracy could be prosecuted and convicted if found guilty under this act; but the committee has not seen fit to attempt to go further.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FLIGHT TO AVOID PROSECUTION OR GIVING TESTIMONY IN CERTAIN CASES

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases; and pending that, may I submit a unanimous-consent request that all Members may have 5 legislative days within which to extend their own remarks on these bills?

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. SUMNERS]?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That it shall be unlawful for any person to flee from any State, Territory, or possession of the United States, or the District of Columbia, with intent either (1) to avoid prosecution for a felony under the laws of the place from which he flees, or (2) to avoid giving testimony in any criminal proceedings in such place in which the commission of a felony is charged. Any person who violates the provision of this act shall, upon conviction thereof, be punished by a fine of not more than $5,000 or by imprisonment for not longer than 5 years, or by both such fine and imprisonment. Violations of this act may be prosecuted only in the Federal judicial district in which the original crime was alleged to have been committed.

With the following committee amendments:

On page 1, line 5, after the word "Columbia", insert "to another State, Territory, or the District of Columbia or to a foreign country",

Page 1, line 7, at the beginning of the line, strike out "either (1)" and after the word "for", strike out "a felony", and insert "murder, kidnaping, burglary, robbery, mayhem, rape, assault with a dangerous weapon, or extortion accompanied by threats of violence, or attempt to commit any of the foregoing",

Page 2, line 1, after the word "flees", strike out "or (2) to avoid giving testimony in any criminal proceeding in such place in which the commission of a felony is charged."

Amend the title so as to read: "An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases."

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. COCHRAN of Missouri. In certain cities racketeers have forced witnesses to leave the community, and even forced them to leave the State, in order to prevent them from appearing at the prosecution of a defendant. Does not the gentleman feel it would be advisable to cover witnesses in this bill? It would help the Department a great deal.

Mr. LLOYD. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. LLOYD. Will the gentleman be so good as to explain how the Federal Government can have any jurisdiction over witnesses in State prosecutions? Under what theory of the act could the Federal Government possibly reach them?

Mr. COCHRAN of Missouri. The only theory of existing law I could advance would be that individuals had entered into a conspiracy to prevent the United States from prosecuting one who had violated its laws. To me protecting witnesses is very important. I thought the Department desired such a provision.

Mr. SUMNERS of Texas. Mr. Speaker, I may say to the gentleman from Missouri that the witness aspect of the matter was included in the first bill; but after consideration by the committee and mature consideration by the Department of Justice, the Department did not feel that they wanted to risk having that provision incorporated in the bill, and that is why it was taken out.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title of the bill was amended.

A motion to reconsider was laid on the table.

STATUTES OF LIMITATIONS

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (S. 2460) to limit the operation of statutes of limitations in certain cases.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That whenever an indictment is found defective or insufficient for any cause, after the period prescribed by the applicable statute of limitations has expired, a new indictment may be returned at any time during the next succeeding term of court following such finding, during which a grand jury thereof shall be in session.

SEC. 2. Whenever an indictment is found defective or insufficient for any cause, before the period prescribed by the applicable statute of limitations has expired, and such period will expire before the end of the next regular term of the court to which such indictment was returned, a new indictment may be returned not later than the end of the next succeeding term of such court, regular or special, following the term at which such indictment was found defective or insufficient, during which a grand jury thereof shall be in session.

SEC. 3. In the event of reindictment under the provisions of this act the defense of the statute of limitations shall not prevail against the new indictment, any provisions of law to the contrary notwithstanding.

SEC. 4. The provisions of this act shall not apply to any indictment against which the statute of limitations has run at the date of approval hereof.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (S. 2575) to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor.

The Clerk read the bill, as follows:

Be it enacted, etc., That any person employed at any Federal penal or correctional institution as an officer or employee of the United States, or any other person who instigates, connives at, willfully attempts to cause, assists in, or who conspires with any other person or persons to cause any mutiny, riot, or escape at such penal or correctional institution; or any such officer or employee or any other person who, without the knowledge or consent of the warden or superintendent of such institution, conveys or causes to be conveyed into such institution, or from place to place within such institution, or knowingly aids or assists therein, any tool, device, or substance designed to cut, abrade, or destroy the materials, or any part thereof, of which any building or buildings of such institution are constructed, or any other substance or thing designed to injure or destroy any building or buildings, or any part thereof, of such institution; or who conveys or causes to be conveyed into such institution, or from place to place within such institution, or aids or assists therein, or who conspires with any other person or persons to convey or cause to be conveyed into such institution, or from place to place within such institution, any firearm, weapon, explosive, or any lethal or poisonous gas, or any other substance or thing designed to kill, injure, or disable any officer, agent, employee, or inmate thereof, shall be punished by imprisonment for a period of not more than 10 years.

SEC. 2. That section 11 of the act of May 14, 1930 (ch. 274, 46 Stat. 327; U.S.C., title 18, sec. 753j), be, and the same is hereby, amended to read as follows:

"That any person not authorized by law or by the Attorney General who introduces or attempts to introduce into or upon the grounds of any Federal penal or correctional institution any narcotic drug, weapon, or any other contraband article or thing, or any contraband letter or message intended to be received by an inmate thereof, or any person who transmits or attempts to transmit or who aids or assists or attempts to aid or assist in transmitting any letter or message from any Federal penal or correctional institution or any inmate thereof otherwise than in accordance with the rules and regulations governing the transmittal of letters and messages from such institution, shall be guilty of a felony and shall be punished by imprisonment for a period of not more than 10 years."

SEC. 3. All acts and parts of acts in conflict herewith are hereby repealed.

With the following committee amendments:

Page 2, line 18, strike out all of section 2 down to and including line 10, on page 3.

On page 3, line 11, strike out the figure "3" and insert the figure "2."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE DUE CULTIVATION OF PROPER MILITARY DISCIPLINE AMONG THE GREAT MASS OF THE PEOPLE AND A GENERAL DIFFUSION OF MILITARY INFORMATION ALWAYS HAVE BEEN, ARE NOW, AND ALWAYS WILL BE INDISPENSABLY NECESSARY FOR THE PRESERVATION OF THIS GOVERNMENT

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PLUMLEY. Mr. Speaker, with more than ordinary interest I listened to the forceful and effective address upon national defense delivered by the Honorable ARTHUR R. ROBINSON, United States Senator from Indiana, a few days ago. His plea for a continuation and extension of the valuable work which is being done among the youth of the land through and by means of the Reserve Officers' Training Corps and other military training units met my hearty approval.

This is a matter in which I am very much interested, and concerning which I am impelled to express my convictions. A graduate and for 14 years president of the only essentially military college in these United States, naturally I have some decided opinions with respect to what constitutes reasonable and adequate military preparedness, and feel that I am justified in saying what I think about educating the youth of the land for citizenship.

With every rational and conscientious person the world over I join in the wish and the hope that there may never be another war, but a common-sense, unemotional survey of the existing world condition compels all of us to acknowledge that there is no assurance that such hopes may soon be realized, nor that our wishes may speedily come true. We may dream of the day when wars shall cease; it does no

harm; on the contrary, every effort to bring about the realization of such dreams is commendable and deserves our support so long as it does not strip us of our defenses, develop a condition of unpreparedness, or lay us open to or invite attack. We must shake ourselves out of the trance and face facts, for, while we are dreaming, the grim reality stares us in the face that if we are to have universal peace, we will have to be prepared to do our part to obtain it, and, if necessary, to fight for and to maintain it.

Yes, we dream of the day when swords shall be sheathed forever, and our weapons turned into plowshares and pruning hooks; and those days of which Longfellow sung, when he said:

> Peace! and no longer from its brazen portals
> The blast of war's great organ shakes the skies!
> But beautiful as songs of the immortals,
> The holy melodies of love arise.

But the road to universal peace is a tortuous path which leads down the dark future through long generations, involving the Christianization of the world—an end devoutly to be sought, eventually to be obtained—but obviously ages hence.

The sober realization of a people who do not allow their idealism to divorce them from stark reality and their clear conception of the foibles and idiosyncracies of human nature impresses the fact upon them that just so long as racial hatred and discrimination, economic rivalry between nations for world markets, and arrogant nationalism remain, disarmament and a pacific world cannot be.

I am not a militarist, and as an American citizen I am opposed to war. If that makes me a pacifist, then that is what I am; nevertheless, I have little patience with the attitude of those people who, for selfish, pecuniary, or political purposes, or for any other reason, are ready to strip this country of, or to curtail or limit, our reasonable, necessary, and adequate defense; nor with those who would throw into the junk heap our plans so carefully worked out in order to insure us a safe, reasonable, and justifiable amount of military preparedness. Anyone who is conversant with the facts—and anyone may be, and no one who is not has any business to mislead the people of this country—anyone, I say, who knows what he is talking about knows that we are improperly and inadequately prepared to defend ourselves today or to protect ourselves from an attack by foreign foe.

We should have learned much from our experience in the World War, but have we? We should realize that there is neither justification nor excuse for our being found again in such a state of unpreparedness for war as that in which we found curselves on that date when we should have been prepared to have entered and, by reason of our state of preparedness, to have ended the war then and there. How any man or woman can contemplate with equanimity the graves of our million boys who lie in the fields of France, or in other foreign soil, as a monument to our almost criminal lack of foresight and as a sacrifice offered because of our recurring unpreparedness, or oppose any plan which will prevent the recurrence of any such national catastrophe, I do not understand.

The fate of civilization has always hung in the balance, but there are certain ideals of civilization which cannot be destroyed. The progress of humanity throughout the centuries is marked by the bloody battlefields which have made possible our achievements. The arts of peace will not always prevail. Nations, no more than individuals, will always keep their word. Why will we not realize that civilization in itself comprehends the struggle for advancement, and that the opposition it meets must be overcome? When principle or honor is at stake, no man or nation is entitled to live who is not willing to fight to maintain it.

No man knows or dares to prophesy what may happen tomorrow. The World War was catastrophic, but we are not so far away from it that we should not take note of the fact that today we are sitting on the top of a thin crust of earth which hides, but does not conceal, the fact that, figuratively speaking, beneath us is laid a perfect network of mines and powder magazines; no one knows when or what action may generate the necessary friction which may cause such a terrific explosion as will shake the world's foundation to its very center.

I should like to believe that there would never again be another war. I should like to feel that the dawn of everlasting peace was near at hand. I wish it were not true that a common belief prevails that the pronouncements of any parliament of the world, international tribunal, League of Nations, or conference by any other name are not worth the paper on which they are written, if and when war impends. The wastepaper basket of the world at such times is filled with "scraps of paper."

I should like to believe that human nature had changed, but the hard cold facts are that no plan has been promulgated in our day or generation that will change human nature or bring about the millenium by contract. No covenant which has ever been made or will be entered into in this day of grace between and among nations will prove a perfect panacea for or perfect preventive of war. The truth is that neither you nor I, our children or great-grandchildren, will live long enough to see the day when it will be unnecessary to maintain a sufficient force to guarantee safety and to keep the peace.

The fight between good and evil has just begun. Old as the beginning of things, yet young as tomorrow when it is born, the struggle between these two opposing forces must go on forever through all history to the end. Those who believe in the eventful triumph of the right must still march and fight and fall, recruited from the flower of mankind, cheered only by their own hope of humanity, strong only in their confidence in their cause.

Our experience and the lesson that the ages teach us demonstrate that in a republic the due cultivation of a proper knowledge of and general diffusion of military information always has been, is now, and always will be indispensably necessary for the preservation of government.

An examination of the roll of graduates of the colleges of our country in which military training is established and wherein the R.O.T.C. units properly function completely refutes the argument that such training produces in them a warlike spirit or makes them militarists. The graduates of these institutions do not in any considerable number choose the profession of arms. The contrary is true. These young men realize what war means, what it costs, and above all others are most anxious that peace shall prevail.

I say to you that every dollar spent in order to diffuse military knowledge among them and to educate them for the discharge of each and all their duties as a citizen in peace and in war is expended in the advancement of the cause of universal peace. I cannot understand the attitude or state of mind of those misled theorists and well-intentioned but misguided and misinformed people who so severely denounce that method and form of education and training which more than all others will accomplish the very end they seek to attain—the outlawry of war. The making of citizens fitted to serve their country in the event of a time of war is the purpose, the business, and the successful attainment of such institutions.

To be an American citizen in this so wonderful an age is the greatest blessing any man or woman may enjoy. To have and play a part in shaping and changing the course of history is the greatest opportunity with which any man or woman of any day or generation can be confronted. The best-educated citizen is the one who respects the rights of others, recognizes that properly constituted authorities are entitled to be obeyed, and realizes the responsibilities attaching to the rights and duties of his citizenship. A man educated to understand, to accomplish, and to command is the type of citizen such training develops.

Military training of the youth of the land tends to cultivate an honest manly character, hatred of shams and humbugs, an earnest purpose to make the most of oneself, to serve one's time as a man, and one's country as a good citizen and patriot. For over 115 years the essentially military college to which I have alluded has closely followed the purpose of its distinguished founder, clearly and positively announced as of the day of its establishment, the characteris-

tics and essential elements of which are set forth in the inscription on the stone gateway, which reads:

This institution was founded upon the principle that a citizen soldiery is essential to the maintenance of free government. Throughout a hundred years this principle has been cherished, and the men have here learned that obedience to law is liberty. In the centuries to come let all who enter through this gate be faithful to the past.

I have observed at close hand the exemplification and accomplishment for which this training is responsible. I know whereof I speak when I say that the lessons it teaches are invaluable. It impresses upon the student mind the axiom that no man is fitted to command who has not first learned to obey.

At every formation, from the first to the last in his course, everywhere and all the time, it hammers into the head and habit of the cadet the absolute necessity for attention to the business in hand. It shows him, in due course, that real merit is properly recognized, and teaches him to appreciate that with such merited recognition comes the assumption of added responsibility. He learns to meet emergencies, to be prepared for the unexpected, and to assume responsibility as the opportunity and occasion therefor are presented. He is also taught to realize the importance of punctuality, how absolutely indispensable is accuracy, how essential is efficiency, the value of time, and the benefits of brevity.

Touching elbows with his equals, saluting his superiors, commanding his inferiors, he is taught the rights and prerogatives of each—what goes with authority and how he may use but never abuse it. He learns to look ahead, to be prepared at any time to have his mettle tried and temper tested, to form his advance guard, but to keep his main strength in reserve. He acquires the knowledge, theoretically and practically, of proper preparation, of the worth of his word, and of what constitutes honor. He is able fairly, impartially, and impersonally to estimate his own strength and limitations and knows he should not undertake what he cannot fairly expect decently to accomplish, but should accomplish what he undertakes, and that he must find a way or make one.

These are the ideas and ideals set before him in theory and practice constantly as a part of his military training and discipline until they become part and parcel of him—and I doubt if any course of study or plan of training can show better ideas, ideals, or educational theories or any that in practical results better fit those who are taught—citizen, soldier, or sailor—for either private or public career.

In the final analysis education is the bulwark against all things destructive of American institutions.

All who have meditated on the art of governing mankind have been convinced—

Said Aristotle—

that the fate of empires depends on the education of youth.

Everyone who measures up to the full stature of his citizenship should be trained to discharge in full, not in part, his obligations of citizenship as well in times of war as in times of peace. Military training as an incident to the education of American youth such as is contemplated by and provided for under the R.O.T.C. and kindred activities should be encouraged, continued, and extended as an incident to the academic, scholastic, and physical preparation of a 100-percent American citizenship for today and tomorrow in order to "insure domestic transquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty" to themselves and their posterity.

FARM RELIEF

Mr. GILLETTE. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks, relative to farm relief.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GILLETTE. Mr. Speaker, as you know, I have not asked any of the time of this House for the purpose of addressing it from the floor. I have felt that in trying to solve the long list of problems facing us it is both futile and unfair when our appropriate committees have spent long weeks in hearings and study, to use their limited time for floor presentation in lengthy and purposeless or partisan discussion.

But as the Representative of an agricultural constituency in the State of Iowa and as the only voice that constituency has in this honorable body, I want briefly to present a matter of tremendous import to them, and as I believe, to the entire Nation.

It has been generally agreed by all parties and by the spokesmen from all sections of our country that no permanent economic recovery could be had in the Nation until there had been restored to those engaged in agriculture a price level that would insure to them a margin above their production costs. Realizing this, industrial and financial interests have joined hands with the farm interests in support of measures to secure this end. Many plans have been proposed, many measures taken, and many ideas are now in process of application looking to this result. I want to state a simple fact in this connection as an introduction to the point I rose to present:

It makes but little difference to the farmer in my State whether he gets a dollar per bushel for his corn, and pays a dollar for a shirt, or whether he gets 50 cents a bushel for his corn, and pays 50 cents for his shirt, or whether he gets 10 cents a bushel for his corn and pays 10 cents for a shirt. In any event he exchanges a bushel of corn that he produces for the shirt that he needs, and in the absence of maladjustment of prices this exchange can be effected on either a high or a low price level. But it makes a mighty difference to him if he is compelled to meet a debt obligation contracted on the basis of dollar corn, high-price level, with 10-cent low-price-level corn.

Through Government refinancing machinery, much has been accomplished by way of relief for the farm-debt situation, but the problem is still tremendously acute, for the reason that the governmental agencies have fixed certain normal values as bases for their loans, and in the thousands upon thousands of cases the loan values thus determined are inadequate to carry the amount necessary to care for their refinancing needs. I do not intend this or anything I may say as a criticism of the Federal land bank or its methods. With some exceptions, of course, I have felt the land banks have made their loan commitments as high as their machinery and rules justify. But I believe it is no exaggeration to say that they are unable to take care of the refinancing needs of at least 20 percent of the farm mortgagors in distress in my State.

Of what avail is it to raise the farm price level, as we are trying to do and hope to do, for the family whose farm has been foreclosed? What value is it to an evicted family to see the benefits of an enhanced price level, reaped by the mortgagee, from the farm that their lifetime of work and savings has developed? Oh, I know it was your thought and mine that the mortgage holder would scale down his claim, and thousands upon thousands have done so and taken a loss, but other thousands refuse to scale, and you and I know that they have sound arguments on their side of the question.

In many cases the loan they made represents an investment of savings of their lifetime, and on which their future living depends. Who is going to solve this situation? It must be solved; make no mistake about that. Agriculture is suffering from an overloaned condition, and if every farm mortgage in the country were refinanced at its face value, and at present interest rates and price levels, agriculture could not survive.

Where is the responsibility for action? With the Government that is loaning all that Congress in its wisdom considers wise? With creditors who, in many cases, with real justice, insist on their full payment? I know you say it is a financial problem, but I add it is a social problem as well.

Yes, you say to me, but this must be handled on a plane of sound finance, and I say to you that the sound financial proposals thus far presented do not and cannot meet the

situation, and there is a cry for help going up from these farms that American humanity must answer. These people are not Communists or disloyalists. They have waited long months through the inaction of the preceding administrations for help. They have waited and hoped for the efforts of this one to bring results. They still hope and believe and watch and wait.

This is the body to act. This is the only place to reach a solution. Is it necessary to impair a contract? This is the only political entity that can do so. Conditions over which these people have no control have already impaired and wiped out their contractual rights.

Moratoria, delays, definitive injunction laws are all palliatives but do not solve. Either the holders of these farm securities must take the loss or Congress must provide the means for supplemental financing over and above the means established by current governmental mechanism. For one, I do not wish to force investors to take an involuntary loss on an investment honestly made, but I want to aid these people to save their homes. I am ready to support supplemental Government financing; sound, first, in the name of humanity and as sound as possible in the name of finance.

OFFENSES AGAINST BANKS

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (S. 2841) to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That as used in this act the term "bank" includes any member bank of the Federal Reserve System, and any bank, banking association, trust company, savings bank, or other banking institution organized or operating under the laws of the United States.

SEC. 2. Whoever, not being entitled to the possession of property or money or any other thing of value belonging to, or in the care, custody, control, management, or possession of, any bank, takes and carries away, or attempts to take and carry away, such property or money or any other thing of value from any place (1) without the consent of such bank, or (2) with the consent of such bank obtained by the offender by any trick, artifice, fraud, or false or fraudulent representation, with intent to convert such property or money or any other thing of value to his use or to the use of any individual, association, partnership, or corporation, other than such bank, shall be punished by a fine of not more than $5,000 or imprisonment for not more than 10 years, or both.

SEC. 3. Whoever breaks into, or attempts to break into, any building or part thereof used as a place of business by any bank, with intent to commit in such building or part thereof so used any offense defined by this act or any felony under any law of the United States or under any law of the State, District, Territory, or possession where such building is located, shall be fined not more than $5,000 or imprisoned not more than 10 years, or both.

SEC. 4. (a) Whoever, by force and violence, or by putting in fear, feloniously takes, or feloniously attempts to take, from the person or presence of another any property or money or any other thing of value belonging to, or in the care, custody, control, management, or possession of, any bank shall be fined not more than $5,000 or imprisoned not more than 20 years, or both.

(b) Whoever, in committing, or in attempting to commit, any offense defined in subsection (a) of this section, assaults any person, or puts in jeopardy the life of any person, by the use of a dangerous weapon, shall be fined not less than $1,000 nor more than $10,000 or imprisoned not less than 5 years nor more than 25 years, or both.

SEC. 5. Whoever, in committing any offense defined in sections 1, 2, or 3 of this act, or in avoiding or attempting to avoid apprehension for the commission of such offense, or in freeing himself or attempting to free himself from arrest or confinement for such offense, kills any person, or forces any person to accompany him without the consent of such person, shall be punished by imprisonment for not less than 10 years, or by death.

SEC. 6. Jurisdiction over any offense defined by this act shall not be reserved exclusively to courts of the United States.

With the following committee amendments:

On page 1, line 8, strike out all of section 2.

Page 2, line 12, strike out all of section 3.

Page 2, line 20, strike out the figure "4" and insert the figure "2."

Page 3, line 10, strike out the figure "5" and insert the figure "3."

Page 3, line 11, strike out the words "sections 1, 2, or 3 of."

Page 3, line 17, after the word "death" insert "if the verdict of the jury shall so direct."

Page 3, line 19, strike out the figure "6" and insert the figure "4."

Mr. BLANTON. Mr. Speaker, I move to strike out the last word for the purpose of asking a question.

The SPEAKER pro tempore. The gentleman from Texas has the floor.

Mr. SUMNERS of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Section 4 provides that the fear must have been occasioned by the use of a dangerous weapon. May I ask the gentleman from Texas if that embraces a bottle of nitroglycerin?

Mr. SUMNERS of Texas. If I were behind the counter, I think it would.

Mr. BLANTON. I doubt if the courts would so construe it. I think the gentleman ought to offer an amendment here adding the words "or device" after the words "dangerous weapon."

Some of the largest bank robberies have been occasioned where a thug comes into the bank and goes up to the window and has a bottle with something in it. He says, "If you don't hand over the money, I will blow up your bank with nitroglycerin." That is more dangerous than all the dangerous weapons he could bring in, and this bill ought to embrace just such cases as that. I doubt whether a court would construe a bottle of nitroglycerin or something that was held out to be nitroglycerin as a dangerous weapon, hence we should add the words "or device."

Mr. DOCKWEILER. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from California.

Mr. DOCKWEILER. May I say that a man might go into a bank with intent to rob and use a gas bomb, which would not in itself be dangerous.

Mr. BLANTON. Yes; or he might use one of these new kind of Indiana six shooters carved out of a piece of wood with a pocket knife.

Mr. SUMNERS of Texas. I suggest to the gentleman that section 2 covers the matter, although I have no objection to adding the words "or device." I have no objection, and I do not think the committee will have objection.

Mr. BLANTON. I suggest that the gentleman offer an amendment, adding after the word "weapon", the words "or device."

Mr. LLOYD. Does the gentleman hold for a moment that a bottle of nitroglycerin is not a dangerous weapon?

Mr. BLANTON. I do not know whether the courts would so hold or not. The words "or device" would cover it.

Mr. LLOYD. A bomb is a dangerous weapon.

Mr. BLANTON. I do not remember any decision where a court has held that a bottle of nitroglycerin or a bottle of water asserted to be nitroglycerin, which would have the same effect psychologically on the minds of the people in the bank, is a dangerous weapon.

Mr. DOCKWEILER. May I suggest adding the word "instrumentality"?

Mr. BLANTON. The words "or device" would cover the matter.

Mr. SABATH. Both words can go in.

Mr. SUMNERS of Texas. The committee is perfectly willing to have inserted in line 6, page 3, after the word "weapon", the words "or device."

Mr. BLANTON. I believe that would help the situation.

Mr. DOCKWEILER. I can conceive of a lot of devices which are not dangerous. I would suggest the use of words indicating something that is intended to instill fear.

Mr. SUMNERS of Texas. What would the gentleman suggest adding?

Mr. DOCKWEILER. I would suggest adding "device or such instrumentality intended to instill fear."

Mr. BLANTON. "Device" would cover the situation.

Mr. SUMNERS of Texas. I will offer an amendment that the words "or device" be inserted, and we will see what the Senate can do to help us out with the suggestion of the gentleman from California [Mr. DOCKWEILER].

Mr. Speaker, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SUMNERS of Texas: Page 3, line 6, after the word "weapon", insert the words "or device."

The amendment was agreed to.

The committee amendments were agreed to.

Mr. SABATH. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Illinois.

Mr. SABATH. This bill applies to banking institutions only. Should not other governmental institutions be covered?

Mr. SUMNERS of Texas. I may say to the gentleman that we are going rather far in this bill, since all the property is owned, as a rule, by the citizens of the community where the bank is located. The committee was not willing to go further, and the Attorney General did not ask it to go further.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. The jury, under this bill, may fix the penalty at death. That is a rather unusual thing in Federal courts.

Mr. SUMNERS of Texas. I know it, but the committee believed that ought to be done.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

WHENCE DOES OPPOSITION COME?

Mr. FERNANDEZ. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter addressed to a constituent on my record in Congress.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. FERNANDEZ. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter addressed to a constituent on my record in Congress:

DEAR FRIEND: Answering your esteemed favor of recent date as to whether or not I would offer as a candidate for Congress to succeed myself in the coming September primary, and in which you offer your whole-hearted support to my candidacy if offered:

I wish to thank you from the bottom of my heart for your tender of support, which I graciously accept. As far back as February 2 of this year I announced through the Associated Press that I would be more than willing to enter the lists with anyone the New Orleans organization may put up, and that statement in full follows:

"If the New Orleans organization brings out a candidate against me, it will be purely upon a factional basis. I am not ashamed of my record in Congress, and I am perfectly willing to have it made a basis of a vote of confidence by the people. With the single exception of my vote against the gag-rule resolution, each ballot I have cast as a Member of the House of Representatives has been for measures advocated by the administration. Not only that, I intend to continue to support President Roosevelt and his policies in 100-percent fashion. A group of Iowa Congressmen were told by the President himself that he did not blame them for voting against the gag rule. There is other evidence to show that the President did not subscribe to such extremes in the matter of a rule for the conduct of the House of Representatives. Whenever any rule tends to restrict free expression of thought or opportunity to properly represent the people of my district, I shall oppose it. I have the assurance of the support of organized labor and of Federal employees. I have unsolicited letters from practically every civic organization in New Orleans commending the work that I have done. I have worked earnestly and persistently in the interest of the community which I serve. I believe the account of stewardship which I will be able to render will have more weight with the voters than the desire of a political faction to grab off another job."

SENIORITY IN CONGRESS

For over 100 years the length of service, or seniority, is the rule by which every Member of Congress is governed. While I have been in Congress just two terms, I have preferred committee assignment—Naval Affairs—and rank sixth from top of that committee. In the Seventy-second and Seventy-third Congresses I was appointed by both Speakers of the House of Representatives as a member of the Board of Visitors to the Naval Academy, Annapolis, Md. If a change is made at this time, whatever has been gained will be lost to my constituents. It is up to my people to judge what is best. A casual look into the Congressional Directory will disclose that States which have observed the rule of seniority now control practically all important committees in Congress, and whenever a change is made in their Congressman, everything gained in the way of important committee assignments is lost.

HOW I HAVE STOOD ON MATTERS AFFECTING MY CONSTITUENTS

I voted against the sales tax and favored higher taxes on incomes in the larger brackets and inheritance taxes. I voted to prohibit the Reconstruction Finance Corporation loaning money to companies paying salaries over $100,000 annually. Supported and voted for the Norris-LaGuardia anti-injunction bill, now law. Voted for immediate payment of the soldiers' bonus each time the question called. Voted for every bill that would feed the hungry and clothe the naked. Supported the 30-hour week bill for industry. Supported the Norris bill for Government ownership and operation of Muscle Shoals power project. I supported amendments to the Economy Act to exempt small-salaried Government employees and to restore veterans' benefits. Voted to impose the electrical taxes on the utilities instead of on the people. Voted to give additional money to support the C.W.A. and F.E.R.A., and for the continuance of this emergency relief.

Introduced legislation that passed this Congress providing for the establishment of a lighthouse depot which will be erected on the Industrial Canal at a cost of $175,000. Worked unceasingly for the Government to locate a conservation camp on the grounds near Chalmette Monument and the areas of the battlefield, and to force the Government to recognize the historical value of commemorating the Battle of New Orleans by suitable park area and improvements; also additional land for the burial of soldiers of all wars on the Chalmette battlefield and the improvement thereof. Introduced legislation, which is pending, that would cause surveys to be made of the bayous of St. Bernard and Plaquemines Parishes, so that fishermen and users of those waters could find refuge in case of storm. Improved postal facilities in Algiers is one of my accomplishments. Held up a bill in Congress that would have declared Bayou St. John a nonnavigable stream from Esplanade Avenue to Hagan Avenue until the commission council created an aquatic park and until proper indemnity could be paid to boat and shipyard owners for damages resulting from such legislation.

WHAT I STAND FOR AND WILL FIGHT FOR

Continuation of C.W.A. and F.E.R.A. and P.W.A. in order that every man or woman who wants work shall have work.

For a new Federal building for New Orleans.

Continuation of revetment work on levees below New Orleans. Strengthening of levees, including those in parish of Orleans, which the Government does not now control.

For adequate care of our veterans of all wars, including hospitalization.

No man or woman denied the right to work because of age limit by any corporation doing interstate business, including Government employees.

Old-age pensions.

COMMENDATORY

I am pleased to quote some expressions from prominent Government officials, business executives, labor leaders, and organizations, which have come to me unsolicited, on my services to them and my constituents during my tenure of office in Congress:

[From Hon. James A. Farley, chairman of the Democratic National Committee, Washington, dated June 16, 1933]

"I want you to know that I greatly appreciate the support you gave the administration program during the session just closed. I feel certain the people of the country generally realize that more beneficial legislation was passed at this session of Congress than ever before in the Nation's history. For the part you played in these remarkable accomplishments I want you to know that I am personally grateful. With best wishes, I am, sincerely."

[From the Speaker of the House, Hon. HENRY T. RAINEY, Washington, D.C., dated Apr. 19, 1934]

"I desire to say that out of 23 votes on administration measures you voted with the administration on every proposition, except the bonus bill. You voted to discharge the Ways and Means Committee for consideration of this bill, and after that you voted for passage of this bill. You record is considered to be excellent. There are very few Democratic Members of Congress who have a record as good as yours."

[From the majority leader of the party, Hon. JOSEPH W. BYRNS, House of Representatives, dated Apr. 21, 1934]

"It gives me pleasure, as majority leader of the House, to testify to the very loyal support and cooperation which, as a Member of the House of Representatives, you have given the President on his plans and policies for recovery. You have uniformly and ably supported him in all of his measures, save the one involving the veterans, and I do not regard this in any sense as a test of loyalty. With kindest regards."

[From Mr. William Green, president American Federation of Labor, Washington, D.C.]

"I take pleasure in enclosing your legislative record on measures of interest to labor while a Member of Congress. It is 100 percent. The first session of the Seventy-second Congress had more measures affecting labor before it than any other Congress in many years. For all of them you voted as labor wishes. I, therefore, wish to commend you to organized wage earners and their friends in the First Congressional District of Louisiana. Wishing you every success, I am."

TRUE FRIEND OF VETERANS

[From the National Tribune, "The Voice of the Veterans of the United States", issue of Apr. 19, 1934]

"All of the Representatives listed will be up for renomination this fall. They should have the whole-hearted support of all veterans and their friends. Fernandez is listed as a friend of the veterans."

FRIEND OF FEDERAL EMPLOYEES

[From them, dated Apr. 6, 1934, is this letter]

"Federal employees are particularly grateful of your earnest efforts in having 5 percent restoration of pay from February 1, 1934, and 5 percent again July 1, 1934."

Other letters of commendation are herewith enclosed, in copy facsimile. Thanking you for your offer of help and cooperation in the coming campaign in my behalf, I am, faithfully yours,

CONGRESSMAN J. O. FERNANDEZ.

THE PHILIPPINES AT LAST TO BE A NATION

Mr. SABATH. Mr. Speaker, I ask unanimous consent to extned my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, ladies, and gentlemen, the latest news by radio and cable from Manila to the effect that the Philippine legislature unanimously accepted the recently enacted McDuffie-Tydings Philippine independence bill, and is proceeding to the calling of a constitutional convention for the purpose of framing a constitution, is to me a matter of the deepest gratification.

It is but natural that this should be so, because during the nearly 28 years that I have been a Member of this House I have been advocating that the United States keep its pledge to the 13,000,000 inhabitants of the islands. This pledge, often repeated, was that in the end we would make them a free and independent nation, with a government of Filipinos, by Filipinos, and for Filipinos.

I well remember an occasion a few years back, when a newspaperman, meeting me as I was leaving the Capitol just after having introduced one of my many Philippine-independence bills, inquired: "Mr. SABATH, why have you had for so many years such a deep interest in Philippine independence?"

The best explanation I could think of, on the instant, was this: "Well, I want to be free myself, and I guess I just cannot help but sympathize with the desire of the other fellow who also aspires to be free."

Whether the correspondent was completely satisfied with this answer, I never knew. But I am not sure that I could give, in a few words, a better explanation even now. I am sure, however, that it was a very similar impulse that caused me time and again to impress upon President Wilson the justification of seeing to it that independence be given to the people of Czechoslovakia, my native land, a plea that I am glad to say did not fall upon unsympathetic ears, nor one that was in the end to be in vain. Likewise, I was always, and from the very first, captivated by the idea of an Irish Republic. The Irish people constitute a race abundantly able to manage their own affairs of state without the interference of any outside nation whatsoever.

I have often thought that the fitness of a people to govern themselves is perhaps best indicated by the determination and persistence with which they demand to be free. One reason that I have always been so sympathetic to the pleas of the Filipinos for independence is the knowledge that they have been ardently hoping, working, and fighting for it for more than 300 years. And during the 36 years that they have been under American sovereignty there has never been a day that they have not longed for their independence. Always, however, they have couched their pleas to the United States in the most respectful terms. They have believed in the good intentions toward them of the people of the United States. In beseeching us for their freedom, it was not that they loved the United States less, but that they loved independence more. I can understand their feeling perfectly. I could never be happy being governed by a foreign power, regardless of how great the nation might be, and therefore I can readily understand how the Filipinos would not and could not be happy being governed by us.

This is simply human nature. History does not tell of a single race that was ever happy and content to be governed by a far-distant and alien people against their consent. If there were such a people, it would indicate their inferiority and unreadiness for self-government.

Daniel Webster explained the feeling of the Filipino very well when he said:

No matter how easy may be the yoke of a foreign power, no matter how lightly it sits upon the shoulder, if it is not imposed by the voice of his own nation and of his own country, he will not, he cannot, and he means not to be happy under its burden.

The Filipinos have been under American sovereignty now for more than a third of a century. We have sent them some of our best instructors in the arts of self-government. An entire generation has grown to manhood under the American flag. They have been apt pupils. Their remarkable progress and development under our guidance has been a credit both to them and to the United States.

In my judgment we have done the wise thing in now offering them, as we have in Public Law No. 127, approved March 24, 1934, the opportunity to obtain in the end the complete and absolute independence they have so long and eloquently contended for. If we had withheld this opportunity any longer, we would have risked losing the gratitude that they now sincerely entertain for us because of our altruism and because of the assistance we have given them in aiding them to prepare themselves for independence.

When the American flag finally is hauled down in the Philippines the Stars and Stripes will not stand for less, before the peoples of the world, but for more. It will then represent a Nation that has kept its word of honor by voluntarily making free an alien and weaker people that desired to be free. No other nation in all the history of mankind has ever equaled or even approached this attainment in altruism and square dealing.

For myself, I am proud, both as an American citizen and as a Member of the Congress of the United States, that it is to be the people of this country to whom is to go the honor of having their Government be the first to present to the world the unprecedented spectacle of a great and powerful nation sharing with a dependent and far-distant people that freedom and independence that we desire and insist upon for ourselves.

After having associated with Filipino statesmen in the United States Congress for more than a quarter of a century there remains not the least doubt in my mind of their ability to govern, and to govern wisely and well. I realize, of course, that not all of the 13,000,000 Filipinos are the equal of the men they send here to represent them. But in what way can a people better demonstrate their capacity for self-government than by their ability to select able, honest, intelligent, and patriotic men to represent them at home and abroad? The Filipino leaders that I have come in contact with have impressed me as being the equal of American statesmen or those of any other nation. One and all, they have been able and efficient, painstaking, and even brilliant men.

The truth is, in my opinion, that the Filipino has never been appreciated in this country at his real value. This has been largely due to the fact that when the Philippines were acquired by the United States in 1898 but few Americans had ever seen a Filipino. In order to justify the use of our Army in destroying the short-lived Philippine Republic, the Republican imperialists of that time found it expedient to describe them as near savages. This descrip-

tion of them, as of even that very period, is now known to have been a gross and cruel misrepresentation. And they have advanced greatly in every way since then. I have heard prominent Filipinos themselves declare that the Filipino people have made greater progress under the 36 years of American sovereignty than under the previous 300 years of government under Spain. In any event, the true picture of present-day Philippine civilization, enlightenment, culture and progress is a vastly different one than that presented by the imperialists of 1898. It will compare with that of any other people inhabiting any part of the globe.

I have enjoyed to the utmost my contracts and associations with the representatives of the Islands. I was to meet my first Filipino friends when soon after my first election to Congress on March 4, 1907, I was introduced to the Hon. Benito Legarda and the Hon. Pablo Ocampo de Leon, who were the then resident commissioners from the Philippine Islands to the United States. Although not very fluent in English, they immediately impressed me as being of a high type of statesman and the cultured gentleman, and my idea of the capacity of the Filipinos rose immeasurably.

But it was not until 2 years later—1909—during the Sixty-first Congress, that the people of the United States and the Membership of the American House of Representatives were to be privileged to obtain their first inkling of the real capabilities of the Filipino race. For it was in the Sixty-first Congress that Manuel L. Quezon was to make his first appearance as Philippine Resident Commissioner in the United States Congress. Not only good looking but handsome, young though he was then, he electrified the Members of this body with his eloquence, brilliancy, wit, and, what was more, by his ability to effectively squelch any interrogation as to the right of the Philippines to be free by his facility in citing passages from the Declaration of Independence and by quoting the words of Washington, Jefferson, and Lincoln, which seemed always to be at his tongue's end. Members of the House soon learned not to enter into combat with him in forensic debate, for to do so was to invite certain embarrassment.

Commissioner Quezon, who resigned after 7 years' service as Resident Commissioner to become president of the Philippine Senate, a position he still holds, became almost overnight one of the most popular Members of the Congresses in which he served. His reputation for brilliance in oratory and repartee was such as to bring Members hurrying from their offices to the House Chamber when it became known he was about to speak. It was a common thing for Senators to come from the other side to hear him. He received more than one ovation from the Members of this body, and with equal emphasis from both Republicans and Democrats.

Mr. Quezon was really the first Filipino to arise on the floor of this Chamber and deliver a speech in English. Immediately he made a Nation-wide reputation, both for himself and the Filipino race. When Quezon pleaded for the liberty of his people, he spoke as one inspired. Members of Congress are but human, and they could not withhold the impulse to congratulate him upon the personal triumph that they felt he had justly earned. On one occasion, at the conclusion of one of his especially masterful efforts, nearly every Member of this body, Democrats and Republicans, formed in line and, shaking his hand, showered him with congratulations. At the conclusion of his services here the Members of both parties contributed to the purchase of a lasting and very beautiful gift, which today is one of his most treasured possessions, occupying a glass-enclosed case in his home in Manila.

During and following the last term of Mr. Quezon, Congress had its first opportunity to come in contact with two typical, high-class Filipino business men in the persons of Philippine Resident Commissioners Manuel Earnshaw, who served from 1913 to 1917, and Teodoro R. Yangco, who served from 1917 to 1921. Accompanying Mr. Yangco as Resident Commissioner was the Honorable Jaime C. de Veyra, an honest, conscientious, hard-working statesman, who very soon won the confidence and good will of every Member of the House. Madam de Veyra, the wife of the Commissioner, was a tactful, highly cultured, and brilliant woman, and gave Washington society its first introduction to the modern Filipino. She served her people and the cause of Philippine independence by delivering lectures throughout the United States.

Now I come to my friend Resident Commissioner Isauro Gabaldon, the most dynamic, intense, uncompromising advocate of immediate, absolute, and complete Philippine independence that I have ever come in contact with. He served here 7 years, and his speeches, which will live forever in the CONGRESSIONAL RECORD and are the best index to his character, will be read with fervor and reverence by millions of his race yet unborn. He was an honest man and a great patriot. I do not soon expect to see his like again.

This brings me to the two present Resident Commissioners, the Honorable PEDRO GUEVARA and the Honorable CAMILO OSIAS. Both are gentlemen and statesmen of the highest order, and command the respect and affection of every Member of the House of Representatives.

There are three other Filipinos that I should like to mention, because, although they have never been Members of this body, they are outstanding leaders in the Philippines and have played important parts for many years in the negotiations for Philippine independence. They are each well known to many Members of this body. I refer to Philippine Senator Sergio Osmeña, one of the ablest men in Philippine politics; the brilliant Manuel Roxas, former speaker of the Philippine House of Representatives; and the Honorable Rafael R. Alunan, Philippine secretary of agriculture and natural resources.

God knows I wish the Filipino people well. They have made an intelligent campaign for their freedom through their leaders and delegates in Congress. And, when full and complete independence is at last theirs and they have become a member of the concert of nations, I hope they will not forget the memories of those Americans who have so persistently and unselfishly aided them to achieve their freedom. Of the latter, I do not know of any who have rendered longer or more loyal service to their cause than Dr. Charles Edward Russell and the Honorable Clyde H. Tavenner, formerly a Member of Congress from Illinois. For more than a quarter of a century these two men have been treading the corridors of this Capitol, patiently and everlastingly insisting upon the virtues and pleading the cause of the Filipino people and advocating their immediate, absolute, and complete independence. Dr. Russell is the author of two of the finest books on the Philippines ever written—The Outlook for the Filipinos, and The Hero of the Filipinos (Dr. Jose Rizal). Mr. Tavenner has been identified with the Philippine-independence movement in the United States since 1908. He founded and for 7 years was the editor and publisher of the Philippine Republic, a monthly magazine devoted to the cause of Philippine independence. A long line of newspaper men, editors, and Congressmen at the Capitol have received their first data on the Philippine questions, and often their lasting convictions, from talking to Tavenner—ever ready with fact, with statistics, with historical quotation, and an unselfish word of idealism to press the cause which a quarter of a century ago he made his own.

Defending the Filipino aspiration, Tavenner has been inspired in part by patriotism to his own country, believing, in common with his party, the Democratic, that the highest ideals of the United States will be served by noninvolvement in the government of a distant country; in part by his personal friendship with Filipino leaders here and in Manila, and sympathy with the Filipino people acquired during a protracted visit to the islands. A prominent Washington newspaper correspondent in a lengthy article describing his long association with the Philippine independence movement recently paid Mr. Tavenner the following tribute, well deserved in my opinion, for I have been familiar with his efforts on behalf of the Filipinos ever since I first came to Congress:

(By Harry W. Frantz, Washington correspondent of the United Press)

The Marquis de La Fayette, fearless champion of American independence, has a modern counterpart in Clyde H. Tavenner, for

25 years the ever-ready exponent of Filipino liberty. La Fayette fought with a sword; Tavenner battles with a typewriter. In persistent loyalty to the cause of a distant people of different nationality there is little to choose between them.

Back of every political cause there is usually some unknown and unsung figure who by the depth of his conviction or the persistence of his presentation becomes peculiarly a part of it. Tavenner is such a man. Anyone in Washington who pays attention to Philippine affairs sooner or later will come in contact with him. They will find an able, practical politician, almost too modest for his own political welfare; optimistic for any cause which he may support; and in his skillful writing on Philippine questions they will note that consistency, lack of compromise, and quality of confidence which marks the masterful political writer.

It is only for the record that I am inserting this final résumé of my views and my own humble efforts in this body on behalf of the freedom of the Filipinos during the last 28 years. I will not clutter the RECORD with a reproduction of all of the various bills I have introduced on behalf of Philippine independence, but should like to present the first and last measure that I presented to the House on that subject:

[61st Cong., 1st sess.]

House Joint Resolution —, to secure the neutralization of the Philippine Islands

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President be, and he is hereby, instructed to take such steps as may be necessary to secure the adhesion of all maritime states interested therein in a declaration and international guaranty whereby the Philippine Islands and each of them shall be forever neutralized and placed under the protection of the said powers. Whenever such neutralization shall have become effective the Government of the United States hereby pledges itself to cede its sovereignty in, to, and over said Philippine Islands to such body as the said maritime States shall have resolved on: *Provided*, That no such guaranty of neutralization shall become effective or binding on the United States until satisfactory arrangements have been made to reimburse the United States for the expenses and charges incurred or assumed by the United States since May 1898, in or on or about the Philippine Islands: *And provided further*, That no state guaranteeing said convention shall ever acquire, hold, grant, or exercise any exclusive or unilateral power, franchise, or domination, authority or sway in or on or about said Philippine Islands. Said agreement shall provide for the policing of said Philippine Islands by an international force: *Provided further*, That any infraction of this resolution by any signatory power shall ipso facto rescind the adhesion hereto by the United States.

[72d Cong., 1st Sess.]

H.R. 5509

A bill to provide for the independence of the Philippine Islands on July 4, 1933

Whereas the Philippine Legislature has repeatedly petitioned for "immediate, absolute, and complete" independence; and

Whereas the Filipino people have succeeded in maintaining a stable government and have thus fulfilled the only condition laid down by the Congress as a prerequisite to the granting of independence; and

Whereas it therefore is now our liberty and our duty to keep our promise to these people by granting them immediately the independence which they so honorably covet: Therefore

Be it enacted, etc., That the sovereignty of the United States of America over the Philippine Islands shall be withdrawn and forever cease, and the full and complete independence of the people thereof recognized, on and after July 4, 1933.

In conclusion, may I add that I fervently hope that the Philippine Islands will forever remain free and independent, that they will value their freedom, regard the interests of the masses, forever be on guard against the greed of the rich and the powerful, and that they ever will be grateful and remember the service this Nation has rendered them.

NATIONAL MOTOR-VEHICLE THEFT ACT

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (S. 2845) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

The Clerk read the bill, as follows:

Be it enacted, etc., That this act may be cited as the "National Stolen Property Act."

SEC. 2. That when used in this act—

(a) The term "interstate or foreign commerce" shall mean transportation from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia, or to a foreign country, or from a foreign country to any State, Territory, or the District of Columbia.

(b) The term "security" shall mean any note, stock certificate, bond, debenture, check, draft, warrant, traveler's check, letter of credit, warehouse receipt, negotiable bill of lading, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate; certificate of interest in property, tangible or intangible; instrument or document or writing evidencing ownership of goods, wares, and merchandise; or transferring or assigning any right, title, or interest in or to goods, wares, and merchandise, or, in general, any instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, warrant, or right to subscribe to or purchase any of the foregoing, or any forged, counterfeited, or spurious representation of any of the foregoing.

(c) The term "money" shall mean the legal tender of the United States or of any foreign country, or any counterfeit thereof.

SEC. 3. Whoever shall transport or cause to be transported in interstate or foreign commerce any goods, wares, or merchandise of the value of $1,000 or more, or any security or money, knowing the same to have been stolen, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both.

SEC. 4. Whoever shall receive, conceal, store, barter, sell, or dispose of any goods, wares, or merchandise of the value of $1,000 or more, or any security or money, moving as, or which is a part of, or which constitutes interstate or foreign commerce, knowing the same to have been stolen, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both.

SEC. 5. Any person violating this act may be punished in any district into or through which such goods, wares, or merchandise, or such security or money has been transported or removed.

SEC. 6. Nothing herein shall be construed to repeal, modify, or amend any part of the act of October 29, 1929 (ch. 89), cited as the "National Motor Vehicle Theft Act."

With the following committee amendments:

Page 2, line 1, strike out the words "'security' shall mean", and insert in lieu thereof "'securities' shall include."

On page 2, line 22, strike out all of sections 3 and 4, and insert:

"SEC. 3. Whoever shall transport or cause to be transported in interstate or foreign commerce any goods, wares, or merchandise, securities, or money of the value of $5,000 or more theretofore stolen or taken feloniously by fraud or with intent to steal or purloin, knowing the same to have been so stolen or taken, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 10 years, or both.

"SEC. 4. Whoever shall receive, conceal, store, barter, sell, or dispose of any goods, wares, or merchandise, securities, or money of the value of $5,000 or more, or whoever shall pledge or accept as security for a loan any goods, wares, or merchandise, or securities of the value of $500 or more moving in or which are a part of interstate or foreign commerce and which, while so moving or constituting such part, had been stolen or taken feloniously by fraud or with intent to steal or purloin, knowing the same to have been so stolen or taken, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both.

"SEC. 5. In the event that a defendant is charged in the same indictment with two or more violations of this act, then the aggregate value of all goods, wares, and merchandise, securities, and money referred to in such indictment shall constitute the value thereof for the purposes of section 3 and 4 hereof."

Page 4, line 11, strike out "5" and insert "6."

Page 4, line 13, strike out "security or money, has" and insert in lieu thereof "securities or money, have."

Page 4, line 15, strike out "6" and insert "7."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

AMENDMENT OF THE CRIMINAL CODE

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (H.R. 8912) to amend section 35 of the Criminal Code of the United States.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 35 of the Criminal Code of the United States, as amended (U.S.C., title 18, secs. 80, 82, 83, 84, 85, and 86), be, and the same is hereby, amended to read as follows:

"SEC. 35. Whoever shall make or cause to be made or present or cause to be presented, for payment or approval, to or by any person or officer in the civil, military, or naval service of the United States, or any department thereof, or any corporation in which the United States of America is a stockholder, any claim upon or against the Government of the United States, or any department or officer thereof, or any corporation in which the United States of America is a stockholder, knowing such claim to be false, fictitious, or fraudulent; or whoever, for the purpose of obtaining or aiding to obtain the payment or approval of such claim, or for the purpose and with the intent of cheating and swindling or defrauding the Government of the United States, or any department thereof, or any corporation in which the United States of America is a stockholder, shall knowingly and willfully falsify or conceal or cover up by any trick, scheme, or device, a material fact, or

make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false bill, receipt, voucher, roll, account, claim, certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry; or whoever shall take and carry away or take for his own use, or for the use of another, with intent to steal or purloin, or shall willfully injure or commit any depredation against, any property of the United States, or any branch or department thereof, or any corporation in which the United States of America is a stockholder, or any property which has been or is being made, manufactured, or constructed under contract for the United States, or any branch or department thereof, or any corporation in which the United States of America is a stockholder; or whoever shall enter into any agreement, combination, or conspiracy to defraud the Government of the United States, or any department or officer thereof, or any corporation in which the United States of America is a stockholder, by obtaining or aiding to obtain the payment or allowance of any false or fraudulent claim; and whoever, having charge, possession, custody, or control of any money or other public property used or to be used in the military or naval service, with intent to defraud the United States, or any department thereof, or any corporation in which the United States of America is a stockholder, or willfully to conceal such money or other property, shall deliver or cause to be delivered to any person having authority to receive the same any amount of such money or other property less than that for which he received a certificate or took a receipt; or whoever, being authorized to make or deliver any certificate, voucher, receipt, or other paper certifying the receipt of arms, ammunition, provisions, clothing, or other property so used or to be used, shall make or deliver the same to any other person without a full knowledge of the truth of the facts stated therein and with intent to defraud the United States, or any department thereof, or any corporation in which the United States of America is a stockholder, shall be fined not more than $10,000 or imprisoned not more than 10 years, or both. And whoever shall purchase, or receive in pledge, from any person any arms, equipment, ammunition, clothing, military stores, or other property furnished by the United States, under a clothing allowance or otherwise, to any soldier, sailor, officer, cadet, or midshipman in the military or naval service of the United States or of the National Guard or Naval Militia, or to any person accompanying, serving, or retained with the land or naval forces and subject to military or naval law, having knowledge or reason to believe that the property has been taken from the possession of the United States or furnished by the United States under such allowance, shall be fined not more than $500 or imprisoned not more than 2 years, or both."

With the following committee amendments:

Page 3, line 1, after the word "the", insert "War or Navy Departments of the."

Page 3, line 2, after the word "thereof", insert "or any corporation in which the United States of America is a stockholder."

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Certainly.

Mr. GOSS. I notice in reading the report that this measure has to do with the Army and Navy, and I may say to the gentleman that I have read this four-page bill and I must confess I do not quite understand it. I notice it affects the Army and Navy, and it is stated in the report that the committee received a letter from the Attorney General. Was this bill ever submitted to the War and Navy Departments for criticism or advice?

Mr. MILLER. If the gentleman will permit——

Mr. SUMNERS of Texas. I yield to the gentleman from Arkansas.

Mr. MILLER. Replying to the gentleman from Connecticut, there is only a very small change made in existing law. I think the drafting of the measure was perhaps unfortunate, but the primary purpose is to give protection and to provide a penalty for destruction of property, particularly property like beacon lights on airway lines. This is about the only change in existing law, and if the gentleman will look at the report he will find this is the purpose of the bill.

Mr. GOSS. It is a rather complicated bill for me to read. I think, as a matter of fact, when the Judiciary Committee has a matter of this kind before it, although it does come from the Attorney General, if it affects the Army and Navy it should be submitted to those departments for report and criticism.

Mr. MILLER. May I say to the gentleman from Connecticut that we are not changing the law as it affects the Army and Navy.

Mr. LLOYD. This does not affect the Army and Navy at all.

Mr. CONDON. The italicized language on page 2 of the bill is the new matter.

Mr. BLANTON. Will the gentleman from Texas yield?

Mr. SUMNERS of Texas. I yield.

Mr. BLANTON. The gentleman from Connecticut, by reason of his association with the Army and the War Department, ought to know that every time a bill comes on the floor of this House that affects the Army or the Navy it is written in such technical language that neither the gentleman nor any other layman from Connecticut can understand a single provision in it.

Mr. GOSS. I think that is probably true of the gentleman from Texas himself. Can the gentleman explain this bill?

Mr. BLANTON. Not at all. Some of the people in the Army and Navy themselves cannot tell what their bills mean.

Mr. GOSS. Can the gentleman tell me what this bill is?

Mr. BLANTON. No. They are all written in technical language, every one of them, and they purposely write their bills in such language so that the laymen of the United States will not understand them, and they have been very successful at it.

Mr. GOSS. Does the gentleman understand this bill?

Mr. BLANTON. No; I do not. But it comes from the Committee on the Judiciary, and I am relying on its judgment in allowing the bill to be passed without opposition.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REWARD FOR CAPTURE OF PUBLIC ENEMIES

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (H.R. 9370) to authorize an appropriation of money to facilitate the apprehension of certain persons charged with crime.

This bill is on the Union Calendar, and I ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, as a reward or rewards for the capture, dead or alive, of anyone who is charged with violation of criminal laws of the United States or of more than one State or of the District of Columbia who is designated by the Attorney General of the United States as a public enemy, the sum of $25,000 to be apportioned and expended in the discretion of, and upon such conditions as may be imposed by, the Attorney General of the United States. That there is also hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, as a reward or rewards for information leading to the arrest of any such person who has been designated by the Attorney General of the United States as a public enemy the sum of $25,000 to be apportioned and expended in the discretion of, and upon such conditions as may be imposed by, the Attorney General of the United States: *Provided*, That not more than $25,000 shall be expended for information or capture of any one person.

If the said persons or any of them shall be killed in resisting lawful arrest, the Attorney General may pay any part of the reward or rewards in his discretion to the person or persons whom he shall adjudge to be entitled thereto: *Provided*, That no part of the money appropriated by this act shall be paid to any official or employee of the Department of Justice of the United States.

With the following committee amendments:

Page 1, line 7, strike out the words "more than one" and insert in lieu thereof the word "any."

Page 2, line 17, after the word "States" insert a colon and the following:

"*Provided further*, That no person shall be designated as a public enemy within the purview of this act who has not theretofore been convicted in a court of competent jurisdiction of a felony involving violence."

The committee amendments were agreed to.

Mr. SUMNERS of Texas. Mr. Speaker, I offer the following additional amendment. On page 1, line 7, after the word "any" strike out the word "one."

The Clerk read as follows:

Page 1, line 7, after the word "any", strike out the word "one."

The amendment was agreed to.

Mr. COCHRAN of Missouri. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 2, after the word "State", strike out the colon, insert a period, and strike out the proviso which follows.

The SPEAKER pro tempore. That is a committee amendment which has already been agreed to.

Mr. COCHRAN of Missouri. But I was on my feet asking to be recognized.

The SPEAKER pro tempore. Without objection, the proceedings whereby the amendment was agreed to will be vacated.

Mr. BLANTON. I object because there were several committee amendments passed and we do not want to undo all of that work.

Mr. COCHRAN of Missouri. My amendment is to line 17, page 2, to strike out the proviso.

Mr. BLANTON. There were several committee amendments that were passed by the House. All that work should not be undone. I ask unanimous consent that the gentleman's amendment may be considered notwithstanding the committee amendments have been adopted. That would obviate the necessity of vacating the passage of all the other committee amendments.

Mr. GOSS. Mr. Speaker, as I recollect, I heard the Speaker say the proceedings would be vacated without objection.

Mr. BLANTON. No; I objected to that.

Mr. GOSS. I did not hear the gentleman's objection.

Mr. COCHRAN of Missouri. It makes no difference how you get at it if it is done.

Mr. BLANTON. Mr. Speaker, although I am against his amendment, I ask unanimous consent that the amendment of the gentleman from Missouri [Mr. COCHRAN] may be considered and voted on by the House, notwithstanding the committee amendments have been adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. McFARLANE. I object.

Mr. YOUNG. Mr. Speaker, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Page 1, line 9, and on page 2, lines 6 and 9, strike out "$25,000" and insert "$10,000."

Mr. YOUNG. Mr. Speaker, it appears that when the Congress does not seem to have anything else to do, we meet here and make some more crimes. Now, we are asked in this bill to give away $25,000 of the taxpayers' money for the apprehension of somebody. It seems to me it is time for someone to say something here in respect to the rights of the taxpayers. This bill is probably entirely unnecessary. My amendment reducing $25,000, which it is proposed to give away to some individual for helping Government officers apprehend a so-called "public enemy", makes the bill just that much better, because it reduced the expenditure by the Government from $25,000 to $10,000.

Recently Attorney General Cummings uttered the most asinine and hysterical statement made by any Cabinet officer in the last decade. Attorney General Cummings solemnly assured the Senate Judiciary Committee that the armed gangsters in this country outnumbered the Army and the Navy. Let us consider for just a moment what that means. The Army and the Navy of the United States comprise 200,000, or nearly that number. In other words, the Attorney General solemnly assured the Senate Committee on the Judiciary that there were 200,000 armed gangsters or more than that number rampant in the country. Of course, that is an absured and asinine statement, and of itself indicates that the Cabinet official uttering it lacks competency or is hysterical. It is true that there are some gangsters, racketeers, and gunmen at large in the country. Someone said today that in bringing in this legislation we have gone as far as we can go. We cannot even catch Dillinger by the enactment of these laws; but, of course, any of us should repudiate the assertion that there are anything like 200,000 gangsters and thugs and gunmen rampant in this country. There are a few Dillingers at large it is true. It is proposed to permit the Attorney General of the United States to designate anyone who has served time as a public enemy.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. YOUNG. Not now. And in helping the apprehension of that person or to take his life to permit $25,000 to be paid. This bill is entirely unnecessary and we should be spending our time legislating for the welfare of all of the people of the country instead of making more crimes apparently because we seem to have nothing else to do. If we have not anything more important than this, we ought to pack up and go home. I hope that the amendment I have offered will be adopted. It will at least cause a saving of some money to the Government.

Mr. Speaker, we abhor crime and detest criminals. Today these several measures we have enacted make some new crimes and strengthen present criminal statutes. As a matter of fact, we probably now have an abundance of laws defining crimes from kidnaping and murder down all along the line. The trouble is in the enforcement. Criminal statutes avail but little when sheriffs and Department of Justice operatives are inept and prosecuting officials incompetent.

Officials of the Department of Justice ask for the passage of these bills, and, as a Representative, I propose to give the Department of Justice officials complete cooperation and assistance, even though there is no basis for the statement of the Attorney General that "armed gangsters outnumber the Army and Navy." There are nearly 200,000 men in our Army and Navy.

It is, however, with some feeling of reluctance that I vote to create additional crimes, giving additional power, and adding to the already arbitrary authority exercised by Federal courts of the United States. Nevertheless, as the Attorney General desires these bills passed, and it is fair to infer that the President favors them, I am voting in support of all of them.

At present we seem to have one law for the rich, another for the poor, and about 2,000,000 laws for the rest of us.

Among new Federal offenses we are creating is providing 20 years imprisonment or $5,000 fine, or both, for sending kidnap threats, ransom demands, and the like across State lines in any manner; also to amend the National Motor Vehicle Theft Act by making it illegal to take or send stolen securities across State lines.

Federal judges are given more jurisdiction and greater powers. I regret this.

Federal judges, as a class, are domineering, arrogant, and tyrannical. Federal judges, with some notable exceptions, have become not a group of public servants but a group of public dictators and tyrants.

Article III of the Constitution of the United States provides:

The judicial power of the United States shall be vested in one Supreme Court, and in such inferior courts as the Congress may from time to time ordain and establish. The judges, both of the Supreme and inferior courts, shall hold their offices during good behavior * * *.

The makers of our Constitution did not state that Federal judges "shall hold their offices during life." The Congress should define "good behavior" and provide an easier and readier manner of ridding ourselves of undesirable United States judges whose judicial conduct is not "good behavior." Removal by impeachment is too unwieldy, cumbersome, uncertain, and difficult. Personally I advocate the abolition of all inferior Federal courts.

The Temple of Delphi was scarcely more sacred to the ancient Greeks than the Federal judiciary is to many of our fellow citizens. As a lawyer I have lawsuits for clients pending in every court of my State—the Supreme Court of Ohio, the court of appeals, and the common pleas court of my county, and in the United States court. I respect and admire just and honorable judges. In fact, my father was for more than 10 years a common pleas judge in Ohio. Nevertheless it is a fact that Federal judges of our country have usurped

powers and functions and have too frequently made a mockery of trial by jury. Federal courts are tending to become too arbitrary.

The judges, cloistered in their courts, often are too far removed from changing economic thoughts, trends, and conditions. Instead of increasing the jurisdiction of inferior Federal courts and adding to the authority thereof, I hope we may in time eliminate such courts by transferring the jurisdiction and powers to State courts and to the Supreme Court of the United States.

The right of trial by jury is one of the most sacred of rights. For one thing, our Declaration of Independence indicted the English Crown for depriving us, in many cases, of the benefits of trial by jury. We in the Congress should safeguard and strengthen the right of trial by jury and be vigilant that no tyrannical Federal judge in the enforcement of these new criminal laws, or any criminal statutes, be permitted to deny, or make a mockery of, the right of trial by jury which is our priceless heritage.

Mr. BLANTON. Mr. Speaker, I rise in opposition to the amendment. I am one of the admirers of our good colleague from Ohio [Mr. YOUNG], and I appreciate his splendid ability. I appreciate his past service to the country in his State legislature, over which on occasions he may have presided as speaker, and the good work that he is doing here in this House, but I cannot agree with him when he says that the Attorney General of the United States had made "an asinine utterance", because our able and efficient Attorney General is trying to break up the gangsters in the United States.

If, by appropriating several times $25,000 for rewards—I think it would be money well spent—if it would be instrumental in breaking up lawlessness in the United States. To continue having gangsters running from one side of the country to the other now, putting terror into the hearts of the people, ignoring the law and telling the Government of the United States to go hence, is simply unthinkable. Does our friend from Ohio fully appreciate the situation? Is he indifferent to the duty that we owe society? I would be willing to appropriate ten times several times $25,000 today if we could find the gangsters who abducted Lindbergh's baby, and hang them as high as Haman. What is money if we could bring to justice the infamous scoundrels who committed that dastardly crime?

Mr. YOUNG. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes; because I think our friend just got off the reservation for a little while.

Mr. YOUNG. I thank the gentleman for his kindly comment as to myself. I served in the General Assembly of Ohio for two terms, but I was not speaker of the house. However, I was a prosecuting attorney of the largest and most populous county of the State of Ohio, and, as such, I tried continuously, without stopping, 318 criminal cases, to juries, and did that in less than 2 years.

Mr. BLANTON. I cannot yield further.

Mr. YOUNG. And some of those men are still in the Ohio penitentiary.

Mr. BLANTON. I cannot yield any further.

Mr. YOUNG. The gentleman surely does not believe that there are 200,000 armed gangsters rampant in the country.

Mr. BLANTON. If our Attorney General said so, it is so. Mr. Speaker, I prefaced my remarks by saying that I was a great admirer of the splendid services of our friend from Ohio. I had a similar experience to the one that he related. For 8 years I carried my district attorney and my court reporter around from county to county trying criminals in five big counties and I had to sentence a lot of them to the penitentiary. I know the necessity for breaking up these gangs. Has the gentleman read the New York Times this morning about gunmen killing policemen and shooting down two others and wounding several?

Mr. YOUNG. Yes; and still the gentleman from Ohio says it is absurd to say there are 200,000 gangsters rampant.

Mr. BLANTON. I am sorry I cannot yield further. But there must be a lot of gangsters situated in every big city of the Nation, because a man like Dillinger could not long evade our officers of the law without having protection. He is getting protection from a lot of peace officers in the big cities, or he would not get away with it. [Applause.] There is a certain bad element among the peace officers in every big city of the United States that helps to harbor criminals. We want to break it up. We want to find the ones that are good and keep them in the service, and we want to find the ones who are bad and kick them out. It is hard to get them out in some of the big cities. Most of the Metropolitan Police Force in the great Nation's Capital, for instance, is the best in the world, but there could be a black sheep in the service. The Commissioners might want to kick him out but they do not have the power to do it now. They could not do it if they wanted to do it. They have to put him up before a trial board of policemen, his own fellows, to sit in hearing on him, and if they decide from personal feeling or otherwise that they do not want to get rid of him, they keep him in, no matter what the Commissioners decide.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. BLANTON] has expired.

$25,000 REWARD BILL WILL BE HELPFUL TO ATTORNEY GENERAL

Mr. PATMAN. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, the gentleman from Ohio [Mr. YOUNG] states that his experience as a prosecuting attorney and his experience in the Ohio Legislature has convinced him that this is a frivolous bill. I just want to tell the gentleman that I had the honor of serving as a prosecuting attorney in Texas, and I have had a great deal of experience with criminals, having almost lost my own life in a personal encounter with one, and many other unfortunate experiences with criminals and racketeers in general. I believe this is a good bill. The Attorney General of the United States has recommended it. He says it will be very helpful to him. I think it will be helpful for this reason: Generally the local peace officers of this country are good men. They are among our most patriotic citizens in time of peace. They will not unduly or very willingly place themselves in the path of danger of a Dillinger or a Clyde Barrow, who is merely passing through and has not violated a law within their jurisdiction. I say they are wrong if they do not do it. It is their duty to make an honest attempt to capture any criminal who is wanted in any State and who is within their jurisdiction. That is part of their job; they assume that risk when they accept the office. We should help these officers all we can. We are expecting a great deal when we expect one little constable to capture a gang of criminals armed with machine guns.

MONEY MADE UP TO BURY PEACE OFFICER

There was one peace officer in a southwestern city, just a constable making $50, $75, or $100 a month, who attempted to apprehend one of these criminals, and his life was taken very quickly. He left a wife and 11 children. They had to make up money to bury him. He left absolutely nothing. Peace officers all over the Nation are being killed just that way. I think if we had some way of paying people for information and for the apprehension, dead or alive, of a person who is so bad as to be designated by the Attorney General of the United States as a public enemy, it would be very helpful. I do not believe there is the least danger of any Attorney General abusing this power; it will certainly be used with caution and prudence. As it is today, the only reward for Dillinger is $25; it is offered by the State of Indiana.

$50,000 LIMIT FOR APPREHENSION AND INFORMATION ON CRIMINALS

Under this bill there is a reward that might be offered up to $25,000 for the arrest of a criminal designated as a public enemy. That is not for one criminal, but that is for all criminals. The Attorney General may offer $500, $1,000, $10,000, or any amount up to $25,000 in any one case. There is another provision that up to $25,000 may be offered for information concerning not only one criminal, I will say to the gentleman from Ohio, but for all criminals. So now the gentleman from Ohio is endeavoring to reduce this amount.

Instead of $25,000 for all criminals apprehended and $25,000 for information leading to their arrest, the gentleman wants to restrict it to $10,000. If the gentleman is opposed to the bill he should oppose it and not try to cripple it by any such amendment as that.

Mr. YOUNG. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. YOUNG. Is it not probable, from news accounts, that had the Federal agents out in the country in Wisconsin taken the county law enforcement officials into their confidence instead of going there alone and shooting innocent people that they would have captured Dillinger?

Mr. PATMAN. They should, and I am sure they do, accept the cooperation of responsible local peace officers. All peace officers cannot be trusted. I have known of instances where Government agents would have probably lost their own lives if they had trusted certain peace officers. Some peace officers stand in with the criminals and are anxious to get all the information they can from the Government's agents in order to assist the criminals. Efforts to capture a criminal usually leads one into many counties and many States. An agent of the Department of Justice cannot offer a peace officer much inducement to go out of his own jurisdiction and run the risk of his own life to capture these bad criminals. If a reward is offered an inducement may be held out.

Mr. YOUNG. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. YOUNG. Is it not because the Federal agents blundered and killed an innocent man without warning——

Mr. PATMAN. Oh, the gentleman is making an assertion from the rankest kind of hearsay. The gentleman does not know whether they committed an error or not. The gentleman has been here in Congress. The agents of the Department of Justice have been up there after this man Dillinger. I presume they have used the very best judgment to protect not only the lives of their own men but the lives of citizens. We have no right to entertain any other kind of presumption unless we have undisputed proof to the contrary. No such proof has been presented to the Congress. I ask that this amendment be defeated, Mr. Speaker.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. OLIVER of New York. Mr. Speaker, I am rather amazed at the remarks of the gentleman from Ohio and his reflection upon the Attorney General of the United States. No man more able has held the office. No man deserves criticism less. He has administered his Department with great vigor and high honor. The Nation trusts him. Of course, I do not blame the gentleman from Ohio, whom I had never heard of before but who evidently heard of himself, for believing that there are not 250,000 gangsters in the United States after his experience as district attorney in the successful prosecution of so many criminals by himself, which he so eloquently described.

I hardly need defend the Attorney General of the United States, but in answer to the gentleman from Ohio who intended to depreciate the service the Attorney General is rendering, by taking up a remark so small as that which he took up, which remark was uttered to provoke the attention of the people of the United States to the great prevalence of organized and violent crime, I say to the gentleman from Ohio and to all that today, at the request of the Attorney General of the United States, we have marked an historic hour. The Government of the United States has come to the aid of its States under these bills, and the States will feel the full power of the encouragement and help of the United States just as much as the armies of France and England felt the help of the United States when we went to their rescue in the war. [Applause.]

The great Assistant Attorney General, Mr. Keenan, pointed out to the Nation time and again the necessity for the Federal Government turning the full power of its arm against organized crime. His record is brilliant, his energy boundless, his ability of the highest order.

Crime is organized until it has become as widespread as the jurisdiction of the Government of the United States. It has trampled down the States; it has flouted their laws; it has rendered them helpless. Now the Government of the United States, whose jurisdiction reaches over State lines, has come in to say: "We will all stand together; we will give them all the barrels in the governmental shotgun." [Applause.]

There is little good that can be served in this hour, little hope of success for any man who casts a slur upon those who stand against crime and for liberty. Liberty is lost as soon as crime gets its foothold. Crime and its invisible government have pronounced its own judgment of execution upon thousands of men in this country and has flung their bodies at the police headquarters of our largest cities as a challenge to organized government. Government today will organize under the auspices of the National Government and fling back the challenge to crime. The doom of crime has been sounded by the great bills we have passed today at the request of the Attorney General. [Applause.]

The SPEAKER pro tempore. The question is on the amendment of the gentleman from Ohio.

The amendment was rejected.

ROAD BILL—H.R. 8781

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of road legislation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, as Chairman of the Committee on Roads I believe it my duty to make a brief statement relative to H.R. 8781, commonly known as the "general public-roads bill." The committee has labored faithfully in perfecting this legislation, and I am glad to say reported unanimously in favor of its passage. The Rules Committee has reported a rule which will bring the bill up for consideration at an early date.

This bill authorizes a supplemental appropriation for emergency highway construction. It provides for the logical extension or renewal of the highway portions of the National Industrial Recovery Act of 1933. It is principally an employment measure. Its primary objective is to supply funds to keep the established State highway departments at work for the purpose of maintaining highway employment by Federal funds on a reasonable and adequate scale through the calendar year 1934 and into the construction season of 1935.

Briefly, the bill authorizes Federal appropriations to provide:

First. An additional grant of not less than $400,000,000 for roads, to be distributed among the States according to section 204 of the N.I.R.A.

Second. An additional fund of not less than $50,000,000 for forest, park, Indian Reservation, and other public-land roads according to section 205 of the N.I.R.A.

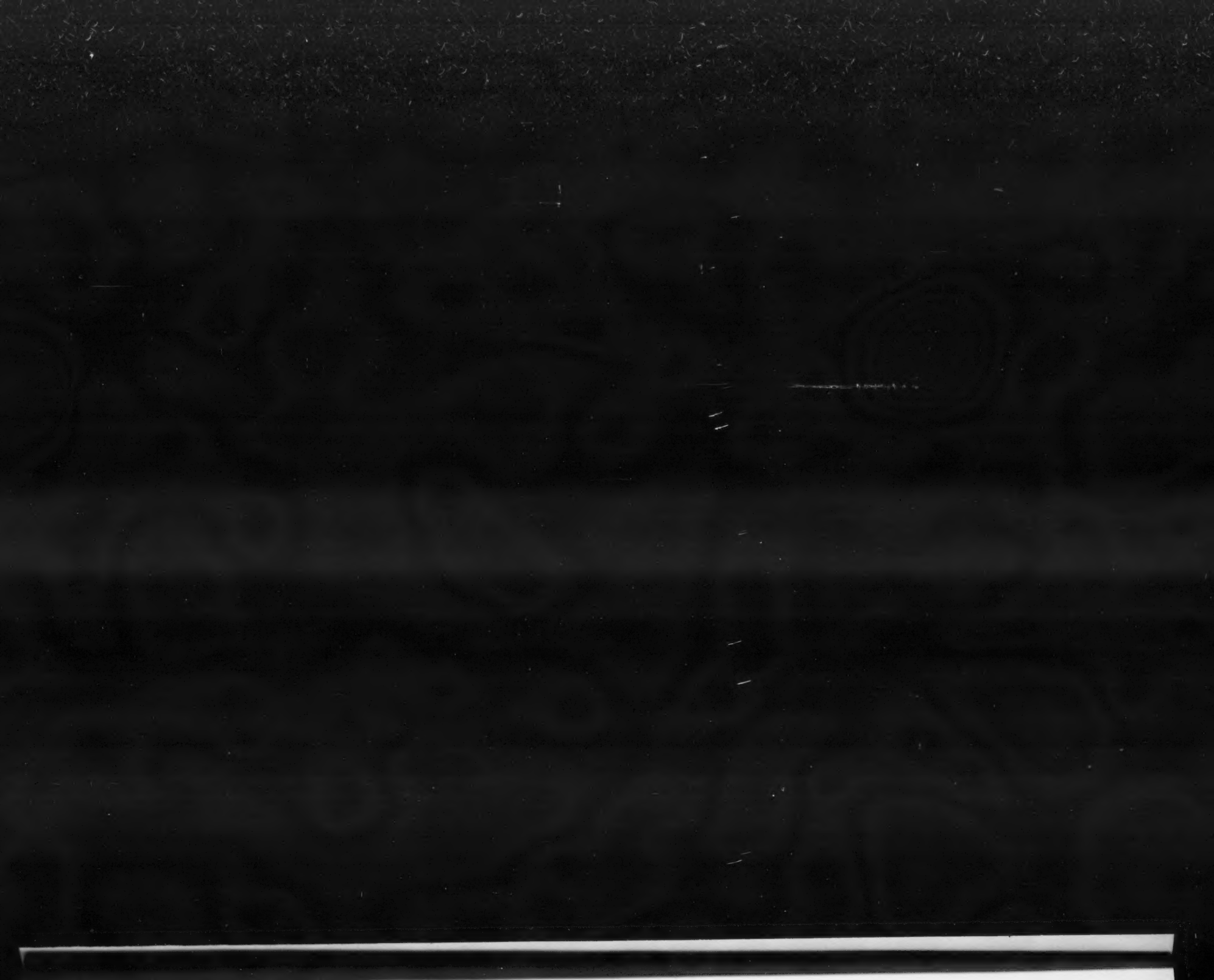
Third. An emergency fund of $10,000,000, which shall be at the disposal of the Secretary of Agriculture in meeting emergency conditions involving road or bridge replacements on the Federal-aid highway system in case of sudden disaster in any locality.

Other sections of the bill protect the proposed allotments of the new $400,000,000 grant against deductions on account of previous emergency advances to the States, and insure the elimination of restrictions (a) upon the amount of Federal funds which may be expended per mile of road and (b) upon Federal expenditures for road and street improvements within municipalities.

Except for the $10,000,000 emergency fund to be at the disposal of the Secretary of Agriculture, the bill does not involve new legislation.

It probably requires little or no explanation. The satisfactory results, both in employment and in improved highway facilities which now are being obtained, are well known to every Member of this body. They have been widely endorsed by citizens of every State.

We must now make a decision as to whether or not this worthy work shall be continued. The funds which have



been previously provided will finance the highway activities on the present scale until the latter part of the present year.

Additional funds such as this bill proposes to authorize will be necessary to sustain the highway work after September.

The Chief of the Bureau of Public Roads presented comprehensive testimony recently before the House Roads Committee. In response to questions of the committee, he submitted highway-employment charts, which graphically portray the highway-employment picture with and without additional Federal funds. These charts are reproduced in the report of the hearings before your Commitee on Roads on February 23, the fundamentals of which are now embodied in the present bill, H.R. 8781. A study of these charts shows that the peak of highway employment will be reached in July and August of this year, and that thereafter employment will taper off rapidly.

In addition to showing the work directly upon the job itself, these charts indicate the large amount of industrial employment which is provided by the highway operations. By industrial employment, I mean employment in the furnishing of materials and transportation, and the building of equipment, all of which are a part of the operation of road building. The ratio is about 3 men off the job in industry to every 2 employed directly upon the work on the road job itself. The highway employment chart submitted by the Bureau of Public Roads shows that the drop in employment would be even more drastic in industrial employment than on the road job itself following the let-down which would occur after September 1.

Unless additional Federal funds are provided, we face the possibility of a premature withdrawal of Federal support in highway work. These sums along with other recovery expenditures have been dedicated to prime the industrial pump. Signs of its gripping are in sight, but admittedly it is not yet functioning alone. Premature withdrawal of Federal funds might easily cause an industrial collapse. This then is no time to halt or turn back; for on what sound premise can we anticipate that private industry will call for men at a fixed date in the future? It will be time enough to halt public employment when private industry actually issues the call. Any other course might suddenly nullify the beneficial results of the recovery program which are beginning to show themselves in so many directions and especially in the organized highway operations.

It is then logical and necessary that Congress should authorize the additional Federal appropriations which bill H.R. 8781 provides. The established organizations—the United States Bureau of Public Roads and the 48 State highway departments under their trained administrators—have enabled the Federal Government to put more men to work, in more places, faster, and with greater returns for the worker and taxpayer for each dollar expended than by any other public enterprise.

The House Roads Committee was unanimous in its support of the bill which you are now considering, and while recognizing the economic need of road building in every State, the committee gave its enthusiastic support to the measure at this time principally as a worthy employment measure.

I commend the measure to your favorable consideration and, on behalf of the House Roads Committee, recommend its passage.

REWARD FOR CAPTURE OF PUBLIC ENEMIES

Mr. COCHRAN of Missouri. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 2, line 14, strike out the colon, insert a period, and strike out all the language in lines 5 to 21, inclusive.

Mr. GOSS. Mr. Speaker, I offer a preferential motion.

The SPEAKER pro tempore. The Clerk will report the amendment of the gentleman from Connecticut.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 2, line 15, after the word "appropriated", strike out "by" and insert the words "pursuant to the passage of."

Mr. GOSS. Mr. Speaker, when the bill was originally introduced by the gentleman from Texas, it was called to the attention of the Committee on Appropriations. It carried an appropriation. Under the policy we have agreed upon in the Appropriations Committee, the gentleman from Texas reintroduced the bill and sent it to the Committee on the Judiciary in order to have an authorization.

I thought there was an authorization only to the bill, but I am left in doubt by the present language. I think the bill should be amended as I have indicated to make the authorization clear.

Mr. MILLER. Mr. Speaker, if the gentleman will yield, I would suggest that the purpose the gentleman has in mind may be effectuated by the insertion of the words "authorized to be" before the word "appropriated" in line 15 on page 2.

Mr. SUMNERS of Texas. I see no objection to such an amendment, and I think that would accomplish the purpose the gentleman has in mind.

Mr. GOSS. Mr. Speaker, with the understanding that the gentleman from Texas will offer such an amendment, I ask unanimous consent to withdraw my amendment.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SUMNERS of Texas: Page 2, line 15, after the word "money", insert the words "authorized to be."

The amendment was agreed to.

Mr. COCHRAN of Missouri. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 2, beginning in line 14, strike out the colon, insert a period, and strike out lines 15 to 21, inclusive.

Mr. COCHRAN of Missouri. Mr. Speaker, it is not my purpose to weaken but rather to strengthen this bill. In my opinion, the House has done some real work today in passing these bills to prevent crime.

You amended in a few minutes the Kidnaping Act, a bill introduced by Senator PATTERSON in the Senate and myself in the House. I stood on the floor of this House for 3 hours and fought for the passage of the bill I introduced. The act is commonly called the "Lindbergh Act", and was introduced long before the Lindbergh baby was ever kidnaped. We amended the Extortion Act today, an act that carries my name, which I introduced in this House. Under this act, which has been in force just a short time, 30 people have been sent to the penitentiary from my city alone. That proved it was necessary. You improved it today.

My objection is not to the first proviso. That can be reinstated in conference. It is the second proviso that I object to, that no person shall be designated as a public enemy within the purview of this act who has not theretofore been convicted in a court of competent jurisdiction of a felony involving violence.

Do you know that under such terms you would not have been able to offer a reward for the apprehension of Capone and a lot of other men of his type? We have men of that character all over the country today, men who have not been convicted of a crime because they have been well supplied with money, and because they have had influence with the courts. They are dangerous public enemies and you eliminate them.

I do not think that the proviso is necessary, and I sincerely hope that the chairman of the committee may accept my amendment. It was not in the original bill, but was added by the committee.

Mr. ROMJUE. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield to the gentleman from Missouri.

Mr. ROMJUE. Why does the gentleman want to strike out lines 15 to 17?

Mr. COCHRAN of Missouri. The only reason I offered the amendment to strike out those lines is that my amendment would not have been germane if I had not done so. The House agreed to the committee amendment while I was on my feet asking for recognition. An objection was made to vacating those proceedings, and in order to get recognition from the Chair I was forced to include both provisos. I am not in favor of striking out the first proviso; that can be put back in conference.

Mr. ROMJUE. I am sure that part of it is agreeable to the Department of Justice.

Mr. COCHRAN of Missouri. Yes; and most agreeable to me, but of necessity in order to secure recognition I was forced to include it in my amendment. I seek to strengthen the bill. The Attorney General would not object to my amendment. I hope it prevails.

Mr. SUMNERS of Texas. Mr. Speaker, in order that the gentleman's proposition may be brought up for consideration of the House I ask unanimous consent that we return to page 2 and that the gentleman from Missouri be permitted to offer an amendment beginning with the proviso on page 2, line 17.

Mr. GOSS. Mr. Speaker, reserving the right to object, is that the last proviso on line 17?

Mr. COCHRAN of Missouri. Yes; that is all.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, I offer an amendment on page 17 as follows: After the word "States" strike out the colon, add a period, and strike out the proviso following.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: After the word "States" in line 17 on page 2, strike out the colon and the proviso following ending in line 21.

Mr. DOWELL. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. DOWELL. This procedure is not in order. There is a way to reach this, however, but it is out of order to strike out an amendment that has already been adopted.

Mr. SUMNERS of Texas. I asked and received unanimous consent.

Mr. DOWELL. Mr. Speaker, I want the gentleman to proceed in a parliamentary manner.

Mr. BLANTON. Mr. Speaker, you can do practically anything by unanimous consent.

The SPEAKER pro tempore. We are proceeding under a unanimous-consent request, which has been granted by the House.

Mr. DOWELL. The unanimous-consent request was to return to a particular section, which was granted.

Mr. BLANTON. Mr. Speaker, there was no point of order made against the request.

The SPEAKER pro tempore. The unanimous-consent request was that the gentleman might also offer the amendment which has just been reported. The House gave its consent, and the gentleman from Missouri [Mr. COCHRAN] has offered his amendment pursuant to the unanimous consent granted by the House. The Chair therefore overrules the point of order.

Mr. SUMNERS of Texas. Mr. Speaker, I should like to have the attention of the House while I endeavor to explain this proposition.

It will be observed that on page 1 appears the language "captured dead or alive." The Attorney General is permitted to make the designation. There was a difference in committee as to whether that language, "dead or alive," should go in or not, but the majority of the committee thought it should go in, but with the limitation that it should apply only in cases of persons with a criminal record, as specified in the bill. The Attorney General picks out the individual and offers a certain amount of money for that person, dead or alive. The majority of the committee thought, especially in the experimental stage of this rather extraordinary legislation, that the Attorney General should not be permitted to designate a person for whom a reward would be offered, dead or alive, if the individual did not have a prior record. That is the reason that actuated the committee. There are many members of the committee who agree with the distinguished gentleman from Missouri.

Of course, it is expected the Attorney General will be cautious, but, looking at the matter from the standpoint of power given, this is an authorization to the Attorney General to pick a person who has not been convicted of the character of crime designated and say, "Now, I will give you $5,000 to kill him", it was thought by the committee that the bill ought not to go farther than that.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. COCHRAN of Missouri. Let us look at the matter in this way: Suppose this man, Dillinger, who has the country excited now, had never been convicted of a crime. Could the Attorney General, with this provision in the bill, offer any reward for his apprehension? I will rest my case there. Does the gentleman feel willing to keep this proviso in the bill, when the Attorney General's hands would be tied, to offer a reward for a man of the type of Dillinger if he had never been convicted of a crime?

Mr. SUMNERS of Texas. May I say to my friend from Missouri that if it were an ordinary reward for arrest I would appreciate the force of what the gentleman has said, but this is not a reward limited to arrest. This is a reward for anybody who will kill such a man, and you are leaving the determination as to what human being it shall be, not necessarily to the present Attorney General, but to whatever human being may happen to be the Attorney General. The bill goes far enough. I know we are very nervous now and we all see Dillinger under our beds at night and all that sort of thing, but I think there is such a thing as trying to act as sanely as we can, even if Dillinger has not yet been arrested. It is well known I do not favor going the route marked out by these bills we have passed today. Seeing the development with regard to crime of the condition at which we have arrived and the necessity of strengthening and coordinating the agencies of government dealing with crime, I introduced a bill authorizing compacts among the States which would make possible the coordination of their agencies of detection, arrest, and prosecution. With State police forces supplemented by local police it was my hope and belief that but little Federal assistance would be required. But the Senate failed to pass the bill. There was practically no public interest and now the whole situation has exploded. The majority of the people whom I represent want these bills passed. This Government belongs to the people. They are sovereign. I am their Representative and it is my duty now to be their Representative and to reflect their will by aiding in putting these bills through to their final passage.

Mr. LLOYD. Mr. Speaker, I rise in opposition to the amendment.

Permit me to suggest to the Membership of the House that we are embarking upon strange fields, trying new ventures here. We have gone far from the old and accepted ways.

We are undertaking to try a new method. We are undertaking today the passage of a number of bills of which prophecy alone can tell us where they are going to lead us. Here we are asked to withdraw this amendment that the committee, after the most careful and painstaking consideration has adopted, and provide instead that the Attorney General may convict and order the death penalty for a man without trial, without hearing, who has, perhaps, never committed a crime; who does not know, perhaps, he is even charged with a crime, and offering a reward of $25,000 for his being taken, dead or alive.

It may be said that the Attorney General is not going to do this, but it is all within the purview of human agencies,

and the committee felt, as the chairman has well told you, it was a dangerous embarkation upon an untried road.

I can imagine cases where even any man might not be safe or I can imagine men who might incur the displeasure of the Attorney General, and all you have to do is to place a reward——

Mr. PATMAN. The gentleman does not think they would do that.

Mr. LLOYD. I do not know—your Texas delegation might be reduced.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. LLOYD. I yield.

Mr. COCHRAN of Missouri. Suppose the identity of the man who kidnapped the Lindbergh baby was known and that man had never been convicted of a crime—I am using the word "convicted", the bill so reads—would the gentleman be in favor of offering a reward of $25,000 for anybody who would shoot him?

Mr. LLOYD. Let me ask the gentleman——

Mr. COCHRAN of Missouri. I have asked the gentleman a question.

Mr. LLOYD. And I ask the gentleman a question in return. If you were charged by newspaper publicity with being the kidnapper of the Lindbergh baby and did not have a thing to do with it, would you want a reward of $25,000 placed upon your head so that every constable in the country would be out gunning for you?

Mr. COCHRAN of Missouri. If I were the Attorney General of the United States and after investigation were convinced that the man was guilty of the crime, I would issue the reward immediately, but I would have to be convinced first that he was the guilty party. The Attorney General will not act until he knows what he is doing.

Mr. LLOYD. Are we going to have men tried for their lives by juries in this country, or are we going to have them tried by the Attorney General upon his own ipse dixit, upon newspaper report, or upon notoriety, or what not?

Mr. COCHRAN of Missouri. Why did not the gentleman come in here and oppose the whole bill?

Mr. LLOYD. I am not opposing the bill.

Mr. COCHRAN of Missouri. Of course not, and nobody else is against it, because of public opinion.

Mr. LLOYD. I am not opposed to the bill if you will keep it within proper limits.

Mr. BOILEAU. Will the gentleman yield?

Mr. LLOYD. I yield.

Mr. BOILEAU. We have heard a great deal lately about crimes committed by certain unknown persons. We have heard of screen murders in Milwaukee where some unknown person or persons committed many murders and we have heard of other murders in certain places where a masked bandit has committed the crimes. Does this bill provide that a reward can be offered for the apprehension of such an individual?

Mr. LLOYD. Absolutely, if the amendment is adopted, whether he has ever been convicted of a crime or not.

Mr. BOILEAU. This is an unknown person. He has committed several murders, for instance, but we do not know who he is and we cannot find out whether he has been convicted of a crime or not.

Mr. LLOYD. If the Attorney General can designate him, then the reward stands.

Mr. BOILEAU. But he must first find out what the man's name is.

Mr. LLOYD. No; he does not have to have the name in order to designate him. If he can describe him with sufficient certainty, that would be within the purview of the bill.

Mr. BOILEAU. Unless he knows the man's name and has obtained the police record, he doesn't know whether he was convicted of a crime or not, and therefore he cannot offer the reward.

Mr. LLOYD. The committee is very much against the idea of offering shotgun rewards for whoever may be suspected.

Mr. BOILEAU. I appreciate the necessity of going cautiously, but under the circumstances it seems to me that if a man was successful in hiding his identity, until they find out who the man is they are unable to find out whether he has a police record or not.

Mr. LLOYD. Does not the gentleman think they had better find out who he is before they kill him?

[Several Members demanded the regular order.]

Mr. SHANNON. Mr. Speaker, I rise to oppose the amendment. I want to say that this is a hysterical moment in the Nation. Naturally the gentleman who offered the amendment has done so in good faith, and the committee comes in with the original proposition, also in good faith.

There is great danger in permitting any man to designate somebody as a public enemy and offering a reward for him, dead or alive. There is danger to the Nation, danger to the official, and danger of the loss of public sentiment.

The greatest bandit up to the present time was a man in our State, Jesse James. The administration that prosecuted him and finally brought on his death never lived down the stigma of hiring men to kill him. Later on, when the members of his gang were brought to trial in our State they were acquitted largely because the administration had done that.

Now, treating both sides fairly in this matter, the committee has gone a long way toward putting a limit to whether the Attorney General could designate a man who has not had some kind of a record of previous conviction. I am doubtful that the Nation should ever offer a reward for a man dead. This Nation is big enough to capture any criminal. That was the impression that the people of Missouri had. They condemned the administration because they said it was not necessary to hire people to kill a desperado.

Mr. BLANTON. Will the gentleman yield?

Mr. SHANNON. I yield.

Mr. BLANTON. Was not Jesse James a man that you could not take alive? There are bandits that you cannot take alive.

Mr. SHANNON. I am saying that the law may go too far.

Mr. COCHRAN of Missouri. If the committee is going half way why not go the whole way?

Mr. SHANNON. The committee bill requires a record of prior conviction. I doubt very much the wisdom of officially authorizing anybody to say, "Bring him in dead."

Mr. COCHRAN of Missouri. If you are going to pass the bill, why not put teeth in it?

Mr. SHANNON. You can get too many teeth in laws, and cause a disrespect for them. There were too many teeth in the prohibition law, which resulted in public resentment to it.

Mr. BOILEAU. Mr. Speaker, I rise in opposition to the amendment, to get the opinion of the chairman of the committee in respect to this amendment. I mentioned a hypothetical case a few moments ago where some individual who was not identified by name or in any other way goes about terrorizing a community. There have been many such instances. We do not know who he is, but we do know a certain man is killing people. We have descriptions of him, but we do not know his name. There are methods of identifying him, but he has not been apprehended and they do not know what his name is. It would be impossible in that case to get a police record to determine whether he has ever been convicted. Do I understand that the committee is opposed to permitting the Attorney General to offer rewards for the apprehension of such an individual?

Mr. SUMNERS of Texas. We have at present a rather remarkable attitude of public mind. Just yesterday, as time is measured in a people's history, we had the defendant surrounded by all sorts of ridiculous presumptions and advantages; and now we are in danger, in my judgment, of swinging just as far in the other direction and causing a reaction of public opinion and sentiment. I used to be a prosecuting attorney myself. I have been very much interested in the study of crime and its prevention. This is the first time in 30 years that I know of when public opinion is in an attitude which would afford a chance to clean up the crooked officials who are responsible for the existing organized crime, and in that clean up, in the effort to do it,

develop a strength on the part of the people, as the governors of this country, which as a people we need for general purposes. This is a very far-reaching bill, which everybody recognizes as such.

Here is an authorization by the National Congress to whomsoever happens to be the Attorney General to do that which in effect amounts to signing the death warrant of a human being before trial. The committee has taken into consideration the menace of organized crime, and the necessity at the moment of doing extraordinary things, but it is not unmindful of how far it has gone, even when a man can be designated by name, and is a man with a criminal record. Personally I agree with my friend from Missouri [Mr. SHANNON] that we better be careful how far we go. We better feel our way a little bit. This bill as it now provides goes quite far enough the committee feels.

Mr. BOILEAU. The Attorney General could not make the mistake of identifying the wrong person unless he names the person. If he said, "There is a reward of $5,000 for the man who is committing all the murders, known as "the masked bandit"——

Mr. SUMNERS of Texas. You had better go and arrest somebody first then try him. There is too much danger about that.

Mr. BOILEAU. It seems to me if we are going to offer rewards, we should be willing to make rewards in cases of that kind and leave it to the good judgment of the Attorney General.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. BOILEAU. I think the gentleman has in mind a case something like that of Jack-the-Ripper. That did not occur in the United States. He was not known as an individual any more than by that name. If an instance of that kind were to occur in the United States and the Attorney General said, "$25,000 reward, dead or alive, for Jack-the-Ripper", and nobody knows who he is except by that name, given him by the newspapers, do you want to authorize the Attorney General to go out and get that man on that kind of a statement?

Mr. BOILEAU. Personally, I would be in favor of offering a reward for the capture dead or alive of a Jack-the-Ripper. It would be up to the individual who killed him to show that he was Jack-the-Ripper, and it would be a good service to society done by that individual if Jack-the-Ripper were apprehended dead or alive.

Mr. FORD. But suppose he shot the wrong man?

Mr. BOILEAU. He might kill the wrong man, even if the man were given his right name. There is no more danger of such a thing in one instance than there is in the other.

Mr. OLIVER of New York. The gentleman asked me a question a moment ago with reference to this bill. May I not ask the gentleman if the usual reward is not predicated upon arrest and conviction?

Mr. SUMNERS of Texas. Absolutely.

Mr. OLIVER of New York. There is no death penalty at all. This bill goes so far beyond that that we give the power not for conviction but for destruction in the Attorney General.

Mr. SUMNERS of Texas. That is right.

Mr. OLIVER of Alabama. For that reason the gentleman and I disagree with the theory of this bill.

Mr. OLIVER of New York. And I will vote against the bill.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The amendment was rejected.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. FADDIS. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FADDIS. Mr. Speaker and Members of the House, I arise to place before the House a case which constitutes a grave affront to the dignity, decorum, and propriety of this House and the correction of which is the duty of every honest Member of the House to consider.

Edmund F. Erk, a former Member of this House, is a candidate for Congress on both the Republican and Democratic tickets in the Thirtieth Pennsylvania District. He is an opponent of my colleague, Hon. J. Twing Brooks, on the Democratic ticket. Mr. Erk is at present a clerk to Hon. MICHAEL MULDOWNEY, Thirty-second Pennsylvania District, at a salary of $2,907 per year. In the conduct of his campaign, and under the cover of being a clerk to a Member of this House, he is circulating by mail letters by the thousands on stationery headed "Congress of the United States, House of Representatives, Washington, D.C." In these letters he includes certain misleading statements and paragraphs which are intended to mislead the electors by seeking to imply that he is at the present time a Member of this House. It is a most reprehensible, dishonorable, and unethical method of campaigning and its defense is impossible by any honorable Member of this House. I maintain by his conduct that he has so flagrantly violated all the ethics of fairness, honesty, and integrity, that he has forfeited his right to be even a clerk to a Member of this House to say nothing of returning to it as a Member.

Mr. O'CONNOR. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. O'CONNOR. I hope before the gentleman finishes he will place the entire letter in the RECORD. I have read it. It is one of the greatest gems I have read in many a year. It will go down in history with some other famous congressional communications. There are some sentences in that letter that I cannot possibly understand, and I do not believe anybody in the House can possibly interpret what they mean.

I do not know whether the gentleman has made it clear that the letterhead on which these letters are written simply reads "Congress of the United States", and that Mr. Erk gives his office as the House Office Building. He also relates in his most peculiar style about "supporting the President during the past year", and that his "congressional duties" have borne him down so that he could not get back to Pittsburgh. The gentleman forgot to say that before Mr. Erk was a Congressman he was a secretary. When he was defeated for Congress he again became a secretary, and maybe worth the $2,900 he is alleged to be getting; but these 60,000 "congressional" letters that he has sent into this district are the greatest fraud and deceit of which I have ever heard. They are clearly intended to deceive the voter into believing Mr. Erk is at present the Congressman from that district. He talks about being "reelected" to Congress.

The gentleman speaking also hears there is another similar situation in Pennsylvania where a man who has not been in Congress for years, and who is not even now a secretary to a Member of Congress, is using "Congress of the United States" stationery to campaign for office, intending to deceive the voters. This House ought to do something about it. This Erk case is so vicious that the Speaker or somebody in control of the employees of this House ought to immediately put him out of the House Office Building and not let him even enter that building.

Mr. THOMASON. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. THOMASON. Is this being franked?

Mr. FADDIS. I do not know. I think not.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania [Mr. FADDIS] has expired.

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

Mr. TABER. I think, Mr. Speaker, we ought to have a quorum present.

Mr. BULWINKLE. I may say to the gentleman from New York that at my request the gentleman from Pennsylvania [Mr. FADDIS], did not attempt to present this matter upon the convening of the House but withheld it until we finished the consideration of the bills called up by the Judiciary Committee. I told the gentleman from Pennsylvania I thought we could arrange for him to have the time. I ask the gentleman from New York to withdraw his point of order.

Mr. TABER. Mr. Speaker, with the understanding that there will be no further requests, I withdraw my point of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. FADDIS. I read to you the second paragraph of his letter:

I have constantly cherished the hope that during the present campaign I might see you long before this, to solicit your counsel, and talk about the political situation in our congressional district, the Thirtieth, but throughout the past year or more recovery legislation and its attendant responsibilities, vast and extraordinary congressional duties, fraught with so many vital and perplexing problems, have weighed upon me mighty heavily; so much so that I have practically lost all conception of time in the performance of my duties and, in consequence, had to abandon my plans of seeing more of you, but, then, it is especially true among friends that "absence makes the heart grow fonder."

I ask you in all candor, Does this not imply that he is at the present time a Member of this body?

I read to you the third paragraph of his letter:

I am not unmindful but appreciate the fact that during my service as a secretary and later as a Representative in Congress, the friendship, cooperation, and expressions of good wishes emanating from a source such as yourself have been the sustaining joy that has lightened and gladdened my way.

I call to your attention the fact that in this paragraph he makes mention of the fact that he was a secretary, later a Representative in Congress, but does not mention the fact that he is at the present time a clerk.

I read to you the fifth paragraph of his letter:

Impressed by that confidence expressed in the judgment of the good people who have heretofore honored me with the privilege of representing them in the Congress of the United States, I am a candidate for reelection on my record.

Here he states—

I am a candidate for reelection on my record.

I read to you the sixth paragraph of his letter:

With sincere gratitude for having elevated me to represent my people in the legislative branch of the greatest Government in all the world, I acknowledge the faith of the voters, and here renew my pledge to serve my district and my Nation so that I shall always merit every confidence in my ability to act for them.

I read to you the eighth paragraph of his letter:

If reelected to Congress, it would continue to be my policy and purpose to give unqualified support to the President and to Congress in furthering all constructive measures designed to establish a basis for permanent recovery and economic stability beneficial to all of the people.

Does he not in this paragraph plainly imply that he has been a Member of Congress during the past 2 years? He mentions that if reelected he will continue to support the President when, as a matter of fact, he has never served as a Member of Congress under the administration of Franklin D. Roosevelt.

He signs the letter "Edmund F. Erk, home address 1208 Haslage Avenue, N.S., Pittsburgh, Pa." In the left-hand lower corner he places suite 403, House Office Building, Washington, D.C. He makes no mention of the fact that this suite number is the office of the Honorable MICHAEL JOSEPH MULDOWNEY.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I yield.

Mr. O'CONNOR. I spoke to the gentleman from Pennsylvania [Mr. MULDOWNEY] yesterday, for whom I have a very high regard. I called his attention to this incident and informed him that one of his clerks was going to get "blasted" on the floor of the House, which he well deserved. I do not see the gentleman from Pennsylvania here today. The gentleman from Pennsylvania [Mr. MULDOWNEY] stated, when I brought the matter to his attention, that he was very much incensed about it; that he had no idea that this clerk of his was doing such an unfair and deceitful thing, and that had he known it he would not have countenanced it.

Mr. FULLER. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I yield.

Mr. FULLER. Does the gentleman know whether the gentleman from Pennsylvania [Mr. MULDOWNEY] is still keeping this clerk?

Mr. FADDIS. I do not know; I have not asked him that.

Mr. O'CONNOR. I understand that this clerk is now in Pittsburgh campaigning.

Mr. FULLER. How did he get these congressional letterheads?

Mr. FADDIS. He sent these letters out some time ago, They do not bear Mr. MULDOWNEY'S name.

Mr. FULLER. I know; but is not a Member of Congress the only person who can get congressional letterheads from the stationery room?

Mr. O'CONNOR. I do not think that can be so. If that be the case, how did this Congressman who served 6 years ago get the stationery he is now using? He is a Democrat, too, by the way.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I yield.

Mr. TABER. That is not a congressional letterhead, is it?

Mr. FULLER. Certainly it is.

Mr. FADDIS. It certainly is; I have one right here.

Mr. ROMJUE. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I yield.

Mr. ROMJUE. If I recollect aright, this gentleman is a Republican and formerly served in the House as a Republican.

Mr. FADDIS. Exactly.

Mr. ROMJUE. And he is now running as a Republican backing Roosevelt. So he is rather smart.

Mr. FADDIS. He is trying to get in by hanging onto the tail of the Roosevelt kite, that is all.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I yield.

Mr. BOILEAU. Is it not a fact that the man about whom the gentleman is now talking is running on both the Republican and Democratic tickets?

Mr. FADDIS. Exactly; he is a "primary raider"; that is what he is.

Mr. BOILEAU. I did not want to characterize his actions.

Mr. FADDIS. I hope no reputable Member of the House would undertake to defend such tactics as this.

Mr. FULLER. Mr. Speaker, will the gentleman yield further?

Mr. FADDIS. I yield.

Mr. FULLER. The gentleman knows, as does every man in Pennsylvania, that this clerk to a Congressman, seeking reelection on both tickets, is opposing a man who has supported the Roosevelt program.

Mr. FADDIS. Certainly; he is running against a man who is supporting the President's program.

Mr. FULLER. The man whom this fellow is serving as clerk has not supported the President's program either.

Mr. DUNN. Mr. Speaker, will the gentleman yield?

[Here the gavel fell.]

Mr. DUNN. Mr. Speaker, I ask unanimous consent that the gentleman's time may be extended 5 minutes.

Mr. GOSS. Mr. Speaker, reserving the right to object, and I have no objection to this personally, we had an agreement on both sides that there would be no further extensions.

Mr. BULWINKLE. I hope the gentleman will be allowed to finish his speech.

Mr. DUNN. Mr. Speaker, I have been brought into this discussion, and for that reason feel that the gentleman's time should be extended that I may ask him a question.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DUNN. Will the gentleman yield?

Mr. FADDIS. I yield to the gentleman from Pennsylvania for a question only.

Mr. DUNN. A gentleman made the statement that this individual referred to is running on both tickets. This does not signify that he is a Democrat.

Mr. FADDIS. Mr. Speaker, I did not yield to the gentleman from Pennsylvania to make a speech in his own behalf. I desire to finish my statement.

Mr. DUNN. The point I want to make is that he is not a Democrat just because he is running on both tickets. At the present time I am running on both tickets.

Mr. FADDIS. Mr. Speaker, I decline to yield further.

Mr. MILLARD. Will the gentleman yield?

Mr. FADDIS. I yield to the gentleman from New York for a short question.

Mr. MILLARD. For the RECORD the gentleman will admit that he is a Democrat?

Mr. FADDIS. Yes. I am indeed proud to admit that fact.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. FADDIS. I yield to the gentleman from New York.

Mr. FITZPATRICK. In 1932 whom did Erk support for President of the United States?

Mr. FADDIS. Hoover.

Mr. EAGLE. Will the gentleman yield?

Mr. FADDIS. I yield to the gentleman from Texas.

Mr. EAGLE. May I make the observation that it is wholly immaterial whether he be a Democrat or Republican for the purposes to which the gentleman is calling attention. There is no partisanship in this matter.

Mr. FADDIS. No; it is by no means a partisan matter. This letter is plainly and unmistakably a deliberate effort to deceive the electors of the Thirtieth Congressional District of Pennsylvania by implying that Mr. Erk is a present Member of this House. It is clearly an effort on the part of this candidate who would stoop to "primary raiding" in order to attach himself to the tail of the Roosevelt kite and endeavor to fly to victory under the misleading inference that he has given aid and support to the program of our peerless leader. He is in a class with the pirates of old, who, under cover of a peaceful flag, would sail close to an honest merchant ship; then, when within range, would hoist the "skull and bones" and pour a broadside across her decks.

I do not know whether or not it is a coincidence, but there appeared in the Washington Herald of May 2, 1934, a picture labeled as the Daughter of Representative Edmund F. Erk, at the Press Women's Carnival. This is exhibit A.

I feel that the House should take some action upon this gross attempt of its rights and dignity, and protect the rights of a bona fide Member of this House, the Honorable J. TWING BROOKS.

Mr. Speaker, I present a resolution and ask unanimous consent that the Clerk be allowed to read it from my time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read as follows:

House joint resolution prohibiting the use of stationery of the House of Representatives for political purposes in certain cases

Resolved, etc., That whoever, except (or except on behalf of) a Member or officer of the House of Representatives, Member-elect, Delegate, Delegate-elect, Resident Commissioner, Resident Commissioner-elect, uses or causes to be used, for political purposes, any stationery so marked as to indicate that it is official stationery of the House of Representatives shall, upon conviction, be fined not more than $5,000 or imprisoned not more than 1 year, or both.

Mr. FADDIS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to include the letter to which I have just referred.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The letter follows:

A MESSAGE TO A FRIEND

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 17, 1934.

MY ESTEEMED FRIEND: I am taking this informal method of announcing my candidacy on the Republican and Democratic tickets for reelection to Congress, and in addressing you in this manner, at this time, I know it will not be construed as a customary piece of campaign literature but instead, its real purpose and intent will faithfully serve as a heart-to-heart chat among friends. In this connection, I plead extenuating circumstances and not a lack of vision or appreciation of our friendship.

I have constantly cherished the hope that during the present campaign I might see you long before this, to solicit your counsel, and talk about the political situation in our congressional district—the Thirtieth—but throughout the past year or more recovery legislation and its attendant responsibilities, vast and extraordinary congressional duties, fraught with so many vital and perplexing problems, have weighed upon me mighty heavily; so much so that I have practically lost all conception of time in the performance of my duties, and, in consequence, had to abandon my plans of seeing more of you; but, then, it is especially true among friends that "absence makes the heart grow fonder."

I am not unmindful but appreciate the fact that during my service as a secretary and later as a Representative in Congress, the friendship, cooperation, and expressions of good wishes emanating from a source, such as yourself, have been the sustaining joy that has lightened and gladdened my way.

Men have repeatedly risen to heights of great power and service to their fellows, not necessarily so much by reason of their own inherent genius or gifts as by the encouragement of a friend, some noble soul with whom they have consorted and who gave to them both impulse, inspiration, and opportunity. When I recall the old days I feel that you have been just such a source of inspiration to me. You know that we never have too many friends, and it is a pleasant duty to keep in touch with each other for auld lang syne. Next to the ties of kinship are those of friendship. Our acquaintances stand in one classification, our friends in another. In early life we are less discriminating than we are in our more mature years. The distinction between acquaintances and friends is not so marked as it is when we come to properly evaluate that which constitutes true friendship. It is also true that as we grow older those who come within the restricted area of true friends become dearer to us and we repose in them all our confidence and affection. We can find no better occupation during these days of deep reflection and retrospection than to pause and check up and discover to ourselves just where our philosophy of life has brought us.

Impressed by that confidence expressed in the judgment of the good people who have heretofore honored me with the privilege of representing them in the Congress of the United States, I am a candidate for reelection on my record.

With sincere gratitude for having elevated me to represent my people in the legislative branch of the greatest Government in all the world, I acknowledge the faith of the voters and here renew my pledge to serve my district and my Nation so that I shall always merit every confidence in my ability to act for them.

If I should capitalize the circumstances of my life, I shall do it for the good which might be built up out of them—not for myself but with myself for the good of others—for its own good in the last analysis.

If reelected to Congress, it would continue to be my policy and purpose to give unqualified support to the President and to Congress in furthering all constructive measures designed to establish a basis for permanent recovery and economic stability beneficial to all of the people.

May I urge you, both as a political duty and a personal favor to me, to register and vote in the primary election. May I also give the assurance that support of my candidacy will be a patriotic object worthy of your active interest from now until the polls close Tuesday, May 15, and if you will permit me, I would suggest that you make an earnest and determined effort to influence at least one or more other voters to vote for me.

To whatever action this communication may stimulate you, it will be appreciated by me. Assuring you of the pleasure it will give me at any time in an official or other way to serve you and your friends at Washington, and with the kindest personal regards, I am

Sincerely your friend,

EDMUND F. ERK,
Suite 408, House Office Building, Washington, D.C.
Home address: 1208 Haslage Avenue, N.S., Pittsburgh, Pa.

LOANS TO INDUSTRIES

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of Loans to Industry.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I desire to serve notice that unless the Banking and Currency Committee soon reports to

this House legislation under which government loans may be made to industries, I shall deem it to be my duty to file a motion to discharge the committee so that this matter may be brought before the House for the earliest possible action.

I have the most friendly feeling for the Committee on Banking and Currency, whose chairman, Hon. HENRY B. STEAGALL, I regard as one of the ablest Members of this Congress. He has a most enviable record of constructive legislation to his credit. I am sure that all the members of that great committee are conscientious and are actuated by the most worthy purposes in their efforts to cope with the numerous and difficult problems that fall within the jurisdiction of the committee. In my proposal there is no criticism, either intended or implied, of Mr. STEAGALL and his committee.

But the fact remains that the committee is not functioning in the promotion of this very important and necessary legislation. It has held meeting after meeting, but it appears that as far as tangible results are concerned, there is nothing doing. The committee seems to have arrived at something that very closely resembles an impasse. If it develops that the committee cannot function, if it cannot compose its differences, then no harm is done and certainly no disrespect is intended if the House brings the subject matter out of committee to the floor, so that it may be dealt with in accordance with the best interests of the American people.

FIDDLING WHILE ROME BURNS

In this matter of loans to industries Congress is fiddling while Rome burns. It is time to put down the fiddle and bring out the fire department. It is a matter of the gravest importance that no more time shall be lost in making these loans. The loss in economic rehabilitation already is so tremendous that it is incalculable. If provision had been made months ago for these loans multitudes who were engaged on civil works during the winter and spring would, ere this, have been absorbed into normal employment. In the absence of this legislation which would have started the factories and restored normal processes of employment, millions of people will have to be continued on some form of glorified dole. That is not what these millions want. They do not want trumped-up jobs which, when all is said and done, are but a thin disguise for charity. The American people are not natural-born mendicants. They want regular jobs that will enable them to earn their living by honest toil and they are entitled to those jobs. It goes against the grain of a proud American freeman to be handed anything in the form of charity.

Pass this legislation making it possible for business men and manufacturers to secure capital for working purposes and you will find that the result will be amazing. Normal processes, so long dead or dormant, will be revived immediately. Thousands of manufacturers throughout the country have orders actually at hand, but no capital to enable them to make up the goods. Let the Government provide that capital on well-secured notes and watch the result. Factories will forthwith resume operations, business will begin to hum, and multiplied thousands who now have to humiliate themselves by going to township trustees for baskets of food will leave that gloomy trail of shame and distress, let us hope, never to return.

FIRST BILL ON THE SUBJECT

I think I am as much entitled as any Member of this House to feel restive over the delay or deadlock, or whatever it may be in the committee, that is jeopardizing the prospect of this legislation, now that the session of Congress is drawing rapidly to a close. I think I am the author of the first bill on this subject. On January 3, the opening day of the present session, I introduced a very simple, but I believe, very worthy measure (H.R. 6198) that would meet all of the requirements, the full text of which is as follows:

To aid in the resumption and carrying on of normal business and industrial activities the Reconstruction Finance Corporation is authorized to make direct loans to approved firms and corporations, such loans in all cases to be made under proper safeguards and to be based on securities that are adequate to guarantee repayment of principal and interest in full: *Provided*, That such loans shall be limited to providing funds for working capital.

It has been more than 4 months since that bill was referred to the Banking and Currency Committee and it certainly is not unreasonable to suggest that in so long a time there might have been action, especially in view of the widespread national reaction that immediately set in, favorable to the proposal. The distinguished gentleman from New York [Mr. PRALL], chairman of the subcommittee to which the bill was referred, very courteously granted full time and opportunity for hearings thereon, and those Members who are interested will find nearly fifty pages of the printed hearings devoted to this measure.

MR. FREDRICK APPROVES MEASURE

The testimony given on my bill was most illuminating and I invite the attention of the House to it. Mr. John E. Fredrick, of Kokomo, Ind., president of the Indiana State Chamber of Commerce, was unable to attend the hearing on account of a conflicting engagement, but he sent a brief that is a model of cogent, sound reasoning, and which is set forth in the printed hearings. The State Chamber was represented by its manager, Mr. W. H. Arnett, a key business executive of our State. The Indiana Association of Manufacturers was represented by its able secretary, Mr. H. M. Cochrane. Representatives JAMES I. FARLEY, SAMUEL B. PETTENGILL, and JOHN W. BOEHNE spoke in favor of the measure. Messrs. FARLEY and BOEHNE are outstanding business men, the former having been at one time president of the Auburn Automobile Co. Mr. PETTENGILL is a lawyer of magnificent ability, in whose district are located some of the most important manufacturing plants of the entire country. I believe that no thinking man can read the hearings on my bill without becoming convinced of the absolute necessity of this legislation, if we are to pave the way for a real recovery in America.

DEFECTS OF GLASS BILL

With all due respect to Senator CARTER GLASS, of Virginia, whom I greatly admire for his rugged independence and sterling qualities, I believe the bill I have introduced on this subject of loans to industries is preferable to his plan. I fear the Glass bill would not accomplish the purposes desired. It ties the relief in with the Federal Reserve System and that, in my opinion, is not desirable. Under the Glass bill the same persons would operate the machinery for these loans that now manage the Federal Reserve banks. Half of the money to be loaned would not be public money but would be private money belonging to the Federal Reserve System. The men who control the Federal Reserve banks are distinctly banker-minded. They are ultraconservative. They lean backward in enforcing banking rules. The trouble with the banks throughout the country is that they are so conservative. They are not making loans. They are not functioning at all as public-service institutions.

SLIGHT MIXTURE OF PHILANTHROPY

Now, what is needed in making these proposed loans to industries is a little philanthropy mixed with banking philosophy. Those who will administer the loans need to be men of enough liberality that they are willing to take some things on faith. They should be men who have some confidence in the future of America and not men who imagine that it is the first duty of a banker in times like these to drive a nail in every dollar and fasten it to a wall where it cannot circulate.

This law will not be properly administered unless some risk is taken, but I believe it will be a slight risk and that the Government's dollars, after going out on this splendid mission of restoring normal business and manufacturing operations, will return to the United States Treasury as the loans are repaid, and that the final result will be immensely beneficial to the Federal Treasury as the stimulus to business and industry and the return of normalcy will inevitably swell the revenue receipts.

R.F.C. THE PROPER ADMINISTRATIVE AGENCY

I believe that the proper agency to administer this legislation, if it is to be administered satisfactorily and without the circuitous red-tape delays that are incidental to Federal Reserve banking, is the Reconstruction Finance Corporation; and I am convinced that the amount of loanable funds

provided in Senator GLASS' bill, $280,000,000, is entirely inadequate to meet the situation. A much greater sum than that is needed as working capital for a large number of the smaller businesses and industries. To attain the maximum degree of good from the legislation, loans in the smaller amounts from $5,000 up to $50,000 should predominate. Industry all over the country is crying for these small loans, the situation in Indiana being well expressed in the following telegram sent by the president of our State chamber of commerce to President Roosevelt:

His Excellency FRANKLIN D. ROOSEVELT,
White House, Washington, D.C.:

Three hundred substantial industries in Indiana could, and would, add materially toward increasing employment if sufficient financial credit is made available. We respectfully urge your influence favoring the Ludlow bill or legislation with similar provisions. With hearty good wishes,

JOHN E. FREDRICK, *President,*
Indiana State Chamber of Commerce.

WE SHOULD BEGIN LENDING, CEASE SPENDING

We should cease spending and begin lending. We can never spend ourselves into a state of prosperity. Added debt burdens and pyramided tax rates only take us farther away from the goal of prosperity and happiness. But, by judiciously lending the Government's credit to revive normal business and industrial operations we can go far toward bringing about real recovery in America. I firmly believe that if instead of spending the enormous sum of $3,300,000,000 on uneconomic public works we had merely loaned half that amount to solvent business and industrial concerns to enable them to operate we would now be on the high road to prosperity and 95 percent of the money so loaned would ultimately return to the United States Treasury. Such use of the Government's credit is sound and businesslike, and Congress should not waste any time in passing this legislation.

ACTS STRENGTHENING THE CRIMINAL CODE

Mr. GLOVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, we have today considered the 10 bills proposed by Hon. Homer S. Cummings, Attorney General of the United States.

To my mind, the passage of these acts will be the finest day's work that Congress has ever done during my experience. I am sure the entire program of the Attorney General will be enacted into law.

Senate bill No. 2841 is an act to provide punishment for certain offenses against banks organized or operating under laws of the United States or any member of the Federal Reserve System. This will give jurisdiction to the Federal Government to aid the States in enforcing laws against violations of this kind. The jurisdiction is not given exclusively to the courts of the United States. The robbing of banks and killing of people for the purpose of taking away money deposited by citizens and those engaged in banking is a crime that should be severely punished, and this bill provides a punishment that will deter anyone from attempting bank robbery of this kind.

The next Senate bill, No. 2080, is an act to provide punishment for killing or assaulting Federal officers in the enforcement of the law and while on official duty. This bill also provides that whenever an indictment is found defective or insufficient for any cause, before the statute of limitations has expired and such period will expire before the end of the next term of the court to which such indictment was returned, a new indictment may be returned not later than the end of the next succeeding term of such court, regular or special, following the term at which such indictment was found defective or insufficient, during which a grand jury thereof shall be in session.

Senate bill 2575 is a bill to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor. This bill provides that anyone who causes, assists in, or who conspires with any other person or persons to cause any riot or escape at such penal or correctional institution shall be punished with a severe penalty. It also provides that any person who conveys, or causes to be conveyed into such institution, or from place to place within such institution, any firearm, weapon, explosive, or any poisonous gas, or any other substance or thing designed to kill, injure, or disable any officer, shall be severely punished by a term in the penitentiary.

Senate bill 2253, one of the 10 bills to be enacted into law, makes it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases. It has been the habit of the gangsters when they knew persons would give testimony against them either to run them out of the State or do some act of violence to them to keep them from testifying. This bill will strengthen our law on that question and will prevent this practice in the future.

Senate bill 2252, another of the 10 bills, is a bill to amend the act forbidding the transportation of kidnaped persons in interstate commerce. Kidnaping under this bill is made a death penalty in certain cases, which certainly should be the law. Kidnaping has become so prevalent in the United States by gangsters that it must be broken up regardless of what the cost is. Nothing is more horrible than to think of a bunch of gangsters stealing a child, carrying it away, destroying its life if necessary to conceal their crime. It is one of the most horrible crimes the Nation has ever had to deal with, and when a man goes into that kind of business he sacrifices his right to live with law-abiding citizens, and the law cannot be too drastic.

House bill No. 9370 is a bill to authorize the Attorney General to offer rewards for the capture, dead or alive, of certain classes of gangsters that are now attempting to rule our Nation with force. The various killings that have been reported in the United States within the last 6 or 8 months by noted gangsters justifies the extermination of that kind of person regardless of what it costs to do it. This bill materially strengthens the hands of the Attorney General in fighting down this character of crime.

House bill 8912 is a bill to amend section 35 of the Criminal Code of the United States. This bill will materially strengthen the criminal law.

Senate bill 2845 is an act to further extend the provisions of the National Motor Vehicle Theft Act to other stolen property. The enactment and enforcement of this act will justify this character of legislation and this act will materially aid the law we now have on that subject.

There never has been such an organized body of men for the commission of grave crimes as we have had to contend with for the last 2 or 3 years. The laws against crime must be upheld and the power must be given to the courts and the officials enforcing the laws, so that crime can be punished. After the passage of these acts there will be no excuse on the part of those whose duty it is to enforce the law to say, "We have not the power to handle the situation." Then, we shall have a right to expect of them the enforcement of the law to the letter.

I am glad to see Congress giving every aid possible to those who have the duty of enforcing the law. It was my privilege to serve as prosecuting attorney of my district and I know how important it is to have law enforcement, also know how difficult it is to enforce the law against criminals without public sentiment backing up our officials. I am glad that Congress has heeded the public sentiment that has been so often expressed in the United States recently for law enforcement against crime. I am sure that whatever else is necessary to strengthen the hands of those whose duty it is to enforce the law, that power, so far as Congress is able to give it, will be given our officials.

We hope also that the States will follow this lead and will so strengthen the State laws that both the States and the Nation may cooperate together in a great way in putting down the crime we have, that is so prevalent in the United States.

Mr. JOHNSON of Minnesota. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include the statement of a former Member of the House, Knute Wefald, of Minnesota, on the Frazier-Lemke bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

THE FRAZIER-LEMKE FARM REFINANCING BILL

Mr. JOHNSON of Minnesota. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement of Knud Wefald, Railroad and Warehouse Commissioner of Minnesota, and former Congressman from the Ninth Minnesota District:

It is noticeable, on reading the CONGRESSIONAL RECORD, that while much support has been given the Frazier-Lemke farm refinancing bill on the floor of the House, not much has been said against it. This leads one to think that the arguments made for the bill are hard to answer successfully.

In the RECORD for April 18 appears, however, a statement by a Congressman against the bill, which, while it is kept in a friendly tone, ends up by saying that the arguments he has made against the passage of this measure are unanswerable. The Congressman brings out some points that have not had much discussion, evidently, but the points he raises relative to the main merit of the bill are not very hard to answer.

The Congressman submits proof as to his interest in the farmers' cause to the effect that he has during his congressional career supported good-roads legislation and the extension of rural mail service. Both of these matters were of interest to the farmers, but not among the farmers' greatest essential needs. Most of the good-roads money was not spent on farm roads.

The Congressman helped to create the Federal Land Bank System, which was evidently set up with good intentions, but which could in the long run not take care of the farmers' needs. He calls attention to the fact that during the last Congress legislation was passed to guarantee the interest on land-bank bonds, and that during the present Congress legislation has been passed to guarantee the principal of the bonds to the amount of $2,000,000,000, and the interest the farmers will have to pay upon their loans. Authority has also been granted so that these bonds can be exchanged for farm mortgages or 3¼-percent guaranteed new Federal land-bank bonds. Such bonds are now being traded for outstanding farm mortgages.

That legislation had to be passed to guarantee principal and interest of such bonds is conclusive proof that this farm-loan system has not served to help the farmers, who cannot even pay the interest.

The interest rate is too high and the mortgage indebtedness all too high under the high interest rate. This recent legislation was passed in the interest of the farmers' creditors, and any refunding of the farm debt under this system only adds to and prolongs the farmers' agony.

Any farm-loan system under which the farmers cannot meet their interest payments is an unjust system, which, if continued, will eventually place the farmers in perpetual bondage. It is also unjust for the Government to pay coupon clippers millions upon millions of dollars in interest payments that the business of farming cannot produce.

While second, third, and fourth mortgages upon farms, saddled on them during the war years, or the years following when Wall Street practiced its black art of finance at its worst, have now fallen away by their own weight, the first mortgages, except when they have been renewed and reduced, as has been the case with some loans held by insurance companies, were contracted during the times of inflated values, so the amount of the mortgages are now invariably out of proportion with farm values of today.

The idea in the Frazier-Lemke bill is, therefore, to liquidate the present unreasonably high farm mortgage indebtedness and refinance such portions of the indebtedness as would be just, in conformity with present values of farms, at a rate of interest so low that the farmers can meet their interest payment upon the indebtedness refinanced, so that the Government would not have to pay either all or any part of their interest payments.

The farmer is tired of standing before the country as a pauper or a beggar.

Only the United States Government is big enough and strong enough to undertake this task, but it is asked to do the job in such a manner that the Government would in the end lose nothing by it.

It is true that some of the present holders of farm mortgages might lose some money, and they ought to lose the difference between the inflated value of an era now dead, but whose cold and clammy hand yet rests upon the farmer in the form of a mortgage, and present-day honest value.

The farmers' slate must be wiped clean; the farmer must get a fresh, new start; he will have enough new problems to solve without dragging around a ball and chain in the shape of an unredeemable farm mortgage. The many new problems facing the farmer can only be solved by free men redeemed from unjust debts.

The Congressman raises objection to the provision in the bill that will allow loans by the Federal Government to be made to the limit of the full amount of the fair value of the land and 50 percent of the value of insurable buildings and improvements. He thinks no private person or institution would make loans up to this limit. Perhaps not. But a farm loan under the full amount of this limit would invariably be smaller than the amount of the loans now on the farms. If loans were made by the Government up to this limit, it would mean that the farmers' creditors would recover more nearly what they have invested in farm mortgages. It would be better for the farmer that less was borrowed, if only the legislation takes such form that by such new refinancing as the bill demands all old debts are washed out and liquidated.

The Frazier-Lemke bill, I believe, only intends to refinance present mortgage debts and does not ask that new loans be made otherwise. Therefore, the fear that the Congressman expresses, that the passage of this bill would result in every farmer who owns marginal and other low-class lands making a mortgage to the Government and, through such a mortgage, sell his land to the Government, is groundless.

Through the operation of a law under this bill the Government would, of course, obtain some poor or marginal lands, but only such lands as private money loaners, who are supposed to know what they are doing, had previously loaned money on. Such lands, if eventually saddled upon the Government, would be acquired at a very low price. The "brain trusters" are now racking their brains with the problem of the elimination of marginal lands from production, and if these lands should be acquired under legislation like that asked for in this bill, the problem of taking these out of production would be easily solved. Such lands could be put into timber or game preserves or put to other uses. Right now, under the new welfare legislation, the Government buys marginal lands here and there and turns them into playgrounds and recreation parks for the city poor.

The system of the present Federal Farm Loan set-up of forming local associations under which all in the association are, in effect, bound for the whole debt, is extremely wrong. It sprang out of the brain of Wall Street, a noble thought; it was better to have a stranglehold upon all in a given territory than just a single hold upon a single person.

The seed loans and personal-property loans are all right as far as they go, but they are in reality only pauper aid, and the administration of these loans in many localities is harsh and inhumane. But Congressmen know little about this, for they are away from home so long, and when they are home they are chasing votes and are always busy telling the people what they have done for them. The horde of Government officials, often rough with the farmers, always make their reports tell a nice, readable story.

The Congressman says he does not fear the currency inflation that would result from the passage of this bill, but he thinks the farmers should not ask for a lower rate of interest than what other interests pay or what the Government itself pays for money.

Well, if currency inflation is put on by the banks, the banks pay not to exceed one half of 1 percent for the use of the money they use for inflation purposes. That kind of money is bank money; the banks get the difference between the cost of the money and the loaning rate.

Let us have some farm money. Let the Government manufacture some money for the farmers and hold their farms for security. The farmers do not ask to get this money for less than 1½ percent; they are willing to pay the Government at least three times as much for making some farm money as it gets for making and delivering bank money, which bankers turn over and over again at endless profit.

The rate of interest demanded in the Frazier-Lemke bill is higher than the interest rate extended to the Italian Government on its war debt to us. And the farm interest, if the farm debt is refinanced on this basis, will be paid, while the war debts owing to us will never be paid.

We are entering upon a new economic era. Therefore, let us bury the iniquities of the past. Where there is overburdening debt on a class of people or an industry, it must be liquidated; where there is overcapitalization, that must be scaled down. All that our economic set-up suffers from is a maladjustment of interest-bearing debts on one hand and interest-earning overcapitalization on the other; between the two they sap the economic lifeblood out of our whole people.

As the day for the easing of debt loads has arrived, so the day of the scaling down of capital structures is approaching. Congress must in time face them both.

A Washington dispatch of April 21, commenting on the failure to obtain a settlement of the railroad wage dispute, says: "Failure to find a solution, it was indicated at the White House, would bring the railroads face to face with the alternative of scaling down their capital structure to lessen fixed charges or accepting Government owenership.

"The President feels the railroad capital structure is top-heavy. He also feels that by scaling down capital structures the whole question of railroad wages could be put on a stable, permanent basis."

The President is right. But, if it is true that he is opposed to the passage of the Frazier-Lemke bill, it is queer that he should be able to discern the solution of the railroad question as clearly as he does and not be able to see the same principle is involved in the solution of the farm problem as he so clearly visualizes must be applied to the railroad problem.

If Congress and the President set their minds on continuing the heavy, unreasonable, and unjust farm debt, the business of farming will break down and the farming business will be faced

with the same dilemma now facing the railroads. There is this difference, however, that the railroads can follow the President's advice and scale down their capital structure, or they can help to do this, and if they need help from Congress, they can ask for it and surely will be heard. The solution of the farmers' debt problem lies with Congress. The farmers on their own initiative can do nothing to bring it about.

In the magazine Today for April 21, I read the following editorial comment relative to the McLeod bill, which demands that the Government pay losses in closed banks up to $2,500:

"On the other hand, it may be argued, and is argued: First, that the people were merely the victims of a deflation which the Hoover administration criminally failed to stop, and second, that many of them patriotically heeded the urging of the Government under the preceding administration not to hoard their money, so that a moral obligation rests on the Government to make good their losses."

Every Congressman who signed the recall petition for the McLeod bill should sign the petition for recall from the committee of the Frazier-Lemke bill, being actuated by the same line of reasoning.

The bank depositor was the victim of the deflation, but the farmer was, first, a victim of the inflation, plus the patriotic plea that he must speed up production that we might win the war. This caused the farmer to go in debt when money was the cheapest in our history.

Second, the farmer was a victim of the deflation that boosted his debt to three times its size when contracted, as measured by the products he had to sell and by the proceeds of which he should redeem his mortgage indebtedness.

If there is a moral obligation upon the Government toward the bank depositor, who suffered on account of the deflation, there is a double obligation on the Government toward the farmer, who suffered both by the inflation and the deflation, neither of which he could in any way ward off.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ELLENBOGEN, for 5 days, on account of important business.

To Mr. BULWINKLE, for 6 days, on account of personal business.

ADJOURNMENT

Mr. BULWINKLE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 30 minutes p.m.) the House adjourned until Monday, May 7, 1934, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. McLEAN: Committee on Military Affairs. H.R. 9123. A bill to authorize the Secretary of War to lend War Department equipment for use at the Sixteenth National Convention of the American Legion at Miami, Fla., during the month of October 1934; without amendment (Rept. No. 1501). Referred to the House Calendar.

Mr. McDUFFIE: Committee on Insular Affairs. H.R. 9280. A bill relating to deposits in the United States of public moneys of the government of the Philippine Islands; without amendment (Rept. No. 1502). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. RAMSPECK: Committee on Claims. H.R. 230. A bill for the relief of the Virginia Engineering Co., Inc.; with amendment (Rept. No. 1499). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. H.R. 6712. A bill for the relief of Emery C. Pickett; without amendment (Rept. No. 1500). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LAMBETH: A bill (H.R. 9501) authorizing the erection of a marker suitably marking the site of the battle fought at Green Spring March 10, 1865; to the Committee on Military Affairs.

By Mr. LEMKE: A bill (H.R. 9502) authorizing the State Highway Departments of the States of Minnesota and North Dakota to construct, maintain, and operate certain free highway bridges across the Red River from Moorhead, Minn., to Fargo, N.Dak.; to the Committee on Interstate and Foreign Commerce.

By Mr. SUTPHIN: A bill (H.R. 9503) to authorize the Secretary of War to sell military posts or reservations that are unnecessary, useless, and possess no military or strategic value, for park and recreational purposes; to the Committee on Military Affairs.

By Mr. LEWIS of Maryland (by request): A bill (H.R. 9504) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

Also (by request): A bill (H.R. 9505) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

Also (by request): A bill (H.R. 9506) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

Also (by request): A bill (H.R. 9507) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. EICHER: A bill (H.R. 9508) to amend the Agricultural Adjustment Act, Public, No. 10, Seventy-third Congress; to the Committee on Agriculture.

By Mr. MONTAGUE: A bill (H.R. 9509) to provide for the establishment of the Richmond National Battlefield Park, in the State of Virginia, and for other purposes; to the Committee on the Public Lands.

By Mr. FADDIS: Joint resolution (H.J.Res. 334) prohibiting the use of stationery of the House of Representatives for political purposes in certain cases; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COCHRAN of Missouri: A bill (H.R. 9510) granting a pension to George Steingrabe; to the Committee on Invalid Pensions.

By Mr. KOPPLEMANN: A bill (H.R. 9511) granting a pension to Ann M. Callery; to the Committee on Invalid Pensions.

By Mr. SMITH of Virginia: A bill (H.R. 9512) to authorize the Commissioners of the District of Columbia to reappoint William R. Laflin and James A. Mostyn to the Metropolitan Police Department of said District; to the Committee on the District of Columbia.

By Mr. TRAEGER: A bill (H.R. 9513) for the relief of Edwin Cupid Randolph; to the Committee on Naval Affairs.

By Mr. UNDERWOOD: A bill (H.R. 9514) for the relief of Esther M. Frey; to the Committee on Claims.

Also, a bill (H.R. 9515) for the relief of George Current; to the Committee on Claims.

By Mr. WILLIAMS: A bill (H.R. 9516) granting a pension to Mary Reed; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9517) granting a pension to Nancy V. Mosher; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4528. By Mr. KVALE: Petition of the Northeastern Minnesota Road Association, advocating allocation of highway funds to various States, including Minnesota, for permanent construction; to the Committee on Roads.

4529. Also, petition of the Schoolmen's Club, district 22, Minnesota, urging Federal aid to public schools for relief during the present crisis; to the Committee on Education.

4530. By Mr. RUDD: Petition of the Railroad Employees National Pension Association, Chicago, Ill., favoring the passage of the Hatfield-Wagner railroad retirement pension bill (S. 3231); to the Committee on Labor.

4531. Also, petition of the Chamber of Commerce of the State of New York, opposing the passage of House bill 9363; to the Committee on Immigration and Naturalization.

4532. By Mr. SADOWSKI: Petition of the Common Council, Detroit, Mich., endorsing slum clearance program; to the Committee on Banking and Currency.

SENATE

MONDAY, MAY 7, 1934

(Legislative day of Thursday, Apr. 26, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, May 4, was dispensed with, and the Journal was approved.

CORPORATE REORGANIZATIONS—WITHDRAWAL OF MOTION TO RECONSIDER

Mr. LONG. Mr. President, I have a motion pending to reconsider the vote by which the so-called "bankruptcy bill", being House bill 5884, was passed on Friday last. It is apparent that I cannot get a sufficient number of votes to secure the adoption of the motion to reconsider, and, that being the case, however strongly I favor the farmers' amendment proposed by the Senator from North Dakota [Mr. FRAZIER], as well as other amendments, I am going now to ask unanimous consent to withdraw my motion to reconsider, so that the bill may go to conference.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the motion to reconsider is withdrawn.

Mr. VAN NUYS. Mr. President, I move that the Senate insist on its amendments to the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. VAN NUYS, Mr. MCCARRAN, and Mr. HASTINGS conferees on the part of the Senate.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norbeck	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pittman	
Costigan	Johnson	Pope	

Mr. LEWIS. I announce that the junior Senator from California [Mr. MCADOO] is absent from the Senate because of illness, and that the Senator from Florida [Mr. TRAMMELL] and the Senator from North Carolina [Mr. BAILEY] are necessarily detained. I ask that this announcement may stand for the day.

Mr. HEBERT. I wish to announce that the Senator from Indiana [Mr. ROBINSON], the Senator from Pennsylvania [Mr. REED], and the Senator from West Virginia [Mr. HATFIELD] are unavoidably absent from the Senate.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 2460) to limit the operation of statutes of limitations in certain cases.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SUMNERS of Texas, Mr. MONTAGUE, Mr. MCKEOWN, Mr. KURTZ, and Mr. PERKINS were appointed managers on the part of the House at the conference.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 8912. An act to amend section 35 of the Criminal Code of the United States;

H.R. 9323. An act to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes; and

H.R. 9370. An act to authorize an appropriation of money to facilitate the apprehension of certain persons charged with crime.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland, and it was signed by the Vice President.

REGULATION OF FOODS AND DRUGS

Mr. COPELAND. Mr. President, may I remind Senators that a few days ago I spoke of the food and drugs bill and asked any Senators who have amendments to offer to present them in advance of the consideration of the bill? Some Senators have offered certain amendments, and the committee has given them consideration. The committee is very anxious to have before it any other amendments which may be in the minds of Senators, because we hope that when the bill shall be finally presented for action its consideration may take a very short time, indeed, and we feel that to be possible if we may have the amendments before us for consideration in advance of the action on the bill.

REPORT OF THE NEAR EAST RELIEF

The VICE PRESIDENT laid before the Senate a letter from the executive secretary of the Near East Relief, submitting, pursuant to law, the report of the Near East Relief for the year ended December 31, 1933, which, with the accompanying report, was referred to the Committee on Printing.

REPORTS OF THE TARIFF COMMISSION

The VICE PRESIDENT laid before the Senate nine letters from the chairman of the United States Tariff Commission, transmitting copies of reports sent to the President by the Commission in investigations, for the purposes of section 336 of the Tariff Act of 1930, with the action of the President thereon, which, with the accompanying papers, were referred to the Committee on Finance, as follows:

1. Report of an investigation, pursuant to Senate Resolution 324 (71st Cong.), with respect to laminated products;
2. Report of an investigation, pursuant to Senate Resolution 238 (72d Cong.), with respect to pins;
3. Report of an investigation, pursuant to Senate Resolution 361 (72d Cong.), with respect to cotton fishing nets and nettings;
4. Report of an investigation, pursuant to Senate Resolution 369 (72d Cong.), with respect to cut flowers;
5. Report of an investigation instituted upon application received from interested parties, with respect to meat and food choppers;
6. Report of an investigation instituted upon application received from interested parties, with respect to fruits, candied, crystallized, or glace;
7. Report of an investigation instituted upon application received from interested parties with respect to cotton ties;
8. Report of an investigation instituted pursuant to a letter received from President Hoover, dated October 24, 1932, with respect to grass and straw rugs; and
9. Report of an investigation instituted pursuant to a letter received from President Hoover, dated October 24, 1932, with respect to tooth and other toilet brushes and backs and handles therefor.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Illinois, which was ordered to lie on the table:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 10, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois. Done at the city of Springfield this 3d day of May, A.D. 1934.

[SEAL] EDWARD J. HUGHES,
Secretary of State.

House Joint Resolution 10

Whereas during the year 1933 more than 27 citizens of the United States in widely scattered sections of the country suffered death by lynching; and

Whereas such number of lynchings was greatly in excess of the number occurring during the previous year of 1932, causing public expression of condemnation of lynchings to resound throughout the land; and

Whereas all lynchings constitute contemptuous defiance of law and of the rights of others and threaten the very foundation of civilization and the social order; and

Whereas there are now pending in the Congress of the United States of America two bills, designated as "S. 1978" and "H.R. 6157", and popularly known, respectively, as the "Wagner-Costigan bill" and the "Oscar De Priest bill", the avowed purpose of each of which is to assure persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching: Now, therefore, be it

Resolved by the House of Representatives of the Fifty-eighth General Assembly of the State of Illinois at the third special session thereof (the senate concurring herein), That the Congress of the United States be, and is hereby, memorialized and requested to give favorable consideration to the aforesaid bills and to enact one of them or some similar antilynching measure; and be it further

Resolved, That a copy of this preamble and resolution be immediately forwarded to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives of the United States, and to each Congressman and Senator from the State of Illinois.

Adopted by the house March 21, 1934.

ARTHUR ROE,
Speaker of the House of Representatives.
CHAS. P. CASEY,
Clerk of the House of Representatives.

Concurred in by the senate April 18, 1934.

THOMAS F. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the convention of police jurors of the State of Louisiana, favoring the passage of the so-called "McLeod bill", providing payment to depositors in closed banks, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the Territorial Democratic convention assembled at Honolulu, Hawaii, favoring the enactment of legislation fully extending the activities of the Federal Deposit Insurance Corporation guaranteeing bank deposits up to $2,500 to the Territory of Hawaii, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the convention of police jurors of the State of Louisiana, protesting against confiscation by the Government of property bordering immediately on the Mississippi River for set-back of levees to provide flowage way for flood waters without due compensation for the property affected, which was referred to the Committee on Commerce.

He also laid before the Senate a resolution adopted by the convention of police jurors of the State of Louisiana, favoring the making of surveys and estimates of cost with a view to opening Bayou Manchac, La., from a point opposite the Plaquemine Locks into and through Lake Pontchartrain as a part of the intracoastal waterway, which was referred to the Committee on Commerce.

He also laid before the Senate a letter in the nature of a petition from the Women's Chamber of Commerce of Kansas City, Mo., praying for the enactment of legislation to curtail the criminal activities of individuals who buy firearms and machine guns for purposes of law violation, and also legislation relative to the purchase of arms and munitions "to take the profit out of war", which was referred to the Committee on Commerce.

He also laid before the Senate a resolution adopted by the Tulsa (Okla.) Unemployed Association, favoring the enactment of legislation providing, after July 1, 1934, that all natural resources, including the land and mineral rights, and all collectively operated means of production and distribution which are idle, unused, or closed to unemployed workers shall be taken over by the Government and reorganized or operated by the Government as trustees for the people so as to promote the welfare of the unemployed and general welfare, which was referred to the Committee on Education and Labor.

He also laid before the Senate resolutions adopted by the board of aldermen of the city of Chelsea, Mass., favoring the enactment of legislation providing for the payment of unemployment insurance, which were referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from the Ohio Typographical Conference, in convention assembled at Cleveland, Ohio, praying for the passage of the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the convention of police jurors of the State of Louisiana, protesting against the enactment of legislation which might tend to destroy the Louisiana sugarcane industry, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the convention of police jurors of the State of Louisiana, favoring the enactment of legislation making Federal funds available to various political subdivisions of the States, secured by tax-anticipation warrants, notes, or other evidences of indebtedness, as well as the right to borrow against tax delinquencies, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Lodge No. 30, Switchmen's Union of Minneapolis, Minn., favoring extension of the present session of Congress until a majority of the progressive measures pending in the interest of railroad employees be enacted, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution adopted by the Women's Chamber of Commerce of Kansas City, Mo., favoring the passage of the so-called "Costigan-Wagner antilynching bill", which was ordered to lie on the table.

He also laid before the Senate a letter in the nature of a petition from the Women's Chamber of Commerce of Kansas City, Mo., praying for the prompt enactment of

old-age pension legislation, which was ordered to lie on the table.

He also laid before the Senate a letter in the nature of a petition from the Women's Chamber of Commerce, of Kansas City, Mo., praying for the enactment of securities exchange legislation which will insure the buyer of securities a truthful knowledge of the financial standing of the company whose securities he is buying, and also other pertinent information to aid the purchaser in protecting himself from bad investments, which was ordered to lie on the table.

He also laid before the Senate a telegram from P. W. Henry, secretary of the American Institute of Consulting Engineers, of New York City, N.Y., embodying a resolution adopted by its council, favoring further study and the most careful consideration of the securities exchanges regulation bill, and "its possible far-reaching effects on business and industry", which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the municipal council of Zaragoza, Nueva Ecija, P.I., expressing its sincere gratitude to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives for the enactment of Public Law No. 127, Seventy-third Congress, to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes, which was ordered to lie on the table.

Mr. DILL presented a petition of sundry citizens of Centralia, Wash., praying for the enactment of legislation embodying the principles of the so-called "Townsend old-age revolving pension plan", which was referred to the Committee on Pensions.

Mr. FESS presented petitions signed by approximately 800 members of the National Association of Letter Carriers, of Cleveland, Ohio, praying for the passage of the so-called "Sweeney bill", being House bill 9046, eliminating furloughs in the Postal Service, which were referred to the Committee on Post Offices and Post Roads.

Mr. TYDINGS presented a resolution adopted by Riverdale (Md.) Council, No. 29, Sons and Daughters of Liberty, protesting against the enactment of legislation loosening immigration restrictions, which was referred to the Committee on Immigration.

Mr. VANDENBERG presented petitions of sundry citizens of Jackson and vicinity, in the State of Michigan, praying for the enactment of legislation providing immediate cash payment at full face value of adjusted-compensation certificates (bonus) of ex-service men, which were referred to the Committee on Finance.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 3156) for the relief of Mary Angela Moert, reported it without amendment and submitted a report (No. 912) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 173. An act for the relief of Martin-Walsh, Inc. (Rept. No. 913); and

S. 3192. An act for the relief of Arthur Hansel (Rept. No. 914).

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 86) for the relief of A. L. Ostrander, reported it without amendment and submitted a report (No. 915) thereon.

He also, from the same committee, to which was referred the bill (S. 488) for the relief of Norman Beier, reported it with amendments and submitted a report (No. 916) thereon.

Mr. KING, from the Committee on the Judiciary, to which was referred the bill (S. 3524) to amend an act of Congress approved February 9, 1893, entitled "An act to establish a court of appeals for the District of Columbia, and for other purposes", reported it without amendment and submitted a report (No. 917) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 3545) to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich., reported it without amendment and submitted a report (No. 918) thereon.

He also, from the Committee on Military Affairs, to which was referred the bill (H.R. 541) for the relief of John P. Leonard, reported it with an amendment and submitted a report (No. 919) thereon.

Mr. CUTTING, from the Committee on Military Affairs, to which was referred the bill (S. 3059) for the relief of Joseph M. Thomas, reported it with amendments and submitted a report (No. 921) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 3520) authorizing the Reconstruction Finance Corporation to make loans to industry, reported it with amendments and submitted a report (No. 920) thereon.

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (S. 3397) to amend the laws relating to the length of tours of duty in the Tropics and certain foreign stations in the case of officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes, reported it with an amendment and submitted a report (No. 922) thereon.

Mr. AUSTIN, from the Committee on the Judiciary, to which was referred the bill (S. 1777) providing for an additional justice of the Court of Appeals of the District of Columbia, reported it with an amendment and submitted a report (No. 923) thereon.

EXPERT ASSISTANCE TO COMMITTEE ON PRIVILEGES AND ELECTIONS

Mr. GEORGE, from the Committee on Privileges and Elections, reported a resolution (S.Res. 235), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Privileges and Elections, or any subcommittee thereof, hereby is authorized to employ expert assistance to brief, index, and put in convenient form all testimony taken in certain election cases by select committees, to be paid from the contingent fund of the Senate at a cost not to exceed the sum of $2,000.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 4th instant that committee presented to the President of the United States the enrolled bill (S. 2922) to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 3548) granting a pension to Sarah A. Martin; and

A bill (S. 3549) granting a pension to Maude Zickefoose; to the Committee on Pensions.

By Mr. NYE:

A bill (S. 3550) for the relief of Amos M. Piper; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3551) for the relief of the Mizrach Wine Co.; and

A bill (S. 3552) for the relief of Art Metal Construction Co., with respect to the maintenance of suit against the United States for the recovery of any income or profits taxes paid to the United States for the calendar year 1918 in excess of the amount of taxes lawfully due for such period; to the Committee on Claims.

A bill (S. 3553) to provide for the creation of a commission to examine into and report the clear height above the water of the bridge authorized to be constructed over the Hudson River from Fifty-seventh Street, New York, to New Jersey; to the Committee on Commerce.

A bill (S. 3554) to ratify certain leases with the Seneca Nation of Indians; to the Committee on Indian Affairs.

A bill (S. 3555) to amend section 12B of the Federal Reserve Act, to provide relief for depositors of closed banks, and for other purposes; to the Committee on Banking and Currency.

A bill (S. 3556) prohibiting the transportation in interstate or foreign commerce of plates, dies, forms, or tools intended to be used in the reproduction of any security or financial paper; to the Committee on the Judiciary.

By Mrs. CARAWAY:

A bill (S. 3557) granting a pension to E. Corinne Miller; to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 3558) to amend section 5153 of the Revised Statutes, as amended (relating to the giving of security by national banks for deposits of public moneys); to the Committee on Banking and Currency.

By Mr. ROBINSON of Arkansas (for Mr. TRAMMELL):

A joint resolution (S.J.Res. 114) authorizing the return to the Canadian Government of the mace of the Parliament of Upper Canada; to the Committee on Naval Affairs.

CHANGES OF REFERENCE

On motion of Mr. DILL, the Committee on Pensions was discharged from the further consideration of the bill (S. 2415) for the relief of Sarah E. Thompson, and it was referred to the Committee on Claims.

On motion of Mr. STEPHENS, the Committee on the Judiciary was discharged from the further consideration of the bill (S. 3339) to provide for the payment of compensation to George E. Q. Johnson, and it was referred to the Committee on Claims.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred or ordered to lie on the table, as indicated.

H.R. 8912. An act to amend section 35 of the Criminal Code of the United States; and

H.R. 9370. An act to authorize an appropriation of money to facilitate the apprehension of certain persons charged with crime; to the Committee on the Judiciary.

H.R. 9323. An act to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes; to the table.

REGULATION OF SECURITIES EXCHANGES—AMENDMENTS

Mr. BULKLEY, Mr. COPELAND, Mr. DUFFY, Mr. TOWNSEND, and Mr. VANDENBERG each submitted an amendment; Mr. KEAN submitted four amendments; and Mr. COSTIGAN, Mr. HASTINGS, and Mr. STEIWER each submitted sundry amendments intended to be proposed by them, respectively, to the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, which were severally ordered to lie on the table and to be printed.

INVESTIGATION OF CAMPAIGN EXPENDITURES OF SENATORIAL CANDIDATES

Mr. BORAH submitted the following resolution (S.Res. 236), which was referred to the Committee on Privileges and Elections:

Resolved, That a special committee consisting of five Senators, to be appointed by the Vice President, is hereby authorized and directed to investigate the campaign expenditures of the various candidates for the United States Senate, the names of the persons, firms, or corporations subscribing, the amount contributed, the method of expenditure of said sums, and all facts in relation thereto, not only as to the subscriptions of money and expenditures thereof, but as to the use of any other means or influence, including the promise or use of patronage, and all other facts in relation thereto which would not only be of public interest but which would aid the Senate in enacting any remedial legislation or in deciding any contest which might be instituted involving the right to a seat in the United States Senate.

The investigation hereby provided for, in all the respects above enumerated, shall apply to candidates and contests before senatorial primaries, senatorial conventions, and the contests and campaign terminating in the general election in November 1934.

No Senator shall be appointed upon said committee from a State in which a Senator is to be elected in the general election in 1934.

Said committee is hereby authorized to act upon its own initiative and upon such information as in its judgment may be reasonable or reliable. Upon complaint being made before said committee, under oath, by any person, persons, senatorial candidate, or political committee, setting forth allegations as to facts which, under this resolution it would be the duty of said committee to investigate, the said committee shall investigate such charges as fully as though it were acting upon its own motion, unless, after a hearing upon such complaint, the committee shall find that the allegations in said complaint are immaterial or untrue.

Said committee is hereby authorized, in the performance of its duties, to sit at such times and places, either in the District of Columbia or elsewhere, as it deems necessary or proper. It is specifically authorized to require the attendance of witnesses by subpena or otherwise; to require the production of books, papers, and documents; and to employ counsel, experts, clerical, and other assistants; and to employ stenographers at a cost not exceeding 25 cents per 100 words.

Said committee is hereby specifically authorized to act through any subcommittee authorized to be appointed by said committee. The chairman of said committee or any member of any subcommittee may administer oaths to witnesses and sign subpenas for witnesses; and every person duly summoned before said committee, or any subcommittee thereof, who refuses or fails to obey the process of said committee or who appears and refuses to answer questions pertinent to said investigation shall be punished as prescribed by law.

The expenses of said investigation, not exceeding in the aggregate $25,000, shall be paid from the contingent fund of the Senate on vouchers signed by the chairman of the committee or the chairman of any subcommittee.

All hearings before said committee shall be public, and all orders or decisions of the committee shall be public.

The committee shall make a full report to the Senate on the first day of the next session of the Congress.

PROCEEDINGS AND ADDRESSES ON OCCASION OF DEDICATION OF WILLIAM JENNINGS BRYAN MEMORIAL

Mr. THOMPSON. Mr. President, I ask unanimous consent to have placed on file and printed in the RECORD the speech of President Roosevelt and a synopsis of the proceedings attending the William Jennings Bryan Memorial dedication on May 3, 1934, as printed in the Washington Star of that date; also the manuscript of the address on said occasion by Hon. Josephus Daniels, president of the William Jennings Bryan Memorial Association.

For myself, I wish to add as a word of tribute that to me William Jennings Bryan was the greatest individual moral force of his time.

There being no objection, the addresses and the synopsis were ordered to be printed in the RECORD, as follows:

[From the Washington Star, Thursday, May 3, 1934]

ROOSEVELT PAYS TRIBUTE TO BRYAN IN STATUE RITES—SINCERITY OF COMMONER IN PUBLIC LIFE PRAISED BY EXECUTIVE—HELD "LEADING ACTOR" IN AMERICAN HISTORY—LIFE OF GREAT DEMOCRAT IS TRACED FROM SILVER FIGHT TO TENNESSEE TRIAL

President Roosevelt late today paid tribute to the memory of William Jennings Bryan at exercises incident to the unveiling of the bronze statue of Mr. Bryan in West Potomac Park at Riverside Drive and Constitution Avenue.

The Chief Executive spoke briefly but with deep feeling. He said he had known Mr. Bryan for many years, and not only held him in the highest respect and reverence but had a genuine love for him. He praised the so-called "peerless leader" further by saying he performed a great service as a great American and that no selfish motive ever touched his public life. The President added that Mr. Bryan's sincerity brought to him millions of devoted followers, and that his sincerity served him well in his lifelong fight against sham and privilege and wrong.

Earlier Bryan was pictured by Josephus Daniels as "the leading actor, sometimes the star" in a third of a century of American history.

Daniels, now Ambassador to Mexico, served with Bryan in the Woodrow Wilson Cabinet.

Daniels traced the history of Bryan from the early days of his battle for free coinage of silver down to his contest with Clarence Darrow over evolution in the Dayton, Tenn., trial a few days before his death.

TERMED STORM CENTER

"During these years men condemned him, denounced him, flouted him, despised him, cheered him, loved him, honored him, had faith in him, followed him", Daniels said.

"They would oppose him or rally to him. But in all those years none could be indifferent to him. He was a storm center. The political history of the period cannot be written without Bryan's role being that of the leading actor, sometimes the star.

"The statue we unveil today is the figure of an eloquent orator who commanded 'listening senates.' Though his voice thrilled millions, this figure in imperishable bronze would not have been placed in the National Capital * * * if his eloquence had not

been employed in high dedication to the welfare of his fellow men."

Daniels credited Bryan with playing a leading role in passage of the sixteenth, seventeenth, and eighteenth amendments, and with ceaseless efforts for world peace.

BROTHER IS PRESENT

Gov. Charles Bryan, of Nebraska, brother of the "silver-tongued orator of the Platte", witnessed the unveiling ceremony.

Others in the audience were Secretary Ickes, who introduced Daniels; Dr. Joseph R. Sizoo, pastor of the New York Avenue Presbyterian Church, who pronounced the invocation; former Senator Blair Lee, of Silver Spring, Md.; Gutzon Borglum, the sculptor; and David Hargreaves, a grandson of Bryan, who unveiled the statue.

LAUDS HIGH SERVICES

The text of the President's address follows:

"This memorial to William Jennings Bryan, erected pursuant to authorization by a joint resolution of the Congress, I gladly accept on behalf of the United States.

"Our Nation thus recognizes through its Government the essential qualities and the high services of a great American.

"No selfish motive touched his public life; he held important office only as a sacred trust of honor from his country; and when he sought a mandate from his fellow citizens the soul of his inspiration was the furtherance of their interests, not his own, not of a group, but of all. No man of his time was or could have been more constantly in the limelight than he; yet we can look back and scan his record without being able to point to any instance where he took a position that did not accord with his conscience or his belief.

"To Secretary Bryan political courage was not a virtue to be sought or attained, for it was an inherent part of the man. He chose his path not to win acclaim, but rather because that path appeared clear to him from his inmost beliefs. He did not have to dare to do what to him seemed right; he could not do otherwise.

CITES FIGHT AGAINST SHAM

"It was my privilege to know William Jennings Bryan when I was a very young man. Years later both of us came to the Nation's Capital to serve under the leadership of Woodrow Wilson. Through this service and the intimate relations which ensued I learned to know and to love him.

"As we look back on those days—the many of us who are gathered here together who were his friends and associates in the Wilson administration—I think that we would choose the word 'sincerity' as fitting him most of all. It was that sincerity which brought to him the millions of devoted followers; it was that sincerity which served him so well in his lifelong fight against sham and privilege and wrong. It was that sincerity which made him a force for good in his own generation and has kept alive many of the ancient faiths on which we are building today.

"It was Mr. Bryan who said:

"'I respect the aristocracy of learning. I deplore the plutocracy of wealth, but I thank God for the democracy of the heart.'

"Many years ago he also said:

"'You may dispute over whether I have fought a good fight; you may dispute over whether I have finished my course; but you cannot deny that I have kept the faith.'

"We who are assembled here today to accept this memorial in the Capital of the Republic can well agree that he fought a good fight, that he finished his course, and that he kept the faith."

ADDRESS BY JOSEPHUS DANIELS, PRESIDENT OF THE BRYAN MEMORIAL ASSOCIATION, AT THE UNVEILING OF THE BRYAN STATUE IN WASHINGTON, D.C., MAY 3, 1934

"It seemed to me tonight, when the great tribune of the people was speaking to you, as if the statue of Jefferson in this hotel had come to life."

These opening words in an address by Virginia's eloquent "lame giant", Maj. John W. Daniel, on the portico of Hotel Jefferson in Richmond, Va., on the night of September 17, 1896, followed a brilliant campaign speech by William Jennings Bryan. The scene, in the cool of a glorious September evening, was one never to be forgotten. The full moon bathed the multitude crowding every approach to the hotel, where the Nebraskan spoke from an eminence which brought him in full view. The people of that historic city—the heirs of the purest democracy the world has known—had waited long, eyes eagerly uplifted, to catch a glimpse of the new figure which had arisen like a scintillating star in the political firmament. As they awaited his coming their eyes had rested with pride and admiration upon the marble statue of Jefferson standing at the center of the foyer of the hotel named for the founder of Democracy. As he spoke, they strained their ears lest they miss a single sentence of the lute-toned speaker. They were hearing a voice which had a melody with a timbre all its own. They found it as sweet as when a master hand touches the keys of a perfect musical instrument. After the first burst of applause, the people, uncovered in honor of the visitor, stood silent, too moved in their whole being to interrupt with applause or cheers. The listeners were stirred to their depths. They rejoiced to behold in their city the man who had so recently caught the imagination and won the admiration of millions of his countrymen.

"He is as beautiful as Apollo", Senator Daniel had said of Bryan, as the young Commoner thrilled the multitude which had packed the Coliseum at Chicago a few weeks before. Senator Blackburn had agreed and added: "Bryan thrills you like a reborn Demosthenes." Historic Richmond felt that the youthful leader of his party incarnated the political philosophy of the Virginia-born founder of the Democratic Party. Onlookers caught the spirit and vision of Senator Daniel. Looking upon the statue of Jefferson, they sensed that in the flesh they had beheld a miracle, as when Love converted the statue of Galatea into a living thing of beauty and grace. The mantle of the Sage of Monticello had fallen upon the shoulders of a young political Lochnivar who had come out of the West.

The time and place were fitting. Bryan had come home to the land of his forbears. His father in his early manhood, along with many other sons of the Old Dominion, had trekked to the expansive, rich lands which Virginia had generously donated to the young Republic to be carved into States. The land-owning and empire-building instinct was in their blood. In his new home Bryan's father had won a competency and been honored with the judicial ermine. He had carried with him the principles of the Declaration and the Kentucky resolutions, along with his simple belongings to the home he builded in Illinois. The son, indoctrinated in the Jeffersonian creed, had come home, bearing his high honors to the mother State. He was welcomed as the true heir of the burning eloquence of the incomparable Patrick Henry. He was hailed as the chosen interpreter and expounder of the doctrines which needed to be invoked to recall reactionary America back to first principles. "Bryan stands", Major Daniel said in stately phrases on that epoch-making night, "as the leader of the Democracy militant. We love him because he rolled away the stone from the golden sepulcher in which Democracy was buried.

"The Anglo-Saxon race has never failed to produce a great leader whenever a great crisis demanded him. In the Chicago national convention, when a great leader was demanded amidst happy auguries, its choice was given to him who is here tonight, and that convention found him in the heart of the great West in the person of Nebraska's noble son. He loves the people and he stands for all the people against all comers."

It was my privilege to have been a silent participant in that gathering when the foremost orator of the old school of the South welcomed the most eloquent orator of the new school from beyond the Father of Waters to the home of his forbears. Forty years save two have passed over my head since that night of nights, but the thrill of that hour is upon me now, and the echoes of the music of those elevated voices has made melody in my heart through the intervening years. The scene in the capital of the Old Dominion was reenacted in 1896 in every capital of the Republic, and in almost every city and hamlet. From ocean to ocean that year the cadence of Bryan's voice, preaching a gospel of hope, fell upon the waiting ears of men and women who had long looked for a political prophet to lead them into the promised land of equality. No building was large enough to hold the millions who flocked to hear the newly risen prophet and crusader. They apprehended that his heart beat in sympathy with the unemployed and the exploited. Their grateful hearts responded in harmony to his appeals. They understood, as he flayed privilege, that their sufferings were his sufferings. They thronged every place where he spoke, and hundreds of thousands looked to him as their deliverer. They even begged him to take their pennies to advance their common cause.

Other men and women, having no accord with the gospel he proclaimed, sometimes crowded out the worshippers, fascinated by the melody of his voice and the sincerity of his utterances. Many men and women agreed with him whole-heartedly and enthusiastically. Others differed with him radically, sometimes violently. Before that campaign closed, the verdict alike of friend and foe was that in moving eloquence, as well as beauty of diction, no man of his generation approached the Nebraskan. As the years passed, and as he grew, that verdict became the settled conviction of the American people. He stood preeminent in the power to delight the senses of the people and sway the multitudes that hung upon his words.

From boyhood Bryan had loved declamation and debate. He early sought truth by the hammer against hammer of private argument and public discussion. He was fond of beautiful phrases and rounded periods. They abound in his early addresses which were written and committed to memory. To the end he possessed love of beauty in expression as well as in life and nature, though in later years he sought to convince by clarity and simplicity of statement, largely discarding rhetorical effects. There was enough of the poet in his make-up, however, never to surrender to the dull presentation of succinct facts without appeal to the emotions to execute the will of the mind. He had no comradeship with the dry-as-dust statistical type of speaker who refuses to clothe truth in attractive garb.

It was not until he had moved to Nebraska that Mr. Bryan was able to realize his heart's desire. His wife, noted for poise and judgment, tells the story of a new light which shone into his life, a light that brought him power hitherto unrealized. At the age of 27, returning home at daybreak after a long ride on a night train, he could not wait for his wife to awake to tell her of a new revelation that had come to him. Sitting on the edge of the bed he said to her simply and thankfully, "Mary, I have had a strange experience. Last night I found that I had power over the audience. I could move them as I chose. I have more than usual power as a speaker. I know it." And he reverently added, as he knelt in prayer, "God grant I may use it wisely." When the end of his days had come, and Mrs. Bryan was writing intimately of

her dead companion with wifely sincerity, she said, "Among the losses the world has suffered by Mr. Bryan's going, the stilling of his voice is to me the most irreparable. I speak now of his voice, not what he said. When he had attained sufficient skill to dispense with manuscripts and really speak, the beauty of his voice was revealed. There was in it a reverberating quality—vibratory hardly expresses it. Upon occasions when he was especially moved, I have heard his tones ring out with bell-like clearness and resound far beyond the circle of his hearers. As years passed, the quality grew less, but never was entirely lost. Few voices have ever equaled his in carrying power."

The secret of Bryan's primacy as an orator was that in addition to a voice which had charm, every utterance demonstrated that behind eloquence was the marrow of conviction. "It is the man not the words that make the speech", Bryan once said. "The orator must have faith, faith in God, faith in the righteousness of his cause, and faith in the ultimate triumph of the truth." Continuing his definition, he said: "There are two things absolutely essential to eloquence. First, the speaker must know what he is talking about; and, second, he must mean what he says." Bryan added that he must also have knowledge of human nature. He strikingly exemplified Bancroft's admonition: "Let the young aspirants after glory scatter seeds of truth broadcast on the wide bosom of humanity, in the deep fertile soil of the public mind. There it will strike root and spring up and bear a hundredfold and bloom for ages and ripen fruit through remote generations."

For a third of a century Bryan held the center of the stage in politics and political conventions. During those years men condemned him, denounced him, flouted him, despised him, loved him, cheered him, honored him, had faith in him, followed him. They would oppose him or rally to him. But in all these years none could be indifferent to him. He was a storm center. The political history of the period cannot be written without Bryan's role being that of a leading actor, sometimes the star. Though he held public office only 6 years and 3 months, he exerted greater influence over a longer period of time upon public opinion and in the enactment of laws and constitutional changes than any public man of his generation. To be sure, Theodore Roosevelt occupied the center of the stage from 1901 to 1912, and Woodrow Wilson from 1912 to 1920. However, from 1896, most of the time without office or place or the trappings that usually accompany influence, Bryan's position in American political life was as commanding as it was consecrated to the commonweal as he was given the light to see the commonweal.

History will record that other men of his period were more deeply versed in law, more experienced in diplomacy, possessed more executive ability, or exercised more political acumen as measured by victories at the polls, than William Jennings Bryan. Even so, none will be found who heard him in the days of his militant leadership, to deny that he won and held kingship in the realm of true eloquence as America's uncrowned Commoner.

From his triumph at Chicago, Mr. Bryan stood above all of his contemporaries as master of assemblies. Indeed, it may be doubted if his equal in persuasive eloquence, potential for a third of a century, has lived upon the earth. This preeminence was evidenced upon great occasions, as when he captured the House of Representatives by his magnificent tariff speech on March 16, 1892; in the Chicago convention in 1896 when all fell under the spell of his oratory and, with enthusiasm, his party called him to national leadership; in his truly great campaign arguments against imperialism in 1900, when intellectuals who had in 1896 opposed his election gave him cordial support; in his memorable speech at the St. Louis convention, where, defeated in his program, he won an oratorical victory which has been rarely equaled in the annals of the race, concluding with the immortal words, applauded alike by friend and foe: "You may dispute whether I have fought a good fight, you may dispute whether I have finished my course, but you cannot deny I have kept the faith"; in the Baltimore convention, where his courageous leadership, daring to the point of danger, and his compelling appeals, turned the whole tenor of the gathering and insured the nomination of Wilson; or when upon other occasions he stirred the hearts of his followers as he proclaimed with demonstration and power the gospel of Christianity which warmed his own heart and shaped his own life. His rare gift was in evidence equally in the thousands of speeches which were never reported.

Eloquence in a sense dies with its possessor. It is not always the open sesame which crowns its owner with the highest rewards. The two candidates for the Presidency who most completely captured men's hearts by their eloquence were Henry Clay and William Jennings Bryan. Neither reached the zenith of his ambition. Excepting Henry Clay, Bryan was the only man thrice chosen by his party as its Presidential candidate.

Bryan was never cast down even when the verdict of the polls was recorded against the policy he espoused. He never knew defeat. No man is ever defeated until he admits it. Out of one reverse the crusading evangelist planned a new assault. This was best illustrated when the news came in 1896 that McKinley had been proclaimed the winner. Bryan spent no time in questioning the result or in vain regrets. He sounded the note for the next battle in these characteristic words: "In the face of an enemy rejoicing in victory, let the roll be called for the next engagement. If we are right, as I believe we are, we shall yet triumph." Though the Presidency was denied him, Bryan lived to rejoice in the adoption by his country of most of the principles and policies which were dearer to him than personal preferment.

In appraising the chief contributions Bryan made to his country, it would wrong Bryan and do injustice to truth to hold him up as always consistent or always right. No man in a long, active public career has ever been free from mistakes and errors of judgment. These defects, common to all men, were not absent in the Commoner. Bryan's best friends differed with him at times and sometimes radically. They pointed out to him what they deemed his mistakes of judgment. He loved his friends and gave consideration to their views, but he was adamant against suggestions that for personal or political advantage he soft pedal here or be silent there. Upon questions of principle he would not compromise, even when good friends counseled it. Political expediency never controlled him. His course was governed by Lincoln's declaration, "I am not bound to win; but I am bound to be true. I am not bound to succeed; but I am bound to live up to the light I have." It can be literally and truly said of Bryan that he had "rather be right than to be President."

Mr. Bryan could not hate or harbor resentment. "More than any man I have known", said one of his Cabinet colleagues, "he placed the cause above the man." He could and did fight those who opposed the cause in which he was enlisted. He neither asked nor gave quarter. And he was a doughty warrior, none more resourceful or valiant. He never consciously, at least not for long, permitted himself to hold bitterness in his heart toward an antagonist. His hot anger could and did flame against what he regarded as wrong or injustice. Opportunism or subserviency to power were hateful in his sight. His condemnation of wrong was not personal. It was righteous indignation against the act. He was incapable of returning evil for evil even when the provocation would seem to justify getting even. No man since Jefferson and Jackson was the victim of such virulent hatred and abuse as rained upon him. It never either diverted or embittered him. He could not be persuaded that even the most violent abuse was personal. Loving his fellow man, Bryan regarded detraction or denunciation by critics or enemies as not directed at him as an individual. He always felt that the invectives were rather shafts aimed at the policies for which he took up arms.

Just as he rested all his political beliefs on the creed of Jefferson, believing that the founder of the Democratic Party was the fountainhead of the wisest statesmanship, so in the field of morals and religion, Bryan found guidance in the "thus saith the Lord." True to early training, when he came to write his will, the opening words contained in condensed form his confession of faith:

"In the name of God, farewell. Trusting for my salvation to the blood of Jesus Christ, my Lord and Redeemer, and relying on His promise for my hope and resurrection, I consign my body to the dust and commend my spirit to the God who gave it."

It was this fundamental faith which sent him forth as a Christian evangelist and as expounder of the Scriptures. His life was in consonance with his creed. He yielded to none of the temptations which assail youth, having from his boyhood given himself to the practice of virtues taught in his home, in the Sunday school, and in the church. His clean private life was his Gibraltar when he sallied forth to fight the enemies that threatened society. No opponent could weaken his influence by pointing to any flaw in his armor of personal uprightness. Postmaster General Burleson was wont to say: "Bryan is the truest Christian I have ever known in politics." When Bryan opened his heart to his colleagues on the day he retired from the Cabinet, Secretary Lane turned to him and said, with deep feeling: "Mr. Bryan, you are the most real Christian I know."

Would you understand Bryan? Read the appraisement by his wife, a true and equal partner, in these words:

"A source of tremendous strength to Mr. Bryan was his freedom from doubt. Others might waver, drift, and struggle—he went serenely on, undisturbed. This may be explained by his conviction that man was much too puny and finite to understand the ways of God. He said more than once: 'What do these men know? Pitting their poor little knowledge against omniscience! The infinite power which rules and controls is far beyond our finite mind.' He had a firm faith in the inspiration of the Bible in which he had been nurtured, a strong belief in a guiding and protecting power, and a comforting reliance on the efficacy of prayer."

It was the possession of this unquestioning faith which made Bryan the Sir Galahad of his generation.

"His strength was as the strength of ten,
Because his heart was pure."

The statue we unveil today is the figure of an eloquent orator who commanded "listening senates." Though his voice thrilled millions, this figure in imperishable bronze would not have been placed in the National Capital, midway between the Lincoln Memorial, honoring another illustrious son of Illinois, and the Arlington Memorial, hard by the home of the immortal Robert E. Lee, if his eloquence had not been employed in high dedication to the welfare of his fellow men. As unborn generations pause to look upon his countenance, fashioned by the genius of Gutzon Borglum, betokening benignity and nobility, they will be told: "This is the sculptured likeness of William Jennings Bryan, who was endowed with a voice so melodious as to enthrall all who heard him." That appraisement will interest, for stories of oratorical conquests ever intrigue youths. Unless, however, some new Edison or Marconi can recall the melodies of other years and centuries (and who shall say that tomorrow we will not be under the spell of the songs of Jenny Lind and Caruso, the glory that was Beethoven and Chopin, and the eloquence of Demosthenes and Patrick Henry, still lingering somewhere in the chambers of the upper air?) the youth of another decade will be inclined to say: "Though this man Bryan may have spoken with the tongue of angels to his own generation, what contribution has he be-

queathed for the enrichment and inspiration of those who come after him, who were never privileged to hear him, that his statue should occupy this place of distinction?"

When that challenge is made what will be the reply? Unless we of today can make answer to the challenge of posterity, what reason can be offered for the erection of this memorial? It is the duty, therefore, of the living, of those who knew the stuff of which he was made, to reveal the qualities which ennobled him, which justify his right to a place with the American immortals in this American pantheon.

We who were his associates know that he consecrated himself, body and soul, to the advocacy of causes which in their spirit will be as vital tomorrow as when in yonder Capitol or in nearby church or cathedral he summoned men never to sell the truth to serve the hour. Nobody will care about or little reck of the ephemeral campaign issues which he debated. As his speeches are read and conned by the coming generation, however, they will see that underneath the policies which divided the people in his day, Bryan was guided always by underlying fundamental foundations of truth and justice. It was upon the solid rock of principle, not policy, that he rested all his contentions.

When bimetalism was uppermost in the public mind, Bryan clothed the issue with the vestment of hostility to any monetary standard which he thought would tend to enrich the few at the expense of the many. He grew up in the belief that the demonetization of silver in 1873 was "a conspiracy to destroy three sevenths of the money of the world by legislation", and he held with John G. Carlisle, who said in 1878, that the act of 1873 was "the most gigantic crime of this or any other age." Believing that there was not enough gold in the world to furnish the necessary primary money and that the remonetization of silver would restore prosperity, Mr. Bryan advocated with all his earnestness the free and unlimited coinage of silver as a means to that end.

When imperialism was the paramount issue, it was lifted up in his conception to a searching inquiry as to whether any nation had the right to buy dominion over an unwilling people or to control their country by force of arms, even with the altruistic promise of benevolent assimilation. Bryan warned of its evils and dangers. "Be not deceived", he said. "If we expect to maintain a colonial policy, we shall not find it to our advantage to educate the people, lest they learn to read the Declaration of Independence and the Constitution of the United States and mock us for our inconsistency."

When tariff loomed as the paramount question, Bryan declined to debate percentages and schedules or to lower the plane to determining whether a rate of 25 percent was more sacred than one of 50 percent. To him the whole matter of tariff taxation hung upon whether there existed the right to tax one man to give wealth to another. He believed the Supreme Court had laid down the only sound principle in the declaration that "to lay with one hand the power of the Government on the property of the citizens and with the other to bestow it upon favored individuals to aid private enterprises and build up private fortunes, is none the less a robbery because it is done under the form of law and is called taxation." He practiced what he preached. When asked in debate the question which his interlocutor believed would entrap him, whether he would vote for tariff favors to the growers of beet sugar in his own State, Bryan replied in the negative, adding with impressiveness: "When it is necessary to come down to Congress and ask for protection or a bounty for my State, which I would refuse as wrong to an industry in another State, I shall cease to represent Nebraska in Congress."

When a campaign was fought out upon the trust issue, Bryan gave evidence that he had no patience with what he regarded as quibbling about "unreasonable restraint", or suggestions of "regulation." He wrote the trust plank in the platform of the Baltimore Convention, using seven words to compress his lifelong conviction as to monopoly. They were: "A private monopoly is indefensible and intolerable."

When the issue revolved around the policy of his country toward smaller nations, Bryan's attitude was one that harmonized with his measuring every proposition by the yardstick of the Golden Rule. He considered that no public questions could be separate from both morals and the principle of popular government. He was adamant against dollar diplomacy. He declared that his Government, having proven by its action its willingness to protect a little republic in its rights to have its controversies with great nations settled by arbitration rather than by force, is now prepared to assert with equal emphasis its unwillingness to have an American republic exploited by the commercial interests of its own or any other country.

When currency reform was to the fore, as in 1913, Mr. Bryan insisted that the issue of money was an exclusive function of government and should not be surrendered. He refused to endorse a proposed authorization of notes by agencies outside the Federal Government. He also objected to the plan of permitting banks to select representatives to serve as members of the Federal Reserve Board. He argued in favor of making the entire Board of Control appointive by the President, so that the Government would have complete and undisputed authority over the issue of Government notes, which, in his judgment, should be substituted for the contemplated bank notes. There was sharp division of opinion on both these points, but Bryan's view prevailed on both and was incorporated in the measure which made possible the successful financing of the World War. Senator CARTER GLASS, leader author of the measure in the House of Representatives, paid public tribute to Bryan, writing him: "We are immensely indebted to you for effective aid * * * for sound legislation."

When the issue raged, after the Supreme Court, by a margin of 1 vote, declared that the income tax levied in the Wilson-Gorman Act was unconstitutional, it was Bryan who began and successfully carried on the vigorous campaign for the income-tax amendment to the Constitution until it was incorporated as the sixteenth amendment to the Constitution. Hardly was the ink dry on the majority Supreme Court decision before Bryan mobilized the forces of opposition to exemption from taxation of those who were most able to support the Government.

On every stump in 1914 Bryan sounded a blast upon his bugle horn which summoned the people to enlist in a war to the finish for an amendment to grant Congress power to levy an income tax. He quoted everywhere the dissenting opinions of Justices Harlan and White in answer to the charge that he was an anarchist and that his crusade constituted an attack on the Supreme Court. These dissents furnished to Bryan the shibboleths in his crusade against a decision which exempted the rich from just taxation. Nearly all the States ratified the amendment, which became a part of the Constitution shortly before Bryan became Secretary of State. He was permitted to rejoice in after years by the enactment of comprehensive income-tax provisions, drawn by Hon. Cordell Hull, one of his successors in the State Department, as an integral part of the Underwood-Simmons tariff law enacted in the early days of the Wilson administration.

If the name of the real author of the sixteenth amendment to the Constitution should be emblazoned on the proclamation in the State Department, it would bear the inscription: "Made by William Jennings Bryan." It was Bryan who had secured the necessary number of signers to instruct the Ways and Means Committee to incorporate taxation on incomes in the revenue bill of Cleveland's day when it was in the making. As a young student of law under the great Lyman Trumbull, pioneer for income and inheritance taxes, Bryan had profited by the lessons in "radicalism", as such views were called in an era when to run counter to favoritism to the powerful was to invite harsh epithets. In an early argument for the income tax Bryan had said: "The poor man is called a socialist if he believes that the wealth of the rich should be divided among the poor, but the rich man is called a financier if he devises a plan by which the pittance of the poor can be converted to his own use."

When the purchase and sale of seats in the United States Senate had raised the issue of changing the method of electing Senators, it was Bryan who took the laboring oar. For 18 years, in season and out of season, beginning in 1890, when he was elected to Congress from Nebraska, he had inveighed against a system which he believed lent itself to logrolling and corruption. He urged that Senators, like Members of the House of Representatives, be elected by direct vote of the people. In his first term in Congress he urged and voted for an amendment to the Constitution to effect that change, and in 1900 embodied a plank demanding it in the Democratic platform and in subsequent platform declarations. To him, in view of his long fight to secure its ratification, it was a peculiar pleasure, shortly after becoming Secretary of State, to sign the proclamation declaring direct election of Senators by the vote of the people a part of the Constitution. If the name of the man to whom most credit is due for that victory should be inscribed on the seventeenth amendment, it would bear the lettering "Made by William Jennings Bryan."

When the country was aroused about the liquor traffic, it was Bryan who threw himself with moral fervor into the thick of the fight in behalf of national prohibition. Up to 1912 he had opposed making it a national issue. His position then was that, without being able to secure the necessary constitutional amendment, pressing that issue would interfere with the economic reforms to which he was wedded. After those reforms had been adopted, or in process of adoption in the Wilson administration, Bryan gave his active support to the eighteenth amendment. Its executive supporters, when victory came in 1920, wrote him:

"During all the recent months leading up to the final battle, your voice has sounded the high notes of idealism in this fight for humanity, has inspired your friends to confidence and enthusiasm, and has sent the shock of alarm throughout the ranks of the liquor forces" He believed the permanence of prohibition largely depended upon its support by one or both of the great political parties. In the National Democratic Convention at San Francisco he urged the adoption of a dry plank. The ensuing debate on that plank, staged between Bourke Cockran and William Jennings Bryan, was the high light of oratory in that convention. The majority elected not to take sides in what was then called "a moral issue", and Bryan's plank was not adopted. At the close of the convention, when asked for an expression, Bryan declined, saying: "My heart is in the grave with the dry plank, and I must pause until it comes back to me."

When there was an organized and aggressive movement to extend equal suffrage to women, it found Mr. Bryan one of its most earnest champions. His "Mother Argument", often quoted, closed with: "Because God planted in every human heart a sense of justice, and because the mother argument makes an irresistible appeal to this universal sense, it will finally batter down all opposition and open woman's pathway to the polls."

When, as it reached its crescendo in 1896, the use of money in politics became a national scandal, and men sought to purge elections so that offices would not be put up to the highest bidder,

Bryan offered what he thought would lessen the evil, at least in a measure, in the form of a law providing for publicity of campaign contributions. His proposition became a law. It should be labeled "Made by William Jennings Bryan."

When government by injunction had routed the ordinary processes of trial by jury, it was Bryan who joined hands with Gompers and others to curb the ex parte issue of the writ and secure the settlement of disputes by law and by arbitration. When labor felt that men who toil as well as capital should be represented in the Cabinet, it was Bryan who joined with others in advocating an addition to Cabinet membership. He had the joy of being a colleague in the Wilson administration of Hon. William B. Wilson, the first man to serve as Secretary of Labor.

When rebates and high railroad rates caused the people to demand regulation of railroads, it was Bryan who threw his weight for the needed legislation. When such regulation did not bring the results he had expected, Bryan jeopardized his chance for election to the Presidency by advocating Government ownership and Government operation. He had come to the conclusion that regulation had failed to bring about the desired results in a day when neither his own nor any party would support that "revolutionary" position, as it was denominated.

When international friendship demanded that Colombia be recompensed for the taking of Panama, Bryan invited and received denunciation and the accusation that he had been guilty of betraying the honor and interest of the American people by submitting to blackmail. Those were the words employed by Theodore Roosevelt in his vigorous arraignment of Bryan's proposal to pay Colombia $25,000,000, coupled with an expression of sincere regret that anything should have occurred to interrupt or mar the relations of cordial friendship that had so long subsisted between the two nations. Bryan lived to see the so-called "blackmail" paid in the administration of President Harding. There was no material alteration in the treaty he had favored. The change was that the words "sincere regret" were deleted. Colombia acquiesced in the variation because it regarded the payment of the money as admission of American offense by participation in the alienation of a part of its territory without so much as saying "by your leave."

When the ancient monarchy of China, reborn as a republic, was looking for a helping hand, it was Bryan who opposed the sanctioning of the six-power loan. The attitude was thus expressed by President Wilson, who said such loans "might conceivably go to the length of forcible interference in the financial and even the political affairs of a great oriental state." That act was promptly followed by the recognition of the new Republic of China in the "confident hope and expectation that in perfecting a republican form of government the Chinese will attain to the highest degree of development and well-being."

When near war with Japan brought lowering clouds over the Pacific in 1913, it was Bryan who hastened to California in the hope of aiding in ameliorating the situation which had aroused our Japanese friends. Later, in Washington, an impasse seemed to have been reached. Closing an interview with the Secretary of State, the Japanese Ambassador rose with dignity and sadness to leave, saying:

"I suppose, Mr. Secretary, that this is the last word."

The day was saved when Mr. Bryan replied:

"There is no last word between friends, Baron Chinda."

That reply, the product of the sort of diplomacy that comes from the heart and secures results, was the beginning of assuaging influences which caused statesmen to agree with Bryan that it is the business of officials "not how to wage war but how not to get into war."

When the American people, with a long look ahead, envisioned the day when there would be need for another isthmian canal it was Bryan who negotiated the Bryan-Chamorro Treaty, which was ratified by the United States and Nicaragua. Its terms stipulated that the United States agree to pay Nicaragua $3,000,000 for the exclusive right "for the construction, operation, and maintenance of an interocean canal by way of the San Juan River and the great lake of Nicaragua, or by way of any route over Nicaraguan territory." In addition to obtaining this canal route, Bryan secured for the United States "a 99-year lease to the Great Corn Island and the Little Corn Island in the Caribbean Sea", and "a like lease to establish, operate, and maintain a naval base at such place upon the Gulf of Fonseca as the Government of the United States might select." The day may come—it will come as world commerce is sure to expand under enlightened trade arrangements by the nations—when the construction of the Nicaraguan canal will bring the long-cherished dream of John T. Morgan to fruition. Then we shall realize the statesmanship of Secretary Bryan in securing a treaty which will bless not only Nicaragua and the United States but all the nations of the earth as well.

When peace lovers, long before the holocaust that bled Europe white and took toll of the flower of the youth of many countries, were seeking to find a method to lessen the danger of war, or to end that scourge, it was Bryan who drafted and urged a formula which was later approved by 30 nations. It became an integral part of the Covenant of Peace signed at Versailles. To be sure, in every century since the star shone over Bethlehem men of good will had sought some way that would lead to the outlawry of war.

It remained for Bryan as early as 1906 at the Inter-Parliamentary Conference in London to introduce and secure the adoption of a resolution that would call for an investigation and give time for the marshaling of public opinion before a declaration of war. "If we but stay the hand of war until conscience can assert itself", Bryan declared, "war will be made more remote." He saw the need of "cooling time." In 1905 he had, in an open letter to Theodore Roosevelt, urged arbitration as a substitute for war. The compelling motive which induced Bryan to accept the tender of the portfolio of Secretary of State in 1913 was that it provided the opportunity to obtain international peace agreements. He unfolded to the President-elect before his acceptance his ideas of the way to lessen the danger of war, which had long been maturing in his mind. In their passion for peace, as upon most public policies, the views of Wilson and Bryan ran along together. Bryan was the first American statesman to make an avowal that any workable peace program must embrace all disputes. Other plans had excepted from investigation or arbitration disputes involving national honor. That exception was fatal, for it opened a door by which any nation could escape investigation by contending that national honor was involved. Bryan insisted upon the inclusion of all questions. His treaties also provided that a year's time be given for investigation and report, during which time neither party could declare war. The treaties embodying that provision, known as "the Bryan talk-it-over plan", were ratified by 30 nations, representing four fifths of the population of the world, including all of large influence except Germany and Japan. Andrew Carnegie believed the Bryan treaties would "result in the triumph of peace ninety-nine times out of a hundred." He hailed Bryan as "a notable champion of peace", and "the foremost negotiator of international peace treaties."

When Europe plunged into the abyss of war, it was Bryan who supported with most enthusiasm Wilson's adherence to the doctrine of neutrality and continued his support of the President until he became convinced that Wilson's policy might involve the United States in the World War. He insisted that the note sent to Germany should be counterbalanced by one or more accompanying acts. These suggested acts were thus stated by Mr. Bryan: 1. "A statement that the settlement of disputed issues would be deferred in accordance with the principle of the conciliation treaties"; 2. "A prohibition of warning against travel on belligerent ships carrying contraband"; 3. "An immediate note to Great Britain asking satisfaction on the matter of interference with American trade."

When President Wilson did not feel that he could accept these suggestions of his Secretary of State, Mr. Bryan, on June 8, 1915, resigned from the Cabinet. In accepting it "with regret", President Wilson said: "We are not separated in the object we seek, but only in the method by which we seek it." In Mrs. Bryan's diary she discloses that her husband was so disturbed and distressed as to his proper course that his sleep had become broken and she "saw something had to be done." The crucial week-end before his mind was fully made up was spent in the house of a friend, Senator Blair Lee, at Silver Spring. "More heavy-eyed than ever", Mrs. Bryan records, "Mr. Bryan took two long walks." It was hoped they would so weary him physically that he could sleep, but nothing could compose Mr. Bryan in his agony of spirit. He was passing through his Gethsemane. He was torn between conflicting desire and duty. He loved the high station he held. Its associations and opportunities made it impossible for him to lay it down without a wrench. His hostility to war dominated him.

Doubtless in his troubled hour of decision, the declaration of Tolstoy, beloved of Bryan, was with him. Tolstoy long before had declared to Bryan, in answer to an inquiry, "The use of force to protect or create a right is never defensible." These words and Bryan's declaration when he entered the Cabinet that there would never be a war while he was in office were present in his thoughts as he tread the wine press alone. Never did human come to a conclusion through more travail. When the conviction was borne in upon him that he "could do more to prevent war on the outside than inside", he felt impelled to the greatest renunciation of his life. It was reached in a struggle beyond words to describe. "I must act in accordance with my conscience", he said to his Cabinet colleagues in a sad and tearful farewell as they sat at lunch as his guests. "As I leave the Cabinet, I go out in the dark, though I have many friends who would die for me. The President has the prestige and power on his side." Mr. Bryan later compressed his convictions and his course in these words: "Because it is the duty of the patriot to support his government with all his heart 'n time of war, he has a right in time of peace to try to prevent war. I shall live up to a patriot's duty if war comes. Until that time I shall do what I can to save my country from its horrors." Obedient to these views, Mr. Bryan "on the outside" spoke from coast to coast, with all his passionate hatred of conflict at arms, against American entrance in the World War during the 21 months that intervened between his resignation and the declaration of war. Finally, when the die was cast, Mr. Bryan, the saddest man in America, volunteered his service in any capacity in this telegram to the President: "The quickest way to peace is to go straight through supporting the Government in all its undertakings, no matter how long or how much it costs."

The armistice signed, Bryan warmly supported President Wilson in urging the ratification of the Treaty of Versailles and the creation of the League of Nations, through which the organized nations of the earth undertook to guarantee permanent peace. He counseled the Senate to accept it as it was brought from Paris by President Wilson. To him this covenant of peace was the fulfillment of his long-cherished hope to end wars. When it became clear to him, during the long-drawn-out debate, that the Senate would not ratify the treaty without reservations, Bryan declared "the important thing is ratification—ratification as soon as possible, ratification in time for the first League session on January

16, 1920." If the Senate demanded reservations as a condition precedent, he advised accepting them rather than to contemplate the ills which he thought would follow failure to ratify.

The militant fundamentalists, believing that the teaching of evolution in the schools and colleges was undermining faith in the Christian religion, organized to prevent such instruction. It was Bryan who buckled on his armor and led in the conflict which he had much to do with initiating. He profoundly believed that Genesis gave the only true history of creation and that teaching anything not in harmony with the account recorded in "the inspired word of God" was subversive of religious faith and sound morals. He urged legislatures to make enactments against such teaching in schools and colleges supported in whole or in part by public taxation. The Legislature of Tennessee followed his advice and enacted a law to carry out his recommendation.

Bryan, with the flaming zeal of a crusader, responded with alacrity to the request that he take the leading part in the trial at Dayton to uphold the law. The result in the court was a victory for Bryan and his associate counsel. The fate of the young teacher under indictment was lost sight of in the legal combat between Bryan and Darrow. The verdict won, Bryan spent his last busy hours on earth dictating, and correcting the proofs of the speech with which he expected to close the case for the prosecution. The trial had terminated without argument. He felt that his appearance at Dayton, coupled with the argument which he prepared with great care, was, to quote his own words, "the mountain peak of my life efforts." On Sunday morning, following the trial, he attended church where he offered prayer and after lunch lay down to rest. While sleeping he passed peacefully into the world beyond the stars. Those who stood with him in this last conflict declared that Bryan, "the Christian crusader", literally fell on the field of battle, upholding the authority of the word of God.

Fittingly the closing words of his finished address—the last lines he dictated in life—were from the old hymn which had been his strength and fortress in all the years of his life:

"Faith of our fathers, living still,
In spite of dungeon, fire, and sword;
O how our hearts beat high with joy
Whene'er we hear that glorious word—
Faith of our fathers—holy faith
We will be true to thee till death."

WATERS OF THE COLORADO RIVER

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the RECORD certain correspondence between Hon. Harold L. Ickes, Secretary of the Interior, and Mr. W. P. Stuart, editor of the Prescott Evening Courier, at Prescott, Ariz., relative to the waters of the Colorado River. Mr. Stuart's letter clearly and concisely sets forth Arizona's attitude on this vital subject.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

SECRETARY ICKES AND THE COLORADO RIVER

Several weeks ago the Evening Courier, in an editorial, expressed keen disappointment with Secretary of the Interior Ickes because his name was placed on the brief in opposition to Arizona's move in the Supreme Court to perpetuate certain testimony in connection with the Colorado River dispute between this State and California. It was alleged the Secretary unfairly had sided with California in the litigation, but in a letter in reply to the editorial the Cabinet Member denied this, and said:

APRIL 23, 1934.

EDITOR THE COURIER,
Prescott, Ariz.

DEAR SIR: Your editorial of April 3, entitled "Hiram Johnson's Echo in the Cabinet", has just now come to my notice.

The basis of your criticism is my act in filing a brief in Arizona's suit in the United States Supreme Court to perpetuate testimony in the Colorado River water controversy, alleging that I "butted into the case."

You should know that I was named as one of the defendants by Arizona, and my brief was in answer to a rule to show cause issued by the Court on February 19, 1934. If my response to a court order served on me as a Government officer in a suit in which the United States is a party constitutes "butting in", then you have given a new definition to this expression.

Now as to my alleged partiality to the interests of California, which you say influenced my response unfairly. My sole act, personal or official, in this case was to sign a letter on March 1, 1934, to the Attorney General notifying him that I had been served with a rule to show cause in this suit. With the letter, which was prepared in the office of the Solicitor of this Department without instruction from me, I furnished a copy of the bill and rule and recommended that the Attorney General "take appropriate action to protect the interests of the United States." This is the customary procedure, as the Attorney General prosecutes and defends suits involving the United States. In this case he was, in effect, my attorney, and all subsequent steps, including the preparation of the reply brief, were taken by members of his staff. I was not thereafter consulted, nor did I suggest the answer. A copy of my letter is in the official files and is subject to inspection. In the light of these facts, your accusation of intrigue and poor judgment on my part would have to include the Attorney General and his staff.

I realize that as a Government officer my acts are open to criticism from any quarter and that my motives are subject to interpretation or misinterpretation, which is one reason why I do not usually reply to critical editorials. But you so obviously need information on how Government affairs of this sort are handled that I could not resist writing you.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

The editor of the Courier, while not questioning the belief of the Secretary of the Interior that, insofar as his information goes, he pursued an impartial course, replied with the assumption Mr. Ickes had been led into a biased attitude through the influence of subordinates, whose duties are to obtain facts in such matters as the Secretary, through stress of work, lacks the time to ascertain on his own account. The answer follows:

MAY 1, 1934.

HAROLD L. ICKES,
Secretary of the Interior, Washington, D.C.

DEAR MR. ICKES: Your letter of April 23 is at hand.

It was considerate of you to write me, and I appreciate the explanation of your viewpoint and the citing of the reasons why you responded in the premises in a manner that suggested prejudice in favor of California. There is, however, so far as the State of Arizona is concerned, ample grounds for us to be dissatisfied with your action.

Here is a case where Arizona is seeking to perpetuate the testimony of that which actually transpired at the conference in Santa Fe in 1922 and what the parties meant by certain provisions of the Colorado River Compact. What fair-minded person would object to that? What possible harm could come to anybody by putting down in black and white the history of the meeting and a permanent inscription of its details? It is apparent that the spokesmen of five of the States attending the gathering thought the way Arizona did, because Wyoming, Colorado, New Mexico, and Utah have not opposed the taking of this testimony. They ask that they be accorded the right to cross-examine, which, in any eventuality, would be their privilege. California, on the other hand, bitterly has opposed bringing out the real facts of what took place at this conference; and you, acting through subordinates, have espoused the same position that California assumed.

Had those under your direction arrived at their conclusions independently, we would not have the same cause for criticism that we sincerely feel is ours; but, when presumably accurate information comes to us that the solicitors of your Department are working in conjunction with the representatives of the Metropolitan Water District of Southern California, we believe there is an excuse for the impression that we are not getting a square deal from you. Moreover, color is lent to this when it appears the California representatives called a meeting in Denver with the other States and tried unsuccessfully to get them to take the stand this newspaper editorially criticized you for occupying. It seems to us you have gone out of your way to be partial to the interests of one State, in a controversy among States, where no trace of bias should be.

In your letter it is stated your opposing brief to Arizona's request was filed in the capacity of a Government officer "in a suit which the United States is a party", which reveals a phase of the case that we in this State simply cannot see; we are unconvinced that you were required to take any particular stand in behalf of either participant; and if you, or anyone else, can show wherein the United States Government is a party in the action there will have been translated from invisibility and unintention a meaning of which the agents of Arizona are unaware.

Perhaps you do not know that at the time the Colorado River compact was prepared and ready for signature at Santa Fe, in November 1922, it only provided for the division of 15,000,000 acre-feet of water, and that Arizona refused to sign the compact because the Gila River had been included as part of the waters divided, and no provision was made for Arizona on that account, in spite of the fact that the waters of the Gila River entirely are put to use in our State. It was then agreed by all who were present there should be added another provision, whereby 1,000,000 acre-feet should be allowed to the lower Basin States, with the understanding among all of the States that this 1,000,000 acre-feet was to go to Arizona as her compensation for signing the compact with the Gila River included.

California shortly afterward denied this was the true meaning of the inclusion of the 1,000,000 acre-feet, and Ray Lyman Wilbur, your predecessor, accepted California's position on this question. Notwithstanding the fact that the State of California has limited herself to 4,400,000 acre-feet, in order to get the Swing-Johnson bill passed, your predecessor gave to her water contracts for 5,350,000 acre-feet.

It is for these reasons that we want to show the real meaning of the compact and are asking to perpetuate this testimony. I realize the position you have taken has been brought about by the fact that you do not have the time personally to pass on all questions in your Department.

I also want to apologize for references in the editorial to which you found exceptions that were not pertinent to the question at issue. I have the utmost faith in your integrity and am con-

vinced you measure up to the high standard of earnestness required by the present national administration; but I still am of the opinion that your excessive burden of responsibilities has kept you from gaining a correct perspective of the Colorado River controversy between this State and California, and that your perception of the dispute mainly has been through glasses stained with the orange hues of the Golden State.

With assurance of my kindest regards, I am,

Very truly yours,

W. P. STUART,
Publisher Prescott Evening Courier.

RETURN OF FUGITIVE WITNESSES

Mr. COPELAND. Mr. President, I am not sure whether there were included in the messages which have come over from the House this morning the "crime bills", so-called; but, if so, I beg the Senator from Arizona [Mr. ASHURST] not to yield readily to certain amendments which were made, particularly to the bill relating to the return of fugitive witnesses.

That bill was mutilated; it was destroyed by what was done in the House. The purpose of the bill is to provide for the return of witnesses to a crime, not the principal. There is a way under extradition proceedings to bring back the principal, but district attorneys and prosecuting attorneys of the country are defeated in their desire to apprehend and prosecute criminals by the disappearance of witnesses who, either by coercion or by bribery or by fear, are driven out of the jurisdiction of the court.

As is universally conceded by the authorities, the particular bill is needed more than any of the other so-called "antigangster bills." I was amazed that the House should strike out what is probably the most important provision of the bill. I was still further amazed at the statement, according to the RECORD, that the Department of Justice had said it was unwise to have the provision in the bill. We might as well defeat the bill as to pass it in the form in which it comes to us from the House.

I am sure the Senator from Arizona, having had his attention brought to the matter, will not yield readily to the action of the House in making the change.

Mr. VANDENBERG. Mr. President, I wish to join in the statement just made by the able Senator from New York [Mr. COPELAND] in an appeal to the Senator from Arizona [Mr. ASHURST]. So far as the situation in Detroit, Mich., is concerned, we had the direct testimony before our committee that if this one bill shall be added to the arsenal of defense against crime, our district attorney will take the responsibility for handling all the rest of the situation, but that he cannot hope to handle it, he cannot hope to cope with the interstate character, the mobile character of crime today, except as he may have the assistance provided by this particular bill.

I join with the Senator from New York in urging that the attitude of the House must have been based upon a misconception and misunderstanding of the situation and that the authorities must have the particular protection originally contemplated in the Senate bill.

Mr. BORAH. Mr. President, may I ask what particular bill it is?

Mr. VANDENBERG. It is the bill which makes it a crime for a witness to disappear across the State line and become a fugitive when wanted in a criminal prosecution.

Mr. COPELAND. Mr. President, I may add that it is not the thought of those who wrote the bill that witnesses should be brought back by Federal procedure to testify in a State case. It was our feeling that if it were made a felony for a witness to a capital crime to disappear from the State, the very fact of the existence of such a law would have a deterring effect. The fear of being arrested and tried in a Federal court for a felony because of becoming a fugitive would keep a witness within the State and at the disposal of the officials.

Mr. ASHURST. Mr. President, I listened, of course, with interest and sympathy to the statements made by the Senator from New York [Mr. COPELAND] and the Senator from Michigan [Mr. VANDENBERG]. In my opinion, the two Senators are correct in their conclusions respecting the so-called "antigangster bills."

I doubt if I have the right, under the rules of parliamentary law, to advert to anything that takes place in another body of Congress more than to say that I believe the bills as passed by the Senate ought to become the law, though we all recognize and respect the right of the House to make amendments.

At the proper time, when the bills shall be laid before the Senate, I shall request the Senate to ask a conference with the House on the subject of the antigangster bills and shall ask the Chair to appoint conferees on the part of the Senate.

I assure the Senate that, so far as I am personally concerned, I shall employ every proper effort and every energy at my command to sustain the position of the Senate respecting the bills.

REGULATION OF SECURITIES EXCHANGES

Mr. FLETCHER. I move that the Senate proceed to the consideration of Senate bill 3420, being the bill to regulate securities exchanges, and so forth.

The VICE PRESIDENT. The question is on the motion of the Senator from Florida.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, which had been reported from the Committee on Banking and Currency without amendment.

Mr. FLETCHER. Mr. President, I may be a little tedious in endeavoring to state the case to the Senate regarding a measure which is extremely complicated, difficult, and far-reaching. I shall be as brief as I can, and as fair as I may be in presenting the question of the need for the legislation, the demand for it, and what I concede to be the sound conclusions reached in the form of the bill now presented to the Senate.

On March 2, 1932, a resolution was introduced in this body by the Senator from Delaware [Mr. TOWNSEND], at the request of his colleague [Mr. HASTINGS], and was approved on the calendar day of March 4, 1932. It provided that the Committee on Banking and Currency or any duly authorized subcommittee thereof was—

Authorized and directed, first, to make a thorough and complete investigation of the practices with respect to the buying and selling and the borrowing and lending of listed securities upon the various stock exchanges, the values of such securities, and the effect of such practices upon interstate and foreign commerce, upon the operation of the national banking system and the Federal Reserve System, and upon the market for securities of the United States Government, and the desirability of the exercise of the taxing power of the United States with respect to any such securities—

And so forth.

Other resolutions were subsequently introduced looking in the same direction, among them being a resolution adopted on April 4, 1933, extending the powers of the committee and providing that the committee—

Shall have authority and hereby is directed—

(1) To make a thorough and complete investigation of the operation by any person, firm, copartnership, company, association, corporation, or other entity, of the business of banking, financing, and extending credit; and of the business of issuing, offering, or selling securities;

(2) To make a thorough and complete investigation of the business conduct and practices of security exchanges and of the members thereof;

(3) To make a thorough and complete investigation of the practices with respect to the buying and selling and the borrowing and lending of securities which are traded in upon the various security exchanges, or on the over-the-counter market, or on any other market; and of the values of such securities; and

(4) To make a thorough and complete investigation of the effect of all such business operations and practices upon interstate and foreign commerce, upon the industrial and commercial credit structure of the United States, upon the operation of the national banking system and the Federal Reserve System, and upon the market for securities of the United States Government, and the desirability of the exercise of the taxing power of the United States—

And so forth.

In pursuance of those resolutions the Committee on Banking and Currency appointed a subcommittee. The subcommittee has been almost continuously engaged in the investigation.

There were a few weeks in 1932, during the summer vacation, and in 1933, when the committee were not holding hearings; but beginning October 3, 1933, practically every day, 4 or 5 days a week, hearings were held by the subcommittee. Every opportunity has been given the stock exchange, investment bankers, holding companies, industrialists, bankers, and what not, everybody interested in the subject, to be heard respecting the bill which was introduced and respecting the matters involved in the investigation. Subsequently there was introduced Senate bill 2693, and hearings were had upon that bill, and all persons interested were given opportunity to present their views to the committee.

Some 21 volumes of hearings have been printed. There probably will be two or three more volumes before we shall finish the final print, including the exhibits. In addition to the printed volumes a cross-reference index is being prepared, and is now practically complete. That will enable Senators to have access to the hearings with more convenience and speed, and will make the volumes all the more usable.

We expect later to make a report covering all the hearings, including the printed documents and the index, and to lay the whole subject before the Senate in response to the resolutions of the Senate.

Considerable results have already been attained. For instance, it may be mentioned that the National Bank Act of 1933 contains provisions based upon the developments before the committee, particularly with reference to the separation of commercial banks from affiliates. Another provision based upon the developments before the committee was the extension of the powers of the Federal Reserve Board so as to enable it to have a greater control over the flow of credit away from agriculture, industry, and commerce into speculation. As I say, that grew out of the hearings.

Another act which Congress passed last year, known as the "Securities Act", is the result of matters brought to light in connection with the hearings.

Now the final stage is reached. This bill, demanded by the country everywhere, is before the Senate. It undertakes to provide a system, plan, or method of Federal supervision of securities exchanges.

The hearings already printed are, of course, available to the Senate. As I stated, they are not entirely complete, because some of the work is now under way in the Government Printing Office. The last volumes of hearings and the index itself will be laid before the Senate shortly, so that all the data may be at the command of the Senate.

It may well be claimed that economic and social problems, and even legal problems, are approached under the influence, more or less, of our political and social philosophy. There is room for a difference of view. It may be conceded that legal principles must form a part of economic and social theories.

Events since the fall of 1929 have shown grievous errors of habits and practices in the past, and established universal demand for corrective measures and new methods. The demand was for a new deal, it being understood that this is a slogan, not a new political system or creed. It is a moral attitude in governmental action. Applying it to the measure now submitted, its cardinal principles I conceive to be, first, restoring as a rule of moral and economic conduct, a sense of fiduciary obligation; and, second, establishing social responsibility, as distinguished from individual gain, as the goal.

The President has three times in public messages and communications recommended legislation of the sort embodied in this bill. He has recognized that the stock exchanges of the country are not only a useful but an essential mechanism in our financial and economic structure, and serve a necessary public purpose. They are not private enterprises, free from a public interest or function.

In the hearings before the committee, representatives of the stock exchanges have conceded the principle of Federal regulation.

The objectives are appreciated by the stock exchanges and the administration.

Mr. Richard Whitney, president of the New York Stock Exchange, the giant among them all, said to our committee:

> It is the purpose of the New York Stock Exchange to assist in every possible way in the prevention of fraudulent practices affecting stock-exchange transactions, excessive speculation, and manipulation of security prices. We should be glad to see a regulatory body, constituted under Federal law, supervise the solution of these grave problems. We suggest in principle, and subject to the requirements of law and the constitutional power of Congress, an authority or board to consist of 7 members, 2 of whom are to be appointed by the President; 2 to be Cabinet officers, who may well be the Secretary of the Treasury and the Secretary of Commerce; and 1 to be appointed by the Open Market Committee of the Federal Reserve System; the 2 remaining members will be representative of stock exchanges, one to be designated by the New York Stock Exchange and the other to be elected by members of exchanges in the United States other than the New York Stock Exchange. Such a body would bring together a personnel which would be properly coordinated with the banking system and in other respects qualified to administer the broad supervisory power which our proposal would give. We suggest the inclusion in the power given to this body of authority to regulate the amount of margin which members of exchanges must require and maintain on customers' accounts; authority to require stock exchanges to adopt rules and regulations designed to prevent dishonest practices and all other practices which unfairly influence the prices of securities or unduly stimulate speculation; authority to fix requirements for listing of securities; authority to control pools, syndicates, and joint accounts and options intended or used to unfairly influence market prices; authority to penalize the circulation of rumors or statements calculated to induce speculative activity, and to control the use of advertising and the employment of customers' men or other employees of brokers who solicit business. This body should also have the power to study and, if need be, to adopt rules governing those instances where the exercise of the function of broker and dealer by the same person may not be compatible with fair dealing, as well as the power to adopt rules in regard to short selling, if the supervisory body should become convinced that such regulation is necessary.
>
> We believe that these regulatory measures will prevent abuses affecting transactions on exchanges, and will at the same time not interfere with the maintenance of free and open markets for securities.
>
> This proposal represents the considered view of the New York Stock Exchange, adopted by its governing committee, which has given me authority to present it to you. I say to you confidently that the exchange will cooperate fully and by all the means in its power to assist in the prevention of unwise or excessive speculation and abuses or bad practices affecting the stock market.

That is a statement by the president of the New York Stock Exchange.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Florida yield to the Senator from Nebraska?

Mr. FLETCHER. I do.

Mr. NORRIS. I should like to ask the Senator from Florida the date of the statement made by Mr. Whitney, particularly with reference to the time of taking testimony in the investigation conducted by the committee. Was it near the beginning of the investigation, or did he make the statement at its close?

Mr. FLETCHER. Practically at the beginning. My recollection is that it was Mr. Whitney's opening statement to our committee; and it seems to me plainly, inescapably an admission that there are practices on the exchange which are vicious and unjustified and abuses and errors which ought to be corrected. We have not quite conformed to the mechanism of making corrections that Mr. Whitney suggests. In the bill we attempt, however, to accomplish precisely the reforms which he says ought to be accomplished. Every abuse and bad practice set forth in his statement we attempt to correct in the bill.

We do not agree that a commission of seven, such as Mr. Whitney suggests, ought to have the administration of the proposed act. We have provided in the bill now before the Senate for a special commission of five, to be appointed by

the President and confirmed by the Senate. The proposed commission is to be similar to that which Mr. Whitney suggests, the original bill which was introduced having provided that the administration of the act should be under the Federal Reserve Board.

The bill has been amended three times, and in the form in which it is now before the Senate, it provides that it shall be administered by a special commission of five, to be selected by the President and confirmed by the Senate.

The bill does not provide that one of the commissioners shall be named by the New York Stock Exchange and one by the other exchanges of the country. What is the use of having a regulatory body controlled by those to be regulated? It provides for a separate commission, an independent commission, to be appointed by the President and confirmed by the Senate, to consist of five members instead of seven. In other respects the recommendations of Mr. Whitney himself are met, in my judgment, by the provisions of the bill.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. COSTIGAN. As one member of the Committee on Banking and Currency who prefers using the Federal Trade Commission as a supervising agency, I feel that it might be helpful to the Senate if the able chairman of the committee will state the reasons why he prefers a separate commission.

Mr. FLETCHER. Mr. President, frankly, I favored the measure being administered by the Federal Trade Commission and the Federal Reserve Board. I favored the original bill. However, there seemed to be strong demand on the part of the members of our committee for a separate commission, and by a majority vote provision to that end was placed in the bill.

I see no reason why the Federal Trade Commission should not administer the act. I think the Federal Trade Commission have done and are doing splendid work in connection with the Securities Act, and I have every confidence in that Commission; but it was argued before our committee by those representing the exchanges that that is a commission which has had no experience in the handling of securities and that sort of thing, and that this matter ought to be handled by people who have knowledge of transactions involving the distribution and issuance of securities, and so forth. So the committee finally reached the conclusion that it was advisable to have the proposed act administered by a separate commission in connection with the Federal Reserve Board, which has to do with the handling of credit matters.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. FLETCHER. I yield.

Mr. BARKLEY. It might be added, I think, that one of the reasons which actuated the committee, and also those outside of the committee who felt that an independent commission was preferable, was that, without any sort of reflection upon the good faith or the sincerity of the Federal Trade Commission or its ability to administer the law, necessarily it would have to be done under a subordinate bureau under the Federal Trade Commission; that it would be a sort of a lean-to under the Commission's original activities; while if a separate commission were appointed public attention would always be focused upon that separate commission. It was the theory also that the President could pick five men just as well qualified to administer the law separately as he could pick three additional men to be appointed to the Federal Trade Commission as a sort of a subcommittee of the Federal Trade Commission to administer the law.

I think those considerations had a good deal to do with the amendment substituting an independent commission for the Federal Trade Commission. It ought to be emphasized, however, that it was not done in any way through any lack of faith in the Federal Trade Commission, or any lack of appreciation of the fine work it has done heretofore; but the committee felt that a separate commission, whose duties would be centralized around the stock market and stock securities, would be in a better position to serve the public than a branch of the Federal Trade Commission.

Mr. GLASS. Mr. President, will the Senator from Florida yield to me?

Mr. FLETCHER. I yield.

Mr. GLASS. The Senator from Kentucky has clearly stated the view of those members of the committee who prefer a separate commission, except that it may be added that to some of us it was inconceivable that either the Federal Trade Commission or the Federal Reserve Board could do the work as effectively as could a separate commission appointed for the purpose, in view of the fact that the Federal Reserve Board and the Federal Trade Commission have important and complex duties which to perform them effectively, now occupy all of their time and their ingenuity. There was no purpose and no word uttered which might be construed into a reflection upon the Federal Trade Commission.

Moreover, the distinguished chairman of the committee will recall that it was not done because at one time the stock exchange wanted a separate commission. The distinguished chairman will remember very well that the commission proposed by the stock exchange was as different from the commission embodied in the bill as day is from night. The stock exchange was to have material representation of its own upon the commission it proposed, and on this commission there is to be no member of the stock exchange, and the members of the commission are textually prohibited from having any connection whatsover, direct or indirect, with any of the stock exchanges.

Furthermore, the stock exchange did not stay hitched to its own proposal for an independent commission. Its latest proposal was that the whole thing be turned over to the Federal Reserve Board, and there are those of us on the committee who think the Federal Reserve System ought to be kept as far away from the stock-gambling business as it possibly can be gotten, and its facilities denied to those engaged in stock gambling, or, to be rather more polite, in stock speculation.

It was for those as well as other reasons which might be mentioned, that the committee thought a commission picked for the purpose by the President, to be confirmed for the purpose by the Senate, subject to removal at any time, for reason, by the President, could very much more effectively perform those duties, than would be possible if they were divided up between the Federal Reserve Board and the Federal Trade Commission.

Mr. BORAH. The Federal Reserve Board has demonstrated in the past that it was not very expert in dealing with this matter, has it not?

Mr. GLASS. Exactly.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Florida yield to the Senator from Colorado?

Mr. FLETCHER. I yield.

Mr. COSTIGAN. In fairness should it not be said that much duplication of work will be required if a separate commission shall be established? It has been estimated that approximately half a million dollars a year may be saved if this work is carried on by the Federal Trade Commission.

Mr. GLASS. Mr. President, will the Senator from Florida yield to me again?

Mr. FLETCHER. I yield.

Mr. GLASS. On the contrary, there would be infinite duplication if we adhered to the proposition presented to the committee to divide this work between the Federal Reserve Board and the Federal Trade Commission. In other words, the Federal Reserve Board has immediate and intimate access to all the reports of the Comptroller of the Currency, who is a member of the Federal Reserve Board. In addition to that, the Federal Reserve Board has its own examiners, supplementing the work of the examiners employed by the Comptroller of the Currency. What could be the sane reason for requiring reports to be made by members of the Federal Reserve Banking System to the Federal Trade Commission, when they are examined by these two sets of

examiners, and are required to make reports current and at any time to the Federal Reserve Board?

The Federal Reserve Board should not have anything in the world to do with it except to see to it scrupulously and at all times that Federal Reserve member banks do not lend their facilities for stock-speculating purposes.

Mr. COSTIGAN. Mr. President, will the Senator yield further?

Mr. FLETCHER. I yield.

Mr. COSTIGAN. I fear that there may be some misunderstanding of my suggestion, which was that a separate commission—my inquiry had no reference to the Federal Reserve Board—would necessarily duplicate much work relating to unfair practices and the administration of the Securities Act of 1933 now being carried on by the Federal Trade Commission. It was to the expense of that duplication alone that my remarks were directed.

Mr. FLETCHER. Mr. President, in that connection I may say that, while the Federal Trade Commission has done a splendid work in connection with the Securities Act, I see no really serious objection or sound reason for supposing that a special commission, as provided in this bill, should not efficiently and satisfactorily administer the provisions of the Securities Act, and I have offered an amendment, since the bill carries with it the provision that the Securities Act shall be administered by the special commission, providing for the transfer to the commission to be set up under the terms of this bill of the administration of the Securities Act, so there will be no duplication if the Senate shall agree to my amendment.

The Securities Act itself, and the Securities Exchange Act, will be administered by this special commission. Of course, some delay would be involved. It would involve the turning over largely of the personnel and the set-up already established by the Federal Trade Commission, but these two acts, the Securities Act and this Securities Exchange Act, are so intimately connected that it seems to me advisable that they both should be administered by the same authority, and therefore I have provided in the amendment which I have offered, the transfer of the administration of the Securities Act, with all the records and everything pertaining to it, to this Commission.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator from Kentucky.

Mr. BARKLEY. In view of the fact that the Securities Act, which has been very admirably administered by the Federal Trade Commission up to date, contemplated regulation with respect only to new securities issued after the passage of that act, and had very little relationship to securities already in existence, and in view of the fact that the bill under consideration sets up a regulation of the stock exchanges in all securities, whether old or new, the combination of the two acts under the administration of one commission would eliminate the duplication to which the Senator from Colorado has already adverted, and inasmuch as they are inseparably related, not only so far as the issue of securities may be concerned but the purchase and sale of those securities on a registered exchange, the logical thing is to have both administered by the same body.

Mr. FLETCHER. That is the idea, I think, which was in the minds of the committee, and those who have done the longhand writing of this measure, and devoted weeks and weeks of study to it, and our final solution of it is that the two acts should be administered by the same body, which is provided in the amendment I referred to a moment ago. I did not intend now to go into that particular subject. I intended to give, if I could, a sort of general picture of the situation with respect to the bill itself.

Mr. KING. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator from Utah.

Mr. KING. I may be asking a question as to a matter which has been covered by the Senator. The President some time ago appointed an interdepartmental committee of which the Secretary of Commerce, Mr. Ickes, was a member, for the purpose of studying the principles and policies involved in the measure now under consideration, and after an elaborate study the committee reached the conclusion that the administration of the stock exchanges should be placed in the hands of an administrative commission to be appointed by the President. I may add that, largely following their recommendation, I offered an amendment before any was offered in the Senate committee, dealing with the subject, under which it was proposed to vest the administration of the provisions of the law in an independent commission of three persons, to be appointed by the President.

Mr. FLETCHER. The Senator from Utah is quite right. It was proposed in the Senator's amendment to vest authority in a separate commission, and we took advantage of his suggestion in that regard.

We are endeavoring, Mr. President, permanently to correct the evils and abuses which Mr. Whitney mentioned and which he admits should be and may be corrected. We may not fully succeed, but we are making an honest and fair effort in that direction, with every confidence there will result great improvement and real benefit.

We propose by this measure to establish, through Federal regulation of the methods and the mechanical functions and practices of the stock exchange, an efficient, adequate, open, and free market for the purchase and sale of securities; also to correct abuses we know of and others which may exist; to prohibit and prevent, if possible, their recurrence; to restore public confidence in the financial markets of the country; to prevent excessive speculation to the injury of agriculture, commerce, and industry; to outlaw manipulation and unfair practices and combinations by which to exploit the public and misrepresent values, such as pools, wash sales, fictitious transactions, and the like; to oblige disclosure of all material facts respecting securities traded in on the exchanges, which disclosure is essential to give the investor an adequate opportunity to evaluate his investment.

Criticism is made that we are calling upon corporations to make disclosures, and that we are thereby putting them to an enormous expense and trouble, and inquiring into affairs into which we have no business to examine. My suggestion is that if any corporation issues securities which are unfit to be certified because of what is back of them, the securities themselves are unfit to be offered to the public.

What right have brokers to appeal to the public to buy their securities if they are not willing to tell the truth about those securities? That is the whole proposition, and all we ask of them is to tell the truth.

They do not seem to want to tell the truth, in the first place, and, in the next place, they especially complain about liability for material misrepresentations which have misled the public into buying securities. They are willing to expose, to some extent, the facts behind the securities, but they do not want to be liable in case they lie about them. That seems to be the basis of the objection. All we ask in the pending bill and in the Securities Act is that they tell the truth in their registration papers, so the public may know what is behind the securities.

We undertake generally to declare the intention of Congress, and enunciate specific principles as a guide to subsequent administration. That appears particularly in section 2. We lay the foundation for this legislation in section 2 of the bill.

The exchanges themselves, when they complained about our delegation of authority, proposed a bill, and advocated even greater delegation of power in the administrative body than is provided for in the pending bill.

In connection with the propaganda which has been broadcast over the country criticizing and objecting to the provisions of the bill, most of those who criticize say, "We object to the bill in its present form." The language in hundreds of thousands of letters which have come to the Members of Congress is, "We object to the bill in its present form."

This bill has been changed three times. The original bill was revised, and the committee then gave hearings upon the revised bill. The revised bill was introduced in the

House. It was never introduced in the Senate, but we considered it in the Senate as a revision of the bill S. 2693. We had hearings on it. Finally that bill was revised. We agreed to certain amendments of that bill, and then the whole question was referred to a subcommittee, and that subcommittee met and considered every word, every line, every sentence in the bill, day after day, week after week, in an honest effort to be fair to all concerned and to eliminate any harsh features that were objected to by those opposing the bill and in endeavoring to satisfy any reasonable demand in connection with the legislation.

Some complained it was too drastic here, some complained it was too drastic there, and we endeavored to straighten that out, and then the subcommittee reported to the full committee a third revision of the bill. The Senate Committee on Banking and Currency unanimously substituted that revision for the original bill, and then by a vote of 11 to 8 ordered a favorable report upon the revised bill, which is the bill S. 3420, now before the Senate.

In the propaganda which was spread all over the country—and we received numerous letters about it—the statement was made: "We understand this bill was prepared by some inexperienced young men in the departments, sometimes called 'brain trusters.'" Such a charge, I believe, was made, as the Senator from Illinois [Mr. LEWIS] suggests to me, in the chamber of commerce meeting. The question as to who were the authors of this bill is, I think, wholly irrelevant, immaterial, and impertinent.

Mr. BARKLEY. Mr. President, if the Senator will yield there, I do not think that claim was made by the chamber of commerce in any official pronouncement of its own but by somebody who made a speech before it.

Mr. FLETCHER. Doubtless that is quite true, for I never saw any mention of it in their resolutions. Upon that subject, however, the effort, of course, was to arouse prejudice and discredit at the outset of the work by the allegation that inexperienced young lawyers were the authors of the bill. I would not pay any attention to that suggestion, except that publicly it was declared and announced on several occasions, as if that had anything to do with the merits, which I strongly deny.

However, I dismiss that subject by referring to an editorial by Prof. Raymond Moley, in Today, of April 14. It is very short, and I will read it:

> Ah, the truth comes out at the end. This entire tirade against the administration generally, the exhortation to form a new party, this denunciation of Roosevelt, youth, and progressivism—all this is but window dressing to cover up the real purpose of the guardian of reaction. It is the stock-exchange bill that has put the Post so beside itself.

The editorial has been referring to an article in the Saturday Evening Post—

> Here, again, I know the facts at first hand. The ideas of this legislation did not come from a preconceived theoretic system of Government control of business. They were drawn from American experience, found in scores of places. The idea of limiting margins and speculative credit is as old as the hills. The provisions to protect stockholders from exploitation by insiders came from a partner of a most conservative law firm in Wall Street, who has himself taken credit for being the "foster father" of the provisions. (Name furnished on request.) The provision concerning adequate reports of corporations to their stockholders is something the New York Stock Exchange has been seeking for many years, although it had neither the courage nor the strength to put it through. The provisions concerning manipulative practices came from Mr. Pecora's Senate investigation.
>
> The President did not cause a bill to be framed. He asked Congress, under his constitutional rights, for legislation. The responsible committees of Congress proceeded to the task of framing it. These committees were under the chairmanship of two of the oldest and most-trusted Members of the two Houses—Senator FLETCHER and Congressman RAYBURN. Congressman RAYBURN and Senator FLETCHER indicated their objectives and purposes and at least a dozen men—old and young and certainly not inexperienced—drafted the legislation. They were professional bill draftsmen. They did not put their own ideas into the law.
>
> The bill was revised over and over again. All interested parties were heard. There have been at least 10 drafts of the measure. The bill was gone over word by word by Treasury and Federal Reserve experts, including Governor Black, who as yet has been suspected of no Moscow affiliations. Important sections were gone over and accepted by the Wall Street counsels actually appearing for complaining brokers, dealers, and bankers. The final result is as far from being the work of young and inexperienced men as the Constitution of the United States was the work of Randolph, who submitted the first draft.

Commissioner Landis testified before our committee that from 10 to 15 men worked on drafting this bill, so the claim vanishes that it is the work of a handful of inexperienced young lawyers. Professor Moley knows what he is talking about, and he gives the true statement about it.

Taking up the bill by sections, in a condensed way and without considering its details, it will be found that section 1 simply gives the title.

Section 2 gives an outline of the necessity of and lays the foundation for the bill.

Section 3 gives a definition of the words, terms, and phrases contained in the bill.

Section 4 establishes the Federal exchange commission about which we have been talking, a commission to be composed of five members, selected by the President, and so forth.

Section 5 deals with transactions on unregistered exchanges.

Section 6 deals with the registration of national securities exchanges.

Section 7 deals with margin requirements.

Section 8 deals with restrictions on borrowing by members, brokers, and dealers.

Section 9 imposes a prohibition against manipulation of security prices. That is a very important section.

Section 10 provides for the regulation of the use of manipulative and deceptive devices. That is another very important section.

Section 11 imposes restrictions on floor trading by members.

Section 12 provides registration requirements for securities.

On page 30, line 10, the word "accounts" should be "accountants." We will make that change when we reach it.

Section 13 deals with periodical and other reports.

Section 14 deals with proxies.

Section 15 has to do with over-the-counter markets.

Section 16 relates to directors, officers, and principal stockholders.

Section 17 treats of accounts and records, reports, examinations of exchanges, members, and others.

Section 18 has to do with liability for misleading statements.

Section 19 provides disciplinary powers over exchanges.

Section 20 has reference to the liabilities of controlling persons.

Section 21 has reference to investigations, injunctions, and prosecution of offenses.

Section 22 relates to hearings by the Commission.

Section 23 has reference to the public character of information.

Section 24 provides a court review of orders.

Mr. President, a very comprehensive report, I think, has been submitted by the committee. That report is on the desks of Senators, and I suggest that, if they have not already done so, they read that report, which goes into a very full explanation of the whole bill and analyzes it section by section.

Section 25 has reference to unlawful representations.

Section 26 has to do with the jurisdiction of offenses and suits.

Section 27 refers to the effect on existing law.

Section 28 deals with the validity of contracts.

Section 29 has to do with foreign securities exchanges.

Section 30 provides penalties.

Section 31 has reference to the separability of provisions.

Section 32 provides the effective date.

Mr. President, one of the practices indulged in by the exchanges is intended, as it is claimed, to protect the market for securities at least for a time after the offering, such as pegging the price of the German bonds. The courts here do not appear to have passed on the question, but in

England it has been passed upon (2 Queens Bench, 724, *Scott* v. *Brown*, 1892). Said the court, speaking by Mr. Justice Wright:

> If persons, for their own purposes of speculation, create an artificial price in the market by transactions which are not real, but are made for the purpose of inducing the public to take shares, they are guilty of as gross a fraud as has ever been committed and of a fraud which can be brought home to them in a criminal court.
>
> In this case the correspondence put in evidence by the plaintiff in support of the claim he made at the trial shows conclusively that the sole object of the plaintiff in ordering shares to be bought for him at a premium was to impose upon and deceive the public by leading the public to suppose that there were buyers of such shares at a premium on the stock exchange, when in fact there were none but himself. The plaintiff's purchase was an actual purchase and not a sham purchase (washed sale); that is true, but it is also true that the sole object of the purchase was to cheat and mislead the public. * * * I am quite aware that what the plaintiff has done is very commonly done; it is done every day. But this is immaterial. Picking pockets and various forms of cheating are common enough and are nevertheless illegal.

The practice referred to appears to be unfair, unjust, and really fraudulent, misleading the investing public. We endeavor to stop it by this measure.

Evidence before the Senate committee disclosed the case of a specialist who traded for his own account in the stocks in which he was a specialist, bidding it up or down in order to make the market, and thereby a profit to himself. He said that the result of this operation was that he was "murdered." He was a specialist in a certain stock. The theory is that people dealing in a particular stock go to a specialist to make their trades. He had orders to buy and orders to sell. We try to restrain that gentleman from taking advantage of the situation to benefit himself, and to prevent trading in the stocks in which he is a specialist and supposed to represent customers.

He virtually admitted he was trading in the stock in which he was a specialist. As a result of that, as he stated, he was "murdered." He was asked, "What do you mean by that?" He replied, "I only made $139,000." I suppose he thought he ought to have made half a million dollars or more, but because he made only $139,000 for his own benefit, to put in his own pocket, he thought he was murdered. That is a kind of practice we try to correct.

It would weary the Senate for me to go into much detail with reference to the experiences, and to relate some of the practices, but I may refer briefly to the subject of the claim of the stock exchanges that what they want is a free and open market.

The hearing revealed practices which bear upon claims of the stock exchange as a free and open market for securities. Just a few illustrations out of some 250 revealed in the hearings may be cited. The New York Stock Exchange is a voluntary association, not a partnership, not a corporation. It has 1,375 memberships, constituting "an oligarchy of enormous power and wealth." The price of membership has ranged within the past 10 years from $77,000 to $600,000. It is now $190,000. It claims to furnish a free and open market for securities.

Before passing from this feature, let me say that it was brought out the other day before the committee that stock-exchange members had made over $1,000,000,000 in clear profits during the last 6 years. A depression was prevailing everywhere, people were without buying power, impoverished, money scarce, and yet these gentlemen were able to clean up in the last 6 years, from 1929 to 1934, over $1,000,000,000 in profits.

Mr. Whitney made some reply to that, according to the press, claiming that we do not take into consideration what they have lost in the value of their seats; in other words, that the seats have gone down from $600,000 each to about $190,000, I believe they are at this time, and that there was a loss to the stock exchange in the value of their assets by virtue of that fact. That is true in a way. There was a shrinkage in the value of the seats on the stock exchange, but, as Mr. Untermyer pointed out a day or two ago, they have during that time sold some 350 seats. Let us say they sold them at $190,000 each. At that figure their assets must have been considerably built up. Multiplying $190,000 by 350 gives quite a neat little sum.

Passing on, in connection with the flotation of $100,000,000 of German bonds in June 1930, a syndicate was formed to handle them. The bonds were offered to the public at $90 on June 12, 1930. This syndicate or pool acquired a total of $9,200,000 of the bonds and promptly sold them to the public, the syndicate "pegging" them until the issue was sold out, the syndicate making a large profit. They dropped to 35½, and the loss to the investors on that basis of market value was $55,000,000. The operations of the syndicate or pool was to maintain the market price until they were sold out. It was testified by the highest authority that "that is an absolutely sound and customary method of merchandizing and distributing securities." This is the pronounced and admitted feature of the pool.

Here are some results: Kolster Radio Corporation was incorporated under the laws of Delaware, quite a favorite State for obtaining broad charters. It was to manufacture and distribute radio receiving sets, phonographs, and so forth, and was authorized to issue 1,000,000 shares of stock with no stated par value. In 1928 there had been issued 824,329 shares. The earnings of the company in 1927 amounted to 87 cents a share; in 1928, 20 cents. One Breen formed a pool. The market was manipulated. He was able to turn over to Spreckels, the president, $19,200,000 for stock which in the light of events was not worth a dollar and cost Spreckels little, if anything. Breen paid his brokers $182,760 in commissions, and his profit was $1,351,252.50—all coming from the public. Thousands of innocent investors had lost their money—over $19,000,000.

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Pennsylvania?

Mr. FLETCHER. I yield.

Mr. DAVIS. Was that profit made on the one particular issue?

Mr. FLETCHER. Yes; it was made in that transaction and in that pool.

Indian Motocycle furnishes another illustration. This company was organized in Massachusetts in 1913. It had 100,000 shares of common stock outstanding, carried on its balance sheet at $40 a share, and $688,000 of 7-percent cumulative preferred stock. In 1927 the company was heading for disaster. The stock was increased to 200,000 shares. A pool was formed. It manipulated the market, made enormous profits, and when they were through the stock dropped from 17 to 4½, then to less than a dollar, and then the victimized holders had only paper.

The Anaconda: A pool was formed, the members of which made enormous profits—about a million dollars. Investors lost as the market went down and down.

Anaconda went into a chill—another pool.

Another Anaconda absorption and pool.

The National City Co. were heavy investors. The insiders cleaned up huge profits. The stock went down from $125 a share to less than $4, and the losses of the public were computed at $160,000,000.

German bonds: Our practice is exemplified here:

First, "pegging" the market for a few weeks during the time the syndicate, composed often of bankers and brokers, loaded up the public with some issue of stocks or bonds. Here the public paid 90 to 91 in June 1930 for these bonds, and they dropped to 35½ on April 21, 1932.

Radio Corporation of America: No dividend was ever paid on the stock. More was issued. A syndicate was formed, managed by Thomas E. Bragg and Bradford Ellsworth.

The day before the pool was formed the stock had been sold at $74, March 6, 1929. The pool boosted the stock to 109¼ and made a profit of $4,924,078 in 7 days. The stock the public had bought at about par fell to $26 before the end of the year, then to 11¾ in 1930, to 5½ in 1931, and 2½ in 1932. A pool is organized to make money for those who are in it (hearings, p. 433; McKim, p. 54).

That is the statement before our committee by witnesses—experts on the subject.

One witness, David M. Lion, testified that he had furnished said publicity in about 4 years to 250 pools (p. 691). Mr. Samuel Untermyer, in 1914, stated:

For many years the pretended market prices of securities of our greatest corporation have been "rigged" and manipulated at the will of a handful of gamblers and operators, and the people of the country have been literally robbed of hundreds of millions of dollars through such transactions.

Those are some of the conditions we wish to correct by this bill.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Michigan?

Mr. FLETCHER. I do.

Mr. VANDENBERG. What the Senator has said with respect to listed securities is unquestionably true. I am wondering about the effect of section 15, the so-called "over-the-counter-markets section." Do I misread that when I come to the conclusion that that would cover any security, listed or otherwise, which might be sold by any broker or dealer?

Mr. FLETCHER. I believe it is intended to cover both listed and unlisted securities.

Mr. VANDENBERG. For example, a multiplicity of minor sales of capital structures for purely local industrial institutions is a popular form of financing in my section of the country. Would a purely local financing undertaking of that character be included?

Mr. FLETCHER. I think not. The Senator will find, in that or other provisions of the bill, that such local enterprises are not included.

Mr. VANDENBERG. Has the Senator in mind the point at which that exemption occurs?

Mr. FLETCHER. I shall be glad to point it out when I get to it, in a few minutes.

Mr. VANDENBERG. The Senator does not think the bill ought to apply to that type of financing?

Mr. FLETCHER. No. The committee had that matter before it, and thought about it a good deal, and we had considerable testimony about it. The purpose was to exclude local enterprises; and if we have not expressly done so, I think we have opened the way for the promulgation of regulations by the commission to effect that result.

Mr. VANDENBERG. I am wondering if the only exemption there is not through prospective rules and regulations. So far as the textual language is concerned, I wonder if the Senator is not incorrect in his suggestion that there is an exemption, and if he is not relying upon rules and regulations for the exemption.

Mr. FLETCHER. I shall have to refer to the exact language in a minute or two. I have not yet reached that subject; but I shall be glad to take it up a little later and discuss it.

LOSSES ON STOCK POOLS

From the face of the records it is practically impossible to calculate what were the actual losses of the speculative public in any one pool, chiefly because as stocks decline some speculators might sell and take a small loss, while those who held and sold at the bottom would take a heavy loss. This is true in relation to the market whether the depressions were caused by pools or manipulations of any kind, or by a lack of public confidence.

However, the market price of stocks in the New York Stock Exchange in October 1929, as I stated in an article in the New York Times of December 31, 1933, was $97,000,000,000. The market price of the same stocks in 1932 was $14,000,000,000; so a shrinkage in market price had taken place to the extent of $83,000,000,000.

The losses are almost fantastic in some cases. For instance, Insull Utilities Investment, Inc., common, quoted in 1932 at ⅛, represented a value of 12½ cents per share; yet those shares stood at one time at $149.25—1,192 times higher, or 119,200 percent.

Another difficulty in estimating losses is that the same stock may be turned over several times in the course of a year, as indicated below:

Name of corporation	Shares outstanding	Turn-over
1930		
Radio Corporation	13,130,000	37,038,190
R.K.O.	2,377,315	18,397,908
Westinghouse Electric	2,586,000	10,592,975

Except for the personal gains made by those who manipulated pools successfully, the total effect on the whole market is very small. Contrariwise, if the pool fails, the advantageous effect for the public is almost negligible. This can be realized by considering the turnover of shares, bonds, and so forth, for the various recent years.

The statistics shown elsewhere indicate that the total number of shares on the market as represented by active securities may turn over several times in the year, the quietude of some stocks being outweighed by the very active stocks. This, therefore, meets the usual excuse that activity represents investment. The whole emphasis of all hints, tips, rumors, and the financial publications—good and bad—is on turnover, for the very excellent reason that only by turnover can brokers, either honest or dishonest, maintain their offices and all related equipment.

INSULL 6-PERCENT DEBENTURES AND COMMON

The transactions in the various Insull securities in late 1928, 1929, and onward, can hardly be described as the operations of a pool, but rather that of a syndicate. The market operations were conducted by Halsey, Stuart & Co., Continental Illinois Co., Harris, Forbes & Co., Central Illinois Co., First Union Trust & Savings Bank, Field, Glore & Co., Foreman-State Corporation, the National Republic Co., Insull, Son & Co., and Insull, Son & Co., Ltd., London office (p. 1671, pt. 5, 72d Cong.).

The Insulls agreed to market through Halsey, Stuart & Co., and associates, $60,000,000 Insull Utilities Investment, Inc., 10-year, 6-percent gold debentures, with warrants for common attached. These were issued by the corporation at 94, underwritten at 99½ with warrants, and in this operation alone the profit to the underwriters was $3,300,000.

The common stock—nonpar value—of the same corporation was made available to the stockholders of various Insull corporations at $15, and to Samuel Insull at $12. On January 18, 1929, the common stock had reached 40 on the Chicago market. By August 2, 1929, it had reached 149¼. It was testified in 1933 that it was worth "practically nothing."

In the year 1929 the high ranged from 40 to 149¼; the low from 30 to 104. Volume of business, 3,593,055 shares.

In the year 1930 the high ranged from 70½ to 41½; the low from 27½ to 67½. Volume of business, 2,994,900 shares.

In the year 1931 the high ranged from 49¾ to 11; the low from 4 to 39¾; the volume of business was 2,832,200 shares.

In the year 1932, during the first 4 months, the high ranged from 6¼ down to ¾; the low ranged from ⅛ to 3¾; the volume of business for the 4 months was 463,600 shares.

As 942,050 common shares changed hands in the month of July 1929 at 127½, and 794,480 changed hands in August at 149¼, the loss to the speculating public by contrasting the figures of 1929 and 1932 was something between $125,000,000 and $150,000,000 on the common issue alone.

Mr. LEWIS. Mr. President, if the Senator will allow me to interrupt him——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Illinois?

Mr. FLETCHER. I yield.

Mr. LEWIS. The Senator will recognize that as I am one of the Senators representing the State of Illinois, and myself live at Chicago, that being my home, I am not without some knowledge of the matters touching the Insull properties, which have been alluded to by the Senator in his recital.

I beg to inform the Senator that the morning press carries something of correspondence that has been sent to me, in which it is claimed that this bill prevents the issue and the floating of stocks in different local commercial concerns which are in no wise listed upon stock exchanges. May I ask the able chairman of the committee if such is the construction of the bill, and if there is any provision in the bill which supervises the mere issuance and sale of stock in a purely local concern at home that has naught to do with the stock market, and is not listed, merely because of the wrongs cited by him respecting the Insull properties? Such is the claim made in correspondence to me, and referred to in the press of this morning.

Mr. FLETCHER. Mr. President, I shall come to that part of the discussion in a short while.

Mr. LEWIS. Then, I shall not now disturb the Senator.

Mr. FLETCHER. The Senator's suggestion was mentioned by the Senator from Michigan [Mr. VANDENBERG]. The purpose of the committee is not to bring within the operations of the act local enterprises where the stock is handled in a community with local capital, and not distributed throughout the country, not moving in interstate commerce through the mails, and that sort of thing. We do not attempt to deal with issues of that kind at all. I shall mention that subject a little later.

Mr. LEWIS. I shall not now disturb the Senator further, since he is to allude to the subject, responding to the query of the Senator from Michigan.

Mr. FLETCHER. I shall allude to it in a short while.

The testimony of Harold Stuart was to the effect that in the state of the public mind early in 1929, 10 times as great a volume of Insull securities could have been traded in on the market as was offered; showing how the public went wild on the subject of speculation, induced and led on, in a way, by the efforts to expand the speculative spirit; and prices went to unreasonable heights. We realize that. At the same time, the public lost their money.

POOL INFORMATION RADIO CORPORATION OF AMERICA (NEW STOCK)

[Hearings, p. 467, pt. 2, 72d Cong.]

Mr. President, in connection with the flotation of this stock it is to be borne in mind that the original Radio stock had run up to a very high figure—over $500—and that this new stock was a split-up on the basis of 5 to 1, and issued with no par value.

The pool was organized March 7, 1929, and closed March 30, 1929. However, its actual operations took place between March 12 and March 19, or within a period of 1 week. Thomas E. Bragg, of W. E. Hutton & Co., was manager.

There appear to have been three leading operations.

Firm	Shares	Subparticipants	Deposits	Profits
M. J. Meehan & Co	551,500	24	$9,607,500	$3,217,870.03
W. E. Hutton & Co	257,500	35	2,730,500	1,502,310.08
Block & Maloney Co	35,000	10	285,000	204,197.56
Total	844,000	69	12,683,000	4,924,073.27

[From pp. 469–471, pt. 2, 72d Cong.]

Two million nine hundred thousand shares changed hands in the week, page 517, part 2, Seventy-second Congress.

Early in March 1929 the high on new Radio was $79. On March 16 it was $109.25. On March 23 it was $87.25. At the time of testimony, Thomas E. Bragg, on Thursday, May 19, 1932, it was stated to be quoted at $4.

As evidence of how inspired publicity followed the course of the pool, reference can be made to the hearings, page 518, part 2, Seventy-second Congress. The quotations are from the Wall Street Journal.

In the lists of participants were 16 who put up no deposits, but who received profits as follows:

T. J. Nara	$87,513.24
Mrs. M. J. Meehan	87,513.24
A. G. Fisher	29,171.09
E. F. Fisher	29,171.09
Dr. P. M. Gransman	5,834.22
T. E. Bragg, P. A. Rockefeller, B. E. Smith (joint account)	46,673.73
Walter Richards	$29,171.08
J. F. Reardon	58,342.15
Mrs. D. Sarnoff	58,342.15
Fred J. Fisher	58,342.16
Lee Otwell	5,834.22
T. Clark	5,834.22
Joe Soloman	11,668.43
H. Cunningham	58,342.16
Mrs. P. J. Maloney, Sr	40,839.51
Mrs. P. J. Maloney, Jr	40,839.51

In addition $92,000 was distributed to those who were not participants at all.

DILLON, READ & CO.—POOLS, ETC.

Exhibit C, on page 2224 of the hearings, part 4, Seventy-third Congress, covering 10 pages of tabulation, shows pools, joint accounts, syndicates, and/or trading accounts in stocks in which Dillon, Read & Co. or agencies or representatives participated and of which Dillon, Read & Co. were managers.

Some of the operations were quite small, and show 22 in which profits were made, and 22 in which losses were incurred. The stocks participated in were industrials, utilities, railroads, foreign, and miscellaneous. These tables are inconclusive as to the extent to which the public suffered from inside manipulation.

In the 44, more or less, pools formed by Dillon, Read & Co. the following appear more than once:

American Chain Co	2
General Printing Co	6
Loew's	2
National Park Bank	4
Penn Industries	2
Central States Electric Corporation	4
Commercial Investment Trust	6
International Printing Ink	5
Penn Bank Shares & Securities	2

In the Annalist, covering the stock transactions of 1933, more than one half of the corporations represented by Dillon, Read & Co. pools do not appear as showing any sales or purchases last year. With the facts available, it is not possible to state whether or not this means they have altogether disappeared from the market.

Attention is drawn to the fact that in the stocks of three pools formed by Dillon, Read & Co. there is still heavy activity, as, for instance:

Pool of 1929, Chrysler common: 1932—high 21¾, low 5; 1933—high 57⅝, low 7¾; 1933—turn-over, 12,689,450 shares.

Pools of 1928, Commercial Investment Trust common: 1932—high 27⅞, low 10⅞; 1933—high 44½, low 18; 1933—turn-over, 765,721 shares.

Pool of 1929, Electric Bond & Shares common: 1933—high 41⅝, low 9⅞; 1933—turn-over, 8,766,410.

J. P. MORGAN & CO.—DREXEL & CO.

On pages 269–287 of the hearings, part 1, Seventy-third Congress, appears a summary showing pools, joint accounts, syndicates, and/or trading accounts in stocks in which Morgan & Co. or Drexel & Co. were interested. For the most part these were joint arbitrage accounts.

Some of these operations were quite small, and there were 38 in which profits were made and 4 in which losses were incurred. The stocks participated in were industrials, utilities, mining, railroads, and miscellaneous. The summary does not show the extent to which the public lost.

Stock in which pool was formed	*Profit*
Allied Power & Light Corporation and Commonwealth & Southern	$196.93
American Superpower Corporation and United Corporation common	30,342.26
American Superpower Corporation and Commonwealth & Southern	628.79
Anaconda Copper Mining Co	56,882.53
J. I. Case Co	[1] 2,861.75
Celluloid Corporation	10,105.42
Columbia Graphophone Co., Ltd	1,442.58
Commonwealth & Southern, Commonwealth Power Corporation, Southeastern Power & Light Co., Penn-Ohio Edison Co	31,291.59
Consolidated Gas Co. of New York	19,621.77
E. I. du Pont de Nemours & Co	14,467.26
The Fleischmann Co	62,306.74
General Electric Co	30,052.31
General Electric Co., account no. 2	330.37

[1] Loss.

Stock in which pool was formed—Continued

	Profit
General Motors Corporation common	$31,209.58
General Motors Corporation	12,874.75
Guaranty Trust Co. of New York	17,972.09
International Telephone & Telegraph Co	12,026.73
International Telephone & Telegraph Co. gold bonds	149.22
Kennecott Copper Corporation	4,593.69
Montgomery Ward & Co	85,939.78
Do	5,894.50
Niagara Hudson Power Corporation	11,414.42
Packard Motor Car Co	5,626.65
Union Carbide & Carbon Corporation	2,465.63
United Corporation	36,888.97
United Gas Improvement Co	69,445.34
United Gas Improvement Co., account no. 2	65,251.89
United States Steel Corporation	170,776.78
Alleghany Corporation	64,490.07
Celanese Corporation of America	[1] 90,396.00
Do	[1] 6,256.19
Congoleum-Nairn	124,812.50
Crosley Radio Corporation	42,096.42
General Motors Corporation	3,308.00
Procter & Gamble Co	1,853,959.18
Pirelli Co. of Italy	37,729.22
Rhodesian Congo Border Concession	3,066.52
United Corporation	93,941.22
Chas. E. Hires Co	1,965.09
Old Ben Coal Corporation	1,387.51
Philadelphia Electric Co	3,953.50
Sharp & Dohme, Inc	83,941.90
Do	[1] 28,268.96
Do	6,146.66
Do	6,479.84
Total profits	3,059,375.20
Total losses	127,782.90

NATIONAL CITY BANK OF NEW YORK, CAPITAL STOCK

On January 27, 1930, Dominick & Dominick, as managers, secured an option on stock of the National City Bank of New York, with an indeterminate date for winding up. The option was as follows, as appears on page 1956 of the hearings, part 6, Seventy-second Congress: 5,000 shares at $212.50, 5,000 shares at $215, 5,000 shares at $217.50, 5,000 shares at $220, 3,000 shares at $225, 3,000 shares at $230, 3,000 shares at $235, and 3,000 shares at $240.

Details of purchases and sales appear on pages 1959 and 1960 of the hearings, part 6, Seventy-second Congress, showing that between January 29, 1930, and March 24, 1930, the profits on transactions were $354,088.10, divided as follows:

Hornblower & Weeks, 19.8 percent participation	$63,098.50
Abbott, Hoppin & Co., 1 percent participation	3,186.79
Dominick & Dominick, 10 percent managers' fee	35,408.81
Dominick & Dominick, 19.8 percent participation	63,098.50
C. D. Barney & Co., 19.8 percent participation	63,098.50
Cassatt & Co., 19.8 percent participation	63,098.50
Brown Bros. & Co., 19.8 percent participation	63,098.50

Succeeding testimony, beginning on page 1965, given by Hugh B. Baker, president of National City Co., shows that that company during 1929 sold to the public upward of 1,300,000 shares of the capital stock of the National City Bank. The testified volume of business in National City Bank stock, as appears on page 1967, was shown to be over $2,000,000,000. The testimony showed that brokers acting for the National City Co. in purchasing National City Bank stock secured credits direct from the National City Bank for the purchase, thus by implication making the bank financially interested in buying its own stock to be handed out to the public through the National City Co.

On page 2178 of the hearings, under date of October 29, 1929, it appears that the National City Co. of California notified Edgar E. Brown, of Pottsville, Pa., but then living in Beverley Hills, Calif., that they had sold on his account 200 shares of National City Bank stock at $320 flat. The public quotation of National City Bank stock on that date was $450, and on October 30, $360.

Participants were as follows:

NEW YORK PORT AUTHORITY—$66,000,000 ISSUE

National City Co., managers (pp. 2191 and 2192, pt. 6, 72d Cong.)

National City Co	$12,625,000
Chase Securities Corporation	12,625,000
Kissell, Kinnicut & Co	7,500,000
Brown Bros. & Co	5,000,000
Harris, Forbes & Co	5,000,000

[1] Loss.

NEW YORK PORT AUTHORITY—$66,000,000 ISSUE—continued

Chemical Securities Corporation	$2,500,000
Chatham Phenix Corporation	2,500,000
Eldredge & Co	2,500,000
Kountze Bros	2,000,000
Barr Bros. & Co	2,000,000
L. F. Rothschild & Co	1,000,000
Stone & Webster & Blodget	1,000,000
Geo. B. Gibbons & Co	1,000,000
First Detroit Co., Inc	1,000,000
International Manhattan Co	1,000,000
Kean, Taylor & Co	500,000
Phelps, Fenn & Co	500,000
R. H. Moulton & Co	500,000
Darby & Co	500,000
Guardian Detroit Co	500,000
Ames, Emerich & Co	500,000
H. L. Allen & Co	500,000
Hannaha, Ballin & Lee	500,000
Wallace, Sanderson & Co	500,000
Mercantile Commerce Co. of St. Louis	500,000
Schaumburg, Rebhann & Osborne	250,000
First National Co. of St. Louis	250,000
Batchelder & Co	250,000
County Trust Co	250,000
William R. Compton & Co	250,000
Stern Bros., Kansas City, Mo	250,000
Dean Witter & Co., San Francisco	250,000

Bonds were bought by the syndicate at $96.675. The bonds were bought on March 9, and the profit checks distributed April 22, but the testimony does not give the details as to the profits made. The price of these bonds today is not ascertainable from the Analyst covering 1933.

ELECTRIC AUTO LITE CO.

A minor operation took place in March 1931, affecting Electric Auto Lite Co. It was managed by M. J. Meehan & Co. on joint account of Bradford Ellsworth and Jos. B. Higgins. An option has been granted to Mr. Higgins on 25,000 shares at 70. The total shares purchased in the market was 94,000, and the total sales 92,000. A profit of $35,000 was made in the operation. There appears to have been no money put up in carrying the operation through. On March 10, the public was paying 71½, and on April 27, 1931, 49. The above statement is based upon a formal paper prepared for the use of Mr. Gray, counsel of the committee, May 18, 1932.

COPPER STOCKS

On March 19, 1929, W. E. Hutton & Co. announced by a private and confidential circular that they were forming a copper-stock trading account, to be managed by them. The pool lasted until May 24, 1929, handled 676,000 shares, and lost in general the difference between stock at 163¼ and 127¾, later dropping to 104. There had, however, been an Anaconda syndicate formed January 27 to March 25, 1929, which had traded 298,000 shares on a deposit of $2,583,826.58, the profit on which transaction was $1,225,765.54.

AIR REDUCTION

The following is a quotation of what occurred in the hearing, as appears on page 326, part 1, hearings in the Seventy-second Congress—a discussion in which Mr. Gray and Mr. Percy Rockefeller took part. The point was chiefly as to his operation in Air Reduction stock, as follows:

Senator FLETCHER. That stock went from about 214 to 55, did it not?

Mr. GRAY. Now?

Senator FLETCHER. Fifty-five now, and it was 214.

Mr. ROCKEFELLER. I think that is approximately correct. I think it is below 55 now.

Mr. GRAY. What have been the high and low quotations of that stock since your pool was organized?

Mr. ROCKEFELLER. I don't remember what the quotation was when the syndicate was arranged. I think it got up to over 200.

Mr. GRAY. What is it today?

Mr. ROCKEFELLER. About 40.

ATLANTIC GULF & WEST INDIES

According to the testimony of Richard F. Hoyt, an officer of Hayden, Stone & Co., a pool in Atlantic Gulf & West Indies stock (A.G.W.I.) was operated for 6 weeks from November 17 to December 31, 1920. It was claimed that this pool was organized to support A.G.W.I. at 102, but it was later shown that members of the firm of Hayden, Stone & Co. "were secretly unloading their stock under cover of an active campaign by their customers men, directed by Mr. Richard F. Hoyt, urging the stock as a splendid invest-

ment," according to a statement by Miss Grace Van B. Roberts, appearing on pages 1821–1826 of the hearings, part 6, Seventy-second Congress.

While the records show no complete totals as to the number of shares in this poll, or the losses the public sustained, in the testimony of Miss Roberts, on pages 1127–1144 and 1821–1826, there were several discussions in the committee, because the evidence of Miss Roberts showed that the members of Hayden, Stone & Co. were unloading their stock and yet at the same time urging customers to buy. The correspondence from Richard Whitney with various people named in the testimony defended Hayden, Stone & Co.; nevertheless, Miss Roberts secured a verdict against Hayden, Stone & Co. in court for $16,000, which Hayden, Stone & Co. paid, as appears on page 1129.

SENATOR GLASS ON POOLS, ETC.

On page 499, part 2, Seventy-second Congress, in the cross-questioning of James F. McConnachie, of M. J. Meehan & Co., Senator Glass put this question:

What difference does it make in the principle of the thing whether a syndicate loses money or makes money if it is organized to manipulate the market?

HAROLD STUART

[Hearings, p. 1674, 72d Cong.]

In connection with other testimony, when invited to make suggestions as to the betterment of conditions, Mr. Stuart said:

I will speak briefly, because I know that you have not much time and want to hear others. I think that we should adopt the English practice of not only having very complete prospectuses of all issues, but that we should write in the prospectus what the security cost, what the company got for it.

Senator COUZENS. Is that along the lines of the British Companies Act?

Mr. STUART. Yes, sir. The investor in England sees, therefore, when he buys a security just what the company got for it and how much spread there is between the price the company got and the price he is expected to pay.

STOCKS

I read from the Annalist:

The share activities in the New York Stock Exchange alone (see statistical abstract) for a series of years were as follows, in millions:

1921	173
1922	259
1923	236
1924	282
1925	454
1926	451
1927	577
1928	920
1929	1,125
1930	810
1931	577
1932	425
1933 (see Annalist)	[1] 655

The share activities in the New York Curb Exchange for the past 4 years have been as follows, in millions (see Annalist):

1930	222
1931	110
1932	57
1933	101

(There is no prompt way of reporting on total sales over the counter or out-of-town markets, or unlisted of various kinds, but the same trends may be safely counted on. The industrial and miscellaneous shares sold, for instance, on the New York Produce Exchange securities market in 1933 are estimated at about 10 million.)

BONDS

The bond activities in the New York Stock Exchange alone (see Statistical Abstract) for a series of years were as follows in millions of dollars par value:

1921	3,324
1922	4,370
1923	2,789
1924	3,804
1925	3,384
1926	2,987
1927	3,269
1928	2,904
1929	2,982

[1] The activity of some stocks is very great, yet, nevertheless, the whole number of shares turned over in any given year does not equal the total shares issued by the corporations represented in the New York Stock Exchange. (See Annalist, pp. 134–139, Jan. 19, 1934.)

The bond activities in the New York Stock Exchange alone (see Statistical Abstract) for a series of years were as follows in millions of dollars par value—Continued.

1930	2,764
1931	3,050
1932 (Annalist)	2,972
1933 (Annalist)	3,366

The bond activities in the New York Curb Exchange for the past 4 years have been as follows in millions of dollars. (See Annalist:)

1930	864
1931	983
1932	955
1933	944

ONE ALCOHOL POOL

Mr. President, the committee on Banking and Currency in April 1932 began its examination of stock-exchange practices. During our careful series of hearings from that time until now, we have produced evidence that the investing and speculating public had been the victims of much manipulation by insiders.

The demand for our research came from the stock-exchange collapse of 1929. We had hoped that the revelations of wrong done would have produced a chastened attitude in the Street or an enlightened suspiciousness among investors and caution among speculators. However, during July 1933—on July 18, to be exact—there was a feverish market, and a collapse in what were called "repeal" or "alcohol stocks", stocks which might be affected by the repeal of the eighteenth amendment. The rapid rise in prices of these so-called "alcohol stocks" and the subsequent decline, prompted your committee, through its counsel, Ferdinand Pecora, to request information from Richard Whitney, president of the New York Stock Exchange, as to trading and operations between May 13 and July 24, 1933.

On October 16, Mr. Whitney forwarded to Mr. Pecora without comment "the report made by our accounting department concerning the trading in the so-called 'alcohol stocks'" during the period I have indicated.

The report of John Dessau to the committee on business conduct of the New York Stock Exchange, dated October 1, 1933, referred to the following stocks: American Commercial Alcohol, Commercial Solvents, Libbey-Owens-Ford Glass, National Distillers Products Corporation, Owens-Illinois Glass, and United States Industrial Alcohol.

I now quote from the report:

With the exception of the situation disclosed at Lehman Bros. and Redmond & Co., which situations also are reflected in a minor way in other firms used as their brokers and the possible exception of the situation at W. E. Hutton & Co., which is still under investigation, no material situation appears.

While the limitations of time available for these examinations precluded a detailed examination and tie up of every transaction, it is my opinion that there were no material deliberate improprieties in connection with transactions in these securities. Although the repeal situation appears to have created a public interest in these stocks great enough to account for their activity, each examiner was directed to watch out for any evidence of "wash sales" or of other activities which might have stimulated improperly the activity of these stocks, yet none were reported.

Mr. Pecora had, however, very strong conviction that these alcohol stocks had been traded in for pool accounts; therefore, when our committee met on February 14, 1934, to hear opinions on the National Securities Exchange Act of 1934, Senate bill 2693, certain material in the possession of Mr. Pecora and witnesses confirmatory of the significance of that material were brought forward, because it had become evident that neither the stock exchange, the officials of certain corporations, nor the professional manipulators and specialists had learned anything from our previous hearings as to rights and wrongs in market operations.

I should like to cover all the evidence of hearings on February 14, 15, 16, 20, 21, and 22, but shall confine myself to comments on the testimony of Russell R. Brown, chairman of the board, American Commercial Alcohol Corporation, of New York City, and of those called in substantiation of his testimony. This testimony shows a repetition of all the typical deception and double dealing that brought on calamity for the gullible public in 1929. These words are severe, but their severity will be justified by direct quotations from or mention of sworn testimony of Russell R.

Brown, Ruloff E. Cutten, Frank Altschul, J. K. Whanger, Charles C. Wright, and others.

I quote from testimony given from February 14 to February 22, 1934:

Mr. PECORA. At the time of the incorporation of the company, what was its capital structure, Mr. Brown?

Mr. BROWN. Bonds, preferred stock, and common stock.

Mr. PECORA. In what proportions and amounts?

Mr. BROWN. I think approximately $4,000,000 in bonds, and $2,000,000 in preferred stock, and the balance in common stock.

Mr. PECORA. How many shares of stock was the corporation authorized to issue, and what were the classifications of stock?

Mr. BROWN. That I do not remember.

Mr. PECORA. Do you know what the capital structure of the company was at the time you became chairman of the board in April of 1931?

Mr. BROWN. There was nothing but common stock outstanding then.

Mr. PECORA. And how many shares?

Mr. BROWN. If my memory serves me correctly, 380,000 shares of no-par value, which was subsequently changed to $10 par value, and afterwards cut in half to 190,000 shares of $20 par value.

Mr. PECORA. When was the stock put on a $20 par value basis?

Mr. BROWN. I think in 1932, if I am not mistaken.

* * * * * * *

Mr. PECORA. Now, since you became chairman of the board have there been any additional issues of capital stock?

Mr. BROWN. That is correct. There have been approximately 55,000 or rather 66,000 shares issued.

Mr. PECORA. When was that issue made?

Mr. BROWN. In June or July, or at least in May, June, or July of 1933.

Senator GORE. How much?

Mr. BROWN. What was that?

The CHAIRMAN. Senator Gore wishes to know how many shares were issued.

Mr. BROWN. Approximately 66,000 shares; of which 25,000 shares were issued in exchange for other corporations, and forty-one thousand-odd shares issued for subscription by stockholders.

The CHAIRMAN. And did those shares have any par value?

Mr. BROWN. That all has a par value of $20 a share.

The further questioning of counsel was interrupted by the request of Mr. Brown to submit a formal statement in advance of any specific approach to pools, options, syndicates, and so forth. From this statement I quote portions of two paragraphs:

The plan was my own undertaking, with the intention of aiding the company in its emergency, and in this I had the support of my associates in the company. For their acts in so cooperating I wish to assume full personal responsibility. I, with their help, and through market support, protected the company and its stockholders in a grave emergency, more grave than the emergency of 1929, when, as has been said, undisclosed market support by companies was not only justified but desirable.

The method employed was unusual and abnormal. The emergency and the abnormal time and no selfish motive created the necessity, and the present excellent condition of the company is one of the best evidences of the justification of the steps that were taken.

Later in this statement it will be shown that Mr. Brown and other officials shared directly in profits from pool operations, as well as indirectly, through names which would not reveal their interest; that dummy representatives brought other corporations into existence to give an apparently broader base to the A.C.A. Corporation; and that these dummies appeared in the distribution of profits and in corporations that were declared to be in existence but never functioned.

Mr. PECORA. Now, during the year 1932, while you were chairman of the board, did you and other directors and officers of the company give any options?

Mr. BROWN. Yes.

Mr. PECORA. Covering the capital stock of the company to any individual or individuals?

Mr. BROWN. Yes.

Mr. PECORA. Did you give more than one such option during that year?

Mr. BROWN. Yes, sir.

Mr. PECORA. How many did you give?

Mr. BROWN. I cannot tell you exactly. I think the first one was given to Mr. Frank E. Bliss, and I think the next one was given to Ames Bros. The next one was given to a man named Goodwin.

Mr. PECORA. Will you talk a little louder? We cannot hear you.

Mr. BROWN. The next one was given to Goodwin, or to Prentice & Slepack.

Mr. PECORA. You will have to talk a little louder. We cannot hear you.

Mr. BROWN. And finally a series of options was given to Mr. Ruloff Cutten.

Mr. PECORA. What was the business of these optionees whose names you have given to us?

Mr. BROWN. Well, they were connected with the stock exchange or——

Mr. PECORA (interposing). Do you mean the New York Stock Exchange?

Mr. BROWN. Either with the exchange, or they worked down in the Street there; yes, sir.

Mr. PECORA. That is——

Mr. BROWN (continuing). All of them were connected with the exchange, I believe.

Mr. PECORA. As members?

Mr. BROWN. I think so.

Thereupon photostatic and other material evidence was introduced as to the options.

1. Russell R. Brown to Frank E. Bliss, February 15, 1932, for voting trust certificates, option to run 30 days: 1,500 shares at 7 per share, 1,500 shares at 8 per share, $1,500 shares at 9 per share, 1,500 shares at 9½ per share, 1,500 shares at 10 per share, 1,500 shares at 11 per share.

2. Philip Publicker to Frank E. Bliss, February 15, 1932, for voting trust certificates, option to run 30 days: 1,000 shares at 7 per share, 1,000 shares at 8 per share, 1,000 shares at 9 per share, 1,000 shares at 9½ per share, 1,000 shares at 10 per share, 1,000 shares at 11 per share.

(Philip Publicker was a director of the A.C.A. on this date.)

3. William S. Kies to Frank E. Bliss, February 15, 1932: 1,000 shares at 7 per share, 1,000 shares at 8 per share, 1,000 shares at 9 per share, 1,000 shares at 9½ per share, 1,000 shares at 10 per share, 1,000 shares at 11 per share.

(William S. Kies was a director as well as chairman of the executive committee of the A.C.A. on this date.)

4. Richard H. Grimm to Frank E. Bliss, February 15, 1932, for voting trust certificates, option to run 30 days; 1,500 shares at 7 per share, 1,500 shares at 8 per share, 1,500 shares at 9 per share, 1,500 shares at 9½ per share, 1,500 shares at 10 per share, 1,500 shares at 11 per share.

(Richard H. Grimm was president of the A.C.A. on this date.)

Mr. PECORA. How many shares were listed at that time on the New York Stock Exchange?

Mr. BROWN. I should say approximately 380,000 shares.

Mr. PECORA. Three hundred and eighty thousand.

Mr. BROWN. Yes.

Senator TOWNSEND. What was the amount of the options given?

Mr. PECORA. There was a total of 30,000 shares covered by these four options.

The testimony shows that these shares were personally owned by Brown, Publicker, Kies, and Grimm.

At this time the stock was selling for between 6¾ and 8. The testimony of Mr. Brown was that he did not expect Mr. Bliss to sell the stocks, but only to sponsor them, and to serve in "stabilizing the price."

Mr. BROWN. If I remember that particular option, when the option expired, much to my surprise, Mr. Bliss called the entire quantity, all of it. Also, if my memory serves me correctly, I immediately replaced all the stock that had been called by purchase in the open market.

Senator BARKLEY. You mean he called all the 9,000?

Mr. BROWN. Yes.

Senator BARKLEY. At less than 11?

Mr. BROWN. I called him one day and told him that we did not want to renew the option.

Senator TOWNSEND. When did the option expire?

Mr. BROWN. I have forgotten.

Mr. PECORA. It was a 30-day option.

Senator GORE. Give us the history of what transpired.

Mr. BROWN. When the option expired—I do not know the range of the stock during the time the option was out, but if my memory serves me correctly, when I called Mr. Bliss and told him that we did not desire to renew the option, he called all the stock. He apparently had disposed of the whole business, and that was very much of a surprise to me, and I immediately went in the market and replaced it.

Senator STEIWER. At what price?

Mr. BROWN. A price above this—around 11 or 12.

Senator BARKLEY. He called this stock, then, in violation of your agreement with him?

Mr. BROWN. He had the option.

Senator BARKLEY. But the private understanding was that it was not to be called.

Mr. BROWN. I told him what our desires were.

* * * * * * * *

Mr. BROWN. No. In all fairness to Mr. Bliss, I would say that I told him, at the time the options were given, that we did not want any of the stock called. He made no commitment on his part.

Mr. PECORA. Did the same thing happen with regard to the other three option agreements, those given by Mr. Kies, Mr. Publicker, and Mr. Grimm, respectively?

Mr. BROWN. I think they were all called.

Mr. PECORA. All 30,000 shares?

Mr. BROWN. I think so, and I think they were all replaced.

Mr. PECORA. During the period of these options was the purpose that you had in mind of stabilizing the market well served?

Mr. BROWN. Yes; except that it cost me money.

Testimony was then given as to other options, as follows:

June 11, 1932, to Prentice & Siepack, 29 days' option: 2,000 at 12½, 2,000 at 13½, 2,000 at 14½.

Option given by Russell R. Brown July 11, 1932, to Prentice & Sieback, 32 days' option: 1,000 at 12½, 2,000 at 13½, 2,000 at 14½.

Option given by Brown & Grimm July 22, 1932 to Prentice & Siepack, 21 days' option: 1,000 at 13½, 1,000 at 14½.

Mr. PECORA. What was the purpose that you and Mr. Grimm had in granting these three options to Prentice & Siepack?

Mr. BROWN. I don't remember.

Mr. PECORA. What is that?

Mr. BROWN. I don't remember.

Mr. PECORA. Well, now, isn't it rather singular that you recalled with some clarity the reason——

Mr. BROWN (interposing). Well, I assume——

Mr. PECORA (continuing). Why you and Mr. Grimm and Mr. Kies and Mr. Publicker gave the options in February 1932 to Mr. Bliss, and do not recall the reason why you gave these options in June and July 1932 to Prentice & Siepack?

Mr. BROWN. No. I assume it is for the same purpose.

Mr. PECORA. The same purpose for which the options were given in February 1932 to Bliss?

* * * * * * *

Senator GORE. Mr. Brown, you say the purpose of all these options was to stabilize the market?

Mr. BROWN. Yes; that was supposed to be it.

Senator GORE. The only way you could do that would be to buy when the stock was too low and sell when the stock was too high, wouldn't it?

Mr. BROWN. I suppose they did that; I didn't do it.

Senator GORE. Was that what you had in mind?

Mr. BROWN. However, they operate in the market. I assume that that would be it.

Senator GORE. It was your idea that they would sell when the price ran up too high?

Mr. BROWN. That is correct. Yes, Senator.

Senator GORE. Now, of course, I don't understand much about this market business——

Mr. BROWN. Neither do I.

Senator GORE. But it seems to me that the only way they could profit by these actions would be by some means to raise the price in the market higher than the price you would stipulate in these options, and then call the options at that higher price.

Mr. BROWN. I don't know.

The next option discussed was as follows:

August 9, 1932, to Stephen M. Ames, 30-day option: 10 lots of 1,000 shares each progressing from $16.50 to $21 in half-dollar rises. Option given by Russell Brown.

Mr. PECORA. And on whose initiative was this option given to Mr. Ames?

Mr. BROWN. On my own initiative.

Mr. PECORA. On yours? And what were your purposes in giving him this option?

Mr. BROWN. Same idea that prevailed before.

Mr. PECORA. That is, to stablize the market?

Mr. BROWN. Yes, sir; if I remember correctly.

Mr. PECORA. Was the market then in need of stabilization?

Mr. BROWN. We thought so.

Mr. PECORA. Had there been any violent movements in the quotations?

Mr. BROWN. Not that I remember.

Mr. PECORA. It had been pretty orderly from February 1932 when you gave the first of these options to Mr. Bliss, had it not?

Mr. BROWN. Well, I mean I really don't remember.

Mr. PECORA. Was not the stock steadily increasing in value on the exchange from February 1932 after you gave the first of these options?

Mr. BROWN. Might have been; yes, sir.

Mr. PECORA. Was there any apparent need at the time you gave this option to Mr. Ames of any stabilization of the market?

Mr. BROWN. Well, we felt so.

Mr. PECORA. Who felt so?

Mr. BROWN. I felt so, with my associates.

Mr. PECORA. What were the evidences showing the existence of that need at this time, in August 1932?

Mr. BROWN. Well, I just don't remember.

Mr. PECORA. As a matter of fact, the market had been steadily going up, hadn't it?

Mr. BROWN. Well, apparently, from the prices at which these options were given.

Mr. PECORA. Can you recall any circumstance that suggested to you a need for stabilization which was effected through the medium of this option to Ames?

Mr. BROWN. No, sir.

These options, with perhaps one exception, all contained a clause agreeing to hold a certain number of shares available for borrowing by the optionee.

Mr. PECORA. Now, I notice that in the options to Mr. Bliss there are provisions corresponding to these that I have specifically called to your attention from the options to Ames and to Prentice & Siepack, respectively.

Mr. BROWN. Yes, sir.

Mr. PECORA. In other words, the Bliss options contain a clause which I will read to you from the option you personally gave Bliss: "The party of the first part"—meaning yourself—" agrees to loan to the party of the second part at any time during the option period all or any part of such 6,000 certificates then remaining unsold under this option, such loans to be made according to the usual Street custom", and so forth.

You observe that?

Mr. BROWN. Yes, sir.

Mr. PECORA. So that in all of these options, beginning with those given to Bliss in February 1932, the discussion between you and the optionees, respectively, contemplated short selling too. Is that right?

Mr. BROWN. On their part; yes, sir.

Mr. PECORA. On their part, and that was part of the scheme to stabilize the market, was it?

Mr. BROWN. I assume so.

Mr. PECORA. Was it?

Mr. BROWN. Yes, sir.

The hearings then took up options given to Ruloff E. Cutten by Russell R. Brown, as follows:

September 12, 1932, to Ruloff E. Cutten, 90-day option: 2,500 at 22, 2,500 at 23, 5,000 at 24, 5,000 at 25, 5,000 at 26.

September 11, 1932, to Ruloff E. Cutten, 90-day option: 2,500 at 27, 2,500 at 28, 2,500 at 29, 2,500 at 30.

December 12, 1932, to Ruloff E. Cutten, 90-day option: 2,500 at 20, 2,500 at 21, 2,500 at 22, 2,500 at 23, 5,000 at 24, 5,000 at 25, 5,000 at 26.

March 12, 1933, to Ruloff E. Cutten, 60-day option: 2,000 at 16, 2,000 at 17, 2,000 at 18, 2,000 at 19, 2,000 at 20.

Each of these Cutten options contained two illuminating paragraphs, one providing for the use of an equal number of shares for borrowing purposes, and the other—

The party of the first part will be entitled to receive 25 percent of the net profits of such account and will not be required to participate in the losses of such account.

Now, Mr. Brown, did you have any associates in the granting of these four options to Mr. Cutten?

Mr. BROWN. Yes; Mr. Grimm, Mr. Publicker, and Mr. Kies.

Mr. PECORA. Then why didn't they sign the agreements, or why aren't they even set up as parties to the agreements?

Mr. BROWN. Well, as to that I cannot explain it, except that it was the practice for me to sign the various options, is all.

Mr. PECORA. Well, the practice originally was for each optioner to execute a separate agreement in his name.

Mr. BROWN. Yes, sir.

Mr. PECORA. That was the practice followed in the case of the four options given to Mr. Bliss?

Mr. BROWN. Yes; that is correct.

Mr. PECORA. Who drew up these agreements with Mr. Cutten?

Mr. BROWN. I think I did.

Mr. PECORA. Was it your contemplation at the time you gave Mr. Cutten these options that he would call upon you for the stock covered by the options?

Mr. BROWN. No.

* * * * * * * *

Mr. PECORA. Now, the period of time covered by the four Cutten option agreements terminated on May 12, 1933.

Mr. BROWN. That is correct.

Mr. PECORA. You and those same associates of yours had commenced to give options to stock-exchange members as far back as February of 1932, a period of a year and a quarter.

Mr. BROWN. That is correct.

Mr. PECORA. During that time was any announcement made to the stockholders of your company as to you and your fellow officers and directors giving these options?

Mr. BROWN. No.

Mr. PECORA. Do you know who the other participants were in the trading account that was provided to be maintained by Cutten under these four option agreements?

Mr. BROWN. No, sir.

Mr. PECORA. Did you ever learn who they were?

Mr. BROWN. No, sir.

Mr. PECORA. Well, would it surprise you to know that they were as follows:

Mrs. Augusta Edgerton, who, I understand, is the wife of a partner of the brokerage firm of Melady & Co.

Mitchell Hutchins & Co., Chicago brokers.

Adrienne Ames, who was the wife of Stephen E. Ames, the broker to whom you had given the preceding option.

First Chrold Corporation, which, I understand, is a trading company in the office of E. F. Hutton & Co.

Cutten & Co., Ltd., which we have heard of before in the hearings before this committee, as a Canadian company organized for the benefit of some of the brothers or sisters or relatives of Mr. Arthur Cutten, who is a cousin of Ruloff Cutten.

Now, did you know that before?

Mr. BROWN. No, sir.

Mr. PECORA. Well, in view of the fact that you and your associates had, among the four of you, a 25-percent interest in this trading account, weren't you interested in knowing who the other participants were in that trading account?

Mr. BROWN. I never realized that there were other people in it. I assumed that Mr. Cutten was taking that.

Mr. PECORA. Well, were there profits received by you and your brother officers and directors of the company, from your participation in this trading account?

Mr. BROWN. Yes, sir.

Mr. PECORA. And you received them after the 12th day of May 1933, I presume?

Mr. BROWN. Yes, sir.

* * * * * * *

Mr. PECORA. Subsequent to the giving of these four options to Mr. Cutten, did you give any options on the stock of your company to anyone else?

Mr. BROWN. On the 2d day of May I gave an option to Thomas E. Bragg.

This option was for 90 days and was based on 25,000 shares at $18 per share, with shares held available for borrowing up to the total unsold on any one day during the option period. The option also contained this provision:

4. It is understood that this option is to be assigned to a syndicate to be formed by the party of the second part.

The option was increased to 40,949 shares at $20 on May 31. The syndicate manager, T. E. Bragg, was to receive $1 a share for his services.

Mr. PECORA. Now, Mr. Brown, do I understand you to say to this committee that the option given to Bragg on May 2, 1933, is in some way directly related to the necessity which became apparent to the officers of the company in March of 1933, that it would have to raise additional working capital?

Mr. BROWN. That is correct, sir.

Mr. PECORA. All right, for that. Now, in view of the fact that this option is not given by the corporation, and does not provide for the corporation receiving any part of the purchase price which the optionee would be required to pay for the 25,000 shares optioned to him at $18 per share, how did this option serve to provide your company with that increased or additional working capital?

The subsequent statements of Mr. Brown regarding these Bragg options was that they were designed to bring financial strength to the corporation. To do this he and his associates had set up two subsidiary corporations, as follows: Maister Laboratories Co., $180,000; Noxon, Inc., $270,000.

Mr. Brown accepted an unsecured note from K. B. Phagan for $180,000 and transferred to him 10,000 shares of A.C.A. stock as giving financial backing for Maister Laboratories Co. by thus purchasing its stock. Phagan was acting solely as a "dummy." Mr. Brown accepted an unsecured note from C. C. Capdevielle for $270,000 and transferred to him 15,000 shares of A.C.A. stock as giving a financial backing to Noxon, Inc., by thus purchasing its stock. Capdevielle was acting solely as a dummy. Here it is appropriate to quote direct from the testimony.

Mr. BROWN. The procedure, Senator, that was followed in this Noxon case was that Capdevielle's note was in for $270,000, and there were certain other arrangements with Noxon, Inc., and as a result of that Capdevielle acquired certain securities of Noxon, Inc., which he in turn made a deal with us which had been orally and verbally accepted in the early part of May 1933 for 15,000 shares of the company's stock, which was delivered under this option at $18 a share, and he received the cash; then, having liquidated American Commercial Alcohol stock, proceeded to liquidate his note for $270,000.

That, then, brought under the control of the American Commercial Alcohol Corporation the $180,000 in the Maister organization, $270,000 in the Noxon organization, and there is your total of $450,000, funds which were used to improve the financial situation of the consolidated organization.

* * * * * * *

Mr. PECORA. Maister came in 100 percent controlled and owned; Noxon came in 65 percent controlled. Immediately funds were borrowed from both of those corporations by the American Commercial Alcohol Corporation, and payments were immediately made.

Mr. PECORA. Funds were borrowed from both of them, you say?

Mr. BROWN. Yes.

Mr. PECORA. By American Commercial Alcohol Corporation?

Mr. BROWN. Yes.

Mr. PECORA. Both of those corporations merely had promissory notes.

Mr. BROWN. As I indicated to you during my replies, these shares of stock which were received by Capdevielle and by Phagan were immediately put out by them at $18 a share. They were then in possession of funds with which they liquidated their notes.

Mr. PECORA. To whom did they put out capital stock of the American Commercial Alcohol Corporation?

Mr. BROWN. They either put it directly to Bragg or listed it for Mr. Grimm and me.

Mr. PECORA. Which did they do?

Mr. BROWN. Half and half, I should say.

Mr. PECORA. In other words, they made deliveries under this option to Bragg, the option which you gave to Bragg on May 2, 1933?

Now let us move over to stock-exchange practices as covering such an indirect method of raising money from the investing public. The application for listing was made in the usual form or forms, covering in two applications a total of 25,000 shares, to be utilized in acquiring dummy corporations, and in offering forty-one-thousand-two-hundred-and-ninety-three-odd shares to be offered to stockholders of the A.C.A. at the ratio of 1 to 5 already held, to be paid for in cash at $20.

Incidental to these applications the testimony of Frank Altschul, chairman of the committee on stock lists, New York Stock Exchange, shows that the application for listings was granted, though there were later shown to be questionable over-valuations in connection with Noxon, Inc., particularly, involving in a few days an increase in "good will, and so forth" from $80,000 to $380,000.

Finally, when Mr. Altschul was questioned very closely as to stock-exchange procedures, he stated that, after all, the investing public was not fully protected by stock-exchange listing, in the following words:

Mr. ALTSCHUL. * * * I tell you in that case we were deceived. I have here, in case it is of interest to you, a rather lengthy document, which I do not think would be of very much interest, showing you the general tightening up in our procedure from 1926 to 1933. It is constantly in process of development, on the basis of experience. I do not know of any experience in any field that is going to forearm you against every new kind of deceit. With the enormous number of applications acted upon when they are put on the floor, the cases of deceit are rather few, and we try to improve our procedure every time something new comes to our attention, but the trouble about those things is that there is always somebody who is smart enough to try something new, and if he tries something new that has never been tried before, even with the most rigid requirements in the world, he may find some way of fooling you. Whenever that happens, we try to profit by it. I think Mr. Whitney's statement that our requirements go far beyond those of any other market place in the world is unquestionably so.

* * * * * * *

Mr. ALTSCHUL. My recollection is that this application—that in the first instance the committee on stock list received from the executive secretary of the committee a report covering this application; that then later, in the usual manner, they received the application on a Friday afternoon, having an opportunity to go over it before the committee on Monday morning.

The usual procedure was followed in this case: The members went over the application. They saw the different things that were set forth in the application and were prepared to act on it at the meeting on Monday.

In the case of an application of this sort, which is for an additional listing of stock, the questions that are asked by the committee of the executive secretary, who has all of the documents in charge, are to determine whether all of the papers have been placed on file, whether the opinion of counsel is in order, whether the documents that have been filed with us substantiate the printed material that is in the listing application.

Having found nothing in the application that disturbed us in any way, the application was thereupon acted on.

Mr. PECORA. You have through the medium of the testimony given by Mr. Brown today and that you have heard, learned, or acquired knowledge of many facts which you did not heretofore possess with regard to this application, have you not?

Mr. ALTSCHUL. Yes, sir.

Mr. PECORA. Now, if that information and that knowledge of those facts that you gained through hearing Mr. Brown's testimony here today had been before your committee, had been in the possession of your committee or had been acquired by your committee prior to its acting upon the application, do you think your committee would have granted the application?

Mr. ALTSCHUL. If the information, as we understand the information that has been developed here today, sir, had been before us, it would have appeared that this stock was being issued for the purpose of supplying the company with working capital, not for the purpose of acquiring properties. Under those circumstances the question of the preemptive right of stockholders would have been immediately before us and the application would have probably been turned down on that ground, if upon no other.

Now we will turn back to the Bragg options and the syndicate contributions:

Russell R. Brown	$10,000
Rich H. Grimm	10,000
K. B. Phagan	5,000
William S. Kies	10,000
—. —. Chadbourne	5,000
C. C. Capdevielle	1,000
H. S. Brown	2,000
M. M. Ewing (secretary to B. B. Brown)	1,000

W. J. Butter	$1,000
Philip Publicker	5,000
Carl C. Conway	12,500
L. C. Young	12,500
John Bowen	12,500
Thomas Bragg	12,500

According to later testimony the subscriptions to the second Bragg options show only Bragg, Phagan, and Capdevielle putting up a total of $389,103; but in these figures were concealed interest of the various officers of the A.C.A.

Mr. PECORA. What benefits did you think your corporation would get under this underwriting agreement?

Mr. BROWN. I thought that the company would be placed in a splendid financial position, and my judgment in that connection I think is evidenced by the situation in which the company finds itself today.

Mr. PECORA. What benefits did you think would accrue to your corporation, not from the issuance of these forty-thousand-odd shares to its stockholders at a price substantially below the market, but from this underwriting agreement under which your corporation obligated itself to pay a commission of 5 percent?

Mr. BROWN. I thought that I was assisting in assuring the company of the success of the underwriting.

Out of this transaction one J. K. Whanger, an accountant, was led to testify that he had received $65,827.29 and definitely $25,000 out of "the alcohol thing" without any investment on his part.

Pool profits were distributed to various people as follows, but the actual recipients of profits were artfully concealed:

JULY 31, 1933.

W. E. HUTTON & Co.,
New York City.

GENTLEMEN: Kindly let me have checks drawn to the following names and for the following amounts, and charge account no. 296.

K. B. Phagan	$50,323.47
J. C. Brennen	10,064.69
J. L. Kauffman	20,129.39
C. C. Capdevielle	20,129.39
L. Young	25,161.74
C. C. Conway	25,161.74

Yours very truly,

(Signed) B. E. SMITH.

The third letter, marked "Exhibit No. 30", is as follows [reading]:

AUGUST 3, 1933.

W. E. HUTTON & Co.,
52 Wall Street, New York City.

GENTLEMEN: Kindly have the bank stop payment on check issued on July 31 to the order of L. Young for $25,161.74, and charged to account no. 296.

After you have been notified by the bank that payment has been stopped on the above, you will then draw a check to the order of L. B. Manning for $25,161.74 and charge account no. 296.

Yours very truly,

(Signed) B. E. SMITH.

Now for the specialist in this stock. His name was Charles C. Wright, of Wright & Seaton.

Mr. WRIGHT. I will swear to you, Mr. Pecora, that I could not answer what a pool account is.

Mr. PECORA. Well, you have often heard the term, have you not?

Mr. WRIGHT. I have often heard it, and have tried to define it, but I cannot answer the question. There are some pools that are put together for the apparent purpose of buying, and for the apparent purpose of selling, and some for distributing stocks, and for the purpose of making a market in stocks, and some for this purpose, that purpose, and the other purpose. I just have no way of defining the term.

Mr. PECORA. Well, let us take a pool organized for the purpose of making a market in a stock. You have been a participant in such pools in the past, I take it?

Mr. WRIGHT. Yes, sir.

Mr. PECORA. How do such pools operate? Will you tell the committee, from your familiarity with the activities of such a pool account, how it is operated?

Mr. WRIGHT. Some pool accounts operate on options—that is, some by way of direct purchase of stock and redistribute it—and others may be accumulation pools, where they accumulate stocks that somebody desires. Each one is in a different group.

Mr. PECORA. Well, let us take a pool account organized for the purpose of making a market in a stock.

Mr. WRIGHT. All right.

Mr. PECORA. In which an account is organized to trade in the stock.

Mr. WRIGHT. All right.

Mr. PECORA. How does such a pool actually operate in the market? How does it make a market?

Mr. WRIGHT. By creating activity.

Mr. PECORA. And how does it do that?

Mr. WRIGHT. By trading in the stock.

Mr. PECORA. That is, the pool buys and sells the stock?

Mr. WRIGHT. Yes, sir.

Mr. PECORA. For its own account?

Mr. WRIGHT. Yes, sir.

Mr. PECORA. And frequently, if not invariably, such a pool has an option covering the stock in which it trades?

Mr. WRIGHT. That is right.

Mr. PECORA. And it gets that option as a rule from what kind of persons?

Mr. WRIGHT. Sometimes from individuals, and sometimes from officers of the company, and sometimes from large stockholders, and sometimes from the corporation which might hold a good block of stock and which wanted to get rid of it.

Mr. PECORA. And as a rule what is the object sought to be accomplished by those persons who organize a pool account in order to make a market in the stock?

Mr. WRIGHT. Will you put that question again, please?

Mr. PECORA. The committee reporter will read it to you.

(Thereupon the committee reporter read the last question.)

Mr. WRIGHT. To redistribute the stock at a higher price if possible.

Mr. PECORA. That is, to raise the price level of the stock as much as possible?

Mr. WRIGHT. Yes, sir.

* * * * * * *

Mr. Wright made from A.C.A. trades between May and July 1933, $138,000, besides brokerage fees of something in the neighborhood of $2.50 for each 100 shares sold. The total trading in the stock on the New York Stock Exchange between May 15 and July 22 was 1,145,100, of which Mr. Wright handled about one fifth, carrying out instructions to buy and sell, as well as buying and selling for his own account.

Mr. PECORA. Now, Mr. Wright, by such processes or activities on behalf of pool accounts, especially where trading for such pool accounts is done by brokers who are also members of the pool or participants in it, isn't it a fact that the public gets a false notion of the activity in the stock?

Mr. WRIGHT. I would have to think for a second before I try to answer that question.

Mr. PECORA. Surely. You may do that.

Mr. WRIGHT (after a pause of a few moments). Do you want me to talk freely and frankly on this?

Mr. PECORA. Yes; very frankly indeed.

Mr. WRIGHT. Because the public will not trade in stocks that are not active. Naturally when you make a stock active the public will trade in that stock. And many times you are successful and many times you are unsuccessful in such an effort in any particular stock; and if you are running a pool and they do not trade in the stock, that is your hard luck.

Mr. PECORA. Then, activities engendered by pools that are organized to distribute stocks that they hold under option, or which they have already accumulated, at prices which would represent profits to themselves, are activities designed primarily to induce the public to come in and buy, so that distribution may be effected at higher levels?

Mr. WRIGHT. Yes, sir; which is just the same as distributing groceries or any other commodities.

Senator ADAMS. In other words, it is just like anybody going fishing; he wants to fish where the other fellows are.

Mr. WRIGHT. Yes, sir. In many cases, Mr. Pecora, prices of stocks go far beyond what anybody had in mind. I think the history of almost every stock down town is that some days it goes far beyond any dream that anybody had.

Summing up this statement to get a general conclusion on just one stock, we find a stock very inactive, because closely held, raised from $6 plus in February 1932 to $89⅞ on July 18, 1933, then dropping to around $30, and at the time of the hearing selling at about $40. My comments on it do not touch on whether it is valuable and with ample background of business activity, but that various dummy processes and the work of options, syndicates, pools, and so forth, created a false sense of activity that led the public to invest.

Furthermore, it deliberately deceived the New York Stock Exchange on two occasions; on both occasions the New York Stock Exchange according to the statement of Mr. Altschul, did not show alertness as to any deception used to secure the valuable listing privilege of the Stock Exchange.

Consequently it is reasonably clear that no one should speculate in any stocks unless he can afford to lose either in buying or selling; that an investor should always investigate; and that if he cannot do that, he should stay away from any buying, as he is almost helplessly on the outside, subject to suggestions that reach him, not to strengthen his position, but just to make him inclined to buy.

Finally the repeated arguments during our 2 years' hearings that short selling and margin buying are paralleled by

any orderly purchase of material goods is not sound, since a stock transaction, for speculation, at least, is a transaction in an intangible thing, fluctuating up and down in price simply by the vagaries of warring minds, and not at all related to intrinsic values.

Mr. President, it will be remembered that the stock exchange claimed the right to make its own rules and regulations, and insisted that it could prevent abuses and correct errors and was willing to attempt it, and it claimed it had been doing so.

There have been some amendments to the rules and regulations. The officials gave us some assurance that they intended to continue to work out certain reforms and make certain revisions of their rules and regulations which would effect the correction of the abuses to which I have referred.

We appealed to them to do that. We hoped they would inaugurate rules and regulations and establish practices which would overcome what Mr. Whitney so clearly stated existed in connection with the stock exchanges, practices which needed to be reformed. They promised to do that, and they did adopt some amendments to their rules which I think were helpful. But evidently—and I believe this is their own view—they are powerless to accomplish all that should be accomplished. In the first place, they have no jurisdiction except over their own members. They have no jurisdiction over outside people issuing securities. In the next place, they have not the power or authority to accomplish what they would like to see accomplished. There is, therefore, need for some regulatory body with ample power to supervise these conditions.

Mr. President, this is shown by the experience, after they had assured us they were amending their rules and were working out reforms, in July and August of last year, in connection with the stocks to which I have referred, showing that these abuses, the formation of pools, the operations of the specialists, and all that sort of thing, were taking place as late as last summer, proving, I think, that the country cannot depend upon the stock exchange to bring about the reforms and the corrections which they themselves admit are necessary in order to correct vicious and unwise practices.

There are some people, of course, who say that the gambling propensity exists in nearly all men, and women as well, and that law should not interfere with its indulgence; in other words, that we cannot prevent people from gambling on the stock exchanges or anywhere else. To a large extent that is true. We cannot by law protect a fool against his folly. We cannot by law do away with gambling propensities. But we can take away the facilities and the attractions and the inducements to people to invest their money in speculative securities and really gamble. We can minimize that sort of thing.

The argument that people must gamble, that they have that impulse which they cannot control, and will gamble, simply leads to a reductio ad absurdum. If it is carried to its full extent, it means that we ought to repeal all laws against gambling in all the States; we ought to establish a lottery in the United States and let people gamble by means of a national lottery, because it is much less harmful than gambling on the stock exchange.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. McKELLAR. I was called out today just as the Senator reached the portion of his speech in which he was discussing the question of an independent commission or the Federal Trade Commission as an enforcer of the act. Is it not true that the Federal Trade Commission already has a set-up of experts, and has it not had quite an experience in the handling of other securities, and does not the Senator believe that we would really get a more efficient enforcement of the proposed act by having it administered by the Federal Trade Commission?

Mr. FLETCHER. Mr. President, as I stated while the Senator from Tennessee was out of the Chamber, my personal view was expressed in the terms of the original bill, S. 2693, whereby the administration of the act was reposed in the Federal Trade Commission. I think that Commission has done splendidly in administering the Securities Act. It is a Commission in which I have the fullest confidence, and I have nothing but praise and commendation for what it has already accomplished.

Mr. McKELLAR. I feel the same way about it. I think it has done a wonderful work.

Mr. FLETCHER. But in view of many objections raised to the Federal Trade Commission administering this proposed act on the ground, as was claimed, that its members were not bankers or financiers or acquainted with the handling of securities and that sort of thing, and that those charged with its administration ought to be specially qualified men, acquainted with such transactions and experienced in stock-exchange matters to a large extent, the prevailing sentiment seemed to be that there ought to be a special commission. That was the claim, and that was the demand—that there should be a commission. Partially, I think, in response to that, but in part independent thereof, there was a large sentiment in our committee in favor of a special commission.

To my mind it does not make very much difference one way or the other. If we shall have a special commission of five, appointed by the President and confirmed by the Senate, I think we will get a very efficient and capable body to administer this act; so we provided for such a commission.

Mr. McKELLAR. Mr. President, I have very great doubt about the appointment of experts in that line of business, because I am fearful that their enforcement of the act would not be so good as that of disinterested men, such as the members of the Federal Trade Commission. The House in its bill provided for the Federal Trade Commission as the enforcer of the act, and it seems to me that is a very wise provision to have contained in the bill. I have the greatest confidence in the honesty, the sincerity, and the ability of the Federal Trade Commission. I think it is a wonderful piece of machinery. It has done splendid work. In my judgment, this measure would be better enforced and more equitably enforced, if I may use that expression, in the hands of the Federal Trade Commission than if the enforcement were given over to a new commission. I have very great doubt about a new commission.

Mr. FLETCHER. I am not disposed to disagree with the Senator about that. At the same time, a special commission seems to satisfy the demand and meet the approval of most people—at least, some of the critics of the original idea—and I think a special commission named by the President and approved by the Senate undoubtedly would give entire satisfaction.

Mr. McKELLAR. What was the vote of the Senate committee on this subject?

Mr. FLETCHER. My recollection is that there was a vote of about 2 majority in favor of the special commission. I think the vote was 10 to 8.

I believe the special commission provided for in this bill would give satisfaction to the country and meet some objections; so, accordingly, I have offered an amendment which provides for the transfer of the administration of the Securities Act to the same commission.

Mr. LEWIS. Does the Senator mean to the Federal Trade Commission?

Mr. FLETCHER. No; to the special commission of five.

It is claimed and it has been argued that this proposed legislation would interfere with business. Business is based on confidence. Credit is the result of confidence. Let us insure confidence by giving securities an acknowledged status and recognition by requiring them to be registered and requiring exchanges where they are dealt in to be registered by a responsible agency. Inevitably that will help business, reassure capital, and increase investments.

It is claimed that pools or trading accounts are formed to stabilize prices and maintain a steady market. This is not what the broker wants. He wishes a gyrating market, because he makes commissions on its active movement up or down. Stabilization is the last thing he wants. He is after making money.

The Securities Act has saved millions of dollars to the people—the public.

This act will save billions of dollars—that is, prevent the loss of billions of dollars. Those whose money will thus be saved are some of the people for whom we are speaking.

It is testified that one out of six may win in stock speculation. These people I should like to serve.

It is said that 93 percent of the odd-lot traders lose.

It has been said this bill will put people out of business; will adversely affect business. What business?

There can be no interference with securities exempted from this bill. What are they? See paragraph 12, page 6, of the bill.

Uncontrolled and arbitrary management of security issues, security markets, speculative pitfalls for the unwary investor, selfish and individual management of large corporations affected with a public interest must come to an end.

The principle of trusteeship in all affairs so affected with the public interest must be made dominant and effective.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. LEWIS. At this point I should like to ask the able Chairman of the Senate Banking and Currency Committee if he is not aware of the fact that England has had for a very long time a form of legislation carrying many provisions similar to those of the present bill and which have been recognized as working a most corrective benefit to and aiding the general welfare of the stock exchanges and the stock holdings in England? I should like to hear a little from the Senator on that subject.

Mr. FLETCHER. Undoubtedly what the Senator says is true. The British companies act has been in effect for many years and is giving great satisfaction. Its provisions have been construed by the courts and form quite a body of precedent for our guidance. The British companies act is largely followed in this bill.

There is one thing I will mention. Under the practice on the London Exchange, there are no margin accounts. The allowance of margins and margin trading in this country has led to a great many abuses and to excessive speculation. That is not permitted in England. When a person is permitted to put up a few dollars on margin to buy stocks and take chances of winning or losing, he is tempted to do so. Margin operation, in my judgment, is responsible for the ruin of thousands and thousands of people.

Judge Clark, of New Jersey, who testified before us, advocated doing away entirely with margins. From his long experience he mentioned the fact that the penitentiaries are crowded with men who have been found guilty of embezzlement and other offenses, all by reason of their operations on the stock exchanges. Not only that, but men have lost their business, lost their property, lost their reputation and their good name by the hundred thousand in this country because they have been tempted to speculate on margin on the stock exchange.

I want to warn the people who have flooded this country with propaganda against this bill and against legislation of this kind, misrepresenting the alleged loss to business, the alleged harmful effect of this proposed legislation on business, the number of people who are going to lose their business, and all that sort of thing, that they will not be able to stem the tide of public opinion demanding this legislation in our country.

It has got to come. They are powerful, but they are not powerful enough to defy Congress. They are strong, but they are not strong enough to obstruct the Government. At least that is my hope and my belief, and I am convinced that unless we pass this proposed legislation now they will take on new strength and double their efforts and we will never pass it.

I feel like warning these gentlemen to this effect, "Continue your opposition and your fight and determination to have your own way, to be free absolutely from any supervision or regulation by anybody; regulate yourselves; I feel that if you persist in that struggle and that determination and that sort of fight and that sort of propaganda, the next movement that will come will be a determined and a successful effort to wipe away margins entirely from stock exchanges." That will take away from the exchanges 40 percent of their business. They will not like to see that; they will not enjoy that; but they are bringing that about, in my judgment, by their attitude respecting this proposed legislation.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. FLETCHER. I yield.

Mr. BARKLEY. In line with what the Senator just said, I wanted to suggest that, notwithstanding the Committee on Banking and Currency has been engaged in an investigation of this subject for more than 2 years, resulting in more than 21 volumes of printed testimony, notwithstanding the fact that it held open hearings for weeks on this particular measure, many of those who were given an opportunity but did not take advantage of it to come here and offer suggestions as to this proposed legislation, now that it is out of committee and on the calendar of the Senate, are taking advantage of every opportunity to persuade the Senate and the House not to pass any legislation at all on this subject, on the ground that we have not as yet investigated the subject sufficiently to know what sort of act to pass.

Mr. FLETCHER. Precisely. They do not want any legislation at all; that is the whole story. As I said a while ago, I cannot understand why the director of any corporation, or the president or an officer of any corporation should object to a requirement that when he appeals to the public to buy the securities of his company it shall be exacted of him that he put upon the record the truth regarding those securities. Why should he not state the truth? And if he states the truth that is all that is required of him.

Mr. President, Senators have received letters and communications of all sorts from all sections of the country protesting against this proposed legislation; Senators have been flooded with such letters; but perhaps they have not heard from the unorganized victims. I have had bushels of letters from them. It would weary the Senate for me to portray the individual pictures that have been presented, but they ought to be known and they ought to be considered. I could for 2 or 3 hours tell the Senate about particular pathetic cases. I may mention just a few of them. For instance, a maiden lady in a certain town in a certain State had $10,000 of Liberty bonds—and that was all she had in the world—when along comes one of these high-pressure salesmen and persuades her that she ought to be getting 8 percent, at least, in dividends from the stock which he represented and which he claimed was bound to rise in value. He persuaded her to sell her Liberty bonds, and put her $10,000 into an Insull company, and she has lost her whole fortune. That sort of thing is going on everywhere.

I have one from a street sweeper in the city of St. Louis who had accumulated three or four thousand dollars in cash, which was all he had, according to his letter to me, and I have no doubt his statement is true. He was persuaded by one of these salesmen to invest in the stock of an affiliate company, all that he and his wife had saved up, and today it is not worth a cent.

A trucker down in Florida—poor fellow—and his wife worked hard all their lives, taking all the chances of the seasons, fighting insects and what not, taking the chances of the market, selling their products and finally accumulating $1,000 apiece. He saw quoted on the curb exchange in New York the stock of a big Midwest corporation at $1 a share. He thought there must be some profit in it, and he communicated with a broker. The broker told him to send on his $2,000 and he would send him the stock.

He sent the $2,000 and the broker sent him the stock all right. The man who bought it sent me the certificates, and they were very good looking certificates, with a stamp showing the transfer tax paid, and all that kind of thing. Then the purchaser could hear nothing from the corporation or any of its officers, and wrote me to inquire about it. I did inquire and found that the corporation had been in the hands of a receiver for 8 or 10 months, and that at

that time it was in bankruptcy. I communicated with the referee in bankruptcy and he told me there were not sufficient assets to pay the Government tax.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Arkansas?

Mr. FLETCHER. I yield.

Mr. ROBINSON of Arkansas. Was that broker operating on the exchange?

Mr. FLETCHER. Yes; he was a broker operating on the exchange; yes. I do not know whether he ought to be brought to task about that transaction, because the man wrote him and said, "I see quoted on the curb exchange this stock at $1 a share and I want 2,000 shares of it," 1,000 for himself and 1,000 for his wife. The broker took his order; that is all. Perhaps the broker ought to have warned him what the stock was, but he did not do so; he merely complied with his order, sent him the stock, and got his money, $2,000. In the first place, there ought to be some rule prohibiting the curb exchange or any other exchange listing or carrying on their trading list at all stock of a corporation that has been for some time in the hands of a receiver.

Mr. ROBINSON of Arkansas. Mr. President, may I ask if the stock was listed on the exchange?

Mr. FLETCHER. It was listed on the curb exchange, not on the regular exchange; it was quoted on the curb exchange; and that is where this man saw it quoted in the newspaper at a dollar a share. He simply wrote the broker and said, "Buy me 2,000 shares of the stock." It turned out that this stock was not worth the paper on which it was printed, because the corporation itself was in bankruptcy and there were not sufficient assets to pay the Government tax. I could go on and give similar instances involving school teachers and others all over the country who have suffered in that sort of way. They are entitled to some consideration.

I wish to read just some sample cases described in letters which I have received on the subject. I will not take the time of the Senate to read the entire letters, but here is one, for instance, from New York. The writer says:

> I wish to advise you that in 1932 midsummer I bought 800 shares of Macy stock at $44 and I paid for same. Between two brokers, who were handling the transaction, I lost the money completely, so that up to date I have not even received $1.
>
> * * * * * * *
>
> Your bill should pass both Houses, and it should be 100 percent more strict in controlling the stock exchange than it now is.

I do not need to put the whole letter in the RECORD. I just read extracts from it.

Some people wrote me who did not want to give their names. I do not believe the writers of any of the letters I now have in my hand made that request. Here is one from St. Louis, Mo., from J. D. McCutcheon, and dated April 19. Perhaps the Senator from Missouri may know the firm.

It is said that we cannot stop speculation, and we ought not to stop speculation. The stock-exchange people want to encourage stock speculation. The writer makes this point, which I will read, in order to emphasize it.

He says:

> Speculation not only makes no essential contribution to the capital financing of business enterprises but creates enormous obstacles to the legitimate performance of this necessary function. By an appeal to their avarice it first destroys the investment consciousness of countless small investors and then destroys their savings and their confidence. It is congenital with our system of capital financing, as at present organized, and feeds on itself at a constantly accelerating pace until it crashes. * * *
>
> For 13 years I have been in the security business * * * and have reasonably close contact with numerous investors. Judging from these contacts, it is my humble opinion that the owners are not only ready but anxious for a drastic reorganization of the system.

Mr. President, I will ask that this letter may be printed in full in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

JOHN D. MCCUTCHEON & CO.,
St. Louis, Mo., April 19, 1934.

Hon. DUNCAN U. FLETCHER,
Senate Office Building, Washington, D.C.

DEAR SIR: Speculation not only makes no essential contribution to the capital financing of business enterprises but creates enormous obstacles to the legitimate preformance of this necessary function. By an appeal to their avarice it first destroys the investment consciousness of countless small investors and then destroys their savings and their confidence. It is congenital with our system of capital financing, as at present organized, and feeds on itself at a constantly accelerating pace until it crashes. This cycle will inevitably be a recurring one unless the present system is drastically reorganized. Capital issues should be bought to hold, but they never will so long as the managers of corporations and brokers, who play the game with them, can so handsomely profit by systematically milking the owners and creditors of these corporations.

For 13 years I have been in the security business (5 of which were as manager of the St. Louis office of H. M. Byllesby & Co.) and have reasonably close contact with numerous investors. Judging from these contacts it is my humble opinion that the owners are not only ready but anxious for a drastic reorganization of the system.

Any reform that is at all substantial jeopardizes the interests and property of someone, and those injured become highly articulate in their opposition. But it sometimes happens that the failure to enact a reform injures more people very much more substantially in the aggregate, but, because they are unorganized and inarticulate, their Senators and Congressmen do not hear from them. Naturally, large corporation officials, margin speculators, and members of stock exchanges are violently opposed to the Fletcher-Rayburn bill and the Federal Security Act. It is their particular racket that is injured. And how quickly these rackets become a right. Not so with the real investor who buys bonds to hold to maturity or stocks as a permanent investment, for income and not for speculative profits. I do not know a single such investor who is opposed to the Fletcher-Rayburn legislation. And make no mistake, these are the people who furnish the permanent capital for American business. They not only favor the principle of the measure but definitely believe that the bill cannot, under the circumstances, be too stringently drawn.

The specimen enclosed herewith, which has been very widely distributed throughout this territory, gotten out by a self-appointed group purporting to represent all or substantially all Missouri security dealers, is a sample of the hollow emotionalism by which hundreds of unthinking people are persuaded to write you letters objecting to the legislation.

The propaganda campaign has become so bitter that a good many salesmen, who feel as I do, are afraid to write such a letter as this for fear of blacklisting by employers. This is also true of numerous small dealers, like myself, who fear blacklisting by large underwriting houses upon whom they are dependent for their supply of new securities.

Let us not break faith with millions of honest investors who want a genuine new deal in security issues and in the organized market places for them.

Very respectfully yours,

J. D. MCCUTCHEON.

Mr. FLETCHER. I will next quote from a letter from J. R. Edwards, of Cincinnati, Ohio, who writes under date of April 20, as follows:

> The proposed law before Congress at this time to regulate the stock exchanges is a very necessary law, but due to the fact that so few people know why the system is bad and also due to the intense, seductive propaganda of the New York Stock Exchange the actual facts are perverted.

I will ask, Mr. President, that this letter may also be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter entire is as follows:

J. R. EDWARDS & CO.,
Cincinnati, April 20, 1934.

Senator DUNCAN U. FLETCHER,
Senate Building, Washington, D.C.

DEAR SENATOR FLETCHER: The proposed stock-exchange control bill is being considered by your body. It is good in every respect, except one dangerous weakness.

The proposed law before Congress at this time to regulate the stock exchanges is a very necessary law, but due to the fact that so few people know why the system is bad and also due to the intense seductive propaganda of the New York Stock Exchange, the actual facts are perverted. Of course the New York Stock Exchange know they are in for a spanking and they are agreeing to many of the proposals in the law to prohibit pools, manipulation, etc., but when it comes to marginal accounts great pressure is being brought to bear that these marginal accounts be permitted to exist. That's where the brokers make their money in two ways. More people can buy stocks on margin and then they lend the public from 50 to 75 percent of the cost of the stocks and they

charge 1 to 3 percent over and above the ruling rate for the money so lent.

Now the preamble of the original proposed law, section 2, which I earnestly request you to read (it may be expunged from the redraft of the measure) gave the reasons why speculation should be controlled. It blamed the whole depression upon extravagant speculation from 1927 to 1929, which is true, and I can prove it.

Now extravagant speculation can only be fostered through the use of tremendous sums of borrowed money. First, millions of gamblers buy stock on margin. Then the brokers lend them the balance of the purchase price. The next operation is that the brokers borrow this money from the banks to cover their extension of credit to their customers, and thus brokers loans are created. Now Congress is attempting to regulate the margin, whereas the margin is not the dangerous factor, except that 98 percent of the public lose their margin. The dangerous fact is the creation of brokers' loans that never can be liquidated except through the forced sale of the stocks in a panic, that always wipes out the margin.

This is too important a subject to gloss over or to compromise.

I know that the brokers are bringing great pressure on Congress to continue marginal accounts, but the danger is not in the margins; it is in the brokers' loans that are created by the margins. Congress must understand that brokers' loans are the most unusual class of loan. Unlike any other commercial credit, brokers' loans have no element of self-liquidation. A non-self-liquidating loan is a permanent loan that can only be paid off through the forced sale of assets. Now, brokers' loans can only be paid off at the end of a speculative era through the forced sale of the collateral stocks, which causes or accentuates a stock-market panic. Now, the stock-market panic started on October 23, 1929, and through a period to June of 1932, these brokers' loans were continually under forced liquidation, until stocks were forced to one tenth of their former prices. These loans were liquidated from eight and one half billion dollars down to $250,000,000.

Now, you can see that the forced liquidation of brokers' loans caused everybody that had stocks on margin to lose their margin, and in this case the public took losses estimated between nine and ten billion dollars. There were no original margins big enough to withstand the shrinkage. No country can take these staggering losses without feeling the effect, and the effect was a terrific curtailment of the buying power of the public through these staggering losses plus fear and the loss of confidence. The next effect was the terrific curtailment of business. We know this happened, and we know that this curtailment of business threw 12,000,000 people out of work, whose buying power was destroyed to the tune of $60,000,000,000 in the past 4 years. Nobody can dispute this fact.

But the disasters did not stop here, because with the curtailment of business to 25 percent of normal, the profits normally used to pay interest charges disappeared, and thus there were billions of defaults in bank loans, mortgages, and bonds. This destroyed confidence in most credit and froze billions of credit. Now, you begin to understand why the banks were affected, because they had much of the credit that was involved, either because it was in default or frozen. But in addition, since confidence in credit was destroyed, it demoralized the bond market, so that the bonds held by the banks had terrifically declined. Thus confidence in banks was shaken and hoarding came in waves. Deposits declined from $56,000,000,000 to under $40,000,000,000, which caused banks to liquidate their assets. But this was impossible to do, so 5,000 or 6,000 of them failed, many through no fault of their own. Thus confidence in the remaining banks was destroyed until President Roosevelt had to declare the bank holiday.

In recounting the above I want to bring out the fact it was not the margins that caused the trouble in the first place. It was the liquidation of these brokers' loans. Of course, the loss of margins started the lack of buying power. Therefore don't you see, as a legislator, that it is very dangerous for Congress to recognize margin accounts. You are legalizing the biggest gambling game in the world, of which the public knows nothing, wherein 93 percent of them always lose.

Why should Congress get into hot water by recognizing marginal accounts and try to standardize them? You are simply standardizing the borrowing capacity of millions of gamblers who are not entitled to credit, who are able to put up their life savings as margin; thus they are gambling on a shoe string.

The economic conditions call for a discontinuance of margin accounts. Prevent the brokers from accepting marginal accounts, wherein they have to borrow money on brokers' loans with their customers' stocks as collateral. Prevent the banks from making these dangerous brokers' loans that have no element of self-liquidation. When a panic starts the banks and brokers liquidate brokers' loans by selling the collateral that accentuates and continues the panic until it spreads to all lines where all values are liquidated, because economic pressure is exerted in every direction. This is too dangerous a subject to temporize with. It has always caused the period of distress to millions of people, that starts a chain of disastrous events.

If Congress would adopt the process that I have suggested, it would force everyone desiring to gamble in stocks to go to their local banks for their speculative accommodations. The banks would not lend money to their local customers unless they disclosed their financial statement, which would show that 80 percent of those desiring speculative accommodations were not entitled to them. It would establish an educational campaign against speculation where there is no possibility to win, because of brokers' loans, whereas the brokers always encourage the worst type and never look into the financial status of anyone.

Don't you see that the brokers should not be considered in this law, because the havoc they wrought in commerce, in banking, was terrific. The public and the United States should be given first consideration.

The proposed law is good in everything except the recognization of marginal accounts, and if you recognize marginal accounts, you have not corrected the weakness in our speculative system and the same conditions we had in 1927 to 1929 will be reenacted. It does not matter whether the Federal Reserve Board or the Federal Trade Commission is given authority to regulate margins; public pressure will be brought to bear against them when they endeavor to raise margin requirements, but no matter what percentage of margin they establish, it will be too late to stop the public when they become overconfident and when the easy facilities of gambling in stocks are ever presented to them from every angle.

It is just foolish to regulate margins. You must regulate the public, and this regulation can only be done by forcing them to go to their local banks for speculative accommodations, where they can be advised and cautioned against this hazardous game, where they can be refused speculative accommodations when they are not entitled to them. Think of the ribbon clerks, the janitors, the workingmen, small-business men, and millions of employees who got into the market in 1929, because they had enough margin to buy two or three times the amount of stock they should have purchased through the ease with which they borrowed the remainder of the purchase price, whereas if they had had to go to their local bank, they would have been refused and thus they could not have speculated.

The marginal system is all wrong wherein the individual who is not entitled to this class of credit borrows the remainder from the broker. Then he goes to the bank and borrows money without disclosing the fact that he has borrowed on stocks, but still considers his margin as cash or stocks, and so states it at the bank. Furthermore, he goes to his merchandiser and gets credit for goods purchased. The merchandiser thinks he is O.K. In all cases his margin eventually will be lost, because 98 percent of those who buy stocks on margin lose their money. As a matter of fact, the granting of credit on securities should be concentrated in banks. Then the banks would actually know the financial condition of each individual. Take the case of the big men in New York City. Their company borrows money, they personally borrow money at the bank, in addition to which they borrow money on margin at the brokers, but they do not disclose this last fact. As a matter of fact, the individual very rarely knows he borrowed money from the broker, because he thinks his margin is his only commitment. He does not have to sign notes with the brokers for his borrowed money and hence is not impressed with this fact, and eight and one half billion dollars was borrowed this way in 1929.

Won't you go to the front when this law is being considered? If you compromise, the old speculative system is still as bad as ever.

Very sincerely yours,

J. R. EDWARDS.

Mr. FLETCHER. Mr. President, I have a letter from the pastor of the Prospect Congregational Church, of Cambridge, Mass., in which he says:

A resolution was introduced and unanimously adopted in which this body of people expressed their disapproval of the gambling practices of the stock markets and calling upon Congress to regulate strictly the practices of the stock market and condemning unequivocally all such practices as may be called gambling operations.

I will ask that the entire letter may be published in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

THE PROSPECT CONGREGATIONAL CHURCH,
Cambridge, Mass., April 17, 1934.

Hon. DUNCAN FLETCHER,
Washington, D.C.

DEAR SENATOR FLETCHER: I am not sure whether I have your first name right or not. Please excuse the error if I am mistaken. My reason for writing you is to assure you and the committee of which you are chairman that there is a strong undercurrent of popular opinion in favor of your efforts to control the gambling practices of the stock market. In every newspaper published from day to day there is spread forth many objections to calling a halt to the practices which have ruined thousands of people. These objections are offered by various bodies who are prompted apparently by the gentlemen who are addicted to speculation. Back of all the blatant objectors are a host of plain people who want Congress to proceed without fear or favor in protecting the savings of the American people.

Here is a bit of evidence of what I mean. The Suffolk North Association of Congregational Churches and Ministers met here in Cambridge last Wednesday. I had the privilege of serving as moderator. The meeting was attended by about 500 people representing 25 churches in greater Boston, and having a total membership of nearly 10,000. This is just one little section, a district, of

the Congregational Churches of Massachusetts which date their origin here to the Pilgrim Fathers.

A resolution was introduced and unanimously adopted in which this body of people express their disapproval of the gambling practices of the stock market, and calling upon Congress to regulate strictly the practices of the stock market and condemning unequivocally all such practices as may be called gambling operations. An expression of this sort is expressive of the sober judgment of a body of high-minded citizens and should offset many of the messages which are reaching you begging you to let the gentlemen of the stock market settle their own methods of doing business.

With best of wishes for the success of your committee in its difficult and necessary task, I am,

Yours very truly,

W. M. MACNAIR.

Mr. FLETCHER. I have another letter of date April 14, 1934, with reference to the business failures which have resulted from this speculative tendency. I ask to have that letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE INTERNATIONAL LAWYERS,
New York, April 14, 1934.

(In re stock-exchange regulation.)

Hon. DUNCAN U. FLETCHER,
Senator from Florida, Washington, D.C.

DEAR SIR: The other day I believe that Judge Clark of the Federal bench called your attention to the number of criminals that the unlicensed stock exchanges had caused.

I wonder if it has ever occurred to any of your committee the number of business failures which can be attributed to the same causes?

From 1920 until 1932 I was a credit investigator and adjuster for one of the largest credit agencies in the United States. I covered the States of Virginia, North Carolina, South Carolina, and parts of Tennessee, West Virginia, and Kentucky. Invariably, in making a call on a local retail business man, I would find him out. But I always knew where to look for him. If there was a branch of one of the members of the New York Stock Exchange—and there usually was—you would find him there from the time the market opened until it closed. While the manager of the chain store in the same town was on the job at his store from early in the morning until closing time.

Today, travel the same territory, as I had occasion to do the other day, and what do you find? Solid blocks of chain stores, few, if any, independent local stores, and these, as well as other local enterprises, dependent upon local conditions for their subsistence dying of dry rot, their proprietors still at their old game—watching the stock market.

Yours respectfully,

H. S. THOMAS.

I know of no stronger argument against marginal trading on stocks; do you?

Mr. FLETCHER. I have another letter from George R. Sims, a stockholder in 20 leading corporations which are listed on the New York Stock Exchange. He says:

I have been urged to write to you protesting against the proposed securities-exchange act. Instead I wish to notify you that I am heartily in favor of the measure, as it will, in my opinion, safeguard the investments of more than 20,000,000 shareholders in American corporations.

I ask that the entire letter may be incorporated in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PORT RICHEY CO.,
New Port Richey, Fla., April 4, 1934.

Hon. DUNCAN U. FLETCHER,
Senate Office Building, Washington, D.C.

DEAR SENATOR: As a stockholder in 20 leading corporations which are listed on the New York Stock Exchange I have been urged to write to you protesting against the proposed securities-exchange act.

Instead I wish to notify you that I am heartily in favor of the measure, as it will, in my opinion, safeguard the investments of more than 20,000,000 shareholders in American corporations.

The only man this legislation can hurt is the manipulator, the promoter, the speculator, and the corporation executive who is more interested in the stock ticker than in the welfare of his shareholders.

It was at one time my ambition to be a shareholder in about 30 leading corporations representing a cross section of American commercial and industrial activities. Reluctantly I am coming to the conclusion that these great corporations are in many cases run primarily by the inside few to feather their own nest by trading in and manipulating their own securities.

The small shareholders, who furnish the capital, although they constitute a large majority, have no one to represent them; consequently they must be satisfied with the few crumbs which are occasionally thrown their way after the officers and insiders have liberally helped themselves to exorbitant salaries, bonuses, commissions, and profits on stock-market operations.

I hope you will not let the bill be emasculated. It means a new day for millions of American investors, and when it becomes law I wish that our great President would give this ultimatum to the corporations: "Pay at least 75 percent of your earnings every year to your stockholders in cash or pay it to the Government."

That would increase purchasing power by releasing money which is now kept locked up where it is not needed and where its retention is desired primarily for the purpose of power, influence, and control.

Regardless of propaganda the investing public is with you and will always owe you a debt of gratitude for your leadership in this campaign.

With kindest regards, I remain,

Sincerely yours,

GEORGE R. SIMS.

Mr. FLETCHER. I have a letter from Pittsburgh, Pa., signed by J. E. Lammert, which I ask to have inserted in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PITTSBURGH, PA., *April 2, 1934.*

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D.C.

MY DEAR SENATOR: I am taking the liberty of enclosing you herewith envelop and contents as received from the ——— Statistical Corporation, Newark, N.J., entirely unsolicited.

I assume that having been a "sucker" in the "new era" days of 1929, I and millions more like myself are still on the "sucker list." How "Mr. ——— made $1,000,000 in stocks, starting with only a few hundred dollars" is the same old bait, and it seems to me that if all the suffering of the last 5 years is not to have been for naught, during which period millions of our citizens, and the type who could least afford to suffer financial loss, have been robbed of their hard-earned savings by get-rich-quick financial schemes of the type being revived by Mr. ———, if the past has taught us anything, surely we must take steps to protect the gullible in the future, and it seems to me further that your stock-market regulation bill is none too severe and perhaps not drastic enough to forever stop this form of daylight and legal robbery. Can't you gentlemen down in Washington do something to put men of Mr. ———'s stripe behind the bars and keep them there?

I congratulate you, sir, on the courage you have manifested thus far in standing firm against the onslaught of Wall Street and its sewer of propaganda, lies and more lies, threats and yet more threats, and I am sure that your efforts to protect the weak and innocent against these financial parasites, who are truly nothing more than common crooks, is much appreciated by millions of our honest citizens, most of whom, unfortunately, have been so downtrodden that they don't have enough "guts" left to write and encourage you and Mr. RAYBURN, or who feel, "Oh, what's the use; we're sunk anyhow, and you can't beat that money gang."

Remain steadfast and strong in courage, and in the end you shall receive the crown of life—the love of your fellow common folks and the thanks of millions unborn.

Here's hoping you don't weaken and that our beloved President will use the big stick to get your bill enacted into law.

Sincerely and respectfully,

J. E. LAMMERT.

Mr. FLETCHER. Attached to some of these letters are circulars which have been sent out and distributed by stock exchanges, with their branches and their correspondents, and by brokers' offices, with their branches and their correspondents, as a result of which employees and others have been induced to invest in some of these stocks. They have sent throughout the country such circulars, requesting the recipients to protest against the passage of the bill. One day I received 50 letters from one city in New York, all written in identically the same language. At another time I received about 100 letters, all alike, from one community, showing that there is no question about the propaganda and its extent.

I have here a letter from Stokes, Hoyt & Co., sent to me by a man who received the circular. It will be noted that he says in a footnote following the printed portion of the letter:

I hope this bill will be passed. Had such a law been in force, I would not have been stuck on stock of this company which they have already forced me to exchange for new stock of 50-percent value of the original.

I ask that the circular letter be printed in the RECORD in full.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NEW YORK.

In our capacity as members of the New York Stock Exchange we have at one time or another served you to the best of our ability. From this fact we deduce that you have had a certain

confidence in our judgment and integrity and we value this confidence.

The proposed national securities exchange bill, which is now under consideration in Washington, will, in our judgment, directly or indirectly affect adversely practically every business and business man in this country; it will destroy the liquidity of securities markets; it will vastly curtail the incomes of the thousands who have made their living through perfectly legitimate dealing in securities, and it will cause wide-spread unemployment in the ranks of the many more thousands who have been employed by them. These are the immediate direct effects of the passage of the bill. Its indirect effects will be deflationary throughout the entire country through the progressive loss of purchasing power which will be suffered by all those above named.

The New York Stock Exchange is an institution whose fundamental intent has been the protection of the public interest in the maintenance of a balanced and orderly securities market. Its record for honesty and efficiency over the past many years has been noteworthy. Abuses creep into every business, and those attendant on the securities business have been publicly magnified so that the original and more important purpose of the exchange to enforce just and equitable principles of trade has been practically obscured.

Governmental supervision of exchanges would not be opposed by any constructively minded business man. The conclusions reached by the Roper-Dickinson committee, after prolonged study of the situation, were to this end, but they have been disregarded by more hurried and less intelligent commentators.

It is not our wish to attempt to influence the opinions of our clients, but knowing the lethargy which nearly everybody feels toward writing to their congressional representatives, we take this liberty of urging that, if you agree with our contentions above expressed, you will write or telegraph to your Congressman and Senator in Washington demanding their opposition to the present securities bill and urging that its eventual form shall be supervisory rather than regulatory.

STOKES, HOYT & CO.

Received this date.

In connection with the revised legislation for regulation of stock exchanges which is now pending before Congress, companies of the Associated Gas & Electric System having securities listed on the New York Stock Exchange have received the following communication from Mr. Richard Whitney, president of the exchange:

"The revised bill for the regulation of stock exchanges introduced yesterday in the House of Representatives still contains the most objectionable features of the original Fletcher-Rayburn bill. Rigid margin requirements, capable at times of being either prohibitive or overliberal and similar to those originally proposed, are still retained although some small measure of control is given to the Federal Reserve Board instead of the Federal Trade Commission.

"The Federal Trade Commission is still given power to control listed corporations and is also given complete power to operate and control stock exchanges. In spite of the reassuring statement that has been issued in regard to this new bill, an analysis of its provisions shows clearly its authors, who are the same persons who drafted the original bill, have not receded from their position that in the guise of stock-exchange legislation the Federal Trade Commission should be given power to dominate business and industry.

"The practical consequences of this bill to the security markets of the country will be just as severe as the original bill, and in my opinion will necessarily cause serious declines in security prices which will inevitably retard the economic recovery of the Nation."

In a previous communication we expressed our opinion that this bill will be injurious to the company and to your interest in it. We wish to thank those who acted on our suggestion to write to the President, their United States Senators, and their Congressmen opposing his bill, which provides for the domination of affairs of private corporations by the Federal Trade Commission. Mere modification of objectionable features, however, is not enough.

We suggest that you again write, urging the elimination of the damaging features of this bill.

APRIL 7, 1934.

I hope this bill will be passed. Had such a law been in force, I would not have been stuck on stock of this company, which they have already forced me to exchange for new stock of 50-percent face value of the original.

H. A. LITTLEJOHN,
Lake Wales.

(A list of the Senators and Congressmen from your State is given on the reverse side of this page.)

Senators from Florida (address at Senate Office Building, Washington, D.C.): DUNCAN U. FLETCHER, Jacksonville; PARK TRAMMELL, Lakeland.

Representatives from Florida (address at House Office Building, Washington, D.C.; home addresses are given below for identification): HARDIN J. PETERSON, Lakeland; R. A. GREEN, Starke; MILLARD CALDWELL, Milton; MARK WILCOX, West Palm Beach.

At large: WILLIAM J. SEARS, Jacksonville.

Mr. FLETCHER. From Pittsburgh, Pa., came another letter from a lady, which I ask may be printed in the RECORD in full.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PITTSBURGH, PA., *April 12, 1934.*

Hon. DUNCAN U. FLETCHER,
Chairman Senate Committee on Banking and Currency,
Washington, D.C.

DEAR SIR: I have been asked by my broker to write you expressing my disapproval of the National Securities Exchange Act of 1934, known as the "Fletcher-Rayburn bill."

On the contrary, I am very much in favor of just such a bill, and I am sincerely hoping that the bill will go through.

It has the approval of my family, and you are to be congratulated when said bill has been passed and becomes a law. I have some stock and got badly "stung" in 1929; worse in 1930.

I am wishing you every success in having this passed with the least possible bother.

Respectfully yours,

MARGARET SANDLER.

Mr. FLETCHER. From William B. Heller, of New York City, I received an interesting letter, which I ask may be inserted in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

APRIL 12, 1934.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D.C.

DEAR SENATOR FLETCHER: I want to express to you the unvoiced thanks of thousands of Americans for the work you are doing in connection with the stock exchange control bill.

Do not be deterred by noisy demonstrations or remonstrances. You are working to protect the inarticulate millions who by saving and self-denial and by deprivation have tried to save a competence for their old age and for the education and protection of their children.

America is not all labor and capital, not all forgotten men and bloated bondholders. I appeal to you for the great army of small security holders, not speculators, who by hard work, thrift, and self-denial have furnished the sinews to make America great.

Therefore, infinitely more important even than the control of the exchanges is the control of the corporation managements.

We, who are unable to protect ourselves from self-perpetuating managements, beg you to protect us by law from those officers and directors who habitually run the large corporations for their own benefit and enrichment, not for the benefit of their stockholders.

1. Prevent public corporations engaged in interstate commerce from telling their stockholders only once a year something of their earnings and progress. This enables the officers and directors to accumulate and unload stock to the detriment of their stockholders.

Compel every such corporation to issue a statement every 3 months giving sales, earnings, and all other necessary financial information, with comparative figures for the last 3 years. The stockholders are entitled to this information for their own protection.

The specious arguments of unnecessary expense, divulging of trade secrets, etc., now being put forward by managements unwilling to give up their present unfair advantage over their own stockholders, are false and should be disregarded.

2. Make it a felony for officers or directors of such corporations to circulate or cause to be circulated false rumors or statements as to the sales, earnings, losses, or activities of the corporation. It is common knowledge that many of the annual statements of the large corporations are "doctored." And that false rumors are circulated to enable officers, directors, or their friends to accumulate or unload stock of the corporation at advantageous prices.

3. Prevent any such corporation from owning, buying, or selling its own stock, except in the form of regular stock issues to acquire additional capital or to purchase companies in its own line of business. Neither should any such corporation be allowed to own a subsidiary whose primary object is to deal in the stock of the parent corporation.

Untold fortunes have been lost to stockholders through corporations' speculating in their own stocks. A corporation engaged in the oil, steel, chemical, or dairy business should concentrate its activities on that business. It has no right to gamble in its own stock with the stockholders' money.

Furthermore this leaves too much of a loophole for the officers and directors to sell back to the corporation stock with which they are stuck. Any repurchased stock now held by such corporation should be canceled.

4. It should be illegal for any such corporation to give a bonus in stock to any officer or director. If any bonuses are necessary they should be paid in cash and duly shown on corporation reports.

5. It should be illegal for any such corporation to grant to any officer or director an option to buy below the prevailing market or sell above the prevailing market stock of the corporation. This insidious "racket" is prevalent in many of the largest corporations. Millions of the stockholders' savings have been taken from them in this manner, without their knowledge or consent.

6. The proxy is the insidious weapon used by large corporate managements to perpetuate themselves. The great majority of stockholders return proxies sent them without any realization or knowledge of the blanket powers they are thus conferring on the directors.

The proxy is actually a blank endorsement of any act, known or unknown to the stockholder, performed or to be performed by the directors or officers.

I strongly urge that it be made compulsory that there be printed in red ink on every proxy sent out by a public corporation engaged in interstate commerce, a clause informing the stockholder that by signing this proxy he is giving his consent to the present officers and directors to perpetuate themselves and that he is giving his approval of all acts, known or unknown to the stockholder, which have been or are to be performed by the officers or directors.

If the directors and officers have conducted themselves in an upright and efficient manner, no stockholder will object to signing such a proxy. He will, in fact, gladly thus express a vote of thanks and of confidence in the management of his company.

Therefore there can be no legitimate objection to including this clause in every proxy.

I cannot urge too strongly that you devote your fullest efforts to the proper control and regulation of the corporations themselves. The regulation and control of the exchanges is undoubtedly necessary, but margins, etc., mean little, only speculators are concerned.

Infinitely more important and more vital is the regulation of the corporations. They represent the savings of millions of Americans.

Our confidence in the integrity of the managements of these corporations has been terribly weakened. If the investors (not the speculators) of America lose faith in the honest management of their corporations and sell their securities, where will the corporations obtain capital? And what will become of the industrial structure of this country?

Permit me once more, my dear Senator, to urge you once more to devote all your energies and talents to this subject.

There is abundant evidence of the abuses which I have outlined. Annually they cost the millions of American investors many times the sums lost through the present operations of the exchanges. This concerns the investors, who outnumber the gamblers a hundredfold.

With my sincere admiration for the wonderful work you are doing and the great ability you have shown, believe me to be,

Very sincerely yours,

WILLIAM B. HELLER.

Mr. FLETCHER. I have a communication from the Twentieth Century Fund, Inc., which I should like to have printed in the RECORD. They have done a splendid work. The Twentieth Century Fund published a book on the subject. Their research work and what they have accomplished through that fund have been of very considerable help and benefit to the committee. The book they issued is entitled "Stock Market Control" by the Twentieth Century Fund, Inc. It is a very interesting book. I ask that their letter may be printed in the RECORD.

There being no objection, the letter was ordered to be be printed in the RECORD, as follows:

TWENTIETH CENTURY FUND, INC.,
New York, March 24, 1934.

The Honorable DUNCAN U. FLETCHER,
The Senate, Washington, D.C.

MY DEAR SENATOR: On March 6 I had the honor of appearing before the Senate Committee on Banking and Currency in reference to S. 2693, known as "The National Securities Exchange Act of 1934."

In my capacity as director of the security-markets survey staff of the Twentieth Century Fund, Inc., I took that occasion to point out what I deemed to be specific defects in the bill, with the general objective and purpose of which, however, I found myself in thorough sympathy.

I have examined the revised draft of the National Securities Exchange Act, under the designation H.R. 8720, and I am of the opinion that the revisions that have been made broadly meet my previous criticisms, and bring the bill into substantial accord with the program of recommendations prepared by the staff of the Twentieth Century Fund on the basis of a 5 months' study of the organization and operation of security exchanges in the United States.

On behalf of the staff, therefore, I am taking the liberty of urging the speedy enactment into law of H.R. 8720 without serious amendment.

Respectfully,

ALFRED L. BERNHEIM.

Mr. FLETCHER. I offer also for the RECORD a letter from Wurtsboro, N.Y., written by Edwin R. O'Reilly. I ask that it may be inserted in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WURTSBORO, N.Y., *April 5, 1934.*

Senator FLETCHER,
Washington, D.C.

MY DEAR SENATOR: It has been a great pleasure to follow your noble fight to eliminate the forces that make Wall Street "one end a graveyard, the other a river." How can the board of governors and Mr. Whitney be sincere in their reforms when today they find it impossible to check the greatest evil of the Street? Many years ago I ran a customers' ledger in New York Stock Exchange houses. Ninety-seven percent of all odd-lot and low-price stock traders are losers. Ask any honest margin clerk's opinion. They are the customers man's sucker list.

The comments of the financial writers; the action of the market; the tips around the street, through the country—the old tout system operates today. The C.M. plug the phones just as strong as any bucket shop ever did. The nets are set stronger than ever for the low-price stock gambler. The law of averages says they must take a loss—97 percent of them. April 4, 161,800 shares traded in selling under $8. The low-priced field plugged and touted—the cold-deck dealers' stock in trade. The press proclaim it.

May God bless you in your endeavor to protect those foolish people who cannot afford to lose but under the present system have little chance to win. Mr. Whitney and the board of governors are well aware of these cheap tips being touted. Why not look into the profit on the interest of the debit balances, short interest withheld—it is seldom given unless demanded. The odd-lot houses strongly represented on the board of governors. How about them? Ask Allyn Ryan and Mr. Saunders what they (O.L.H.'s) did when caught short. May you be able to lead the small fish away from tout and ticker. They will then get down to business and work instead of heading from that crooked, narrow street to the river or under the sod, a lost faith.

Yours truly,

EDWIN R. O'REILLY.

Mr. FLETCHER. I have also a letter from Bryan Kemp & Co., of Richmond, Va., which I ask to have inserted in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BRYAN, KEMP & CO.,
Richmond, Va., April 7, 1934.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D.C.

SIR: Being a member of the New York Stock Exchange and the Chicago Board of Trade, I have followed with much interest your efforts to give the country a law that will protect investors against certain corporate evils.

I have not been engaged in active business since July 1933, but I am a stockholder and bondholder in probably 20 different companies, all of which companies have their securities listed on the New York Stock Exchange. I am a director of one large corporation, and I was chairman of the committee of stockholders of the Chesapeake & Ohio Railway Co., which opposed the Van Sweringen interests before the Interstate Commerce Commission for a period of more than 2 years; and, largely as a result of our efforts, their railroad-consolidation scheme was not approved by said Commission.

In my opinion, the greatest evil from which stockholders suffer is the lack of information from corporate interests generally, and especially on the part of directors and officials. In some cases with which I am thoroughly familiar, directors have absolutely refused to give to stockholders essential information to which they were entitled. I cannot see any good reason why directors and officials of corporations should be given monthly statements of earnings and this same information withheld from stockholders until several months after the close of the fiscal year. When a stockholder has the temerity to ask what salaries are being paid to officials, I have known of instances where this information has been refused. There are few annual reports of industrial corporations showing the salaries paid officials. Directors have the machinery of the company to reelect themselves; and if stockholders could be given these facts, in some cases I am sure many of them would not be reelected.

I, therefore, sincerely hope that in whatever form the bill is eventually written, you will endeavor to see that all corporations whose securities are traded in on the various exchanges are required to publish monthly statements of their earnings and expenses. In many large corporations this information is given to directors weekly.

In my opinion, it is nonsense to say that if this information is published monthly it would cause an injury by reason of competitors having knowledge of same. With such information in the hands of stockholders and the public generally, directors and officials would not have the unfair advantage which they now enjoy.

Very respectfully,

GEO. S. KEMP.

Mr. FLETCHER. I have a letter from the Springfield Daily News, of Springfield, Mass., enclosing an editorial relating to the bill. I ask that the letter and editorial be printed in the RECORD.

There being no objection, the letter and editorial were ordered to be printed in the RECORD, as follows:

SPRINGFIELD DAILY NEWS,
Springfield, Mass., March 23, 1934.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D.C.

MY DEAR SENATOR: Enclosed is Scalpel on Wall Street's latest opposition to your stock-market control bill.

I hope Congress will now stand firm, undaunted by the yapping of the Wall Street wolves, and speedily enact the bill as revised into law.

Sincerely yours, ARTHUR HOYT BOGUE.

[From the Springfield (Mass.) Daily News, Mar. 23, 1934]

THE SCALPEL

It was to be expected that the president of the New York Stock Exchange would object to the revised stock-market regulation bill, for Wall Street bankers and stock brokers would be against any legislation that in any way even curbed the banking, speculative, and investment rackets that Wall Street has been permitted to practice for more than a century.

This legislation is designed to protect both the speculating and investing public against the exploitation that has not only brought ruin to these two groups, but has brought disaster to all business and seriously injured every man, woman, and child in the Nation. It is just because of this that Wall Street is vigorously fighting, for Wall Street stripped of its license to exploit, must go out of business. Nothing short of the gigantic profits that resulted from playing its rackets will satisfy the bankers and stock brokers of Wall Street. These would far rather quit business than be compelled to exist on the reasonable profits that result from an honestly conducted banking, investment, and brokerage business and so the Street is fighting against the revocation of its long-permitted exploitation license.

Wall Street's inherent attitude was brilliantly brought out by the president of the stock exchange when he declared that this legislation was designed to carry out "social theories." Social and economic justice for the people is utterly beyond the mental capacity of Wall Street, which is and always has been the center of the kingdom of unrestrained greed and ruled by financial kings, obsessed and consumed by greed to the point of stark insanity, and this is vividly spread on every page of Wall Street history.

The revised Fletcher-Rayburn bill is actually little modified as to regulation of the stock markets. The chief change is that much of the regulation is now discretionary instead of mandatory, and the power is contained to impose even the most drastic control when occasion demands. The control over credit is placed with the Federal Reserve Board, while general supervision remains with the Federal Trade Commission.

As this legislation now stands, there will be no more stock-market regulation than any administration at Washington wishes to exert. If this proposed legislation had been the law during the stock-gambling orgy of 1928 and 1929, there would probably have been no more control of that madness exerted than there was under both Coolidge and Hoover.

From this it follows that it all depends on who is President, and this places the responsibility on the people to keep control of their Government at any cost, for their interests will only be protected and safeguarded to the extent that they elect Presidents like Roosevelt, who will protect them against the industrial, banking and financial wolves that have so long fed and fattened on the people.

With the credit regulations placed in the hands of the Federal Reserve Board, which may act or fail to act as this Board did all through the stock-gambling orgy of 1928 and 1929, it becomes even more paramount that the Government own and operate the Nation's banking business.

The stock exchanges cannot operate an hour without banking credit. Banking credit is the heart of the stock exchange; and unless the flow of the credit blood is under absolute Government control, the private bankers will find a way to circumvent any law, as they have so successfully done for themselves and so disastrously accomplished for all the people throughout all our history.

The only sure control of banking credit is through Government ownership and operation of all banking, and this the people should insistently and constantly demand until it is accomplished, for this is vital to the people's welfare, and for posterity it means slavery or freedom.

Mr. FLETCHER. I have a letter from Miss Erna M. Brenneman, of Los Angeles, Calif., a public-school teacher, which I ask to have printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LOS ANGELES, CALIF., *March 19.*

DEAR MR. FLETCHER: As a representative of a large group of hard-working men and women who have lost part or all of their savings through stocks bought from "high pressure" stock salesmen, I implore you to do your utmost in seeing that the Fletcher-Rayburn bill be passed.

Yours truly,

ERNA M. BRENNEMAN,
Public-School Teacher.

Mr. FLETCHER. I have a letter from the commissioner of finance of Fresno, Calif., which I ask to be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CITY OF FRESNO,
Fresno, Calif, March 19, 1934.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D.C.

DEAR SENATOR: Incomplete and unsatisfactory statements come over the wire in regard to your bill, proposing to regulate the stock exchanges.

I am very much interested in the subject. I had 8 years' practical experience on Wall Street, New York, and understand the stock business, as it was transacted years ago, thoroughly. I presume it has not changed in essentials. I regard it as being the most direct of any of the causes that bring about financial disasters and commercial and industrial break-downs.

Now, I notice by the dispatches, that the friends of the exchange are endeavoring to break you down on the threat of interference with land speculation. Now land speculation, dangerous as it often turns out to be, is an entirely radically and fundamentally different matter from this stock speculation. A man may buy land on the installment plan by putting up a first payment, but in that case he gets possession of the land, and so it is with all goods and merchandise sold on the installment plan. Possession goes with the first payment. Now, when a man buys stock on the New York Stock Exchange and puts up a marginal payment, he does not get possession of the stock certificate. The broker who holds his money which was paid on the margin also holds possession of the stock certificate. The so-called (he is only the so-called) "buyer" of the stock certificate does not get possession of it and does not expect to ever own it. He is making a bet on next week's or next month's price of the stock and the broker holds the stakes in the bet. He holds the certificate to protect him against a rise in the price, in which case he must pay some money to the bull operator, and he holds the said operator's money to protect him against a drop in the future price of the stock.

It is a matter of gambling and nothing else. In October 1929, 7,200,000 accounts of speculators were closed out, thus depriving those 7,200,000 people of a buying power which they previously had. The demand for diamonds, fur coats, automobiles, and other things which successful people, whether gamblers or others, are wont to purchase fell off, and hundreds of thousands of working people lost their jobs in consequence.

The gambling on the stock exchange in New York is a worse evil than wars, floods, or famine. May you be encouraged to keep up your righteous warfare upon it.

May I ask you to send me a copy of your bill?

Yours very truly,

WILLIAM GLASS,
Commissioner of Finance.

Mr. FLETCHER. I have a letter from Detroit, a letter from New York City, and a third letter from St. Louis, Mo., all of which I ask to be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

Senator FLETCHER,
Washington, D.C.

DEAR SENATOR: I am strongly in favor of stock-market regulation and of rigid control by the Government when necessary. There is a decided disposition of the exchange governors to wink at violations of fair dealings, because they themselves were brought up as boys in that same school of racketeering.

I, myself, was legally swindled out of $5,000 by sale to me of stock in the Hutton Engineering of Detroit (listed only on Detroit board) by wash sales—a process I had vaguely heard of but did not know that form of thievery was permitted in this land.

This outright form of swindle is and has been foisted on millions of people by financial racketeers. By granting an option on a quantity of stock any executive can have his company's stock "washed up" to as high a figure as the public will take it. This is done with market letters, newspapers, fictitious sales, dummies, etc.

I am strongly in favor of laws with no loopholes and a prison term to throw a fear in hearts of this useless class of men. I favor to include the financial editors who knowingly give extra space, for a consideration, in their columns during the time a particular stock is being "run." Difficult to prove. Last summer a vacuum cleaner was "run" in just such a manner. Larceny by trick. This stock rose from 9 to 18; and when the 2 months' option expired, the stock fell back to 7.

Yours truly,

EDW. FRUMVELLER.

NEW YORK, *March 16, 1934.*

Hon. DUNCAN U. FLETCHER,
Senate Office Building, Washington, D.C.

DEAR SENATOR FLETCHER: I have just read your article on Financial Racketeers published in the current Liberty. The splendid battle which you and your committee are waging almost single-handed merits the profound gratitude of all right-thinking people. In view of the enormous organized power against which you are contending and the far-reaching importance of the issues, your success in effecting the passage of your bill will mark an era in the history of progress and reform.

Very sincerely yours,

ARTHUR M. WICKWIRE.

ST. LOUIS, MO., *March 13, 1934.*

Hon. DUNCAN U. FLETCHER,
Senate Chamber, Washington, D.C.

DEAR SENATOR FLETCHER: I have read and reread your article published in the Liberty Magazine of March 17, as have many others of my acquaintance, and we all desire to thank you for bringing these matters into the light of day by your article and

for the splendid work which you are doing for the American people in stopping and prohibiting the abuses of the bankers and brokers all over the country, and particularly those in Wall Street, for they were the ones who fed out to the others the false information and the rotten securities.

It is my humble and honest opinion that the industrial and financial condition of our country today had its source in Wall Street, and those of us who are trying to be fair and honest are looking to you to force the "wolves" of Wall Street to honest dealings and integrity, and you can be absolutely assured that in your efforts and actions you have the whole-hearted support and carry the hopes of the decent people in every community. May you be given the health and strength to carry out your purpose.

Sincerely yours,

EDWIN W. LEE.

Mr. FLETCHER. I have here a newspaper clipping to the effect that $1,000,000 of securities issued in 1929 have become wall paper for the Union League Club in 1934. In other words, the Union League Club of Chicago has papered a room with stock certificates which the members held amounting in face value to a million dollars. That is an evidence of what has been put upon the public in this country through these various enterprises.

The PRESIDING OFFICER. Does the Senator ask to have printed in the RECORD the clipping to which he refers?

Mr. FLETCHER. Yes; I ask to have it printed in the RECORD.

The PRESIDING OFFICER. Without objection, that order will be made.

The clipping referred to is as follows:

ONE MILLION DOLLAR SECURITIES OF 1929 TO BECOME WALL PAPER FOR UNION LEAGUE CLUB IN 1934

CHICAGO, ILL., March 9.—The Union League Club, whose membership includes many financiers, has found a way to use about $1,000,000 worth (face value) of stocks and bonds that today are just so much paper.

They are going to be used for wall paper!

On the assumption that each club member has at least a small quantity of the paper desired, a call has gone forth for them to bring it in to the house committee.

And these gold-engraved and green-bordered stocks will be used to cover the walls of a private dining room.

Fittingly enough, this dining room, located on the eighth floor of the 23-story club building, overlooks the center of the stock and bond business in La Salle Street.

The room has already been dubbed the "million-dollar room, or the folly of 1929."

The idea originated with Harry Doherty, manager of the club, and Dayton Keith, banker and chairman of the club house committee, when they were seeking unique ideas in spring decorating.

"And we found one", chuckled Doherty.

In his opinion, union leaguers might do well to bring their stock brokers to luncheon in this room when it is completed.

"One look at the walls would leave even the stoutest of brokers in a weakened condition", he said, "and you know there is nothing dearer to the heart of present-day business men than to see their brokers in a weakened condition."

Doherty said that the room would remind the diner of the American tendency toward overspeculiation.

"An overspeculation", he added, "that inevitably leaves us with funny little pieces of paper that are good for nothing but a bit of wall paper."

The newly elected president of the club, John McKinlay, head of Marshall Field & Co., is lending a helping hand.

Mr. FLETCHER. I ask to have certain other letters, which I shall not stop to enumerate, printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letters are as follows:

BOSTON, MASS., *March 2, 1934.*

MY DEAR SENATOR FLETCHER: Your bill to regulate the stock exchange seems to me very mild. The stock market has been the cause of more suffering to the people of this country than any other factor. It has swept away the life savings of millions. It has driven thousands to suicide. Its path is strewn with the wreckage and devastation of the hopes, lives, and fortunes of our people.

In view of the monstrous record connected with the stock market, it would be perfectly justifiable to close the exchange forever.

I hope you will not relax in your efforts to give the people some sort of protection against the manipulations of schemers. As long as we allow the exchange to function, we must give it the strictest supervision. Any modification of your bill will nullify its good intentions.

Very sincerely yours,

H. FEIN.

BURNHAM & CO.,
Washington, D.C., February 28, 1934.

Hon. DUNCAN U. FLETCHER,
United States Senate Office Building,
Washington, D.C.

MY DEAR SENATOR: I listened to a radio address by the college professors of the University of Chicago, and many of their views were so opposite to mine that I wrote them, a copy of which I have the honor of enclosing to you.

Just why college professors should know how this bill will work out is not clear in my mind.

I can only say, my dear Senator, that for more than 30 years I have been on the inside and on the outside of the stock exchange, both as a floor trader and as an outside speculator, on my own account, and I consider your bill a wonderful piece of constructive legislation.

With kind personal regards, I am,

Sincerely,

CHARLES HENRY BURNHAM, JR.

SOUTH ORANGE, N.J., *February 28, 1934.*

Senator D. U. FLETCHER,
United States Senate, Washington, D.C.

DEAR SENATOR FLETCHER: I take the liberty of congratulating you and your committee, also Mr. Pecora and his staff, for the splendid job you are doing in behalf of the American people.

We earnestly urge that you put through your bill to regulate the stock exchange in its present form, rather than permit these financial racketeers and their associates to draw the teeth from this necessary law.

Your recent investigation of income and practice of these chieftains of high finance prove that without exception they all beat the law; and therefore if any loopholes are put in your bill, this crooked gang will take advantage as usual.

The present administration has the moral support of the majority of the decent American public, and this public opinion is supporting your committee and all the other good work the present Congress is accomplishing. If there is any doubt of this fact in your mind, simply request by mail over the radio an acknowledgment, and I promise you will be swamped.

Wishing you all good health and success in all of your endeavors, I remain,

Sincerely,

L. ROBINSON.

NEW YORK CITY, *April 25, 1934.*

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D.C.

MY DEAR SENATOR: I appreciate your letter of April 21 enclosing the so-called "stock-exchange control bill", prepared by your honorable committee and presented by you to the Senate.

I congratulate you and your associates in the preparation of this bill with such intelligent comprehension of this complex problem in all of its phases.

It seems to me that no honest man in American business life should fear the effect of this bill, if finally passed by Congress. On the contrary, I am of the opinion that, in spite of the criticisms which have been leveled against same, it will convince the American people that in buying and selling stocks under such a bill they will, at least, be dealing in legitimate securities at prices based on ethical methods by all concerned.

Personally I am of the opinion that, instead of injuring the business of the stock exchanges in future, the bill's demands will be the means of greatly increasing legitimate stock-exchange business. Crooked or unethical trading should be eliminated, and I believe that every decent business man in America agrees heartily with that idea.

Sincerely yours,

W. P. DEPPÉ.

THE POLYCLINIC,
Seattle, March 7, 1934.

Senator FLETCHER,
United States Senate Office Building,
Washington, D.C.

DEAR SENATOR FLETCHER: As a casual student of our financial and economic structure I am interested in the pending legislation designed to regulate stock and grain exchanges. I herein present a point which, as far as I know, has not been used in the controversy. It contains a large element of truth and is particularly valuable as propaganda as it lends itself gracefully and eloquently to oratorical discussion and newspaper publicity.

The pirates of old who preyed on the commerce of the seas did not contribute one iota of essential service to the production and distribution of the commodities affected by their activities. For a time their business flourished, and the men engaged therein were accepted in society as gentlemen. Later they were given ill repute and their practice was suppressed. Our own Government aided in the effort.

Financial buccaneering has grown up in the United States coincident with the growth of the corporation idea in our economic structure and reached its zenith in 1928 and 1929. Nearly all corporations of tempting size have had one or more experiences in the hands of pirates or highjackers.

Had financial pirates been able to buy Ford for $1,000,000,000 through reorganization, they would have filched from the public in cash far more than the total purchase price and yet would have retained controlling interest so the investing public would have continued at their mercy. Upon their inability to buy they tried to highjack Ford out of his property. He saved himself and rendered the public a meritorious service for which to this day he has been criticized rather than praised.

Law should prevent Dillon, Read & Co. and every other fiscal service agency in the country doing what they did with Dodge. They should be limited by law to a nominal commission for fiscal services rendered, payable in stock or otherwise, and under no circumstances should the percentage of voting stock so acquired be a greater proportion of the whole than the total commission is of the total stock issue, including all classes thereof.

These buccaneering financial agencies contribute no more essential service in the production and distribution of commodities than did the pirates of old; yet it is largely by their methods that wealth has been concentrated in the hands of the few.

Buccaneers in charge of two or three large units, by artificial stimulation of production and unfair practices in selling a product in order to unload stock on the public to their own profit, frequently throw the whole industry out of balance.

The evils of their practice are as discernible as were those of pirates of old and are as vulnerable and as definitely remediable. It will be a new day for industry in this country, a new day for the investing and commodity-buying public, and a new day for labor when executives can go about their daily pursuits secure in the guarantee that they are safe from the menace of financial buccaneers. The sale price of stocks will be determined by normal economic laws and will more accurately reflect their dividend-earning power. Industry will be relieved of the supercargo of stock now imposed, and satisfactory dividends will the more easily be earned and maintained.

Executives can then better devote constructive thought to solution of problems incident to distribution and to those affecting the relations between industry and labor.

The present attacks by financial interests do not reflect the sentiment of the public and are not in the direction of the welfare of the country as a whole. The United States Chamber of Commerce and affiliates are considered by many to be dominated in this matter by financial interests.

Today's papers tell of militant opposition by bankers and brokers; it is analogous to the opposition by the pirates of old, whose business was hurt, causing individuals and companies of that day to go bankrupt; the ruin of the former will be as salutary as that of the latter. The one opposed with powder and ball; the other opposes with verbal barrage.

Yours truly,

H. J. DAVIDSON, M.D.

MARCH 10, 1934.

Senator DUNCAN U. FLETCHER,
United States Senate, Washington, D.C.

HONORABLE SIR: Enclosed herewith is a clipping from the San Francisco Daily News of March 8.

Believing that you will be interested in talk and developments on the Pacific coast as regards this bill, I am writing to tell you what the brokerage houses are doing and saying.

Meetings of stock exchange and brokerage houses are constantly being held, and those in attendance are told: The brokerage business of the country employs, directly and indirectly, over 5,000,000 men and women. Every one of these people must get their friends to write letters to the President, to their Congressmen, to their Senators condemning the Fletcher-Rayburn bill and demanding that it be defeated; they must threaten to refuse to vote for anyone voting in favor of the bill. The aim of the brokers and exchanges is to flood Washington with 20,000,000 or more letters and telegrams against the bill. Brokers in many instances are having clerks in their offices write the letters and then persuade their clients to sign them. Some of the most vitriolic terms and expressions in the letters were conceived in the brain of some $60-a-month board marker, put into a letter by some employee of the firm he works for, signed by some client who may not have even read the letter, and mailed to some official in Washington as representing the true thought and belief of the sender.

Brokers are freely forecasting that the Congress will not have the courage in the face of the apparent Nation-wide opposition to pass the bill.

Sincerely,

GEORGE G. CALKINS.

STOCK CONTROL BILL TO BE LIBERALIZED—CHANGES PLANNED ARE INDICATED BY SENATOR FLETCHER

WASHINGTON, March 8.—Liberalization of the Fletcher-Rayburn stock-market control bill before it is reported to the Senate was indicated today by Senator DUNCAN U. FLETCHER (Democrat, Florida). He listed the following changes as likely:

Liberalization of margin-requirement provisions to make them more flexible.

Revision of the section dealing with over-the-counter markets to make it more definite.

Exemption of railroad and municipal securities, already subject to regulation.

Grant of power to the Federal Trade Commission to exempt certain securities if advisable.

Modification of registration section.

SAN MATEO, CALIF., *March 9, 1934.*

Senator DUNCAN U. FLETCHER,
Chairman Committee on Currency and Banking,
Washington, D.C.

DEAR SIR: I am informed by the newspapers, much to my regret, that a very wide-spread and determined opposition to the Fletcher-Rayburn bill is being brought to the public's attention by means of advertisements, circulars, speeches, etc., authorized, as one might expect, by those people whose business the bill is intended to correct.

Knowing full well the evils of stock gambling and what an insidious, cankering, and pernicious scourge the stock-exchange system has been to the people at large in this country, I am here giving expression to my enthusiastic approval of the bill and to a desire to exert my endeavors in support of it. I earnestly hope that it will be enacted into law without any of its salutary provisions—the one dealing with margin accounts in particular—amended to make it less effectual. If the bill is to be changed at all, make it more drastic. I should like to see margin accounts so nearly divorced from the element of temptation that their unpopularity would all but preclude them. The poverty, misery, and moral degradation which they have caused make such a curb eminently advisable.

By means of the Fletcher-Rayburn bill you have laid the ax to the root of the tree; a tree which has grown strong and wide-spreading to cast its baleful shadow on thousands of homes throughout our land. More power to you; drive the blade deep and cut it down! The issue involved merits consideration equal to that which was accorded slavery during the administration of Abraham Lincoln. The American people can well thank their lucky stars that they have a President who, like Lincoln, has the perspicacity, intelligence, and moral courage to meet it with appropriate action.

Very truly yours,

JOHN KRUTTSCHNITT.

MARCH 10, 1934.

Senator DUNCAN U. FLETCHER.

DEAR SIR: I am a widow with four children.

My husband died in 1929, so all my investments were made at the peak, and I find myself in great difficulty trying to live on my dividends.

I have a loan at the bank and practically all my listed securities are up as collateral.

The other day I was called in and told either to pay off a large part of the loan or put up more securities. When I asked why this was necessary, they said they had to anticipate a bad slump on the exchange because of the stock-market bill you are sponsoring. I wonder if you realize how many people there are like myself who have been hanging on desperately, hoping to avoid the final blow of being sold out, but who may be ruined by such a bill as you propose? I am sure what we need is encouragement to business and confidence in the future, and if too drastic a control affects the banks adversely it will retard recovery rather than protect stockholders.

I hope the appeal from one who is in desperate straits will have some influence upon your policy.

I am an enrolled Democrat and have done all in my power to back the administration in my small sphere.

I hope that the future course of the Government will not be so radical that you will lose the support of those loyal Democrats who have the best interests of our country at heart.

Very truly yours,

ANNA C. SMITH
(Mrs. Fred W. Smith).

PITTSBURGH, PA., *May 2, 1934.*

Senator FLETCHER,
Washington, D.C.

DEAR SIR: Please consider this suggestion in regard to your bill to make better regulations for the stock exchange.

I had an order in to sell 100 shares of General Cable Preferred at the market on April 28. It was then selling at 31, and today the stock was sold at 25¾. If the only offer for the stock had been $1, I would have been sold out for that price. This is unfair, and there should be a regulation that stocks offered at the market should not be sacrificed to some ridiculously low bid. There should be no more than a dollar difference between sales or the stock should not be permitted to be sold.

This will prevent an insider from taking advantage of small dealers by grabbing market offerings with unreasonably low bids.

Even if I had inquired and learned the quotations were 25¾, by the time my order would be received in New York the order may be withdrawn and a $1 bid substituted and sold.

The suggestion of the difference between sales is, of course, subject to your opinion.

An answer to this letter will be appreciated.

Yours truly,

PHILIP MILLER.

ST. LOUIS, *March 6, 1934.*

Honored Senator FLETCHER:

May I at this late date, in the only possible way, stress the overshadowing importance of the one item which may well be termed the "crux" of all in the contemplated regulation of stock-exchange matters in the hope that it will prove of some service in your noble effort.

Very respectfully,

F. E. NIESEN.

To the Honorable Chairman and Members of Senate Banking Committee:

My 65 years of actual business career in the financial field has afforded me ample opportunity to observe and weigh the consequences of sweeping inheritance, life insurance, trust funds, savings of every kind and nature, even cherished family heirlooms, into the bottomless maelstrom of the New York Stock Exchange by so-called "margin tradings"; invariably followed by sorrow, want, default, and ruin, and finally the ready revolver, causing millions of our very best citizens to lose faith in mankind and confidence in themselves and their Government.

All the panics and depressions during that period originated in the New York Stock Exchange.

The debacle of 1929, causing the major number of our population to lose their earning power, precipitating in time the loss of the farmers purchasing power, is the prime reason for our present wide-spread depression and its prolongation.

In normal times Americans consume 95 percent of the entire surplus of farm products at remunerative prices. All is well with the farmers, as well as railroads, banking, industrial pursuit, and the wage earners then.

Pools with all their ramifications cannot get far from their base without a public following.

Unfortunately as long as such margin trading is permissible the general public either will not or cannot refrain; because it seems so easy.

Such trading, if it can be dignified by that name, is the curse of the Nation. More brain money and energy centers in the New York Stock Exchange than any other institution in the world, hence the well-organized opposition. And in order to befog the whole issue, strenuous attempts are being made to place such so-called "margin trading" on par with the purchasing of secured first-mortgage interest-bearing bonds, household goods, and other necessities, all of which at once becomes the property of such purchaser upon paying the first installment, subject only to meeting the deferred payments as and when due, in definitely fixed sums, instead of merely wagering against overwhelming odds on some equity shares subordinate to first, second, and third mortgages plus preferred stocks, in the hope and belief that they will be pushed to still higher levels with no intention of ever making any further payments, and no hope of ever even getting a glimpse at such share certificates, is the crux of all other stock-exchange evils.

No other country in the world could hope to survive it; nor need we take the shopworn "bogy" of the old Louisiana lottery too serious, as respecting constitutionality. Half-way action will not avail. The only way to cure the cancer is to cut it out.

If your committee will be instrumental in exterminating this swashbuckler, maldistribution of wealth will be reduced to a minimum and Mr. Whitney may well say, with good graces for himself and his followers, "We have fought each other hard. Thank God that we were beaten." And it will go down into history as the master stroke of American statesmanship.

Very respectfully,

F. E. NIESEN.

A veteran retired broker once said margin trading on the New York Stock Exchange is pitiful.

NEW YORK, N.Y., *May 3, 1934.*

Senator DUNCAN U. FLETCHER,

Chairman Senate Banking Committee:

If you will ask for the figures of short selling on the New York Stock Exchange during the past few days you will find out what is depressing prices. Those professional operators on the floor absolutely control the trend of the market, especially on the down side. They strike concertedly after the morning buying power is absorbed and that is causing unnecessary public liquidation. Get after them. They have already started an undermining of confidence in the administration.

A. S. BROWN, Jr.,
President Brown's Letters, Inc.,
100 East Forty-second Street, New York.

Mr. FLETCHER. There is one letter here which I should like to have read from the desk. I think the Senate ought to hear it.

The PRESIDING OFFICER. Without objection, the letter referred to by the Senator will be read.

The legislative clerk read as follows:

MCDOWELL NATIONAL BANK,
Sharon, Pa., May 2, 1934.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D.C.

DEAR SENATOR FLETCHER: We have been following the Securities Act and the stock exchange control bill with considerable interest, and particularly have we noted the strong opposition which has been registered by those who are interested in keeping things as they were.

For the reason that we have not seen published any of the following facts, I am calling these matters to your attention:

In our opinion the Securities Act should be changed very little, if any, and the stock exchange control bill should be adopted with plenty of teeth.

We base this opinion on facts which are of record. We refer you to the CONGRESSIONAL RECORD, page 7063 et. seq., of the issue of April 20, 1934, being a brief in connection with the Northwest Bancorporation of Minneapolis, which demonstrates clearly the need for the control of stock selling.

The following figures are furnished by Standard Statistics Co., Inc.: In the year 1931, 1,075 different bond issues defaulted involving $2,047,432,950. In 1932, 1,060 issues defaulted involving $2,609,971,740; and in 1933, 862 issues defaulted involving $3,454,870,513, making a total of 3,006 issues of bonds which tied up over eight billions of money.

We do not have, in all cases, the record of when these bonds were issued; but many of them were issued during the period following 1920, and perhaps most of them after 1925.

We do not have any record of the amount of investment trust stocks, unlisted bonds, or other stocks which were marketed during this period; but we believe it is safe to assume that the total amount of money taken from the public through stock and bond issues involved somewhere near twenty-five to thirty billion dollars.

This destruction of purchasing power, including the tying up of principal as well as income, had a great deal to do with the necessity of the Government establishing media of relief.

While much has been said about foreign bonds, of the total of $8,000,000,000 listed above, only $1,100,000,000 consisted of defaulted foreign bonds. All of the rest were domestic railroad, industrial, public utility, and real-estate securities, many of which were issued either under statements which were false, misleading, or incomplete, to the extent that they concealed the real condition of the company, very much as in the case of the Northwest Bancorporation's sale of stock, as disclosed in the CONGRESSIONAL RECORD.

It was our experience to see a bond circular describing an issue of bonds, setting forth figures of earnings and conditions which were absolutely false in every particular. We had a company's statement before us showing readjustments required by the house that was to sell the bonds and showing adjustments in earnings and balance sheet made necessary by these adjustments, but the house that issued the bonds used figures before the adjustments.

In our opinion, the present Securities Act has not interfered in any way with the sale of securities. Banks generally have been liquidating and have not been buying securities; and if they had been in their market, their faith in the houses of issue has been so exhausted that they would not have bought them anyway. A restoration of confidence is necessary. Good legitimate banks are not interested in peddling securities or in stock-exchange gambling.

For our own information we have kept a partial list of defaulted bonds. We have traced the securities back to the house of issue and we have now included in that list bond issues which had no justification at any time, and the list of houses of issue includes practically every house of any consequence in the country, including banks, affiliates, and investment bankers; and we do not find any house which did not issue at least one of the class of securities which good judgment or good faith would have prevented them from handling.

We cannot, of course, judge as to the mechanics of the bills now before Congress, nor can we approve in detail the Securities Act, for the reason that we do not know the exact mechanics of their operation. However, we wish to record that we favor in principle a securities act which will compel the house of issue to tell the truth about the securities offered, and we favor a stock-exchange control bill which will not only regulate speculation but will compel corporations to publish statements which fully reveal the financial condition of the company.

We have no regard for the objection that complete statements reveal trade secrets. In our opinion, there are no trade secrets for the reason that business, as at present conducted, is operating under a spy system which makes known to each corporation all of the secrets of another.

We are writing you thus at some length, because it is our opinion that a great many people fail to express themselves, who are in favor of the bills which have been presented to Congress, while organized opposition is very vocal.

Propaganda against the bills is being carried forward at great expense and effort on the part of the opponents. Those who do not have a selfish interest do not have the means to carry on a campaign in favor of the bills, and it behooves some of us to speak up and support those who represent us.

In order that you may know that we have some knowledge of the sentiment among bankers and others, it may be of interest to you to know that the writer in 1930 served as president of the Pennsylvania Bankers Association and recently served as chairman of the bankers' N.R.A. committee for the State of Pennsylvania.

With best personal regards, I am

Very truly yours,

H. B. MCDOWELL, *President.*

P.S.—Attached hereto is a copy of a notice sent out by Chas. D. Barney & Co., below which we have listed some of the closing quotations for today, indicating the sort of club that is being used to force a change in the stock exchange control bill.

"The stock exchange bill is now on the floor of both the House and Senate. As an owner of securities you are vitally interested in how your Congressmen and Senators vote. A careful study of the bill in its present form indicates that if passed your interests may be seriously and adversely affected. Therefore we urge your immediate and vigorous protest by wire to both your Congressmen and Senators. It is important that you act now.

"CHAS. D. BARNEY & Co."

May 2, 1934, the market was off at the close; was pretty good until about 2:20 when they started to sell. Local broker had no news of any sort.

United States Steel	46
Col. Gas	14
Pennsylvania Railroad	31⅞
Republic	19¼
Baltimore & Ohio	26⅜
New York Central	29⅞
General Motors	35⅛
Chrysler	44⅞

Mr. FLETCHER. Mr. President, I think it would be helpful to the Senate if I should have printed in the RECORD an explanatory statement of the suggested amendments to the Securities Act. I, therefore, ask to have that done.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement referred to is as follows:

Memorandum: Explanatory of suggested amendments to the Securities Act.

Amendment to section 2 (1): The purpose of this amendment is to make it clear that certificates of deposit, fractional oil royalties, and similar interests are included within the definition of a security and thus subject to the Securities Act. Some doubt exists whether they are so included under the present language of the act.

Amendment to section 2 (4): The purposes of this amendment are: (1) to eliminate a guarantor from the definition of an issuer, and (2) to define the issuer of fractional undivided interests in oil, gas, or other mineral rights. The words "or persons" have also been deleted from the definition of an issuer of certificates of deposit, etc. The singular will include the plural where necessary and the express use of the plural word has caused some doubts about the Commission's interpretation that a committee, trust, or other entity, and not the individual members, is the issuer intended by the definition. By putting the status of an issuer of the guaranteed security upon the guarantor raises serious practical difficulties in connection with the filing of registration statements. The act will adequately cover guarantors and the furnishing of information concerning them without this clause. The amendment respecting fractional undivided interests in oil, gas, or other mineral rights is necessary in connection with the amendment to section 2 (1).

Amendment to section 2 (10): The purposes of this amendment are: (1) to make clear beyond any doubt the interpretation of the Commission that literature accompanying a prospectus as well as literature sent subsequent to the sending of a prospectus shall not be required to conform to the prospectus requirements of section 10 of the act; and (2) to remove from a person required to furnish a prospectus the absolute duty to see that the prospectus is received by the person to whom it is sent. It seems sufficient to require proof of the actual sending of a prospectus without making the sender take all risks of nondelivery.

Amendment to section 3 (a) (2): The purposes of this amendment are: (1) to put the District of Columbia upon a parity with the States with reference to the exemption of bank stocks issued by banks organized under the laws of the District of Columbia; (2) to exempt municipal bondholders' protective committees; and (3) to extend the scope of the public instrumentality exemption to expanding activities in which governments are indulging. The exemption of municipal bondholders' protective committees is dictated purely by consideration of expediency. These committees have generally had a good record in the past. There is far from the urge present in these cases as contrasted with industrial and real-estate organizations for committee members to take responsibility for the sake of profit, so that as a practical matter there is hesitation on the part of committee members to assume even a slight responsibility. The extension of the public instrumentality exemption is dictated by conservative decisions of courts which have refused to regard as essential governmental functions such activities as the furnishing of light, transportation, power, and even water.

Amendment to section 3 (a) (4): The purpose of this amendment is to correct an obvious error in the original act which limited this exemption simply to corporate organizations when its extension to unincorporated associations is equally defensible in practice and in theory.

Amendment adding sections 3 (a) (9), (10), and (11): This amendment has several purposes. The primary purpose of the amendment is to make clear that the exemptions accorded by the present sections 4 (3) and 5 (c) of the act extend beyond the particular transactions therein covered, to the security itself. Considerable confusion has existed on this point, and the amendment is merely a confirmation of interpretations of the sections by the Commission. The new section 3 (a) (9) incorporates the first clause of the existing section 4 (3) and makes clear, in accordance with the interpretation of the Commission, that in order that the exemption may be available the entire issue must be exchanged exclusively with existing security holders. This paragraph also affects a change which makes clear that the type of commission or other remuneration the payment of which will remove the exemption is that paid for soliciting an exchange. This conforms to the interpretation of the Commission. The new section 3 (a) (10) incorporates the second clause of the existing section 4 (3) and substantially extends the present provisions in order to cover various forms of readjustments of the rights of holders of outstanding securities, claims, and property interests where the holders will be protected by court supervision of the conditions of the issuance of their new securities. Also, such readjustments under the supervision of officials and agencies of the United States and under the supervision of State banking, insurance, and similar officials, are brought within the exemption. Thus, the amended section will afford an exemption to securities issued in connection with a readjustment of outstanding real-estate bond issues, and the exemption will also cover securities issued under the supervision of the Comptroller of the Currency, the Federal Reserve Board, and similar Federal officials, as well as State banking and insurance officials. By the requirement that securities, claims, and property interests must be bona fide outstanding, the new section will provide protection against resort to the exemption for the purpose of evading the registration requirements of the act. The new section 3 (a) (11) incorporates the existing section 5 (c) of the act and further makes clear that the exemption is not limited to the use of the mails. Thus, a person who comes within the purpose of the exemption, but happens to use a newspaper for the circulation of his advertising literature, which newspaper is transmitted in interstate commerce, does not thereby lose the benefits of the exemption.

Amendment to section 4 (1): The purposes of this amendment are: (1) to remove the phrase "not with or through an underwriter" in the second clause of the section; and (2) to correct an error in the third clause of the section; making it clear that the original date of the public offering is the date from which the year is to be calculated during which a dealer is bound to supply his customers with a prospectus. The Commission has recognized by its interpretations that a public offering is necessary for distribution. Therefore, there can be no underwriter within the meaning of the act in the absence of a public offering and the phrase eliminated in the second clause is really superfluous.

Repeal of sections 4 (3) and 5 (c): These are in accordance with the amendment provided by the new sections 3 (a) (9) (10) and (11).

Amendment to section 10 (b) (1): The purpose of this amendment is to place only a reasonable instead of an absolute duty upon the user of a prospectus 13 months after its issuance of keeping the information therein up to date. It was originally conceived that users of prospectuses could protect themselves herein by contract with the issuer, but it appears only too likely that users of the prospectus will not have the forethought, and therefore will be left in a situation where they cannot of their own accord conform with the requirements of the act.

Amendment to section 11 (a): This amendment limits recovery under section 11 for damages resulting from misstatements or omissions in registration statements to those persons who acquire securities in reliance on such misstatements or omissions.

Amendment to section 11 (b) (3): This amendment restates the existing section. It seems that the section as written, though meaning the same thing, has had an unfortunate psychological effect.

Amendment to section 11 (c): This amendment has the same purpose as the preceding amendment. The term "fiduciary relationship" has been terrifyingly portrayed. The amendment substitutes for that language the accepted common-law definition of the duty of a fiduciary.

Amendment to section 11 (e): This amendment is the most important of all. It has three purposes: (1) It permits the defendant in an action under section 11 to reduce the damages so that he will not be liable for damages which he proves had no relation to his misconduct; (2) it provides that an underwriter who does not receive any preferential treatment is permitted to limit his total liability for all suits brought under section 11 to the extent of the public offering price of the securities which he underwrote; and (3) it provides, as a defense against blackmail suits as well as a defense against purely contentious litigation on the part of the defendant, that a court can require a bond for costs and can assess costs against either the plaintiff or the defendant, where the court is convinced either that the plaintiff's suit had no merit or that the defendant's defense had no merit. The suggested amendment seems equitable.

Amendment to section 13: The purpose of this amendment is to reduce the periods of limitations on actions to one half of those at present provided by the section; and also to correct an apparently inadvertent omission by making the 5- (formerly 10-) year period of limitation on actions expressly applicable to section 12 (2).

Amendment to section 15: The purpose of this amendment is to restrict the scope of the section so as more accurately to carry out its real purpose. The mere existence of control is not made a basis for liability unless that control is effectively exercised to bring about the action upon which liability is based.

Amendment to section 19 (a): The purpose of this amendment is to permit the regulations of the Commission, under the powers conferred upon it, adequately to protect persons who rely upon them in good faith. The powers of the Commission are also extended to include the defining of technical as well as trade terms.

Mr. FLETCHER. With reference to the question raised by the Senator from Michigan [Mr. VANDENBERG] and the Senator from Illinois [Mr. LEWIS], I will ask the Senator from South Carolina [Mr. BYRNES] to refer to the specific language in the bill.

Mr. LEWIS. Mr. President, thanking the Senator from Florida, the Chairman of the Banking and Currency Committee, for the courtesy of yielding at this point in order that the Senator from South Carolina, a member of the committee, may respond to the query which I assumed to present, in addition to that presented by the Senator from Michigan [Mr. VANDENBERG], I now inform the members of the subcommittee that I am in receipt of many communications on this subject from my home in Chicago, and largely from other portions of the State of Illinois. The writers of these communications seem to be under the impression that the organization of little commercial companies which have no stock-exchange listings, and no purpose of selling stock for speculation, is covered by the bill.

I desire to give three illustrations which will serve to define what is meant.

Companies are being organized in my city to operate busses to connect with electric lines outside the big city. In the big city a number of companies are proposed for the purpose of taking over banks which have had misfortunes. They wish to issue the stock among those who are seeking to constitute the new establishment. Third, an effort is being made to build a little electric-line crossing from one village in the county to another village and thus to join the larger area of the elevated or the ground electric railway; and they fear that they are within the bill.

I take the liberty of offering this illustration in order to say to the able chairman of the committee that those undertaking similar measures seem to fear that this bill will prevent their organization, and are saying to me that it will destroy the prospect of their incorporation for the aid of their own interest in such manner as I have described. I ask the able Senator, following with my query that of the Senator from Michigan [Mr. VANDENBERG], if the bill covers such a situation and works such an embarrassment as these who write me seem to fear it does.

Mr. BYRNES. Mr. President, if I understood the Senator from Illinois correctly, he referred to the organization of companies——

Mr. LEWIS. And selling their stocks among themselves.

Mr. BYRNES. And selling their stocks. There is nothing in the bill so far as I know that would in any way affect it. I was under the impression that the Senator desired to know whether or not such corporations would be required to file reports.

Mr. LEWIS. Yes; that was the second query, I may say, and I am pleased to have the Senator answer it now.

Mr. BYRNES. The language of the bill in section 13 is:

> The Commission may require every issuer of a security registered on a national securities exchange to file with the exchange and with the Commission * * * in such form and detail * * * as may be prescribed—

The information thereof is then set forth. There is no provision requiring a corporation which is, as the Senator states, listed on no exchange to file a report. The only language I know of in the bill which could give justification for the fear that that might be true is the provision in section 15, called the "over-the-counter markets" section, in which it is provided that—

> Rules and regulations may provide for the regulation of all transactions on any such market, for the registration with the Commission of dealers and/or brokers making or creating such a market—

And so forth. I do not even construe that language as giving to the Commission the power to call upon corporations whose stocks are dealt with in that manner—the small corporations cited by the Senator from Illinois—for the reports which are specifically required by section 13. That certainly is my construction of the bill, because it refers to those corporations whose stocks are listed upon some national securities exchange.

Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. BYRNES. I yield.

Mr. VANDENBERG. The Senator realizes, however, that section 15 refers to unlisted securities.

Mr. BYRNES. Yes.

Mr. VANDENBERG. And the language textually permits the Commission, in terms, to provide rules and regulations which will "insure to investors protection comparable to that provided by and under authority of this act in the case of national security exchanges."

Mr. BYRNES. Yes. I have said, in response to the question of the Senator from Illinois, that I could think of no language that could possibly have caused this impression on the part of those who have written to the Senator, unless it was the language in that section where the language gives to the Commission power to adopt rules and regulations to control a transaction. It does not refer to the submission of reports, and I do not believe could be accurately construed to include such powers, but it does give the Commission the specific power to control the transactions referred to in section 15, the so-called "over-the-counter" market transactions. There is no doubt about that.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. BYRNES. Certainly.

Mr. VANDENBERG. In a colloquy I had with the able Senator from Florida [Mr. FLETCHER] some time ago, he stated his belief that it was not the purpose or intent or desire to extend the authority of the act into purely localized industrial financing.

Mr. BYRNES. It was not the intent. I will say to the Senator that this good day is the first time those of us who have been charged with the consideration of the bill have heard of the proposal that section 15 would extend the powers which are specifically provided for in section 13 so as to require reports. The Senator is correct; it was not so intended, so far as I know.

Mr. VANDENBERG. Entirely aside from the question of reports, how about the intended control of the sale of purely localized industrial securities?

Mr. BYRNES. As to the language here, I think there is a very good reason for the provisions of this section, because the purpose of the bill is to seek to regulate the character of trading in stocks, which has been so well described by the chairman of the committee. I think the Senator from Michigan may well see that when Congress seeks to place its regulatory powers over these corporations, they might promptly delist from the exchange. The language of section 15 is calculated to cause those corporations to remain upon the exchange because it will let them know that they will be subject to regulation, either on the exchange, or if they try to avoid the regulatory powers provided for in the bill and endeavor to have their securities traded in over the counter, they will meet the same regulation.

If the Senator asks about the small, purely local corporations, of course, there was no intent to injure or handicap such corporations at all, and I do not know of any section in the bill that would so result.

Mr. VANDENBERG. Mr. President, of course I should not want to open the back door to the delisting of the securities to which the Senator refers, and I fully understand the necessity of keeping that door closed. At the same time, if it were possible, without reopening that back door, to exempt the purely localized, the secondary financing, it seems to me it would be helpful in allaying a great deal of discontent.

May I ask the Senator this specific question—and the suggestion comes to me from my own able colleague [Mr. COUZENS]—might it not be possible to exempt from this section corporations, let us say, whose total outstanding securities do not exceed $250,000, or something of that character?

Mr. BYRNES. Certainly, so far as I am concerned, I should be delighted to join with the Senator in a provision

which would limit it, and make certain that the intent should be carried out.

The Senator from Kentucky suggests to me, and it is undoubtedly correct, that under the bill the Commission is given the power to take care of the matter, and, of course, we assumed that the powers granted would be administered with some wisdom, and that in adopting rules and regulations, the situation referred to would be taken care of. However, if the Senator feels that it would be unwise to place that confidence in the execution of these powers in that way, and he wants specifically to provide for it, I should have great sympathy with his desire.

Mr. VANDENBERG. In other words, what I am discussing does not run counter to the Senator's conception of the purpose of the proposed legislation?

Mr. BYRNES. No; our theory was that the Federal Trade Commission, or the stock-exchange commission, as one may choose to call it, would never seek to extend its powers to control local corporations of the type referred to; but if there were any general fear that that might result, we should be willing to have the language of the bill changed so as to take care of that matter.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. BYRNES. I yield.

Mr. BARKLEY. I will ask the Senator whether it is not true that one of the reasons which actuated the committee in dividing the securities into two categories—one listed securities and the other unlisted, and fixing in the law itself the character of reports which must be made on listed securities and leaving in the discretion of the Commisson the regulaton of unlisted securities—was in order that the Commission might take into consideration not only the size of the corporation, so far as its outstanding stock is concerned, but all the circumstances connected with it, in order to determine whether there ought to be any regulation applying to a given type of corporation, or whether it should not be exempted entirely by the regulation.

One objection which occurs to me to the suggestion of the Senator from Michigan with reference to the fixing of a limit of $250,000, or any other limitation, is that we all know that not only on the exchanges listing stocks, but even in connection with unlisted stocks of quite important corporations, oftentimes the outstanding stock is small and is closely held, and is, therefore, easily manipulated. I might mention certain stocks listed on the New York Stock Exchange of which not more than $250,000 worth is outstanding, and because of the small number of shares, and the closeness with which they are held, it is easy to manipulate the prices of such stocks on the stock exchange, and run them up and down, by the sale of a small number of shares.

The difficulty we might find, I think, in fixing a limitation in the law itself as to the amount of outstanding stock, providing in the law that it should not be subject to any regulation at all, would be that we might run up against that very situation. That is why I think it important that the commission be given full power and freedom to survey the whole situation as to unlisted stocks, large and small, and make regulations according to the circumstances and conditions which they find from their investigation.

Mr. KING. Mr. President, will the Senator yield?

Mr. BYRNES. I yield the floor.

Mr. BARKLEY. If I have the floor, I yield to the Senator.

Mr. KING. I might state, in the light of the suggestion made by the Senator from Michigan [Mr. VANDENBERG], that it is quite customary in these days for corporations to issue stock of no par value, and their nominal value might be insignificant, yet the real value of the stock might mount into colossal figures.

Mr. BARKLEY. That is undoubtedly true, and that would make it more difficult to fix a limitation as to outstanding stock as a criterion for regulation by the Commission, so far as unlisted stocks are concerned.

Mr. BORAH. Mr. President, is it not the Senator's construction that as the language now reads, it would be within the jurisdiction or discretion of the Commission to consider the size of corporations?

Mr. BARKLEY. It would be; yes.

Mr. BORAH. And include purely local corporations?

Mr. BARKLEY. Yes; if those local corporations were having their stock traded in in what are called "over-the-counter transactions." Of course, there are thousands of small corporations, organized in small towns, where the stock is altogether owned by local people, where everybody knows the business of the corporation, where a man who holds 100 shares of the stock can go to the bank in the town which knows about the success of the company and borrow money on the stock and put the stock up as collateral.

It is inconceivable that any sort of a commission would undertake to reach out and bring under its jurisdiction any such local corporation, where the stock is locally held, not traded in on any exchange, not active in over-the-counter transactions. It is inconceivable that any commission would want to bring such companies within the power of regulation to the same extent they would a $1,000,000 or $5,000,000 corporation which did not happen to be listed on the New York or any other exchange, but which might be manipulated, as Wiggin manipulated some of his stocks which were not listed on any exchange.

Mr. BORAH. It does seem true that the Commission would not likely do that; but it could do it, under the bill?

Mr. BARKLEY. It could do it; undoubtedly that is true. But if we attempt to take away from the power of the Commission to do what in all probability it never would do, we may very materially handicap it in crippling its ability to do what it ought to do with reference to some other company.

Mr. KING. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. KING. Did the committee take into consideration the question of the authority of the Federal Government to deal with transactions which are confessedly and certainly local in character? What authority does the Federal Government have to deal with a little company, formed in a small town, a little sheep company or a little cattle company, for instance, where A, B, C, and D subscribe for a thousand dollars' worth of stock apiece, and form a little corporation, and the stock is issued to them, and which they are not attempting to dispose of or sell, and yet which they may sell? What authority has the Federal Government to control such a company?

Mr. BARKLEY. The committee considered that question. Of course, it is not necessary to write into every statute a provision that it shall not apply to purely intrastate business. As a matter of fact, this proposed act is, in part at least, based upon the power of Congress to regulate commerce. It is difficult now to conceive of even a small corporation which may not engage in interstate commerce. The fact that a corporation is locally owned, all of its stock owned in a given town, does not mean that it will not sell stuff in interstate commerce or ship commodities across a State line; and if it did so, it would, of course, be subject to the power of Congress to regulate it. Our business has become so largely interstate, and so complex and intricate, that it would be the smallest of local corporations organized for some definite local purpose which would not possibly come within the power of Congress to regulate as being engaged in interstate commerce.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRNES. I intended to respond to the Senator from Utah, but I see he is busy. I call attention to the fact that in the very section to which the Senator from Utah was referring, the language of the bill is that—

> It shall be unlawful for any broker or dealer, singly or with any other person or persons, to make use of the mails or any other means or instrumentality of interstate commerce—

To create a market.

Mr. BARKLEY. That language presupposes that this bill is intended to regulate, insofar as Congress can regulate, securities of companies which are engaged in interstate commerce; and the mails and the facilities of interstate commerce are withdrawn from any such company which undertakes to engage in the business contrary to this proposed law or the regulations which may be made under it.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. FLETCHER. I call attention to section 3 of the bill, pages 6 and 7. The Senator from Utah raised the question about the power of the Commission. I do not know whether or not that section has been mentioned. I read:

(12) The term "exempted security" or "exempted securities" shall include securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States; such securities issued or guaranteed by corporations in which the United States has a direct or indirect interest as shall be designated for exemption by the Secretary of the Treasury as necessary or appropriate in the public interest or for the protection of investors; securities which are direct obligations of or obligations guaranteed as to principal or interest by a State or any political subdivision thereof or any agency or instrumentality of a State or any political subdivision thereof or any municipal corporate instrumentality of one or more States; and such other securities (including unregistered securities, the market in which is predominantly intrastate) as the Commission may, by such rules and regulations as it deems necessary or appropriate in the public interest or for the protection of investors, either unconditionally or upon specified terms and conditions or for stated periods, exempt from the operation of any one or more provisions of this act which by their terms do not apply to an "exempted security" or to "exempted securities."

In other words, the Commission is required to exempt the securities which are handled in the manner therein described.

Mr. BARKLEY. That would be true even though part of the securities were sold or handled in interstate commerce. If handled predominantly intrastate, the Commission may have the power to exempt them, along with other securities which they may exempt because of their local character, or the small amount handled?

Mr. VANDENBERG. It is largely in the discretion of the Commission.

Mr. BARKLEY. It is largely in the discretion of the Commission, the direction to the Commission being as to what securities shall be exempted which are predominantly intrastate.

Mr. LEWIS. Mr. President, the Senator from Kentucky, responding to a portion of the inquiry directed by the Senator from Utah, correctly embodied in his observations the situation in Illinois as reported in correspondence to me which I sought to express a moment past; that is of the small company, either now existing or to be formed within the State, having for its real object the ownership of a small business, such as a little railroad running from a village to the main line, or a little bank, to be owned only by those who are its stockholders. I feel that they fear the danger to them is that before they can undertake the business, whatever it is, they must first get the consent of the Commission, and, second, that in attempting to issue stock they would be restrained in the action by virtue of the fact that it is assumed the Commission might interrupt them.

Is there not some way to express in the bill their exemption from having to get their authority from the Commission, providing they have certain limitations?

Mr. BARKLEY. I will say to the Senator that that fear, expression of which has come to all of us through letters inspired in part, at least, by some of those who do not want any regulation at all of stock-market transactions, is without the slightest foundation, insofar as it affects the organization of companies anywhere, either in small towns or in large towns. There is nothing in the bill which gives the Commission any power over the organization of corporations.

Mr. LEWIS. How about the selling of the stock, may I ask my able friend?

Mr. BARKLEY. A new corporation is organized, and its stock is listed on a registered stock exchange such as the New York Stock Exchange, or the Curb Exchange, or the Chicago Stock Exchange, or smaller local stock exchanges all over the country, which deal in local securities, as well as Nation-wide securities, if I may so term them. It is, of course, conceivable that the regulation of stock-market transactions in such securities might indirectly affect their salability, but only insofar as it may require the issuing company to expose to the stock exchange and to the Federal Commission the real condition of the security which is proposed to be sold.

It seems to me incredible that anyone should fear that the telling of the truth to the Federal Commission here in Washington, or to the New York Stock Exchange, would materially lessen the opportunity to sell stocks, unless the telling of the truth and the exposition of the facts would be of such a nature as would warn the people that such a stock ought not to be dealt in in any way.

With reference to unlisted securities, it is conceivable, of course, that a set of men might be appointed on a commission here in Washington who would hedge about the sale of unlisted securities with such restrictions as to make it more difficult to sell them; but it is inconceivable to me that any intelligent body of men, such as we might expect the President to appoint and the Senate to confirm, would so hedge about the sale of unlisted securities of local corporations in your town and in mine as to affect adversely, or at all, the sale of stock of small local corporations.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRNES. I will say to the Senator from Illinois that I think his correspondents have in mind not really the requirements of this bill but the requirements of the Securities Act of 1933, because the Senator speaks of the organization of a company and the issuance of stock, and the effort to sell stock of that company. If in so doing an attempt is made to use the mails or the instrumentalities of interstate commerce, the company must comply with the requirements of the Securities Act of 1933. That, however, is an entirely different thing from the terms of this bill; and, unfortunately, many business men in the country have confused the provisions of the two measures. This bill applies only to the registration upon the exchanges of the country, and only to stocks that are registered upon exchanges.

Mr. LEWIS. I beg to say to the Senator from Kentucky, which might aid him to make explanation to my able friend the Senator from Michigan and myself, that I happen to know two or three of the prospects. The companies to be formed are owned among the stock owners themselves. They have bought the stock. The owners of the company are building an electric railroad, we will say, leading from a large town to a small town, or are engaged in the opening of a bank which had previously failed; and such company is only to be owned by those who themselves own the stock of the company, and they themselves have paid for it. Their contention is that though the stock is not listed and not to be sold on the market, nevertheless they could not transfer their stock one to the other in a transaction where they owned the property themselves without the consent of this Commission. Am I wrong?

Mr. BARKLEY. I will say that the Senator is wrong there. That is, he is not wrong in saying others have a fear of that sort; but I will say that they are wrong in their fear.

Mr. LEWIS. I mean, are my people wrong in that fear?

Mr. BARKLEY. The Senator's people are wrong in their fear. If there is to be organized a new company, ab initio, to engage in interstate commerce, it must present certain facts to the Federal Trade Commission in order to receive permission to issue its stock, but not if it is engaged in intrastate commerce, if it operates in its own village. I am speaking of the Securities Act, which is already the law.

There is no change in this bill in the requirements of the Securities Act, unless the Senator from Florida should have his amendments adopted, which I think are meritorious; but the Senator from Illinois must not confuse this bill with the Securities Act which is already in effect. The issue of securities, whether of a new company being organized from the beginning, or whether of new stock which an old company is issuing to place upon the market, requires that such information shall be filed with the Federal Trade Commission before the stock may be issued, and the issue must be approved in a sense by the Federal Trade Commission. That is one thing.

The sale of stock locally from hand to hand in a community by the prospective president of a new corporation which is being organized for some local purpose, when solicitation is being engaged in among the people of the town to subscribe for a certain portion of stock, would not be regulated by the Commission sitting in Washington, unless we are to assume that the Commission would go entirely beyond the bounds of reason, and that its conception of this bill is that it must use the restrictive force of the Government relative to every share of stock which may be issued by any little corporation organized for any local purpose.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LEWIS. The matter I described to the able Senator, I would have him understand, is not within the intent of the bill, not within the spirit of the bill; and, if it should happen, it would be by the unintentional misconstruction by the Commission of the intent of the bill.

Mr. BYRNES. I will say, Mr. President, that that applies even to the Securities Act of 1933. The provision of the law applying to the case cited by the Senator from Illinois is found in section 5 (c):

> The provisions of this section relating to the use of the mails shall not apply to the sale of any security where the issue of which it is a part is sold only to persons resident within a single State or Territory, where the issuer of such securities is a person resident and doing business within, or, if a corporation, incorporated by and doing business within, such State or Territory.

So, under the facts as stated by the Senator, even the Securities Act of 1933 would not apply; but if the security is sold in interstate commerce, or the mails are used, then it would apply.

Mr. BARKLEY. It was not the intention of the Securities Act itself to deal with the issue of securities of small local companies, such as, for instance, ice companies and small lumber companies which are locally organized, and whose business is restricted to local communities. Of course, it is conceivable that such a company, originally organized for local purposes, might expand until it became an important factor in interstate commerce; and then, of course, the Securities Act would apply and this act would apply, insofar as the Commission might see fit to issue general regulations which might cover it if it were engaged in interstate commerce and its securities were predominantly sold in interstate commerce.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. In view of the fact that the Senator says that such things as we have been discussing probably would not happen anyway, and in view of the statement by the Senator from South Carolina and the Senator from Florida that they would have no objection to a limitation of the sort I have indicated, may I ask the Senator from Kentucky if he would not be willing in his behalf to allow an amendment of that nature to go to conference for further study?

Mr. BARKLEY. Of course, I can only speak for myself.

Mr. VANDENBERG. I am asking for the Senator's own viewpoint.

Mr. BARKLEY. I cannot speak for the Senator from Florida and the Senator from South Carolina or the committee, but, personally, I would rather think over the possibility of such an amendment before suggesting that it go into the bill or even go to conference. I know of an important concern engaged in interstate commerce whose outstanding stock is more than the amount suggested by the Senator from Michigan which by other means, either by the issue of bonds or other forms of capital investment or by the accumulation of surplus, may be able to control a considerable amount of money, above $250,000, which is represented by the mere outstanding stock; and, as suggested by the Senator from Utah [Mr. KING], many companies now issue millions of shares of stock with no par value at all. I do not know how we would limit the jurisdiction of the proposed commission over the stock of such companies as that, where there is no par value, there is no way of estimating the real value of the stock. It may have a book value; it may have a value upon some exchange, if it is registered, but I know of no way by which a commission or any agency of the Government could definitely arrive at the value of millions of shares of stock which have been issued with no par value whatever attached to them.

Mr. LEWIS. Mr. President, my amendment has this qualification—and I may ask the Senator from Washington to heed the suggestion—where there is no listing of a stock for sale, and where there is no interstate-commerce transaction, Could not that be placed in the bill as a specific qualification to compose the minds of people who may be fearful?

Mr. BARKLEY. Of course it could be, but the effort to exempt by language in this bill every conceivable situation which may arise is subject to the objection, in my judgment, that we would be taking away from the Commission, which is to be set up, the flexibility which it should have to regulate very largely the sale of unlisted stocks in such a way as to cripple the efficiency of the proposed act, because if we can eliminate one situation by an amendment there are hundreds of them that we can think of that ought to be similarly eliminated.

Mr. STEIWER and Mr. DILL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Kentucky yield, and if so, to whom?

Mr. BARKLEY. I yield first to the Senator from Oregon.

Mr. STEIWER. I merely want to make a suggestion. Is it not appropriate, in order to calm the fears of those who now raise the question as to the inclusion of small intrastate corporations, to say to them that the bill by its terms does not and cannot reach such corporations. In the first place, this bill deals with stock exchanges, and with the regulation of the over-the-counter market. The very least corporation, if it should seek to list its stock upon the stock exchange, would be obliged to comply with this proposed law. That might be so even though it were an intrastate institution, because the stock exchange may be engaged in an interstate business and the intrastate operation comes in quite incidentally.

I think, therefore, the very least corporation might subject itself to regulation under this proposed act if it should seek to sell its securities over the counter. But unless the stock crosses the threshold of one of these institutions or the other, it is not affected by the proposed law, whether it be a big institution or a little institution. Our friends, therefore, who are borrowing trouble for fear that this proposed law is going to affect adversely the little intrastate institutions, may very well quiet their fears, for unless they seek to sell their securities at some place in a way that comes within the act they are wholly unfounded.

Mr. BARKLEY. I appreciate what the Senator says. We have got to keep fairly in mind the difference between the actual physical operations of a corporation doing only an intrastate business and the placing of stock of such a corporation upon an exchange which is an interstate institution.

Mr. STEIWER. That is true.

Mr. BARKLEY. There may be a lumber company in the Senator's State which does not sell a foot of lumber outside of Oregon or does not buy a foot on the outside and ship it into Oregon, and yet if it registers its stock on the New York Stock Exchange or some other exchange outside the State it becomes, of course, subject to this proposed law and is regulated as an interstate institution. I doubt whether it is practicable to write into the bill language that would exempt a possible situation in order to calm the fears of people, admitting, as I think, that the fears have been groundless and that they have been rather conjured up by those who have been seeking to use this possible situation to create fear so that there might be opposition to this bill in any form.

Mr. STEIWER. There may be some ground for fear, and I should like to discuss that question at some later and more appropriate time; but, as far as the immediate question is concerned, I feel there is no substantial ground for

contending that the small intrastate institutions need have any fear, because, literally, they are not covered by the proposed act.

Mr. BARKLEY. No; that is my contention.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Washington?

Mr. BARKLEY. I yield.

Mr. DILL. I have communications expressing the belief that under the language of the bill as written, corporations of all kinds with any established interstate business will be called upon to make reports to the Commission. I am not sufficiently familiar with the bill to say whether or not that is true, but, it seems to me, if there is any doubt, the language ought to be clarified, for certainly the determination of whether a corporation comes under this bill should be on the basis of whether its stocks are put on the market. If they are not, there ought to be no question as to the situation.

Mr. BARKLEY. I will say to the Senator in that connection that with reference to listed stocks reports are required and there cannot be any question about the propriety of such a provision.

Mr. DILL. Absolutely none, and I have no objection to that.

Mr. BARKLEY. I contend—and I do not think anybody can successfully contend to the contrary—that where any stock is registered upon a national stock exchange, as to which stock millions of people have no way of knowing the condition of the company, of knowing anything about its balance sheet, of anything about how much it earns or of knowing anything about the salaries paid its officers, they certainly have the right to go to some public place and to inquire of some public institution the condition of that company as a prerequisite to their engaging in the purchase of its stock.

Mr. DILL. I have not any question at all about that.

Mr. BARKLEY. That is one side. We have in our investigation disclosed situations affecting stock of large companies not registered on any stock exchange, but dealt in what they call "over-the-counter transactions", which, of course, are more or less vague.

Mr. DILL. I agree that they ought to report, but I am talking of those that do not engage in over-the-counter transactions.

Mr. BARKLEY. There is nothing in this bill, as I understand, that requires any corporation whose stock is not sold either on a registered exchange or in an over-the-counter transaction to make any kind of a report to the commission proposed to be set up by the measure.

Mr. DILL. Then, there certainly could be no objection to a proviso stating that this bill does not apply to any such corporation.

Mr. BARKLEY. Of course, that brings up the question——

Mr. DILL. If the Senator's statement is correct, there should not be any objection to that, and the very fact that the Senator is objecting to such a proviso makes me fearful that there is some question.

Mr. BARKLEY. Not at all. The trouble is there have been many groundless fears created in the minds of people all over this country by men who are not in favor of any kind of stock regulation—and they are perfectly honest fears, I grant—and if we should undertake to calm every fear on the part of everybody in this country by writing a sentence that would calm such fears, we never would understand what our bill means.

Mr. DILL. The very hesitancy of the Senator to accept some provision to clarify what he and I agree on is, it seems to me, to justify their fears.

Mr. BARKLEY. I hope the Senator will not assume that my hesitancy to accept an amendment suggested by him on the spur of the moment is actuated by any insidious desire on my part to clutter up this bill with language that cannot be understood.

Mr. DILL. I do not impute any insidious desire to the Senator from Kentucky.

Mr. BARKLEY. The trouble about it is, as the Senator as a legislator knows, in trying to exempt everybody who feels that, although he is probably by the language of the bill not included, somebody after a while may interpret him to be included, that we might unwittingly exempt many people who ought to be included. That is the difficulty about it.

Mr. DILL. The Senator is a lawyer, and he knows that lawyers can make words mean almost anything. If it is the intent of this bill not to include corporations whose stock is not registered on an exchange or not dealt in over the counter, of course, if that is the intent, he, as a legislator, only has to write it in the bill so that there cannot be any question.

Mr. BARKLEY. Section 2 of the bill itself says that only those are included in the proposed law. Why should anybody imagine that someone else will be included in it?

Mr. DILL. The language is at least doubtful.

Mr. BARKLEY. This proposed law and no other law attaches to anybody to whom it does not apply by its terms.

Mr. GLASS. Mr. President, the mere fact that a stock is registered shows that the issuer of the stock intended it to be interstate commerce. The very fact that it is sold over the counter means that he intends it to be interstate commerce.

Mr. BARKLEY. It would be somewhat like passing a law dealing with black cattle and then for some man having a white cow, fearing that it might apply to his white cow, insisting that language be written in the act that it shall not apply to a white cow.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BLACK. I have just read the bill rather carefully, and the only provision I find with reference to reports is in section 13 (a). It specifically states as to what the report shall be made. It says:

> The Commission may require every issuer of a security registered on a national securities exchange to file—

And so forth. That is all I have found relating to any requirement.

Mr. BARKLEY. There is a general provision in section 15.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from South Carolina?

Mr. BARKLEY. I yield.

Mr. BYRNES. The only difficulty that has been brought out in the discussion is that in section 15 it is provided that the Commission may prescribe, where necessary in the public interest and to insure protection to investors, certain rules and regulations, and that such rules and regulations may provide for the regulation of all transactions on any such market.

Mr. BLACK. That is the over-the-counter market?

Mr. BYRNES. Yes; and because it is provided in the section that for the purpose the Commission may make special rules and regulations in respect to securities of specified classes, a fear has been expressed that the Commission might seek to make the same regulations, in order to register a stock which has been dealt in on the over-the-counter market, as are required for the registration of stocks upon the exchange. I think such a fear is not justified. It is a fear expressed by the Senator from Michigan [Mr. VANDENBERG].

The provision giving to the Commission the power to adopt rules and regulations for the regulation of transactions on the over-the-counter market must refer to the first language in the section, where it is provided that it shall be—

> Unlawful for any broker, singly or with any other person or persons, to make use of the mails or any means or instrumentality of interstate commerce for the purpose of making or creating, or enabling another to make or create, a market.

That is the language. If they do that and make a market, then they engage in interstate commerce, and then the Commission has the right to prescribe rules and regulations. It does not require the Commission, in establishing such rules and regulations, to go into the details set forth as to stocks listed upon an exchange, but leaves it entirely with the Commission, so that they may differentiate as between stocks or securities and may not require it.

I do not share the fear of the Senator from Michigan has expressed nor the fear the Senator from Illinois [Mr. LEWIS] has expressed. I said that, as far as I am personally concerned, if an amendment were drawn specifically to provide it was not to affect intrastate sales of stocks, in order to take care of the situation which the Senator from Illinois had in mind, of a little bank being organized and the stock being sold in the community, I would see no objection to adopting such a provision. Such a situation certainly is not covered, and such an amendment would have to be carefully drawn for fear it might do some injury that we really did not anticipate.

Mr. BARKLEY. That is what I had in mind a while ago when I suggested that any such amendment ought to be very carefully considered, because in undertaking to do what all of us have in mind as the object of the bill, we might let somebody out of a loophole that ought not to be left out.

I have no desire to occupy the time of the Senate longer, and therefore yield the floor.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

PROHIBITION OF LOANS TO DEFAULTING NATIONS

Mr. JOHNSON. Mr. President, I apologize for this intrusion for a very brief diversion. I am not very often guilty of such a thing, but because of recent events I feel it not inappropriate to devote a few minutes to endeavoring to clarify a situation concerning a measure which has become a law and some of its provisions and what may eventuate in the very near future.

The Congress enacted a law, the President signing it, concerning foreign debts, prohibiting the sale of foreign bonds and securities and obligations of foreign countries which are in default to the Government of the United States. Wittingly and unwittingly there have been much misapprehension and some misrepresentation concerning that measure, its possibilities, and what it may do in the future. It is to those who unwittingly have misunderstood or misrepresented the measure that I address myself, not to that part of the press of the country which responds always to those nations which are indebted to us, and is ever endeavoring to aid them before the American public with poisonous propaganda published with intent to misrepresent and mislead.

Mr. President, a very brief history of the measure may account for some things in respect to it. A gentleman was traveling in Europe a year or two ago, one whom most of us know, and, I think, know quite favorably. He met on every side hostility. He met with sneers and jibes at our country and the debts which are due from foreign countries to ours. In something of exasperation one day he wrote me that there ought to be some mode in which we would express our will or our displeasure, some mode by which we would preclude the possibility in the future of that occurring which had occurred in the past. His letter describing exactly what he had come in contact with impressed me immensely, and I endeavored then, long ago, to present a measure to the Senate which would prevent individuals in this country selling the securities of those countries which had defaulted on the debts they owed us.

The measure was brought into the Senate infinitely broader than the measure that finally became the law and was signed by the President. It came before the Judiciary Committee. The Judiciary Committee reported it favorably. It came then to the floor of the Senate and, with practically no debate, it was passed as the calendar was called one day. Subsequently the distinguished Senator from Arkansas [Mr. ROBINSON] moved to reconsider the vote by which the bill was passed, and for a month or more we were in conference concerning amendments which were suggested to the bill in order that it might meet, as I understood, and as he did, I believe, all the views of all those who might be affected by it in our country and who were interested in its ultimate enforcement.

Finally the bill was amended, exactly as was asked; and thus amended, curtailing and limiting in a great degree its original purpose, it passed the Senate, went to the House, finally there was heard by the committee, passed the House, and was signed by the President of the United States and became a law.

That, sir, is a little of the history of the measure. Before the measure became a law, however, many months—indeed, in November last—token payments upon the debt of Great Britain were made by that country. Those token payments were accepted by the President of the United States. When the President accepted the token payments he made a public statement to Great Britain and to our country, a public statement where his words were measured, I take it, from their character, in which he said that he would not look upon the failure to pay the entire obligation then due as a default. His words were these:

> In view of these representations of the payment and of the impossibility at this time of passing finally and justly upon the request for readjustment of the debt, I have no personal hesitation in saying that I shall not regard the British Government as in default.

That statement was made on the 7th day of November 1933. Long subsequent thereto the particular measure was passed. It then came before those who were dealing with the subject matter for construction. Subsequent to the time the President made this statement in the words employed by him I said to the committee of the House, which queried me upon the subject when I appeared there in support of the bill, that I could not agree with the President in the view he thus presented; but I added, of course, that my view was of little or no consequence in the light of the views expressed by the President, and that his words undoubtedly would prevail.

Thus, the measure came to a determination and a construction by the Attorney General of the United States last Saturday; and the Attorney General of the United States, in accordance with the words which were stated by the President in November last, held that Great Britain was not in default because of the acceptance of the token payments and because of what had transpired during that particular period.

I have no quarrel with the decision rendered by the Attorney General. It is immaterial to me now what may have occurred in the past, and it is immaterial to me whether the view I entertained last November and have entertained ever since, at variance with that expressed in November, is the view that should prevail or be adopted by the Attorney General. That is gone; but there is another phase of this matter that is of extraordinary importance.

There is now impending another installment due upon her debt by Great Britain. Next month that installment will become due. Since the words of the President, since the various circumstances he detailed in his statement last November, this act has been passed; and this act, plain and unambiguous in its terms, states exactly the conditions under which there would be a default.

It would be silly to contemplate a prosecution of anyone after the November statement by the President in accepting the token payments and after the President's construction of those token payments, no matter how we might disagree with what might be said by the President in that regard; but, sir, a different situation and a different set of circumstances will confront us in June next, only a month from now; for the act in so many words describes when a default is an actuality on the part of the nations that owe us, and provides in substance that it occurs not only when there is no payment of its obligations, but also "or any part thereof."

I take it, therefore, Mr. President, there is an end of token payments. I take it, therefore, Mr. President, that the question of token payments next month cannot and will not arise; and I take it, Mr. President, that anyone who would be bold enough, after a payment of seven or seven and a half or ten or fifteen million dollars in silver upon a very large indebtedness, to undertake to sell the securities or the obligations of that particular government in this country would come within the plain provisions of the law, and would be guilty of a violation of those plain provisions.

So, Mr. President, we need not think of the past, nor need we assail the opinion that has been rendered by the Attorney General, nor need we comment upon what was said by the President in November 1933. Next month we will have the determining factor, and next month this statute will be effective in precluding the possibility of sale of the securities of any country which is in default on the whole or any part of its indebtedness.

In passing, let me just suggest what a perfect absurdity it is to accept now a token payment by a government which boasts to the world that its financial condition and position are better than those of any other country on the face of the earth, and boasts to the world that not only has it balanced its budget but that it has a very large surplus to its credit as well! A token payment of seven and a half million dollars or ten million dollars, as the case may be, or a small moiety upon its debt under such circumstances, would be simply a fraud, a farce, and a delusion; and we may consider, I take it, sir, in view of the facts which have transpired, that there will be an end of token payments, and the law will be wholly effective next month.

I cannot understand, Mr. President, and I do not try to understand, that part of the American press which indulges not only in its hostility to but in its denunciation and its vilification of any man who dares stand here or in any other place to say a word about the debts that are justly due to the United States from foreign countries; and yet there is a part of the press of this country which was aptly once designated the "Foreign Legion press of America", that is engaged in propagandizing against its own country and for foreign nations day in and day out.

Today, in the eyes of that part of the press, it is a disgrace to be an American, or to claim an American's rights. Only recently I was shocked to read in one of the great newspapers of the land a leading editorial concerning this small act which was designed for the protection of our people—shocked to read its designation of that act and its characterization of it. I read, in order that I may not be in error in the quotation, a portion of a leading editorial of the New York Times of Monday, April 16, 1934. It related to "Students and War", and in the course of it the editorial said some things about this particular measure of ours; and the things it said that shocked me were that this little bill by which we forbade the sale in our country of the securities of those countries that had defrauded us was a cause of war. The precise language is:

> Look at the parochial-minded bill which the President has just signed, closing American money markets to every nation—or to groups within it—which has not paid all of its public debt to the United States. Across it is written, although as yet in invisible ink, the ominous words "casus belli."

Just imagine a great American newspaper saying that a small penal statute of this character, justified by the events that had occurred in respect to debts due the Government of the United States, was a cause of war! How can it be possible for any American newspaper thus to characterize a measure of this sort?

This is not the first time in the history of the world that credit has been denied to nations that defaulted in their payments to other nations. It is not the first time in the history of the world that an effort has been made to prevent subsequently the flotation of securities of the nations in default. The historic one is described in the very interesting work of Mr. Edgar Turlington, on the Mexican debt situation. I find that many years ago when Mexico, small and unable to defend itself, defaulted to British bondholders—not to a government—they took the matter in hand so that upon every bourse in all Europe Mexico was denied credit or the right to sell any of her securities.

I read two or three excerpts from that book:

> On January 12, 1874, Foster—

Who then represented our country in Mexico—

> in the absence of official relations between Great Britain and Mexico, introduced to President Lerdo in an unofficial manner, John Geiger, representative of the London Corporation of Foreign Bondholders.

They are a little more delicate over there concerning their bondholders who have been swindled than we are over here, perhaps. Over there, when there are debts that are due to bondholders of Britain, they take very good care, by their bondholders' associations, to endeavor to render some aid to those who have suffered at the hands of defaulting peoples or defaulting governments.

I continue:

> The President expressed to Geiger the earnest desire of his Government for an adjustment of the London debt and the willingness of his Government to resume the payment of interest as soon as the condition of the treasury and its resources would permit. He declined to make any proposition for such adjustment and resumption, but stated that he would be pleased to receive and consider a proposition from the bondholders.

Then, again:

> Upon the return of Geiger to London the council of the corporation of foreign bondholders resolved to take "more decided action", with a view to inducing Mexico to conclude arrangements with her foreign creditors.

I may say in passing that the Corporation of Foreign Bondholders is a corporation under the ægis of the British Government, and that the British Government aids it in every fashion it can. I attached as the second title of the Securities Act, when it passed the Congress of the United States, a provision which created a public corporation the design of which was exactly that of the Foreign Bondholders' Association of Great Britain, and which was fashioned upon the statute creating the British Foreign Bondholders' Association. It has been a source of infinite regret to me that it has not become operative.

The council decided to take more decided action.

> A factor in the council's decision was "the advantage the country derived from the construction of the Mexican Railway, effected by means of funds procured by the hypothecation of a part of the securities which had been already assigned to the bondholders." After consultation with the bourses on the Continent, the council notified the Mexican Government that it would no longer be allowed to avail itself, directly or indirectly, of European markets for the purpose of raising capital. The effect of this notification, says the corporation in its report for 1874, became immediately apparent. After unsuccessful attempts to raise money in the United States as well as in Europe, President Lerdo at length authorized overtures to be made to the committee of Mexican bondholders at London.

Today, sir, this law may be of little consequence. Today, sir, there may be no European nation that seeks to float its securities in this country. But today, sir, the world is in ferment. Today, sir, no man can prophesy what may occur within the next few months or the next few years. If there come a time in that period when money be required by a European nation, where, Mr. President, do you think that nation will come? It will come here, where we were once so easy, and where once it was not difficult to prevent the payment of what they justly owed, and may ask again; and then I hope this statute, brought to its full fruition, will preclude the possibility of any other loans being made until the present loans shall be settled.

Mr. WALCOTT. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. WALCOTT. The Senator spoke of loans. I assume he means a loan of either a private banking house or the Federal Government.

Mr. JOHNSON. No. The bill was amended so that the only loans to which the law is applicable are loans which are due to our Government.

Mr. WALCOTT. But in the event a nation were in default to our Government, that government could not borrow even of a private banking house. Is that true?

Mr. JOHNSON. Yes; it is true; because this is a penal statute, and it forbids the sale of bonds or obligations of governments which are in default to our Government, or loans to them.

Mr. COUZENS. Mr. President, it does not prevent those countries which are now in default to our Government coming here and getting more money from our Government.

Mr. JOHNSON. The Senator asks a rhetorical question. The Senator from Michigan says that it would not prevent those countries from coming here and asking for more money from our Government. No; one may ask of the moon anything he chooses, but I should like to see the country in Europe today which owes us coming to this country and asking our Government for more money. I should like to see what the reply of our Government would be to such a request. And who would doubt what the attitude of our people would be?

Mr. COUZENS. The American public was not consulted when the loans were originally made to those countries.

Mr. JOHNSON. Certainly not.

Mr. COUZENS. It was done by executive officers, and the country was not consulted.

Mr. JOHNSON. Quite so; and now we are arousing the country, and the country is aroused. Now there is a different situation. Of course, the people were not at that time in a situation where they could deny or give consent, and the Senator is quite right, the Government floated the loans, in reality, in this country.

Just here let me ask, what is there that is unfair, what is there that is unjust, when down in the vaults of the Treasury Department are the bonds of these defaulting countries, on not one of which could we raise a dime, in reality, in our saying to the countries thus in default to our Government, "You shall not float in the United States, until these obligations shall be redeemed, any other bonds." That is what newspapers in our Nation declaim against, and it seems incredible to me that that peculiar attitude should exist on the part of any newspaper, Tory or otherwise.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. JOHNSON. I yield.

Mr. FESS. I think the Senator indicates a broader interpretation of the law than the one I would give it.

Mr. JOHNSON. Perhaps so.

Mr. FESS. I did not understand the law to which the Senator is now referring to forbid the Government lending to, say, a foreign corporation, such, for instance, as the Amtorg Corporation.

Mr. JOHNSON. I think the Senator is right about that. That enters into the question of the Russian situation, and the amendment that was incorporated at the very end of the bill, if the Senator will recall it, was written, in my view of it, for the sole purpose of enabling trade with Russia. It provided just this, if the Senator will observe:

> As used in this act the term "person" includes individual, partnership, corporation, or association—

And the amendment that was inserted and accepted was—

> other than a public corporation created by or pursuant to special authorization of Congress, or a corporation in which the Government of the United States has or exercises a controlling interest, through stock ownership or otherwise.

Mr. FESS. I thought the Senator's reply to the Senator from Connecticut was to the effect that the Government could not lend to a foreign corporation.

Mr. JOHNSON. I did not say that at all. What I said was that they could not sell here the bonds or obligations of a foreign country which was in default to our Government.

Mr. FESS. That is what I understood to be the law.

Mr. JOHNSON. That is the law.

I was reading the third excerpt from Mr. Turlington's work:

> Despite the inability of the Mexican Government to borrow money in Europe—

This was after they had put upon Mexico an embargo in every bourse in Europe—

> Despite the inability of the Mexican Government to borrow money in Europe, the Diario Oficial was able to state at the beginning of the year 1882 that day after day new applications were being made for railway concessions. In July 1882 an issue of ₱10,000,000 of bonds of the Mexican National Railway Co., owned by the American capitalists who had 2 years before obtained a concession for the construction of railways from Mexico City to Laredo, Tex., and Manzanillo, on the Pacific coast, was offered on the London market. These bonds were secured by a Government subsidy of approximately $11,000 for each mile of construction, charged upon a percentage of the customs duties claimed by the London bondholders. A warning was accordingly issued to the public by the bondholders' committee. The immediate result was that the bonds were virtually withdrawn from the European market.

Thus we see that historically there has been done in Europe just exactly what we have been attempting to do by this very inoffensive measure, designed to protect our people from being defrauded as our Government has.

Mr. President, I quoted from the editorial of the New York Times. I am very glad to say that an English publication recently characterized, as I would not dare characterize it, what has been done in Britain and the boast that has been made there of the balancing of the budget and of the great surplus.

Is it not absurd to talk now about token payments when British finances are in the condition in which they are? But let me say, too, that a budget can be balanced very easily. I could balance my budget if I would not pay my debts, and any country on the face of the earth can balance its budget if it declines to pay its just obligations.

In the New English Weekly of Thursday, April 12, 1934, there appears this article:

> Before the blackbirds begin to sing on the opening of the budget next week it will be well to recall how the pie was made. Like the alleged revival of prosperity, the budget "surplus" has been specially manufactured for home consumption and by means that would ensure an ordinary company the prosecution of its directors. The "windfall" of the Ellerman estate——

If Senators have followed what occurred recently in London, and the boast that was made by the Chancellor of the Exchequer, they will recall the enormous sum that was received from a specific estate, and how the statement was cheered as he reported it to the Commons.

> The "windfall" of the Ellerman estate that accounts for a quarter of the "surplus" may perhaps be regarded as a piece of luck; but it is not luck, but sheer chicanery, that calmly proclaims a surplus consisting entirely of England's unpaid debt to America. It is difficult to appreciate the ethics of our financial purists and especially of those who profess to be concerned for the credit of England in the financial world. They acknowledge the legitimacy of the American debt in terms of their own rules of sound finance. They propose to resume payment on the same old terms as soon as possible. And yet, with the means of payment in their hands, in the form of a surplus wrung from the public for the purpose, they content themselves with a "token" that is even not big enough to rank as payment on account. It can be taken for granted that our naive cousins in America will fail to see the honorificabilitude (city English for old-fashioned honor) of patent fraud and the cooking of accounts. Plain downright French refusal to pay and damn the consequences they can understand. The attitude of Germany, likewise, is intelligible: To demand a world conference for the settlement not of one isolated debt but the whole strangling network of international debts; and, in the alternative, to invite her creditors to come and collect their debts of a rearmed nation. But our city's attitude of mixed purity and trickery is beyond the comprehension of anybody but crooks. We have still to see, however, the ultimate consequences of evasion. Certainly they are not likely to take an immediately violent form. America cannot put the bailiffs into the British Empire. Nevertheless, it can be confidently calculated that another long nail will have been driven into the coffin of the world's hopes that most unquestionably lie in cooperation between America and the British Commonwealth. Once again, in short, our city is proving itself the chiefest enemy of world peace.

Mr. President, I desire to congratulate the New English Weekly upon the forthright frankness of this particular article. I would not dare say such things. It would be worth two leading editorials in various of the great newspapers for me to indulge in any such language as this, and the names that would be called would be so many and so terrible that I would shrink the rest of my life from even

reading a newspaper. I dare read what is here, because it is published by Englishmen in an English weekly.

In conclusion, Mr. President, let me say just this: The past is past. No one thus far, so far as I know, has been indulging in animadversions on our foreign debtors. I do not propose to indulge in such discussion any longer on this occasion. But I am looking forward to next month, June, when there will be due a payment from a nation which boasts that it is in a finer and better financial condition than any other nation on earth; I am looking forward to see whether at that time a nation, so circumstanced as it boasts no other nation is, will have the effrontery to offer a small "token" and beg to be relieved of the stigma of default. I do not believe that is possible, and I am perfectly certain that that will not occur; and, if it should, I feel certain there will be neither acquiescence nor acceptance by our Government.

THE NEW PHASE OF FOREIGN DEBT

Mr. LEWIS. Mr. President, I have from time to time addressed the Senate respecting the subject of the foreign debts, referred to as the debts of our debtor countries. My view has not always met the approval either of my colleagues or of certain of the financial interest among the public.

I am moved today to something of an expression of vanity, let it be conceded, perchance confessed. Lately I informed this honorable body that there was a move afoot among foreign nations indebted to us to omit in their budgets any acknowledgment of the debts, either for token payments or as installment payments recognizing the obligation of the principal.

I was particularly attracted to the fact that, though the eminent Senator from Idaho [Mr. BORAH], the able Senator from Ohio [Mr. FESS], the Senator from Maryland [Mr. TYDINGS], the Senator from Missouri [Mr. CLARK], and one or two others of the very eminent Members of this body joined in the interpellations and took occasion to express their views on the subject of the obligations, it was noticeable that certain portions of our financial press made not the slightest reference to the debate or the queries, and part of our very eminent press made not the slightest allusion to the character of the effort of the President in the transaction to maintain peace and concord with the debtors, all in a manner that would sustain the honor of America.

Subsequently, sir, some days following the address I refer to, there developed just what had been intimated; and in conformance to my prophecy, predicting that there would be no reference in the financial budget of these eminent debtors to the debt to the United States, there came forth no reference but the ignoring. When it developed that such result was actually the fact, as had been detailed by me on the floor, I then again took the liberty to address this body and tell this honorable Senate how the development disclosed proved the accusation made as expressed here.

I there presumed, sir, to set forth again certain information which I said was authentic, without relating the source from which it came, that these eminent lands would soon boldly announce that they would default, and I gave as the reason, coming from myself only, the deduction that as we were on the eve of seeking by treaty some form of reciprocity in prospective trade, through exports and imports, the debtor nations would announce to us, "Before we will go any further with you gentlemen touching such negotiations, you must make us equals. We will not let you put us as debtors on one side of the table and you as creditor on the other side of the table, subordinating us in such a demeaned attitude that we deal at a disadvantage, as one in debt to you, from whom you may command a form of obedience as from an inferior—a predicament which we cannot avoid."

Five days after that speech, in which I said such would be exacted, the very complete statement was made by two of the eminent debtors, one that it was in default and would make no effort to go further, saying it could not; the other announcing through its officials that it had one other proposition to make to us, and it would make it as one which should cover the whole subject and conclude any further reference to the obligations, and if we accepted it, very well; and if we did not, it should be the end; that they then, following our refusal, would duplicate the action of a previous nation and cry out "default." That declaration was fulfilled in action literally.

I again invite attention to what to me is a most ominous sign. I know it will be charged, of course, as is familiar in these days, either that I am disappointed because of omission of publicity, or that I sought by my speech more public attention paid to me, or that in some way I have some grievance or some pique. Unhappily, always there is the charge that anything certain of this Membership shall utter shall be ascribed to something of that nature. I am reciting that I would be fortunate in escaping the long-endured catalog of single phraseology of being referred to as "picturesque", an expression which the eminent men of the Conning Tower, I should hope, would have improved upon as time goes on by the invention of a more seeming, more elastic, and more satirical phrase, and one which has not endured as stale matter for so extended a length of time. Or, perhaps, it would be more agreeable to those who fancy themselves capable of scientific ignoring to refer to the wardrobe I wore, to comment on my apparel as indicating a show master, and assert that the real reason for my speech was that I might display my habiliments. [Laughter.]

Of none of this, Mr. President, am I unconscious. Sometimes when I see eminent veteran Senators trying to define the smallest estimate of value to one action or property, I cannot but conclude that if they really wanted a standard by which to measure littleness or insignificance they need but contemplate the petty worth ascribed by the gentlemen of the Conning Tower of the press to a United States Senator. [Laughter.]

Mr. President, I make these allusions not because I am personally concerned what one may write concerning these things applicable to myself; but I am compelled to note that when a great question such as that of foreign debts has been debated by honorable gentlemen on both sides of the Chamber, serious as the expressions are, it should not have been referred to by certain of the eminent press, and particularly its financial section. I cannot but be moved to the thought of that strange form of propaganda which has been effective in certain quarters, which has already begun to influence certain of our very great press, that silence on the debts and refusal ever to refer to the foreign debts is the most effective means of avoiding the payment of the debts. It is reasoned that soon it would be asserted that the whole matter is obsolete, no longer dominant; that it should be wiped out as a nuisance, to be considered as a burden to be carried, and is therefore an affliction on the body politic; therefore, out with it! Luckily, we shall not have to take the line out of Macbeth, "Out, damned spot! out, I say!" as the most fitting to the new abhorrent feeling as to collection of these debts.

But, Mr. President, today I call to your attention the query, What is the meaning of this new transformation? The eminent financiers and gentlemen of the exchequer, meaning statesmen, of two of our great debtors, suddenly announced their intention of resuming consultations looking to the payment or the offering of some payment, at least to the presentation to our President of some proposition.

Our President is to be greatly consoled in his efforts, and greatly to be approved in his conduct, for his patience, his perseverance, his patriotism in keeping the debts properly before the public without disruption of our relations with either country, or making the world feel that we could have a conflict of so base a nature as breaking friendship over a mere matter of dollars and cents, deeply as we regret the loss of our money, and deeply as we deplore the need which we cannot supply. But, Mr. President, I will not stand and within myself concede that I am so very, very stupid as not to see the design now set afoot.

The eminent Senator from California has just made a reference to certain matters touching a bill he has before the Senate which many of us will understand. My eminent leader on this side, Mr. ROBINSON of Arkansas, having con-

sidered the bill in its early inception, we of this side quite well knew the spirit of the bill wherein we could sustain the measure as an administrative one to the full extent which it could go. But, Mr. President, now come forward the debtors, and, with a very clear declaration, indicate that they will now consider anew the suggestion of some payment to be made to us, the creditor. At the same hour comes underground and subterraneously the proposition that, hiding itself first, to use the figure of the vermin, "under the sand", then comes forth now fully padded, that two of the private banking establishments of one of the debtors, and an official of the government of the other, have a proposition for a new loan from the United States, which the debtors feel they have a right to have; perchance, that their security would justify it.

As to that I have no remark to make, not having seen what is proposed; but I cannot overlook this new spirit of reviving a consideration of the honorable obligations, placing themselves apart from the previous proposition of default—as saying, "Gentlemen, pas un sou" from one, from the other, "not a cent"—utterly making the change of front with the prospect of a token payment from one, and asking for consultation by the other, at the time a new loan is whispered in the offing of the new stage; and this transaction just 2 days after the suggestion from eminent sources in these countries that the new loan would be launched as approved—"taken up", to use the language of finance—by America.

Mr. President, it may be that it will be a wise thing for America to do, for aught I know, when the proposition shall be made in the open; but America must not fail to be on guard and behold the difference between that which is straightforward to its object and that which assumes that greatest form of hypocrisy and for the moment dazzles the senses with the pretension of friendship and fraternal regard while with the hand of deception it rips the pocket open and filches its contents again, as has been done before too often.

Mr. President, our President is seeking to do all he can to keep the kind regard of one land with the other, and we are seeking as best we can to collect the debts which are due us; but, sir, there is another consideration, and it is the final one which I take the liberty of imposing upon my eminent colleagues. It is to protect the investors of America, for these loans are evidenced by bonds; these bonds are then taken up by the financial houses of the country; they are then transferred to the citizens of our country for consideration, and it is held out that they are an excellent investment and that their money is secure; and when such is done, then default occurs, as in the case of certain South American bonds, which, it is conceded, to the extent of $900,000,000 today cannot be collected in any sum, while committee upon committee is multiplied one after the other, and investigation upon investigation is piled up, and then further investigation of the investigators who made the investigation, and parleys follow until the subject is drawn out, patience becomes exhausted, and nature, no longer able to combat the contest, surrenders in subdued silence. I hope we shall not have that experience duplicated.

There is the country of Germany. I realize its unhappy state, its regrettable situation; but here are its bonds in America. Surely Germany is not going to take it for granted, because we have been whipped into a confused state and perplexed condition by the varying forms of the dealings with us by our ally debtors, that she can duplicate that situation and leave us as a creditor with not sense enough in the multiplicity of manipulations to guard our citizens, and as having become so weak in our resources as that we will surrender all the rights of our citizens by inaction. Mr. President, I trust we have reached the end of that practiced supineness, and that now it shall be given well to be understood that no loan to any country that is in debt to us, and that as to the debt manifests a spirit of unwillingness to pay us or to acknowledge the debt, will be permitted by this Government if in the processes of government it can be restrained.

It does not matter so much, let it be said, that a government may not be able to pay. That is not default. That misfortune deplored may be endured. The loss of our money may be regretted, but if in spirit one shows anxiety to pay the debt and acknowledge the obligation, that, sir, can be well taken into consideration, and these conditions in no wise of themselves restrain a new loan that is sought if, on the merits and the equity of it, it can be taken up with safety to the citizen; yet, sir, where a debtor defiantly refuses to recognize his obligations, and holds us out before the world as having been defeated by strategy, or having been eloigned by a very capable and subtly flowing method of seduction that we have not the resources of mind or method to deal with the humiliation—sir, if that attitude should be assumed by any debtor, such a debtor cannot be rewarded for his assumption, his daring, or contemptuous conduct by having himself again received by our land and sent back with his palms flowing with our money.

It is well we should state as soon as we can, and appropriately, our real relations. We ask only the dealings of honor between men and men and country and country, and here we stand on principle. We are behind the President in his effort in every way to maintain peace and friendship; we want the concord of every kindly relation that may lead us in the future and that may aid in the growth of foreign trade and domestic kindliness; but, before all, the condition of courage and conduct for the uses of trade is in the saving by America of her American citizenship and the honor of her land as the first consideration.

I trust the Senate will understand why I have burdened it for the moment by intruding these expressions as to the menace of a threatened indignity.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 3900) authorizing the Secretary of the Treasury to pay subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.

The message also announced that the House had passed the following bills of the Senate, severally with amendments, in which it requested the concurrence of the Senate:

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; and

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. VANDENBERG. Mr. President, when we were discussing the pending bill, before this very illuminating interruption, the point at issue was as to section 15 respecting the exemption of intrastate securities which are unregistered. I have been discussing the matter with the able

Senator from South Carolina [Mr. BYRNES], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Florida [Mr. FLETCHER]. At the suggestion of the Senator from South Carolina, I am not offering the amendment at the moment, because he desires to inquire further into its implications, but I do want the RECORD to show the precise thing upon which we are in tentative agreement. I am referring to an amendment on page 36, line 12, after the word "obligations", to insert a comma and the following language:

or unregistered securities, the market in which is predominantly intrastate.

I ask that this amendment be printed and lie upon the table pending the appropriate time to bring it up.

Mr. LEWIS. The amendment of the able Senator embodies some views which I myself should like to see incorporated in the bill.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The amendment intended to be proposed by the Senator from Michigan will be printed and lie on the table.

Mr. FLETCHER. Mr. President, I ask to have printed in the RECORD an article appearing in Today of April 21, entitled "High Pressure Propaganda in Wall Street's Raid on the New Deal."

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

[From the Today, Apr. 21, 1934]

HIGH-PRESSURE PROPAGANDA IN WALL STREET'S RAID ON THE NEW DEAL

Wall Street's raid on the new deal promises to be a supreme example of the power of propaganda in this generation.

No one ought to object to legitimate propaganda, and it is not the purpose of this article to claim that people, high or low, should be condemned in any sense for presenting their arguments in whatever way is proper and effective. The purpose of this article is rather to demonstrate by a review of the drive against the Fletcher-Rayburn bill the extent and character of the opposition. The public, when apprised of the facts, may make its own judgment.

There is no more serious consideration in this drive than the fact that 95 percent of those who are registering opinions on the bill are not basing them on what the bill is, but upon what somebody told them about the bill.

This is a distinction of the greatest importance. Thousands of business men, bankers, and others have slavishly registered opinions they did not create for themselves, concerning a measure which they have not seen; they are predicting effects that might result from this bill that they have no right whatsoever to predict because they have not examined the facts.

They have allowed themselves to be used as rubber stamps by a concentrated minority which constitutes the interested parties. They have, as they probably have many times in the past, based their faith and confidence on the magic value of a tip—a few words from a source "said to be authoritative." They have surrendered the right, on the basis of which free government is said to exist, to make decisions of their own. Such is the nature of government by propaganda.

In February, when the President sent his message to the Congress asking for stock-exchange regulation, sentiment in favor of such legislation was strong throughout the country. One pulse-feeling agency which reads the papers of all the 184 cities of 50,000 or more that have daily newspapers, found almost literally not one dissenting note in their editorials.

The investigation of the Senate Banking and Currency Committee, under Ferdinand Pecora, had come to a climax not long before. Much that had been of common belief had been confirmed by the testimony. More that had not even been gossiped had been revealed.

In the columns of Today, Samuel Untermyer summed up the results of 20 years of study of stock-exchange conditions and presented a detailed plan for regulation under the Federal Government. The interdepartmental committee of the Cabinet completed its inquiry and submitted a plan identical in purpose but differing in the machinery proposed.

Securities and commodities exchanges, banking institutions, and associations began to give serious thought to changes in their forms of organization and in their practices. Similar situations had arisen in the past, but soothing promises had been sufficient to assuage them. Now, to their dismay, they found that the pledge of the Democratic national platform was to be carried out.

Immediately upon the receipt of the President's message the Fletcher-Rayburn bill was introduced. Its terms were unmistakable—"Wall Street" was not to be allowed to say what house-cleaning should be done, or how. The bill was a prescription, and "Wall Street" had its choice of but two alternatives—to accept the bill or to form its lines for the hottest of fights.

The second choice was made. Not since the opposition to the railroad legislation of 30 years ago, or to the Federal Reserve legislation of 10 years later, had a comparable conflict drawn on. Nor, it may be added, had there been such a mobilization of forces.

CALL TO BATTLE

February 13 saw the first of these forces moved to the front. On that day Richard Whitney, president of the New York Stock Exchange, called into council representatives of 30 principal "wire houses." He outlined to them what he regarded as the bad features of the Fletcher-Rayburn bill. Promptly the call to action went out to all the branches of these 30 houses, located in every important city of the country. One of the messages read:

"This proposed national securities act (sic) is a matter of grave concern to every owner of real estate and securities, to all officials of corporations or banks, and to every policyholder. It is no exaggeration to say that very few of your friends and clients can afford to disregard this new menace to national recovery.

"We are mailing you a copy of the bill. Please study it. The more you study it, the worse it seems. Please discuss it with others and urge them to acquaint themselves with some of these vicious provisions.

"I am confident that if the country understands the bill, an overwhelming protest will arise."

In New York, Chicago, San Francisco, Boston, and Philadelphia plans were made for organized opposition. On February 15 the battle front was extended. Mr. Whitney sent a letter to all members of the New York Exchange and another to the presidents of 80 companies whose stocks were listed on the "big board." In the latter letter he said:

"These powers (under the terms of the Fletcher-Rayburn bill) are so extensive that the Federal Trade Commission might dominate and actually control the management of each listed corporation."

This was bringing an old, old enemy into the fight—the cherished belief that the Commission seeks earnestly and constantly to gain increased powers. Opposition to the bill strengthened perceptibly. Testifying before the Interstate Commerce Committee of the House, Mr. Whitney touched upon the new issue, but not as a primary point. He was confident that the bill gave the Commission power to manage the corporations of America, but he was saving his frontal attack for another time.

The time seemed to have come on February 28 when he appeared before the Senate Banking and Currency Committee. There he declared that the Commission was given absolute power over every corporation whose stocks or bonds were listed on the exchange. He added an opinion that had not been voiced before—that even corporations not in interstate commerce would come under this power.

A final suggestion was that the bill might have been written for the purpose of establishing a "nationalization of industry and business hitherto alien to the American theory of Federal Government."

Meanwhile the enlistment of support throughout the country was going on, especially among speculators and investors. Then the enlistment was extended to employees of brokerage houses. Eventually they were organized in 43 cities. A typical message was this, from Livingston & Co., of New York.

"Regarding Fletcher-Rayburn bill:

"Will you please ascertain and advise what is being done by concerted action of savings banks, corporations, lister or unlisted, insurance companies, in your territory in the way of organized effort for the fight on the above bill.

"Are your employees alive to the fact that with the passage of the bill a great many of them will be out of employment?

"Are they writing their Senators and Representatives? If not, they should do so at once, using their own note paper, not firm paper, and writing in their own way, protesting the passage of a bill which will rob them of employment. Please advise."

The results of the drive were unmistakable in Washington. Every mail brought protests. Brokers' employees wrote their Congressmen. (Some of them disobeyed the instructions to use their own stationery and some of them said frankly that they had been told to write.) Brokers telegraphed their members. Corporation officials expressed their judgment.

A new group made its appearance—borrowers who had been told that if the bill became law their collateral-supported loans would have to be called or, at best, greatly reduced; bankers who had been told that they would have to take such action; bankers outside the Federal Reserve System who, under the original terms of the bill, would have been barred from making loans to brokers and who did not know that this provision had been changed.

DRIVE BY MAIL IS PRESSED

Great quantities of mail came to the White House. As a matter of routine, it was sent to the Federal Trade Commission for acknowledgment. More than a few of these acknowledgments, especially those to the Pacific coast, came back stamped: "Unknown at address given."

Early in March the familiar device of mobilization of support from the colleges was begun. Theodore Prince, a broker of New York, took charge of this. To the professors he wrote:

"It seems that the power given to the bureaus or commissions named in the Fletcher-Rayburn bill is far beyond anything that was ever given to any individual, bureau, or commission. It means that such a bureau or commission would have economic

power over every industry and corporation through control—indirectly—of the credit and capital sources and machinery by which corporation ownership and distribution is made possible.

"Does it not appear as though under the bill a tentative, partial control would be impossible—that it must be absolute and almost communistic? If that be so, should the bill not make that purpose and object clear to all?"

Mr. Prince testified that of the replies he received 39 were opposed and only 4 unqualifiedly in favor of the measure. Among these latter was prof. Nathan Miller, of the Carnegie Institute of Technology, Pittsburgh. He wrote Mr. Prince:

"I wish that we 'forgotten men' had the funds at our disposal which might make it possible for us to combat this type of propaganda you are emitting."

Suddenly the battle ceased to be an attack on the stock-exchange bill alone and became a drive on the new deal as a whole.

James H. Rand, Jr., commanded the troops of this spear head. As chairman of the Committee for the Nation and ostensibly in opposition to the stock exchange bill, Mr. Rand was a witness on March 23. He read then into the record the statement by Dr. William A. Wirt, superintendent of schools at Gary, Ind., which had been so categorical in its accusations that the "brain trusters" were planning "the overthrow of the established American social order", but which proved, at the hearing of the BULWINKLE committee on April 10, to be the opinion of his own, to which persons he thought were "satellites" of the brain trust had given what he took to be assent.

The cobweb character of Dr. Wirt's statement did not prevent its being turned to skillful account, however. It was seized upon as proof by those who were seeking proof. Its background was guarded against examination by any who refused to accept it as what it purported to be. It found, perhaps, wider newspaper publication than any other single piece of testimony during the hearings.

No detail of the Wall Street raid was more shrewdly directed. New themes were found in it for such sedulous disparagers of the new deal as Mark Sullivan and David Lawrence. New impetus was given to the whole drive and, incidentally, new distinctions for the Committee for the Nation.

The Committee for the Nation, it may be pointed out here, was in no small part a creation of Dr. Wirt himself, although he is not listed as an officer nor does his name appear among those of the members which the committee makes public. The authority for this attribution to Dr. Wirt is the active executive of the committee—Dr. Edward A. Rumely.

"It was Dr. Wirt", says Dr. Rumely, "who first had the idea of forming this group to do something about the economic crisis."

Dr. Rumely has not been in the public eye since 1924. For a period of nearly 10 years before that time, however, he was a conspicuous figure. He is a physician, with a degree from Freiburg; he founded the Interlaken School in Indiana; he took over his family's farm-machinery plant and expanded it into the Advance-Rumely Co.

In 1916 he was revealed as the real purchaser of the New York Evening Mail. When Dr. Rumely was accused of having bought the Evening Mail with German money (to secure a spokesman here for Germany during the World War) he took oath that no such money had been used.

Promptly, Dr. Rumely was indicted for perjury in making that statement. On November 4, 1920, he was found guilty, and sentenced to a term of a year and a day in the Atlanta Penitentiary. The Supreme Court refused to review the verdict, and then for 4 years influential friends sought Executive intervention in his behalf. Finally President Coolidge commuted the sentence to 1 year, which kept Dr. Rumely from the penitentiary. A month later, service of sentence having been begun, Mr. Coolidge reduced it to 1 month, and that term was duly served at Eastview, Westchester County.

Dr. Rumely is not listed as an officer of the Committee for the Nation. If you write the committee, however, he may answer you in its behalf. If you ask in person for information, you will be told that "when he returns", he will serve you. At the offices you will hear that he is the one actively in charge.

CAMPAIGN IS WIDENED

In this new phase the drive on the stock exchange bill has been widened particularly to take in the desirability of modifying the Securities Act and the "dangers" of the Wagner company union bill and the unemployment-insurance bill.

On April 4, for illustration, a special train carried to Washington a group of 175 Connecticut manufacturers to meet in conference with the whole Connecticut delegation in the Congress excepting only Representative MALONEY. All four of these bills were formally opposed.

As this is written opponents of the legislation list these organizations in their support:

United States Chamber of Commerce, National Association of Manufacturers, Association of Railway Executives, National Industrial Conference Board, American Bankers Association, National Association of Mutual Savings Banks, National Board of Fire Underwriters, the Merchants Association of New York, and Chambers of Commerce of Baltimore, Boston, Philadelphia, Detroit, Richmond, St. Louis, San Francisco, Buffalo, Cleveland, Toledo, Seattle, Harrisburg, San Jose, and Sacramento.

A steady shift of front has gone on, in the meantime, among the newspapers of the country. On February 23, 7 out of 10 editorials were favorable to the Fletcher-Rayburn bill; on February 24, 8 out of 10. Day by day, almost, the ranks of the newspaper supporters of the bill have thinned. There have been complete rights-about-face, perhaps the most interesting of them that of the Miami Herald. On February 24 it said:

"Mr. Whitney asked for another chance with some additional grant of power. Perhaps the exchanges could wipe out the evils more successfully than Federal laws, but the question remains as to why they have not done so."

By March 28, however, the Herald had evolved a new theory which enabled it to join the chorus against the pending regulation.

"If stocks are held down by the damper of margins", it said, "so will prices of grain and cotton be kept low in the pit, and they influence commodity prices generally. In other words, the Nation prospers through gambling. This may not be morally right, but nevertheless it is a fact."

Thus is developed one of the most extraordinary theories of human progress that has ever been enunciated. Perhaps the slogan of this new drive on the new deal might be borrowed from this Miami suggestion:

Prosperity through gambling.

President Roosevelt says: "A more definite and more highly organized drive is being made against effective legislation (for Federal supervision of stock exchanges) than against any similar recommendation made by me."

Mr. FLETCHER. Mr. President, I wish to call attention to the fact that I presented and had printed three amendments, which I wish to take up at the first opportunity. Perhaps if no other Senator desires to offer amendments, I may do so now. One amendment is on page 57, after line 9, to insert the following:

Title 2, amendment to the Securities Act—

And so forth.

Mr. McNARY. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Oregon?

Mr. FLETCHER. I yield.

Mr. McNARY. I inquire if the Senator has secured action upon all the committee amendments?

Mr. FLETCHER. There are no committee amendments.

Mr. McNARY. None at all?

Mr. FLETCHER. No. I am referring now to an amendment——

Mr. McNARY. To the Securities Act?

Mr. FLETCHER. To an amendment which I have heretofore offered and which has been printed.

Mr. McNARY. I am curious to know, if there is any other amendment to the bill which is the unfinished business, why would it not be better to go forward and consider the amendments to the pending measure before we take up an amendment which relates to an entirely different subject?

Mr. FLETCHER. The amendments to which I have referred are amendments to the bill.

Mr. McNARY. I appreciate that; but does not one of the amendments referred to by the Senator affect and modify the existing Securities Act?

Mr. FLETCHER. One does modify it, but that is not so important.

Mr. McNARY. May I ask the able Senator from Florida is he offering amendments to be printed or for the consideration of the Senate at this time?

Mr. FLETCHER. The amendments have already been printed, and I was going to try to have considered the amendment which I suggested.

Mr. McNARY. That is what I understood.

Mr. FLETCHER. I also have an amendment with reference to the Securities Act. The other amendment was in reference to this bill on page 23, at the end of line 16, to strike out "two years" and insert in lieu thereof "one year"; and in line 18 to strike out "six years" and in lieu thereof to insert "five years." If it is desired, I can now present the amendments. I do not believe there will be any opposition at all to those amendments.

Mr. McNARY. I do not want to interfere with the Senator's plan of procedure, but would it not be the natural and logical way of proceeding if we were to consider all the amendments to the pending measure before taking up those pertaining to the Securities Act? I think that would be

much better and would give notice to Members of the Senate that we intend to follow that course.

Mr. FLETCHER. Suppose I just offer this amendment now on page 23, line 16, to strike out "two years" and insert in lieu thereof "one year." It refers to the time in which suit must be brought. The bill provides for 2 years, and I am offering to make that 1 year. The bill carries a limitation of 6 years, and I am offering to make that 5 years. I think the bill itself allows too much leeway there. If any suit is to be brought, it ought to be brought within 1 year after knowledge of the breach of the agreement or misinformation or untrue statement; and then the time ought to be limited to 5 years.

Mr. WALCOTT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Connecticut?

Mr. FLETCHER. I yield.

Mr. WALCOTT. The two points referred to by the Senator from Florida were thoroughly discussed by the committee and, as I recall, there was no objection on the part of any member of the committee to the two amendments.

Mr. FLETCHER. I think the committee agrees to them.

Mr. KING. May I suggest to the Senator that he send the amendments to the desk and have them read, so that we may understand their proper relation to the bill?

Mr. FLETCHER. The amendments have been printed.

The PRESIDING OFFICER. The amendments proposed by the Senator from Florida will be stated.

The LEGISLATIVE CLERK. On page 23, line 16, it is proposed to strike out "2 years" and insert in lieu thereof "1 year"; and in line 18 to strike out "6 years" and insert in lieu thereof "5 years".

The PRESIDING OFFICER. Is there objection to the amendments?

Mr. KING. Mr. President, I do not object to the first amendment; I think it is a perfectly proper amendment.

The PRESIDING OFFICER. Without objection, the first amendment submitted by the Senator from Florida is agreed to.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. FLETCHER. I yield.

Mr. KING. With respect to the second amendment, may I ask the Senator if the committee considered the advisability of limiting the period to 4 years or 3 years? Six years is rather a long period. The statute of limitations in many of the States does not cover a period so long. It seems to me that suits brought for contractual violations under State laws must be brought within 2 years.

Mr. FLETCHER. The amendment provides 5 years instead of 6 years.

Mr. KING. I suggest that is rather a long period. It seems to me 3 or 4 years would be ample, and yet if the committee fully considered all phases of it, I shall not object.

Mr. FLETCHER. We went into it very carefully. I think in the Securities Act it is limited to 10 years. I have changed the other amendment which I shall offer to the Securities Act to conform to this amendment. That is why we are changing this provision, so as to make it conform to the Securities Act as we will eventually amend that act.

Mr. KING. There may be no relation between the Securities Act and the amendment now under discussion. Yet they may be so clearly integrated as that one ought to be determinative of the other.

Mr. BYRNES. Mr. President, will the Senator from Florida yield?

Mr. FLETCHER. Certainly.

Mr. BYRNES. As a matter of fact, the language of the Securities Act to which the Senator from Florida has referred is similar to the language in this bill. The cause of action is based upon a false or misleading statement. To make the provisions of the two accord, it was determined to agree upon a final limitation of 5 years, and that suit must be brought within 1 year after discovery of the misleading or untrue statements. It is the same cause of action in each case.

Mr. KING. I think the Senator will agree that in most of the States an action for fraud or fraudulent representation resulting in damage must be brought within 2 years, according to my recollection, and the statute of limitations in some States is 3 or 4 years. I am not very particular, however, but it seems to me it was rather a long time.

Mr. BYRNES. Suit must be brought within 1 year after discovery of the statement, but the untrue or false statement might not be discovered for 4 years after its utterance. It means only that there is but 1 year after discovery of the statement in which action may be brought. In the States a suit may be brought within 4 years. It simply means that after 5 years or 6 years a suit may not be brought at all.

Mr. KING. In view of that explanation I shall offer no objection.

Mr. NORRIS. Mr. President, is there any conflict between 2 years in the one case and 6 years in the other? Six years is the final limit. A good defense could be made if suit were brought within 6 years, even though the false statement had never been discovered until the action was brought. Why is not that a sufficient limitation? Why should we have one time fixed for the final limitation and another time fixed as a limitation based on the discovery of the fraud? There will be many cases where the fraud will not be discovered within a year.

Mr. FLETCHER. Mr. President, the thought was that a man ought not to delay suit more than 1 year after he discovers the fraud. If he has been injured and finds that he has been injured, he ought to bring his action within a reasonable time, and we fix that time at 1 year. If he has not discovered it, the person who made the misrepresentation or false statement ought to feel safe at some reasonable time that he will not be disturbed.

Mr. NORRIS. Yes; that is true.

Mr. FLETCHER. So we fixed 5 years for that period. I think the Senator will agree that where a representation is made as to a security and a man buys it and finds the representation was false and that he was misled as to material facts and was damaged and had suffered a loss, he ought to act within 1 year after he makes the discovery.

Mr. NORRIS. But that is not the general rule applied in statutes. We fix a limitation in the statutes. Of course, it is arbitrary. Six years may be too long. I do not believe we ought in a law to have two limitations. That will lead to controversies untold. It will lead to a great deal of difficulty and a great deal of uncertainty.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. It seems to me there is no reason why there should be two limitations in the same statute. I yield to the Senator from Kentucky.

Mr. BARKLEY. It really is not two limitations. If a man makes no discovery of fraud within the time limit of the statute then he cannot sue at all. The lapse of the 5 years or the 6 years, whichever may be finally fixed, bars him from bringing suit at all where he has made the discovery. But if within that time he makes discovery of fraud and damage, then he is required to bring his suit within 1 year after such discovery. It does not extend the real statute of limitations. It simply requires that within that statute of limitations, if he makes discovery of fraud, he must bring his suit within 1 year. There is really no conflict between the two provisions.

Mr. KING. Mr. President, I think the explanation is very clear. Suppose a person against whom a fraud was committed did not discover it until 6 years and 1 day; then no action would lie. If he discovered it 5 years after the fraud, then he must bring it before the expiration of the 5 years. If he discovers it 1 day after the fraud was committed he must bring it within 1 year. I think there is no conflict.

Mr. NORRIS. I think there is no misunderstanding as to what it means. I agree to all that.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. NORRIS. Yes; I yield.

Mr. KEAN. I should like to point out to the Senator that if a man buys something today and discovers tomorrow that some mistake has been made and perhaps he has a ground for suit because of fraud, under the terms of the bill he must bring his suit within 1 year. But suppose he thinks, "Perhaps the bonds I have bought will go up. I will not bring suit until I find out about that. If the bonds go down then I will have the option of suing these people and trying to recover. If the bonds go up, then I will not sue because I can get a profit on them."

Mr. NORRIS. In the case the Senator puts it will not be a ground for suit because the bonds go up or down. That will not be a good reason for suit unless the purchaser has been guaranteed that they will not go down, which he never would be. That will not happen. It is not a ground for fraud of itself that the bonds happen to go down after they have been bought. There is no fraud in that.

Mr. KEAN. But if he finds some technical mistake in the statement that has been put out, he might say to himself, "I have something that I can sue on if these bonds go down. If they go up I will not want to sue because I will get a profit on them, but should they go down, then I have the option of suing."

Mr. NORRIS. Suppose we take that case and the man who bought the bonds thinks that. He has the option of bringing his suit for damages under the statute. If there is a statute of limitations against that suit he has to bring it within that time.

Mr. KEAN. Yes; he has to bring it within 1 year under the terms of the bill now before us.

Mr. NORRIS. I do not see why there should be any difference, why there should be two periods of limitation. As a matter of fact, this is what would happen as a rule:

If we say that the man who is defrauded must bring an action within 1 year after he discovers the fraud when the general statute of limitations is 6 years or 5 years, what he would do, what he ought to do, what everybody would want him to do to save litigation and expense, would be at once to enter into negotiations with the man who had defrauded him, to see if he could not make a settlement with him, to see if he could not reach some conclusion with him. A year's time is not enough for that. There would be, on the one hand, a continual object in trying to delay any settlement that might occur, in order that the year's statute of limitations might run. When some other man commenced a suit later, the defense undoubtedly would be, if that had happened, "Why, you had notice of what you claimed to be a fraud by the action that the other man commenced", and at once litigation would arise as to whether or not the man had discovered the fraud. The parties would be trying a side issue.

If there is a statute of limitations fixing the time, that is settled definitely. If there are two statutes, there always will be a defense made, or practically always, as I look at it, if the first time has expired, that the man had notice of whatever happened. It may be that there has been court notice in a suit to which he was not a party. Some other person has sued, and has been successful or unsuccessful; but it would be charged on the one hand that notice of the suit was notice to the world, and that this man had really had notice, and that he did not commence his suit within a year's time after that.

Running all through the statutes that we pass—criminal statutes and civil statutes—there is a statute of limitations. Everybody concedes that it is a wise thing to have a statute of limitations. I am not contending otherwise. There ought to be a limitation; but I think the passage of this bill with these two limitations in it would invite litigation. We should be giving an opportunity to the defendants in a case where a charge of fraud is made to try to get into the case notice of something that happened before they were sued.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. NORRIS. Yes.

Mr. BARKLEY. It seems to me that the contrary is more liable to happen. By putting in a limitation of 1 year after the discovery of the fraud, we are actually limiting the possibility of litigation. If we should strike that out we would have a straight period of 6 years in which anybody damaged could bring suit. Whether or not he discovered the damage 3 years after it was actually perpetrated, he would still have 6 years from the actual perpetration of the fraud in which to bring the suit. So, when we say, "Although you discovered the fraud within a month or within 6 months after it was committed, you have to bring suit within a year, or you cannot bring it at all", we actually limit rather than encourage litigation. Otherwise, the man could go on until the end of 5 years, although he had known about the fraud all the time, and still bring his suit.

Mr. NORRIS. Mr. President, that is not a limitation, as I see it. It will be the contrary. If we desire to make a limitation of a year, while I am opposed to that—I think it is too short—that would end it all, and that ought to end it all, whatever the limitation is.

Suppose, however, that bonds are sold and that there is some fraud connected with their sale. Some of them are sold in California, and others are sold in Maine. The man in Maine discovers within a year that a fraud has been committed. He may commence suit in Maine, and 4 years later the man in California may commence suit. In either case the man does not know of the fraud until he himself discovers it. The man in California commences his suit within a year after he discovers the fraud; but the defense is that the case in Maine has given notice to the world of the alleged fraud, and that notice of it is bound to be taken in California and in every other place under the jurisdiction of our courts.

We may have limited litigation in that way; but, as a matter of fact, if that is a good defense, we have shut out a great many people who otherwise would have been in.

Mr. BYRNES rose.

Mr. NORRIS. Let me finish.

The suggestion made by the Senator from Kentucky [Mr. BARKLEY] is, I think, a repetition of the suggestion he made the first time he interrupted me. If litigation such as I have described should be instituted, we would have invited litigation that would result in the end, if it should be successful, in the defense of the men who were guilty of the fraud; and we might limit it in the first place to 1 year just as well as to have two limitations in the bill, as I see it.

To repeat what I said before, such a limitation as is proposed here will prevent the settlement of cases. The man will have to go to law at once. Suppose he discovers 6 months after purchasing bonds that there has been what he claims to be, fraud in the sale and the representations that were made. Immediately upon discovering that something is wrong, very likely he will privately claim to the defendant in the case that he has been defrauded. He will try to make a settlement. If he makes a prompt settlement, it will prevent litigation. If he does not make a prompt settlement, when the negotiations are only half through he will have to commence suit. He has not time enough.

These negotiations will be carried on at first by correspondence, I presume, mostly from all parts of the United States into New York City; and we shall be limiting any negotiations that might result in avoiding litigation by making the time for negotiations in regard to settlement so short that ordinarily they will not be completed within the prescribed time, thereby forcing a man to go into court when otherwise he probably would stay out considerably longer; and if that were the case, it might result in no court action whatever. In that sense we should be increasing litigation by what is proposed here.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. BYRNES. Ordinarily I should be disposed to agree with the Senator that a provision of this kind would require suit to be brought too quickly. There were, however, two questions confronting us. The point has been made that

if fraud should be discovered after 2 years, suit could be brought within 10 years. It was argued, and with considerable force, that, inasmuch as the particular suit referred to in this section might be a suit against the directors of a corporation for omission to state a material fact in securing the registration of an issue, it would deter men from serving on boards of directors, because the man might die and his estate would be liable possibly 8 years after his death to a suit brought by an individual.

Mr. NORRIS. That would not be true under this language.

Mr. BYRNES. I am just giving the Senator the background, so that he will understand it. In considering the subject, since even those charged with the administration of the proposed law were of the opinion that that provision might be modified, it was agreed that we should modify it to the extent of providing that if a man discovered the falsity of a statement, or the omission to state a material fact, and wished to sue the director of a corporation, he ought to bring suit within 1 year; but, knowing that he might not possibly learn of the falsity or omission for some years, we provided that it must be done within 5 years, and this provision was then changed to accord with the amendment which the Senator from Florida has offered.

I think the Senator is familiar with the purpose; but there were two things to be considered. Looking at the matter from the standpoint of the director of a corporation, one was that we should bring to an end his fear, or the fear of his estate, of a suit. At the same time we desired to preserve the right of a man who might not discover the falsity of a statement for 4 years, because in the very nature of things he might not do so; but, upon discovery, he should not be denied the right to bring a suit.

The Senator and I will agree that there is nothing sacred about any particular period for a statute of limitations. Whether it is 6 years, as in my State, or 5 years, as in some other States, it is always arbitrary; and, admittedly, this is arbitrary.

Mr. NORRIS. Yes.

Mr. BYRNES. I see the Senator's position that fixing a short period may result in the man's bringing suit when otherwise he will not do so. It may. I might advise a director that I am going to bring a suit in the hope of getting a settlement. Some suits might be encouraged if I were not permitted to negotiate. At the same time, from the standpoint of the director, the more quickly he knows whether or not he is liable, the better. Therefore, within a year I can file a suit, and then I can continue to negotiate and try to arrange a settlement.

Mr. NORRIS. Oh, yes. We can always do that, of course, in any lawsuit.

Mr. BYRNES. We can always do that. There is not any sanctity about the 2-year period or the 1-year period. We were just trying to agree upon something that would be just and fair to both sides.

Mr. NORRIS. The Senator now is speaking, however, of a man who might be liable who dies, and whose estate might be liable. That would be true if we made the period 1 year. His estate might be liable at any time within 6 years under the language as it stands now.

Mr. BYRNES. Yes.

Mr. NORRIS. If the suit were commenced within that statute of limitations, if it were like the suit from Chicago the other day, it might last 11 years longer, and somebody else might die of old age before getting through with it.

Mr. BYRNES. The only difference is that this period is 5 instead of 10 years, as was provided under the Securities Act of 1933. This is just 5 years better; that is all.

Mr. NORRIS. I myself think that 10 years is too long.

Mr. BYRNES. It is too long.

Mr. NORRIS. I realize that honest men might disagree as to what the time should be.

Mr. BYRNES. Of course where a period is fixed arbitrarily, men will disagree about it.

Mr. NORRIS. But what we ought to do here is to fix just one limitation and stop at that. It ought to be more than 1 year. I have no doubt about that.

Mr. BARKLEY. Mr. President——

Mr. ADAMS. Mr. President, may I venture an observation?

Mr. NORRIS. Yes; I yield.

Mr. ADAMS. In the explanation made by the Senator from South Carolina, he points to the liability that might come to a director by reason of a statement that was not true. That is not all that is covered by this provision. It provides causes of action for willful fraud. Where willfully false statements have been made, and people have been led into making investments under false statements and in order to recover under this provision the plaintiff must prove that the false statement was willful, it seems to me that a limitation of a year is entirely inadequate.

Mr. NORRIS. I think so.

Mr. ADAMS. It seems to me that the provisions originally incorporated in the bill should be allowed to stand as they are. They were discussed with a good deal of care in the committee; and to say that a man shall be shut off within 1 year after the discovery of a willful fraud upon him, when, as the Senator from Nebraska explains, the victim may live in California and the fraud may be perpetrated in New York, is to fix altogether too short a period.

Mr. BYRNES. Mr. President——

Mr. NORRIS. I yield.

Mr. BYRNES. Whether the man lives in California or in Colorado, if he discovers the willful fraud, what difference is there in the matter of time? Why could he not bring suit within 12 months after he found that John Jones had defrauded him?

Mr. ADAMS. He could, Mr. President, but it is true that the ordinary statutes provide limitations of 3, 5, and 6 years, and very rarely does a man gather himself together and consult his attorneys and others within a year. It would be found that four fifths of the cases where recoveries might be had would be lost. We would not be eliminating lawsuits altogether; we would just be eliminating recoveries.

Mr. BARKLEY. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. BARKLEY. Of course, there are different sorts of statutes of limitation. In the matter of a personal injury, for instance, where, of course, a man knows whether he is injured or not, all the States require that he should sue within a certain length of time. In my State it is a year. He must bring a suit within 12 months after a personal injury. There are different limitations fixed in different statutes of limitation. For instance, in the case of an open account, the statute begins to run from the incurring of the debt. There are different periods of limitations upon promissory notes and upon contracts, written and unwritten.

In the bill it is proposed that we give anybody 5 years in which to discover whether he has been defrauded or not, so that the 5-year limitation fixes the ultimate period of limitation when he can bring suit. But if a man discovers within 6 months, or 1 month, after he has been defrauded, that he has been defrauded—and he knows it just as well then as he would know it 3 years from that date—it does seem that he ought not to be allowed to let the whole period of the limitation run and within a week or two of its expiration bring suit on a transaction when he knew 4 years before that he had a right to sue.

Mr. NORRIS. Mr. President, that is true in the case of every statute of limitations. I do not know an exception to it. A man may begin suit immediately, or he may wait and begin just before the statute expires.

I think we should not neglect to consider what the Senator from Colorado has said about this matter. There would be a burden of proof on one man to show something it would be difficult for him to show. Perhaps he would have to go into the enemy's camp to get his evidence. I think that in 9 cases out of 10, under this kind of a statute, when they got to trial the question would arise whether the man had notice or whether he did not, what constituted notice, and how much he ought to have known about it.

Probably after he first discovers that something is wrong he will have a weary time of it before he ferrets it out and

finds out what the facts were. He may have to make considerable investigation. Yet, before he can decide, on his own judgment or on the judgment of his attorney, whether he has a valid action against his adversary or not, he may have to make a lot of investigation, and when they get to trial the first claim that will be made on the part of the defendant may be that the statute of limitations of 1 year has run against the plaintiff. That will date from the very beginning of his investigation. That will date from the very first knowledge he had that there was anything wrong with the case.

I think this would react in favor of the man who committed the wrong, if a wrong were committed, and in my judgment he would not be entitled to consideration as against the man who has been wronged.

Mr. DUFFY. Mr. President, I desire at this time to send to the desk an amendment I intend to propose to the pending bill. I ask that it be printed and lie on the table, and I will call it up at the proper time.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. BULKLEY. Mr. President, I send to the desk an amendment which I intend to propose to the pending bill. I ask that it be printed and lie on the table. I will discuss it later.

The PRESIDING OFFICER. Without objection, the amendment will be received, printed, and lie on the table.

Mr. COPELAND. Mr. President, I present an amendment, which I should like to have printed and lie on the table.

The PRESIDING OFFICER. Without objection, the amendment will be received, printed, and lie on the table.

Mr. KEAN. Mr. President, I send to the desk sundry amendments to be proposed to the pending bill, and ask that they be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table.

Mr. BARKLEY. Mr. President, I am not concerned very greatly about whether the limitation of time within which a suit may be brought after discovery is made 1 year or 2 years. I think there is no question of principle involved in the matter. It is just a question of whether, after a man discovers that he has been defrauded by a false statement as to some stock, or by the omission of a material fact, he shall be allowed 1 year or 2 years within which to bring suit after he makes the discovery.

I would not believe it wise to follow the suggestion of the Senator from Nebraska to the extent of providing for only one period of limitation, because if we did that, we would make the limitation apply not only to the discovery of the fraud, but to the committing of the fraud also, so that a man would be barred at the end of 5 years, or 4 years, or whatever time we fix, from bringing a suit for damages upon a false representation or a material ommission, no matter when he might have discovered the fraud.

If we want simply to say that no suit under any circumstances shall be brought after 3 years, we have a right to do that, or we have a right to fix the limit at 4 years, or 5 years, or at any other period. But I do believe that we must keep in mind the difference between the statute of limitations running against the actual commission of a fraud, and the discovery of the fraud.

In the bill as it is written we give a man 6 years in which to discover whether or not a fraud has been committed on him. After that 6-year period he cannot bring suit. He might discover the fraud 5 years 11 months and 29 days after it was committed, but he could still bring suit, if he brought it on the thirtieth day, or on the first day after he made the discovery.

If he discovers the fraud 1 month after it is committed, should there not be a reasonable limitation upon his power to hold over the opposite party for 5 or 6 years the possibility of a suit? Should we not require him to bring the suit within a reasonable time after he discovers that he has been defrauded, but not in any case to bring it after the lapse of 5 or 6 years, as the case may be, depending on what we do with this amendment?

I think we have to consider this proposed statute of limitations in a little different light from that in which we consider ordinary statutes of limitations. Most statutes begin to run from the time of the commission of the act, either the making of a note or the commission of some tort against the person of a plaintiff, the damaged party. We have to differentiate between the situation where it is not difficult to discover when a right of action accrues and another situation where it may take years to discover that a right of action has accrued.

It would be manifestly unfair, it seems to me, to limit any damaged party to 1 year or 2 years or 3 years in the bringing of a suit, because it may sometimes take 4 or 5 years to discover that a fraud has been committed in a statement of facts or in the omission of a statement with reference to a share of stock or a report which may be made based upon the condition of a company. So that we cannot adopt a rule, it seems to me, applicable to these transactions which we would adopt in establishing an ordinary statute fixing a time after which a man could not bring a suit.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. AUSTIN. I inquire of the Senator from Kentucky whether he does not recognize another exceptional circumstance in that the burden of proof is shifted around on the question of knowledge or willfulness in a misrepresentation. The committee have put the burden upon the defendant, so that in this case the plaintiff does not have to spend any time going out and seeking his evidence. All he has to prove is the fact of misrepresentation.

Mr. BARKLEY. Yes.

Mr. AUSTIN. And thereupon it becomes the duty, or burden, of the defendant, to clear himself of knowledge or willfulness.

Mr. BARKLEY. That is true. All the plaintiff would have to do would be to prove that there had been a misrepresentation, and that he had discovered it on such a date, so as to bring his suit within the time prescribed. Then the burden of proof would shift to the defendant.

Mr. NORRIS. Why should it not shift?

Mr. BARKLEY. I am not objecting to that at all. It is in the bill, and I am for it.

Mr. NORRIS. If there has been any fraud in the way of a misrepresentation, there is one party who knows about it, and that is the party who makes the misrepresentation.

Mr. BARKLEY. That is true, and I am for the provision. I think the burden of proof ought to shift to the man who is guilty of fraud. But we must recognize that that does present a different kind of procedure from the ordinary lawsuit, where the burden of proof is on the man who alleges fraud to prove that fraud has been committed. As I said, I am not concerned with whether the limit is fixed at 1 year or 2 years after the discovery, but I think there ought to be a limitation after the discovery has been made within the limit of 5 years.

The PRESIDING OFFICER. Without objection——

Mr. NORRIS. No, Mr. President; I am not making this objection for fun. I want a vote. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. The yeas and nays have been requested. Is the request seconded?

The yeas and nays were not ordered.

Mr. NORRIS. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Nebraska suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bulkley	Cutting	Goldsborough
Ashurst	Bulow	Davis	Gore
Austin	Byrd	Dickinson	Hale
Bachman	Byrnes	Dill	Harrison
Bankhead	Capper	Duffy	Hatch
Barbour	Caraway	Erickson	Hayden
Barkley	Clark	Fess	Kean
Black	Connally	Fletcher	Keyes
Bone	Copeland	Frazier	King
Borah	Costigan	George	La Follette
Brown	Couzens	Gibson	Lewis

Logan	Norris	Schall	Thompson
Lonergan	Nye	Sheppard	Townsend
Long	O'Mahoney	Shipstead	Tydings
McGill	Overton	Smith	Vandenberg
McKellar	Pope	Steiwer	Van Nuys
McNary	Reynolds	Stephens	Wagner
Metcalf	Robinson, Ark.	Thomas, Okla.	Walcott
Neely	Russell	Thomas, Utah	Wheeler

Mr. LEWIS. I announce the absence of the Senator from California [Mr. McADOO], occasioned by illness; the absence of the Senator from North Carolina [Mr. BAILEY], and the absence of the Senator from Florida [Mr. TRAMMELL], made necessary by official business.

The PRESIDING OFFICER. Seventy-six Senators having answered to their names, a quorum is present.

Mr. NORRIS. Mr. President, I ask for a division of the question. Here are two propositions, one to strike out the limitation to 2 years and insert in lieu thereof "1 year", the other to strike out "6 years" and to insert in lieu thereof "5 years."

The PRESIDING OFFICER. The Chair will state to the Senator from Nebraska that the first amendment has been agreed to.

Mr. NORRIS. When did that happen?

The PRESIDING OFFICER. Before the debate commenced on the other amendment.

Mr. NORRIS. That is the part of the amendment I have been debating, and it has been the subject of debate ever since the motion was introduced.

The PRESIDING OFFICER. Is there a request for reconsideration of the vote by which it was agreed to?

Mr. NORRIS. I did not know that it had been agreed to. I ask that the vote by which it was agreed to be reconsidered.

The PRESIDING OFFICER. Is there objection to the request submitted by the Senator from Nebraska?

Mr. NORRIS. The amendment proposing to strike out "2 years" and insert in lieu thereof "1 year" is the only one in which I am interested.

Mr. BARKLEY. Mr. President, the other amendment does not involve that question.

Mr. NORRIS. Mr. President, I shall not oppose the change in line 18, on page 23, from 6 years to 5 years.

Mr. BARKLEY. That has not been voted on.

Mr. NORRIS. That is what I understood, but the Chair said otherwise.

Mr. BARKLEY. The first amendment was voted on.

Mr. NORRIS. That is the one I have been discussing, and the one we have all been discussing; and if it is true that it has been agreed to, we have all been "talking through our hats" all this while. Was the vote reconsidered, Mr. President?

The PRESIDING OFFICER. Without objection, the vote by which the amendment was agreed to will be reconsidered.

Mr. NORRIS. Mr. President, since many Senators have just come in, I desire to say that I was trying to get a roll call, and I did not get a sufficient number to second my request. I think we are entitled to a roll call. If we can get it I will take my seat. If we cannot get it I shall have to keep on.

The amendment is on page 23, line 16. The language as it read now is:

> No action shall be maintained to enforce any liability created under this section, unless brought within 2 years after the discovery—

And so forth. The amendment offered by the Senator from Florida [Mr. FLETCHER] is to strike out "2 years" and insert "1 year." That is the vote on which we are dividing now.

Mr. President, I think this is a very important amendment, and I think we ought to have a roll call of the Senate on it. I again ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote, I am compelled to withhold my vote. If permitted to vote, I should vote "yea."

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from West Virginia [Mr. HATFIELD]. I transfer that pair to the senior Senator from North Carolina [Mr. BAILEY], who is necessarily detained, and vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). I have a general pair with the senior Senator from Pennsylvania [Mr. REED]. Not knowing how he would vote, I transfer that pair to the junior Senator from Florida [Mr. TRAMMELL] and vote "yea."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO]. I am informed that he would vote as I intend to vote, and I am therefore at liberty to vote. I vote "yea."

The roll call was concluded.

Mr. LEWIS. I announce my general pair with the Senator from Rhode Island [Mr. HEBERT]. I transfer that pair to my colleague the junior Senator from Illinois [Mr. DIETERICH], who is necessarily absent. I vote "yea."

Mr. WAGNER (after having voted in the affirmative). I have a general pair with the senior Senator from Missouri [Mr. PATTERSON]. I transfer that pair to the senior Senator from Massachusetts [Mr. WALSH] and permit my vote to stand.

Mr. BULKLEY (after having voted in the affirmative). I have a general pair with the senior Senator from Wyoming [Mr. CAREY], who is unavoidably detained from the Senate. I transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE] and allow my vote to stand.

Mr. STEPHENS (after having voted in the affirmative). I have a general pair with the senior Senator from Indiana [Mr. ROBINSON]. I transfer that pair to the junior Senator from Iowa [Mr. MURPHY] and allow my vote to stand.

Mr. FESS. I desire to announce the unavoidable absence of the Senator from Pennsylvania [Mr. REED], the Senator from Indiana [Mr. ROBINSON], and the Senator from West Virginia [Mr. HATFIELD].

I also wish to announce that the Senator from Rhode Island [Mr. HEBERT], the Senator from Delaware [Mr. HASTINGS], the Senator from Wyoming [Mr. CAREY], and the Senator from Maine [Mr. WHITE] are detained on official business.

Mr. LEWIS. I desire to announce the following general pairs:

The senior Senator from Nevada [Mr. PITTMAN] with the Senator from Maine [Mr. WHITE]; and

The junior Senator from Nevada [Mr. McCARRAN] with the Senator from Delaware [Mr. HASTINGS].

I announce also that the senior Senator from Massachusetts [Mr. WALSH], the junior Senator from Massachusetts [Mr. COOLIDGE], the senior Senator from Virginia [Mr. GLASS], the Senior Senator from Nevada [Mr. PITTMAN], the junior Senator from Nevada [Mr. McCARRAN], the junior Senator from Illinois [Mr. DIETERICH], and the junior Senator from Iowa [Mr. MURPHY] are necessarily detained from the Senate on official business.

The result was announced—yeas 45, nays 30, as follows:

YEAS—45

Ashurst	Copeland	Hayden	Sheppard
Austin	Couzens	Kean	Smith
Bankhead	Dickinson	Keyes	Steiwer
Barbour	Dill	King	Stephens
Barkley	Duffy	Lewis	Thomas, Okla.
Black	Erickson	Logan	Townsend
Bulkley	Fletcher	McKellar	Vandenberg
Bulow	George	Metcalf	Wagner
Byrd	Gibson	Neely	Walcott
Byrnes	Goldsborough	Reynolds	
Clark	Gore	Robinson, Ark.	
Connally	Harrison	Schall	

NAYS—30

Adams	Capper	Frazier	Long
Bachman	Caraway	Hale	McGill
Bone	Costigan	Hatch	McNary
Borah	Cutting	La Follette	Norris
Brown	Davis	Lonergan	Nye

O'Mahoney	Russell	Thompson	Van Nuys
Overton	Shipstead	Tydings	Wheeler
Pope	Thomas, Utah		

NOT VOTING—21

Bailey	Hastings	Murphy	Trammell
Carey	Hatfield	Norbeck	Walsh
Coolidge	Hebert	Patterson	White
Dieterich	Johnson	Pittman	
Fess	McAdoo	Reed	
Glass	McCarran	Robinson, Ind.	

So Mr. FLETCHER's amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Florida.

The LEGISLATIVE CLERK. On page 23, line 18, it is proposed to strike out "6 years" and in lieu thereof to insert "5 years."

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 41, lines 10 and 11, it is proposed to strike out "2 years" and in lieu thereof to insert "1 year."

The amendment was agreed to.

The LEGISLATIVE CLERK. In line 12, it is proposed to strike out "6 years" and in lieu thereof to insert "5 years."

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Florida advises me that he is ready to suspend proceedings on the bill for this evening.

Mr. FLETCHER. Mr. President, a number of amendments have been proposed to the bill, and they will be printed and lie on the table. I think it is just as well to wait until the amendments shall have been printed, so that we need not proceed further this evening.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. GEORGE in the chair) laid before the Senate messages from the President of the United States submitting nominations and a convention, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. LONG, from the Committee on the Judiciary, reported adversely the nomination of Rene A. Viosca, of Louisiana, to be United States attorney, eastern district of Louisiana, to succeed William H. Norman, appointed by court.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

JOHN W. PASCHALL

Mr. McKELLAR. From the Committee on Post Offices and Post Roads, I report back favorably the nomination of John W. Paschall to be postmaster at Gould, Ark.; and I call the attention of the Senator from Arkansas [Mr. ROBINSON] to it.

Mr. ROBINSON of Arkansas. Mr. President, that office has been vacant for some months. I have delayed a consideration of the nomination in order to make certain inquiries. I ask unanimous consent for the present consideration of the nomination.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination? The Chair hears none.

The legislative clerk read the nomination of John W. Paschall to be postmaster at Gould, Ark.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. ROBINSON of Arkansas. I ask also that the President be notified.

The PRESIDING OFFICER. Without objection, the President will be notified of the confirmation.

WILLIAM A. ROBERTS—DANIEL D. MOORE

Mr. ROBINSON of Arkansas. I ask that the first two nominations on the calendar be passed over for the day.

Mr. HARRISON. Mr. President, with reference to the collector of internal revenue at New Orleans, may I ask whether there is any way for us to get an agreement to take up the nomination some day and dispose of it?

Mr. McNARY. Mr. President, what is the request of the Senator from Mississippi?

Mr. HARRISON. I refer to the nomination of the collector of internal revenue at New Orleans. Why can we not take it up now?

Mr. LONG. I have no particular objection.

Mr. HARRISON. Let us take it up now.

POSTMASTERS

Mr. McKELLAR. Mr. President, before that is done, I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters on the calendar will be confirmed en bloc.

IN THE NAVY

Mr. ROBINSON of Arkansas. I make the same request with respect to the promotions in the Navy.

The PRESIDING OFFICER. Without objection, the nominations for promotions in the Navy will be confirmed en bloc.

DANIEL D. MOORE

Mr. LONG. Mr. President, do I understand that the Senator from Mississippi desires to take up the Moore nomination now?

Mr. HARRISON. I shall be very glad to do so and get it out of the way.

Mr. WHEELER. Mr. President, I ask that the nomination be passed over. If this case is taken up today, we shall be here all night. Let us take it up tomorrow.

Mr. McNARY. Mr. President, I certainly should object to taking up the Moore nomination this evening. Great interest has been manifested in the hearings regarding this nomination, and a great many Senators desire to be here when the question of its confirmation comes before the Senate. Many Senators have left the Chamber upon the understanding that there would be no action this afternoon on anything other than the amendment of the Senator from Florida [Mr. FLETCHER]. As a matter of fairness to them, and in the interest of the protection to which they are entitled, I shall object to the consideration of the nomination today.

Mr. HARRISON. Let me say to the Senator from Oregon that I was not insisting on the consideration of the nomination at this time. I said that it was perfectly agreeable, so far as we were concerned, to take it up now.

Mr. ROBINSON of Arkansas. I suggest that the nomination be passed over.

Mr. HARRISON. I will state to the Senator from Arkansas that I am wondering if we can agree on a time for the consideration of the nomination.

Mr. ROBINSON of Arkansas. I have no objection to any arrangement that may be made in that respect.

Mr. LONG. I suggest that we take it up with the calendar tomorrow, or whenever we have an executive session.

Mr. McNARY. I have no personal interest whatever in this nomination. I have some interest in the orderly procedure which is usually followed in the Senate in the consideration of legislation.

We have before us two bills, neither of which has been disposed of. I suggest that we get through with the unfinished business and the business that is to follow it—namely, the Glass bill—and, after we have cleaned the legislative slate, that we come to some agreement as to a time for taking up in executive session the Moore case.

That is the logical way in which to proceed. We are going to be here some little time, I anticipate, in connection with the legitimate discussion of the case.

I suggest to the Senator from Mississippi and the Senator from Arkansas that the matter be allowed to rest for a few days; and probably later in the week, after the legislative calendar shall have been taken care of, a date that is appropriate may be set for the consideration of the nomination.

Mr. HARRISON. It is agreeable to me to have it set for some future time.

Mr. ROBINSON of Arkansas. Very well. I had not anticipated that the nomination could be taken up this afternoon.

JABEZ W. DANGERFIELD

Mr. KING. Mr. President, I call the attention of my friend upon the other side to the nomination of Mr. Dangerfield to be postmaster at Provo, Utah. I should be glad to have it taken up now.

Mr. McNARY. Has it been reported to the calendar?

Mr. KING. It has been unanimously reported.

Mr. McNARY. Is it now on the calendar?

Mr. KING. No; it was reported today.

Mr. McNARY. What is the emergency?

Mr. KING. The commission of this man's predecessor expired several months ago. However, I shall not ask for its consideration if there is any objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination?

Mr. McNARY. Under those circumstances, I have no objection.

The PRESIDING OFFICER. The nomination will be read.

The legislative clerk read the nomination of Jabez W. Dangerfield to be postmaster at Provo, Utah.

The PRESIDING OFFICER. Without objection, the nomination is confirmed; and, without objection, the President will be notified.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 17 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, May 8, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 7 (legislative day of Apr. 26) 1934

PROMOTIONS IN THE NAVY

Comdr. William T. Smith to be a captain in the Navy, from the 1st day of March 1934.

Comdr. Baxter H. Bruce, an additional number in grade, to be a captain in the Navy, from the 1st day of April 1934.

Lt. Comdr. John L. Hall, Jr., to be a commander in the Navy, from the 1st day of April 1934.

Lt. William E. Tarbutton to be a lieutenant commander in the Navy, from the 30th day of June 1933.

Lt. John Q. Chapman to be a lieutenant commander in the Navy, from the 13th day of November 1933.

The following-named lieutenants to be lieutenant commanders in the Navy, from the 1st day of December 1933:

Harry F. Newton.

Charles M. Johnson.

Lt. Charles R. Jeffs to be a lieutenant commander in the Navy, from the 16th day of January 1934.

Lt. Raymond E. Farnsworth to be a lieutenant commander in the Navy, from the 1st day of March 1934.

Lt. Leslie E. Gehres to be a lieutenant commander in the Navy, from the 1st day of April 1934.

Lt. (Jr. Gr.) James B. Hogle to be a lieutenant in the Navy, from the 1st day of December 1933.

Lt. (Jr. Gr.) Frank R. Davis to be a lieutenant in the Navy, from the 1st day of January 1934.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, from the 1st day of February 1934:

Max C. Stormes.

Richard F. Johnson, Jr.

Lt. (Jr. Gr.) Henry W. Goodall to be a lieutenant in the Navy, from the 20th day of February 1934.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, from the 1st day of March 1934:

Glenn R. Hartwig — Thomas C. Ritchie

Harry B. Temple — John C. Waldron

Ensign William M. Walsh to be a lieutenant (junior grade) in the Navy, from the 7th day of December 1931.

The following-named ensigns to be lieutenants (junior grade) in the Navy, from the 5th day of June 1933:

Richard J. H. Conn.

Joseph A. Ruddy, Jr.

Passed Assistant Paymaster Robert H. Mattox to be a paymaster in the Navy, with the rank of lieutenant commander, from the 1st day of December 1933.

Assistant Paymaster Arnold R. Kline to be a passed assistant paymaster in the Navy, with the rank of lieutenant, from the 1st day of November 1933.

Assistant Paymaster Joseph L. Herlihy to be a passed assistant paymaster in the Navy, with the rank of lieutenant, from the 1st day of May 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 7 (legislative day of Apr. 26), 1934

PROMOTIONS IN THE NAVY

Ivan E. Bass to be rear admiral.

George C. Logan to be captain.

Miles P. Duval to be lieutenant commander.

Edgar R. Winckler to be lieutenant commander.

Raymond G. Deewall to be lieutenant commander.

Charles F. Waters to be lieutenant commander.

Robert S. Carr to be lieutenant.

Joseph W. Fowler to be lieutenant.

James H. McIntosh to be lieutenant.

Elliott W. Shanklin to be lieutenant.

Wilfred E. Lankenau to be lieutenant.

Rudolph C. Bauer to be lieutenant (junior grade).

Macpherson B. Williams to be lieutenant (junior grade).

Roscoe L. Newman to be lieutenant (junior grade).

William M. Kerr to be medical director, with rank of captain.

Erwin J. Shields to be assistant dental surgeon, with rank of lieutenant (junior grade).

Lauro J. Turbini to be assistant dental surgeon, with rank of lieutenant (junior grade).

Richard M. Bear to be assistant dental surgeon, with rank of lieutenant (junior grade).

Max W. Kleinman to be assistant dental surgeon, with rank of lieutenant (junior grade).

Lloyd H. Thomas to be passed assistant paymaster, with the rank of lieutenant.

POSTMASTERS

ALABAMA

Amos N. Fain, Ariton.

ARKANSAS

John W. Paschall, Gould.

CALIFORNIA

Charles Edmond Hogancamp, Alta Loma.

James B. Ogden, Avalon.

Brice H. Gantt, Beaumont.

Poul O. Martin, Burbank.

Joseph V. Gaffey, Burlingame.

John C. Callahan, Chula Vista.

Alice D. Scanlon, Colfax.

Frank J. Roche, Concord.

Norris Mellott, Costa Mesa.

Alfred F. Seale, Cottonwood.

Mae A. Kibler, Del Mar.

William Francis Richmond, El Centro.

Terrell L. Rush, Elsinore.

Belle Morgan, Encanto.

Frank T. Ashby, Etna.

Ethel M. Peterson, Lake Arrowhead.
Nellie G. Donohoe, Oakland.
Clarence McCord, Olive View.
Edith E. Mason, Santa Fe Springs.
William J. Black, Terminal Island.

COLORADO

Perry N. Cameron, De Beque.
Sadie P. Aspaas, Ignacio.
Angeline B. Adkisson, Longmont.
Henry C. Monson, Steamboat Springs.

DELAWARE

John B. Derrickson, Ellendale.
James A. Jester, Felton.
Claborne A. Boothe, Frankford.

GEORGIA

Herman C. Fincher, Lagrange.
Robert E. Walker, Roberta.
Jessie Gunter, Social Circle.
Alfred L. Morgan, Sylvania.
William O. Wolfe, Uvalda.

INDIANA

Ira Clouser, Crawfordsville.

IOWA

James A. McDonald, Algona.
Fred W. Daries, Armstrong.
William R. Shott, Birmingham.
William A. Fiester, Brandon.
Henry C. Finnern, Denison.
John J. Fowler, Eldora.
E. Harold Gilreath, Grand River.
Albert B. Mahnke, Greene.
Charles W. Taylor, Janesville.
Rita A. Brady, Keswick.
Otha H. Darby, Madrid.
Ernest L. Wood, Maxwell.
Adolph M. Schanke, Mason City.
Gertrude C. Ward, Melrose.
Robert A. Mortland, Montezuma.
Laura M. Smith, Montour.
John W. Dwyer, Oelwein.
Joe Goodman, Osceola.
Anna Bliem, Plymouth.
Harry F. Chance, Redfield.
Thomas J. Emmett, Reinbeck.
John H. Fitzgerald, Waterloo.
Arthur C. Kohlmann, Waverly.

NEW HAMPSHIRE

Frank B. Farley, Dublin.
Polycarpe Tardif, Somersworth.

NORTH DAKOTA

John A. Corrigan, Stanley.

SOUTH CAROLINA

John L. Hinnant, Eutawville.
Stephen E. Leverette, Iva.
Gertrude Nance, Mullins.
Albert H. Askins, Timmonsville.

UTAH

Jabez W. Dangerfield, Provo.

WYOMING

Margaret L. Cooper, Medicine Bow.
Chester A. Lindsley, Yellowstone Park.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 7, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Heavenly Father and Savior of men, we unveil the cross and behold infinite love struggling of expression; how red is Thy heart and how full of mercy are Thy hands. Thy authority needs to be enthroned in every walk of life. How strong and sovereign is the manhood that breathes through Thee. Illuminate our minds and cleanse our hearts from all guile that we may be one with Thee in thought and purpose. Be Thou the ground and the pillar of our strength; be Thou the cradle song for every child of Thine; be Thou heaven's purity that cleanses every stained life; be Thou the fadeless flower for every weary breast. O be Thou the springtime for every dear heart clouded with the winter of discontent, and all glory be unto Thee. Amen.

The Journal of the proceedings of Saturday, May 5, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5884. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. VAN NUYS, Mr. MCCARRAN, and Mr. HASTINGS to be the conferees on the part of the Senate.

THE FLORIDA CANAL

Mr. GREEN. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman state what he is going to talk about? We have a rather heavy program for today.

Mr. GREEN. I am going to talk about a canal across Florida.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

THE CANAL ACROSS FLORIDA

Mr. GREEN. Mr. Speaker and my fellow Members, it is my pleasure to report to you the progress which is being made upon the proposed canal across Florida. In 1927 you were good enough to pass a survey bill which I introduced, and again in 1930 you saw fit to approve the bill which I introduced and which provided for the physical survey. Surveys for a large number of routes across Florida have been made by the Board of Army Engineers. A few weeks ago they reported that the canal was feasible from an engineering standpoint and that it could be constructed. They estimated its cost to exceed $200,000,000.

During the past few months the Public Works engineers have made surveys for this waterway, which would connect the Atlantic Ocean with the Gulf across the peninsula of Florida, and these engineers report that it is feasible and could be constructed for about $115,000,000. These estimates are for a canal from 30 to 35 feet in depth and of sufficient width to take care of all ships now using the Gulf of Mexico.

Its construction is estimated to utilize the services of from twenty-five to thirty thousand employees over a period of about 5 years. It is believed that this canal would soon develop from forty to fifty million tons per year, and that with a small toll it would in 50 to 60 years retire the cost of construction plus upkeep and interest.

A special board of review is now being appointed by the President for the further consideration of the reports of the Army engineers and the Public Works engineers. We confidently hope that this special board will harmonize the differences in the two reports and make such findings as will fully warrant beginning immediately on the construction of this great project. This proposed canal is next in importance to the Panama Canal, and will, I am confident, within 5 years after its opening handle greater tonnage than is now being handled by the Panama Canal.

The construction of the canal across Florida will redound great benefits to every State in the Union. It will save some 22 hours in time between New Orleans and ports of the East, and will, of course, reflect cheaper transportation to all the Mississippi Valley, the Southern States, and the eastern tier of States from Maine to Miami. It will eliminate storm hazards and also be a great asset in the event of war. Construction at this particular time will greatly relieve unemployment. From 76 to 82 percent of the amount expended will go to labor. We believe the time is now ripe for commencing of this project, and we believe also that it will soon be authorized. The cooperation of all waterways-development advocates is urged.

FREIGHT RATES ON FLORIDA VEGETABLES LOWERED

In connection with our previous vigorous effort for lower cost of transportation it is encouraging to know that we have finally been able to obtain through the Interstate Commerce Commission reduction of rates on vegetables shipped from Florida and other places in the Southeast. From the Florida Peninsula the rates on string beans, lima beans, and peas has just been fixed at 50 percent of the first-class freight rates. Beets, carrots, tomatoes, peas, green corn, cucumbers, eggplant, lettuce, and so forth, reduced to 45 percent; celery, 42.5 percent; cabbage, 35 percent; and potatoes, 30 percent. These reductions have been fought for by the members of the Florida delegation and by Florida shippers for many years, and we appreciate the cooperation of the Interstate Commerce Commission and know that with these reduced rates our Florida growers will begin to realize long-deserved benefits. There should be no discrimination in rates paid by Florida shippers and those paid by other places of equal distance from the eastern market. We are endeavoring to convince the Interstate Commerce Commission that any discrimination in rates heretofore existing must be corrected. If necessary, legislation to investigate the Commission and preferential rates allowed will be introduced. Florida strawberries and other vegetables and fruits must be transported as cheaply as Louisiana strawberries and vegetables.

MAJOR ADMINISTRATION MEASURES PASSED

The House has already passed nearly all of the important administration measures. We have passed such important and controversial matters as the tariff bill, the tax bill, crime bills, bills whereby the Government guarantees the principal of home-loan bonds and Federal land-bank bonds, the stock market bill, the annual supply bills, and others; but there are other bills which we should pass before adjournment.

OLD-AGE PENSIONS

We should pass legislation for the sustenance and protection of the aged. My bill, H.R. 9228, meets this emergency, and I trust my colleagues will cooperate for its prompt passage.

PAYMENT OF BANK DEPOSITORS

Before adjournment we should pass legislation to pay the depositors in closed State and national banks throughout the country, particularly the deposits of the small depositor. For this purpose I have introduced a bill, H.R. 9018. I earnestly ask for your support of this legislation.

AID FOR SCHOOLS

Also do I urge upon my colleagues the importance of providing before we adjourn for the allocation of Federal funds to be used in prolonging the terms of public schools in places where local authorities are unable to maintain them for an 8-month period. During this grave emergency the education of our youth must not be neglected and the Federal Government should see to it that our children are provided with 8-month terms. Local control, administration, and jurisdiction must in all events be maintained. Local public-school authorities must be protected in their rights to manage their schools, employ their teachers, and approve the textbooks taught.

LABOR BILLS

We have pending several meritorious bills which have for their aim the protection of labor. These should be acted upon before adjournment.

CARE FOR SICK

Under the F.E.R.A. considerable assistance is being given to the sick who are unable to pay for medical care. This relief should be increased even to the extent of cooperation in the establishing and maintaining of county hospitals for the care of the sick. No American citizen should be deprived of medical attention because he is unable to pay for it. Neither should our doctors and nurses be compelled to serve for charity. Through the proper cooperation these hospitals can be under the direction and management of local physicians and nurses.

FLORIDA RECEIVES FEDERAL MONEY

We are led to ask the above cooperation from the Federal Government, because of the great assistance in the way of appropriations and expenditures which the Federal Government had made in the various States. Since I have been a Member of Congress Florida has received large Federal benefits. To partially itemize expenditures in Florida over this 10-year period, they are as follows: By the Veterans' Administration in 1932, $9,000,000; in 1933, $10,000,000. Over the past 10 years, including the amount of bonus loans, Florida veterans and their dependents have received in the neighborhood of $100,000,000. Federal road aid, including the $4,264,929 now available, amounts to $21,254,824; the Treasury Department, for public buildings, $6,141,040.88; the Navy Department, $1,036,460; Forestry Service, $2,623,576.77, also about three million for C.C.C. camps; the Bureau of Lighthouses, $1,280,000; the Farm Credit Administration, $39,976,594—$9,620,770 of this amount has been loaned by the Federal Land Bank of Columbia since May 1933. The War Department has spent $22,189,950 and authorized, in addition thereto, $11,450,000. For educational purposes, $1,368,702. The Public Works Administration, for Federal projects, $18,339,047, and for non-Federal projects, $5,749,487, or a total of $24,088,534. I have not the accurate figures on other Government agencies which directly and indirectly have given us several million more dollars, but even counting the above you will note that we have received $434,599,681. Much of this has been loans.

The Reconstruction Finance Corporation, the Federal Relief Administration, and the Federal Home Loan Corporation have sent to Florida many millions which, added to the above total, would probably give Florida $500,000,000 Federal funds in the past 10 years.

Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein one or two very short letters, one of them from a colleague.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that the Committee on Immigration and Naturalization may be authorized to sit on the 8th and 9th of this month during sessions of the House.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

RELIEF OF THE DEBTORS

Mr. OLIVER of New York. Mr. Speaker, I ask unanimous consent to print in the RECORD a speech delivered by the gentleman from Oklahoma [Mr. MCKEOWN] before the Women's Illinois Bar Association a short time ago.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. OLIVER of New York. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech delivered by the gentleman from Oklahoma [Mr. MCKEOWN] before the Women's Illinois Bar Association a short time ago:

Madam President, members of the Women's Bar Association of Illinois, the pleasure of being here tonight is due to the gracious invitation of your committee and the earnest appeal of one of America's outstanding newspapermen.

This is an opportune time to discuss with the members of this distinguished association the Federal laws passed in the last few months for the relief of debtors in the United States. This is a human question, and you understand the human relations of debts to the distress of the men and women in all walks of life. The housewife is the budget officer of the home. Upon her shoulders falls the task of making the tongue of family income meet the buckle of family outgo.

The private debts in this country have reached an enormous sum, and the money to meet them has been shrinking until the losses by liquidation are simply terrific. The loss in Chicago, as shown by the schedules in bankruptcy alone in the last 4 years, has been in the neighborhood of $238,000,000. In the year 1933 it was around $88,000,000. That has been washed out and lost.

For more than 4 years I have been giving much study and labor upon the problem of devising some lawful and constitutional scheme by which the liquidation of property for debt-paying purposes at a time when there was no market could be stopped without resulting injury to the creditor class.

Marco Polo in his writings tells us of a country in his travels where the creditor if he had the opportunity could draw a ring on the ground entirely around his unfortunate debtor, and it was the law of that country that the debtor could not cross the line until he paid, upon the penalty of death. In other words, he had to pay, stay in the ring, or get killed by his creditors. We shudder at this barbaric law, but it is a tame affair as compared with that of the terrible law of the 12 tables whereby the creditors might cut the debtor's body to pieces and each of them take his proportionate part. Many learned men, however, tell us they have doubts that that law ever existed. In the days of the Roman Empire more humane laws were passed—if you can call them humane—whereby the debtor was imprisoned in chains and subject to stripes at the mercy of his creditor.

Later, under the Christian emperors, if a debtor yielded up his property he was not sent to jail; and if by accident or from causes for which he was not responsible he could swear an oath that he was not able to pay his debts, he was not required to give up the small amount left in his possession.

I used to wonder why our forefathers in England and the Colonies would imprison persons for debt—well, by research, I learned that the practice arose as a precaution against prodigality and extravagance on the part of people other than tradespeople. Upon this I quote from Chitty's Blackstone as follows:

"If persons in other situations of life run in debt without the power of payment, they must take the consequences of their own indiscretion, even though they meet with sudden accidents that may reduce their fortunes; for the law holds it to be an unjustifiable practice for any person but a trader to encumber himself with debts of any considerable value. If a gentleman, or one in a liberal profession, at the time of contracting his debts has a sufficient fund to pay them, the delay of payment is a species of dishonesty, and a temporary injustice to his creditor; and if, at such time he has no sufficient fund the dishonesty and injustice is the greater. He cannot therefore murmur, if he suffers the punishment which he has voluntarily drawn upon himself. But in mercantile transactions the case is far otherwise. Trade cannot be carried on without mutual credit on both sides; the contraction of debts is therefore here not only justifiable, but necessary."

While we cannot tolerate such a law in our present civilization, yet how much better our country would be today if the extravagance of our people other than tradesmen during the 10 years from 1919 to 1929 had been curtailed, even by a law. The first bankruptcy act in England was enacted during the reign of Henry VIII.

The first bankruptcy act in this country was the act of 1800. This was repealed after a few years, and the next act was the law of 1841. This law, after serving its purpose, was repealed. Then came the act of 1867, on the heels of the Civil War. It was the amendment of this latter act of June 22, 1874, that composition with creditors was first permitted in America.

After the close of the War with Spain we enacted our present Bankruptcy Act, which has from time to time been amended. The latest amendment is the act of March 3, 1933, known as "Provisions for the relief of debtors." Early in the second session of the Seventy-second Congress the Department of Justice laid before Congress a new proposal for relief of debtors as distinguished from bankrupts by way of amendments to the Bankruptcy Act. This was a new departure from the usual relief by bankruptcy. It proposed to deal with debtors as such and not as persons adjudged bankrupts.

In other words, it amended the Bankruptcy Act so as to offer a forum where distressed debtors could come, before their plight was hopeless, and avail themselves of this new procedure and thus avoid the stigma of bankruptcy. Thus debtors in their early stages, if insolvent, could seek a city of refuge while there is still something worth saving for themselves and their creditors. It always takes a new proposal a long time to percolate the Congress, and immediately the question of the constitutional power of Congress to enact such legislation arose. Challenging the constitutionality of a bill is the one question which Congressmen have the right to raise against a new or progressive measure, and more speeches have been made in both Houses on this subject, with less real enlightenment, than on any other subject ever discussed. Strange as it may seem, more lawyers have questioned the constitutionality of many of the acts of Congress, but few have ever fallen before the highest court of the land.

The Honorable Thomas D. Thacher, of the New York Bar, the then Solicitor General, filed a brief in support of the bill, which has not, in my opinion, been answered. Through his efforts it was possible to merge into one bill my House bill for the relief of individual debtors with Senator Hastings' corporate reorganization bill. Later a railroad-reorganization section was introduced by Congressman LaGuardia, now the mayor of New York City.

After much labor we finally passed the bill through the House containing a section covering individuals, corporations, and interstate railroads. When the bill reached the floor of the Senate in order to expedite the passage of the act, it was necessary to drop the section dealing with corporations. However, Senator JOSEPH T. ROBINSON of Arkansas put in a new section dealing exclusively with debtor farmers. So when the act emerged on March 3, 1933, it provided a new procedure for individual debtors (which includes any farmer), a section with groups of farmer debtors, and providing special procedure for them; and railroad reorganization.

Section 73 of the debtors' relief amendment deals with the jurisdiction of courts of bankruptcy by adding to their jurisdiction right to entertain petitions for extensions of distressed debtors. Many lawyers contend that there must be an adjudication in bankruptcy or a prayer for such. I will quote from an old but governing authority. I quote from the opinion of Mr. Justice Catron in re Klein, found in forty-two United Sates (1 How.), page 277, as follows:

"In considering the question before me, I have not pretended to give a definition, but purposely avoided any attempt to define the mere word 'bankruptcy.' It is employed in the Constitution in the plural and as part of an expression, 'the subject of bankruptcies.' The ideas attached to the word in this connection are numerous and complicated; they form a subject of extensive and complicated legislation; of this subject Congress has general jurisdiction, and the true inquiry is, To what limits is that jurisdiction restricted? I hold it extends to all cases where the law causes to be distributed the property of the debtor among his creditors; this is its least limit. Its greatest is the discharge of a debtor from his contracts. And all intermediate legislation affecting substance and form, but tending to further the great end of the subject—distribution and discharge—are in the competence and discretion of Congress. * * *

"The question, then, as to what is a 'bankruptcy' law is one purely of substance. If it provides for the distribution of a debtor's property among his creditors, it is a 'bankruptcy' law within the meaning of the Constitution. Terminology is of no importance. As Mr. Justice Catron pointed out, every State law is a bankrupt law, in substance and fact, that causes to be distributed by a tribunal the property of a debtor among his creditors. * * * Such a law may be denominated an insolvent law (and never mention the words 'bankruptcy' or 'bankrupts'); still it deals directly with the subject of bankruptcies, and is a bankrupt law in the sense of the Constitution; and if Congress should pass a similar law it would suspend the State law while the act of Congress continued in force.

"The framers of the Constitution were familiar with Blackstone's Commentaries and with the bankrupt laws of England, yet they granted plenary power to Congress over the whole subject of bankruptcies and did not limit it by the language used. This is illustrated by Mr. Sherman's observations in the convention, that 'bankruptcies' were, in some cases, punishable with death by the laws of England, and he did not choose to grant a power by which that might be done here; and the rejoinder of Gouverneur Morris, that 'this was an extensive and delicate subject. He would agree to it, because he saw no danger of abuse of the power by the legislature of the United States.'"

I cite you to the case of *Hanover National Bank* v. *Moyses* (186 U.S. 181), an opinion by that great Chief Justice Melville W. Fuller, a son of your great Commonwealth, which decision answers every doubtful Thomas.

Under this new procedure when a merchant finds himself losing money with sales falling to the point he cannot meet his debts as they mature, he can immediately file his petition in the bankruptcy court not as a bankrupt, but as a distressed debtor asking for extensions of due dates of his indebtedness or for a scaling-down of principal or interest or both and for an extension of time in which to meet his obligations. He files a schedule giving the names, addresses, and amount due each creditor together with a list of all his assets and with these a plan of settlement setting forth the extension he desires. A day certain is fixed by the receiver or trustee—if none, the court—and notice of his proposal with a brief outline of his indebtedness and a statement of his assets and a list of the names and addresses of all secured creditors and of 15 of his largest unsecured creditors is sent to each creditor.

At this meeting the creditors and the debtor discuss the plan suggested, and both may offer other plans or amendments; and if a majority of the creditors in number and amount agree with the debtor, the plan is then filed in the courts for approval and confirmation. The hearing is set at such place and time as will be most convenient for all parties in interest; and if it contains an equitable plan for liquidating the debts and rehabilitating the debtor, the plan is approved. Each creditor who files a claim must state that the claim is free of usury as defined by the laws of the place where the debt is contracted. The extension plan may extend the time for agreement of either or both unsecured and secured debts, but cannot reduce the amount of the debt or impair the lien of any secured creditor, but may affect the time and method of its liquidation. Upon the confirmation of the plan for extension the court may either dismiss proceedings or retain jurisdiction of the debtor and his property during the period of

the extension. If a debtor fails to carry out the terms of the plans, he may appoint a trustee to liquidate the estate. The debtor may answer to an involuntary petition filed against him in bankruptcy and invoke the jurisdiction to submit a plan as a distressed debtor.

When a petition of a debtor is filed for an extension or composition or an answer as the case may be, the court takes jurisdiction of the debtor and his property and all other proceedings by way of suit, execution, or attachment are automatically stayed until action is had upon his application or answer for extension. I developed the idea of individual debtors' relief from the debtors' respite law as found in the old Louisiana Code, which came down from the Code De Nepoleon, chapter 75, dealing with agricultural composition, and the extension for farmers was modeled after the section dealing with individual debtors and was made especially applicable to distressed debtor farmers and was sponsored by the Federation Farm Bureau. Under its provisions 15 or more farmers who say they intend to file petition under the section may petition the Federal district judge to appoint a conciliation commissioner for that county. The commissioner designated to serve in that county or such commissioner appointed in an adjacent county may serve in the county. These commissioners are appointed for 1 year and may be removed by the court whenever their services are no longer needed or for cause.

Any person that may be appointed as a conciliation commissioner must have the qualifications of a referee in bankruptcy and in addition must be familiar with the condition of the agriculture in the county, and he cannot be engaged in the farm-mortgage business or engaged in financing farmers or dealing in transactions in agricultural commodities or in the business of agricultural marketing or in furnishing agricultural supplies.

The farmer under this section pays a deposit fee of only $10. The district judge has the power whenever the needs require to appoint also a supervising conciliation commissioner for his district. The conciliation commissioner shall receive as compensation for his services including his expenses a fee of $10 for each case docketed and submitted to him. It was the intention of Congress that this would include whatever personal expenses the commissioner might expend, but it was not contemplated to include the expenses of notices or any matter of that character. It Was intended by Congress that such expenses as notices and letters mailed shall be paid out of the Treasury. The supervising conciliation commissioner is paid not to exceed $5 per day, together with subsistence and traveling expenses according to the schedule paid other such officers in the Department of Justice. This section has a limitation of 5 years and is not the permanent law.

In the case of farmers when they file their application no action can be brought against them for any demand debt or account or for the foreclosure of mortgages on their land or to acquire title to their lands by virtue of tax sale; nor the levying of an execution by attachment or garnishment; or sales of the land in the satisfaction of any judgment or liens except upon permission granted by the court; however there is no prohibition against the collection of taxes nor as to property not used for agricultural purposes.

A farmer may file either as individual or as a group if there is a conciliation commissioner in his county.

I will not undertake to discuss the procedure for reorganizing railroads contained in this act, nor will I attempt to discuss the reorganization of corporations which is still pending in Congress. There is also an amendment pending in Congress to give municipal corporations and taxing districts an opportunity to secure extension by agreement of their security holders. Under the section dealing with individual extensions there is to be found respite for the burdened debtor in every walk of life, the trader, the professional man or woman, and the employee.

It is my hope that thousands of distressed debtors may learn of this provision of the law and settle their debts by extension agreements while there is no market in which to liquidate their assets. The underlying plan upon which this legislation is predicated is that through the agencies of the bankrupt court we offer a forum to which the distressed debtor may invite his creditors to sit around the table in an open, free, and frank discussion of the whole situation, and may reach an agreement with the majority in number and amount to a plan that will not only rehabilitate the debtor, but will repay the creditor.

I hope this scheme will succeed. In conclusion I hope the business of the lawyers commences to recover immediately, and I am sure the new amendments of the bankruptcy law will show you the way to recover your own fortunes and at the same time render the distressed debtors of America a great service and add to the revenue of the creditors of America.

I thank you.

CROP-PRODUCTION LOANS

Mr. PARKER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute for the purpose of submitting a unanimous-consent request.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PARKER. Mr. Speaker, I have a resolution pending before the Rules Committee, House Resolution 328, that has for its purpose an investigation of the manner in which crop-production loans are being made throughout the country.

I have here a letter from Dr. A. R. Johnston, of Reevesville, S.C., apropos of this resolution.

I ask unanimous consent to insert a portion of this letter in the RECORD with a copy of my reply thereto.

Mr. O'BRIEN. Mr. Speaker, I object.

Mr. PARKER. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PARKER. Mr. Speaker, I shall undertake to read a portion of this letter to the House. It is addressed to me and dated May 4, 1934.

Hon. HOMER C. PARKER,
United States Congressman, Washington, D. C.

DEAR MR. PARKER: I am delighted to see you are taking some action in behalf of the farmer, who hasn't had a square deal from the Government. I wish to state one concrete case, which is one among hundreds in South Carolina:

A Mrs. Crawford was told she could not borrow $60 from the seed-and-feed loan unless rejected by the Crop Production Credit Association. She had to borrow $60 from the Production Credit Association, mortgaging her livestock, chattels, and crop, in fact, everything she has. She gets in return 4 checks, as follows: 1 for $51 payable to Mrs. Crawford, 1 for $2 payable to Mrs. Crawford and the clerk of court to cover attorney's fee and recording, 1 for $2 payable to Mrs. Crawford and the inspector, 1 payable to the Production Credit Association for $5 for class B stock, making a total of $9 expense, plus $1 application fee, plus 5½-percent interest to be paid in October 1934.

This is a poor widow who has not the necessities of life; and not being satisfied with the cost deducted from the amount applied for, she offered her check back to the president of the Association and asked for her papers. She was told she could get her papers upon payment of $4, and not having the $4, she had to keep the $51, regardless of the usurious rate of interest. This is one concrete case with hundreds of others all over the country.

The above is nothing short of a crime, perpetrated by whom? When you destroy the home and farm you destroy America; and the above is a fair way to destruction.

You know Congress appropriated $40,000,000 seed-and-feed fund to be loaned to the farmers for crop production. It also states in that act the farmer can borrow up to $250. Did Congress rescind this law to enable the Crop Production Credit Association to force us to borrow from them at this usurious rate of interest? We were told by the officials of the seed-and-feed loan we could not borrow from them for crop production unless the Production Credit Association refused to make us a loan. If a farmer wanted to borrow less than $50, he could borrow through the seed-and-feed loan direct. It has only been about 10 days since we have been allowed to borrow direct from the seed-and-feed loan to the amount of $145 without first having to apply to the Production Credit Association. Unfortunately I am afraid they have waited too late in making this change to be of much benefit to the farmer. In other words, a case of shooting first and then investigating.

Congressman, we the farmers are not asking any special favors; we are demanding that we be put on a basis with other interests. Is there a business in America that could survive under such usurious rates of interest or cost of obtaining money?

* * * * * * *

Yours sincerely,

A. R. JOHNSTON.

My reply is dated today and reads as follows:

Dr. A. R. JOHNSTON,
Reevesville, S.C.

MY DEAR DR. JOHNSTON: I am in receipt of your letter of May 4 and I assure you that the information contained therein is greatly appreciated. I am going to do my best to get the portion of your letter with reference to crop loans inserted in the CONGRESSIONAL RECORD today.

I am terribly busy and will not answer your letter fully at this time. Later on I hope to be able to write you again and tell you definitely whether or not I have been able to accomplish anything for the underprivileged farmers in your State and mine.

Thanking you for your letter, I am

Yours sincerely,

HOMER C. PARKER.

DANIEL BOONE

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 3355) to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone.

Mr. MARTIN of Massachusetts. Has this bill been passed by the Senate?

Mr. CHAPMAN. It has been passed by the Senate, and an identical bill has been reported by the Committee on Coin-

age, Weights, and Measures. The coins are to be issued only upon the request of the secretary of the Daniel Boone Bicentennial Commission. They are desired by Boone Station, Bryanville, and Boonesboro.

Mr. MARTIN of Massachusetts. The gentleman has been authorized by the committee to call it up?

Mr. CHAPMAN. Yes. If they do not get these coins very soon it will do them no good.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That, in commemoration of the two hundredth anniversary of the birth of Daniel Boone, there shall be coined by the Director of the Mint 600,000 50-cent pieces of standard size, weight, and silver fineness and of a special appropriate design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, to be legal tender in all payments at face value.

SEC. 2. That the coins herein authorized shall be issued at par and only upon the request of the secretary of the Daniel Boone Bicentennial Commission.

SEC. 3. Such coins may be disposed of at par or at a premium by said Commission and all proceeds shall be used in furtherance of the Daniel Boone Bicentennial Commission projects.

SEC. 4. That all laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same; regulating and guarding the process of coinage; providing for the purchase of material, and for the transportation, distribution, and redemption of the coins; for the prevention of debasement or counterfeiting; for security of the coin; or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein directed.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table. A similar House bill was laid on the table.

CONSTRUCTION OF POST OFFICE AT LAS VEGAS, NEV.

Mr. LANHAM. Mr. Speaker, I call up the bill (H.R. 3900) authorizing the Secretary of the Treasury to pay subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev., with a Senate amendment, and I move to concur in the Senate amendment.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Goldsmith Metal Lath Co. the sum of $892.73, to Price-Evans Foundry Corporation the sum of $1,790.10, and to R. W. Felix the sum of $27.81, in full settlement of all claims against the Government of the United States for losses suffered by the said companies by reason of the default of the Plains Construction Co., general contractors for the construction of the post office at Las Vegas, Nev., and the contractor's failure to furnish the valid bond as required by law for the protection of labor and material men furnishing labor and material on public works: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. MARTIN of Massachusetts. Will the gentleman explain the purpose of this bill?

Mr. LANHAM. I shall be glad to do so. The bill H.R. 3900 was introduced by the gentleman from Nevada [Mr. SCRUGHAM] and passed both Houses. It provided for the payment to certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev., of sums due them which had not been received by reason of the default of the general contractor, the Plains Construction Co. The bill was discussed in the House and passed.

A similar bill was introduced in the House by the gentleman from Tennessee [Mr. MCREYNOLDS], dealing with almost the identical situation growing out of some contracts that involved about $2,500 in addition. This bill was referred to the Committee on Claims, whereas the first one came from the Committee on Public Buildings and Grounds. The Committee on Claims has reported the bill and it is on the calendar. This bill by Mr. MCREYNOLDS is the item added by way of amendment in the Senate.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

LEAVE TO ADDRESS THE HOUSE

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection?

Mr. BYRNS. Mr. Speaker, I reserve the right to object. I am not going to object to this request, but I do hope we can get to this Consent Calendar as soon as possible. There are many bills on the calendar, and I think we ought to proceed with it.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. MARTIN of Massachusetts. Will the gentleman tell us when we are going to take up the suspensions?

Mr. BYRNS. I refer the gentleman to the Speaker.

The SPEAKER. Probably about 3 o'clock. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. Mr. Speaker, in the last two sessions that we have had for the consideration of bills on the Private Calendar I have objected to several bills which propose to refund income taxes that have already been paid into the Treasury of the United States. As a further justification and explanation of my action in objecting to the bills of some of my good friends in this House, I have prepared a bill to take care of the matter, and I ask unanimous consent to have the Clerk read it in my time.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read as follows:

A bill to repeal the provisions of title 26, United States Code, sections 1046, 1065, 3321, and 3322, etc., providing for administrative refund by the United States Treasury Department of overpayments and illegal collections of income-tax assessments and to reduce the statute of limitations applying to suits in the United States courts for tax refunds to 1 year from the time the tax was paid

Be it enacted, etc., That hereafter in no case shall any refund of any overpayment of an income-tax assessment by any taxpayer be made by the Treasury Department or any subdivision thereof through administrative channels.

SEC. 2. Nothing in this act shall be construed to deny to any taxpayer recourse to the courts of the United States to recover any tax illegally collected. Such procedure, however, shall be the sole remedy for recovery of such overpayments.

SEC. 3. No action shall be brought in any court of the United States for the recovery of any illegally collected income-tax assessment unless the assessment shall have first been paid in full and formal protest filed with the collector at the time of payment setting forth the basis of the claims of overpayment.

SEC. 4. No action shall be allowed for the recovery of any such overpayment after 1 year after the date of the payment of the tax.

SEC. 5. Title 26, United States Code, sections 1046, 1065, 3321, and 3322, and any other acts inconsistent herewith are hereby repealed and superseded by this act.

THE TAXING POWER AND THE CONTROL OF INDUSTRY

Mr. GRAY. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. The gentleman from Indiana asks unanimous consent to address the House for 3 minutes. Is there objection?

Mr. MARTIN of Massachusetts. On what subject is the gentleman going to talk?

Mr. GRAY. I think I ought to emphasize before I leave the House two of the great powers that are vested in Congress by the Constitution.

The SPEAKER. Is there objection?

There was no objection.

Mr. GRAY. Mr. Speaker, while men cannot longer openly and directly control government to take and exact from the people, they can and do secretly and indirectly control some of the great powers of the Government to take from the people their earnings and income. One of these great

powers of Government is the taxing power, the power to levy and collect taxes from the people, the power to take from the people, the power to go down in the people's pockets and take the money, take a part of their money, a part of their property, earnings and income, or, if need be, the power to take all of their money, property, wages, and income.

AN ABUSED POWER

While the taxing power is a necessary power, a necessary incident of government, necessary to enable the Government to live, and without which power the Government could not exist for a single day, yet it is one of the most abused powers of the Government, the power under which great advantage can be taken to burden the people and take from them their earnings and income, the fruits of their toil and labor. In this day and age a few men cannot organize an army, lay and levy a tribute upon the people, and take it from them by force of arms as in the days of old. But today a few men can organize a political machine and finance and supply money to that political machine and thereby gain control of a political party and through that political party gain control of the Government and the taxing power. And then they can levy a tribute upon the people in the name, color, and form of taxes and call all the forces of the Army and Navy and compel them to pay and take it from them.

DIRECT AND INDIRECT TAXES

Taxes are of two kinds, direct and indirect taxes. Direct taxes are taxes the people pay at the courthouse, taxes which they know just how much they are paying, how much of their wages, income, or money is being taken from them. Indirect taxes are taxes which the people do not pay at the courthouse but which they are paying all the time. Indirect taxes are mixed and mingled with the price and levied upon the necessaries which the people must buy to live and in such way they cannot tell how much is price and how much is tax. They only know the high costs of living, they only realize the labor to live. Under this system of indirect taxation the people can be burdened, the people can be oppressed, the people can be impoverished, the people can be exhausted of their property, means, earnings, and income without knowing the cause of their distress.

The people are paying more indirect taxes, taxes hidden, covered, and concealed in the price, and of which they have no knowledge, than they are paying at the courthouse which they can see, realize, and know of, and which burdens them more than indirect taxes, because what they realize and know of burdens them more than what they know not of. If the people only knew, understood, and realized how much of their earnings was being taken from them, how much they were paying as indirect taxes of which they have no knowledge of the amount, how much of their toil and labor was going as hidden, indirect taxes, and how little of their earnings and income they were allowed to keep and use for themselves, they would give closer study to taxes and the tax problem. They would demand to know more of increasing costs, of the rising prices of the vital necessaries of life, and whether going as taxes or tribute to monopoly, and if for taxes, how much and what for.

THE POWER TO DESTROY

But the taxing power includes more than the power to take from the people. It includes the power to destroy, the power to break down one business or industry, the power to build up another business or industry. It includes the power to destroy competition in business, the power to build up monopoly in business, and thereby to take from the people by and through extortionate and excessive profits. The taxing power has been used to destroy the poisonous phosphorus-match evil. It has been used to destroy the narcotic evil, and to destroy or control other great evils. It has been used by good men to destroy bad things, and it has been used by bad men to destroy good things. The taxing power is a great power for good or for evil accordingly as the power may be used and controlled by selfish men, by private, greedy, selfish interests, or by humane patriotic men to conserve the public welfare.

THE SHIFT OF TAXES

Sometimes the people, staggering under the burdens of taxation, in righteous wrath and indignation, demand a tax law or system requiring an equal tax payment from individual men and corporations, assessed on intangible wealth as well as on tangible property, and secure its enactment into law. And, if by chance the statute runs the galling gantlet of the constitutional lawyers and the supreme courts, and the law is held valid and constitutional, and the tax is levied and assessed, then the certain special few upon whom the taxes will fall, in control of business and industry, production, transportation, and the distribution of the necessaries of life and what the people create with which to live, with the power of a king, with a flourish of a despot, shift the tax back upon the people, assessed and levied upon the vital necessaries of life, and makes the people pay the taxes which were assessed and levied for wealth and corporations to pay.

And when these two powers are combined, the taxing power with the economic or industrial power, the power to control business and industry, the power to control the supply and distribution of the vital necessaries of life, and exerted under one and the same control, they become a hidden, covered and concealed, a crushing, menacing force, an irresistible monster moving in the darkness, a rival power defying the Government itself. While the great taxing power, together with economic industrial power, the power to control production and distribution of the vital necessaries of life, both remain under one and the same control, there is no way provided under the power of the Government to enforce an equalization of the burdens of taxation. There is no way provided to enforce the levy and collection of equal taxes from men as individuals and less from corporations, capital, and wealth.

FORMER PRESIDENT COOLIDGE

I quote here from the Honorable Calvin Coolidge, former President of the United States, speaking upon another phase of taxation, but incidently observing, as follows:

> Taxing the rich to help the poor, the poor are not helped but hurt. Taxes have to be collected by the rich before they are paid. They are collected from all the people. A higher tax means real wages are lower. The costs of living are higher, the chance to work is less, every home is burdened, its value is decreased, the quality of the food, clothing, and shelter of the children is reduced.

This statement of the great former President is true and strongly and explicitly stated. I disagree with him only in one particular, as to the remedy. Instead of giving up the right to tax the rich because the rich compel the poor to pay it, I would search the Constitution, I would devise some means, method, or way whereby to tax the rich as well as the poor and to take the control of industry to tax the poor away from the rich and make the rich pay their own taxes.

DIFFERENT MEANS TO TAKE FROM PEOPLE

The people's earnings and income are taken from them in many different ways and by intricate, carefully considered, devised means and methods. What was taken from the people under despotic governments openly, with a brazen show of force, is now taken from them by stealth, artifice, and strategy under the intricate forms of specialized industry. What was once taken from the people as cringing serfs and subjects is now taken from them as dependent producers and helpless consumers. What was once taken from the people by kings, lords, and nobles, and the special ruling classes, is now taken from them by manipulating financiers and industrial monopolists. And what was once fair in love and war is now fair and honorable in business and industry in acquiring money and wealth.

THE KINGS OF OLD

The kings of old, as a class of men were the strong, shrewd, crafty, and resourceful—the men of mental power and vigor of their day, age, and generation. The great manipulating financiers, the industrial monopolists of today, are the same men only living in another age, only their operations have been transferred from open governmental

activity to secret governmental and open industry. They are the kings, lords, and nobles of today, and from their economic thrones they are ruling with more absolute power than ever Caesar wielded. They are taking greater tribute than ever King Pharaoh exacted from the Hebrews under bondage in Egypt, and from which they are living in greater luxury and splendor than ever King Croesus lived in his gilded palaces of Lydia, than ever Belshazzar dwelt in the hanging gardens of Babylon.

SELFISH HUMAN NATURE

If we could speak of Christ in his human temporal relations, in his character as a man among men, it could be said that Christ was possessed of all the supermental powers and vigor of the kings who have ruled and ruined, but was wholly devoid and without semblance of the selfish impulse leading other kings to bloodshed, murder, and human slaughter to win fame and glory, and to pillage and plunder in quest of wealth and riches. It is this abnormal selfish impulse which is leading the kings of today to close their strangle hold on the throats of helpless humanity, in want, suffering, panic, and depression, under which to exact their industrial tribute in their invasion of the human race and the subjugation of the wealth of the world. While Christ has waged in the mind, heart, and conscience, and has built His kingdom to endure for time and the ages, for the rule and reign upon the earth of peace and good will among men, the economic and industrial kings of today are waging their conquest of exploitation of the many—the masses, the multitude—fomenting economic anarchy, industrial revolt, and lending its chaos to the overthrow of the existing order of things.

WEALTH A WORTHY AIM

I hope in my zeal to state the facts I shall not misstate my position and appear as opposing—in opposition to men, because of property and wealth—because the acquisition of property and wealth is prompted from a high, worthy aim and purpose, from a laudable ambition and motive. It is not my aim, object, and purpose to oppose any man or class of men who work more, produce more, and have more. The men I am opposing, in opposition to, are the men who work less, produce less, and claim and take more. And I would not even say these men, because of great wealth, are bad men. I would not go as far as Christ in this. They are not bad men—that is, measured by the moral standards of business integrity and industry today. I would not say these men are at all to blame. There are many things to justify them; they are doing only what other men today would do under like conditions and opportunities, under like environment, associations, and surroundings. They are taking all they can take. Most men would do that today under the impulse of abnormal, perverted, and overdeveloped selfish human nature.

THE BURDENED TO BLAME

I would further say that the men they take from are themselves to blame. God gave them the impulse of self-defense, the instinct of self-preservation, not only for the defense of themselves alone, but of those who by nature are dependent upon them. And our forefathers shed their blood and gave up their lives on the battlefields of the Revolution all that the many, the masses, might be assured and fortified to protect and defend themselves from the certain special few, in their natural and inalienable rights to live upon the earth, to labor to live, and to take the fruits of their toil and labor. The people of ancient times under kings were helpless, disarmed, without weapons or opportunity, held in the iron grasp of relentless military power from which there was no extrication or escape.

The people of today, with all the weapons placed in their hands, allow themselves to be led, swayed by the artful appeals to prejudice, and fail to use the means provided them for their defense.

The people of today are armed with the secret ballot. The opportunity for defense is open; it is theirs to use and exercise at will—the right to petition and assemble; to organize and mobilize for concerted action; to exert their united, combined strength and power. Their irresistible civil force and power is assured and guaranteed to them under the Constitution, written in the blood of martyred patriots and for which they fought and died. The down-trodden people of ancient times were not to blame; they were helpless. The people of today are to blame or, in a way, entitled to less sympathy. The people of today, under manipulating financiers and industrial monopolists, are held in subjection by strategy and subterfuge, by an artful appeal to prejudice, arraying them against each other to dissipate their strength and power in stupid conflict with each other and to exhaust and defeat themselves.

THE 10 CONTROLLING INDUSTRIES

Today a certain special few men, exerting the power of wealth and capital and by combinations in restraint of trade, are controlling industry and monopolizing production under a system of buying low and selling high. They are coercing the individual farmer to sell the products of the farm on a low-price level and to pay taxes and interest and fix charges and to buy his supplies and equipment on a high-price level. They are coercing the individual laboring man to sell his labor and services low and to buy back the necessaries of life weighted with profits, excessive and high. And thereby exhausting the individual man of his earnings and income and his means and power to buy, take, and consume what industry produces. And day by day and year by year the rich are growing richer, the poor are growing poorer, millions are multiplying on one hand and mendicants increasing on the other, and the people are suffering want and destitution in the midst of plenty and great abundance.

VICTIMS OF THEIR OWN INVENTIONS

The inventive genius and skill of the individual laboring man have brought and developed the automatic labor-saving machine to take the place and relieve mankind from toil, drudgery, and exhausting labor, and to make possible for men to enjoy more leisure time, to cultivate the mind, to care for the body while enjoying greater comforts and conveniences and some of the luxuries of life. But the certain special few men, the shrewd, crafty, and resourceful, have appropriated to themselves and are using the machine to take both the profits of capital and the labor earnings of industry; and the individual laboring man is left to suffer a victim from his own inventions, to be crowded from employment and opportunity to labor to live, and deprived of earnings and income with which to buy, take, and consume what industry produces, threatening to make him a cast-off and denied the right and opportunity to exist even for the use and service of others.

MANIPULATING VALUES

Millions of dollars are annually taken from the earnings and income of the people, hidden and covered and concealed in mystical transactions and transfer operations, under the intricate forms of stocks and bonds and corporation holdings, long obsolete and of minimum value to industry. And by over- and fictitious-valuations, by watering corporation stocks and bonds to make one dollar draw dividends for many, and by shifting and manipulating values, excessive profits and dividends, levied upon the necessaries of life which the people must use to live, are collected and taken from them without detection, hindrance, or protests. And the people are left buried in mystery, bewilderment, to realize only the high costs of living and the toil and drudgery of providing the necessaries of life and the burden to carry in living, and to provide for those by nature dependent upon them.

INDUSTRIAL GAMBLING

Under the evils of our system of industry and lax industrial morals and lax law enforcement, against crimes violating industrial justice and right, all the necessaries and comforts of life, and all the conveniences of life, and the 1,001 articles devised and produced to sooth, heal, and bless, are left exposed and subject to gambling, speculating operations, and to be held for ransom and the payment of excessive profits and burdensome charges. This is a system which will some day be looked back upon with as much revulsion

as prison for debt or involuntary servitude and the traffic in human beings.

Every gambling operation, whether in corporation stocks or bonds or on the grain or produce markets, and every speculative transaction where men make quick wealth and acquire sudden fortunes without creating or earning the wealth or property taken, robs the people of their earnings and income and of the means and power to take, use, and consume what industry produces. Because some men must pay for, some men must labor to produce, what the gambler or speculator takes and all of which is levied and collected from the ultimate consumers and is taken from their earnings and income. Wealth is not made or created suddenly, by magic, overnight, as the gambler makes it, as the speculator takes it, as the monopolist grasps and holds it. The creation of wealth and property is a slow, tedious, and laborious process, the fruits of painful toil and strenuous labor. It can be stolen or taken quickly by robbers, gamblers, and manipulators, but only time and toil can make it.

BURDENS UNDER NEW FORM

The immortal Shakespeare, speaking of the antagonisms and resentments of men, said that there was method in their madness. And there is premeditation and method in the mad, modern craze for money and riches. There is foresight and method; there are plans, preparation, and systems in the greedy, frenzied haste for quick wealth and swollen fortunes whereby to take from the people their earnings and income. And they are continuously inventing, preparing new plans and new methods to meet new and changed conditions, new forms of monopoly, new forms of gambling operations, new forms of speculative transactions, new means and methods to take from the people their earnings and income. History shows that men have struggled to throw off and extricate themselves from one imposition or evil only to find themselves suffering from the same burdens under other and different forms.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday next be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

THE PRIVATE CALENDAR

Mr. BYRNS. Mr. Speaker, there is a great demand for consideration of the Private Calendar. I ask unanimous consent that it shall be in order tomorrow, after the day's session, to move to take a recess until 7:30 o'clock p.m. for the consideration of bills on the Private Calendar unobjected to.

Mr. BLANTON. Mr. Speaker, I reserve the right to object. Will not the gentleman make that Wednesday and Thursday nights?

Mr. BYRNS. I cannot do that, because other gentlemen object to Wednesday.

Mr. BLANTON. I am one of those who does a lot of hard work on this calendar. I cannot be here tomorrow night, as I have already made other appointments, and I ask the gentleman to fix it for some other night.

Mr. BYRNS. It was my hope that the House would meet Tuesday and Thursday and have two night sessions for the consideration of this calendar.

Mr. BLANTON. I do not mind coming here at night on Wednesday and Thursday and Friday and Saturday, one or all of them, but I had made other appointments for tomorrow night and cannot be here then.

Mr. BYRNS. But other gentlemen object to Wednesday night.

Mr. BLANTON. Then I shall have to object to tomorrow night. Mr. Speaker, I object.

Mr. BYRNS. That is all right. I have made the request.

THE CONSENT CALENDAR

The SPEAKER. The Clerk will call the Consent Calendar.

BRIDGE ACROSS LAKE SABINE, TEX.

The Clerk called the first bill, H.R. 4870, to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

The SPEAKER. Is there objection?

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There is no objection.

DECLARATION OF INTENTIONS

The Clerk called the next bill, H.R. 8317 to extend the validity of declarations of intention beyond 7 years.

The SPEAKER. Is there objection?

Mr. JENKINS of Ohio. I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

EXCHANGE OF LANDS IN NATIONAL FORESTS

The Clerk called the next bill, H.R. 3206, for the exchange of lands adjacent to national forests in Colorado.

The SPEAKER. Is there objection?

Mr. BLANCHARD. Mr. Speaker, I reserve the right to object. Are any private lands involved in this? Do they propose to exchange public lands for private lands?

Mr. MARTIN of Colorado. In connection with all these forest exchange bills now on the statute books, necessarily they involved the right of the Department of Agriculture to exchange forest lands for privately owned lands. There could not be any exchange unless private lands could be exchanged for Government lands. This law has worked satisfactorily in Montana and four other States for the past 5 years. My bill is an exact copy of the Montana bill which has been in effect for 5 years, without objection whatsoever.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. COCHRAN of Missouri. If this bill becomes law and the Government takes over this property, the Government is not going to be required to pay taxes as it did in the Oregon cases, is it?

Mr. MARTIN of Colorado. It is not.

Mr. BLANCHARD. Will the gentleman yield?

Mr. MARTIN of Colorado. I do.

Mr. BLANCHARD. This bill is very similar to the bills that we have passed, on the same subject, for other States, is it not?

Mr. MARTIN of Colorado. It is identical.

The SPEAKER. Is there objection?

Mr. ELTSE of California. Mr. Speaker, I object.

Mr. MARTIN of Colorado. Mr. Speaker, there was one objection to this bill previously, and I think three objections are required.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

Mr. MARTIN of Colorado. Three objections are required.

Mr. JENKINS of Ohio. Reserving the right to object, will the gentleman permit that to be passed over without prejudice, and perhaps we can look over the matter and agree to it. Otherwise we will have to object.

Mr. MARTIN of Colorado. You think you can get three objections today, do you?

Mr. JENKINS of Ohio. Yes, we can get three.

Mr. MARTIN of Colorado. I wish some gentleman, in addition to objecting to this bill, would say why, and give some reason for objecting.

Mr. TRUAX. I will give the gentleman some reasons.

Mr. MARTIN of Colorado. The gentleman is going to give me some experience that he has had, I suppose.

Mr. TRUAX. Oh, yes.

Mr. BLANTON. Mr. Speaker, regular order.

The SPEAKER. Is there objection?

Mr. TRUAX. I object.

Mr. MARTIN of Colorado. I will consent to the passing over of this bill until one more unanimous-consent call of the calendar.

The SPEAKER. Is there objection to the request of the gentleman from Colorado, that the bill be passed over without prejudice?

There was no objection.

EXTENDING PROVISIONS OF FOREST EXCHANGE ACT OF MARCH 20, 1922

The Clerk called the next bill, H.R. 5368, to extend the provisions of the Forest Exchange Act of March 20, 1922 (42 Stat. 465).

Mr. ELTSE of California. Reserving the right to object, I call the attention of the gentleman from Ohio [Mr. TRUAX] to the fact that this bill is similar to the one just passed over, except that this applies to all forests.

I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

RADIO ACT OF 1927

The Clerk called the next bill, S. 2660, to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162).

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. ZIONCHECK]?

There was no objection.

EXPENSES OF REPRESENTATIVES TO ISTANBUL, TURKEY

The Clerk called the next resolution, House Joint Resolution 295, authorizing appropriation for expenses of representatives of United States to meet at Istanbul, Turkey, with representatives of Turkish Republic for purpose of examining claims of either Government against the other and for expense of proceedings before an umpire, if necessary.

Mr. BLANTON. Mr. Speaker, this is a $90,000 junket to Turkey, as I consider it, and I object.

Mr. ELTSE of California. I object.

ANOTHER MEMBER. I object.

Mr. MCREYNOLDS. Mr. Speaker, I ask unanimous consent that this resolution be passed over without prejudice.

Mr. BLANTON. No; we want to dispose of it now. This bill would take $90,000 out of the Treasury, and, in my judgment, it would be wasted and is wholly unnecessary, and we have enough votes now to kill it, and we ought to dispose of it now. I object.

Mr. TRUAX. Reserving the right to object, in my judgment, we should take care of our own people at home before we take care of those in Turkey.

Mr. O'CONNOR. That is just what this bill does. Claims of American citizens are pending over there.

Mr. BLANTON. Well, Mr. Speaker, three objections have been made, which knocks the bill off the calendar.

Mr. TRUAX. Well, why should we not appoint a commission, then, to go to England, and France, and all the other defaulters?

Mr. BLANTON. Mr. Speaker, three objections have been made.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I object.

Mr. ELTSE of California. I object.

Mr. HOEPPEL. Mr. Speaker, I object.

MOUNT HOOD NATIONAL FOREST

The Clerk called the next bill, S. 1506, to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon.

Mr. ZIONCHECK. Reserving the right to object, will the gentleman explain the present status of the law and what change this bill will make?

Mr. DEROUEN. I shall be glad to. This is a Senate bill, which has already passed the Senate. It has to do with amending the mining law insofar as it concerns the Mount Hood National Forest only. It is a very desirable bill, because it is a protection to the miners and to the Government itself. The mining laws are frequently employed——

Mr. ZIONCHECK. Will the gentleman yield just there?

Mr. DEROUEN. I yield.

Mr. ZIONCHECK. What are the rights of the people who go upon the national forests now, as to mining and cutting off timber?

Mr. DEROUEN. That is corrected in this bill. It does not attempt to do that. It applies only to the Mount Hood National Park. That is all it does.

Mr. ZIONCHECK. Do I gather correctly that this bill provides that anyone who goes in there to mine can only cut off sufficient timber for mining purposes?

Mr. DEROUEN. That is correct.

Mr. ZIONCHECK. They cannot go in there generally and take off the timber?

Mr. DEROUEN. No. That is just for this purpose. That is correct.

Mr. ZIONCHECK. Mr. Speaker, I will withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That hereafter mining locations made under the United States mining laws upon lands within the Mount Hood National Forest in the State of Oregon shall confer on the locator the right to occupy and use so much of the surface of the land covered by the location as may be reasonably necessary to carry on prospecting and mining, including the taking of mineral deposits and timber required by or in the mining operations, and no permit shall be required or charge made for such use or occupancy: *Provided, however*, That the cutting and removal of timber, except where clearing is necessary in connection with mining operations or to provide space for buildings or structures used in connection with mining operations, shall be conducted in accordance with the rules for timber cutting on adjoining national-forest land, and no use of the surface of the claim or the resources therefrom not reasonably required for carrying on mining or prospecting shall be allowed except under the national-forest rules and regulations, nor shall the locator prevent or obstruct other occupancy of the surface or use of surface resources under authority of national-forest regulations, or permits issued thereunder, if such occupancy or use is not in conflict with mineral development.

SEC. 2. That hereafter all patents issued under the United States mining laws affecting lands within the Mount Hood National Forest within the State of Oregon shall convey title to the mineral deposits within the claim, together with the right to cut and remove so much of the timber therefrom as may be needed in extracting and removing the mineral deposits, if the timber is cut under sound principles of forest management as defined by the national-forest rules and regulations, but each patent shall reserve to the United States all title in or to the surface of the lands and products thereof, and no use of the surface of the claim or the resources therefrom not reasonably required for carrying on mining or prospecting shall be allowed except under the rules and regulations of the Forest Service.

SEC. 3. That valid mining claims within the Mount Hood National Forest in the State of Oregon existing on the date of enactment of this act, and thereafter maintained in compliance with the law under which they were initiated and the laws of the State of Oregon, may be perfected under this act, or under the law under which they were initiated, as the claimant may desire.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UNITED STATES INDIAN SCHOOL AT GENOA, NEBR.

The Clerk called the next bill, H.R. 7241, to authorize the Secretary of the Interior to convey the lands and property used for the United States Indian school at Genoa, Nebr., to the State of Nebraska.

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that Senate bill 2566, now on the Speaker's table, may be substituted for the pending House bill.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, I note on page 2, line 19, the bill provides—

That as a condition precedent to this grant, Indians residing within the State of Nebraska will be accepted in State institutions on entire equality with persons of other races, and without cost to the Federal Government.

Mr. HOWARD. Mr. Speaker, I may say to the gentleman from Michigan that we propose to offer a committee amendment prepared by the Department which will make the bill satisfactory.

Mr. WOLCOTT. Mr. Speaker, I have prepared an amendment, which I think is necessary, providing not only as a condition precedent but that in consideration of this grant that the State take these children over.

Will the gentleman accept such an amendment?

Mr. HOWARD. I do not think that would be acceptable to the State or to the Department either. The amendment I intend to offer was prepared jointly by myself and the Department.

Mr. JENKINS of Ohio. Mr. Speaker, I ask that this bill be passed over at the present time, to be returned to later when the gentleman from Michigan and the gentleman from Nebraska have reached an agreement as to the proposed amendments.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MAMMOTH CAVE NATIONAL PARK, KY.

The Clerk called the next bill, H.R. 4935, to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes."

Mr. JENKINS of Ohio. Mr. Speaker, I reserve the right to object until we find out what the gentleman proposes to do.

Mr. CARY. I propose to ask unanimous consent to substitute the Senate bill for the pending House bill.

Mr. JENKINS of Ohio. Are the bills identical?

Mr. CARY. Yes.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, does this bill provide an allowance for the purchase of these lands to extend the park through the use of P.W.A. funds?

Mr. CARY. No; it does not. Practically all these lands were purchased with State funds. The State of Kentucky has expended $1,500,000; and a few months ago the Legislature of Kentucky appropriated another $250,000 to make the necessary additional purchases.

Mr. ELTSE of California. No application has been made for P.W.A. funds?

Mr. CARY. I do not know whether any application has been made or not. There are two C.C.C. camps located in this area and those boys are doing some work there.

Mr. ELTSE of California. Section 2 of the House bill provides that the Secretary of the Interior is authorized to accept donations.

Mr. CARY. Those are donations from the State of Kentucky; then there are some funds now in the hands of the Kentucky Park Commission representing receipts from these caves. The caves are producing about $75,000 a year in the way of revenue. This park will be absolutely self-sustaining after the State of Kentucky has invested its money in it for the purpose of purchasing the lands which will be turned over to the Government and the proceeds used to operate the park.

Mr. ELTSE of California. Mr. Speaker, I withdraw my reservation of objection.

Mr. CARY. Mr. Speaker, I ask unanimous consent to substitute the bill S. 618 for the pending House bill.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the second and third provisos of section 3 of the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes" be, and the same are hereby, amended to read as follows: "*And provided further*, That the minimum area to be administered and protected by the National Park Service shall be for the said Mammoth Cave National Park, 20,000 acres: *Provided further*, That no general development of said area shall be undertaken until a major portion of the remainder in such area, including all the caves thereof, shall have been accepted by said Secretary, and he shall have established a schedule of fees for admission to such caves."

SEC. 2. That in the establishment of the said Mammoth Cave National Park the Secretary of the Interior is hereby authorized to accept donations of money for the acquisition of lands and rights therein and to acquire the same by purchase, condemnation, or otherwise.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

UNITED STATES INDIAN SCHOOL AT GENOA, NEBR.

Mr. WOLCOTT. Mr. Speaker, the gentleman from Nebraska and I have discussed our respective amendments to the bill (H.R. 7241) relating to the Indian school at Genoa, Nebr.

Mr. Speaker, I ask unanimous consent to return to Calendar 163, to authorize the Secretary of the Interior to convey the lands and property used for the United States Indian School at Genoa, Nebr., to the State of Nebraska.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER. Without objection a similar Senate bill will be substituted.

There being no objection, the Clerk read the Senate bill as follows:

Be it enacted, etc., That there is hereby granted to the State of Nebraska for institutional purposes the property known and designated as the "Genoa Indian School", located at Genoa, Nebr., such grant to include the land and buildings and such equipment as may be designated by the Secretary of the Interior: *Provided*, That this grant may be effective at any time prior to July 1, 1934, if before that date the Governor of the State of Nebraska on behalf of the State files an acceptance thereof with the Secretary of the Interior: *Provided further*, That the right is reserved by the Secretary of the Interior to retain until July 1, 1934, dormitory and other space needed for the housing and care of Indian pupils now accommodated at said school: *Provided further*, That as a condition precedent to this grant Indians residing within the State of Nebraska will be accepted in State institutions on entire equality with persons of other races, and without cost to the Federal Government.

(During the reading of the Senate bill the following occurred:)

Mr. JENKINS of Ohio. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. JENKINS of Ohio. I do not quite understand the situation. I did not know that a Senate bill was to be substituted.

Mr. HOWARD. The committee amendment was prepared to be offered to the Senate bill.

Mr. JENKINS of Ohio. Then the understanding is that the gentleman will offer an amendment to the Senate bill?

Mr. HOWARD. Yes; the committee amendment.

Mr. JENKINS of Ohio. What would be the advantage of subsituting a Senate bill if it must be amended?

Mr. HOWARD. The bill has already passed the Senate; it makes it much easier.

Mr. JENKINS of Ohio. Very well. It appears that these gentlemen understand each other. I do not quite understand it.

The Clerk concluded the reading of the bill.

Mr. HOWARD. Mr. Speaker, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. HOWARD: On page 2, line 7, commencing with the word "and", strike out the balance of the line and all of line 8, and in lieu of the matter stricken out insert the following: "except that tuition of Indian children in public schools may be paid by the Federal Government: *Provided further*, That nothing herein contained shall be construed as affecting the right-of-way heretofore applied for by and agreed to be granted to the Loup River public power district in Nebraska across said school property, and an easement over the land falling within said right-of-way is hereby granted to said Loup River public power district in Nebraska upon proper identification thereof through survey."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

MEMORIAL AT OR NEAR OLD ST. LOUIS, MO.

The Clerk called the next resolution, House Joint Resolution 302, authorizing the creation of a Federal memorial commission to consider and formulate plans for the construction, on the western bank of the Mississippi River at or

near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aids, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers and others who contributed to the territorial expansion and development of the United States of America.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I understand that the gentleman from Missouri [Mr. COCHRAN] has a rule on this bill. I ask unanimous consent that it be passed over without prejudice under the rule.

Mr. COCHRAN of Missouri. May I say to the gentleman from California that this is a very important resolution and practically every Member west of the Mississippi River should be interested. This resolution seeks to create a commission to investigate the advisability of erecting a memorial in honor of the Louisiana Purchase and those responsible, Jefferson and others.

Mr. ELTSE of California. How much is this going to cost?

Mr. COCHRAN of Missouri. There is not a provision in the bill that carries one dollar of appropriation.

Mr. ELTSE of California. But this is the opening wedge.

Mr. COCHRAN of Missouri. I could not say that.

Mr. ELTSE of California. The gentleman stated the last time this resolution was up that it was the opening wedge.

Mr. COCHRAN of Missouri. I do not say that the Government at some future date might not be asked to contribute in part. It is to commemorate a national event of great importance. The Government should be interested in a matter of this kind.

Mr. ELTSE of California. Is not the gentleman willing to have the bill come up under the rule?

Mr. COCHRAN of Missouri. I think the resolution is so meritorious that it should be passed at this time by unanimous consent. We have precedent after precedent for the passage of resolutions of this character.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that this joint resolution be passed over without prejudice.

Mr. COCHRAN of Missouri. Mr. Speaker, I object to the request that the bill go over without prejudice.

The SPEAKER. Is there objection to the present consideration of the bill? Three objections are required.

Mr. JENKINS of Ohio, Mr. ELTSE of California, and Mr. TABER objected.

MONUMENT IN MEMORY OF COL. ROBERT INGERSOLL

The Clerk called the next resolution, House Joint Resolution 21, authorizing the erection in Washington, D.C., of a monument in memory of Col. Robert Ingersoll.

Mr. WOLCOTT, Mr. ELTSE of California, and Mr. JENKINS of Ohio objected.

Mr. KELLER. Mr. Speaker, I should like to have the gentlemen state their reasons for objecting.

Mr. WOLCOTT. I do not think that is necessary.

INTERSTATE LEGISLATIVE REFERENCE BUREAU

The Clerk called the next resolution, House Joint Resolution 19, to make available to Congress the services and data of the Interstate Legislative Reference Bureau.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That upon acceptance of the provisions of this joint resolution by the American Legislators' Association it shall be the duty of the Interstate Legislative Reference Bureau of such association, upon request therefor, to make its services and its indices, digests, compilations, bulletins, and other data available to either House of Congress, its committees, and Members, and to the Legislative Reference Service of the Library of Congress, and to act as a clearing house in making so available such data of the legislative reference bureaus of the several States and such data of other research agencies. For carrying out the purposes of this joint resolution there is hereby authorized to be appropriated for the fiscal year ending June 30, 1932, and for each fiscal year thereafter, the sum of $40,000 to be expended by the American Legislators' Association for the maintenance of said Interstate Legislative Reference Bureau; except that the amount appropriated for any fiscal year shall not be in excess of the aggregate amount provided by other sources for such purposes for such fiscal year and except that commencing with the fiscal year ending June 30, 1936, the amount appropriated for any fiscal year shall not be in excess of the aggregate amount that the several States have provided or obligated themselves to provide for such purposes for such fiscal year. The appropriations made pursuant to this joint resolution shall be disbursed by the Librarian of Congress.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FOREST GROVE, OREG.

The Clerk called the next bill, H.R. 7185, to authorize the purchase by the city of Forest Grove, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218).

Mr. TRUAX. Mr. Speaker, reserving the right to object, may I ask the author of this bill to explain just what it is?

Mr. MOTT. Mr. Speaker, this is a bill authorizing a municipality in Oregon to purchase Government land for the protection of its watershed. The land surrounding the city of Forest Grove is owned by the Government and it is mostly cut-over land. In order to protect their watershed they must get this all in one area and build a fence around the land.

Mr. TRUAX. The city is to provide the funds for the purchase of this land at $2.50 per acre?

Mr. MOTT. That is correct.

Mr. TRUAX. I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to issue a patent, upon payment of $2.50 per acre, or fraction thereof, to the city of Forest Grove, Oreg., for the northwest quarter of section 14, township 1 north, range 5 west, Washington County, Oreg., containing in the aggregate 160 acres subject to all valid existing rights at the time of the filing of the application by the city of Forest Grove.

SEC. 2. That the Secretary of the Interior shall prescribe all necessary regulations to carry into effect the foregoing provisions of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BOISE NATIONAL FOREST

The Clerk called the next bill, H.R. 7927, to add certain lands to the Boise National Forest.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, I notice in the report on this bill there is a statement that it is proposed to add 272,340 acres, of which approximately 95,000 acres are publicly owned. How is it proposed to acquire the balance of the land?

Mr. WHITE. Mr. Speaker, this land is necessary to consolidate the national forest in an area in order to protect the watershed of the capital city of Idaho, Boise. It is also necessary for the protection of the watershed for the vast irrigation district in the Boise Valley.

This has been through the Committee on Public Lands, and approved by them as well as by the Secretary of the Interior, Secretary of Agriculture, and memorialized by the Legislature of the State of Idaho. This is to permit the consolidation of this land by the Forestry Department. There is no money involved in the matter. There may be some land exchanges in different sections within the boundaries of the national forest.

Mr. BLANCHARD. I refer again to the statement in the report that only 95,000 acres of the 272,000 acres are publicly owned at the present time.

Mr. WHITE. The land referred to is not now within the national forest, and this will extend the national-forest boundaries so that consolidation and exchanges may be made between the privately owned land and publicly owned land.

Mr. BLANCHARD. Mr. Speaker, I do not see anything in the bill that permits exchanges. This must be a question of purchase.

Mr. WHITE. There is a clause in there which permits exchanges, because it is subject to a previous act which does permit these exchanges.

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent that the bill may go over without prejudice.

Mr. TRUAX. Will the gentleman yield to me before he makes that request?

Mr. BLANCHARD. I yield, Mr. Speaker.

Mr. TRUAX. I should like to ask the gentleman from Idaho how much of this land is publicly owned and how much is privately owned now?

Mr. WHITE. That is stated in the report.

Mr. BLANCHARD. Ninety-five thousand acres publicly owned out of a total of 272,340.

Mr. TRUAX. And under this bill the United States Government will purchase that land eventually?

Mr. WHITE. The Government will not purchase it, but will exchange other land for it. Under the terms of the law they are exchanging timber for the privately owned land and taking in new land that needs forest protection where there is new growth which requires such protection.

Mr. TRUAX. Is it exchanged on the same basis as the exchange embodied in the bill of the gentleman from Colorado, where the Secretary of the Interior would be authorized to transfer land now owned by the Government for other land without any appraisal body or any other agency?

Mr. WHITE. No; the exchanges proposed are the same exchanges now going on in the national forests under the operation of the general exchange act. This simply provides a boundary within which such exchanges will be permitted.

Mr. TRUAX. Who determines the value of the land that is to be exchanged?

Mr. WHITE. The Secretary of Agriculture through the officers of the Forest Service. They are the men who will determine this, and the State of Idaho, for the protection of irrigation districts and the protection of the Boise Watershed, has memorialized Congress to pass such legislation to protect these lands from the ravages of fire.

Mr. TRUAX. I may say to the gentleman from Idaho that I shall not object to his bill, but I want to ask the gentleman if he thinks it is good business policy for this Government to place all such authority in the hands of a Cabinet officer who must delegate this authority to some understrapper to go out and exchange land without any appraisal body or any other agency to protect the interests of the Government of the United States?

Mr. ZIONCHECK. Mr. Speaker, will the gentleman explain what he means by an "understrapper"?

Mr. TRUAX. I may say to the gentleman there are a lot of them in the Department of Agriculture and a good many of them are from Wall Street, United States of America. They are administering the Farm Relief Act. However, I have no objection to the gentleman's bill.

Mr. BLANCHARD. Mr. Speaker, I renew my unanimous-consent request that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

AMENDMENT OF SECTION 14 OF THE ACT OF MARCH 3, 1879

The Clerk called the next bill, H.R. 5334, to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the third clause of section 14, act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226), is hereby amended by the addition of the following sentence: "*Provided*, That publications produced by the stencil, mimeograph, or hectograph process or in imitation of typewriting shall not be regarded as printed within the meaning of this clause."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FOREIGN MAIL SERVICE

The Clerk called the next bill, H.R. 7340, to authorize the Post Office Department to hold contractors or carriers transporting the mails by air or water on routes extending beyond the borders of the United States responsible in damages for the loss, rifling, damage, wrong delivery, depredations upon, or other mistreatment of mail matter due to fault or negligence of the contractor or carrier, or an agent or employee thereof.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, in reading over the bill it seems to me to be very far-reaching and to place a lot of arbitrary power in the hands of the Postmaster General, which he has not had heretofore.

Mr. ROMJUE. Mr. Speaker, the bill does not place any further power, but simply clarifies existing legislation.

Mr. ELTSE of California. May I ask the gentleman the purpose of having the first sentence on page 2, in view of the matter contained in the second?

Mr. ROMJUE. The present law, if the gentleman will permit, gives the Department this power except it is not as clear as it ought to be and the Post Office Department is continually in controversy and discussion as to liability.

This bill merely amends existing law by clarifying the language of the law.

The gentleman will observe that the present law states that the Postmaster General may impose or remit fines on contractors or carriers transporting the mails by air or water on routes extending beyond the borders of the United States for any unreasonable or unnecessary delay to such mails and for other delinquencies in the transportation of the mails.

This is present law and this bill clarifies the law and makes it definite and certain. The Postmaster General will only be able to serve the public better than ever before; his administration is one of public service and not power.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. ROMJUE. I yield to the gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. Where the mails are damaged due to the negligence of the contractor, the bill gives power to take care of that situation, which cannot be done under present law.

Mr. ELTSE of California. I should like to ask the gentleman from Pennsylvania why cannot that be done under the second sentence on page 2, with respect to such contractors or carriers? There is a general liability imposed there on account of failure to exercise due care.

Mr. KELLY of Pennsylvania. There is no provision of law now to make a contractor responsible for loss or damage in transit to mail due to his own negligence. This is simply a minor addition, which gives the Department power which we think rightly belongs to it.

Mr. ELTSE of California. Does the Postmaster General at the present time have power to impose and remit fines as provided in the lines at the top of page 2?

Mr. KELLY of Pennsylvania. Not for loss and damage to the mails in transit.

Mr. ELTSE of California. But he does have power to impose and remit fines with respect to other delinquencies?

Mr. KELLY of Pennsylvania. For delays, and so forth; yes.

Mr. ELTSE of California. I withdraw my reservation of objection, Mr. Speaker.

Mr. WOLCOTT. Reserving the right to object, I want to ask the gentleman a question. I notice Calendar No. 197, H.R. 7299, and from a hurried reading it would seem to include the same matter. What is the difference between the two?

Mr. ROMJUE. I think that bill involves the railroads and water transportation.

Mr. WOLCOTT. If the bill H.R. 7299 is passed is there any need of this bill being passed?

Mr. ROMJUE. If you wanted to incorporate the other bill into this you would only have another method of transportation.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

APPOINTMENT OF POSTMASTERS

The Clerk called the next bill on the calendar, H.R. 7088, to amend the provisions of laws relating to appointment of postmasters.

The SPEAKER pro tempore. Is there objection?

Mr. WOLCOTT. Reserving the right to object, this bill provides that the Postmaster General may, at the expiration of the term of a postmaster, appoint an acting postmaster. Heretofore, I understand, he has not had that authority. I do know that in many instances he has appointed acting postmasters at the expiration of the term. I should like to ask the chairman of the committee under what authority the Postmaster General has been making these appointments of acting postmasters at the expiration of the term of the postmaster?

The reason for asking the question is this: In the civil-service examination, which is held later on, experience is given a high rating, and it is almost inevitable that the person who is appointed acting postmaster, having had 4 or 5 months' experience, will be no. 1 man, and so the appointments are made not on the basis of merit but on political expediency.

Mr. BLANTON. I want to call the gentleman's attention to the fact that it has been the practice under Republican administration to have postmasters resign and appoint acting postmasters for the past 12 years. If the gentleman will examine many civil-service examinations, where the three eligibles did not happen to meet the requirements of the appointing power, the examination was obliterated, wiped out, and a new examination was held, and new examinations were continued to be held until there were three eligibles that met with the requirements.

Mr. MUSSELWHITE. I want to say that the Postmaster General has always had the authority to request a resignation at the expiration of the postmaster's term of service. If that resignation was not made, he could remove the postmaster for cause.

Mr. WOLCOTT. That is an answer to my question in one particular. What I should like to know is what authority the Postmaster General has in cases where there has been no resignation.

Mr. ROMJUE. I will tell the gentleman.

Mr. WOLCOTT. I might say in answer to the gentleman from Texas [Mr. BLANTON] that during the few years that I have been in Congress I have never known such an instance, but I do have in mind in my own particular town in 1921 a postmaster who had been appointed by a previous administration was allowed to hold over until his successor had qualified, but now it seems to be the practice to immediately appoint an acting postmaster.

Mr. ROMJUE. I think this is the situation. I have been in this House some time and have many friends here whose valuable public service I appreciate, but I will say this to the gentleman. He asks by what authority, and so forth. I want to give the gentleman all of the history of handling postmasterships in this country.

Mr. WOLCOTT. I should be glad to have the gentleman tell the history of it if by so doing he will answer my question.

Mr. ROMJUE. I shall do it in my own language and not in the gentleman's language; a Missourian speaks for Missouri and himself. I was here during Mr. Wilson's administration, the second administration, and I remember that Mr. Wilson put the postmasters of this country under civil-service regulations, and he made a regulation that the man who made the highest grade secured the appointment to the post office, without regard to politics or party service. I did not like that rule. In many ways I admired President Wilson, but I belong to the Andrew Jackson philosophy or rule.

Mr. WOLCOTT. That was an advisory regulation, was it not?

Mr. ROMJUE. I spoke a dozen times to Mr. Burleson, the Postmaster General. I told him I thought there ought to be a modification so that you could take one from the three highest in grade from an examination, and I said, "If we Democrats cannot get one out of three, we ought not to have the post office"; but Mr. Burleson stood fast, and in a number of instances Republican postmasters were appointed. For instance, in Brookfield, which was not then at that time in my district, one of the best post offices in northern Missouri was given to the Republicans, and, so far as I know, some Democrats there who now profess their democracy did not even object; and, as a matter of fact, the regulation ought to have been modified. I said then that I believed that the party in power ought to have the privilege of holding these responsible positions, and I still think so.

Mr. WOLCOTT. And may I say to the gentleman—and I refuse to yield longer—I hope the time will come when all of these postmasterships will be taken out of the spoils system.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. BLANTON. If Gen. Albert Burleson, a Texas man, ever put a Republican in office during a Democratic administration he made a mistake, and I do not approve of it; but we have learned something since then from our brother Republicans, and we are not going to put any more in if we can help it.

Mr. WOLCOTT. He may have made a political mistake, but the gentleman must admit that he had a good man in there if he appointed a Republican. I ask unanimous consent that the bill go over without prejudice.

Mr. HOEPPEL. Mr. Speaker, will the gentleman defer that for a moment and yield to me?

Mr. WOLCOTT. Yes.

Mr. HOEPPEL. In order to explain this bill. I introduced it. It is an economy measure. The Democrats want to save money for the taxpayers, and we are actually saving money for the Department. Under the present law when the term of office of a postmaster expires, unless he resigns it is necessary for the Post Office Department to summarily remove him. Now, when his term expires it is not necessary for the Post Office Department to carry on correspondence or spend a lot of money for telegrams threatening that it will remove him and ultimately effecting a removal. I ask the gentleman in the interest of economy to withdraw his objection.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. As I understand it, this bill is designed to make it possible for the Postmaster General to name immediately an acting postmaster.

Mr. ROMJUE. He may or he may not.

Mr. TRUAX. It is not mandatory?

Mr. ROMJUE. Not at all; it is optional and that is right.

Mr. TRUAX. Did this bill originate in the Post Office Department and has it the approval of Postmaster General Farley?

Mr. ROMJUE. It did not have its origin in the Post Office Department but it is approved by the Post Office Department. Postmaster General Farley is saving this Government and the taxpayers a vast amount of money and is deserving and receiving just credit therefor.

Mr. TRUAX. I ask the gentleman from California [Mr. HOEPPEL] if he is the sponsor for official legislation from the Post Office Department? He says that he wants to take it out of politics. Under the present regulation it is possible for the Democratic Party to secure the appointment of a postmaster now and then. I should like to see them secure more. If this bill has the approval of the Postmaster General, Mr. Farley, I have no objection to it. If it does not have his approval, I object to the bill.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

HOURLY RATES OF PAY, SUBSTITUTE LABORERS, RAILWAY MAIL SERVICE

The Clerk called the next bill, H.R. 7213, to provide hourly rates of pay for substitute laborers in the Railway Mail Service and time credits when appointed as regular laborers.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 7 of the act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes", approved February 28, 1925, is amended by inserting after the fourth paragraph of such section (43 Stat. 1053; U.S.C., title 39, sec. 607) a new paragraph to read as follows:

"Substitute laborers in the Railway Mail Service shall be paid for services actually performed at the rate of 55 cents per hour, and when appointed to the position of regular laborer the substitute service performed shall be included in eligibility for promotion to grade 2 on the basis of 306 days of 8 hours constituting a year's service."

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

NINTH PAN AMERICAN SANITARY CONFERENCE

The Clerk called the next business, Senate Joint Resolution 59, to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, I reserve the right to object. I think some more time should be given to this bill. I have not been completely satisfied by reading the report that there is a particular necessity for the expenditure of this money. I do not want to say that it provides for a junket trip, until I am better informed.

Mr. McREYNOLDS. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. McREYNOLDS. I am sorry the gentleman has not had an opportunity to read the report thoroughly.

Mr. WOLCOTT. If the gentleman will withdraw that statement, I have read the report thoroughly and I said I had not been convinced from the report that there was any need for the appropriation of this sum.

Mr. McREYNOLDS. I am sorry I misunderstood the gentleman.

Mr. BLANTON. Mr. Speaker, I understand there are several Members here waiting, and I am going to ask for the regular order.

Mr. McREYNOLDS. Well, I object to the gentleman "butting in" on me and taking me off my feet this way.

Mr. BLANTON. I ask for the regular order, Mr. Speaker.

Mr. McREYNOLDS. The regular order is that I can answer the gentleman's question.

Mr. BLANTON. Mr. Speaker, I demand the regular order.

The SPEAKER. Regular order is demanded. Is there objection?

Mr. WOLCOTT. Reserving the right to object, I yield to the gentleman from Tennessee.

Mr. McREYNOLDS. I just want to say that this bill was reported out unanimously by the committee. It is considered very important for the health of this country. Secretary of State Hull recommends it very highly. It has the unanimous report of the committee. The gentleman from New York [Mr. FISH], sitting by the gentleman from Michigan, knows that. Mr. Hull, Secretary of State, says in this report:

I regard the work of these conferences and of the Sanitary Bureau as being highly meritorious in character and urge the approval of this relatively small expenditure for delegates to the Ninth Pan American Sanitary Conference, which is tentatively scheduled to meet in Buenos Aires in November 1934.

The main purposes of this conference are, first, to prevent the introduction of epidemic diseases from one American republic to another.

Second, it is to obviate the necessity for costly quarantines against infected ports which would operate against vessels and other common carriers and against passengers and their effects.

Third, it is to stimulate health authorities in all the American republics to greater effort in the eradication of disease.

It is purely on the ground of trying to protect the health of the people of this country from contagious diseases that come from South American countries.

Mr. WOLCOTT. I ask if the gentleman would object to passing this over for a short time until we have an opportunity to look into it a little bit, and perhaps we can get together?

Mr. McREYNOLDS. That is satisfactory.

Mr. TRUAX. Reserving the right to object, I should like to ask the gentleman from Tennessee how many delegates or representatives are included?

Mr. McREYNOLDS. Three. Surgeon General Cumming, I presume, will be one of them.

Mr. TRUAX. I notice in the report that the attendance at this conference is partly to prevent a contagion of yellow fever in this country?

Mr. McREYNOLDS. Yes.

Mr. TRUAX. Does not the gentleman think it might be more important to take notice now of the spread of amoebic dysentery that occurred in this country last year and is likely to occur again in a delegation of this sort?

Mr. McREYNOLDS. The gentleman has no objection to taking all means to prevent that, of course, but that is not before this House any more than the gentleman's farm bill is before the House.

Mr. TRUAX. Well, my farm bill ought to be before the House.

Mr. FISH. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. FISH. Is it not a fact that we made a commitment or a quasi-commitment at the Havana Conference to do our part to participate and help prevent the spreading of this disease from one nation to another?

Mr. McREYNOLDS. That is in the agreement of November 14, 1924.

Mr. FISH. Of course, it being a Republican agreement, the gentleman, of course, will agree to that?

Mr. BLANTON. Will the gentleman yield? Has the distinguished gentleman from New York [Mr. FISH], who has been an active member of the Committee on Foreign Affairs for many years, ever checked up the number of junkets that the various officials of the State Department take every year to almost every foreign country in the world? If the gentleman has not done so, he should do so, and he will find some very enlightening information.

Mr. FISH. What I am complaining about is that I have been on that committee for 14 years, and nobody has yet asked me to go on a junket.

Mr. BLANTON. I am talking about officials in the State Department. There are more of them junketing every year than from any other department in the Government. I have been checking up on them for 15 years.

Mr. FISH. I cannot talk as fast as the gentleman can. Let me say to the gentleman from Texas that under the distinguished leadership of the great Democrat from Tennessee [Mr. McREYNOLDS] we have not had any more of this legislation, so I think the gentleman should be kind-hearted and let this little bill of only $3,000 go through.

Mr. BLANTON. I was watching it when our good friend from Pennsylvania [Mr. PORTER] was chairman of the committee. I was watching it when the distinguished gentleman from Massachusetts [Mr. Rogers] was in charge of the committee. I have been watching it for 15 years. And I know what these repeated junkets by the State Department have cost the Government.

Mr. FISH. Oh, but you have brought about a change of policy. Now we have an entirely new deal—no more junkets.

Mr. BLANTON. That is a fact, these junkets must stop. Mr. Speaker, I ask for the regular order.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. TRUAX. Reserving the right to object, I want to ask a question. Has anyone here, particularly the gentleman from New York, who knows there are thousands of undernourished babies in his great city—has anyone here the figures as to how many quarts of milk this $9,000 would buy to take care of those babies?

Mr. BLANTON. It is only $3,000; but this $3,000 every year, added to the many other State Department junkets, aggregates quite a large sum annually. One bill on this calendar asks for $90,000 for a junket to Turkey.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. WOLCOTT]?

There was no objection.

MOTOR VEHICLES SEIZED FOR VIOLATION OF CUSTOMS LAWS

The Clerk called the next bill, H.R. 7302, to authorize the Postmaster General to receive, operate, and to maintain for official purposes, motor vehicles seized for violation of the customs laws.

The SPEAKER pro tempore (Mr. MCREYNOLDS). Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, reserving the right to object, it has been the policy of the Committee on Appropriations not to furnish motor-propelled passenger-carrying vehicles for the Post Office Department. This bill would entirely change the program. It provides for just such service in the Post Office Department. I see our good friend, the able Chairman of the Committee on Appropriations, the gentleman from Texas [Mr. BUCHANAN], in the Chamber. I should like to ask him just what he thinks of this bill as affecting the policy of the Committee on Appropriations?

Mr. BUCHANAN. I say to my colleague that I do not think it ought to be passed.

Mr. BLANTON. Then, Mr. Speaker, I object.

Mr. ROMJUE. Mr. Speaker, will the gentleman reserve his objection?

Mr. BLANTON. Mr. Speaker, I intend to object, but I reserve my objection and yield to the Chairman of the Committee on Appropriations, so that he may state his views.

Mr. ROMJUE. That is all right in a way, but I want to ask the Chairman of the Appropriations Committee a question or two myself. The gentleman from Texas [Mr. BUCHANAN] states that he does not think this a good policy. This bill has the approval of the Post Office Committee and of the Post Office Department. Mr. Farley generally knows what he is doing and is in close touch with Mr. Roosevelt. The Chairman of the Committee on Appropriations no doubt is aware of the fact that both the Treasury Department and the Department of Justice or State Department have this same privilege now.

Mr. BUCHANAN. Which ought to be taken away from them.

Mr. ROMJUE. Possibly that answers the question; I do not think so. The gentleman states that it ought to be taken away from them, yet he has never protested against it. Why did he not do so, or why can he give the privilege to one department and deny it to another?

Mr. BUCHANAN. The matter has never come before me for attention.

Let me say to the gentleman from Missouri that the Government has never provided passenger automobile service for the rural service of the Post Office Department. It has provided passenger automobile service in the District, but never in the country.

If we allow the taking-over of automobiles condemned for the violation of certain laws, we will get passenger automobile service throughout the Postal Service of the country, and the appropriation it will eventually involve will be enormous.

Another thing, if we take over these condemned secondhand cars, the upkeep will be too high and appeals for new cars will be made to the Appropriations Committee because the cost of the upkeep of these condemned cars is too expensive.

Mr. BLANTON. And this bill authorizes the Post Office Department to pay off mortgages existing against the cars it takes over.

Mr. BUCHANAN. Certainly. The bill also provides that the appropriation for the maintenance of cars shall be available to pay for the seizure and condemnation proceedings on these cars. It provides, further, that it shall be available to pay any liens on these cars, thus transferring the expenses of the Customs Service to the Post Office Department in condemnation proceedings on the cars, incurring additional bookkeeping and accounting, and rendering accurate estimates and appropriations impossible.

Mr. ROMJUE. It costs nothing for these cars. They should be be used in Government service when it costs nothing.

Mr. BLANTON. I object to the bill, Mr. Speaker.

SALE OF TIMBER ON QUINAULT INDIAN RESERVATION

The Clerk called the next bill, H.R. 8494, to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on the Quinault Indian Reservation when it is in the interest of the Indians so to do.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Interior, with the consent of the Indians involved, expressed through a regularly called general council, and of the purchasers, is hereby authorized and directed to modify the terms of now-existing and uncompleted contracts of sale of Indian tribal timber on the Quinault Indian Reservation in the State of Washington: *Provided*, That any such modifications shall be upon the express condition that said purchaser shall forthwith proceed to operate under all the terms of said contract as modified or suffer forfeiture of such contract and collection upon bond: *And provided further*, That any modification of said contracts shall stipulate that in the event of sufficiently improved economic conditions the Secretary of the Interior with the consent of the said general council is authorized and directed, after consultation with the purchasers and the Indians involved and after 90 days' notice to them, to increase stumpage prices of timber reduced in any such modified contract: *And provided further*, That hereafter no contract of sale of Indian timber on the Quinault Indian Reservation in Washington shall be entered into without the consent of the said general council.

SEC. 2. The Secretary of the Interior may modify existing contracts between individual Indian allottees or their heirs and purchasers of their timber, under the terms and requirements of section 1 of this act, with the consent of the allottee or his heirs.

SEC. 3. In all such modified contracts the purchasers of Indian timber on tribal lands or on restricted or trust allotments in all operations pertaining to the logging and manufacturing of said timber shall be required to give preference to the employment of Indian labor.

With the following committee amendments:

Page 1, line 6, strike out the words "and directed."

Page 2, line 7, strike out the words "and directed."

Page 2, line 12, after the word "Indian", insert the word "tribal."

The committee amendments were agreed to.

Mr. SMITH of Washington. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Washington: Page 2, after line 24, insert a new section as follows:

"SEC. 4. That any modification of the contract with the Ozette Railway Co. shall stipulate that that company shall haul logs of other timber owners on its railroad line, as freight, for such other owners with its ordinary equipment and at reasonable charges when such logs are tendered to it at places on its railroad line designated by such company, and its railroad shall be, and become, a common carrier railroad and be extended to the Hoh River and be a common carrier railroad for its entire length."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

POST OFFICE INSPECTORS AND CHIEF CLERKS, RAILWAY MAIL SERVICE

The Clerk called the next bill, H.R. 6675, to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That post-office inspectors are empowered and authorized with like force and effect as officers having a seal to administer oaths required or authorized by law or regulation promulgated thereunder in respect of any matter coming before them in the performance of their official duties and likewise oaths to accounts for travel or other expenses against the United States, but no compensation or fee shall be demanded or accepted for administering any such oaths. Chief clerks and assistant chief clerks in the Railway Mail Service are required, empowered, and authorized, when requested, to administer oaths to employees on appointment or promotion and to accounts for travel or other expenses against the United States with like force and effect as officers having a seal: *Provided*, That for such service no charge shall be made and no fee or money paid for such service shall be paid or reimbursed by the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LOTTERIES

The Clerk called the next bill, H.R. 7023, to amend section 213, United States Penal Code, as amended.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I am not going to object and I hope no other Member will object to the bill.

Mr. BLANTON. Mr. Speaker, I want to ask the gentleman from Ohio a question. Is the gentleman in favor of lotteries?

Mr. TRUAX. No; the gentleman is in favor——

Mr. BLANTON. First, I should like to ask the gentleman if the gentleman is in favor of Government lotteries?

Mr. TRUAX. I insist on answering the gentleman's first question and answering it in my own way. That is the way the gentleman from Texas always answers questions asked of him.

Mr. BLANTON. Then I should like to ask the gentleman this——

Mr. TRUAX. No; that is not satisfactory.

Mr. BLANTON. Mr. Speaker, I object to the bill. I am against all lotteries.

Mr. TRUAX. Mr. Speaker, if the gentleman will withhold his objection, I will answer him.

Mr. BLANTON. No. I object to this bill which recognizes lotteries as lawful. I am against all kinds of lotteries.

Mr. TRUAX. I am not. I am for the American Legion, the Eagles, the Moose——

Mr. BLANTON. I am for the American Legion and fraternal organizations also, but I am against lotteries. Mr. Speaker, I object.

THE POSTAL SERVICE

The Clerk called the next bill, H.R. 7711, to permit postmasters to act as disbursing officers for the payment of traveling expenses of officers and employees of the Postal Service.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That those parts of the acts of May 4, 1882 (22 Stat. 54), July 5, 1884 (23 Stat. 156), July 28, 1916 (39 Stat. 418), and June 3, 1924 (43 Stat. 356), which are incorporated in section 50 of title 39 of the United States Code are amended to read as follows:

"Postmasters may be designated by the Postmaster General as disbursing officers for the payment of mail messengers and others engaged under their supervision in transporting the mails. He may also designate postmasters at Presidential post offices as disbursing officers for the payment of the salaries of the officers and employees of the Postal Service concerned in the transportation of mails or in their distribution in transit, and for such other payments as they are authorized to make from postal revenues, and he may designate postmasters at money-order post offices as disbursing officers for the payment of the salaries and traveling expenses of officers and employees of the Postal Service, and for such other payments as postmasters are authorized to make from postal revenues."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MINING CLAIMS IN UNITED STATES AND ALASKA

The Clerk called the next bill, S. 2313, providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I have an amendment here that will cut down the size of the claims that will be exempted from improvement or assessment work; and unless the amendment is accepted, I shall object. The amendment merely cuts down the size of the claims that will come within the exemption.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the provision of section 2324 of the Revised Statutes of the United States, which requires on each mining claim located, and until a patent has been issued therefor, not less than $100 worth of labor to be performed or improvements aggregating such amount to be made each year, be, and the same is hereby, suspended as to all mining claims in the United States, including Alaska, during the year beginning at 12 o'clock m. July 1, 1933, and ending at 12 o'clock m. July 1, 1934: *Provided*, That the provisions of this act shall not apply in the case of any claimant not entitled to exemption from the payment of a Federal income tax for the taxable year 1933: *Provided further*, That every claimant of any such mining claim, in order to obtain the benefits of this act, shall file, or cause to be filed, in the office where the location notice or certificate is recorded, on or before 12 o'clock m. July 1, 1934, a notice of his desire to hold said mining claim under this act, which notice shall state that the claimant or claimants were entitled to exemption from the payment of a Federal income tax for the taxable year 1933: *And provided further*, That such suspension of assessment work shall not apply to more than six mining claims held by the same person nor to more than twelve mining claims held by the same partnership, association, or corporation.

Mr. ZIONCHECK. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. ZIONCHECK: On page 2, line 13, insert, after the word "six", the word "lode", and in line 14, after the word "twelve", insert the word "lode."

In line 15, strike out the period at the end of the line and insert in lieu thereof a colon and the following: "*And provided further*, That such suspension of assessment work shall not apply to more than 6 placer mining claims, not to exceed 120 acres in all, held by the same person nor to more than 12 placer mining claims, not to exceed 240 acres, held by the same partnership, association, or corporation."

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, may I ask the gentleman what was inserted before the figures 6 and 12.

Mr. ZIONCHECK. The amendment provides that the restrictions on the placer claims will be made in line with the lode claims.

Mr. ELTSE of California. What was the word that was inserted?

Mr. ZIONCHECK. Lode. For the further information of the Members, may I say it seems that it was possible for an association or group of 8 people to file 1 joint claim on 160 acres, and under the wording of this bill it is possible to exempt 12 such claims, or a total of 1,920 acres. That permits a large mining company to hold a lot of mines without putting improvements in them. This amendment merely provides that large companies may not take advantage over the small ones.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

POST-OFFICE BUILDING SITE, FINDLAY, OHIO

The Clerk called the next bill, H.R. 8909, to authorize the Secretary of the Treasury to amend the contract for sale of post-office building and site at Findlay, Ohio.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to agree to an amendment to the existing contract between the city of Findlay, Ohio, and the United States

of America for the sale of the old post-office site and building at Findlay, Ohio, for the sum of $60,000, negotiated on the basis of one fourth cash and the balance in equal installments payable in 3, 6, 9, and 12 months with interest on deferred payments payable quarterly at 5 percent per annum; the amended contract to provide that payment may be made in five annual installments of $10,000 each, with interest at the rate of 5 percent per annum on the unpaid balance: *Provided*, That such extension of time for payment shall be effective upon date of execution of amended contract between the city of Findlay and the United States of America:

With the following committee amendment:

Page 2, line 7, at the end of the line insert "*Provided further*, That the provisions of the original contract between the city of Findlay, Ohio, and the United States of America shall not be modified, except as herein specified."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FEE FOR DOMESTIC REGISTERED MAIL

The Clerk called the next bill, H.R. 7301.

Mr. TRUAX. Mr. Speaker, reserving the right to object, may I ask the author of the bill for a brief statement on the merits of the bill, and as to whether or not this has been approved by Postmaster General Farley?

Mr. MUSSELWHITE. It is approved by the Post Office Department Administration.

Mr. TRUAX. What is that?

Mr. MUSSELWHITE. It was drafted at their request.

Mr. TRUAX. By what official?

Mr. MUSSELWHITE. By the Postmaster General and all his assistants.

Mr. TRUAX. I notice in connection with some of the Post Office bills the name of the Solicitor General, Carl Crowley, of Texas, a gentleman for whom I have the highest respect. His signature has been attached to the statement in connection with many of these bills, but there is no signature on the report I have on this bill. It simply says it was further endorsed by the Solicitor for the Post Office Department in his letter of February 13 addressed to the committee.

Mr. MUSSELWHITE. The bill was drafted at the request of the Department and was in conformity with their suggestion. It is purely a technical bill intended to liberalize delivery of the mail and to get paid for the services rendered.

Mr. TRUAX. How does it liberalize the present regulations when it charges an additional fee of 10 cents for effecting the delivery of registered, insured, or collect-on-delivery mail?

Mr. MUSSELWHITE. This is to pay for the extra cost which is caused by sometimes three or four trips in order to make delivery of a letter where they cannot find the addressee the first time.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from Washington.

Mr. ZIONCHECK. I think the purport of the bill is that a registered letter can be delivered at the home of a person without delivering it to him personally. The letter may be delivered to anyone else living there; but if you address it so that it has to be delivered to the one person only, or may not be delivered at his order, then the postman must come there several times.

Mr. TRUAX. This bill states "to charge an additional fee for effecting delivery of domestic registered, insured, or collect-on-delivery mail." This includes all classes.

Mr. ZIONCHECK. No; only where it has to be delivered directly to the addressee.

Mr. ROMJUE. This simply means that where you want a letter to go to a specified person and no one else, this fee is to be charged.

Mr. TRUAX. I may say to the gentleman that I personally am opposed to any further increase in the postal rates. I think we ought to reduce the postal rate from 3 to 2 cents, and I do not think we should charge any more for delivering a letter.

Mr. BLANTON. Suppose I addressed a registered letter to the gentleman in Washington from myself in Texas. I could register it for 18 cents with receipt demanded. It goes to your office; and if you are not there, it is delivered to your secretary and your secretary signs for it; but suppose you put on the letter that it must be delivered to you, Mr. TRUAX, in person, and the messenger has to go to your office five times, do you not think that is worth the little 10 cents extra that this bill provides? That is all on earth that the bill provides.

Mr. TRUAX. Is not the delivery man on a salary?

Mr. BLANTON. There are lots of them on a piece basis, and they get so much for delivering a letter or package. It is an extra expense to the Government, and I think this is as little as we could expect.

Mr. ROMJUE. And it costs no one anything except the person who wants the service and wants to pay for it.

Mr. TRUAX. And that is the man I do not want to be required to pay any more. The Postmaster General has said that under the 3-cent rate and the air-mail rates the Budget will be balanced and there will be no deficit, and there is nothing in the report over anybody's signature in that Department to show that they are asking for this legislation.

Mr. BLANTON. I think it is a service that is well worth the 10 cents extra.

Mr. ZIONCHECK. And the person who sends the letter will determine whether he pays the additional 10 cents or not.

Mr. ELTSE of California. Mr. Speaker, regular order.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

Mr. COCHRAN of Missouri. Mr. Speaker, there is not a more meritorious bill on this calendar today, and I do not think there are three men in the House who would object to the measure. I therefore object to the gentleman's request that the bill go over, so that the next time three objections will be required. If the gentleman wants to object to its consideration today, let him object to it.

Mr. TRUAX. Mr. Speaker, I object. I asked that the bill be passed over without prejudice, but the gentleman from Missouri objected to that request.

Mr. COCHRAN of Missouri. If the bill were passed over without prejudice today, the gentleman could prevent its consideration 2 weeks from today by a single objection, and I am not going to let the gentleman do that. Two weeks from today three objections will be required. I do not think three Members of this House will object to a bill that is fair to all and one that will help the Department get out of the red.

The SPEAKER pro tempore. Objection is heard.

CHIEF CLERK OF RAILWAY MAIL SERVICE

The Clerk called the next bill, H.R. 7343, to remove inequities in the law governing eligibility for promotion to the position of chief clerk in the Railway Mail Service.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

Mr. DOBBINS. Mr. Speaker, will the gentleman reserve his request a moment?

Mr. BLANTON. Mr. Speaker, I object to the bill. That is the quickest way to dispose of the matter.

ADMINISTRATIVE FURLOUGHS IN THE POSTAL SERVICE

The Clerk called the next bill, H.R. 9046, to discontinue administrative furloughs in the Postal Service.

Mr. BLANTON. Mr. Speaker, I object.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman reserve his objection? Every man in the Postal Service is in favor of this bill.

Mr. BLANTON. I object, Mr. Speaker.

RESPONSIBILITY OF MAIL CONTRACTORS

The Clerk called the next bill, H.R. 7299, to authorize the Post Office Department to hold contractors responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to

fault or negligence of the contractor or an agent or employee thereof.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I ask unanimous consent that the bill be passed over without prejudice. It is a very involved measure, and I want to give it further study.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

RESPONSIBILITIES OF RAILROAD COMPANIES CARRYING THE MAILS

The Clerk called the next bill, H.R. 7392, to authorize the Post Office Department to hold railroad companies responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or negligence of the railroad company or an agent or employee thereof.

Mr. ROMJUE. Mr. Speaker, at the request of the chairman of the committee I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

OBSOLETE INDIAN LAWS

The Clerk called the next bill, H.R. 7600, repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

There being no objection, the Clerk read a similar Senate bill (S. 2671) as follows:

Be it enacted, etc., That the following sections of title 25 of the Revised Code of Laws of the United States be, and they are hereby, repealed: Sections 171, 172, 173, 186, 219, 220, 221, 222, 223, 224, 225, and 226.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider and a similar House bill were laid on the table.

ADDITIONS OF CERTAIN LANDS TO THE OCHOCO NATIONAL FOREST, OREG.

The Clerk called the next bill, S. 265, to authorize the addition of certain lands to the Ochoco National Forest, Oreg.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the following described public lands are hereby included in and made a part of the Ochoco National Forest, Oreg., subject to all the laws and regulations applicable to national forests, but such inclusion shall not affect any entry or vested rights acquired under the public land laws prior to the passage of this act: The west half southeast quarter, and the southwest quarter section 7; the southwest quarter northeast quarter, the northwest quarter northwest quarter, the south half northwest quarter, the north half southwest quarter, the southeast quarter southwest quarter, the north half southeast quarter, and the southwest quarter southeast quarter section 17; the north half northeast quarter, the southwest quarter northeast quarter, the west half southeast quarter, and the west half section 18; and all of section 19; all in township 13 south, range 24 east, Willamette meridian.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TRANSFER OF CERTAIN LANDS IN HAWAII TO THE TERRITORIAL GOVERNMENT

The Clerk called the next bill on the calendar, H.R. 8235, to authorize the Secretary of the Interior to convey by appropriate deed of conveyance certain lands to the District of Ewa, island of Oahu, Territory of Hawaii.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to convey to the Territory of Hawaii lands in the District of Ewa, island of Oahu, Territory of Hawaii, described as follows, to wit:

Beginning at a point designated as "C" on map dated November 15, 1920, United States Engineer Department, file no. 300.8, between the boundary of Honouliuli and Pouhala Mauka, the coordinate of said point referred to the United States concrete monument no. 1, on the north side of Kawaieli Gulch at the corner of the lands of Waianao Uka, Honouliuli, and Pouhala Mauka, being 2,309.11 feet south and 555.02 feet east (said United States concrete monument no. 1 bears true azimuth to the following triangulation stations: Maili, 139° 46'; Maunauna, 47° 5' 54"), said line thence running by direct azimuths and distances as follows:

1. Sixteen degrees nine minutes two thousand five hundred forty-nine and two-tenths feet, the right-of-way extending 20 feet on each side.
2. Six degrees fifty-four minutes one hundred eighteen feet, the right-of-way extending 20 feet on each side.
3. Six degrees fifty-four minutes three hundred feet, the right-of-way extending 40 feet on each side.
4. Six degrees fifty-four minutes four hundred feet, the right-of-way extending 20 feet on each side.
5. Six degrees fifty-four minutes three hundred feet, the right-of-way extending 25 feet on each side.
6. Six degrees fifty-four minutes one thousand seven hundred and thirty-one feet, the right-of-way extending 20 feet on each side.
7. Eleven degrees fifteen minutes sixty-nine feet, the right-of-day extending 20 feet on each side.
8. Eleven degrees fifteen minutes three hundred and fifty feet, the right-of-way extending 22 feet on each side.
9. Eleven degrees fifteen minutes one hundred and seventy-five feet, the right-of-way extending 35 feet on each side.
10. Eleven degrees fifteen minutes two hundred feet, the right-of-way extending 22 feet on each side.
11. Eleven degrees fifteen minutes one hundred and fifty feet, the right-of-way extending 50 feet on each side.
12. Eleven degrees fifteen minutes one hundred sixty and nine-tenths feet, the right-of-way extending 22 feet on each side.
13. Nine minutes one hundred sixty-four and one-tenth feet, the right-of-way extending 22 feet on each side.
14. Nine minutes six hundred feet, the right-of-way extending 20 feet on each side.
15. Nine minutes two hundred and thirty feet, the right-of-way extending twenty-five feet on each side.
16. Seven degrees fifty-nine minutes two hundred and twenty feet, the right-of-way extending twenty-five feet on each side.
17. Seven degrees fifty-nine minutes three hundred and fifty feet, the right-of-way extending 50 feet on each side.
18. Seven degrees fifty-nine minutes seven hundred feet, the right-of-way extending 20 feet on each side.
19. Seven degrees fifty-nine minutes two hundred feet, the right-of-way extending 22.5 feet on each side.
20. Seven degrees fifty-nine minutes two hundred seventy-four and two-tenths feet, the right-of-way extending 30 feet on each side.
21. On curve to left for a distance of 362.78 feet; having a radius of 352.69 feet, central angle being 59° .08' and long chord having a length of 348.06 feet; the right-of-way extending 20 feet on each side.
22. Three hundred and eight degrees fifty-one minutes three hundred feet, the right-of-way extending 20 feet on each side.
23. On curve to right for a distance of 378.63 feet, having a radius of 487.79 feet, central angle being 44° 33' and long chord having a length of 369.8 feet, the right-of-way extending 20 feet on each side.
24. Three hundred and fifty-three degrees twenty-four minutes eight hundred eighty-four and four-tenths feet, the right-of-way extending 20 feet on each side.
25. Three hundred and fifty-three degrees twenty-four minutes sixteen and five-tenths feet, the right-of-way extending 25 feet on each side.
26. On curve to left for a distance of 385.3 feet, having a radius of 596.497 feet, central angle being 37° .03' and long chord having a length of 379.04 feet; the right-of-way extending 20 feet on each side.
27. Three hundred and sixteen degrees twenty-one minutes sixty-six and four-tenths feet, the right-of-way extending 20 feet on each side.
28. On curve to right for a distance of 715.84 feet, having a radius of 646.838 feet, central angle being 63° 28' and long chord having a length of 680.43 feet; the right-of-way extending 25 feet on the west side and 20 feet on the east side.
29. Nineteen degrees forty-nine minutes five hundred seventy-one and seven-tenths feet, the right-of-way extending 20 feet on each side.
30. Nineteen degrees forty-nine minutes three hundred feet, the right-of-way extending 50 feet on each side.
31. Nineteen degrees forty-nine minutes three hundred feet, the right-of-way extending 30 feet on each side.
32. Nineteen degrees forty-nine minutes six hundred feet, the right-of-way extending 20 feet on each side; from this point the azimuth and distance to a granite monument being 529° 41' 36.5 feet, said monument being a corner of the land Hoaeae adjoining Honouliuli.
33. Twenty-one degrees fifty-one minutes four hundred feet, the right-of-way extending 20 feet on each side.
34. Twenty-one degrees fifty-one minutes three hundred and fifty feet, the right-of-way extending 30 feet on each side.
35. Twenty-one degrees fifty-one minutes two hundred eighty-nine and one-tenth feet, the right-of-way extending 50 feet on each side.

36. On curve to left for a distance of 362.43 feet, having a radius of 351.269 feet, central angle being 59° 19', and long chord having a length of 347.66 feet; the right-of-way extending 30 feet on the west side and 20 feet on the east side.

37. On curve to right for a distance of 474.834 feet, having a radius of 380.543 feet, central angle being 35° 51', and long chord having a length of 445.742 feet; the right-of-way extending 30 feet on the west side and 20 feet on the east side.

38. Thirty-four degrees fourteen minutes five hundred and ten feet, the right-of-way extending 20 feet on each side.

39. On curve to left for a distance of 387.37 feet, having a radius of 629.136 feet, central angle being 35° 19', and long chord having a length of 381.68 feet; the right-of-way extending 20 feet on each side.

40. Three hundred and fifty-eight degrees fifty-five minutes nine hundred twenty-seven and five one-hundredths feet, to a point designated as "P" on map dated November 15, 1920, United States Engineer Department, file no. 300.8, the right-of-way extending 20 feet on each side.

41. Two hundred and sixty-eight degrees fifty-five minutes twenty feet, to east boundary of right-of-way.

42. On curve to left for a distance of 377.78 feet, having a radius of 475.70 feet, central angle being 45° 35', and long chord having a length of 368.56 feet, the right-of-way extending 40 feet on west side.

43. Three hundred and thirteen degrees twenty minutes two thousand five hundred sixty-nine and forty-five one-hundredths feet, the right-of-way extending 40 feet on southwest side.

44. Three hundred and ten degrees forty minutes three thousand nine hundred feet, to the boundary line of Hoaeae and Honouliuli, the right-of-way extending 40 feet on southwest side.

45. Three hundred and thirty-six degrees fourteen minutes five thousand eight hundred seventy-nine and two-tenths feet, along boundary line of Hoaeae and Honouliuli, the right-of-way extending 40 feet to the west of said boundary line to "H."

46. Three hundred and thirty-seven degrees fifty-seven minutes four thousand six hundred eight-six feet, along boundary line of Hoaeae and Honouliuli, the right-of-way extending 40 feet west of said boundary line.

47. Three hundred and thirty-eight degrees thirty-nine minutes two thousand thirty-five feet, along boundary line of Hoaeae and Honouliuli, to a marked rock known as "Pohaku Palahalaha" to "I." From said rock the following triangulation stations bear true azimuths: Salt Lake, 280° 20'; Puuloa, 316° 22'; West Wireless tower, 299° 14'.

48. One hundred and forty-one degrees forty-four minutes one hundred thirty-seven and four-tenths feet, being southwest boundary line of right-of-way.

49. One hundred and fifty-eight degrees thirty-nine minutes one thousand nine hundred three and five-tenths feet, being boundary line of right-of-way 40 feet west of boundary line between Hoaeae and Honouliuli to point designated as "J" on map file no. 300.8, dated November 15, 1920—containing an area of 37.19 acres, more or less—being the right-of-way for military road conveyed to the United States of America by the trustees under the will and of the estate of James Campbell, deceased, by deed of conveyance dated September 27, 1921, and duly recorded in the office of the registrar of conveyances in said Honolulu in book no. 667 on pages 5 to 10, inclusive.

With the following committee amendments:

In the title of the bill, strike out the words "the Interior" and substitute in lieu thereof the word "War".

Page 1, line 3, strike out the words "the Interior" and substitute in lieu thereof the word "War".

Page 2, line 3, strike out the word "Waianeo-Uka" and substitute in lieu thereof the word "Waianae-Uka".

Page 4, line 18, strike out "eight one-hundredths" and insert the word "eight".

Page 5, line 16, strike out "three one-hundredths" and insert the word "three".

Page 6, line 16, strike out the words "five hundred and twenty-nine" and insert "three hundred and twenty-nine".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended.

TO AMEND SECTIONS 203 AND 207, HAWAIIAN HOMES COMMISSION ACT

The Clerk called the next bill on the calendar, H.R. 8052, to amend sections 203 and 207 of the Hawaiian Homes Commission Act of 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes.

The SPEAKER. Is there objection?

Mr. ELTSE of California. Reserving the right to object, I should like to ask the gentleman from the Hawaiian Islands if these allotments would go to native Japanese?

Mr. McCANDLESS. No; only Hawiian and part Hawaiians.

Mr. ELTSE of California. The native Japanese are not included?

Mr. McCANDLESS. No; only Hawaiians.

There being no objection, the bill was read, as follows:

Be it enacted, etc., That paragraph (4) of section 203 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, sec. 697), is hereby amended to read as follows:

"(4) On the island of Oahu: Nanakuli (3,000 acres, more or less), and Lualualei (2,000 acres, more or less), in the district of Waianae; and Waimanalo (4,000 acres, more or less), in the district of Koolaupoko, excepting therefrom the military reservation and the beach lands; and those certain portions of the lands of Auwaiolimu and Kewalo described by metes and bounds as follows, to wit:

"(i) Portion of the Government land of Auwaiolimu, Punchbowl Hill, Honolulu, Oahu, described as follows: Beginning at a pipe at the southeast corner of this tract of land, on the boundary between the lands of Kewalo and Auwaiolimu, the coordinates of said point of beginning referred to Government survey triangulation station 'Punchbowl' being 1,135.9 feet north and 2,557.8 feet east as shown on Government survey registered map no. 2692, and running by true azimuths:

"(1) One hundred and sixty-three degrees thirty-one minutes two hundred thirty-eight and eight-tenths feet along the east side of the Punchbowl-Makiki Road;

"(2) Ninety-four degrees eight minutes one hundred twenty-four and nine-tenths feet across Tantalus Drive and along the east side of Puuowaina Drive;

"(3) One hundred and thirty-one degrees thirteen minutes two hundred thirty-two and five-tenths feet along a 25-foot roadway;

"(4) One hundred and thirty-nine degrees fifty-five minutes twenty and five-tenths feet along same;

"(5) One hundred and sixty-eight degrees seventeen minutes two hundred fifty-seven and eight-tenths feet along Government land (old quarry lot);

"(6) One hundred and fifty-six degrees thirty minutes three hundred thirty-three feet along same to a pipe;

"(7) Thence following the old Auwaiolimu stone wall along L.C. award no. 3145, to Laenui, grant no. 5147 (lot 8 to C. W. Booth), L.C. award no. 1375 to Kapule, and L.C. award no. 1356 to Kekuanoni, the direct azimuth and distance being 249° 41' 1,305.5 feet;

"(8) Three hundred and twenty-one degrees twelve minutes 693 feet along the remainder of the land of Auwaiolimu;

"(9) Fifty-one degrees twelve minutes one thousand four hundred feet along the land at Kewalo to the point of beginning; containing an area of 27 acres; excepting and reserving therefrom Tantalus Drive, crossing this land.

"(ii) Portion of the land of Kewalo, Punchbowl Hill, Honolulu, Oahu, being part of the lands set aside for the use of the Hawaii Experiment Station of the United States Department of Agriculture by proclamation of the Acting Governor of Hawaii, dated June 10, 1901, and described as follows: Beginning at the northeast corner of this lot, at a place called 'Puu Ea' on the boundary between the lands of Kewalo and Auwaiolimu, the coordinates of said point of beginning referred to Government survey triangulation station 'Punchbowl', being 3,255.6 feet north and 5,244.7 feet east, as shown on Government survey registered map no. 2692 of the Territory of Hawaii, and running by true azimuths:

"(1) Three hundred and fifty-four degrees thirty minutes nine hundred and thirty feet along the remainder of the land of Kewalo, to the middle of the stream which divides the lands of Kewalo and Kalawahine;

"(2) Thence down the middle of said stream along the land of Kalawahine, the direct azimuth and distance being 49° 16' 1,512.5 feet;

"(3) One hundred and forty-one degrees twelve minutes eight hundred and sixty feet along the remainder of the land of Kewalo;

"(4) Two hundred and thirty-one degrees twelve minutes five hundred fifty-two and six-tenths feet along the land of Auwaiolimu to Puu Iole;

"(5) Thence still along the said land of Auwaiolimu following the top of the ridge to the point of beginning, the direct azimuth and distance being 232° 26' 1,470 feet, containing an area of 30 acres; excepting and reserving therefrom Tantalus Drive, crossing this land.

"(iii) Together with that portion of the land of Kalawahine (25 acres, more or less), makai of Tantalus Drive, and lying between the portion of the land of Kewalo above described and the so-called 'Kalawahine lots', in the district of Honolulu."

SEC. 2. Paragraph (3) of subsection (a) of section 207 of the Hawaiian Homes Commission Act, 1920, as amended (U.S.C., title 48, sec. 701), is hereby amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: "*Provided further*, That the portions of the lands of Auwaiolimu, Kewalo, and Kalawahine on the island of Oahu under the control of the Commission, shall be leased only for residence purposes in individual lots, the area of which shall be not less than one eighth of an acre nor more than one half of an acre per lot."

SEC. 3. Nothwithstanding the provisions of the Hawaiian Homes Commission Act, as amended, limiting the leasing of lands to native Hawaiians, persons, whether or not native Hawaiians as defined by such act, as amended, who are on the date of the enactment of this act residing on the lands of Auwaiolimu, Kewalo, and Kalawahine on the island of Oahu placed under the control of the Hawaiian Homes Commission by this act, shall be given first opportunity to lease such lands on which they reside.

SEC. 4. This act shall take effect on and after the date of its approval.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROMOTION PARITY IN THE COAST GUARD

The Clerk called the next bill, H.R. 8644, to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. I object.

Mr. WARREN. Mr. Speaker, will the gentleman withhold his objection?

Mr. GOSS. Mr. Speaker, this bill is coming up under suspension today. I am against the bill. It would be very foolish to let a majority vote pass it or let it go through by consent when it is coming up under suspension. I object.

STOCK OWNERSHIP BY DIRECTORS OF FEDERAL RESERVE MEMBER BANKS

The Clerk called the next bill, S. 2601, to amend section 31 of the Banking Act of 1933 with respect to stock ownership by directors of member banks of the Federal Reserve System.

PROMOTION PARITY IN THE COAST GUARD

Mr. GOSS. Mr. Speaker, I was under a misapprehension in respect to Calendar No. 203, H.R. 8644, to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy. I ask unanimous consent to return to the bill.

Mr. BLANTON. Mr. Speaker, I ask the gentleman to withhold his request for a few minutes.

Mr. GOSS. Very well.

DECLARATORY JUDGMENTS—AMENDMENT TO JUDICIAL CODE

The Clerk called the next bill, H.R. 4337, to amend the Judicial Code by adding a new section, to be numbered 274D.

The SPEAKER pro tempore. Is there objection?

Mr. ELTSE of California. Mr. Speaker, I reserve the right to object.

Mr. ZIONCHECK. Has the gentleman any objection to declaratory judgments to advise any legislative body as to the constitutionality of an act before any actual controversy arises?

Mr. ELTSE of California. I have no objection to declaratory judgments. I rose to ask why you have not the report of the Attorney General?

Mr. ZIONCHECK. I have nothing to do with that.

Mr. MONTAGUE. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. Yes.

Mr. MONTAGUE. I am the patron of the bill. This bill passed the House twice if not three times. The Senate has been the obstructing medium of government. I cannot recall whether the Attorney General in this particular instance was asked his opinion, but the bill was recommended unanimously by the Committee on the Judiciary. It has been thoroughly considered by that committee. It means expedition, economy, and simplification of judicial procedure. It has every element that should meet the approval of the citizens of our country.

It has been adopted by 27 States—not exactly this bill but a similar bill. It has been adopted by Great Britain for a great number of years, and adopted by Scotland for over 400 years.

Mr. ELTSE of California. Mr. Speaker, I withdraw my objection.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Judicial Code, approved March 3, 1911, is hereby amended by adding after section 274C thereof a new section to be numbered 274D, as follows:

"SEC. 274D. (1) In cases of actual controversy the courts of the United States shall have power upon petition, declaration, complaint, or other appropriate pleadings to declare rights and other legal relations of any interested party petitioning for such declaration, whether or not further relief is or could be prayed, and such declaration shall have the force and effect of a final judgment or decree and be reviewable as such.

"(2) Further relief based on a declaratory judgment or decree may be granted whenever necessary or proper. The application shall be by petition to a court having jurisdiction to grant the relief. If the application be deemed sufficient, the court shall, on reasonable notice, require any adverse party, whose rights have been adjudicated by the declaration, to show cause why further relief should not be granted forthwith.

"(3) When a declaration of right or the granting of further relief based thereon shall involve the determination of issues of fact triable by a jury, such issues may be submitted to a jury in the form of interrogatories, with proper instructions by the court, whether a general verdict be required or not."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UNITED STATES SHIP "NEWPORT"

The Clerk called the next bill, H.R. 4944, authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport*.

Mr. GOSS. Reserving the right to object, can the author of this bill give some explanation of it?

Mr. SMITH of Washington. The purpose of this bill is to authorize the Secretary of the Navy to make available to the city of Aberdeen, Wash., the old gunboat *Newport*, which was built in 1897, and stricken from the naval list 2½ years ago.

Mr. GOSS. I was wondering why it made it particularly available to that one city.

Mr. SMITH of Washington. There are precedents for this legislation.

Mr. GOSS. I understand that.

Mr. SMITH of Washington. Vessels have in the past been rendered available to several other municipalities for the same purpose.

Mr. GOSS. That is true, but are there any others available for other localities, or is this the last one on the list?

Mr. SMITH of Washington. I am not prepared to answer that question. This vessel will be rendered available to the Naval Reserve at Aberdeen, Wash., where the vessel now is and has been for several years. The city of Aberdeen is willing to assume the expense and cost of maintaining the vessel and taking care of it and keeping it and using it for the Naval Reserve, without any expense to the Federal Government.

Mr. TABER. Will the gentleman yield?

Mr. SMITH of Washington. I yield to the gentleman from New York.

Mr. TABER. Is that all provided for in the bill?

Mr. SMITH of Washington. Yes, sir; it is. The bill provides that the vessel shall be made available "for the use of the Grays Harbor district in connection with the training of the Naval Reserve organization of the district, provided that no expense to the Government shall be involved."

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent that the bill S. 2681, an identical Senate bill, be substituted for the House bill.

There being no objection, the Clerk read the Senate bill as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized and directed to turn over to the municipality of Aberdeen, Wash., the United States ship *Newport* for use of the Grays Harbor district in connection with the training of the Naval Reserve organization of the district: *Provided*, That no expense to the Government shall be involved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

CONVEYANCE BY CENTRAL PACIFIC RAILWAY, CITY OF LODI, CALIF.

The Clerk called the next bill, H.R. 7082, validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the city of Lodi, and near the station of Acampo, and in the city of Tracy, all in the county of San Joaquin, State of California, and in or in the vicinity of Galt, and Polk, in the county of Sacramento, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat.L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat.L. 356).

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the conveyances hereinafter particularly described and heretofore executed by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain lands or interests therein, in and in the vicinity of the city of Lodi, and near the station of Acampo, and in the city of Tracy, all in the county of San Joaquin, State of California, and in or in the vicinity of Galt, and Polk, in the county of Sacramento, State of California, and forming a part of the right-of-way of said Central Pacific Railway Co., granted by the Government of the United States of America by an act of Congress approved July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes" (12 Stat.L. 489), and by said act as amended by act of Congress approved July 2, 1864, entitled "An act to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes', approved July 1, 1862" (13 Stat.L. 356), are hereby legalized, validated, and confirmed with the same force and effect as if the land involved therein had been held at the time of such conveyances by the corporations making the same under absolute fee-simple title.

The conveyances, recorded in the office of county recorder of San Joaquin County, Calif., in book of official records, which are hereby legalized, validated, and confirmed, are as follows:

1. September 3, 1932; A. W. Simpson; volume 411, page 475.
2. March 20, 1931; Margaret Wallace; volume 368, page 443.
3. March 20, 1931; Louis Dreher; volume 368, page 442.
4. March 20, 1931; Joseph Dietz; volume 361, page 462.
5. March 20, 1931; Lydia Bachelor; volume 364, page 438.
6. March 20, 1931; Stockton Box Co., a corporation; volume 360, page 485.
7. March 20, 1931; E. G. Potter, receiver of the Stewart Fruit Co., a corporation; volume 361, page 288.
8. March 20, 1931; Emma E. Long; volume 364, page 441.
9. March 20, 1931; E. E. Tremain and Susan C. Tremain; volume 367, page 223.
10. March 20, 1931; Ferdinand Hain; volume 361, page 465.
11. March 20, 1931; Mary E. Bandeen; volume 360, page 487.
12. March 20, 1931; Sarah E. Sherman; volume 369; page 141.
13. March 20, 1931; E. C. Cary; volume 364, page 442.
14. March 20, 1931; Eldridge W. Rathbun and Ellen A. Rathbun, his wife; volume 361, page 463.
15. March 20, 1931; Ewald Spiekerman; volume 368, page 440.
16. April 24, 1931; the Pioneer Fruit Co., a corporation; volume 373, page 112.
17. July 22, 1929; Tracy Waldron Fruit Co., a California corporation; volume 296, page 35.
18. November 14, 1929; Central California Traction Co., a corporation; volume 351, page 79.
19. January 7, 1930; the Fabian-Grunauer Co.; volume 1, page 86.
20. January 7, 1930; A. J. Russell; volume 314, page 138.
21. June 14, 1929; American Fruit Growers, Inc., of California, a corporation; volume 289, page 250.

The conveyances, recorded in the office of the county recorder of Sacramento County, Calif., which are hereby legalized, validated, and confirmed, are as follows:

1. January 19, 1932; Central California Traction Co., a corporation; volume 385, page 134.
2. May 5, 1931; George P. McNoble; volume 348, page 449.

Provided, That such legalization, validation, and confirmation shall not in any instance diminish said right-of-way to a width of less than 50 feet on either side of the center of the main track or tracks of said Central Pacific Railway Co. as now established and maintained: *And provided further*, That nothing herein contained is intended or shall be construed to legalize, validate, or confirm any rights, titles, or interests based upon or arising out of adverse possession, prescription, or abandonment, and not confirmed by conveyance heretofore made by Central Pacific Railway Co. and its lessee, Southern Pacific Co.: *And provided further*, That there shall be reserved to the United States all oil, coal, or other minerals in the land, and the right to prospect for, mine, and remove the same under such rules and regulations as the Secretary of the Interior may prescribe.

With the following committee amendment:

On page 5, after line 4, insert "3. July 16, 1930; J. C. Wisecarver; volume 314, page 126."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYANCE BY CENTRAL PACIFIC RAILWAY CO., GRIDLEY, CALIF.

The Clerk called the next bill, H.R. 7098, validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the town of Gridley, all in the county of Butte, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 25, 1866 (14 Stat.L. 239).

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the conveyances hereinafter particularly described and heretofore executed by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain lands or interests therein, in and in the vicinity of the town of Gridley, all in the county of Butte, State of California, and forming a part of the right-of-way of said Central Pacific Railway Co., granted by the Government of the United States of America by an act of Congress approved July 25, 1866, entitled "An act granting lands to aid in the construction of a railroad and telegraph line from the Central Pacific Railroad in California, to Portland in Oregon" (14 Stat.L. 239), are hereby legalized, validated, and confirmed with the same force and effect as if the land involved therein had been held at the time of such conveyances by the corporations making the same under absolute fee-simple title.

The conveyances, recorded in the office of the county recorder of Butte County, Calif., in book of official records, which are hereby legalized, validated, and confirmed, are as follows:

1. June 10, 1931; T. B. Channon and T. J. Long; volume 78, page 325.
2. June 10, 1931; Ida McCurry, Harry W. McCurry, and Louise A. McCurry; volume 78, page 71.
3. June 10, 1931; Richard C. Sligar and Amy M. Bilhartz; volume 74, page 474.
4. June 10, 1931; Colusa Development Co.; volume 81, page 306.

Provided, That such legalization, validation, and confirmation shall not in any instance diminish said right-of-way to a width less than 60 feet on either side of the center of the main track or tracks of said Central Pacific Railway Co. as now established and maintained: *And provided further*, That nothing herein contained is intended or shall be construed to legalize, validate, or confirm any rights, titles, or interests based upon or arising out of adverse possession, prescription, or abandonment, and not confirmed by conveyance heretofore made by Central Pacific Railway Co. and its lessee, Southern Pacific Co.: *And provided further*, That there shall be reserved to the United States all oil, coal, or other minerals in the land, and the right to prospect for, mine, and remove the same under such rules and regulations as the Secretary of the Interior may prescribe.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS

The Clerk called the next resolution, Senate Joint Resolution 83, amending Public Resolution No. 118, Seventy-first Congress, approved February 14, 1931, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts.

Mr. TRUAX and Mr. BLANTON objected.

SPANISH WAR SERVICE MEDAL

The Clerk called the next bill, S. 1810, to amend the act authorizing the issuance of the Spanish War Service Medal.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the last paragraph under the subheading "Medals of Honor, Distinguished Service Crosses, and Distinguished Service Medals" in the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1919", approved July 9, 1918 (40 Stat.L. 845, 873), as amended, is amended by striking out "not less than 90 days."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT

The Clerk called the next bill, H.R. 8057, to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

POST OFFICE SITE, SAN ANTONIO, TEX.

The Clerk called the next bill, H.R. 8514, authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That in order to permit the widening of North Alamo Street adjacent to the post-office site at San Antonio, Tex., and to make uniform the dimensions of the post-office site, the Secretary of the Treasury be, and he is hereby, authorized to convey by the usual quitclaim deed to the city of San Antonio, Tex., for street purposes only, a tract of land forming a part of the post-office site described as lying and being in the city of San Antonio, Tex.—

Beginning at the intersection of the east line of North Alamo Street, 55.6 feet wide with the south line of Travis Street 55.6 feet wide, said point of beginning being the northwest corner of the present post-office site, running thence in an eastwardly direction a distance of 10.10 feet to a point in the line of Travis Street; thence in a southwardly direction a distance of 303.4 feet to a point; thence in an easterly direction a distance of 23.93 feet to a point in the present north line of East Houston Street; thence in a southwesterly direction 34.56 feet to a point, being the intersection of the present north line of East Houston Street with the present east line of North Alamo Street; thence in a northwardly direction with the present line of North Alamo Street 55.6 feet wide a distance of 308.5 feet to the point or place of beginning,

in consideration of the conveyance by the city of San Antonio, Tex., to the United States of a valid title in and to the triangular parcel of land which is a part of East Houston Street as now laid out and described as:

Beginning at a point being the intersection of the north line of East Houston Street as now laid out with the westerly line of Avenue E as now laid out 78 feet wide, said point of beginning also being the present southeasterly corner of the post-office site; running thence in a northeastwardly direction with the line of Avenue E a distance of 26.43 feet to a point; thence in a southwestwardly direction a distance of 113.17 feet to a point in the line of East Houston Street as now laid out; thence in an eastwardly direction with the line of East Houston Street as now laid out a distance of 95.75 feet to the point or place of beginning.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and motion to reconsider was laid on the table.

AMENDING TITLE II, PUBLIC ACTS OF SEVENTY-THIRD CONGRESS

The Clerk called the next bill, H.R. 6379, to amend title II, section 203 (a) (2), chapter 67, Public Acts of Seventy-third Congress.

Mr. MOTT. Reserving the right to object, I should like to know what this bill is?

Mr. COOPER of Tennessee. I am sure the gentleman will observe from the bill and the report, which is brief, that the purpose is to amend title II, which is the Public Works title of the National Industrial Recovery Act, so as to broaden simply the discretionary power of the President and Administrator, so as to allow grants and loans of a similar type as those now made under that title to medical schools, hospitals, and institutions of a public nature, such as municipal institutions and institutions of that type.

Mr. MOTT. Mr. Speaker, I withdraw my reservation of objection.

Mr. ELTSE of California. Reserving the right to object, I should like to ask the gentleman if this is not extending the provisions of the National Industrial Recovery Act a little beyond its original purpose? In the first part of section 203 (a) I find this: "With a view to increasing employment."

Does not the gentleman think that this is an unjustifiable extension of the original act?

Mr. COOPER of Tennessee. No; it does not relate to that particular provision of the act at all. However, the very purpose sought to be accomplished by that provision will undoubtedly be accomplished by this bill.

There has been a rather narrow construction placed upon this provision that is sought to be amended. The purpose of the pending bill is simply to broaden the discretionary authority in the manner indicated. I do not think it in any way affects the provision to which the gentleman has invited attention, and certainly could not adversely affect that provision.

Mr. ELTSE of California. The amendment, however, is included in section 203 (a).

Mr. COOPER of Tennessee. This is an amendment of section 203 (a) (2), which will be found at the top of page 9 of the National Industrial Recovery Act.

Mr. ELTSE of California. I see it. I spoke to the gentleman from Ohio [Mr. WEST] a while ago on the same matter. I called his attention to the fact that the language of that section reads, "with a view to increasing employment quickly."

Mr. COOPER of Tennessee. This would undoubtedly accomplish that purpose.

Mr. WEST of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. I yield.

Mr. WEST of Ohio. The pending bill does not amend section 203 (a) but does amend section 203 (a) (2), and is concerned primarily with construction projects in that group of institutions that would normally come under the provisions of section 202 which precedes this. The legal staff of the Public Works have held that the language of the act, "States, municipalities, or other public bodies" includes only public bodies that are subdivisions of States and municipalities but does not include worthy projects of a public character that are provided for by public funds and are under public control, such as these educational institutions and hospitals.

Mr. ELTSE of California. I may say that I believe in the purpose of the amendment, but I think it might be extending the provisions of the original act beyond its purpose.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is not this matter of sufficient importance to merit more attention than it is being given right now?

Mr. WEST of Ohio. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. WEST of Ohio. The purpose of this bill is merely to clarify the interpretation with reference to the type of projects mentioned in section 203 (a) (2) and to authorize the awarding of the grant to educational institutions and hospitals. There has been a question as to whether or not institutions that are clearly public in character, institutions supported by public funds, institutions having definitely the character of public bodies, come within the interpretation of the present act and to remove any doubt about educational institutions and hospitals these are specifically mentioned as having the character of public bodies.

It is not a controversial issue; it is merely for the purpose of clarifying the interpretation of the act.

Mr. COOPER of Tennessee. Mr. Speaker, will the gentleman yield further?

Mr. MARTIN of Massachusetts. I yield.

Mr. COOPER of Tennessee. This is simply for the purpose of clarifying certain regulations that have been issued for the administration of this act. There is no controversy about it.

Mr. MARTIN of Massachusetts. Could relief be extended to private hospitals by reason of this amendment?

Mr. WEST of Ohio. Mr. Speaker, if the gentleman will yield, I should like to say that this amendment is intended to authorize the awarding of the grant to hospitals under public control. Where a city maintains a municipal hospital supported by public funds, governed by a board of

directors selected by the mayor and council as public officials to govern the hospital, it is clearly a public body; but under the interpretation now existing with reference to the provisions of the present act such an institution does not become eligible for aid, and so, likewise, with nondenominational educational institutions supported by public funds.

The purpose of the amendment is to make it clear that the term "public bodies" in section 203 (a) (2) is interpreted to apply to nondenominational educational institutions or hospitals not operated for profit which have received or are receiving public aid for construction, repair, or improvement of such project, or to hospitals or nondenominational educational institutions not operating for profit for the purposes and projects designed to serve the interests of the general public, and to make such institutions eligible to the grant under the act.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That title II, section 203 (a) (2), chapter 67, Public Acts of Seventy-third Congress, be amended as follows:

"(2) upon such terms as the President shall prescribe to make grants to States, municipalities, or other public bodies, or to nondenominational educational institutions not operating for profit, which have received or are receiving public aid, for the construction, repair, or improvement of any such project, or to nondenominational educational institutions not operating for profit for purposes and projects designed to serve the interests of the general public, such as hospitals in connection with class A medical schools, for the construction, repair, or improvement of any such project, but no such grant shall be in excess of 30 percent of the cost of the labor and materials employed upon such project."

With the following committee amendment:

Page 2, line 2, after the word "schools", insert "or hospitals under public control, such as municipal hospitals."

The amendment was agreed to.

Mr. COOPER of Tennessee. Mr. Speaker, I offer an amendment correcting a chapter number. It is of a clerical nature only.

The Clerk read as follows:

Amendment offered by Mr. COOPER of Tennessee: Page 1, line 3, after the word "chapter", strike out "67" and insert in lieu thereof "90."

The amendment was agreed to.

Mr. COOPER of Tennessee. Mr. Speaker, I ask unanimous consent that the title of the bill be amended accordingly.

The title of the bill was amended.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HOMESTEAD LANDS

The Clerk called the next bill, S. 2568, granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, it was my understanding that this bill was to come up under a suspension of the rules. It is worth talking about, so I object to its coming up now.

The SPEAKER pro tempore. Does the gentleman from California object?

Mr. ELTSE of California. I object, Mr. Speaker.

BRIDGE ACROSS PEE DEE RIVER AND BRIDGE ACROSS WACCAMAW RIVER, GEORGETOWN, S.C.

The Clerk called the next bill, H.R. 8714, to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C., authorized to be built by the county of Georgetown, S.C., by an act of Congress approved May 29, 1930, are hereby extended 1 and 3 years, respectively, from May 30, 1934.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 1, line 8, after "1930", insert "heretofore extended by acts of Congress approved February 14, 1933, and May 12, 1933."

Page 2, line 1, after the word "hereby", insert the word "further."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS OHIO RIVER, SHAWNEETOWN, ILL.

The Clerk called the next bill, H.R. 8908, to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Shawneetown, Gallatin County, Ill., and a point opposite thereto in Union County, Ky.

Mr. ELTSE of California. Mr. Speaker, I am going to object to 216.

Mr. TRUAX. Will the gentleman withhold his objection?

Mr. ELTSE of California. Yes.

Mr. TRUAX. This bill is reported unfavorably by Dr. R. G. Tugwell, Acting Secretary of Agriculture, and since I think the doctor knows more about bridges than he does about agriculture I want to follow his recommendation on this bill.

Mr. PARSONS. Will the gentleman withhold his objection?

Mr. TRUAX. I withhold my objection.

Mr. ELTSE of California. I objected.

Mr. TRUAX. The author of the bill wants to make an explanation.

Mr. ELTSE of California. I reserve my objection.

Mr. PARSONS. Mr. Speaker, the time for the beginning and completion of the bridge is extended in this bill. This is about the second or third time it has been extended, but they have made plans to construct this bridge if the time is extended. I am very sorry that the Assistant Secretary of Agriculture saw fit to object to this bill, and I hope the gentlemen from California, Ohio, and Washington will not object.

Mr. ELTSE of California and Mr. ZIONCHECK objected.

BRIDGE ACROSS WABASH RIVER NEAR DELPHI, IND.

The Clerk called the next bill, H.R. 8937, granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River at or near Delphi, Ind.

Mr. TRUAX. Mr. Speaker, reserving the right to object, may I ask the gentleman whether a report has been made on this bill by Dr. Tugwell?

Mr. DURGAN of Indiana. A report has been made by Dr. Tugwell and also by the Secretary of War, the Honorable George Dern.

Mr. TRUAX. Their report is favorable?

Mr. DURGAN of Indiana. They report the bill favorably.

Mr. TRUAX. Again I am willing to favor the doctor's recommendation.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Indiana to construct, maintain, and operate a free highway bridge and approaches thereto, across the Wabash River, at a point suitable to the interests of navigation, at or near Delphi, Carroll County, Ind., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS OHIO RIVER AT SHAWNEETOWN, ILL.

The Clerk called the next bill, H.R. 8951, authorizing the city of Shawneetown, Ill., to construct, maintain, and operate a toll bridge across the Ohio River at or near a point between Washington Avenue and Monroe Street in said city of Shawneetown and a point opposite thereto in the county of Union and State of Kentucky.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the city of Shawneetown, Ill., is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the Ohio River, at a point suitable to the interests of navigation, at or near a point between Washington Avenue and Monroe Street in the city of Shawneetown, Ill., and a point opposite thereto in the county of Union and State of Kentucky, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the city of Shawneetown, Ill., all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said city of Shawneetown, Ill., is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period not to exceed 30 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

On page 1, line 5, after the word "Illinois", insert the words "be and."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS OHIO RIVER AT WHEELING, W.VA.

The Clerk called the next bill, H.R. 8958, authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va.

Mr. RAMSAY. Mr. Speaker, I ask unanimous consent to substitute Senate 3099 for the bill H.R. 8958.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the postal service, and to provide for military and other purposes, the city of Wheeling, a municipal corporation of West Virginia, is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the Ohio River, at a point suitable to the interests of navigation, in Wheeling, W.Va., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. The said municipality of Wheeling may charge toll for the use of said bridge, which rates of toll may be so adjusted as to provide a fund sufficient to pay (a) the reasonable cost of maintenance, repair, and operation of the said bridge and its approaches; and (b) the amortization within a reasonable time and not exceeding 25 years from the date that the bridge is opened to traffic, and under reasonable condition of any loan or loans including reasonable interest, taxes, and financing charges made, or to be made in connection with the construction of said bridge and its approaches.

SEC. 3. An accurate record of the cost of the bridge and its approaches and of all expenditures for maintaining, repairing, and operating the same, and of the tolls collected from time to time shall be kept and shall at all reasonable times be available for the information of all persons interested in the construction, operation, and maintenance thereof.

SEC. 4. The right to sell, assign, transfer, mortgage, or pledge any or all of the rights, powers, and privileges conferred by this act is hereby granted to the said city of Wheeling or any corporation to which, or any person to whom, such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same through mortgage, pledge, foreclosure, or otherwise, including therein the United States of America acting by or through the President, the Federal Emergency Administrator of Public Works, such other agency or agencies as may be designated or created for such purpose pursuant to the National Industrial Recovery Act or any other amendment or supplement thereto, or any other agency or agencies as may be created for such purpose by the Congress of the United States, and such person or corporation is hereby authorized and empowered to exercise all of the rights, powers, and privileges conferred upon the city of Wheeling as fully as though conferred herein directly upon such corporation or person.

SEC. 5. Whenever a sum sufficient to amortize and pay off the amount of money used in building and constructing said bridge shall have been collected, the city of Wheeling shall declare said bridge free and open to the use of the general public without the imposition of any further tolls or charges for the use of said bridge.

SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

BRIDGE ACROSS SUSQUEHANNA RIVER AT OR NEAR HOLTWOOD, LANCASTER COUNTY

The Clerk called the next bill, H.R. 9000, granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Holtwood, Lancaster County.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Commonwealth of Pennsylvania to construct, maintain, and operate a bridge and approaches thereto across the Susquehanna River, at a point suitable to the interests of navigation, at or near Holtwood, Lancaster County, Pa., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of tolls shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of tolls shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS SUSQUEHANNA RIVER AT OR NEAR BAINBRIDGE, AND MANCHESTER, PA.

The Clerk called the next bill, H.R. 9257, granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Commonwealth of Pennsylvania, actinig through its department of highways, to construct, maintain, and operate a bridge and approaches thereto across the Susquehanna River at

a point suitable to the interests of navigation at or near Bainbridge, Lancaster County, and Manchester, York County, and between the counties of York and Lancaster, in the Commonwealth of Pennsylvania, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 2, line 5, after the figures "1906", insert "and subject to the conditions and limitations contained in this act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CARGO IMPORTED AND EXPORTED UNDER TRADE AGREEMENTS

The Clerk called the next resolution, House Joint Resolution 282.

Mr. BLAND. Mr. Speaker, I ask unanimous consent that this joint resolution be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

PAYMENT OF SEAMEN'S WAGES IN FOREIGN PORTS

The Clerk called the next bill, H.R. 5266, to amend section 4548 (U.S.C., title 46, sec. 605) of the Revised Statutes of the United States.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PROTECTION OF SEA LIONS IN ALASKA WATERS

The Clerk called the next bill, H.R. 8639, to repeal certain laws providing for the protection of sea lions in Alaska waters.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That all acts and parts of acts making it unlawful to kill sea lions, as game animals or otherwise, in the waters of the Territory of Alaska are repealed: *Provided, however*, That the laws concerning game animals in Alaska, except insofar as they relate to sea lions, shall not be affected thereby.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

POSTAL TREATIES OR CONVENTIONS

The Clerk called the next bill, H.R. 7317, to provide for the final construction, on behalf of the United States, of postal treaties or conventions to which the United States is a party.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LIMITATION UPON THE EXTENSION OF STAR ROUTES

The Clerk called the next bill, H.R. 7212, to remove the limitation upon the extension of star routes.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, may I inquire what this bill is proposed to do? Does it propose to make an unlimited number of miles to a star route?

Mr. MUSSELWHITE. No. The purpose of this legislation is to give authority to the Post Office Department to make a contract at the same rate that is paid now for a continuation and extension of a desirable service.

Mr. ZIONCHECK. This will permit the extension of a route only a very short way?

Mr. MUSSELWHITE. There is no specific statement, but this says it may be extended.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. ROMJUE. Will the gentleman withhold his request a moment?

Mr. ZIONCHECK. I withhold it, Mr. Speaker.

Mr. ROMJUE. I simply want to explain to the gentleman that there is no further limitation placed by this bill so far as the length of the route is concerned than there is already with respect to the general rural routes. There is no limitation now on the mileage of a rural route, and I think this is a very important and a very desirable piece of legislation. I am satisfied the Post Office Department is not going to abuse the privilege of extension.

Mr. ZIONCHECK. There is nothing wrong in passing this over for 2 weeks.

Mr. ROMJUE. The only difficulty is we are approaching the end of the session, and the Postmaster General is very anxious to get the bill through.

Mr. ZIONCHECK. I do not think passing it over for 2 weeks will make any difference.

I ask unanimous consent, Mr. Speaker, that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

UNPAID MAIL MATTER

The Clerk called the next bill, H.R. 7343, to amend section 3937 of the Revised Statutes.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, may I ask the author of the bill a question with respect to the language in line 1, on page 2: "But in large cities and adjacent districts of dense population, having two or more post offices within a distance of 3 miles of each other."

I know of several situations where there are large cities adjacent to each other where a drop letter in one city will not be delivered in the adjacent city, and I think the gentleman should be willing to submit to an amendment providing that letters may be delivered to adjacent cities as well as adjacent district where there is dense population.

Mr. HAINES. Mr. Speaker, this bill was sent to me by the Department, and I was given no authority by the committee to have the bill amended. However, I do not see any objection to the gentleman's amendment.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. HAINES. I yield to the gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. Of course, the purpose is not to have it apply to adjacent cities. The purpose is that where there are post offices within 3 miles of each other these letters which contain no postage or less than one full rate shall then be handled directly within that district.

Mr. ELTSE of California. May I ask this question? I have in my own district the cities of Oakland and Berkeley. The post offices are 5 miles removed, and yet the cities are contiguous and adjacent. A drop letter in my home city of Berkeley would not be delivered in Oakland, under this bill?

Mr. KELLY of Pennsylvania. No.

Mr. ELTSE of California. My contention is there is no particular reason why you should put on a limitation of 3 miles any more than you should, say, 7 or 10 miles.

Mr. KELLY of Pennsylvania. Of course, the purpose of the Department is to have a certain rule laid down where there is no postage at all on the letter or less than one full rate, and they have to provide a mileage limit of some kind.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice, so that I may take the matter up in the meantime and see if this suggestion will be agreeable to the Department.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CONVEYANCE OF LETTERS BY PRIVATE MESSENGERS

The Clerk called the next bill, H.R. 7670, relating to conveyance of letters by private hands without compensation, or by special messenger employed for the particular occasion only.

Mr. BLANTON. Mr. Speaker, I reserve the right to object to ask some questions of the gentleman in charge of the bill.

I ask the gentleman from Missouri how far this measure goes in permitting the delivery of mail by private messenger.

Mr. ROMJUE. The proposed change in language will still make it possible for senders to send up to five letters by special messenger without payment of postage and will also permit the sending of more than five letters in this manner if, for some special reason, the sender does not desire to make use of postal facilities, but in the latter event it is proposed to require the payment of postage in order to protect the Government's revenues.

Mr. BLANTON. It is a Post Office Department measure, and not a measure to get around the postal laws.

Mr. ROMJUE. That is true.

Mr. BLANTON. And this bill has the approval of the Post Office Department?

Mr. ROMJUE. Yes.

Mr. BLANTON. Then I am for it.

Mr. ZIONCHECK. If the gentleman will permit, in the city of Seattle the Puget Sound Light & Gas Co., instead of sending their bills through the mail, send them by messenger.

Mr. BLANTON. I am heartily in favor of the bill, and I shall not object.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, I should like to know what is meant by the language in line 7, "conveyance or transmission of letters or packets." I assume that is where letters are wrapped up in a package.

Mr. ROMJUE. It may mean three letters or more than three letters.

Mr. DOBBINS. That is simply a repetition of the language of the present law.

Mr. ELTSE of California. Reserving the right to object, will this prevent the distribution of handbills?

Mr. ROMJUE. No; it is not intended to prevent the distribution of handbills.

Mr. ELTSE of California. It seems to me it would tend to prevent the distribution of handbills.

Mr. DOBBINS. This does not change the law as to what may be sent outside of mail matter. The limitation relates only to first-class mail. The telegraph companies and those who furnish messenger service have been coming in and taking the cream out of the Postal Service by the inexpensive handling of local delivery letters, and the Post Office Department estimates that this deprives the Department of four hundred or five hundred thousand dollars of revenue a year.

Mr. TABER. I should like to ask a question. A man running a store wants to send out for a particular purpose 10 or 12 letters that he wants people to get in an hour or two hours in a particular locality. Would he be prohibited by this bill from doing this?

Mr. DOBBINS. Not if he sent them out by his own employees.

Mr. TABER. I am inclined to believe that we ought to proceed very carefully in this direction. I suggest that the bill be passed over without prejudice.

Mr. TRUAX. I am inclined to agree with the gentleman from New York. I think the measure would place a hardship on the merchant in the little country town who wants to send out handbills.

Mr. KELLY of Pennsylvania. It does not affect handbills at all.

Mr. TABER. It would affect the ordinary business man who had some special occasion for sending out communications. It would not affect the big corporation, but it would affect the little fellow who is obliged to call in messenger service once in a while.

Mr. DOBBINS. This is intended to get at the big fellows and protect the little fellows.

Mr. TABER. It seems to me that you do not get at the meat of the thing. The electric-light companies and the telephone companies send out bills by their own employees. You do not get at the situation that exists now.

Mr. BLANCHARD. Everybody knows that utilities companies have their own employees and they can send out the bills by them.

Mr. DOBBINS. Can the gentleman recall any case from his own experience where men having letters to be distributed have gone out and solicited someone to deliver them?

Mr. TABER. It seems to me that the big fellows are specifically exempted by the provisions of the bill, and the little fellows who only want to send out a few communications are obliged to carry the burden.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

COMPENSATING POST OFFICE DEPARTMENT FOR PAYMENT OF MONEY ORDERS, ETC.

The Clerk called the next bill, H.R. 3214, to compensate the Post Office Department for the extra work caused by the payment of money orders at offices other than those on which the orders are drawn.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to regulate the payment of postal money orders", approved February 6, 1913 (38 Stat. 880; U.S.C., title 39, sec. 727), is amended to read as follows:

"That under such rules and regulations as the Postmaster General shall prescribe postal money orders may be issued payable at any money-order post office, and on and after the date upon which such rules and regulations become effective all money orders shall be legally payable at any money-order post office, although drawn on a specified office; and as compensation for the extra labor involved in paying a money order at an office other than that on which the order is drawn the Postmaster General is authorized to exact a fee of the same amount as that charged for the issue of the order; and that all laws or parts of laws in conflict herewith are hereby repealed."

With the following committee amendment:

Page 1, line 4, strike out "1913" and insert "1914."

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

TIMBER OPERATIONS OF MENOMINEE INDIANS

The Clerk called the next bill, H.R. 7759, to amend the law relating to timber operations on the Menominee Indian Reservation in Wisconsin.

The SPEAKER. Is there objection?

Mr. GOSS. Mr. Speaker, I reserve the right to object. This is a bill with reference to a timber operation. I wish the gentleman from Wisconsin would tell us more in detail about this.

Mr. BOILEAU. Mr. Speaker, the Menominee Indian Reservation is the only reservation that has extensive timber operations. The Indians own their own sawmills and they have quite a stand of timber. This bill provides that at the end of each fiscal year the Secretary of the Interior shall determine the fair market stumpage value of the timber cut during that year.

Mr. GOSS. Stumpage value?

Mr. BOILEAU. Yes; stumpage value, and then distribute that amount equally among the living members of the Menominee Tribe of Indians, provided a profit is shown, and provided that no more than the actual profit shall be distributed.

Mr. GOSS. In what way is it proposed to amend the law?

Mr. BOILEAU. There is no such provision at the present time. All this money goes into the tribal fund.

Mr. GOSS. Does the gentleman not think it should?

Mr. BOILEAU. No; because up until this year for the past 20 years or so, every year or two the Indians have submitted a bill and Congress has passed bills providing for a per capita payment out of the tribal funds.

Mr. GOSS. Is the gentleman trying to tell the House now that if this bill should pass there would be no more money paid out of the tribal funds?

Mr. BOILEAU. I would not want to say that definitely, but it is our hope to accomplish that. We hope there will be some material changes made with reference to the operation so that the operation will show a profit. As a matter of fact there has been no profit during the last few years.

Mr. GOSS. Does the gentleman know of any other Indian reservation where that has happened?

Mr. BOILEAU. I do not know of any other Indian reservation that has a timber operation such as that. That has been going on since 1908.

Mr. GOSS. Then it is a new practice. It is the form of work which these Indian get in a pro rata share, rather than to go into the trust funds of the tribe and then be distributed to the members of the tribe.

Mr. BOILEAU. The entire operation is an experiment. It is confined to that one operation only. But it has been going on since 1908. There is nothing comparable to it in any other Indian reservation.

Mr. GOSS. They have oil on some of these Indian reservations.

Mr. BOILEAU. That is true.

Mr. GOSS. And should we take out so much oil and distribute it to each Indian there or put it into the fund?

Mr. BOILEAU. The law now has limited the amount of timber that can be cut, I believe, to 12,000,000 feet a year, so there is no possibility of the Indians exploiting the timber on the reservation.

Mr. GOSS. Would the gentleman be willing to let this go over?

Mr. BOILEAU. If the gentleman is inclined to want more information, well and good, but I am anxious to have this passed. The Secretary of the Interior and the Commissioner of Indian Affairs both approve the bill.

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

BRIDGES ACROSS THE MONONGAHELA, ALLEGHENY, AND YOUGHIOGHENY RIVERS, PA.

The Clerk called the next bill, H.R. 8241, to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, and Youghiogheny Rivers in the county of Allegheny, Pa.

The SPEAKER. Is there objection?

Mr. ELTSE of California. Mr. Speaker, I reserve the right to object. Will the gentleman explain what the operations of this bill will be in the event an assignment is made to Allegheny County or to a private individual?

Mr. KELLY of Pennsylvania. Mr. Speaker, the corporation is the Allegheny County Authority, created by the State of Pennsylvania. The legislature of the State passed a charter bill providing for the incorporation of Allegheny County Authority for the purpose of constructing the public projects which are included in this unified program. There are some 12 of these important projects. A great deal of work has been done and they are now preparing the plans. Application has been made to the P.W.A. for a loan. The permission of Congress is asked now for the construction of these bridges over navigable rivers, the Allegheny, the Monongahela, and the Youghiogheny.

Mr. ELTSE of California. I call attention to the specific language to which I am trying to object. The gentleman says this authorization is granted to the Allegheny County Authority. I read the following language:

> Allegheny County Authority and the county of Allegheny, Pa., or either of them, their successors and assigns—

And so forth. I can conceive that either the county authority or the county of Allegheny might get P.W.A. funds, an allocation by way of a 30-percent grant. There is nothing in this bill that would prevent assignment by either of those authorities or organizations to a private individual or a private corporation, and the private individual or the private corporation would derive the benefit of a grant of Congress to the extent of 30 percent.

Mr. KELLY of Pennsylvania. I assure my friend there is no such purpose as that. The whole purpose of this duly chartered corporation established by the Pennsylvania Legislature is to permit them to take on the obligation and responsibility for the full payment of this loan.

Mr. ELTSE of California. I will ask the gentleman if he does not think there ought to be some language included in the bill to prevent assignment to a private individual or corporation?

Mr. KELLY of Pennsylvania. We took this up with the War Department and went over it very carefully, and they approved it. The Department of Agriculture went over it very carefully and approved it. We went into that matter thoroughly. I am sure this is in the proper form.

Mr. ELTSE of California. This is a very ambitious program you are undertaking. There are seven bridges that are being constructed. I can conceive of danger there. I should like to have this passed without prejudice, so that I can go over it with the gentleman.

Mr. HOLMES. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. HOLMES. I want to say, as a member of the committee on bridges, that we went into this very thoroughly in connection with the building of these proposed bridges. As a matter of fact, all of these bridges are replacing bridges at these various locations that are now owned by the county of Allegheny; but I understand, in order to secure a loan from the P.W.A., they have requested in several instances that we set up or give permission to the authorities to create a commission to take over the construction and amortization of all these bridges, rather than making the loan direct to the municipality. Consequently, when it is done, the assignment will be made back to the county of Allegheny, which originally owned the bridges. I am personally familiar with most of these bridges, and I know they are inadequate to handle the traffic which is required today. Also, you will notice in the bill it refers to associated projects. Associated projects in connection with this are street widenings in order to handle the traffic.

Mr. ELTSE of California. But that has been eliminated.

Mr. TRUAX. Will the gentleman yield?

Mr. ELTSE of California. I yield.

Mr. TRUAX. The gentleman from Pennsylvania stated that these bills had been approved by the War Department and the Department of Agriculture. I find that is true with certain provisions. In the report of W. R. Gregg, Acting Secretary of the Department of Agriculture, he says:

> The Department will interpose no objection to the pending bill other than the change therein suggested as to the term "associated projects."

In the report of the Secretary, Mr. Wallace, he makes it clear that the bill must be amended to specifically limit the collection of tolls to the bridges themselves, with the proviso that such limitation shall not operate to bar rentals from the utilities which might use such bridges, or which might use what are referred to in the bill as "associated projects." Now, we find that the terms "associated projects" and "utilities" are one and the same thing. I want to ask the gentleman, and I assure him in advance that I will personally rely on his own statement, have these provisions been fully met in the bill as now drafted, so as to protect future generations and the present people who will use these bridges from

paying tolls to privately owned companies or utilities ownership?

Mr. KELLY of Pennsylvania. Without hesitation I say "yes." The purpose of clarifying the bill was to make sure that the authority could charge a fair amount for street-car franchises across these bridges; also for water lines, gas-company lines, and electric-light lines.

Mr. TRUAX. In other words, you have safeguarded the interest of the people against the encroachment of utilities?

Mr. KELLY of Pennsylvania. Absolutely.

Mr. ELTSE of California. I should like to ask the gentleman one other question. Would you have any objection to amending the bill by including the word "municipal" before the words "successors and assigns" in line 6 and again in line 7?

Mr. KELLY of Pennsylvania. I would not object to that, if that would make sure that the assignees could only be a governmental authority. However, this is Allegheny County, which is not a municipal authority.

Mr. ELTSE of California. A municipal organization is a county organization within the definition of the law.

Mr. HOLMES. Any assignment will have to be back to the authority which granted it.

Mr. ELTSE of California. Why does the gentleman say that?

Mr. HOLMES. You have separate divisions. You have McKeesport on one side and Pittsburgh on the other, but all these bridges are now under the control of the county itself; not the city of Pittsburgh or any one of the intermediate communities where the bridges are located; so that the only possible thing that can be done will be for this authority, after it has amortized the bridges, to then authorize assignment back to the county. The authority is just the agent of the county, and in order to comply with the regulation of the P.W.A. and in order to get these funds, this is set up in this particular form. There is only one way that it can be assigned, and that is back to the county.

Mr. KELLY of Pennsylvania. Back to the county or State which chartered the corporation. It is a State-chartered corporation especially for construction-and-loan purposes.

Mr. ELTSE of California. Then the bill goes much further than your intent, because under the bill there is nothing to prevent assignment from Allegheny County authority to a private individual or a private corporation.

Mr. KELLY of Pennsylvania. There is no such intention as that, I am sure, and I hope the gentleman will let this measure pass. The officials from Pittsburgh and from Pennsylvania went over this carefully. They went over it with the War Department and with the Department of Agriculture. They all agreed that this was the proper language. It will be of great advantage to a section of Pennsylvania that has had very little aid from the P.W.A. in the past.

Mr. ELTSE of California. As I understood a moment ago, the gentleman was willing to have the word "municipal" inserted before the words "successors and assigns."

Mr. KELLY of Pennsylvania. If that does not confuse the matter I trust the judgment of the gentleman from Massachusetts [Mr. HOLMES] on that point.

Mr. HOLMES. To do that would be to complicate the situation, for then this authority could assign all the rights in this bridge to the city of Pittsburgh or to any other city. They would have to assume the burden of liability. On the other hand this comes within the scope of public works and has a direct bearing on the entire highway projects of the State of Pennsylvania.

Mr. ELTSE of California. I do not want to see this fall into the hands of private individuals.

Mr. KELLY of Pennsylvania. Oh, no; it will not.

Mr. HOLMES. I can assure the gentleman that the bill is drawn in the regular form.

Mr. ELTSE of California. Mr. Speaker, I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes, Allegheny County authority and the county of Allegheny, Pa., or either of them, their successors and assigns, or the successors or assigns of either of them, be, and are hereby, authorized to construct, maintain, and operate bridges and approaches thereto at any or all of the following points within the county of Allegheny, Pa.:

(a) Across the Monongahela, at a point suitable to the interests of navigation, from Pittsburgh to Homestead, Pa., near to, and to replace, existing Brown's Bridge.

(b) Across the Allegheny River, at a point suitable to the interests of navigation, from Pittsburgh to O'Hara Township, Pa., near Dam No. 2, to replace the existing Highland Park Bridge.

(c) Across the Monongahela River, at a point suitable to the interests of navigation, in the city of Pittsburgh, Pa., between the Wabash and Point Bridges.

(d) Across the Monongahela River, at a point suitable to the interests of navigation, from the Glenwood to the Hays sections of the city of Pittsburgh, Pa., to replace existing Glenwood Bridge.

(e) Across the Monongahela River, at a point suitable to the interests of navigation, from Dravosburg to McKeesport, Pa., to replace existing Dravosburg Bridge.

(f) Across the Youghiogheny River, at a point suitable to the interests of navigation, in the city of McKeesport, to replace existing Fifth Avenue Bridge.

(g) Across the Monongahela River, at a point suitable to the interests of navigation from the borough of Rankin to the borough of Whittaker, Pa., to replace existing Rankin Bridge, all in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of said bridges or any of them, or the approaches to them or any of them, the rates of toll may be so adjusted as to provide a fund sufficient to pay such part or all of any one or more of the following items as shall not be from time to time otherwise provided for, namely: (a) The reasonable cost of maintenance, repair, and operation of said bridges and approaches and their associated projects; and (b) the amortization, within a reasonable time and under reasonable conditions, of any loan or loans, including reasonable interest, taxes, and financing charges, made or to be made in connection with the construction of any of said bridges and approaches and their associated projects. By the term "associated projects" is meant any and all other construction projects which may be associated with said bridges and approaches in the borrowing of money or the issuance of bonds by the Allegheny County authority or the county of Allegheny, Pa., as the case may be, or which may be jointly pledged with said bridges and approaches as security for the repayment of any such moneys borrowed or bonds issued, whether or not tolls or other fees shall be charged for the use of said projects.

SEC. 3. An accurate record of the cost of the bridges and their approaches and associated projects and of all expenditures for maintaining, repairing, and operating the same and of tolls collected from time to time shall be kept and shall at all reasonable times be available for the information of all persons interested in the construction, operation, and maintenance thereof.

SEC. 4. The right to sell, assign, transfer, mortgage, or pledge any or all the rights, powers, and privileges conferred by this act is hereby granted to the said Allegheny County authority and the county of Allegheny, Pa., or either of them, their successors or assigns, or the successors or assigns of either of them; and if such rights, powers, and privileges shall be sold, assigned, or tranferred to, or shall be acquired through mortgage, pledge, foreclosure, or otherwise by the United States of America acting by or through the President, the Federal Emergency Administrator of Public Works or such other agency or agencies as may be designated or created for such purpose pursuant to the National Industrial Recovery Act or any amendment or supplement thereto, or otherwise, or by any person, corporation, or political subdivision, the United States of America or such person, corporation, or political subdivision is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon the United States of America, such person, corporation, or political subdivision.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 3, line 11, after the word "approaches" strike out "and their associated projects."

Page 3, strike out all of lines 17, to and including line 24, and lines 1 and 2 on page 4.

Page 4, line 4, strike out the words "and associated projects."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS GRAND CALUMET RIVER, GARY, IND.

The Clerk called the next bill, H.R. 9064, granting the consent of Congress to the State of Indiana to construct,

maintain, and operate a free highway bridge across the Grand Calumet River at or near a point suitable to the interests of navigation, east of Clark Street, in Gary, Ind.,

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I should like to ask the author of the bill how close this proposed bridge will be to the nearest existing bridge?

Mr. PETTENGILL. Mr. Speaker, if the gentleman will yield, the author of the bill, my colleague from Indiana [Mr. SCHULTE] is in Indiana because of the primary election to be held there tomorrow.

Mr. Speaker, in the absence of my colleague, the gentleman from Indiana [Mr. SCHULTE], I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

BRIDGE ACROSS CONNECTICUT RIVER AT TURNERS FALLS, MASS.

The Clerk called the next bill, H.R. 9065, granting the consent of Congress to the Department of Public Works of the Commonwealth of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at Turners Falls, Mass.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Department of Public Works, Commonwealth of Massachusetts, to construct, maintain, and operate a free highway bridge and approaches thereto across the Connecticut River, at a point suitable to the interests of navigation, at Montague (Turners Falls) and Gill (Riverside), Mass., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS SUSQUEHANNA RIVER AT MILLERSBURG, PA.

The Clerk called the next bill, H.R. 9271, granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Millersburg, Dauphin County, Pa.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I should like to ask the author of the bill how close the proposed bridge is to the nearest existing bridge.

Mr. ZIONCHECK. I do not know whether the author of the bill is here, but I do not see what difference it makes how close this proposed bridge may be to an existing bridge.

Mr. ELTSE of California. It makes a lot of difference if it happens to be a toll bridge and this new bridge is to be erected out of P.W.A. funds.

Mr. ZIONCHECK. We still have a state of free competition and will have until bridges are put under an N.R.A. code. I do not see why we should object.

Mr. ELTSE of California. We are living in a time when public-utilities commissions have something to say about such matters by the grant of certificates of public necessity and convenience.

Mr. ZIONCHECK. Under those circumstances the authorities desiring to build a bridge would have to secure such certificate of public convenience and necessity.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. I yield.

Mr. BLANTON. There has been an attempt made from time to time here on the floor to consider P.W.A. funds as not being funds of the Treasury of the United States. There is no distinction at all.

Mr. ELTSE of California. Not on my part.

Mr. BLANTON. I am not referring to the gentleman for I am sure he considers it the people's money.

Mr. ELTSE of California. This is a matter of principle entirely, and not any question of the allocation of P.W.A. funds.

Mr. BLANTON. I was not speaking of the gentleman's interpretation.

Mr. ELTSE of California. I do have some question with regard to the wisdom of granting $30,000 for the construction of a bridge which would come into competition with an existing bridge.

Mr. BLANTON. Then it is agreed on both sides of the aisle that P.W.A. funds are nothing in the world but tax money of the people of the United States that comes out of the Treasury, and are Treasury funds belonging to the people.

Mr. ELTSE of California. I am not speaking for all the Members on this side of the aisle. I may agree with the gentleman personally, but I could not speak for the rest of the Members.

Mr. BLANTON. That is all it is, tax money of the people of the United States that comes out of the Treasury, and we should be just as careful about spending it as any other public money.

Mr. ELTSE of California. That may be true, but the fact remains that we should inquire into these matters.

Mr. ZIONCHECK. Whether it be in the State of Pennsylvania, the State of Massachusetts, or down in the South.

Mr. ELTSE of California. Mr. Speaker, I withdraw my reservation of objection.

Mr. TRUAX. Mr. Speaker, reserving the right to object, and I probably shall not object, but I want to make this statement.

Page 2 of the committee report contains this statement:

This bill would authorize the Pennsylvania Department of Highways to construct, maintain, and operate a toll bridge and approaches thereto across the Susquehanna River, at or near Millersburg, Dauphin County, Pa.

As I understand this bill and what has previously been said, this means the appropriation of a certain amount of P.W.A. funds or C.W.A. funds, one or the other, to be handled by the State Highway Department of Pennsylvania. Now, if the State Highway Department of Pennsylvania handles the funds allotted to them as such funds are handled in the State of Ohio, then I would certainly object to this bill. Every member of the Ohio delegation has received complaints by the score from citizens of Ohio as to the manner in which the C.W.A. funds and P.W.A. funds are administered by the State highway department, by the adjutant general of the State, who wears boots and spurs—and that is the way he treats the people. They are objecting to it and are protesting against the manner in which the taxpayers' money is used in my State to build up a political machine for Gov. George White.

Mr. BLANCHARD. Mr. Speaker, I demand the regular order.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Commonwealth of Pennsylvania, acting through its department of highways, to construct, maintain, and operate a toll bridge and approaches thereto across the Susquehanna River, at a point suitable to the interests of navigation, at or near Millersburg, Dauphin County, and between the counties of Dauphin and Perry, in the Commonwealth of Pennsylvania, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 1, line 6, after the word "a", strike out the word "toll."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MILK INVESTIGATION

The Clerk called the next resolution, House Concurrent Resolution 32.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I ask unanimous consent that the resolution may go over without prejudice.

Mr. BLANTON. Will the gentleman reserve that for a moment?

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, can the gentleman tell the House whether or not Mr. Howe, of the Consumers' Council of the N.R.A. is making a very thorough study of the milk situation?

Mr. MONAGHAN of Montana. I may say to the gentleman from Washington that the Agricultural Adjustment Administration has made what it thought was a necessary investigation here, but the investigation was found by those interested not altogether satisfactory as the basis for needed legislation. The Federal Trade Commission stated that this is the best possible method of handling the matter. I may say further that the Federal Trade Commission has recommended that this resolution be passed. As it concerns every dairy farmer and every consumer of milk in the Nation, I hope the gentleman will not object.

Mr. ZIONCHECK. Mr. Howe, of the Consumers' Council, is with the N.R.A., and I recollect that I received a letter from Mr. Howe about a week or two ago stating that the Consumers' Council of the N.R.A. were making a very thorough investigation from the consumers' standpoint.

Mr. BLANTON. Will the gentleman yield?

Mr. MONAGHAN of Montana. I yield to the gentleman from Texas.

Mr. BLANTON. There is not a more important issue before the Congress right now than the question of getting rid of the big profits that exist between the producer and the consumer of milk. The profits of the middlemen are outrageous. It affects the welfare of every little baby in the United States, and I sincerely hope that the gentlemen will not interpose an objection to this bill.

Mr. ZIONCHECK. I have no objection to an investigation being made. I know that one of the greatest iniquities now is the difference between the price that the farmer gets and the price that the consumer has to pay.

Mr. MONAGHAN of Montana. Mr. Speaker, I refuse to yield further.

Mr. BLANTON. May I say that it will not hurt to get at it from two different angles? If we can find out just how to eliminate the middleman's profit by cutting it out and giving the consumers and the babies of the country the benefit, it will be a great accomplishment.

Mr. CARTER of California. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded. Is there objection to the present consideration of the resolution?

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this concurrent resolution be passed over without prejudice.

Mr. MONAGHAN of Montana. Will the gentleman withhold his request?

Mr. CARTER of California. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this concurrent resolution be passed over without prejudice.

Mr. MONAGHAN of Montana and Mr. BLANTON objected.

The SPEAKER. Is there objection to the present consideration of the resolution.

Mr. ELTSE of California. Mr. Speaker, I object.

I do not object to this resolution because I am against it, but because I feel it is of great importance and of far-reaching consequences. The resolution merits fuller debate than can be given it at this time, and it should come up under rules where its provisions can be fully explained and amended, if necessary.

COINAGE OF 50-CENT PIECES

The Clerk called the next bill, S. 2901, to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union there shall be coined at the mints of the United States 500,000 silver 50-cent pieces of such design as the Director of the Mint, with the approval of the Secretary of the Treasury, may select; but the United States shall not be subject to the expense of making the models or master dies or other preparations for this coinage.

SEC. 2. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, for the transportation, distribution, and redemption of the coins, for the prevention of debasement or counterfeiting, for security of the coin, or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage authorized by this act.

SEC. 3. The coins authorized by this act shall be issued only to the Arkansas Honorary Centennial Celebration Commission, or its duly authorized agent, in such numbers, and at such times as they shall be requested by such commission or any such agent, and upon payment to the United States of the face value of such coins.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DECORATIONS BY FOREIGN GOVERNMENTS

The Clerk called the next resolution, House Joint Resolution 330, authorizing certain retired officers or employees of the United States to accept such decorations, orders, medals, or presents as have been tendered them by foreign governments.

Mr. TRUAX. Mr. Speaker, reserving the right to object, and I do not expect to object, may I say to the members of this committee that I am in accord with what they stated in their bill, but everybody knows what is wrong with the milk industry of this country. The Borden Milk Co. and the rest of the trusts are robbing the producers.

Mr. ELTSE of California. Mr. Speaker, I demand the regular order.

Mr. TRUAX. We will have to fix a minimum price on milk the same as we do on wheat, hogs, or any of the other commodities.

Mr. ELTSE of California. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded. Is there objection to the present consideration of the joint resolution?

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That the following-named retired officers or employees of the United States are hereby authorized to accept such decorations, orders, medals, or presents as have been tendered them by foreign governments:

State Department: Robert Woods Bliss, Fred D. Fisher, George Horton, William H. Hunt, Frank W. Mahin, Thomas Sammons, Harry Tuck Sherman, Alexander Thackara, and Craig W. Wadsworth.

United States Army: Charles J. Allen, Bailey K. Ashford, George G. Bartlett, Herbert C. Crosby, William Crozier, Albert C. Dalton, Hanson E. Ely, James E. Fechet, Harry E. Gilchrist, Francis W. Griffin, William W. Harts, John L. Hines, William E. Horton, John A. Hull, Girard L. McEntee, Charles P. Summerall, John J. Pershing, Trevor W. Swett, and Thomas F. Van Natta, Jr.

United States Navy: William C. Braisted, William B. Caperton, Robert E. Coontz, Herbert O. Dunn, John Rufus Edie, Noble E. Irwin, Harry H. Lane, Norman T. McLean, William V. Pratt, Henry J. Shields, George W. Steele, Montgomery M. Taylor, and Arthur L. Willard.

United States Marine Corps: Ben H. Fuller and George C. Thorpe.

Department of Agriculture: L. O. Howard.

Department of Commerce: Antone Silva.

SEC. 2. That the Secretary of State is hereby directed to furnish to the Seventy-fifth Congress and to each alternate Congress thereafter a list of those retired officers or employees of the United States for whom the Department of State under the provisions of the act of January 31, 1881 (U.S.C., title 5, sec. 115), is holding decorations, orders, medals, or presents tendered them by foreign governments.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INTERNATIONAL COUNCIL OF SCIENTIFIC UNIONS

The Clerk called the next bill, H.R. 6781, to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions.

Mr. BLANTON. Mr. Speaker, I object.

Mr. BLOOM. Will the gentleman withhold his objection?

Mr. BLANTON. We belong to too many of these international unions now that permit annual junkets to countries all over the world.

Mr. BLOOM. We belong to these things now and have belonged to them for years.

Mr. BLANTON. And we are separating ourselves from them now pretty fast and we ought to do so. We ought to come back home and look after our own business. I am determined, if it is possible, to stop these annual junkets.

Mr. BLOOM. If the gentleman will read the report of the Secretary of State he will find that this is merely to pay the dues; that is all this is for. There are seven different institutions.

Mr. BLANTON. I am with the gentleman on most of his bills, but I am against him on this one. I want to stop paying foreign dues to every foreign country in the world.

Mr. Speaker, I object.

RELIEF FOR DISBURSING OFFICERS OF THE ARMY

The Clerk called up the next bill, S. 2046, to provide relief for disbursing officers of the Army in certain cases.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PAYMENTS UNDER WAR CLAIMS ACT OF 1928

The Clerk called the next joint resolution, House Joint Resolution 325, extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That subsection (g) of section 2 and subsection (f) of section 5 of the Settlement of War Claims Act of 1928, as amended by Public Resolution No. 11, Seventy-third Congress, approved June 12, 1933, are further amended, respectively, by striking out the words "six years" wherever such words appear therein and inserting in lieu thereof the words "eight years".

SEC. 2. The first sentence of paragraph (h) of subsection (2) of section 6 of the Settlement of War Claims Act of 1928 is amended to read as follows:

"No payment shall be made under this section unless application therefor is made by March 10, 1936, in accordance with such regulations as the Secretary of the Treasury may prescribe."

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHICAGO WORLD'S FAIR OF 1933

The Clerk called the next joint resolution, House Joint Resolution 311, to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, the purpose of this bill is to let articles come into the Chicago Century of Progress Fair without the payment of any import duties. I recollect being at the fair the last time and it looked like a market. Every place you go the cash register is ringing and they are doing nothing but selling goods, and therefore I am constrained to object.

Mr. SABATH. Will the gentleman reserve his objection a moment.

Mr. ZIONCHECK. I reserve it.

Mr. SABATH. This bill has the approval of the Department and on anything that is sold there the Government gets the proper amount of duty. I hope the gentleman will not object to the consideration of the resolution.

Mr. ZIONCHECK. Does the bill provide for the payment of the tariff in such cases?

Mr. SABATH. Yes.

Mr. BLOOM. They pay the duty on any of these things that are sold.

The regular order was demanded.

There being no objection, the Clerk read the joint resolution, as follows:

Whereas pursuant to legislative authorization of the General Assembly of the State of Illinois therefor there was held by A Century of Progress, an Illinois corporation not for profit, during the year 1933 in the city of Chicago, in the State of Illinois, a celebration commemorating the one hundredth anniversary of the incorporation of Chicago as a municipality; and

Whereas in response to a general demand, A Century of Progress has consented to hold a similar celebration during the year 1934 in order that educational and recreational advantages presented by such celebration may again be enjoyed by the people of the world; and

Whereas A Century of Progress has received legislative authorization from the General Assembly of the State of Illinois to hold a world's fair in the said city of Chicago during the year 1934: Now, therefore, be it

Resolved, etc., That all articles which shall be imported from foreign countries for the purpose of exhibition at the exposition to be held by and known as "A Century of Progress", or for use in constructing, installing, or maintaining foreign buildings or exhibits at the said exposition, upon which articles there shall be a tariff or customs duty, shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said exposition, to sell within the area of the exposition any articles provided for herein, subject to such regulation for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the dutes, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles, which shall have suffered diminution or deterioration from incidental handling or exposure, the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further*, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That articles, which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond, and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition under such regulations as the Secretary of the Treasury shall prescribe: *And provided further*, That A Century of Progress shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for, articles imported under the provisions of this act, shall be reimbursed by A Century of Progress to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524, Tariff Act of 1930.

With the following committee amendment:

Beginning on page 1, after the title, strike out the preamble.

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATCHEZ TRACE PARKWAY

Mr. BUSBY. Mr. Speaker, I ask unanimous consent for the present consideration of Senate bill 2825, which is identical with House bill 7312, now on the Consent Calendar. The bill provides for an appropriation of $50,000 with which to make a survey of the old Indian trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway."

The Clerk read the title of the bill.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, this authorizes an appropriation for an Indian trail of some kind?

Mr. BUSBY. No; it is an authorization for an appropriation of $50,000 with which to make a survey of what was a national highway leading from Nashville, Tenn., to Natchez, Miss.

Mr. JENKINS of Ohio. I am sorry, but I feel I must object to that.

Mr. BUSBY. I think, if the gentleman understood the situation, he would not object. This bill was unanimously reported by the Committee on Roads, every member expressing himself as being favorable to it. This is merely an authorization of funds for a survey, and I think it is a very meritorious proposition.

Mr. JENKINS of Ohio. Why would we have to appropriate $50,000 to make a survey of a road like this?

Mr. BUSBY. It is about 500 miles long and is the route over which Jackson returned from New Orleans. It was a national highway and was one of the principal roads that served the Nation at the time the section of the country through which it passes was being developed. I hope the gentleman will not object to this authorization. Of course, we will have to go to the Committee on Appropriations and make out a case there.

Mr. JENKINS of Ohio. I should like to know what the guardian of the Treasury on the Democratic side, the gentleman from Texas [Mr. BLANTON], thinks about this.

Mr. BLANTON. I think the matter is pretty well looked after over there. [Laughter.]

Mr. JENKINS of Ohio. I feel I must object at this time. I am willing to request that its consideration may be deferred until the next call of the calendar.

Mr. BUSBY. I may explain to the gentleman that it will be impossible for me to be here on next Consent Calendar Day and I hope the gentleman will let the measure pass. The gentleman from Oregon [Mr. MOTT] and other gentlemen who have investigated the matter I am sure will tell the gentleman that it is all right.

Mr. JENKINS of Ohio. I object at this time, subject to making some arrangement whereby it may come up again. Personally, I have no objection to it, but it seems to me that this amount of money for a survey of an old trail is out of the question.

Mr. BUSBY. I know the gentleman is always fair and I hope he will not object to this authorization.

Mr. JENKINS of Ohio. Mr. Speaker, I withdraw my reservation of objection because the ranking member of the committee on the Republican side states it is all right. In spite of this assurance, I still feel some doubt as to its merits. The responsibility for this expenditure is with the Democratic majority.

Mr. WOLCOTT. If the gentleman will permit, I may say that I am not the ranking member on the Republican side of the Roads Committee, but I do know we had extensive hearings on this matter and the report was unanimous. We all agreed on both sides of the table that this is a desirable thing and a good piece of legislation and that an appropriation should be authorized.

Mr. JENKINS of Ohio. May I ask the gentleman from Mississippi if he is a member of the Roads Committee?

Mr. BUSBY. I am not.

Mr. JENKINS of Ohio. Who is the chairman of the committee?

Mr. BUSBY. The gentleman from Oklahoma [Mr. CARTWRIGHT] is Chairman of the Roads Committee.

Mr. JENKINS of Ohio. What does he say about it?

Mr. BUSBY. He is enthusiastically in favor of it.

Mr. JENKINS of Ohio. What does the President say about it?

Mr. BUSBY. All of them are for it and I am sure the gentleman would not offer any objection if he knew all the facts.

Mr. JENKINS of Ohio. Mr. Speaker, I withdraw my reservation of objection, understanding all the Democrats are for it.

There being no objection, the Clerk read the bill, as follows:

S. 2825

Whereas the Natchez Trace was one of the most ancient and important Indian roads leading from the territory in the section of Tennessee about Nashville in a southwest course, crossing the Tennessee River at Colbert Shoals, a few miles below Muscle Shoals, thence passing in a southwest course through the Chickasaw and Choctaw Indian lands, in what is now Mississippi, in an almost direct course by Jackson, Miss., to Natchez; and

Whereas the Natchez Trace is located throughout almost its entire length on highlands between watersheds on the most suitable route over which to establish the national parkway through a section of the country greatly in need of such road facilities from a national standpoint to connect the North and East directly with the Natchez, New Orleans, and Southwest section of the country; and

Whereas the Natchez Trace was made famous for the service it rendered in affording General Jackson a route over which much of his forces moved to take part in Jackson's famous victory over the British at New Orleans, and also by reason of the fact that General Jackson returned with his army over this trace to Nashville after the Battle of New Orleans; and

Whereas the Natchez Trace is known as one of the Nation's most famous old roads, and has been marked by handsome boulders with suitable inscriptions by the Daughters of the American Revolution at great expense, these boulders being placed every few miles from one end of the trace to the other; and

Whereas unusual interest is being manifested in the building of a national parkway by the Government, Natchez Trace organizations having been perfected in almost every county through which the trace passes; and

Whereas the Government has recently adopted a policy and set up a division in the Department of the Interior, known as the "Office of National Parks, Buildings, and Reservations" to engage in a national way in laying out parks, reservations, and building parkways: Therefore

Be it enacted, etc., That there is hereby authorized to be appropriated out of the Treasury of the United States a sum not exceeding $50,000 to be used by the Department of the Interior through the Office of National Parks, Buildings, and Reservations with which to make a survey of the Old Natchez Trace throughout its entire length leading from the section of Tennessee about Nashville to Natchez, Miss., the same to be known as the "Natchez Trace Parkway." The said survey shall locate the Natchez Trace as near as practicable in its original route. An estimate of cost of construction of an appropriate national parkway over this route, and such other data as will be valuable shall be obtained by said survey with the objective of determining matters concerning the construction of the Natchez Trace Parkway.

Mr. BUSBY. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUSBY: Page 2, strike out in the last "whereas" of the preamble the words "Office of National Parks, Buildings, and Reservations", and insert in lieu thereof the following: "National Park Service"; and

Page 3, line 1, strike out "Office of National Parks, Buildings, and Reservations" and insert in lieu thereof the following: "National Park Service."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INVESTIGATION OF THE DISTRIBUTION AND SALE OF MILK

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent to return to Calendar No. 235, House Concurrent Resolution 32.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. BLANTON. I reserve the right to object.

Mr. ZIONCHECK. This is the milk investigation bill.

Mr. TABER. I object.

REPEAL OF PERMANENT APPROPRIATIONS

Mr. GRIFFIN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 9410) providing that permanent ap-

propriations be subject to annual consideration and appropriation by Congress, and for other purposes.

The bill is as follows:

H.R. 9410

A bill providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes

Be it enacted, etc., (a) That effective July 1, 1935, such portions of any acts as provide permanent or continuing appropriations from the general fund of the Treasury to be disbursed under the appropriation accounts appearing on the books of the Government, and listed in subsection (b) of this section, are hereby repealed, and any unobligated balances under such accounts as of June 30, 1935, shall be covered into the surplus fund of the Treasury.

(b) (1) Preparation, custody, and delivery of farm-loan bonds, reimbursable (2x152).

(2) Preparation, custody, and delivery of Federal intermediate credit bank securities, reimbursable (2x153).

(3) Preparation and issue of Federal Reserve notes, reimbursable (2x151).

(4) Debentures and other charges (customs).

(5) Payment for lands sold for direct taxes (2x435).

(6) Refunding corporation- and income-tax penalties (internal revenue) (2x425).

(7) Refunding stamp tax on export bills of lading (2x427).

(8) Refunding stamp tax on foreign bills of exchange (2x433).

(9) Refunding tax on contingent beneficial interests (2x428).

(10) Refunding tax on certain legacies (2x426).

(11) Surplus proceeds, property sold for internal-revenue taxes (2x441).

(12) Payment of Cape Cod Canal bonds (2x087).

(13) Surveying within land grants (reimbursable) (4x164).

(14) Fees on certain Indian allotments (4x025).

(15) Distribution of United States Code, Revised Statutes, etc. (4x019).

(16) Transportation of volunteers, War with Spain (8x175).

(17) Powder and projectiles, proceeds of sales (8x423).

SEC. 2. (a) Effective July 1, 1935, the permanent appropriations under the appropriation titles listed in subsection (b) of this section are repealed, and such portions of any acts as make permanent appropriations to be expended under such accounts are amended so as to authorize, in lieu thereof, annual appropriations from the general fund of the Treasury in identical terms and amounts as now provided by such permanent appropriations, except that any appropriation for "Adjusted losses and contingencies, postal fund", is authorized to be made from the postal revenues. Any unobligated balances remaining in the permanent appropriations under these accounts on June 30, 1935, shall be covered into the surplus fund of the Treasury.

(b) (1) Bequest of Gertrude M. Hubbard, Library of Congress, interest account (0x257).

(2) Expenses of Smithsonian Institution, interest account (0x795).

(3) To promote the education of the blind (interest) (2x093).

(4) Interest on Indian trust funds.

(5) Civilization of the Sioux (4x950).

(6) Meat inspection, Bureau of Animal Industry (fiscal year) (3–114).

(7) National Forest Reservation Commission (fiscal year) (3–494).

(8) Soldiers' Home, interest account (8x185).

(9) Pay of consular agents for services to American vessels and seamen (1x561).

(10) Allowance or drawback (Internal Revenue) (2x438).

(11) Redemption of stamps (Internal Revenue) (2x432).

(12) Refunding legacy taxes, act March 30, 1928 (2x430).

(13) Refund of excessive duties (Customs) (2x324).

(14) Debentures or drawbacks, bounties, or allowances (Customs) (2x321).

(15) Allowance or drawback (Industrial Alcohol) (2x440).

(16) Permanent International Commission of Congresses of Navigation (fiscal year) (8–887).

(17) Operating and care of canals and other works of navigation (8x881).

(18) Removing sunken vessels or craft obstructing or endangering navigation (8x888).

(19) Removing obstructions in Mississippi, Atchafalaya, and Old Rivers (fiscal year) (8–961.58).

(20) Maintenance of channel, South Pass, Mississippi River (fiscal year) (8–961.55).

(21) Gaging waters of the Mississippi and its tributaries (fiscal year) (8–961.54).

(22) Examinations and surveys at South Pass, Mississippi River (fiscal year) (8–961.53).

(23) Recoinage of silver coins (2x106).

(24) Refunding duties on goods destroyed (Customs) (2x330).

(25) Refunding to national banking associations excess of duty (2x228).

(26) Salaries and expenses, Federal Board for Vocational Education (fiscal year) (0–801).

(27) Repayment of taxes on distilled spirits destroyed by casualty (2x431).

(28) Adjusted losses and contingencies, postal fund (9x326).

(29) Refunding proceeds of unclaimed merchandise (Customs) (2x326).

(30) Proceeds of goods seized and sold (Customs) (2x322).

(31) Operating snag and dredge boats on upper Mississippi, Illinois, and Minnesota Rivers (fiscal year) (8–962.51).

(32) Operating snag boats on the Ohio River (fiscal year) (8–962.51).

(33) Library of Congress trust fund, interest on permanent loan account (0x283).

SEC. 3. (a) Effective July 1, 1935, the permanent or continuing appropriation accounts appearing on the books of the Government and listed in subsection (b) of this section are hereby abolished, and any unobligated balances under such accounts as of June 30, 1935, shall be covered into the surplus fund of the Treasury. Any appropriations to which expenditures under such accounts have been chargeable prior to July 1, 1935, are hereby repealed. Any claims accruing on and after July 1, 1935, which, but for this section properly would have been charged to these appropriation titles, shall, upon proper audit, be certified to Congress for appropriation from the general fund of the Treasury, which is hereby authorized.

(b) (1) Extra pay to Regular Army, War with Spain (8x172).

(2) Extra pay to volunteers, War with Spain (8x173).

(3) Claims of officers and men of the Army for destruction of private property (8x123).

(4) Bounty to Fifteenth and Sixteenth Missouri Cavalry Volunteers (8x164).

(5) Judgments in admiralty suits under act of March 9, 1920, War Department (8x143).

(6) Reimbursement for bringing home remains of officers and others (Navy) (7x816).

(7) Reimbursement for bringing home remains of officers and others (War) (8x765).

(8) Indemnity for swamp land to States (4x160).

(9) Proceeds of mineral or reserved lands, Tanana Valley, Alaska, special fund (4x167).

(10) Proceeds of town sites for schools in Oklahoma (4x464).

(11) Indemnity to seamen and marines for lost clothing (7x977).

(12) Reimbursement to certain persons for loss of private funds while patients at United States Naval Hospital, Naval Operating Base, Hampton Roads, Va. (7x973).

(13) Judgments, bounty for destruction of enemies' vessels (7x956).

(14) Judgement, owners, etc., barkentine *Mabel I. Meyers*, under act of August 21, 1916 (7x959).

(15) Relief of claimants, explosion at Naval Ammunition Depot, Lake Denmark, N.J. (7x975).

(16) Guaranty to carriers after termination of Federal control (0x961).

(17) Reimbursement to carriers of deficits during Government control (0x963).

(18) Guaranty to American Railway Express Co. during guaranty period (0x965).

(19) Judgments in admiralty suits under act of March 9, 1920, United States Shipping Board (0x556).

(20) Judgments of courts (Revised Statutes, sec. 3754) (7x965).

(21) Bounty for destruction of enemies' vessels (7x961).

(22) Claims arising from operations under Wheat Price Guarantee Act of March 4, 1919 (0x482).

(23) Proceeds sale of town lots, Lawton, Okla. (4s174).

(24) Proceeds of certain lands in township 8-North, Nebraska (4s176).

SEC. 4. (a) Effective July 1, 1935, all receipts of the character theretofore credited to the appropriation accounts appearing on the books of the Government and listed in subsection (b) of this section shall be deposited into the Treasury as miscellaneous receipts, and amounts equal thereto are authorized to be appropriated annually from the general funds of the Treasury for the same purposes for which such receipts are now appropriated. Appropriations to which expenditures under such accounts have been chargeable theretofore are hereby repealed, effective on such date: *Provided*, That if the total of receipts for any one fiscal year for any of the foregoing purposes under this authority is greater than the amounts appropriated for such purpose, such excess is authorized to be appropriated for the following fiscal year.

(b) (1) Payments to States and Territories from the national-forests fund (3s206).

(2) Roads and trails for States, national-forests fund (3s212).

(3) Payments to school funds, Arizona and New Mexico, national-forests fund (3s207).

(4) Payments to States under Federal Water Power Act, special fund (0s509).

(5) Payments to States from receipts under Mineral Leasing Act (4s171).

(6) Wagon roads, bridges, and trails, Alaska fund (4s524).

(7) Public schools, Alaska fund (4s366).

(8) Coos Bay Wagon Road Grant fund (4s168).

(9) Payment to Oklahoma from royalties, oil, and gas, south half of Red River (4s028).

(10) Five percent fund of net proceeds of sales of agricultural lands in Colorado (4s183).

(11) Annette Islands reserve, Alaska, fund from leases (5s740).

(12) Relief of the indigent, Alaska fund (2s108).

(13) Naturalization fees, publishing citizenship textbooks, Bureau of Naturalization (6–836).

(14) Additional income tax on railroads in Alaska (2s442).

(15) Ordnance material, proceeds of sales (War) (8s422).

(16) Maintenance and operation of dams and other improvements of navigable waters (8s876).
(17) Construction, irrigation system, Wapato project, Washington, act February 14, 1920 (5s781).
(18) Maintenance, irrigation system (name of project), act August 1, 1914.
(19) Maintenance, irrigation system (name of project), act May 18, 1916.
(20) Maintenance, power system, Flathead Reservation, Mont., act May 10, 1926 (5s796).
(21) Power plant, Coolidge Dam, Ariz., electric-current fund, act March 7, 1928 (5s804.9).
(22) The Oregon & California land-grant fund (4s169).
(23) Redistribution, funds for indigent, Alaska fund (2s109).
(24) Building or purchase of vessels for the Coast Guard from proceeds of sales (2s373).
(25) Rebuilding and improving Coast Guard stations from proceeds of sales (2s363).
(26) Military post construction fund (8s250).
(27) National Guard, section 87, National Defense Act, fiscal year (8–715).
(28) Indian-school improvements, act April 21, 1904 (4x794).
(29) Purchase of lands for landless Indians in California, act March 3, 1925 (4x812).
(30) Payments to States from receipts under mineral leasing act (4s171).
(31) Yuma auxiliary irrigation project, Arizona (4s507).
(32) Alaskan reindeer fund (4s365).
(33) United States naval prison activities fund (7s925).
(34) Injury claims assigned, Veterans' Administration (0s878).
(35) Migratory bird conservation fund (3s362).
(36) Losses on war-risk insurance of American vessels, their cargoes, and so forth, special fund (0s865).
(37) Gas production, helium plants, Bureau of Mines (6s685).
(38) Perry's Victory Memorial (0s727).
(39) Inland and coastwise waterways service fund (8x875).
(40) Five percent funds to States (4s166).

SEC. 5. (a) Effective July 1, 1935, the appropriation accounts appearing on the books of the Government and listed in subsection (b) of this section are abolished, and any unobligated balances under such accounts as of that date shall be covered into the surplus fund of the Treasury. Any appropriations to which expenditures under such accounts have been chargeable heretofore are hereby repealed, effective on such date. To the extent that the annual appropriations, which are hereby authorized to be made from the general fund of the Treasury for the same purposes for which expenditures are now made from said accounts, are insufficient, there are hereby authorized to be appropriated from the general fund of the Treasury such additional amounts as may be necessary, to the extent that the amounts of such receipts are in excess of the amounts appropriated.
(b) (1) Expenses, Cotton Standards Act (3s535).
(2) Classification of cotton, revolving fund (3s320).
(3) Extra compensation for overtime, Immigration Service (6s803).

SEC. 6. (a) Effective July 1, 1935, receipts theretofore authorized to be credited to the appropriation accounts appearing on the books of the Government and listed in subsection (b) of this section shall be deposited into the Treasury of the United States as miscellaneous receipts, and there are hereby authorized to be appropriated from the general fund of the Treasury such amounts as may be necessary for the Patent Office and the Alaska Railroad: *Provided*, That this paragraph shall be subject to section 21 insofar as such section is applicable to Patent Office fees.
(b) (1) Salaries and expenses, Patent Office (6s289).
(2) Alaska Railroad special fund (4s526).

SEC. 7. (a) Effective July 1, 1935, any balances credited to the following appropriation accounts on the books of the Government and listed in subsection (b) of this section shall be covered into the surplus fund of the Treasury, and any appropriations to which expenditures under such accounts have been chargeable heretofore are hereby repealed. Claims or payments chargeable to said accounts, upon proper audit, shall be certified to Congress for appropriation from the general fund of the Treasury, which is hereby authorized.
(b) (1) Prize money to captors (7T987).
(2) Prize money to captors, Spanish War (7T988).
(3) Prize money, Battle of Manila Bay (7T986).
(4) Spanish indemnity, interest (2T062).
(5) Spanish indemnity, principal (2T062.1).
(6) Trust-fund interest for support of free schools in South Carolina.

SEC. 8. Effective July 1, 1935, the appropriation account on the books of the Government entitled "Recreation Fund, Army" (8T078) is abolished and the balance thereof shall be covered into the surplus fund of the Treasury.

SEC. 9. Effective July 1, 1935, (a) the naval-hospital fund (7S815) is abolished, and any unobligated balance therein, as of that date, shall be covered into the surplus fund of the Treasury; (b) moneys theretofore required by law to be collected and paid into the credit of such fund shall be collected and deposited into the Treasury of the United States as miscellaneous receipts; and (c) there are hereby authorized to be appropriated from the general fund of the Treasury, commencing with the fiscal year 1936, for the purposes of the same character as those for which such naval-hospital fund was available prior to July 1, 1935, such sums as annually may be necessary.

SEC. 10. Effective July 1, 1935, all sums received from fines and forfeitures imposed by naval courts martial shall be covered into the Treasury as miscellaneous receipts, and, commencing with the fiscal year 1936, there are authorized to be appropriated from the general fund of the Treasury annually such sums as may be necessary to meet the character of expenses which, prior to July 1, 1935, were chargeable to the account entitled "Navy Fines and Forfeitures (7S984)." Any unobligated balance in such account, as of July 1, 1935, shall be covered into the surplus fund of the Treasury.

SEC. 11. Effective July 1, 1935, (a) the Naval Pension Fund (7t982) is abolished, any unobligated balance therein, as of that date, shall be covered into the surplus fund of the Treasury, and interest on such fund shall cease; (b) moneys theretofore required by law to be paid into such fund shall be deposited into the Treasury of the United States as miscellaneous receipts; and (c) commencing with the fiscal year 1936 annual appropriations in such amounts as may be necessary are authorized from the general fund of the Treasury for the maintenance, operation, and improvement of the Naval Home.

SEC. 12. (a) Effective July 1, 1935, the replacement accounts appearing on the books of the Government and listed in subsection (b) of this section are abolished, and the unobligated balances thereof shall be returned to the surplus fund of the Treasury. All receipts which would have accrued to such replacement accounts, but for their abolition, by reason of sales and transfers of stores, materials, and supplies, shall be covered into the Treasury for credit directly to the current appropriation made for the purchase or acquisition of such stores, materials, and supplies.
(b) (1) Replacing Army transportation (fiscal year) (8–228).
(2) Replacing clothing and equipage (fiscal year) (8–231).
(3) Replacing subsistence of the Army (8s666).
(4) Replacing regular supplies of the Army (fiscal year) (8–234).
(5) Replacing Signal Corps supplies and equipment (fiscal year) (8–545).
(6) Replacing medical supplies (fiscal year) (8–511).
(7) Replacing engineer equipment of troops (fiscal year) (8–315).
(8) Replacing engineer operations in the field (fiscal year) (8–316).
(9) Replacing engineer depots (fiscal year) (8–317).
(10) Replacing ordnance and ordnance stores (fiscal year) (8–425).
(11) Replacing barracks and quarters (fiscal year) (8–209).
(12) Replacing water and sewers at military posts (fiscal year) (8–233).

SEC. 13. Effective July 1, 1935, the amounts received from assessments authorized to be made against national banks to cover the cost of salaries and expenses of national-bank examiners, contingent expenses of the national currency, and for the salaries of Deputy Comptrollers of the Currency and other personnel in the Office of the Comptroller of the Currency, and the amounts received from assessments authorized to be made against the Federal home-loan banks for salaries and expenses of the Federal Home Loan Bank Board, and assessments on carriers under section 14 of the Emergency Railroad Transportation Act of June 16, 1933, shall be covered into the Treasury as miscellaneous receipts. Commencing with the fiscal year 1936 there are authorized to be appropriated annually, from the general fund of the Treasury, such sums as may be necessary to defray the cost of such activities.

SEC. 14. Effective July 1, 1935, the appropriation account. "Unpaid money orders more than one year old" carried on the books of the Government, is hereby abolished, and the balance therein shall be covered into the postal revenues, and any appropriations to which expenditures under such accounts have been chargeable theretofore are hereby repealed. There is hereby authorized to be appropriated from postal revenues such sums as may be necessary to make any expenditures which, but for its abolition, would be chargeable to this account.

SEC. 15. (a) Effective July 1, 1935, such portion of any acts as provide appropriations from the appropriation accounts appearing on the books of the Government and listed in subsection (b) of this section are hereby repealed, and any balances remaining in, or but for this provision would accrue to, such accounts shall be covered into the Treasury of the United States to the credit of the District of Columbia. Any claims accruing on or after July 1, 1935, which but for this section properly would have been charged to these appropriation accounts shall, upon proper audit, be certified to Congress for appropriation, which is hereby authorized.
(b) (1) Militia fund from fines, District of Columbia (DCs592).
(2) Industrial Home School fund, District of Columbia (DCs463).
(3) Sanitary fund, District of Columbia (DCt619).
(4) New site and buildings, Industrial Home School, District of Columbia (DCs460).
(5) Payment to tenants excess rentals recovered by Rent Commission, District of Columbia (DCs087).
(6) Escheated estates relief fund, District of Columbia (DCs612).
(7) Redemption of tax-lien certificates, District of Columbia (DCt618).
(8) Washington special tax fund, District of Columbia (DCt623).
(9) Redemption of assessment certificates, District of Columbia (DCt617).

SEC. 16. (a) On and after July 1, 1935, appropriations for the District of Columbia appearing on the books of the Government and listed in subsection (b) of this section are abolished as such, and so much of the several acts as provide for such appropriations

is amended so as to authorize in lieu thereof annual definite appropriations, estimates for which shall be incorporated in the estimates of annual appropriations for the District of Columbia.

(b) (1) Refunding water rents, etc., District of Columbia (DCx602).

(2) Refunding taxes, District of Columbia (DCx601).

(3) Extension, etc., of streets and avenues, District of Columbia (fiscal year) (DC-114).

SEC. 17. So much of the acts of March 4, 1917, and June 15, 1917 (U.S.C., title 34, sec. 530), as provides for the account "Reserve material, Navy" (7x718), are hereby repealed, and any unexpended balance therein on June 30, 1935, under appropriations provided by such acts, shall be covered into the surplus fund of the Treasury.

SEC. 18. That portion of the act of March 3, 1893 (U.S.C., title 31, sec. 644), which provides that "The accounting officers of the Treasury are hereby authorized to credit the appropriation, 'Pay, miscellaneous', with all receipts for interest on the account of the Navy Department with the London fiscal agents, premiums arising from the sales of bills of exchange, and from any depreciation in the value of foreign coin", is hereby repealed, and hereafter such receipts shall be covered into the Treasury as miscellaneous receipts.

SEC. 19. (a) Effective July 1, 1935, the appropriation accounts appearing on the books of the Government and listed in subsection (b) of this section, as well as appropriation accounts bearing similar titles on the books of the Government, are abolished and any unobligated balances under such accounts as of June 30, 1935, shall be covered into the surplus fund of the Treasury. Any appropriations to which expenditures under such accounts have been chargeable theretofore are hereby repealed. On July 1, 1935, there shall be established on the books of the Government an account to be designated "Unclaimed moneys of individuals whose whereabouts are unknown", and there are authorized to be appropriated such sums as may be necessary to meet any expenditures of the character now chargeable to the appropriation accounts abolished by this section. The Secretary of the Treasury shall submit with his annual estimates of appropriations an amount necessary to meet expenditures properly chargeable to this account.

(b) (1) Unclaimed moneys, Food Administration (0t548).

(2) Unclaimed moneys of individuals whose whereabouts are unknown (Veterans' Administration) (0t881).

(3) Unclaimed moneys of former patients, Veterans' Administration hospital (0t879).

(4) Unclaimed moneys of individuals whose whereabouts are unknown (relief of American citizens in Europe) (0t542).

(5) Unclaimed moneys of individuals whose whereabouts are unknown (Interior, civil) (4t033).

(6) Unclaimed moneys of individuals whose whereabouts are unknown (Justice) (1t755).

(7) Unclaimed moneys of individuals whose whereabouts are unknown (Labor) (6t750).

(8) Unclaimed moneys of individuals whose whereabouts are unknown (Navy) (7t978).

(9) Unclaimed moneys of individuals whose whereabouts are unknown (State) (1t554).

(10) Unclaimed moneys of individuals whose whereabouts are unknown (Treasury) (2t080).

(11) Unclaimed moneys of individuals whose whereabouts are unknown (War) (8t117).

(12) Unclaimed individual Indian moneys (5t009).

(13) Unclaimed funds of discharged patients, St. Elizabeths Hospital (4t548).

(14) Return of unclaimed money deposited by clerks of courts (1x792).

(15) Outstanding liabilities, lands (4t184).

(16) Return of subscriptions to Liberty Bond issues placed through American consulates (1T631).

(17) Return of subscriptions to Liberty Bond issues by civilian employees of Naval Establishment (7t979).

(18) Refund to depositors, excess licenses, under section 10 (c), Trading With the Enemy Act (0T523).

(19) Return of subscriptions to Liberty Bond issues placed through the postmaster at Philadelphia, Pa. (9t340).

(20) Unclaimed funds of Federal prisoners (1t952).

SEC. 20. (a) Effective July 1, 1935, the appropriation accounts appearing on the books of the Government and listed in subsection (b) of this section, as well as appropriation accounts bearing similar titles on the books of the Government, are abolished, and any unobligated balances under such accounts as of June 30, 1935, shall be covered into the surplus fund of the Treasury. Any appropriations to which expenditures under such accounts have been chargeable theretofore, are repealed. On such latter date there shall be established on the books of the Government an account to be designated "Refund of moneys erroneously received and covered", and there is authorized to be appropriated such sums as may be necessary to meet any expenditures of the character now chargeable to the appropriation accounts herein abolished and other collections erroneously received and covered which are not properly chargeable to any other appropriation. The Secretary of the Treasury shall submit with his annual estimates of appropriations an amount necessary to meet expenditures properly chargeable to this account: *Provided*, That this authority shall not be deemed to apply to any refunds which, under existing law, may be charged to any accounts for which separate provision is made in this act.

(b) (1) Refunding moneys erroneously received and covered (Navy) (7x972).

(2) Refunding moneys erroneously received and covered (Industrial Alcohol) (2x445).

(3) Refunding moneys erroneously received and covered (War) (8x191).

(4) Refunding moneys erroneously received and covered (State) (1x552).

(5) Refunding moneys erroneously received and covered (Customs) (2x323).

(6) Refunding moneys erroneously received and covered (Treasury) (2x088).

(7) Refunding moneys erroneously received and covered (Justice) (1x791).

(8) Refunding moneys erroneously received and covered (Commerce) (6x050).

(9) Refunding moneys erroneously received and covered (Agriculture) (3x010).

(10) Refunding moneys erroneously received and covered (Labor) (6x741).

(11) Refunding moneys erroneously received and covered (Interior) (4x032).

(12) Refund of tonnage taxes and light dues to citizens of Philippine Islands (6x053).

(13) Refunding passport fees (1x551).

(14) Repayment for lands erroneously sold (4x161).

(15) Refunding penalties or charges erroneously exacted (Customs) (2x325).

(16) Refunding penalties or charges erroneously exacted (State) (1x552).

(17) Refunding penalties or charges erroneously exacted (Commerce) (6x052).

(18) Refund to depositors, excess of deposits, national-forests fund (3x208).

(19) Refunding moneys erroneously received and covered (Internal Revenue) (2x434).

SEC. 21. Effective July 1, 1935, moneys received as: Patent Office fees; unearned moneys, lands (Interior Department); reentry permit fees (Labor Department); naturalization fees (Labor Department); and registry fees (Labor Department); and held in the official checking accounts of disbursing officers, shall be deposited in the Treasury of the United States to approximately designated trust-fund accounts and shall be available for refunds, and for transfer of the earned portions thereof into appropriate receipt-fund titles on the books of the Government: *Provided*, That any other unearned moneys carried in official checking accounts of disbursing officers or other accountable officers (including clerks and marshals of United States district courts), including quasi-public moneys and donations administered by officers of the United States by virtue of their official capacity, shall be deposited similarly into the Treasury as trust funds and are hereby made available for disbursement under the terms of the trust.

SEC. 22. (a) The funds appearing on the books of the Government and listed in subsection (b) of this section shall be classified on the books of the Treasury as trust funds. All moneys accruing to these funds are hereby appropriated, and shall be disbursed in compliance with the terms of the trust. Hereafter moneys received by the Government as trustee analogous to the funds named in subsection (b) of this section shall likewise be deposited into the Treasury as trust funds with appropriate title, and all amounts credited to such trust-fund accounts are hereby appropriated and shall be disbursed in compliance with the terms of the trust: *Provided*, That, effective July 1, 1935, expenditures from the trust funds "Soldiers' Home, permanent fund" (8T184) and "Policemen and Firemen's relief fund, District of Columbia" (DCt614) shall be made only in pursuance of appropriations annually made by Congress, and such appropriations are hereby authorized: *Provided further*, That personal funds of deceased inmates, Naval Home, now deposited with the pay officer of the Naval Home, shall be deposited in the Treasury to the credit of the trust-fund account "Personal funds of deceased inmates, Naval Home" (7t989): *Provided further*, That on June 30 of each year there shall be covered into the surplus fund of the Treasury such portion of the balances in any trust-fund account hereinbefore or hereafter listed or established which have been in any such fund for more than 1 year and represent moneys belonging to individuals whose whereabouts are unknown, and subsequent claims therefor shall be disbursed under the appropriation account "Unclaimed moneys of individuals whose whereabouts are unknown", authorized to be established in section 19 of this act.

(b) (1) Philippine special fund (Customs duties) (2s332).

(2) Philippine special fund (Internal Revenue) (2s443).

(3) Unclaimed condemnation awards, Treasury Department (2t921).

(4) Naval reservation, Olongapo civil fund (7s967).

(5) Personal funds of deceased inmates, Naval Home (7t989).

(6) Return to deported aliens of passage money collected from steamship companies (6t749).

(7) Vocational rehabilitation, special fund (0c980).

(8) Library of Congress gift fund (0c260).

(9) Library of Congress trust fund, investment account (0c249).

(10) Library of Congress trust fund, income from investment account (0c246).

(11) Library of Congress trust fund, permanent loan (0c248).

(12) Relief and rehabilitation, Longshoremen's and Harbor Workers' Compensation Act (0t476).

(13) United States Government life-insurance fund, Veterans' Administration (0t875).

(14) Cooperative work, Forest Service (3c209).

(15) Wages and effects of American seamen, Department of Commerce (6t055).
(16) Pension money, St. Elizabeths Hospital (4t545).
(17) Personal funds of patients, St. Elizabeths Hospital (4t546).
(18) National Park Service, donations (4c470).
(19) Purchase of lands, national parks, donations (4c408).
(20) Extension of winter-feed facilities of game animals of Yellowstone National Park, donations (4c410).
(21) Indian moneys, proceeds of labor, agencies, schools, etc. (5t301).
(22) Funds of Federal prisoners (1t951).
(23) Commissary funds, Federal prisons (1t953).
(24) Pay of the Navy, deposit fund (7t980).
(25) Pay of Marine Corps, deposit fund (7t981).
(26) Pay of the Army, deposit fund (8t183).
(27) Preservation birthplace of Abraham Lincoln (4c395).
(28) Funds contributed for flood control, Mississippi River, its outlets and tributaries (8c961.86).
(29) Funds contributed for flood control, Sacramento River, Calif. (8c946.54).
(30) Effects of deceased employees, Treasury Department (2t089).
(31) Money and effects of deceased patients, Public Health Service (2t607).
(32) Effects of deceased employees, Department of Commerce (6t054).
(33) Topographic survey of the United States, contributions (6c303).
(34) National Institute of Health, gift fund (2c616).
(35) National Institute of Health, conditional gift fund (2c617).
(36) Patients' deposits, United States Marine Hospital, Carville, La. (2t623).
(37) Estates of deceased personnel, War Department (8t180).
(38) Estates of deceased soldiers, United States Army (8t189).
(39) Effects of deceased employees, Department of Interior (4t029).
(40) Fredericksburg and Spotsylvania County Battlefields memorial fund (8c813).
(41) Petersburg National Military Park fund (8c814).
(42) Gorgas Memorial Laboratory quotas (1c304).
(43) Contributions to International Boundary Commission, United States and Mexico (1c398).
(44) Salvage proceeds, American vessels (1t581).
(45) Wages due American seamen (1t630).
(46) Federal Industrial Institution for Women, contributions for chapel (1c948).
(47) General post fund, National Homes, Veterans' Administration (0t930).
(48) Repatriation of American seamen (1s555).
(49) Expenses, public survey work, general (4s172).
(50) Expenses, public survey work, Alaska (4s173).
(51) Funds contributed for improvement of roads, bridges, and trails, Alaska (4c528).
(52) Protective works and measures, Lake of the Woods and Rainy River, Minn. (8s863).
(53) Washington redemption fund (DCt622).
(54) Permit fund, District of Columbia (DCt615).
(55) Unclaimed condemnation awards, National Capital Park and Planning Commission, District of Columbia (DCt629).
(56) Unclaimed condemnation awards, Rock Creek and Potomac Parkway Commission, District of Columbia (DCt620).
(57) Miscellaneous trust-fund deposits, District of Columbia (DCt613).
(58) Surplus fund, District of Columbia (DCt621).
(59) Relief and rehabilitation, District of Columbia Workmen's Compensation Act (DCt604).
(60) Teachers' retirement-fund deductions (DCt624).
(61) Inmates' fund, workhouse and reformatory, District of Columbia (DCt605).
(62) Soldiers' Home, permanent fund (8t184).
(63) Policemen and firemen's relief fund, District of Columbia (DCt614).
(64) Chamber Music Auditorium, Library of Congress (0s259).
(65) Bequest of Gertrude Hubbard (0t256).
(66) Puerto Rico special fund (Internal Revenue).
(67) Miscellaneous trust funds, Department of State.
(68) Funds contributed for improvement of (name of river or harbor).
(69) Funds advanced for improvement of (name of river or harbor).
(70) Funds contributed for Indian projects.
(71) Miscellaneous trust funds of Indian tribes.
(72) Ship's stores profits, Navy (7s985).
(73) Completing surveys within railroad land grants (4t186).
(74) Memorial to Women of World War, contributions (0c075).
(75) Funds contributed for Memorial to John Ericsson (0s163).
(76) American National Red Cross Building, contributions (0c426).
(77) Expenses of Smithsonian Institution, trust fund (principal) (0t596).
(78) Civil Service Retirement and Disability Fund (0t843).
(79) Canal Zone Retirement and Disability Fund (0t850).
(80) Foreign Service Retirement and Disability Fund (1t560).
(81) Estates of decedents, Department of State, trust fund (1t580).
(82) Funds due incompetent beneficiaries, Veterans' Administration (0t852).
(83) To promote the education of the blind (principal) (2t092).
(84) Paving Government road across Fort Sill Military Reservation, Okla. (8c664).
(85) Bequest of William F. Edgar, Museum and Library, office of Surgeon General of the Army (8c504).
(86) Funds contributed for flood control (name of river, harbor, or project).
(87) Teachers' retirement-fund deductions, District of Columbia (DCt624).
(88) Teachers' retirement fund, Government reserves, District of Columbia (DCt627).
(89) Matured obligations of the District of Columbia (2t070).

SEC. 23. Hereafter all checks drawn on the Treasurer of the United States shall be payable only until the close of the fiscal year next following the fiscal year in which such checks were issued, and the amounts of all such checks properly due and payable which have not been presented for payment within such period shall be deposited into the Treasury to the credit of a trust fund account entitled "Outstanding liabilities (fiscal year)", designated by fiscal years in which the checks were issued. The balances in the outstanding liabilities account now carried on the books of the Government, representing the amounts of unclaimed checks, shall be transferred to the account "Outstanding liabilities, 1934", and any balances remaining therein, or in any succeeding fiscal year account, unclaimed for 2 fiscal years after the deposit therein shall be covered into the surplus fund of the Treasury: *Provided*, That the balances to the credit of the outstanding liabilities account of any fiscal year which has not been covered into the surplus fund of the Treasury shall be available to pay claims on account of any check, the amount of which has been included in any balance so covered into the surplus fund.

SEC. 24. So much of the act of August 18, 1894 (U.S.C., title 43, sec. 863), as authorizes the Governors of the States therein named to advance money from time to time for the survey of certain townships located within such States, which money shall be reimbursable, is hereby repealed.

SEC. 25. All amounts received by the Government as liquidated damages and collections received as recoveries for erroneous and/or overpayments shall not be available for expenditure but shall be covered into the Treasury as miscellaneous receipts.

SEC. 26. Moneys in, or payable into, the registry of any United States court, in the discretion of the court, may be deposited in official checking accounts with the Treasurer of the United States, subject to disbursement on order approved by the court.

SEC. 27. The Comptroller General of the United States shall cause a survey to be made of all inactive and permanent appropriations and/or funds on the books of the Government and also funds in the official custody of officers and employees of the United States, in which the Government is concerned, for which no accounting is rendered to the General Accounting Office; and he shall submit to the Congress annually, in a special report, his recommendations for such changes in existing law relating thereto, as, in his judgment, may be in the public interest.

SEC. 28. The provisions of this act shall not be construed to alter or amend any existing authorization for an appropriation.

SEC. 29. All acts and/or parts of acts inconsistent or in conflict with the provisions of this act are hereby repealed to the extent of such inconsistency or conflict.

SEC. 30. The short title of this act shall be the "Permanent Appropriation Repeal Act, 1934."

The SPEAKER. Is a second demanded?

Mr. GOSS. Mr. Speaker, I am not opposed to the bill, but in order that we may have a hearing I demand a second.

Mr. GRIFFIN. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

Mr. GRIFFIN. Mr. Speaker, this is a rather long bill, covering nearly every agency of the Government. I expect to explain it, and there may be many questions asked which will need an answer. I therefore ask unanimous consent that the time be extended to 40 minutes on a side.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. BRITTEN. Reserving the right to object, and I may not object, there are a number of important bills scheduled for consideration this afternoon.

Mr. BLANTON. Will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. BLANTON. This bill, as my colleague knows, will stop 367 back-door appropriations that come out of the back door of the Treasury. Nothing could be more important than this bill, as it will save millions of dollars annually.

Mr. BRITTEN. The gentleman from Texas has convinced me already.

Mr. BLANTON. The gentleman from New York [Mr. GRIFFIN] has done wonderful work on the bill.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, I believe it is fundamentally wrong to ask an extension of time on motions to suspend the rules. I believe 40 minutes is ample time.

Mr. GRIFFIN. Mr. Speaker, I am indifferent as to the length of time given to the bill. I thought I would leave it to the convenience of the House and ask for an extension; but if there is objection, I withdraw the request.

The SPEAKER. The gentleman from New York is recognized for 20 minutes.

CURRENCY RESERVE—PHILIPPINE ISLANDS

Mr. McDUFFIE. Will the gentleman yield to me for a moment?

Mr. MILLARD. Mr. Speaker, I make the point that no quorum is present.

Mr. McDUFFIE. Will the gentleman withhold that for a moment?

Mr. MILLARD. I will.

Mr. McDUFFIE. Mr. Speaker, the bill H.R. 9459 was referred to the Committee on Ways and Means. It is a companion bill to the one that the Committee on Insular Affairs has reported out dealing with the currency reserve of the Philippine Islands. I have discussed this with the ranking member, in the absence of the Chairman of the Ways and Means Committee, and it is thoroughly satisfactory to him to have it referred to the Committee on Insular Affairs. The Department requested it, in view of the fact that the same subject has been handled by the Committee on Insular Affairs. I ask that the bill be rereferred to the Committee on Insular Affairs, not that the committee is seeking additional work.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. MARTIN of Massachusetts. What committee has the bill?

Mr. McDUFFIE. The Committee on Ways and Means.

Mr. MARTIN of Massachusetts. And the gentleman wishes it referred to the Insular Affairs Committee?

Mr. McDUFFIE. Yes; I am making that request.

Mr. MARTIN of Massachusetts. Has the gentleman discussed it with the Chairman of the Ways and Means Committee?

Mr. McDUFFIE. As I said, I have discussed it with the ranking member in the absence of the chairman, and also with another member of the Ways and Means Committee, and there is no objection. It is not of great importance.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have no objection.

The SPEAKER. Is there objection.

There was no objection.

CALL OF THE HOUSE

Mr. MILLARD. Mr. Speaker, I suggest the absence of a quorum and make the point of order that there is no quorum present.

The SPEAKER. The gentleman from New York makes the point of order that there is no quorum present. Evidently there is not.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 138]

Allen	Brooks	Cooper, Ohio	Ellenbogen
Allgood	Brown, Mich.	Corning	Fiesinger
Andrew, Mass.	Brumm	Crosby	Fitzgibbons
Andrews, N.Y.	Bulwinkle	Crowe	Flannagan
Ayers, Mont.	Burke, Calif.	Culkin	Foulkes
Bacon	Cannon, Wis.	Darrow	Frear
Bakewell	Carley, N.Y.	Delaney	Fulmer
Beam	Carpenter, Nebr.	Dingell	Gifford
Beck	Cary	Douglass	Greenwood
Beedy	Cavicchia	Doutrich	Griswold
Berlin	Celler	Doxey	Guyer
Boehne	Chapman	Eagle	Hamilton
Boland	Claiborne	Eaton	Hart
Bolton	Coffin	Edmonds	Harter
Hartley	McLean	Reid, Ill.	Sullivan
Hill, Knute	McSwain	Rogers, Mass.	Swank
Jeffers	Marland	Rogers, N.H.	Sweeney
Jenckes, Ind.	Mead	Rogers, Okla.	Swick
Kennedy, Md.	Milligan	Romjue	Taylor, Tenn.
Kennedy, N.Y.	Muldowney	Sadowski	Traeger
Kerr	Musselwhite	Schaefer	Turpin
Kramer	Nesbit	Schuetz	Utterback
Lamneck	Norton	Schulte	Wadsworth
Lanham	O'Brien	Shoemaker	Waldron
Larrabee	O'Connell	Simpson	Walter
Lehlbach	O'Malley	Snell	Weaver
Lemke	Pierce	Snyder	Williams
Lesinski	Prall	Somers, N.Y.	Withrow
Lundeen	Ransley	Stalker	
McClintic	Rayburn	Stokes	
McFadden	Reece	Strong, Pa.	

The SPEAKER. Three hundred and eight members have answered to their names, a quorum.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

PERMANENT APPROPRIATIONS

The SPEAKER. The gentleman from New York [Mr. GRIFFIN] is recognized for 20 minutes.

Mr. GRIFFIN. Mr. Speaker, this bill (H.R. 9410) is the first bill that has emanated from the Subcommittee on Permanent Appropriations of the Committee on Appropriations since 1914.

It is the culmination of a feeling of resentment which for several years has been manifesting itself in both Houses of Congress against the growth of permanent, automatic, and mandatory appropriations made by past Congresses to permit millions of dollars to go out of the back doors of the Treasury without the concurrence or consent of sitting Congresses.

Last year, the Senate in an amendment to the Treasury appropriation bill cut them out with one fell swoop of the ax. In conference, however, the amendment was withdrawn when the Senate conferees were informed that this Subcommittee on Permanent Appropriations of the House was making an intensive study of the subject.

For many years, the existence of these appropriations was not even mentioned in the annual estimates. Lately, all reports on departmental appropriation bills carried a summary of permanent appropriations affecting the respective departments but the summaries were far from complete.

For instance, the 1934 Budget estimates revealed 115. In the 1935 Budget there appeared 117.

In our researches we unearthed 253 more of them and even while we were working on the subject another bill of this character slipped through and is now a law. It is, however, corrected in the present bill.

It is clearly a violation of article I, section 9, subparagraph 7 of the Constitution, which provides:

> No money shall be drawn from the Treasury but in consequence of appropriations made by law; and
>
> A regular statement and account of the receipts and expenditures of all public money shall be published from time to time.

It ought to be emphasized that not only do permanent appropriations violate the spirit and intent of the Constitution but in the process of administration of the vast majority of them the mandate to make "a regular statement and account of the receipts and expenditures" is utterly ignored.

If that mandate was ever at any time observed, it is certain that for many years Congress has never had furnished it by the disbursing agencies any such regular statement or account of receipts and expenditures.

It is maintained that neither by ethics, by logic, nor by constitutional authority has any one Congress the right to bind the hands of posterity by the enactment of laws mandatorily calling for automatic withdrawals from the Federal Treasury without annual examination, approval, and supervision of succeeding Congresses.

It is the conclusion of the committee, after hearing numerous witnesses, that permanent appropriations are a vicious usurpation and invasion of the rights of sitting Congresses; that they complicate bookkeeping in the office of the Treasurer and the Division of Bookkeeping and Warrants of the

Treasury Department; make auditing in the Comptroller General's Office difficult; conceal from Congress many avenues of receipts and expenditures (which in itself is an invitation to extravagance), and, for lack of proper annual disclosure, make the work of the appropriations subcommittees conjectural and uncertain—many of the agencies of our Government receiving these invisible permanent allotments, as well as annual appropriations, for the same purposes.

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. GRIFFIN. I prefer to answer questions when I have concluded my main statement.

This vicious practice of usurping the rights of succeeding Congresses has been going on since 1799. In 1910 Congress revolted for a time. A subcommittee of the Committee on Appropriations, headed by Mr. George R. Maltby, was appointed to look into the matter, and upon his recommendation the sundry civil appropriation bill of June 25, 1910, repealed the permanent appropriations for the Steamboat Inspection Service and the Shipping Service. Also, the Customs Service, which had been half permanent and half annual, was, under the act of May 24, 1912, put on an annual basis. That was all that was done at that time. That is as far as they were willing to go.

Then Mr. William P. Borland, of Missouri, was appointed the head of the subcommittee on permanent appropriations, and he made an extensive and exhaustive study of this subject, particularly on reclamation, and as a result of his labors, under the act of August 13, 1914, the Reclamation Service was put on an annual basis. (A more detailed history of the background is to be found in the introduction on page 1 of the hearings.)

Last year a committee was appointed by the then head of the Appropriations Committee, the Honorable JOSEPH W. BYRNS, now our esteemed majority leader, consisting of myself as chairman, Mr. William C. Wright, now deceased, Mr. W. W. Hastings, Mr. Louis Ludlow, Mr. Michael J. Hart, Mr. Burton L. French, Mr. Frank Murphy, and Mr. John Taber. This committee held a number of hearings, but the Seventy-second Congress adjourned before it got fairly started. Those who survive and are in Congress today are Mr. HASTINGS, Mr. LUDLOW, Mr. HART, Mr. TABER, and myself. Thanks are due them for their help in beginning this difficult task.

In the present Seventy-third Congress the Chairman of the Committee on Appropriations, the Honorable JAMES P. BUCHANAN, appointed a subcommittee on permanent appropriations, consisting of myself as chairman, Mr. MCMILLAN, Mr. PARKS, Mr. CARY, Mr. GOSS, and Mr. WIGGLESWORTH, and we began our study of these permanent appropriations as soon as we could get down to it after the members of the committee had finished their work on other subcommittees. At this point I want to pay my sincere tribute to the activity and energy and loyalty of the members of this committee in the preparation of the agenda under which the hearings were held, and in the preparation of the bill. I have never seen a committee that worked so hard and so studiously, attentively, as this committee on permanent appropriations, and the bill which I present to you today has their unanimous support, as well as that of the entire Committee on Appropriations. I also pause to pay tribute to the clerks in the Committee on Appropriations. Mr. Jack McFall, who worked with us during the hearings, prepared the witnesses and got the program out for each day. He worked far into the night. Also I pay tribute to Mr. James Scanlon, who prepared the cross-reference indices to these hearings. They deserve the highest praise for their industry and devotion.

Letters were sent out to each department and Government agency for precise information which, when received, formed the basis of the examination.

Much time was thereby saved. The examination was kept within proper limits, and no witness was taken by surprise.

The hearings contain nearly a thousand pages and embody a history of every permanent appropriation from 1799 down to within the past month.

THE INDICES

The indices to which I have referred will enable you to find at a moment's notice any permanent appropriation. First is the agenda number, then the department it refers to, then the page of the hearings. Then the cross-reference index, which gives the title of the permanent appropriation, the department to which it refers, the page number of the hearings, and the agenda number. Furthermore, in appendix A there is a fiscal breakdown of these permanent appropriations. In appendix B there is a historic alinement of all these permanent appropriations from 1799, giving the name, the type of the appropriation, the date of the original act, and the amendatory legislation.

THE BUDGET DIRECTOR APPROVES

Not only is this a unanimous report from the Committee on Appropriations itself, but it has the approval of the Budget officer in a letter which he wrote to me, as follows:

BUREAU OF THE BUDGET,
Washington, May 4, 1934.

MY DEAR CONGRESSMAN GRIFFIN: In response to your telephone message, I have to advise that the bill (H.R. 9410) providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes, is in accord with the financial program of the President. The bill will go a long way toward simplifying the bookkeeping of the Treasury Department and the preparation of the Budget, and will, I am sure, have the effect of materially reducing the expenditures of Government.

Yours very truly,

L. W. DOUGLAS, *Director.*

Now, coming to the bill itself, it is rather a long bill, containing a great many items. I want to put in the RECORD at this point an index of the annotations or symbols used in the bill for convenience of reference.

(The statement is as follows:)

SYMBOLS USED IN THE BILL

(Each item of the bill is identified on the books of the Government by a group of figures and letters.)

First numbers

0. Legislative, executive and independent offices.
1. Justice Department.
2. Treasury Department.
3. Agriculture Department.
4. Interior Department (proper).
5. Interior Department (Indian).
6. Commerce Department.
7. Navy Department.
8. .001 to 899 War Department (proper).
8. X900.01 to 8X999.99 War Department (river-and-harbor projects).
9. X001 to 9X099 (Panama Canal).
9. 100 to 9–349 Post Office Department.
DC–001 to DC–650. District of Columbia.

Mr. GRIFFIN. The first digit thus represents the department; the second letter represents the character of the fund. Thus "x" represents "general funds"; "s" represents "special funds"; "c" represents "contributed funds"; and "t" represents "trust funds", while a dash (—) represents the fiscal year.

Now, taking at random an entry in the bill, page 16 of the bill, line 8, subdivision 3: "Replacing subsistence of the Army", you will see the figures 8s666, which means the War Department, special fund, and number of the account. The figure "8" stands for the War Department wherever it is used. "s" means the special fund, and "666" is the title of the account. So on through the others. They are all described by Treasury symbols which they have adopted in their books, and which identify them more particularly than a reference to the law itself, but the laws themselves are set out in full in the index at the end of the hearings.

Mr. DOWELL. Will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. DOWELL. No doubt the committee has given this matter very careful consideration and has devoted a great deal of time to the preparation of the bill, but those of us who have not had an opportunity to investigate it as the

committee has done, of course, must accept the report of the subcommittee. May I ask if, in repealing the appropriation, the law has been repealed which would authorize these annual appropriations?

Mr. GRIFFIN. Generally only the part of the law that makes the appropriation has been repealed. All of the items repealed in the first section have been recommended by the respective departments. The laws repealed are obsolete.

Mr. DOWELL. And your committee has confined itself to the repeal of the appropriation?

Mr. GRIFFIN. Yes; except where we repeal laws that are obsolete.

Mr. DOWELL. That is, the permanency of the appropriation?

Mr. GRIFFIN. Yes.

Mr. GOSS. In all instances except two or three here, and in the others we have repealed the entire law, and not even left the authorization where it has become evident to the department that it is no longer necessary.

Mr. DOWELL. That is what I wanted to get at.

Mr. PETTENGILL. Will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. PETTENGILL. Will the gentleman state in the aggregate the total number of dollars that have been disbursed annually under these various items not covered by annual appropriations?

Mr. GRIFFIN. You will find that in appendix A, at the back of the hearings.

Mr. PETTENGILL. About how much is it?

Mr. GRIFFIN. It amounts to over $2,000,000,000.

Mr. PETTENGILL. I congratulate the gentleman and his committee upon the splendid work they have done.

Mr. GRIFFIN. At this point I want to insert a summary of the bill and also a table of the items excluded:

SUMMARY OF THE BILL H.R. 9410

Section 1. Sixteen items, all dead or obsolescent, all therefore repealed.

Section 2. Balances in certain accounts transferred to surplus fund of Treasury and authorizations made in identical terms and amounts as now provided by the permanent appropriations repealed.

Section 3. Accounts, largely inactive, repealed and unobligated balances covered into the Treasury.

Section 4. Special funds abolished. Authorizes excess over receipts to be appropriated following year.

Section 5. Special funds abolished. Authorizes excess over receipts to be appropriated in same year.

Section 6. Patent Office and Alaska Railroad. Special funds abolished; revenue to go to miscellaneous receipts.

Section 7. Prize money to captors; $485,000 remains in these accounts to go into surplus funds of Treasury. Also similar items to be treated in same way.

Section 8. Recreation fund, army $800,000; $32,000 represents Stars and Stripes fund. All covered into Treasury.

Section 9. Naval Hospital Fund from six sources; to be covered into the surplus fund of Treasury.

Section 10. Receipts of fines and forfeitures imposed by naval courts martial covered into Treasury.

Section 11. Naval pension fund. Found a fiction. Abolished. Matter is now a subject of annual appropriations.

Section 12. Replacement of transportation, clothes, medical supplies, ordnance, and so forth. Credits receipts to current appropriation.

Section 13. National-bank examiners; contingent expenses of the national currency; salaries of deputy comptroller and office; Home Loan Bank Board and assessments on railroads; special funds derived from assessments abolished and made subject of annual appropriation.

Section 14. Unpaid money orders—similar to paragraph 2—abolished. Balance unexpended covered into Treasury.

Section 15. District of Columbia items, similar to group in section 1, except they go into the Treasury to the credit of the District of Columbia (dead accounts).

Section 16. Refunding water rents, taxes, and so forth, District of Columbia. Made subject to annual appropriation.

Section 17. Naval Reserve material account (a war-time account) repealed (balance ($28,000) inactive).

Section 18. Certain receipts heretofore credited to "Pay miscellaneous" (Navy) repealed.

Section 19. Unclaimed moneys—establishes a new account on books of Government to be designated "Unclaimed moneys of individuals whose whereabouts are unknown."

Section 20. Establishes new accounts on books of Government to be designated "Refund moneys erroneously received and covered."

Section 21. Unearned moneys held in official checking accounts of disbursing officers abolished and shall be charged to appropriately designated trust funds in Treasury, to wit, patent fees, unearned moneys, lands (Interior Department), reentry permit fees (Labor Department), naturalization fees (Labor Department), and registry fees (Labor Department).

Section 22. Establishes and confirms certain trust accounts, bringing them under supervision of Congress and directing that they be expended in compliance with the terms of the trust.

Section 23. Confining negotiability of checks drawn on Treasury to 1 year. Establishes a trust fund entitled "Outstanding liabilities, 1934."

Section 24. Advance of moneys by Governors of States for land surveys. Repealed.

Section 25. Moneys due the Government for overpayments, and so forth, shall not be available for expenditures, but shall be covered into the Treasury as miscellaneous receipts.

Section 26. Moneys in courts may be deposited in official checking accounts with the Treasurer of the United States, subject to disbursement on order approved by the court.

Section 27. The Comptroller General shall cause a survey of all inactive or permanent appropriations or funds.

Section 28. Saving clause, not to alter or amend any existing authorization.

Section 29. All acts inconsistent with repealed.

Section 30. Short title.

(The table referred to is as follows:)

Items excluded

Name of appropriation account	Type of fund	Reasons for not including item in the bill
Farm Credit Administration:		
Emergency farm credit relief	Special fund	Recently created—no hearing.
Joint stock land bank liquidation and emergency funds	do	Do.
Farm mortgage loans	do	Do.
Interior Department:		
Cooperative vocational education in agriculture	Permanent specific	Reason assigned in report.
Cooperative vocational education in trades and industry	do	Do.
Cooperative vocational education teachers, etc	do	Do.
Colleges for agriculture and mechanic arts	do	Do.
Shipping Board: Construction loan fund	Special fund	Revolving fund for loans.
Agriculture Department:		
Processing tax funds	do	A.A.A. Act is temporary.
Agricultural extension work	Permanent specific	Reason assigned in report.
Interior Department:		
Boulder Dam fund	Special fund	Revolving fund, self-liquidating project.
Reclamation fund	do	Annually appropriated for.

Items excluded—Continued

Name of appropriation account	Type of fund	Reasons for not including item in the bill
Navy Department:		
Clothing and small stores fund	Special fund	Working funds—already have control over their operation through annual appropriations.
Navy supply account	do	Do.
Navy working fund	do	Do.
Veterans' Administration: Adjusted-service certificate fund	do	Held in trust.
Postal revenues fund	do	In class by itself.
Treasury Department:		
Sinking fund	Permanent indefinite	Wholly a matter of bookkeeping.
Interest on the public debt	do	
Miscellaneous items connected with debt refunding	do	

Mr. McCORMACK. Will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. McCORMACK. I notice there is some feeling of disturbance with reference to the retirement fund; that is, those who have had deductions from their pay and which now stands to their credit, and whose services have been severed for reasons other than for cause, and who are allowing the money to remain in there.

Mr. GRIFFIN. I understand what the gentleman is referring to. He is referring to an article in the Washington Herald today?

Mr. McCORMACK. Yes; exactly.

Mr. GRIFFIN. Now, that article is not strictly veracious. When I saw it I sent for Mr. Alcorn, who is legislative agent for the employees, and he said that the bill was perfectly satisfactory to him; that he understands that this transfer of accounts in the Treasury for moneys due to persons separated from the service, and who have disappeared for a time, is perfectly proper. It keeps the money in the Treasury and makes it possible for an individual to obtain his money when he turns up to claim it. The civil-service fund, the pension fund, and all other funds are amply protected by the terms of this bill. We have not impaired or threatened a single one of them.

At the present time the money may be paid out by the disbursing officer's department on inadequate proof with consequent risk of forgery and misrepresentation. The claimant now is really benefited by the provisions of this bill.

Mr. McCORMACK. I am concerned whether there is necessity for fear on the part of those who might have money in the retirement fund that they cannot get it out.

Mr. GRIFFIN. Absolutely not.

Mr. McCORMACK. I wanted that cleared up.

Mr. GRIFFIN. I am glad the gentleman brought the matter to the attention of the House.

[Here the gavel fell.]

Mr. GOSS. Mr. Speaker, I yield the gentleman such additional time as he desires.

TRUST-FUND SECTION

Mr. GRIFFIN. The trust-fund section of the bill covers 89 items and is perhaps one of the most important sections in the bill. There is evidently some confusion as to its interpretation, so it would seem to be proper to make this explanation: The object of this section is to collect all the trust items under one head.

Take, for instance, the item we have just been discussing, namely:

CIVIL SERVICE RETIREMENT AND DISABILITY FUND

This item falls under section 22 and is number 72 on page 32 of the bill. It is identified on the books of the Government by the figures in parentheses, namely "0t843."

I have heretofore explained the significance of the symbols used in identifying the various items on the books of the Government.

The "0" signifies that the item is maintained on the books of the Government under the heading "Legislative, Executive, and Independent Offices." The letter "t" signifies that it is maintained as a "trust fund." That is its present status, and with respect to that item this bill makes no change whatever. The reason why the item is at all mentioned in the bill is to confirm its present classification on the books of the Treasury as a "trust fund." The object is to put all the trust funds in one classification to simplify bookkeeping. It does not impair or reduce the principal of the funds or the provisions of law respecting their disbursement. In fact, the bill unequivocally declares:

All moneys accruing to these funds are hereby appropriated, and shall be disbursed in compliance with the terms of the trust.

No language could make it any clearer.

It will be noted that other items among the 89 in this section of the bill are designated by the letter "s" (meaning special funds). That indicates that they are transferred from "special" status and put in the category of "trust funds."

THE SURPLUS-FUND PROVISO

This proviso of section 22 reads as follows:

Provided further, That on June 30 of each year there shall be covered into the surplus fund of the Treasury such portion of the balances in any trust-fund account hereinbefore or hereafter listed or established which have been in any such fund for more than 1 year and represent moneys belonging to individuals whose whereabouts are unknown, and subsequent claims therefor shall be disbursed under the appropriation account "Unclaimed moneys of individuals whose whereabouts are unknown", authorized to be established in section 19 of this act.

This proviso is simply a time-saving bookkeeping device. Its object is to put all unclaimed money accounts under one head, so that they may be identified on the books of the Government. The transfer does not impair the principal of the fund or make the unclaimed moneys less available. On the contrary, it really makes them more easily identifiable and, if anything, more accessible when the parties who are entitled to them turn up to claim them.

Putting them in the surplus fund is, in fact, a protection to them and removes all danger of their being merged in the general trust fund. So all this talk of confiscation of the employees' contribution to the retirement fund is utterly unfounded and ridiculous.

Further, Mr. Speaker, I wish to assure the House that in every case where a fund is transferred from one account to another to the Treasury in the manner provided in the bill, provision is always made that the original purpose of the act shall not be impaired; for instance, pension moneys, moneys for unknown claimants.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. McCORMACK. In other words, if there is a continuing appropriation of $5,000,000, under the operation of the pending bill, if the Committee on Appropriations thought the activity should have only $3,000,000 for the ensuing fiscal year they could make that recommendation?

Mr. GRIFFIN. No such condition as that may exist. The section I have been discussing deals only with matters where there is a specific sum due to the party in the matter of claims.

Mr. McCORMACK. I am talking about the continuing appropriations—the permanent appropriations.

Mr. GRIFFIN. We do not continue any appropriations.

Mr. McCORMACK. Let us assume that this bill becomes a law, that a person has money in the retirement fund which is covered into the general fund of the Treasury; would it

be necessary in order for the person to get the money back to have a private bill introduced in Congress?

Mr. GRIFFIN. No; we take care of that in the bill.

Mr. McCORMACK. That is taken care of.

Mr. GRIFFIN. That is taken care of.

Mr. CONDON. Mr. Speaker, will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. CONDON. Section 8 of the bill provides that, effective July 1, 1935, the appropriation account on the books of the Government entitled "Recreation fund, Army", is abolished, and the balance thereof shall be covered into the surplus fund of the Treasury.

In the first instance this money did not come from the Federal Treasury, did it?

Mr. GRIFFIN. No; that money came from the Army canteens and entertainment activities conducted by the Army for the benefit of the men. This money is to be used for their entertainment during war time. A part of this item of $800,000 is $32,000 which is called the "Stars and Stripes fund." This money was carried in a private bank. It never was in the Treasury. The Government did not have the benefit of interest on it or the use of it. It did not show up in the possible assets of the Treasury, but was kept in abeyance, kept in the air, so to speak, subject to disbursement by the Secretary of War. My colleague, Mr. Goss, of Connecticut located this item and had it put in a special fund in the Treasury, where its safety was guaranteed. It is now a part of this bill, the only change being to put it in the surplus fund of the Treasury.

Mr. CONDON. By this act we are to cover into the Treasury $800,000 that did not originally come from the United States Treasury but came from profits derived from the operation of agencies of the Government during war time?

Mr. GRIFFIN. Yes.

Mr. CONDON. Is there any provision in the bill for the return of the $800,000 should such an emergency arise again?

Mr. GRIFFIN. Yes; there is in the original law.

Mr. CONDON. Where is it to be found?

Mr. GRIFFIN. The present law itself provides that the money shall be used for recreation in time of war. So, if such an occasion ever arises this money may be made available.

Mr. CONDON. Will it be made available without another act of Congress?

Mr. GRIFFIN. I do not think so under the terms of this bill.

Mr. CONDON. It seems to me that ought to be so.

Mr. GRIFFIN. That is a matter of argument. The committee covered this matter very thoroughly and came to the conclusion that whatever went into the Treasury should not be taken out except by the cognizance, the supervision, and the approval of Congress.

Mr. CONDON. But that was based upon the assumption that the money originally appropriated, or authorized to be appropriated, came out of the Treasury.

Mr. GRIFFIN. There was no such assumption.

Mr. CONDON. But this $800,000 never came out of the Treasury to begin with.

Mr. GRIFFIN. No; but we have safeguarded the fund. As it is under existing law, in the event of war, the fund would be automatically disbursed by any disbursing officer. Now, under the terms of this bill, an appropriation would be required.

Mr. CONDON. What I am interested in is having the $800,000 automatically become available during another emergency.

Mr. GRIFFIN. And we want to get away from these automatic appropriations.

Mr. CONDON. But this money did not come out of the Treasury originally.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. McCORMACK. Existing law specifically provides that this money shall be spent only for recreational purposes in time of war.

Mr. COCHRAN of Missouri. The existing law provides that. We are not repealing that part.

Mr. GRIFFIN. We have to declare war to call upon it. First of all you have to declare war, which would require an act of Congress. Then after you declare war you have to provide for munitions, and so forth, and then coincident with that would come an appropriation providing for the use of the Stars and Stripes fund and the other fund which we have put into the Treasury. The United States Treasury is a better custodian of that money than a private bank.

Mr. CONDON. But this is converted into the general fund of the Treasury.

Mr. GRIFFIN. It is covered into the surplus fund of the Treasury for its protection. Formerly it was kept in private banks, and the committee ascertained it had been used for unauthorized purposes.

Will the gentleman from Connecticut yield me 2 minutes to conclude?

Mr. GOSS. I yield the gentleman 2 additional minutes.

Mr. GRIFFIN. I want to yield 2 minutes to the gentleman from Texas.

Mr. GOSS. Is the gentleman through with his statement?

Mr. GRIFFIN. I am through.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, this bill has the unanimous endorsement of all 35 members of the Committee on Appropriations. May I commend especially the subcommittee headed by the distinguished gentleman from New York, Mr. GRIFFIN, for the hard, able, effective, and valuable work that he and the other Members of the Committee have been doing in bringing out this bill, with the help of the splendid clerk, Mr. Jack McFall, who has been of great assistance to them?

I do not know whether the chairman called attention to this or not, but the bill stops 367 back-door appropriations that for 135 years have been going out of the back door of the Treasury of the United States without any accounting by all to the Congress. Hereafter, they will have to come to Congress every year before they get money. There are only four indeterminate permanent appropriations left after we pass this bill.

May I say, Mr. Speaker, that this is the last Congress in which I shall serve that I will vote for another appropriation of money to be turned over to and spent by somebody else just as they choose, regardless of the wishes of Congress. Hereafter the money that is going to be spent in this Nation that I will help to appropriate is not only going to be controlled by the Congress, but the Congress itself is going to say exactly how the money is going to be spent. [Applause.] We are not going to turn over hundreds of millions of dollars to some Cabinet officer who will arrogantly snap his fingers at Congress, and ignore the wishes of Congress, but we are going to know when, how, and where it is going to be spent. I hope in this new bill, which the distinguished gentleman from Texas [Mr. BUCHANAN] is now preparing, that he will earmark every dollar of the money in order that Congress will know when the bill is passed exactly how the money is going to be spent. [Applause.]

[Here the gavel fell.]

Mr. GOSS. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Speaker, I am in hearty accord with the principle embodied in this legislation. I think that legislation in the general field of permanent appropriations is absolutely essential, and I believe that it can result in the saving of many millions of dollars for the people of this country.

I take this opportunity, as a member of the subcommittee which has had charge of this bill, to pay my tribute to the gentleman from New York [Mr. GRIFFIN] for his painstaking and effective work as chairman of the committee with a view to the presentation of this bill to the House at this time.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. I really think that the House and the country owe a debt of gratitude to the gentleman from Connecticut [Mr. Goss], who has stood on this floor for years protesting against these permanent appropriations. It was his protests that brought about this investigation and the introduction of this bill. I say this on behalf of the gentleman, feeling that we should extend credit where credit is due. [Applause.]

Mr. WIGGLESWORTH. I am glad to join in every word that the gentleman from Missouri has said in respect to my able and forceful colleague from Connecticut, Mr. Goss.

Mr. Speaker, it is an amazing discovery to find that there are today on the Federal statute books no less than 370 so-called "permanent appropriations"—370 pieces of legislation calling for mandatory expenditure in each and every year without any consideration whatsoever by Congress—amounting, according to estimates for the fiscal year 1935, to well over $2,300,000,000.

These automatic appropriations exist because preceding Congresses have seen fit, perhaps without realizing the importance of the matter, to legislate in permanent terms rather than in those of authorization for annual appropriation subject to annual approval by the Congress. They exist also because the several attempts by other Congresses to eliminate them have never been fully consummated.

Sometimes the amounts payable are definitely specified. More often they are left indefinite, being dependent entirely upon the decision of the administrative authority concerned. Payments are made year after year without justification to Congress, without approval or supervision by Congress. They have been aptly characterized as "invisible appropriations."

The existence of these permanent appropriations serves in instance after instance to deprive the Congress of power which it should possess and exercise in the national interest. It serves to conceal the real facts in regard to the receipts and expenditures of the National Government. It serves to complicate bookkeeping and to impede auditing by the appropriate officials of the National Government. Merely to state that there are 370 avenues of appropriation which Congress does not control—370 unguarded doors, if you will, to the Treasury of the United States—is to demonstrate conclusively the urgent necessity of appropriate legislation.

The bill under consideration is directed at the evils referred to. A summary of its provisions appears in a very complete committee report. More detailed information will be found in the nearly 1,000 pages of hearings held in connection with its preparation.

The bill provides for the repeal of certain permanent appropriations no longer required. It impresses upon others a trust status, with authority for expenditure in accordance with the terms of the several trusts. By its principal provisions it aims to substitute for appropriation of permanent character authorization for annual appropriation on an equivalent basis, assuring continuing supervision by Congress.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from New York.

Mr. FITZPATRICK. Could the gentleman give to the Congress any idea as to what the actual saving will be each year from this bill?

Mr. WIGGLESWORTH. The saving is problematical. It depends upon the action of Congress from year to year. It is impossible to state a definite figure, but the door to administrative appropriation is largely closed.

The bill does not deal with all existing permanent appropriations. A few have been excepted for reasons indicated in the report. It does, however, deal with the great bulk of those known to exist at this time, and it does make provision for such further action as may be desirable in the future by requiring an annual survey and special report with recommendations to the Congress by the Comptroller General of the United States. This provision, embodied in section 27 of the bill, assures the opportunity for continuing supervision.

The end in view, as I hope every Member of the House will appreciate, is to reestablish in Congress appropriate control insofar as practicable over every avenue of appropriation.

[Here the gavel fell.]

Mr. GOSS. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. WIGGLESWORTH. I join with the gentleman from Texas in urging upon the Members of the House the importance not only of supporting this principle at this time but also of continuing support to the end that the tendency to create further appropriations of permanent character may be definitely eliminated. [Applause.]

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the gentleman from Kentucky [Mr. CARY].

Mr. CARY. Mr. Speaker, I truly believe this is the most important piece of legislation that has been brought before this Congress. I believe it will do more to protect the Treasury of the United States against raids that are constantly made upon it than any piece of legislation that has been presented here. In short, all this legislation means is to stop these annual, recurring appropriations and to make the Departments come before the Congress and submit their estimates and then have their appropriations set out in an appropriation bill.

Mr. Speaker, you cannot take the Budget of this country now and tell anything about it as long as these appropriations continue. You cannot look at a balance sheet of this Government and tell what it means when we have millions of dollars that are hidden away and go out through the back door by this sort of appropriation.

For instance, this thing is happening which this bill will correct. Up to the last fiscal year, salaries and expenses of national-bank examiners were paid from assessments levied on the national banks, the assessments being permanently appropriated for this purpose. Even the freedom from congressional control that goes with a permanent appropriation was apparently not sufficient latitude to satisfy the administrative officers, for we find a provision in the Banking Act of 1933 that the money derived from these assessments are not Government funds nor appropriated moneys, with a result that the Comptroller of the Currency collects these funds and pays the examiners and fixes their salaries, and Congress never has any supervision over them at all. Thus, in the case of these expenses, Congress has lost not only the right to make annual appropriations, but has surrendered the right to make any appropriations at all. This bill stops that and each year they must come to the Congress and submit an estimate showing what they need and then let the Congress pass upon the appropriation. [Applause.]

This is a real economy measure and will undoubtedly result in a savings of millions of dollars every year to the Federal Treasury. The Subcommittee on Standing Appropriations has spent weeks investigating this subject and the information gathered has been most astounding. A casual reading of the report upon this bill will convince every Member of the House that this bill should pass and these back-door appropriations stopped.

These standing appropriations encourage extravagance in the Departments and various branches of the Government and should not be tolerated. All moneys that go into the Treasury should only be taken out by appropriation of the Congress after having been examined and passed upon by the Appropriations Committee. In this and no other way can proper protection be given to the public funds. I urge you to support this measure. [Applause.]

Mr. GOSS. Mr. Speaker, I yield myself the remainder of the time.

Mr. BUCHANAN. Mr. Speaker, I desire to ask my colleague a question, if he will yield.

Mr. GOSS. I yield to the chairman of our committee.

Mr. BUCHANAN. Does not the gentleman believe that the very fact that the officers who disburse or spend this

money will know they will have to come before the Appropriations Committee and before Congress to justify their actions will have a salutary effect on the efficiency of expenditures?

Mr. GOSS. Absolutely.

Mr. BUCHANAN. This bill extends this protection to all the present permanent appropriations except four in the Federal Government, and does not my colleague believe that there should be some reviewing system followed by the Congress with respect to every cent that is expended by any department or any Government corporation?

Mr. GOSS. I certainly do; and I will say to the chairman of our committee that I hope before this Congress adjourns he will see to it that all the money in the P.W.A. fund is earmarked, and, further than this, that the P.W.A. cannot spend one dollar of Government money unless it has been authorized by the appropriate legislative committee of the House. [Applause.]

I hope we can get this type of legislation presented on the floor here. If we get such legislation and this bill goes over to the other body, if that body will keep it as clean as this committee has—and, believe me, we have had to take it on the chin and have had to do a number of unpopular things in respect of this bill—we will save our Government millions and millions of dollars. I hope the gentleman will use his influence, as I know he will, to help to protect the bill in the other body.

Mr. BUCHANAN. The question I was addressing to the gentleman was this: I believe this bill will go through both Houses of Congress, but we have a good many corporations now organized or being organized that are obligating the Government for vast sums of money and there is no power of review by the Congress. In other words, in my opinion, we ought to have a whip like a school teacher has over his children. We may not have to use it, and I do not think we will, but the fact we have it will make for more efficient administration.

Mr. GOSS. I agree with the gentleman absolutely.

Mr. HASTINGS. Will the gentleman yield?

Mr. GOSS. I yield to my colleague on the committee.

Mr. HASTINGS. Does not the gentleman think it would be in the interest of economy if we would quit making so many lump-sum appropriations and require more details with respect to all of these appropriations, so they will be more closely supervised?

Mr. GOSS. Absolutely. The gentleman is very familiar with the type of appropriations that come to us in every bill and I know he is opposed to appropriations of that kind.

Mr. HASTINGS. I have always opposed them, and I may say to the gentleman that a bill is now pending before the legislative Committee on Indian Affairs asking for lump-sum appropriations instead of itemized appropriations.

Mr. SABATH. Will the gentleman yield?

Mr. GOSS. I yield to the gentleman from Illinois.

Mr. SABATH. Congress has been accused and abused for years for large expenditures when, in fact, millions and millions of dollars have been expended over which Congress has had no control.

Mr. GOSS. That is true, and I want to say right now that this bill ought to pass this House in a few minutes without a dissenting voice. The vote should be unanimous and if we can get it I am going to ask for a division so that another body may see that the vote is unanimous.

[Here the gavel fell.]

The SPEAKER. The question is on the motion of the gentleman from New York to suspend the rules and pass the bill.

The question was taken; and on a division (demanded by Mr. Goss) there were—ayes 230, noes none.

So (two thirds having voted in favor thereof) the rules were suspended and the bill was passed, and a motion to reconsider was laid on the table.

PROMOTION PARITY IN COAST GUARD

Mr. WARREN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8644) to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy.

The Clerk read the bill as follows:

Be it enacted, etc., That section 10, chapter 742, act of July 3, 1926 (44 Stat. 817; U.S.C., title 14, sec. 219), is hereby amended to read as follows:

"Warrant officers of the Coast Guard who have completed or shall hereafter complete 6 years' permanent service as such shall, after passing satisfactorily such examinations as the Secretary of the Treasury may prescribe, be commissioned chief warrant officers shall receive the same pay, allowances, and benefits as officers of the Coast Guard, and such chief warrant officers shall receive the same pay, allowances, and benefits as chief warrant officers of the Navy of like length of service: *Provided*, That a chief warrant officer promoted from the grade of warrant officer shall suffer no reduction in pay by reason of such promotion."

The SPEAKER. Is a second demanded?

Mr. BUCHANAN. I demand a second.

Mr. WARREN. I ask unanimous consent that a second be considered as ordered.

There was no objection.

Mr. WARREN. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, there has always been the greatest admiration for men who "go down to the sea in ships." The history of the United States Coast Guard, both in war and in peace, has been one of the grandest epics of the Nation. I believe as an organization they are closer to the American people than any other branch of the service, and its unsung heroes are on every coast line of our country.

This bill seeks to wipe out the last remaining and only discrimination now existing in law between the Navy and the Coast Guard.

It provides that after a warrant officer in the Coast Guard has completed 6 years of service, upon satisfactory examination he may be promoted to the position of chief warrant officer, as now exists in the Navy.

Now, mind you, before he can become a warrant officer he must have patroled his lonely vigil on those beaches of our coasts for anywhere from 15 to 25 years—before he can reach that grade, and he must remain in that grade at least 6 years before he is entitled to this other promotion.

The cost of this measure is absolutely negligible. The highest it will ever cost is $84,000 a year, and that will not be reached until 1939.

This legislation, gentlemen of the House, is simply a question of fairness. The Coast Guard at the present time is, with the single exception of the warrant officers, organized like the Navy; the same commissioned personnel, in numbers, rank, precedence, privilege, pay, and so forth. That parity holds throughout in the two services except that in the Coast Guard there is omitted this one provision whereby warrant officers may become chief warrant officers. I certainly hope the House will wipe out this discrimination and give justice to these men. [Applause.]

Mr. KVALE. Will the gentleman yield?

Mr. WARREN. I yield.

Mr. KVALE. The gentleman has spoken of the service of these men. Will he tell us what that service is, under what weather, and all those things?

Mr. WARREN. The gentleman knows that every single minute of the night our entire coast is patroled by men making a distance of 2½ to 3 miles, and that it is a hard and terrible life that they lead. They must have served 15 years or more before they can get any warrant. The bill requires that they shall be there at least 6 years before they come into the higher grade.

Mr. CONNERY. Will the gentleman yield?

Mr. WARREN. I yield.

Mr. CONNERY. The sailor, except in time of war, is not in danger. But every time these men go out in a vessel they are in danger of going on the rocks and they risk their lives.

Mr. WARREN. Absolutely.

Mr. BUCHANAN. Mr. Speaker, I yield myself 10 minutes.

No man in this House is a better friend of mine nor I of his than the gentleman who has just spoken, the gentleman from North Carolina [Mr. WARREN]. I have no personal or political interest in this bill, but I feel it my duty as Chair-

man of the Committee on Appropriations to present to you the facts, and whatever action you take will be satisfactory to me.

The gentleman from North Carolina just spoke of the hardships encountered by the Coast Guard. Those hardships are encountered by the enlisted men as well as by the warrant officers, and I find no clause in this bill to increase the salaries or to advance the grade of the enlisted men. In fact, they do more dangerous services than the warrant officers. We will pass that.

I say to you the bill ought not to be passed, especially at this time, and I shall tell you the reason why. In the first place it is not necessary, it is not needed, and on that feature of the matter I read to you from a letter from the Secretary of the Treasury:

> The provisions of the present law (U.S.C., title 14, sec. 219), which gives to the President of the United States authority to appoint, by and with the advice and consent of the Senate, chief warrant officers of the Coast Guard from the permanent list of warrant officers of the Coast Guard, as the needs of the service may require, are deemed sufficient authority of law for the proper conduct of the Coast Guard in respect to these matters.

In other words, whenever the necessity arises for a chief warrant officer, the President sends the name of the warrant officer to the Senate and advances him to that grade, and he is made a chief warrant officer. The Secretary says that that is all that is needed. They become commissioned officers of the Coast Guard.

Mr. FITZPATRICK. Does the same rule prevail in the Navy?

Mr. BUCHANAN. It does not.

Mr. FITZPATRICK. Does not the gentleman think they deserve the same treatment?

Mr. BUCHANAN. I have not gone into the merits of the provisions in the Navy. I have not gone into the vast number of officers the Navy may need over the Coast Guard; I have not gone into the complication of large vessels as compared to the Coast Guard. Does my friend know that most of the vessels in the Coast Guard are little bits of vessels carrying two or three or four or five men, and a warrant officer is sufficient to direct and control those vessels.

Mr. SUTPHIN. Did I understand the gentleman to say that they would become commissioned officers?

Mr. BUCHANAN. Yes.

Mr. SUTPHIN. Is not the gentleman mistaken there?

Mr. BUCHANAN. I am not.

Mr. SUTPHIN. I think commissioned officers are only those who graduated from the Coast Guard Academy at New London.

Mr. BUCHANAN. Not an officer confirmed by the Senate in the Coast Guard.

Mr. SUTPHIN. This is a warrant officer.

Mr. BUCHANAN. The law provides that they shall become commissioned officers.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. TABER. All these warrant officers are commissioned officers.

Mr. BUCHANAN. All the chief warrant officers; yes.

Mr. GLOVER. Can the gentleman tell us what the additional drain will be upon the Treasury by reason of the passage of this bill?

Mr. BUCHANAN. I can. For this coming year it would be $55,000 and by 1939 it will be $85,000. Some claim that it cannot go higher than that. I claim it can. There are 600 warrant officers in the Coast Guard. Eighty-four of them are now chief warrant officers. In 6 years every one of those will be advanced to a chief warrant officer, and the advancement would keep going on, and as each one completed his 6 years of service, finally you would have nearly all chief warrant officers and a very few warrant officers. It reverses the order of service in the Coast Guard or the order of service that should exist in the Navy or the Coast Guard or any military or semimilitary organization. Let me go on with the reading of this letter from the Secretary of the Treasury:

> If the proposed bill were enacted into law, 309 present permanent warrant officers who have had 6 years or more service in that grade would be required to be advanced to the grade of chief warrant officer.

Three hundred and nine at one swoop:

> With the 84 chief warrant officers already in the service, the total would be 393, a number not needed for the proper conduct of the Coast Guard.
>
> If the bill were enacted into law, within a few years the Coast Guard would have about 572 chief warrant officers, as the warrant officers pass the 6-year service requirement.

With only 84 needed, with an advance in salary of from $400 to $600 per warrant officer. On that point let us see how these folks are taken care of under the present law. A warrant officer, not a chief warrant officer, who has served 6 years in the Coast Guard now receives $2,016 annual salary. In addition to that annual salary, he is allowed $480 for rent and $219 for subsistence, making the total of $2,715 that they now receive. Yet they want you to pass this bill advancing those salaries from $200 to $300 to $600 a year, with the country in the condition that it is, when there are millions who would gladly take $100 for this service.

Let me develop another fact, and then you can see into this thing properly. They have not looked into it properly. There are 8,800 personnel in the Coast Guard. There are 507 commissioned officers, and there are 600 warrant officers. You have there over 1,100 officers to direct and control the action of only 8,800 men altogether. I say to you and the Secretary of the Treasury says to you that we do not need them, we do not want them. If they did, all they had to do is to request the President to send the names to the Senate. That is all I have to say. I just want to impress this fact upon you: The President and his administration are trying their best to conduct an economical government. How in the world can they conduct an economical government if bills like this come in day after day and compel an increase in the administration's expense of from $75,000 to $85,000 a year, and some of them millions?

Mr. CONNERY. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. CONNERY. In the report it says the purpose of the bill—

> is to wipe out the last remaining organizational discrimination between the Coast Guard and the Navy. This method affords the only opportunity for enlisted men—the very best, who work up after long and faithful service through all enlisted grades to warrant officers—to reach a commissioned grade, the lowest, ranking with but after ensigns.

Mr. BUCHANAN. Well, it is not the only method, because every recommendation of the President for a warrant officer to be advanced to that of chief warrant officer has to come from the warrant-officer grade. He must recommend a warrant-officer grade. That is the avenue of advancement that the law requires and now is open to these people. When the service needs them, the President recommends a warrant officer for promotion. It is the natural way it should be done; it is the proper way it should be done.

Mr. CONNERY. Will the gentleman yield further?

Mr. BUCHANAN. Certainly.

Mr. CONNERY. If that is the only discrimination, if the organizations are lined up together on an organization standpoint, why should the Navy be preferred against the Coast Guard, who risk their lives day in and day out?

Mr. BUCHANAN. My dear sir, I have not gone into that character of promotion in the Navy Department. No bill has come before my committee for me to go into it, as far as I know; but I do know this: Suppose the Navy ought not to have that promotion; suppose it ought to be repealed in the Navy, then you take that as an example and wrongfully follow that example, and put promotion in the Coast Guard as well as the Navy. Take the Thomas amendment to the independent offices appropriation bill. It interfered with the Board in fixing the wages of certain of our Government activities. It increased a great many thousand men, and now they claim there are many thousand more who that bill did not affect or promote, and they want clarification and additional scope of that bill to increase the

salaries of other employees. We cannot take one bad example and follow it. How do we know but what the Navy is a bad example, or the law that now governs it? Never in my life have I found such a complicated system of compensation as exists in the Army and Navy of the United States. It would take a Philadelphia lawyer a lifetime to understand it. I do not believe the gentleman understands it.

Mr. CONNERY. I will say to my colleague there are many things about the Army and the Navy that I do not understand. I should like to see a lot of things changed. I should like to see them corrected, and I should like to see a decent air force in the United States.

Mr. BUCHANAN. I join with the gentleman.

The SPEAKER. The time of the gentleman from Texas [Mr. BUCHANAN] has expired.

Mr. WARREN. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. CROSSER].

Mr. CROSSER of Ohio. Mr. Speaker, notwithstanding the rather extreme statements of the gentleman from Texas [Mr. BUCHANAN], I have not changed my views with regard to this bill. The gentleman speaks in a rather feeling way about the poor enlisted man having no chance for advancement. My dear friend, this would give the enlisted man his only opportunity for advancement. It is from the enlisted men that these warrant officers are taken. This bill proposes to make it possible for a warrant officer to advance to the rank of chief warrant officer as a reward for faithful service, a practice that is absolutely essential to real morale in the service.

Napoleon recognized the value of being able to take a man whom he recognized as a valuable soldier and on the spot, without the necessity of going to headquarters or anything of the kind for ceremony, raised the man to the rank to which he thought he was entitled, and thereby demonstrated to all of those about him how he rewarded men of real merit. Now, that is one of the purposes of this bill. The assurance of advancement is certain to make the men more contented and to cause them to work more enthusiastically. Now, my friends, let us not be misled by inaccurate statements as to the cost of this measure of justice to the Government even if it were willing to disregard the right of these men to fair treatment.

For the first year the total increase to the Treasury will be $18,000. For the second year it will be $55,000; for the third year $67,000; for the fourth year $81,000; for the fifth year $83,000, and finally $84,000 which is the maximum. Now, if there is one branch of the service which appeals to me, not only in a sentimental way, but in a very practical way, it is the Coast Guard. No man who has lived near the sea or the Great Lakes of the country can fail to recognize the great value of the service that the men of the Coast Guard render to the American people. They may not have the glamor of the man with the gilded uniform and a sword at his side but they are real men who risk their lives day after day.

The worse the storm may happen to be the more certain it will be that they must brave its dangers to save human lives and also property. Thousands of lives have been saved by the valorous service of these men who risk their own lives in the darkest night as well as in the daytime in order to protect those in danger. Shall we be so small as to indulge in stereotyped talk about saving money at the expense of justice to the men who constantly risk their lives and endure hardship to protect and save the lives of human beings? Yes, by all means, let us avoid extravagance, but let us not save at the expense of men who sacrifice and risk all in the service of humanity. Let us pass this bill by such an overwhelming vote as will show that the American people appreciate the high order of service rendered by the brave men of the Coast Guard, whose service is always constructive, never destructive.

Mr. WARREN. Mr. Speaker, I yield 4 minutes to the gentleman from Connecticut [Mr. MERRITT].

Mr. MERRITT. Mr. Speaker, the estimate of the cost of this bill by the Chairman of the Committee on Appropriations was too generous. The Appropriations Committee is not apt to be generous; but we know its chairman has been in his estimated cost of the warrant officers provided by this bill. We know it cannot cost more than $190 per man per year. The officers of the Coast Guard point out that there will always be a certain amount of attrition through death and resignation. The estimates of the chairman apparently are based on the idea that members of the Coast Guard seldom die and never resign; but there is an attrition in that service as there is in the other services. I do not, however, wish to lay great stress on the money involved. At best and at worst it is too small to have any effect on this bill. This bill is an act of simple justice; and I take it that the United States Treasury is not in such a dangerous state that we must be unjust to a very deserving lot of men.

It has been pointed out that had these same men enlisted in the Navy they would have had the opportunities given them in this bill. The Coast Guard performs every type of duty that the Navy performs; the Coast Guard has the same classes of men the Navy has; and every class in the Coast Guard receives the same treatment as corresponding classes in the Navy except these warrant officers.

The dangerous nature of the service these men are constantly performing has been pointed out. The only difference between the Navy and the Coast Guard is that the Navy does have periods of peace, but the Coast Guard has nothing but war—war against the elements under the most dangerous circumstances. In time of actual war, as was shown in the last one, the Coast Guard officers are drafted into the Navy and become the most competent of pilots because they know the coast as no other men do.

Every day, somewhere on this coast, men in the Coast Guard are endangering their lives in saving the life and property of others. The same service rendered on the field of battle would entitle them to the Distinguished Service Medal or any other reward given to fighting men.

The men of the Coast Guard risk their lives but are seldom mentioned in the newspapers. If they die it creates no excitement; if they win they get but little praise.

Not to pass this bill would be an unjust act against the most deserving arm of the sea service combining the Navy and the Coast Guard. There is no reason under heaven why we should discriminate between the men in the two services. The men in the Coast Guard perform the harder and more dangerous work. It is but simple justice to pass this bill.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Speaker, I yield to my colleague the gentleman from New York [Mr. TABER] the remainder of my time.

Mr. TABER. Mr. Speaker, I am taking my position not because of any personal interest in this legislation but because I believe it my duty as a Member of the House to try and keep down governmental expenses.

I wish to tell you a little bit about these warrant officers, what they receive, and what chief warrant officers receive. The enlisted men of the Coast Guard can be promoted to the grade of warrant officers provided they pass certain tests and examinations. They are given an opportunity to do this. The initial pay of a warrant officer is a salary of $1,836 a year, a rent allowance of $480 annually, and an annual subsistence allowance of $217, making a total of approximately $2,500 a year. When he has served 6 years he is entitled to a promotion of $200 a year approximately. After serving an additional 6 years he is entitled to another promotion of $200.

This bill would jump him up after 6 years' service to $3,100.

The Treasury Department tells us that in a few years we would have 572 warrant officers, a number which they say in their letter they do not need. This is practically 600 chief warrant officers. In the entire naval service, with an enlisted personnel of 81,000, there are but 1,400 warrant officers. The enlisted personnel of the Coast Guard is but 8,700.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. BUCHANAN. This bill will jump 309 up immediately and others as they serve 6 years without any examination, without any test to determine their qualifications to occupy the higher commanding position in the service, will it not?

Mr. TABER. It will.

Mr. WARREN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. WARREN. I wonder if the gentleman has read the hearings on this measure before the Committee on Interstate and Foreign Commerce?

Mr. TABER. No; I have not read those hearings, but I know something about the matter.

Mr. WARREN. I did not think the gentleman had read the hearings, by his statement.

Mr. TABER. After 10 years' experience on the Naval Appropriations Subcommittee I know something about the Navy and something about this situation.

Mr. WARREN. I know the gentleman wants to be fair to the House.

Mr. TABER. I should like to have the gentleman point out one single mistake I have made in my statement.

Mr. WARREN. The gentleman does not mean to let the House infer that there would be an increase in the total personnel of warrant officers, does he?

Mr. TABER. I know that the Treasury Department has told us that there would be in a very few years 572 chief warrant officers. Maybe they do not know their business. Maybe they do not know what they are talking about, but there is nothing anywhere in the committee's report or anywhere else to dispute that.

Mr. WARREN. I dispute it, because the hearings dispute the gentleman's statement.

Mr. TABER. The gentleman should call attention to it in the time he has remaining.

It seems to me it is ridiculous for us to go ahead and increase our Budget expenses by a lot of money in the way of an increase in wages. We should not do that.

Let us look at the picture a little bit closer. Of course, it is nice to help these Coast Guard men, but what is the situation? They have smaller boats, and they require less highly trained men than in the case of the men on the great big battleships who have the responsibility of the mechanical devices on the big ships, such as the turrets, the big guns and the tremendous engines. The boats the Coast Guard have charge of are smaller and do not require the same sort of work or the same sort of responsibility. You know and I know that the man who takes care of the job on one of these big boats should receive more money.

Under this bill the peak salary that a man may get is $5,000. I do not think that we ought to get into this sort of situation. We have already in the provisions that we have made for the benefit of these Coast Guard officers and warrant officers and the promotion that is given them and the pay provided as much as the Government could afford to provide at this time, and I do not think we should go any further, in justice to the Government and in justice to the responsibilities we owe to our citizens back home. I think we ought to show in the Congress here at least once an ability to put on the brakes and stop.

Mr. SUTPHIN. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from New Jersey.

Mr. SUTPHIN. Does the gentleman think it requires more skill to serve on a battleship than it does to launch one of these surfboats in a storm along the coast?

Mr. TABER. I think it is an entirely different proposition. The technical training, ability, and responsibility is not at all comparable.

Mr. SUTPHIN. But the Coast Guard work is much more hazardous.

Mr. TABER. I think we have already provided a fair and adequate pay for our Coast Guard men, and I think we ought to stick to our present schedule. We have done very well by them. If we had not, we would be in a different situation and one from which we might expect some criticism. We have permitted the Coast Guard men to run up as high as $3,100. We have done pretty well by them, and I do not think that we should at this time go further, especially when it means, perhaps, $55,000 in another year and $84,000 in a few more years. I think the House should vote this proposition down and save money for the country. [Applause.]

[Here the gavel fell.]

Mr. WARREN. Mr. Speaker, I yield the remainder of my time, 8 minutes, to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Speaker, I wondered, when I listened to the gentleman from New York with his intimate knowledge of conditions in the Navy, why he had not introduced a bill to provide for a reduction of the warrant officers in the Navy or to change the provisions of the law in order that the parity that should obtain between these two services should be established. He speaks the language of the Navy, but not the language of the Coast Guard.

May I answer certain points that have been made? First, I agree with some of the gentlemen who have spoken and who have said that this is not and should not be a matter of dollars and cents. However, even the letter of the distinguished Secretary of the Treasury contains mistakes, and I am not surprised that, following the letter of the Secretary of the Treasury, the gentleman from New York should have fallen into the same error. In the letter, which is filed in the report, there is a statement:

> If the proposed bill were enacted into law, 309 present permanent warrant officers who have had 6 years or more service in that grade would be required to be advanced to the grade of chief warrant officer.

The testimony as it was presented before the committee showed what? Not 309, but 291; and Commander Chalker says that during 1934 there would be 291; in 1935 there would be 3; in 1936, 124; in 1937, 36; and in 1938 and 1939, 0. The letter of the Secretary of the Treasury comments upon the fact that within a few years the Coast Guard would have about 572 chief warrant officers, as the warrant officers complete the 6 years of service, and the gentleman from New York has emphasized that fact in his address.

Let us glance at the evidence as it was presented to the committee—and I am quoting from the testimony of Capt. Philip Lauriat, of the Coast Guard:

> Mr. MERRITT. What I was trying to clear up in my mind, Captain, was simply this, what I suggested to the general, that we wanted to guard against the suggestion here, at least, that this bill will produce an undue proportion of warrant officers and chief warrant officers to the number in the service.
>
> Captain LAURIAT. The number will be the same. It will only mean that a warrant officer, at the end of 6 years' service, can be promoted to chief warrant officer. The total number of warrant officers and chief warrant officers would be the same as the number of warrant officers without this.
>
> Mr. MERRITT. It would not change that number?
>
> Captain LAURIAT. No, sir.
>
> Mr. MERRITT. What I mean is that you would not put somebody else in the place of the man who was promoted?
>
> Captain LAURIAT. No, sir.
>
> Mr. MERRITT. That is what I wanted to find out about.
>
> Mr. REECE. There are now, of course, a certain number of warrant officers and chief warrant officers in the Coast Guard?
>
> Captain LAURIAT. Yes, sir.
>
> Mr. REECE. It is assumed that this number is considered essential to efficient administration of the Coast Guard?
>
> Captain LAURIAT. Yes, sir.
>
> Mr. REECE. If this bill should be enacted, its chief object would be to give increased recognition for long and faithful service to those warrant officers, without increasing the number, the total number, of warrant officers and chief warrant officers?
>
> Captain LAURIAT. Exactly.
>
> Mr. REECE. And chief warrant officers?
>
> Captain LAURIAT. Exactly.

The evidence itself absolutely demonstrates beyond any question and beyond any peradventure of a doubt that this does not provide the increase stated by the gentleman from New York and by the Secretary of the Treasury. I do not blame the Secretary of the Treasury. It just happens that he has probably not gone into the question as fully as the committee.

Mr. McFARLANE. Will the gentleman yield for a question?

Mr. BLAND. I do not know whether I have much time remaining, but I yield for a question.

Mr. McFARLANE. I should like to know the difference involved in this promotion in the matter of pay.

Mr. BLAND. The evidence is $190 per man as the total amount per man involved. I cannot tell the gentleman the details with respect to longevity.

Mr. McFARLANE. How much do they receive per month in the different grades?

Mr. BLAND. I have not that information.

This House wants to do justice far and above any question of dollars and cents that may be involved. Here are men who are rendering a service in their capacity which is just as great as the service rendered by the Navy or the Army. These warrant officers may not be upon a big battleship, but the warrant officer of the Coast Guard serves on the small surfboat that is going out in the storm. This officer is facing the wind and never has an opportunity to yield to overwhelming odds, as in the case of the Army or the Navy. He is the man who has to fight and keep on fighting to the death in order to win the battle in which he is engaged—the salvation of those he goes out to save.

Study the record of the Coast Guard. Study their service. See them fighting, as the gentleman from North Carolina has said, in the lone hours of the night along the lonely beach. When you are out upon the water you feel an element of salvation and of safety, because you know that wherever you go the eyes of the Coast Guard are upon you, and that these men are there ready to launch the surfboats and go to your rescue regardless of what the opposition may be, and regardless of the disaster. Theirs to face the death, theirs always to be prepared, theirs to fight and theirs to fight not alone for the saving of property, but for more than that, for the saving of human lives. [Applause.]

[Here the gavel fell.]

The SPEAKER. The question is on the motion of the gentleman from North Carolina to suspend the rules and pass the bill.

The question was taken; and the Speaker announced that in the opinion of the Chair two thirds had voted in the affirmative.

Mr. BUCHANAN. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and the Speaker announced that 79, not voting 151, as follows:

[Roll No. 139]

YEAS—200

Abernethy	Deen	James	Martin, Mass.
Adair	DeRouen	Johnson, W.Va.	Martin, Oreg.
Adams	Dickinson	Jones	May
Auf der Heide	Dickstein	Kahn	Merritt
Bailey	Dirksen	Kee	Monaghan, Mont.
Bakewell	Dockweiler	Keller	Montague
Bankhead	Dondero	Kelly, Pa.	Montet
Beiter	Drewry	Kenney	Moran
Biermann	Duffey	Kleberg	Mott
Blanchard	Dunn	Kniffin	O'Connell
Bland	Elizey, Miss.	Knutson	O'Connor
Bloom	Englebright	Koppleмann	Oliver, Ala.
Boileau	Evans	Kvale	Owen
Brown, Ga.	Fernandes	Lambertson	Palmisano
Buck	Fish	Lambeth	Parker
Burch	Fitzpatrick	Lanham	Parks
Burnham	Foss	Lanzetta	Patman
Caldwell	Frey	Lea, Calif.	Peavey
Carmichael	Gasque	Lee, Mo.	Perkins
Carpenter, Nebr.	Gavagan	Lehr	Peterson
Carter, Calif.	Gillespie	Lesinski	Pettengill
Carter, Wyo.	Goldsborough	Lewis, Colo.	Peyser
Castellow	Goodwin	Lloyd	Pierce
Chavez	Green	Lozier	Polk
Claiborne	Greenway	Luce	Powers
Clark, N.C.	Gregory	McClintic	Prall
Cochran, Mo.	Hancock, N.Y.	McCormack	Ramsay
Colden	Hancock, N.C.	McDuffie	Ramspeck
Cole	Healey	McFarlane	Rayburn
Collins, Calif.	Higgins	McGrath	Reed, N.Y.
Colmer	Hildebrandt	McKeown	Reilly
Condon	Hill, Ala.	McLeod	Richards
Connery	Hill, Samuel B.	McMillan	Richardson
Cooper, Ohio	Hoidale	McReynolds	Robertson
Cox	Hollister	Maloney, Conn.	Romjue
Crosser, Ohio	Holmes	Maloney, La.	Rudd
Crowther	Howard	Mansfield	Sadowski
Cullen	Hughes	Mapes	Sanders
Darden	Imhoff	Martin, Colo.	Sandlin
Sears	Studley	Vinson, Ky.	Wilcox
Seger	Sutphin	Wallgren	Williford
Shannon	Taylor, S.C.	Warren	Wilson
Sinclair	Thomas	Wearin	Wolcott
Sirovich	Thomason	Weideman	Wolfenden
Smith, Va.	Thompson, Tex.	Welch	Wolverton
Smith, W.Va.	Truax	Werner	Wood, Ga.
Spence	Umstead	West, Ohio	Wood, Mo.
Steagall	Underwood	West, Tex.	Woodruff
Strong, Tex.	Utterback	White	Young
Stubbs	Vinson, Ga.	Wigglesworth	Zioncheck

NAYS—79

Arens	Dies	Huddleston	Rankin
Arnold	Disney	Jacobsen	Rich
Blanton	Dobbins	Jenkins, Ohio	Robinson
Brown, Ky.	Doughton	Johnson, Minn.	Ruffin
Browning	Dowell	Johnson, Okla.	Sabath
Buchanan	Edmiston	Johnson, Tex.	Secrest
Burke, Nebr.	Eicher	Kelly, Ill.	Shallenberger
Byrns	Eltse, Calif.	Kinzer	Sumners, Tex.
Cady	Farley	Kloeb	Taber
Cannon, Mo.	Fletcher	Kocialkowski	Tarver
Carden, Ky.	Focht	Kurtz	Taylor, Colo.
Carpenter, Kans.	Gilchrist	McCarthy	Terrell, Tex.
Cartwright	Glover	McGugin	Terry, Ark.
Chase	Goss	Marshall	Thom
Christianson	Haines	Meeks	Thompson, Ill.
Cochran, Pa.	Harlan	Millard	Turner
Collins, Miss.	Hastings	Mitchell	Whittington
Cooper, Tenn.	Henney	Morehead	Williams
Cravens	Hess	Murdock	Woodrum
Cross, Tex.	Hope	Parsons	

NOT VOTING—151

Allen	Crosby	Guyer	Ransley
Allgood	Crowe	Hamilton	Reece
Andrew, Mass.	Crump	Hart	Reid, Ill.
Andrews, N.Y.	Culkin	Harter	Rogers, Mass.
Ayers, Mont.	Cummings	Hartley	Rogers, N.H.
Ayres, Kans.	Darrow	Hill, Knute	Rogers, Okla.
Bacharach	Dear	Hoeppel	Schaefer
Bacon	Delaney	Jeffers	Schuetz
Beam	De Priest	Jenckes, Ind.	Schulte
Beck	Dingell	Kennedy, Md.	Scrugham
Beedy	Ditter	Kennedy, N.Y.	Shoemaker
Berlin	Douglass	Kerr	Simpson
Black	Doutrich	Kramer	Sisson
Boehne	Doxey	Lamneck	Smith, Wash.
Boland	Driver	Larrabee	Snell
Bolton	Duncan, Mo.	Lehlbach	Snyder
Boylan	Durgan, Ind.	Lemke	Somers, N.Y.
Brennan	Eagle	Lewis, Md	Stalker
Britten	Eaton	Lindsay	Stokes
Brooks	Edmonds	Ludlow	Strong, Pa.
Brown, Mich.	Ellenbogen	Lundeen	Sullivan
Brumm	Faddis	McFadden	Swank
Brunner	Fiesinger	McLean	Sweeney
Buckbee	Fitzgibbons	McSwain	Swick
Bulwinkle	Flannagan	Marland	Taylor, Tenn.
Burke, Calif.	Ford	Mead	Thurston
Busby	Foulkes	Miller	Tinkham
Cannon, Wis.	Frear	Milligan	Tobey
Carley, N.Y.	Fuller	Moynihan, Ill.	Traeger
Cary	Fulmer	Muldowney	Treadway
Cavicchia	Gambrill	Musselwhite	Turpin
Celler	Gifford	Nesbit	Wadsworth
Chapman	Gillette	Norton	Waldron
Church	Granfield	O'Brien	Walter
Clarke, N.Y.	Gray	O'Malley	Weaver
Coffin	Greenwood	Oliver, N.Y.	Whitley
Connolly	Griffin	Plumley	Withrow
Corning	Griswold	Randolph	

So (two thirds having voted in favor thereof) the rules were suspended, and the bill was passed.

The following pairs were announced:

On the vote:

Mr. Andrew of Massachusetts and Mr. Gifford (for) with Mr. Ditter (against).

Mrs. Rogers of Massachusetts and Mr. Buckbee (for) with Mr. Doutrich (against).

Mr. Cavicchia and Mr. Granfield (for) with Mr. Brumm (against).

Mr. Bacharach and Mr. Lindsay (for) with Mr. Muldowney (against).

Mr. Beedy and Mr. Corning (for) with Mr. Strong of Pennsylvania (against).

Mr. Sullivan and Mr. Delaney (for) with Mr. Turpin (against).

Until further notice:

Mr. Boylan with Mr. Darrow.

Mr. Ayres of Kansas with Mr. Plumley.

Mr. Griffin with Mr. Snell.

Mr. Swank with Mr. Eaton.

Mr. Kennedy of New York with Mr. Beck.

Mr. Larrabee with Mr. Edmunds.

Mr. McSwain with Mr. Allen.

Mr. Mead with Mr. Simpson.

Mr. Beam with Mr. McLean.

Mr. Allgood with Mr. Swick.

Mr. Lewis of Maryland with Mr. Moynihan of Illinois.

Mr. Brennan with Mr. Reece.

Mr. Schuetz with Mr. Guyer.

Mr. Douglass with Mr. Ransley.

Mr. Lamneck with Mr. Whitley.

Mr. Rogers of New Hampshire with Mr. Connolly.
Mr. Boehne with Mr. Frear.
Mr. Doxey with Mr. Lehlbach.
Mr. Brunner with Mr. Bacon.
Mr. Black with Mrs. Clarke of New York.
Mr. Bulwinkle with Mr. Britten.
Mr. Griswold with Mr. Culkin.
Mr. Fuller with Mr. Hartley.
Mr. Sisson with Mr. Lemke.
Mr. Crowe with Mr. Thurston.
Mr. Greenwood with Mr. McFadden.
Mr. Flannagan with Mr. Wadsworth.
Mr. Busby with Mr. Tobey.
Mr. Fiesinger with Mr. Reid of Illinois.
Mr. Gambrill with Mr. Treadway.
Mr. Driver with Mr. Withrow.
Mr. Ludlow with Mr. Taylor of Tennessee.
Mr. Shoemaker with Mr. De Priest.
Mr. Chapman with Mr. Waldron.
Mr. Somers of New York with Mr. Stokes.
Mr. Fulmer with Mr. Tinkham.
Mr. Milligan with Mr. Stalker.
Mr. O'Brien with Mr. Lundeen.
Mr. Musselwhite with Mr. Marland.
Mr. Oliver of New York with Mr. Fitzgibbons.
Mr. Weaver with Mr. Dingell.
Mr. Smith of Washington with Mr. Brown of Michigan.
Mr. Ayers of Montana with Mr. Schaefer.
Mr. Kerr with Mr. Schulte.
Mr. Sweeney with Mr. Walter.
Mrs. Norton with Mr. Miller.
Mr. Kennedy of Maryland with Mr. Duncan of Missouri.
Mr. Ellenbogen with Mr. Cannon of Wisconsin.
Mr. Cummings with Mr. Durgan of Indiana.
Mr. Scrugham with Mr. O'Malley.
Mr. Eagle with Mr. Faddis.
Mr. Gillette with Mr. Ford.
Mr. Gray with Mr. Cary.
Mr. Hart with Mr. Hamilton.
Mr. Celler with Mr. Burke of California.
Mr. Harter with Mr. Crosby.
Mr. Knute Hill with Mrs. Jenckes of Indiana.
Mr. Carley of New York with Mr. Coffin.
Mr. Randolph with Mr. Jeffers.
Mr. Crump with Mr. Church.
Mr. Snyder with Mr. Nesbit.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. MARTIN of Massachusetts. Mr. Speaker, do I understand that the bills for suspension are now to be called, and if anyone objects the bills automatically are removed from consideration?

The SPEAKER. The gentleman is correct.

DISTRICT JUDGE FOR MASSACHUSETTS

Mr. HEALEY. Mr. Speaker, I ask unanimous consent for the consideration of the bill (H.R. 6550) to remove the limitation on the filling of the vacancy in the office of United States district judge for the district of Massachusetts.

The SPEAKER. Is there objection?

Mr. YOUNG. I object.

Mr. McCORMACK. Let me say to the gentleman that this is not making a new judgeship, but there is to be a judge appointed where a judge has died, and when his term expires the judgeship is eliminated. So that the bill as it will be reported and acted upon will simply provide for an additional judge in lieu of the one already existing and when he dies the office goes out with him. I hope my friend will not object.

Mr. YOUNG. I withdraw the objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President is authorized, by and with the advice and consent of the Senate, to appoint a district judge to fill the vacancy in the district of Massachusetts occasioned by the death of Hon. James A. Lowell. Vacancies occurring at any time in the office of district judge for the district of Massachusetts are authorized to be filled.

With the following committee amendment:

Page 1, line 6, after the period, strike out the remaining language of the bill.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROMOTION AND DISCHARGE OF COMMISSIONED OFFICERS, MARINE CORPS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent that the bill (H.R. 6803) to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes, be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

PROMOTION BY SELECTION IN LINE OF THE NAVY

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent that the bill (H.R. 9068) to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieuttenant; to authorize the appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy, and for other purposes, be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

GOLD MEDAL TO GEORGE M. COHAN

Mr. KELLER. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 7290) authorizing the President to present a gold medal to George M. Cohan.

The SPEAKER. Is there objection?

Mr. TABER. Mr. Speaker, I object.

Mr. CONNERY. Mr. Speaker, will the gentleman withhold that for a moment?

Mr. TABER. Yes.

Mr. CONNERY. All this bill does is to authorize the President to give a medal to George M. Cohan for writing the song Over There, which did so much in the war.

The SPEAKER. Is there objection?

Mr. TABER. Mr. Speaker, I object.

GENERAL LA FAYETTE MEMORIAL DAY

Mr. CONDON. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 317, requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day, for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the President of the United States is authorized and requested to issue a proclamation calling upon officials of the Government to display the flag of the United States on all governmental buildings on May 20, 1934, and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies in commemoration of the death of General La Fayette.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

GENERAL PULASKI MEMORIAL DAY

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Joint Resolution 36, authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski Memorial Day.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the joint resolution, as follows:

Senate Joint Resolution 36

Whereas the 11th day of October 1779 is the date in American history of the heroic death of Brig. Gen. Casimir Pulaski, who died from wounds received on October 9, 1779, at the siege of Savannah, Ga.; and

Whereas the States of West Virginia, New Jersey, Massachusetts, Kentucky, Illinois, Michigan, Tennessee, Indiana, Wisconsin, New York, Nebraska, Texas, Minnesota, Delaware, Maryland, Arkansas, New Hampshire, Pennsylvania, Missouri, Ohio, and other States of the Union, through legislative enactment designated October 11 of each year as General Pulaski's Memorial Day; and

Whereas the Congress of the United States of America has by legislative enactment designated October 11, 1929, and October 11, 1931, to be General Pulaski's Memorial Day; and

Whereas it is fitting that the recurring anniversary of this day be commemorated with suitable patriotic and public exercises in observing and commemorating the death of this great American hero of the Revolutionary War: Therefore, be it

Resolved, etc., That the President of the United States is authorized to issue a proclamation calling upon officials of the Government to display the flag of the United States on all governmental

buildings on October 11, 1934, and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies of the death of Gen. Casimir Pulaski.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

Mr. PETTENGILL. Mr. Speaker, at the request of a number of gentlemen who desire to extend their remarks in the RECORD on this resolution I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on Senate Joint Resolution 36.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOLVERTON. Mr. Speaker, I desire to express my support of the resolution now before us, to authorize the President of the United States to issue a proclamation calling upon officials of the Government to display the flag of the United States on all Government buildings on October 11 next, and inviting the people of the United States to observe the day in schools and churches or other suitable places, with appropriate ceremonies commemorating the death of Gen. Casimir Pulaski, a Polish patriot who fought and died in the cause of American independence.

It is gratifying to realize that with each succeeding observance of October 11, as General Pulaski's Memorial Day, to commemorate the death of Brig. Gen. Casimir Pulaski, there is an increasing appreciation of the worth-while service performed by this brave and courageous soldier for liberty and freedom.

During the last few years much has been accomplished by the George Washington Bicentennial Commission to create an increased interest in the activities and services of our Revolutionary leaders. In this connection it is appropriate that due recognition should be given to those of foreign birth who assisted so materially in winning our independence.

Among such was Count Casimir Pulaski, born in Podolia, Poland, on March 4, 1748, who became interested in the American struggle for independence and joined the forces of General Washington in March 1777, subsequently receiving from the Congress a commission as brigadier general.

Pulaski had been interested in military affairs before he reached his majority and served in the guard of Duke Charles of Courland before he reached the age of 20. In 1768 he joined his father, Joseph Pulaski, in Poland as one of the eight original associates of the Confederation of Bar. He and his father pledged their time and fortunes and lives to the accomplishing of the redemption of Poland. He carried on a partisan warfare after his father's death and in 1769 raised a revolt in Lithuania. He finally forced the Russians to withdraw from the fortified monastery of Częstochowa and took an active part in forcing them across the Vistula.

Subsequent unfortunate events caused Pulaski to leave his native land. He went to Turkey; but when the Sultan refused to aid him, he removed to Paris in 1775. It was in the French capital that he made the acquaintance of Benjamin Franklin. After his talks with Franklin he became interested in the American independence and came to this country in March 1777. He immediately joined General Washington's staff in Philadelphia. In the Battle of Brandywine, in company with Greene, Wayne, Sullivan, and La Fayette, he struck his first blow in behalf of the American cause. His great service in this engagement was to defeat the attempt of the enemy to cut off the line of retreat. He executed his task so successfully and promptly that, upon the recommendation of Washington, he was commissioned as brigadier general by Congress and assigned to command the cavalry. General Washington, in his letter to Congress recommending Pulaski for this place, said:

> This gentleman has been, like us, engaged in defending the liberty and independence of his country and has sacrificed his fortune to his zeal for these objects. He derives from hence a title to our respect that ought to operate in his favor as far as the good of the service will permit.

Pulaski later saved the Army from a surprise at Warren Tavern, near Philadelphia, and took part in the Battle of Germantown. In the winter of 1777–78 he participated in the operations of Gen. Anthony Wayne and helped defeat a division of British troops in Haddonfield, N.J., and participated in an engagement with the enemy at a spot in the city of Camden, N.J., located today in the vicinity of Haddon Avenue and Federal Street. Subsequently he was assigned to special duty at Valley Forge.

Congress, upon General Pulaski's suggestion and upon the recommendation of General Washington, authorized the formation of a corps of lancers and light infantry to be commanded by Pulaski. This corps, which was recruited mostly in Baltimore, later became famous under the name of Pulaski's Legion.

When he was stationed at Minisink, N.J., during the following winter, under a petty command which he did not like, he expressed himself as wishing to return to Europe, but Washington persuaded him to remain. On May 8, 1779, he entered Charleston, S.C., and 3 days later, May 11, the city was invested by 900 British troops from General Provost's Army. Pulaski's assault was unsuccessful, but he held the city until the arrival of reinforcements on May 13.

In the siege of Savannah, which resulted in his death, he rendered distinguished service. In the assault of October 8 he commanded the entire cavalry, both French and American. During the battle he received a wound in his right thigh which proved fatal. He was taken from the battlefield after the conflict to the brig *Wasp* for transfer to Charleston. Winds delayed the ship for several days, and Pulaski died on October 11, 1779, as the ship was leaving the river. He was buried at sea, but funeral services were held afterwards in the city of Charleston.

Brigadier Casimir Pulaski contributed substantially to the winning of our independence and gave his life for the cause. His services have been appropriately commemorated by Congress in the form of an equestrian statue, which stands between Thirteenth and Fourteenth Streets on historic Pennsylvania Avenue in the city of Washington, D.C.

In conclusion, permit me to express the hope that this resolution, the purpose of which is to fittingly commemorate the valuable services of General Pulaski, shall receive the approval of this House and thereby express upon the part of the people of our Nation continued appreciation of his brave and heroic service.

Mr. SMITH of Washington. Mr. Speaker, I voted in favor of Senate Joint Resolution 36 because I know that the Polish citizens of my district will be very happy to join with all our citizens in observing General Pulaski Memorial Day. I desire to say further that one of the most patriotic and progressive organizations in this country is the National Grange, which is whole-heartedly supporting President Roosevelt and his constructive efforts to benefit agriculture.

The membership of this great organization realizes that after the 12 years during which the plight of the farmer has constantly become worse, the recent conditions cannot be remedied immediately but require the lapse of a reasonable length of time to overcome. However, the Grangers everywhere appreciate the fact that the rehabilitation of agriculture is being accelerated by the increased purchasing power of the urban population resulting from the employment being provided in the cities and towns by the Federal reemployment projects, in addition to the direct benefits accruing from the numerous measures being taken by the Federal Government which are designed to aid the farmers.

The full effect of this entire program is being felt throughout the Nation, and the farmers of America will soon be in a happier and more prosperous condition than they have been for many years. With the advent of a complete recovery in business, agriculture will be certain to share in the general improvement in the conditions of all the people, which conditions occurred during the former administrations of the National Government and are being remedied by President Roosevelt and the Members of this Congress as rapidly as is humanly possible.

The National Grange held its sixty-seventh annual convention at Boise, Idaho, and the keynote address was de-

livered by National Master Louis J. Taber. I will quote one excerpt from this address:

President Roosevelt, his Secretary of Agriculture, and Adjustment Administrator all have shown unusual interest in and knowledge of our general farm problems. * * * Thirteen years of continued depression and a clear realization of what has occurred in America and the world compels the development of a long-time program for agriculture that will enable us to achieve a planned life more tolerable than the haphazard existence behind us.

Mr. PETTENGILL. Mr. Speaker, under leave to extend my remarks I wish to express to Speaker RAINEY the appreciation of the Polish-Americans of the Nation for recognizing me on suspension day last Monday to move the immediate consideration of the Senate joint resolution requesting the President of the United States to proclaim October 11 next as a day of celebration and remembrance of the life and services of General Pulaski. I am glad to say it passed the House without a dissenting vote.

In the previous Congress Speaker Garner honored my congressional district, which has one of the largest Polish-American constituencies in the Nation, by recognizing me to move a similar resolution.

I am particularly happy to have had this recognition at this time on account of the visit this week to my home city of South Bend, Ind., of the son of the President of the Republic of Poland, whose coming was the occasion of a notable welcome participated in by many Polish-Americans who have achieved distinction both in public and private life, as well as by many other of our citizens.

Two years ago—the year of the Washington Bicentennial—I was invited by my Polish-American friends to speak on October 11 of that year both at Chicago and over the radio at South Bend.

As a number of my friends have expressed the desire that my address on that occasion be preserved, I include it herewith. It is as follows:

WASHINGTON AND PULASKI

Ladies and gentlemen: When men pause to render tribute to a great man, long since dead, they know that they cannot add to his happiness, nor make more calm the quiet of his grave. They do it, not to add glory to the dead but to glorify themselves. The tribute they pay to him they pay, in reality, to the greatness hidden within their own breasts, to the better selves they wish to be. It is a saying of the Arabs that a "fig tree, looking upon a fig tree, becomes fruitful." When we light a candle at a great man's shrine, we do so because we hope its rays will light our own faces and illuminate our souls. This is the secret of all ceremonies such as this, of all hero worship. It is not so much the respect of a child for its father as it is the aspiration of the child to become the man his father was.

"A prince once gazed on a warrior dead;
'Taller he seems in death', he said."

It was noted of a great man by some friend, "Whenever I talk with him, I leave his presence feeling 2 inches taller than before." Our Nation's story opens at a time "when men grew tall." And as we turn back to talk with them for a little while, we face the future feeling that we have somehow borrowed of their greatness and grown in stature.

One hundred and fifty-three years ago were desperate days. It was not then known whether this Nation would survive the travail of its birth. Whether the Declaration of Independence would become an immortal state paper or the document of a defeated destiny then hung in the balance. All that this Nation has since become was then at the hazard of war. Those were "times that tried men's souls." But there were men in those times—as, thank God, there are today—who had souls that would stand trial, that would ring true and clear on the red anvil of blood and war.

One of these was Casimir Pulaski. Another was George Washington. We celebrate this year the two hundredth anniversary of the birth of Washington, and we celebrate this week the one hundred and fifty-third anniversary of the death of Pulaski. These names, linked in life, will march together the long road of immortality. Born on different continents, of different blood, they were both Americans. Tonight all Americans, of whatever national origin, join in their honor. They will remember with pride our first captain of Cavalry, as they remember with love his great Commander in Chief. Washington faced every danger but lived to become our first President. Pulaski faced every danger but died in action. One was laid to rest in his native mother earth; the body of the other was deposited in a watery grave far from his native land. But the souls of both are enshrined in our Valhalla.

It is peculiarly fitting that the pressing emergencies of the present day have not crowded out an observance of both these men. Indeed, we need them now more than in prosperous years. Poland recognizes Washington and America honors Pulaski. In fact, it is worthy of record that Poland is the only country in the world that paid tribute to Washington this year by issuing a postage stamp with a likeness of our great leader. That courtesy is now reciprocated by the proclamation of the President, issued in pursuance of a resolution of Congress, setting aside this day in honor of him who died from battle wounds in defense of our flag at the siege of Savannah 153 years ago.

Born in Poland, Pulaski claimed a wider fatherland. It was wherever liberty might be won. This sentiment is beautifully expressed by an American poet, James Russell Lowell, in his poem:

"THE FATHERLAND

"Where is the true man's fatherland?
Is it where he by chance is born?
Doth not the yearning spirit scorn
In such scant borders to be spanned?
Ah, yes! his fatherland must be
As the blue heaven wide and free!

"Where'er a single slave doth pine,
Where'er one man may help another—
Thank God for such a birthright, brother—
That spot of earth is thine and mine!
There is the true man's birthplace grand,
His is a world-wide fatherland!"

Such a spirit was Pulaski's. And it is an interesting and lovable incident of history that in Poland's later struggles for liberty, a number of Washington's officers, who had served with Pulaski on American soil, went overseas to fight for Poland. I do not know of anything that could better illustrate the remarkable impression that Pulaski made on his contemporaries than this. One of these men, Capt. Abner Crump, of Virginia, stated that he was eager to repay a small part of what our new Nation owed to Polish assistance in that dark hour. So he and others went abroad and joined that other great figure, Kosciusko, in the Polish-Russian War of 1792. One of these men spent 9 months in a Russian prison. It took a great soul to awaken in other men such an exchange of sacrifice as this. If Pulaski had lived, and if these men had returned with him as brothers in arms to fight for his beloved Poland, it would have been indeed noteworthy. But that they went overseas, after Pulaski's death, purely on account of their love for a man then in his grave, is perhaps the most remarkable tribute ever paid to him, one that surpasses the power of eloquence or the lasting endurance of bronze.

At an early age the spirit of Count Pulaski was stirred by the wrongs committed against his native land. In 1769 he joined his father, Joseph Pulaski, in which was termed the "Confederation of Bar." This confederation was an organization of Polish noblemen gathered at the village of Bar, in Podolia, each of whom pledged his time, his fortune, and his life to the redemption of Poland. Casimir Pulaski and his brother, Francis, became the active leaders in the movement. The older leaders were soon dispersed. Some had gone abroad; others were confined in dungeons. The latter was the fate of Pulaski's father. But Casimir, with those left, carried on. At the head of a small force of cavalry, he performed heroic feats. With his brother he became a constant terror to the Russians, who were trying to capture him. Suffice it to say, for 4 years, under the most trying conditions and the greatest adversity, this patriotic organization under this great leader fought against overwhelming odds to oust the enemies of Poland from their country. But all their efforts proved fruitless. The aged Pulaski died in prison; one of General Pulaski's brothers was killed before his eyes by the enemy; the youngest brother was taken into captivity; and many of his countrymen were doomed to misery.

Gen. Casimir Pulaski was the leading spirit of his countrymen in this unequal struggle to preserve his nation intact. He fought bravely, tenaciously, and with the zeal of a young man then but 25 years old. Heedless of his foe, which was much more powerful than his poorly equipped army and much larger in size, he made repeated stands against the enemy. His fame as a cavalry leader spread throughout Europe.

"Never was there a warrior", says the historian Rulhiére, "who possessed greater dexterity in every kind of service. Endowed by a peculiar gift of nature, strengthened by exercise, he was always the first to charge in person with an intrepidity which inspired his followers to imitate his example."

Casimir Pulaski not only lost his father and brothers in this glorious attempt to save Poland from the first of her ignoble partitions, but his estates were confiscated and he was proscribed by King Stanislaus and had to flee to Turkey. Thereafter Russia, Prussia, and Austria agreed to help themselves to large portions of Poland's territory, and had the effrontery to convene the Polish Diet and under duress compel it to sanction the beginning of what Henry Wharton called "the most flagrant violation of national justice and international law which has occurred since Europe emerged from barbarism."

Soon thereafter, in 1772, Count Casimir Pulaski issued his memorable manifesto, in which he said in part:

"I am not astonished that the enemies of my country, resolved on her ruin, should direct their shafts against those who most firmly resist their impetuosity, and that they should regard as such the brave Poles whom they have sacrificed and who are still repelling their most cruel attacks. * * * My destiny was clear when, at the age of 21, far from yielding to the amusements of youth, I regarded every moment as lost which was not employed in repelling the enemies of my country. * * * I have endeavored

to mark my course by an invincible fortitude. Neither the blood of one of my brothers, which was shed by the enemy before my eyes, nor the cruel servitude of another, nor the sad fate of so many of my relations and compatriots has shaken my patriotism * * *."

Perhaps no better insight into the sturdy character of the illustrious Pulaski, known and revered in both Europe and America, could be given than the above excerpt from his manifesto. We are not surprised to hear a man of his lofty type later on, in August 1779, state to the Continental Congress:

"I could not submit to stoop before the sovereigns of Europe, so I came to hazard all for the freedom of America, and am desirous of passing the rest of my life in a country truly free and of settling as a citizen to fight for liberty."

As was said at the laying of the cornerstone of the monument to his memory at Savannah on October 11, 1853, "There soon came to him tidings that the people of another hemisphere had bid defiance to oppression and were arming for the struggle. The sound stirred the heart of Pulaski like the voice of a battle trumpet. It was a struggle for liberty. It was his cause, whoever the people and wherever the scene of conflict. Fate forbade him to achieve the independence of his own country, and true to the noble impulses of his soul, he came to aid in establishing that of America." "He saw", says Jared Sparks in his American Biography, "a new field opened for vindicating with his sword the same principles, the same rights of mankind, the same unchangeable laws of justice, as those for which he had wielded it with so much courage and singleness of purpose in his own country."

Benjamin Franklin, writing from Paris to General Washington on May 29, 1777, says:

"Count Pulaski, of Poland, an officer famous throughout Europe for his bravery and conduct in defense of the liberties of his country against the three great invading powers of Russia, Austria, and Prussia, will have the honor of delivering this into your excellency's hands."

Anthony F. Zaleski, writing of the life of this great hero, said:

"We can readily see and understand why men like General Pulaski and his famous countryman, General Kosciusko, who also covered himself with undying glory in the Revolutionary War, were not soldiers of fortune nor waifs thrown to the surface of troubled waters by the love of adventure and quest of money or emolument, no matter what the cause might be that they were fighting for. These men fought long and hard to establish the principles of liberty and justice on their own soil; they were imbued with this spirit in their own country, and it was only natural that when they had given their best for these sacred ideals without success against tyrants and intriguing despoilers of humanity, they should hear the shot fired at Lexington that was 'heard round the world' with an eager ear, and should be willing to come to a foreign strand, although they neither understood the language nor were familiar with the customs of this strange people on another continent. The principles of human liberty and justice are essentially the same in every clime, and they were eager to resist a mighty empire that was trying to wrest them from a struggling people, a people whose slogan was 'give me liberty or give me death.'

"Like his famous compatriot, General Kosciusko, who, when he appeared before Washington and was asked by him what he could do, answered in a quiet way, 'Try me and see.' Pulaski did not wait for any appointment from Congress, but on hearing that the enemy was attacking Washington's forces hastened to join them as a volunteer."

General Pulaski landed in America about the middle of July 1777, and after presenting his letters to Washington and Congress, waited for Congress to take action. In the meantime, Washington's army passed through the streets of Philadelphia, on its way to Wilmington, Del. Spurred by the sight of marching soldiers, Pulaski, restless and eager to aid our cause as he was, decided not to wait for his commission but to follow the army as a volunteer. Captain Bentalou, an able officer who fought under Pulaski until he died and was himself wounded in the same engagement where Pulaski received his death wound at Savannah, Ga., writes:

"The inherent ardor of his warlike spirit, his habits of activity, and the desire of efficiently serving the cause which he had so warmly embraced, did not permit him to wait for the decision of Congress on his application, but he immediately joined the Army."

In Europe a member of the nobility, an officer of distinguished prestige; in America a private in the ranks. Such was Pulaski. He was not a "swivel-chair patriot." Not self but service was his life's motto. But, as was said by the British poet laureate on the death of Wellington, England's Iron Duke—

"The path of duty was the way to glory.
He that walks it, only thirsting
For the right, and learns to deaden
Love of self, before his journey closes,
He shall find the stubborn thistle bursting
Into glossy purples, which outredden
All voluptuous garden roses."

So it was with him. His journey closed almost at the threshold of life; but before it ended, he found the blossoms which reward the man who walks the path of duty.

It is, in fact, remarkable that within 2 months after his arrival, on September 15, 1777, Congress elected Pulaski "commander of the horse with the rank of brigadier." He thus became our first Chief of Cavalry. He fought at Germantown within 3 weeks thereafter. That winter, when Washington was at Valley Forge, he quartered his men and horses at Trenton. In February, in the dead of winter, he engaged the British at Camden, and then at Haddonfield and Coopers Ferry.

In March 1778 he asked permission from General Washington and Congress to organize an independent corps, later to be known throughout the Colonies and throughout history as the "Polish Legion." In equipping it he is said to have spent $50,000 of his own funds. These horsemen, among other arms, bore the famous Polish lances, a new weapon on this continent. His banner was made by the Moravian nuns at Bethlehem, Pa. Rated as the most expert horseman in the American Army, his service in leading and inspiring the cavalry arm of Washington is indeed inestimable. The development of modern warfare may be making cavalry a minor arm of national defense, but in those days of open war, of rapid movement, and close contact, without long-range guns, with poor roads, with no motor transport, railroads, or airplanes to spy out enemy positions, the man on horseback was perhaps the most valuable soldier we had. From the time Pulaski took command of that arm, it became a notable weapon of offense and defense. It is entirely possible that without it the cause of independence could not have been won.

An evening could be spent in recounting that service. I must come to the end—the siege of Savannah, Ga., in the fall of 1779, 2 years and 3 months after his landing on our shores. Leading in person a desperate charge, Pulaski was struck in the groin by shrapnel, and died 2 days later on board the brig *Wasp*—aged 31 years. He died that this Nation might live, and because he did so, he was borne—

From life's battle on his spears
To the great Valhalla cloisters
Of the ever-living years.

Since his time others have come from his native land to mix their blood with the blood of other peoples to make one common country and to build a single destiny. They have come to this country; they have come to South Bend, Laporte, Michigan City, Chicago, and scores of other cities. Today there are at least 4,000,000 Polish-Americans in America. Of that number, Pulaski was not the only one to die for this country. Since his time the Polish-Americans have offered their bodies in defense of his adopted flag on many a scene of courage and carnage—in the war for the Union, in the struggle against Spain, and in the great World War. The blood of Pulaski still beats in the veins of his sons.

In these latter years of sloth and selfishness which have helped bring on this present hour, when greed was god and patriotism a word that caused a slight curling of the lip in many polite decadent circles, I am reminded of what another great Pole said on this subject. His name was Joseph Conrad Korzeniowski. In reply to the statement that patriotism is a relic of barbarism, he nobly said, "Neither the great Florentine painter who closed his eyes in death thinking of his city, nor St. Francis blessing with his last breath the town of Assisi, were barbarians. It requires", he said, "a certain greatness of soul to interpret patriotism worthily, or else a sincerity of feeling denied to the vulgar refinement of modern thought, which cannot understand the august simplicity of a sentiment proceeding from the very nature of man."

"Vulgar refinement." We are suffocated with it. We need Washington and Pulaski once more in American life.

Pulaski, like Washington, could have chosen the easy course. They were both men of large means. But they recognized what wealthy men of recent years so often have not recognized, the responsibilities of rank and the trusteeship of wealth. It is the failure to recognize this responsibility that has contributed so much to the difficulties of today. Men have used wealth only to accumulate more wealth; they have used the vantage places of position and power to exploit rather than to serve. Washington, the first or second wealthiest man of the Colonies, placed his fortune at the hazard of combat. He served without pay. Pulaski, another wealthy man, defeated in his native land, loved liberty wherever she was worshiped, and worshiped her wherever she was loved. He came to our shores and offered Washington his sword and his purse. General Washington, in a letter to Congress recommending Pulaski for a commission as brigadier general, wrote:

"This gentleman has been, like us, engaged in defending the liberty and independence of this country and has sacrificed his fortune to his zeal for these objects. He derives from thence a title to our respect."

What a lesson to us these words are after a decade of selfish pursuit of selfish ends; after 10 years when country was forgotten and only the dollar remembered. The men who in recent years have amassed their millions to the impoverishment of their fellows are already forgotten, or remember only to be despised, but Washington and Pulaski still live. It is the old parable of sacrifice, of the seed that is lost in the ground. Not he who makes a fortune, but on the authority of George Washington, only he who is willing to "sacrifice his fortune" * * * "derives from thence a title to our respect."

It is only men like Washington and Pulaski who can save us now.

Republics may be ungrateful, but God is just. He saves in his treasure chest all that great souls give away. He keeps what is lost. He preserves in human hearts a just account of every sacrifice upon the altar of freedom and country. And so in this anni-

versary year we read once more the time-worn truth that he who loseth his life shall find it.

And now permit me to close with some lines of verse written by me in honor of this occasion:

It is man's lot to die, for that's God's destiny,
And death is only sad which leaves no legacy;
But on this day we shall not grieve, we shall not mourn,
For when Pulaski died America was born.

Mr. SEGER. Mr. Speaker, I know the Polish-American residents of my district will appreciate the honor being paid the memory of Gen. Casimir Pulaski by the passage of this Pulaski memorial day resolution.

Pulaski was only 31 years of age when he fell at the head of his troops at Savannah, October 11, 1779, but he had lived an abundant life, and the 4,000,000 of his countrymen who have come to our land to perpetuate the principles and ideals he died for are not unmindful of this national tribute.

In New Jersey, where Pulaski performed heroically prior to his campaign in the South, his memory is especially venerated. In my district bronze and marble statues, public parks, and playgrounds have been given his name, and our people meet to bear him tribute every year.

While we will acknowledge the services this gallant young officer gave to our cause in the Revolution in passing the bill, we will at the same time compliment the Polish people who have contributed so much toward the advancement of our country, especially in the field of art, music, literature, and engineering.

Poles were among the first to respond to the colors during the World War. I was the mayor of my home city of Passaic, N.J., during those stirring days, and our city has many of these fine people. I found them to be intensely patriotic, and I recall it was a Polish boy who was Passaic's first to make the supreme sacrifice in Flanders Fields.

REGISTRY OF CERTAIN ALIENS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to take from the table the bill S. 2692, relating to the record of registry of certain aliens and consider the same at this time.

The SPEAKER. Is there objection?

Mr. JENKINS of Ohio. Mr. Speaker, I object.

SCHOOLS NEED FEDERAL FUNDS

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, for the past 14 years I have many times, on the floor of the House and elsewhere, enunciated a policy which I believe is the highest form of practical patriotism and vital to the welfare of my country and of its citizens. This policy now demands immediate and ample emergency Federal aid for States and communities so that they may maintain their school standards at the highest level of efficiency.

The present depression, if it has done nothing else, has demonstrated to the world that the multiplying complexities of our social and economic system are going to demand better trained and better equipped men and women if our country is to continue to prosper and grow great.

I have pleaded and argued before that the Federal Government must render quick and sufficient assistance to localities whose educational facilities have suffered the terrible ravages of depleted State and municipal income, and the wholesale retrenchments in their school budgets.

I now hereby serve notice that I will press for immediate action by this House which will assure to American parents that their children will have proper schooling next year, and which will assure to American teachers and other school employees that they will be paid in money, and not in substitutes for money, for their loyal, efficient services. I pledge myself to use every legitimate means possible to secure this money for our great American school system for the academic year of 1934–35.

My own State, Mississippi, owes her teachers approximately one and one half million dollars of unpaid salaries. This debt exists in spite of the fact that although the teachers of my State are paid, they receive scarcely any real money at all. Incredible as it may seem, the actual average pay for the elementary teachers of my State is about $27 per month, and for high-school teachers with a college degree the average is about $31 per month.

But Mississippi is not alone in facing such trying conditions. It is a national problem. All sections of our country are experiencing conditions which if let alone will give us a new generation poorly trained for its duties, half-literate and wholly unable to accept the responsibilities our great democracy thrusts upon them. This new generation must not be handicapped at a time when common sense, humanity, and expediency demand that it be strengthened. The forces that are taking away their inalienable rights to an education for useful citizenship are far beyond the control of the children and the young men and women who are suffering the wrong, and the implications of such a situation, if left unanswered and unmet by this Congress will bring our great country to a plight which none can foresee.

The illiterate of one State today is the problem of another State tomorrow. Illiteracy, and all the antisocial evils it carries in its wake know no State line. The transportation systems are still operating. The child who is denied schooling and cultural training in your State today is a fertile breeding ground for habits that will make him an unsatisfactory citizen in my State tomorrow.

Education, with its training for citizenship and useful living, is the true heart of our democracy. It is the lifeblood of our social well-being. Without adequate educational facilities kept up to full standard throughout our country, our future may easily be visualized and it is not a bright picture that meets the eye.

I maintain that rendering aid to the States and municipalities in their fight to conduct their school systems unhandicapped is not only a right of the Federal Government but it is a duty of the Federal Government. It should ever be a privilege. In normal times the Federal Government does not feed hungry people; it does not clothe the naked; it does not furnish them with fuel and medical care. But we do not live in normal times today. These are times of great emergency, and our great Government which has justly assumed the responsibility in their emergency for the physical well-being of our people must similarly aid and help to maintain the spiritual and educational life of our people to the full.

To my mind, present conditions may well be described by paraphrasing that great writer, H. G. Wells—the situation is a race between education and catastrophe.

I might extend and amplify my philosophy of governmental responsibility in this time of emergency, but the figures on the plight of our American school systems bring out my contention far better. The figures I now quote were gathered and compiled by the National Committee for Federal Emergency Aid for Education. This committee is composed of 32 national civic organizations such as the American Federation of Labor, the National Congress of Parents and Teachers, the Young Women's Christian Association, the great farmers' organizations, the American Legion, and other groups thoroughly representative of our national life.

Not one of these groups is asking for a fundamental change in our educational system. They all stand foursquare for a State control system of public education, but every one of these organizations realize that the efforts to alleviate our emergency conditions must start with the prime consideration for the welfare and education of our children. Indeed, no single object could be placed higher in our recognition than that the income of the wealth of our Nation, now too highly concentrated, should be more equitably distributed, and in this new deal the children ought to be first.

These 32 organizations state that our schools must be adequately maintained by the States, and that when the State can no longer carry their burdens the Federal Government should render the necessary aid. The reason for this sensible contention is clearly evident in the figures adduced by these 32 organizations. Their report gives 9

incontrovertible reasons for securing Federal aid: (1) School revenues in 1933–34 have been seriously reduced below former figures; (2) school opportunities in 1934 have been inadequate or lacking; (3) Federal aid granted this year has been the only means of keeping many schools open; (4) enrollments next year will show significant increases; (5) property taxes, the chief source of school revenue, will be inadequate in 1934–35; (6) State school funds for 1934–35 will not offer sufficient relief to deplete local resources; (7) further State and local borrowing for school support is impracticable; (8) reports from most of the States indicate falling school revenues for 1934–35; (9) reports from most of the States indicate urgent need for Federal emergency aid for next year.

Consider just a few of these vital reasons for the necessity of Federal emergency aid. School expenditures are half a billion dollars below those of 5 years ago. In the last 5 years school expenditures per child enrolled have declined from $90.22 per child in 1929 to $66.53 per child in 1934. Before the first of this year 2,600 schools were closed and 140,000 children turned into the streets or the fields for their education. Except for Federal aid, 20,000 schools, involving more than 1,000,000 children, would be closed this very minute. In helping to have secured this Federal aid I take great pride.

Let me give you some more figures. Federal aid to schools kept 5,000 teachers in their regular classrooms. Hundreds of schools in rural communities completed a normal term only because of the more liberal interpretation recently given to the act authorizing Federal relief. And I am proud of my part in helping to secure this interpretation.

Abolition of child labor under the N.R.A. codes will increase enrollments, it is estimated, by more than 100,000. Facilities for these children must be provided. The States cannot do it; the Federal Government must do it.

Assessed valuations in our States have declined rapidly in the past few years. Tax delinquencies have mounted in the past few years. Tax limitation laws in many States further complicate the problem for the support of our schools. The growing indebtedness of States and municipalities creates new aspects of the problem of supplying adequate education for our children.

Let me quote from a significant portion of this report on our school systems. The report says:

> Between February 6 and 20 communications were received from superintendents of public instruction in 44 States giving their best judgments as to the amount of emergency Federal aid that would be required in their respective States in order to maintain a school term of normal length in 1934–35.

Thirty-two of the reports say the Federal aid will be needed. Seven of the statements do not request Federal aid for next year specifically, but report emergency conditions in the States concerned.

These are just a portion of the facts. I hope this short résumé of them will give you a picture of the problem that confronts our educational system. Federal emergency aid is badly needed. Fair play, good business judgment, and the highest form of patriotism and public service demand immediate action in the interest of our schools. I intend to fight for this aid, as I have fought for our schools during the past 14 years, so that our educational system shall be maintained unimpaired. For if our schools fail, democracy fails, and our great form of government will perish from the earth. And this we are all pledged to prevent.

More than this, there is due to these children and these young men and young women an elemental justice. In building up the colossal machinery of our present civilization this generation has rightly or wrongly mortgaged their future with its own. We cannot in common humanity ask them to carry the burden and deny them the schooling that they need if they are to carry it successfully.

THE NECESSITY OF DEFENSE OF ALASKA

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a magazine article by Senator ROBINSON of Indiana, in respect to the military defenses of Alaska.

The SPEAKER. Is there objection?

There was no objection.

Mr. DIMOND. Mr. Speaker, a few days ago I addressed the House on Alaska's strategic position in a proper plan of national defense in which I called special attention to the proximity of the Territory of Alaska to the continental United States, the fact that the main body of Alaska, containing on its coast innumerable safe and well-protected harbors and in its interior vast level plains, lies much nearer to the continental United States than do the Hawaiian Islands. I further called attention to the fact that the great circle route to the Orient, the line from the northern part of the Pacific coast of the United States to the Orient, runs just south of the great Aleutian chain of islands which stretch out from the main body of Alaska southwestward toward the northern part of the Japanese archipelago. I further adverted to the probability that in the future our most serious controversies would be with the nations that lie across the Pacific Ocean rather than with those of Europe. Today I have introduced a bill to provide for defense of the Nation, by the stationing of a military force, principally an air force, in Alaska.

I have endeavored to show the futility of spending millions in defensive works on the Hawaiian Islands and leaving Alaska entirely unguarded. Alaska is valuable in herself, and it is of the utmost importance in any scheme of the defense of the west coast of the United States. For with Hawaii fortified any attack from across the Pacific is bound to come by way of Alaska. Since I addressed the House on this subject I have read with great interest a magazine article by Senator ARTHUR R. ROBINSON appearing in the issue of Liberty Magazine of March 24, 1934, entitled "Will Japan Seize Alaska?" Senator ROBINSON made an extensive trip through Alaska in the summer of 1933, and it is evident from this article that he has grasped the importance not only of the actual resources of the Territory but also the very vital position which Alaska, a Territory of the United States, occupies with respect to the plan of national defense. This article is so important in its statement of facts and in its implications that I believe the people of the Nation should read it. It is as follows:

WILL JAPAN SEIZE ALASKA?

America's last frontier, with its limitless treasures, lies but a stone's throw from Yokohama. Is it wise to ignore this threat to peace and security at home? Here is an arresting warning from the Nation's Capital.

Would Japan like to have Alaska? Such a question posed today, with the seething unrest prevalent in the Orient and with Japan occupying Manchuria, to say nothing of the economic dilemmas which confront her, would seem to be an absurdity.

The truth is that such a question is far from absurd. The very forces which are operating in the Orient comprise threats and potential dangers not only to Alaska and to the North American Continent, but to the safety and security and peace of the United States.

Only a few years ago it was the fashion among intellectuals and pseudo-historical observers to hurl the epithets "alarmist" and "jingo" at anyone broad enough to point out rising dangers of a new war in the Orient which might threaten the United States; but subsequent trends have completely justified the many warnings of the past.

Moreover, we find we are now dealing with a new power in the Pacific. The new Japan—the power which has been rising rapidly for many years, but which threw off all disguise and challenged the world after the fateful September of 1931, when Manchuria was seized—is the undisputed leader in the Far East and one of the outstanding nations of the earth.

Events in the East indicate an alarming trend toward armed conflict. Saying that America is drifting toward war with Japan is not idle tub-thumping or sounding of alarms. It is the statement of a simple fact. By pointing out elements of friction and the dangers to world peace in the enigma of the Orient, we may be able to show how this problem can be met; how peace can be preserved.

But why discuss Alaska in relation to it?

Alaska is America's last frontier. It is a vast storehouse of resources—minerals, petroleum, lumber, furs, fish, livestock, and wild game. Here is a treasure chest of wealth which Japan could well use.

Japan has assumed Far Eastern leadership in the movement to make Asia safe for the Asiatics. The "rising tide of color" in the Orient is ominous warning to the West, where the prestige of the Occident declines. The chain of events during the last 3 years leads clearly to this conclusion: The capture of Manchuria, the occupation of Chapei in January 1932, the demilitarization of

Shanghai, the breaking of the Chinese boycott, the pact of May 5, 1932, the rout of volunteer leaders in north China, and the Tangku truce of 1933.

Let us look further into the potential threat to Alaska. This vast country, contrary to impressions gained from schoolbook maps, is a tremendous territory, a land of nearly 600,000 square miles. Nor is it a region of insufferable winters and unendurable rigors. Alaska lies three fourths within the North Temperate Zone and has three climatic provinces. The Pacific coastal region and the Aleutian Islands have a climate comparable to that of Scotland and the Scandinavian Peninsula, though somewhat warmer. The inland region assimilates the climate of Alberta, Saskatchewan, and Manitoba in Canada, while arctic conditions prevail only at the northernmost points of the Territory.

This land of glaciers, mountains, forests, mines, lakes, and streams could be ideally adapted to Japanese occupation if destiny should take such a turn.

Capable of supporting a large population if properly developed, Alaska now has only 59,000 inhabitants, about half of whom are Eskimos, Aleuts, and Indians, leaving only about 29,000 Americans residing in the entire region.

Mineral resources of the Territory include gold, silver, copper, coal, and lead, while other deposits yield antimony, tungsten, palladium, platinum, zinc, quicksilver, iron, peat, graphite, asbestos, mica, molybdenite, surphur, and barite. Gold exports alone in 1932 totaled more than $10,000,000. Copper is there in abundance and much coal is produced. In spite of the depression there has been comparatively little decline in the value of Alaskan minerals, which indicates the fundamental soundness of the Territorial mining situation.

More than 100,000 square miles of territory are capable of being developed agriculturally. Winter wheat and rye, oats, barley, spring wheat, hay, radishes, mustard, turnips, kale, lettuce, carrots, parsnips, parsley, peas, cress, cabbage, cauliflower, Brussels sprouts, onions, spinach, beets, potatoes, rhubarb, caraway, mint, catnip, sage, thyme, corn, cucumbers, beans, tomatoes, eggplant, and melons all thrive in Alaska.

Stock raising can be made very important. Cattle, sheep, and reindeer are even now raised quite successfully. In fact, the reindeer herd now numbers more than 700,000, and the first of these animals were imported from Siberia in 1892.

There is considerable timber in Alaska—white spruce, Alaska white birch, balsam, poplar, black spruce, and Alaska larch. In fact, all conditions are favorable to the establishment of a thriving pulpwood and paper industry.

In addition to coal, Alaska has numerous undeveloped waterpower sites, with potential generating facilities ranging from 5,000 to 25,000 horsepower.

The fishing industry was the first to be developed, and since the purchase of the Territory from Russia in 1867 it has yielded more than $950,000,000. It is well to mention in this connection that Japan even now operates in Alaskan waters a great floating cannery for the commercial handling of large sea crabs. In fact, she has a monopoly on this business.

Deserving of mention also is the great herd of fur-bearing seals which makes its headquarters on the Pribilof Islands in Bering Sea. The only other rookeries known are both small and unimportant. Last year 54,500 seals were killed for their skins, and it is estimated that without interfering with proper conservation 100,000 skins can be taken annually in the not distant future.

While the United States exercises sovereignty over the Pribilof Islands, supervises the killing, and manages conservation of the herd, an international agreement was consummated some years ago under the terms of which 15 percent of all the skins taken go to Japan and the same number to Canada; the rest belong to the United States. This pact was entered into in order to abolish pelagic sealing and to prevent extermination of the herd. The skins bring from $20 to $25 each in the world fur market at St. Louis.

The Alaska Railroad, costing more than $60,000,000, connects the coast with the golden heart of Alaska at Fairbanks, nearly 500 miles away. New roads are being constructed throughout the Territory, and other types of communication dot the landscape. Aviation has been a boon to the people there and now more than 60 landing fields are in use. New airports are being built, and within the next 10 years there should be a network of railway, highway, and skyway facilities which would make every part of the vast domain accessible.

Notwithstanding the development that has taken place, the surface has scarcely been scratched to date, and one can easily understand how much these vast resources would mean to Japan with her rapidly expanding population and growing need for commodities which are not produced in her homeland. And a glance at the map will disclose that the Territory is literally within a stone's throw of Japan. The distance from Yokohama, Tokyo's seaport, to the westernmost part of Alaska is approximately 1,800 miles. The distance from Attu Island, westernmost end of the Aleutian chain, to Seattle is more than 2,400 miles. These figures speak for themselves.

Bering Sea is warmed by Pacific currents, while no ice is ordinarily encountered there after June. The great-circle route traversing the northern Pacific is by navigators always considered dangerous, due to fog, bad weather, unmarked islands, and uncharted seas. Nevertheless, the Japanese have charted it extensively; they navigate it constantly. The truth is they are far more familiar with Alaskan waters than is our own Navy. Their splendidly appointed passenger ships plying between Seattle and Yokohama use this route regularly, and apprentice seamen and both senior and junior officers of their navy are thoroughly familiar with every mile of the course.

It is true that our Coast and Geodetic Survey has done some charting and the Navy has done some aerial map making in this northern area. The fact remains, however, that the United States Navy, which may be called upon at any time to defend Alaska, should make regular trips to those waters and spend far more time there than it has ever done in the past.

It is estimated that more than 65,000,000 people dwell on Honshu and the smaller islands of the Japanese Archipelago. The population is increasing at the estimated rate of 1,000,000 a year. Only 17 percent of the land is said to be capable of cultivation. With a shortage of foodstuffs and an unfavorable trade balance, Japan found her economic problem growing more difficult year by year. With a collapse of markets she had to expand.

Manchuria was just across the way; the result—military and economic penetration, bloodshed, and demolition of western prestige in the Far East. The advance on Manchuria was no mere flash in the pan. The Japanese thought it was necessary due to pressure at home; a pressure for which the Occident may well assume part of the blame. Japan's program of expansion may be said to have begun when the West, in 1853, under Commodore Perry, forced her into the family of "civilized" nations. The West sowed the wind and is now reaping the whirlwind.

In the philosophy of Japan aggression is something to be encouraged. She has seen it succeed elsewhere; and, in addition to the example of other nations so conveniently placed before her, there was the traditional function of the sword in her empire. As a close observer of oriental customs points out, the sword, as the Japanese understood it, was the weapon of the feudal retainer who used it to enforce a rigid moral code—a code based on "might rights wrong." Japan, inspired by this tradition, even before the turn of the century, embarked on a policy of enforcement of this code. She "saved" Korea from China; she "saved" China from Russia; she "saved" Shantung from Germany; and now her legions are in Manchuria to "save" that country from the bandits.

Several factors united to bring about Japan's invasion of the Continent of Asia. If she was to compete with modern nations, new lands and new resources were necessary. Manchuria, probably the richest Province in all Asia, seemed to be the logical objective. Japan had never been defeated and her ego knew no bounds. Her people boast that they represent the only unconquered race on the globe and that their destiny in its ultimate fulfillment calls for world dominion.

That the West has for many years been exploiting the East is patent; and this has given Japan an opportunity to exploit the fears of Asiatics and rationalize her own conquests into what amounts to a Pan Asiatic fervor; a fervor that is unquestionably growing throughout the continent.

Invading Manchuria Japan earned the opprobrium of the West by ruthlessly violating international agreements. Her answer was that she was faced with the alternative of obeying covenants and confronting economic suicide, or of following a policy learned from the West, which seemed to her to be sensible, economically considered, though it might violate conventions.

She ignored the new rules, invaded the continent, and took three provinces. In return she received verbal wrist-slappings from the League of Nations and some harsh words from other sources. But the island empire had the power and was not to be stopped by international diplomatic jargon. The Japanese are realists.

In her ruthless and relentless conquest of China, Japan has dealt a blow to Western prestige in the Orient from which it will probably not recover in the next century. She has debunked the military superiority of the West, at least in her own eyes; and sooner or later the West will have to debunk the Japanese myth of invincibility. At present, Western influence in the Orient has virtually collapsed.

With the conquest of Manchuria came the puppet state of Manchukuo, or Ta Manchu Tikuo. Western nations can either recognize it and thereby give it their sanction, or they can go to war to enforce treaties signed by Japan agreeing not to violate the integrity of China. The first alternative would virtually repudiate covenants entered into by all nations concerned.

The second alternative would probably involve the world in armed conflict. Indeed, if an economic boycott should be attempted against Japan, it would very likely result in war.

If Japan's conquest is recognized, she will have gained a great objective. It will mean utter defeat for the League of Nations and vindication and justification for Japan. Thus far Manchukuo remains unrecognized.

But what of China, whose great empire is being dismembered? There is no cohesion and little effective nationalism there. What China needs above all things is a strong central government and better means of communication. Meanwhile she is not only completely at the mercy of Japan but she accepts the situation philosophically. She feels that in her "spiritual strength" she will defeat Japan—that she may be temporarily conquered by superior military forces but that the Japanese will be taken in and assimilated and in a century or so lose their identity, while the great Chinese race goes on.

Moreover, China's fear of the island empire is not so great as her fear of the Reds. General Chiang Kai-shek has said, "Anyone who dares to advocate resistance to the Japanese until the Reds are defeated should be severely punished." And a little later, shortly after Sun Fo and Wang Ching-wei had endorsed this view, what is known as the Tangku truce of May 31, 1933, was signed.

Under the terms of this truce China is committed not to attack Manchukuo, while Japan agrees not to invade China proper south of the demilitarized area along the Great Wall. Thus Manchuria is conceded to Japan. Also the boycott, China's greatest weapon, is effectively ruled out. Immediately upon signing the truce, Japan started a campaign to win the friendship of the Chinese.

What are some of the results of these developments? First and foremost, Japan has been given the opportunity to launch a great Pan Asiatic crusade. Inflammatory posters in Japan read, "Asiatics, awake! Japan's army is the strongest in the world! Japan does not fight China but western domination of China and her present rulers! Asiatic comrades, unite! Overthrow white domination!"

In a recent speech Lieutenant General Kiokatsu Sato, Japanese Imperial Army, retired, is quoted as saying, "It is our duty to detest and loathe the people of the United States. There is no need to employ honey-coated words or high-sounding expressions. We must speak out frankly and without reserve. Our enemy is the United States of America. Arise! Exert yourself! Prepare for the coming Japanese-American war. We must chastise our enemy, the United States of America."

An American correspondent quotes a Tokyo newspaper as follows: "Whatever may be their [Americans'] object, their actions are more despicable than those of the Germans, whose atrocities they attacked as worthy of the Huns. At least these Americans are barbarians who are on a lower plane of civilization than the Japanese."

Countless illustrations of Japanese feeling could be given, but the quotations above indicate very accurately the sentiment of the military party. A great Asiatic league is now in process of development among the peoples of the Orient. An esprit de corps is growing which foreshadows a real era of "Asia for the Asiatics." The movement is led by able and brilliant men, and is a trend that may well be considered.

Japan is supporting her myth of invincibility by building up her national defense. Today she has built completely up to the naval treaty limit, while the United States is not within 200,000 tons of the strength allowed her by the pact. When the next conference convenes Japan will demand parity in naval strength and probably get it. In short, Japan is eminently capable of taking care of herself, while the United States, considering the area she has to protect, is thoroughly weak and undermanned.

America does not seek war with Japan or any other nation. The American people are sick of war. We covet nothing possessed by any other country. All we desire is to be left alone; but, unfortunately, we may be attacked, and in such emergency must defend ourselves and our institutions.

True, we have one outpost in the Pacific. Pearl Harbor could and should be made the strongest naval base in the world. Indeed, it should be made impregnable, for, situated in the Hawaiian Islands, 2,100 miles from San Francisco, it is our farthest western stronghold.

Alaska stands out as a tempting morsel and is within a stone's throw of Japan. We talk in terms of high-sounding idealism and we evade realities. We are in no condition to engage in war. Our Navy is not up to the strength that security demands. As for Japan, she expects to keep her grip on Manchuria, and this attitude is expected to provoke a clash with the United States.

Tokichi Tanaka, former Japanese ambassador to Moscow, says that three potential sources of danger exist between Japan and the United States. One is the Manchurian affair, the other two are naval limitations and immigration regulations. He advises the world to forget the past and look to the future. He insists that America should withdraw from China and terminate extraterritoriality. Otherwise America's efforts will be considered an effort to checkmate Japan.

What would be the effect of war with Japan? Well, no one can predict with certainty. That we could win eventually is probably a conservative statement, but the campaign would doubtless be longer than most of our optimists think. Let us suppose that Japan were to capture the Aleutians. Using these as a base, she might conceivably go on to the mainland, and she would then be on the North American Continent. There she would be at our back door with the untold resources of Alaska at her command. This is something worth thinking about. This, indeed, would present a problem not to be solved by polite though firm notes from the State Department.

That war clouds hang low over the earth today is a fact, and Mars continues to seek victims. Because of this fact we must be prepared for any emergency that may arise. We must have a strong navy, capable of really defending the country and its sovereignty—a navy second to none on earth—one that will command the respect of the world.

Our quest is for peace with all men, but in that quest we must be prepared not only to wish for it but to demand it.

LEAVE TO ADDRESS THE HOUSE

Mr. KENNY. Mr. Speaker, I ask unanimous consent to address the House on Thursday morning next for one half hour, after the reading of the Journal and the disposition of business on the Speaker's table.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, on what subject?

Mr. KENNY. On the subject of a national lottery.

The SPEAKER. Is there objection?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, the gentleman from Texas [Mr. MANSFIELD], Chairman of the Committee on Rivers and Harbors, wishes to address the House on Friday next for 40 minutes, and I ask unanimous consent that that permission be granted.

Mr. WHITTINGTON. Reserving the right to object, I am wondering if some other day would not suit as well. We have the public roads bill for that morning.

Mr. McDUFFIE. I did not know what the order of business would be. I spoke to the majority leader about it.

Mr. BYRNS. I had hoped to get the air mail bill and the good roads bill passed by Thursday.

Mr. WHITTINGTON. But it is specified for Friday on the program sent to the Members.

Mr. BYRNS. I do not know anything about the program, but I had hoped we could get through with the Johnson bill by Wednesday and take up both the air-mail and the good-roads bills on Thursday.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. McDUFFIE]?

There was no objection.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that on tomorrow, after the reading of the Journal and disposition of matters on the Speaker's table, I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE HUNDREDTH ANNIVERSARY OF THE ADMISSION OF THE STATE OF ARKANSAS INTO THE UNION

Mr. GLOVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill, S. 2901, which passed the House today.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas [Mr. GLOVER]?

There was no objection.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, Senate bill No. 2901 now before Congress is a bill to authorize the coinage of a 50-cent piece in commemoration of the hundredth anniversary of the admission of the State of Arkansas into the Union.

Arkansas was admitted into the Union on June 15, 1836. The growth of this State within this 100 years has not been excelled by any State in the Union.

The State of Arkansas has more navigable streams than any State in the Union, and these water powers are just now being developed for the use and good of mankind. We hope in the next few years to have many other developments of water power in Arkansas.

This State has the most wonderful climate, taking into consideration the entire 12 months of the year, of any State. It has a variety of soils that will produce almost any crop that will grow in America. Our principal crop for many years has been the cotton crop, and in the production of cotton we now occupy the third place of all the States of the Union.

The bottom lands of this State cannot be excelled for the production of this crop. Corn is grown in such quantities as to meet the needs of the people of the State for feed for stock and for food purposes, but very little has been shipped out of the State.

The northern part of the State is especially adapted to the growing of apples, the Arkansas Black and many of the standard varieties are grown there in large quantities and shipped in train loads out of this State into other markets.

Arkansas is rich in coal, and much coal is mined in this State of as fine quality as can be found almost anywhere. For vegetables, strawberries, and grapes there is no State anywhere that can excel ours.

The State of Arkansas is one of the four States that produces the principal part of the rice crop for domestic consumption and for export. About 100,000 acres of prairie black land is used for the cultivation of rice, and no more

beautiful scene could be looked upon than these mighty fields of growing rice.

Arkansas also has one of the largest producing oil fields in the United States, and the supply seems to be inexhaustible, and other new fields are awaiting development when the demand for it comes.

Mining in our State is in its infancy yet, but is being rapidly developed.

Arkansas has the only diamond field in the United States, and some of the finest diamonds have been found there within the past few years that can be found anywhere.

It is in this State that the great Hot Springs National Park is situated, where the health-giving waters flow out of the mountain side, that has been a panacea for the ills of the nations. Thousands of persons go there annually in pursuit of health and go away restored to full health.

In this State the great bauxite mines are located at Bauxite, Saline County, Ark., which is the finest supply of bauxite in the United States and is there in inexhaustible quantities.

The State of Arkansas in the past few years has been on an extensive program of building highways. The State is now connected with some of the finest highways in the United States.

Time will not permit me to discuss all of the developments of this great State.

The first section of the bill provides that in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union there shall be coined at the mints of the United States 500,000 silver 50-cent pieces of such design as the Director of the Mint, with the approval of the Secretary of the Treasury, may select; but the United States shall not be subject to the expense of making the models or master dies or other preparations for this coinage.

The second section of the bill provides that all laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, for the transportation, distribution, and redemption of the coins, for the prevention of debasement or counterfeiting, for security of the coin, or for any other purposes, whether said laws are penal or otherwise shall, so far as applicable, apply to the coinage authorized by this act.

Section 3 of the bill reads as follows:

The coins authorized by this act shall be issued only to the Arkansas Honorary Centennial Celebration Commission, or its duly authorized agent, in such numbers, and at such times as they shall be requested by such commission or any such agent, and upon payment to the United States of the face value of such coins.

This bill was introduced by the junior Senator from Arkansas, Hon. HATTIE W. CARAWAY, the first and only woman ever elected to the United States Senate.

These silver coins will be bought by the citizens of the State and kept as souvenirs, and will be sold at a price that will enable the Arkansas Honorary Centennial Celebration Commission to suitably prepare for the celebration of this great event.

We invite you ladies and gentlemen of Congress to visit our State on this occasion and let us demonstrate to you the things I have said about Arkansas are true.

RAILROAD PENSION LEGISLATION

Mr. KELLER. Mr. Speaker. I ask unanimous consent that the gentleman from Ohio [Mr. CROSSER] and I be permitted to enter a joint bill on railroad-pension legislation in this body.

Mr. MARTIN of Massachusetts. Reserving the right to object, that is rather unusual, is it not?

Mr. KELLER. I understand that it is unusual and that is the reason I am asking the unanimous consent for it.

Mr. MARTIN of Massachusetts. What is the purpose of it?

Mr. KELLER. The purpose is simply this: There have been two schools putting forward railroad-pension laws. The gentleman from Ohio [Mr. CROSSER] represents one school, and I represent another. We have got together on a bill and should like to introduce it jointly.

The SPEAKER. Both gentlemen can introduce the same bill, but not jointly. It is against the rules of the House.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ROGERS of New Hampshire, at the request of Mr. CONNERY, indefinitely, on account of illness in his family.

To Mr. CELLER, indefinitely, on account of illness.

To Mr. GRAY, for the remainder of the week, on account of important business.

To Mrs. NORTON, indefinitely, on account of the serious illness of her husband.

CONSENT CALENDAR

Mr. MOTT. Mr. Speaker, I ask unanimous consent to return to the Consent Calendar for the purpose of taking up no. 262 on the calendar, H.R. 7922.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

Mr. TRUAX. Reserving the right to object, what is the bill to which the gentleman refers?

Mr. MOTT. This bill is a bill conveying to the State of Oregon a part of some lighthouse property which is no longer wanted by the Government, and which the Government desires to convey to the State of Oregon for highway and park purposes. The highway department is undertaking that work now, and they have no authority without this bill. If we wait until the next Consent Calendar day, it will be a very great handicap.

Mr. TRUAX. Was the bill objected to today?

Mr. MOTT. No. It was not reached. It is no. 262.

Mr. TRUAX. I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. MOTT]?

There was no objection.

YAQUINA BAY LIGHTHOUSE RESERVATION, OREG.

The Clerk called the bill (H.R. 7922) authorizing the Secretary of Commerce to dispose of a portion of the Yaquina Bay Lighthouse Reservation, Oreg.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of Commerce is hereby authorized to convey to the State of Oregon (State Highway Commission), for public-highway and park purposes, the unused portion of Yaquina Bay Lighthouse Reservation, Oreg., containing an area of approximately 22 acres, more or less, excepting that part of lot 1, section 17; part of lot 1, section 18; and part of lot 5, section 8, all in township 11 south, of range 11 west, bordering on Yaquina Bay which is required for jetty purposes by the War Department, and reserving to the Commerce, Treasury, and War Departments the rights of ingress and egress over the land so transferred and to maintain thereon such facilities as these Departments may at any time require. The deed of conveyance shall describe by metes and bounds the land so transferred to the State of Oregon and contain the express condition that the grantee assumes the obligation of carrying out the purposes of the grant; and provide that the Secretary of Commerce may at any time by letter addressed to the Oregon State Highway Commission notify the grantee in the event it has not begun to perform, or has ceased to perform, any such obligations that the property so conveyed will revert to the United States; and if the grantee does not begin or resume the performance of such obligations within a period of 6 months from date of such notice, such property shall upon the expiration of such period revert to the United States without further notice of demand or any suit or proceeding.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PERMANENT JUDGESHIP

Mr. HEALEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HEALEY. Mr. Speaker, this bill is for the creation of a permanent judgeship to fill the vacancy caused by the death of the late Justice Lowell.

The Judiciary Committee voted unanimously to favorably report this bill. The judgeship which this bill proposes to make permanent was created by an act of Congress in 1922 which did not provide for the survival of the judgeship after the death of the incumbent.

From 1922 to 1930, the population of Massachusetts increased by approximately 400,000—a 10-percent increase—and now the population of Massachusetts is, in round figures, 4,300,000, according to the 1930 census; and, according to the senior judge now sitting, the work of the court has been more than doubled since he was appointed in 1922, and this is borne out by the statistics found in the reports of the attorney general for this court.

Although three judges have extended the length of the sessions, they have been unable to handle the work of this court, and it has been necessary to frequently call in outside assistance, when it was available. But even with the three judges plus the outside assistance, the number of cases pending at the end of the year still remains large. There were pending at the close of the year 1933 some 1,942 cases, and at the close of the year 1932 there were 1,810 cases pending.

In addition to the civil, criminal, admiralty, and bankruptcy cases, the court has a large number of naturalization cases. In 1931 to 1932 there were 6,685 cases filed; and in 1932–33 there were 4,337 cases filed. Over 9,000 persons were admitted to citizenship in 1932–33. In 1932 there were 2,495 bankruptcy cases filed; and in 1933, 2,162 bankruptcy cases were filed.

There are 19 States with less population than Massachusetts, having as many district court judges (two) as Massachusetts, and there are 10 with less population having more judges than Massachusetts. There is no State with the same population having as few judges as Massachusetts.

The thickly settled area with highly industrialized commercial activities of the State, naturally involving diversity of citizenship, has a natural tendency to foster conflict of interests and consequent recourse to court litigation.

Because of the character of its industry and commerce, many cases filed in the court are complex and technical and require long and protracted hearings presenting difficult questions of law for determination.

On Saturday the House passed 10 crime bills which confer additional jurisdiction on the United States courts. These bills were passed to aid and assist the Attorney General in his war on crime and in a speedy administration of justice. Surely, then, we do not want to leave this court in its crippled and impaired condition. If this bill is not passed at this session, it is bound to result in a break-down in the functions of this court and a great impairment of the administration of justice. The dockets and calendars will become congested, and it will take many years to correct the situation.

The port of Boston is located in Massachusetts and also many other smaller ports. This gives rise to a great number of admiralty cases which are of a complex and difficult nature and take up a great deal of the time of the courts.

A study of the figures taken from the Attorney General's reports from year to year (1922–33, inclusive) shows that, even with three judges and lengthened sessions of the court, the court was still unable to keep the calendar cleared. The figures show that the ordinary civil jury trials, whether those between private individuals or those between the United States and a private individual, cannot be reached until more than 2 years after the case is introduced. Criminal cases, if the cases are tried in the order in which they are introduced, must wait from 4 to 6 months before they can be tried or disposed of. It is apparent, then, that even when three judges were sitting there was an excessive delay before justice could be properly set into operation.

I have briefly presented the situation which has existed in the United States District Court for the District of Massachusetts, not with 2 judges but with 3. Struggling now with a task which was too great for 3 judges, this court with only 2 judges is facing a most critical situation.

The vacancy on this court caused by the death of Judge Lowell has created an emergency which makes imperative the passage of this legislation in order that the administration of justice may not be seriously impaired by the congestion of dockets. The court should be prepared to try and dispose of criminal cases with dispatch and guarantee to litigants before the court that their cases will be disposed of within a reasonable time. If this legislation is not passed by this session of Congress, the impairment and damage caused the court may be so serious that it will require many years to restore the court to its proper functioning and perhaps a greater expenditure of public funds.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2460. An act to limit the operation of statutes of limitations in certain cases.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 47 minutes p.m.) the House adjourned until tomorrow, Tuesday, May 8, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, May 8, 10 a.m.)

Hearings on H.R. 8301, communications bill.

EXECUTIVE COMMUNICATIONS, ETC.

452. Under clause 2 of rule XXIV a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1934, to remain available until expended, for the Department of Agriculture, amounting to $150,000 (H.Doc. No. 358) was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 9233. A bill authorizing associations of producers of aquatic products; with amendment (Rept. No. 1504). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of New Hampshire: Committee on Military Affairs. House Report 1506. A report in connection with the investigation under House Resolution 275. Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McLEAN: Committee on Military Affairs. S. 101. An act for the relief of Roberty Gray Fry, deceased; without amendment (Rept. No. 1503). Referred to the Committee of the Whole House.

Mr. KELLER: Committee on the Library. H.R. 7290. A bill authorizing the President to present a gold medal to George M. Cohan; without amendment (Rept. No. 1505). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Ways and Means was discharged from the consideration of the bill (H.R. 9459) relating to Philippine currency reserves on deposit in the United States, and the same was referred to the Committee on Insular Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DICKSTEIN: A bill (H.R. 9518) to clarify the provisions of section 19 of the Immigration Act of February 5, 1917, to authorize the deportation of the habitual criminal, to guard against the separation from their families of aliens of the noncriminal classes, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. WERNER: A bill (H.R. 9519) to preserve the individual estates which have been allotted to individual Indians heretofore, and which may hereafter be made, by extending the trust periods and restrictions against alienation until further action by Congress; and providing that the only alienation that may be approved shall be to preserve the life or health of an allottee, for which purpose funds are necessary; to the Committee on Indian Affairs.

By Mr. TRUAX: A bill (H.R. 9520) to repeal the provisions of title 26, United States Code, sections 1046, 1065, 2321, and 3322, etc., providing for administrative refund by the United States Treasury Department of overpayments and illegal collections of income-tax assessments and to reduce the statute of limitations applying to suits in the United States courts for tax refunds to 1 year from the time the tax was paid; to the Committee on Ways and Means.

By Mr. WOODRUFF: A bill (H.R. 9521) to legalize a pier along the west coast of Lake Huron, Mich., at Greenbush, Mich.; to the Committee on Rivers and Harbors.

By Mr. CONNERY: A bill (H.R. 9522) to grant the consent of Congress for the county commissioners of Essex County, in the State of Massachusetts, to construct a bridge across the Merrimack River; to the Committee on Interstate and Foreign Commerce.

By Mr. HILL of Alabama (by request): A bill (H.R. 9523) to authorize the Secretary of War to sell or dispose of certain surplus real estate of the War Department; to the Committee on Military Affairs.

By Mr. DIMOND: A bill (H.R. 9524) to provide more effectively for the national defense by augmenting the military garrison and establishing military utilities in Alaska; to the Committee on Military Affairs.

By Mr. HOWARD (by departmental request): A bill (H.R. 9525) to reserve 80 acres on the public domain for the benefit of the Kanosh Band of Indians in the State of Utah; to the Committee on Indian Affairs.

By Mr. DIES; A bill (H.R. 9526) authorizing the city of Port Arthur, Tex., or any commission designated by it, and its successors and assigns, to construct, maintain, and operate a bridge over Lake Sabine at or near Port Arthur, Tex.; to the Committee on Interstate and Foreign Commerce.

By Mr. KELLY of Pennsylvania: A bill (H.R. 9527) to amend section 5 of the Reconstruction Finance Corporation Act; to the Committee on Banking and Currency.

By Mr. RICHARDS: A bill (H.R. 9528) to amend section 32 of the Emergency Farm Mortgage Act of 1933; to the Committee on Agriculture.

By Mr. HOPE: A bill (H.R. 9529) to amend the Packers and Stockyards Act, 1921; to the Committee on Agriculture.

By Mr. LLOYD: A bill (H.R. 9530) granting the consent of Congress to the county of Pierce, a legal subdivision of the State of Washington, to construct, maintain, and operate a toll bridge across Puget Sound, State of Washington, at or near a point commonly known as "The Narrows"; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITE: A bill (H.R. 9531) to add certain lands to the Idaho and Weiser National Forests; to the Committee on the Public Lands.

Also, a bill (H.R. 9532) to add certain lands to the Salmon National Forest; to the Committee on the Public Lands.

By Mr. KOPPLEMANN: Resolution (H.Res. 377) that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Concurrent Resolution 32; to the Committee on Rules.

By Mr. BYRNS: Joint resolution (H.J.Res. 335) authorizing an appropriation for the expenses of the arbitration of the claim of George R. Jones Co., Inc., against the Government of Norway; to the Committee on Foreign Affairs.

By Mr. McREYNOLDS: Joint resolution (H.J.Res. 336) to authorize the return of a speaker's mace to the Dominion of Canada; to the Committee on Foreign Affairs.

By Mr. McLEOD: Joint resolution (H.J.Res. 337) requesting the President of the United States to invite all State governors to a conference for the purpose of formulation and adoption of a Nation-wide program to reduce excessive costs of State governments and their local subsidiaries by reorganization of local governmental systems and elimination of all obsolete and unnecessary offices and functions; to the Committee on Ways and Means.

By Mr. MITCHELL: Joint resolution (H.J.Res. 338) providing that further appointments in the Bureau of Industrial Alcohol and certain appointments in the Bureau of Internal Revenue shall be made from an eligible list hereafter established; to the Committee on the Civil Service.

By Mr. KENNEY: Joint resolution (H.J.Res. 339) memorializing the States and Territories of the United States to require the taking of an oath of allegiance to the Constitution of the United States by all teachers of the public schools and other institutions of learning, and for other purposes; to the Committee on Education.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, endorsing the report of President Roosevelt's Committee on Wild Life Restoration; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of Illinois in support of Senate bill 1978 and House bill 6157; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H.R. 9533) for the relief of Ely Khmara; to the Committee on Claims.

By Mr. BRUMM: A bill (H.R. 9534) for the relief of Martha Palitis; to the Committee on Claims.

By Mr. CARTER of California: A bill (H.R. 9535) for the relief of Joseph V. Higgins; to the Committee on the Civil Service.

By Mr. DIMOND: A bill (H.R. 9536) for the relief of the Holy Cross Mission Hospital; to the Committee on Claims.

By Mr. ELLZEY of Mississippi: A bill (H.R. 9537) authorizing the payment of compensation to Fred L. Applewhite for the death of his son, Fred L. Applewhite, Jr.; to the Committee on Claims.

By Mr. GOLDSBOROUGH: A bill (H.R. 9538) for the relief of Zedic N. Draper; to the Committee on Military Affairs.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 9539) granting a pension to Henry S. Dyer; to the Committee on Pensions.

By Mr. LEE of Missouri: A bill (H.R. 9540) granting a pension to John Clavin Bonebrake; to the Committee on Invalid Pensions.

By Mr. LOZIER: A bill (H.R. 9541) granting a pension to Mary E. Prouty; to the Committee on Invalid Pensions.

By Mr. MARLAND: A bill (H.R. 9542) granting a pension to James Virgil Wright; to the Committee on Pensions.

By Mr. SUMNERS of Texas: A bill (H.R. 9543) for the relief of Robert Luther Milan; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4533. By Mr. BOYLAN: Letter from the Pattern Maker's League Association of New York and vicinity, favoring the Wagner-Connery Disputes Act; to the Committee on Labor.

4534. Also, letter from the James J. Thompson & Son, Inc., New York City, favoring the Cartwright bill appropriating money for roads, etc.; to the Committee on Appropriations.

4535. By Mr. CONNERY: Petition of the United Veterans Political League of America, Revere Branch 101, Revere, Mass., condemning the spread of Naziism through an organized body with headquarters in Boston, Mass.; to the Committee on Foreign Affairs.

4536. By Mr. GOODWIN: Petition of the Daughters of the American Revolution, Schoharie, Schoharie County, N.Y., respectfully petitioning Congress for favorable action on the Patman motion-picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

4537. By Mr. KELLY of Pennsylvania: Petition of the members of Ladies Auxiliary, One Hundred and Seventh Field Artillery, American Expeditionary Force Veterans Association of Pittsburgh, Pa., favoring the Patman bill (H.R. 1); to the Committee on World War Veterans' Legislation.

4538. Also, petition of the citizens of Allegheny County, Pa., protesting against curtailment of service by the Post Office Department; to the Committee on the Post Office and Post Roads.

4539. Also, petition of the citizens of McKeesport, Pa., protesting against curtailment of service of the Post Office Department; to the Committee on the Post Office and Post Roads.

4540. Also, petition of the citizens of Wilkinsburg, Pa., protesting against legalization of race-track gambling and lotteries; to the Committee on the District of Columbia.

4541. Also, petition of the residents of Pitcairn, Pa., favoring the McLeod bill; to the Committee on Banking and Currency.

4542. By Mr. LINDSAY: Petition of the Chamber of Commerce of the State of New York, New York City, opposing the passage of House bill 9363; to the Committee on Immigration and Naturalization.

4543. Also, petition of the Railroad Employees' National Pension Association, Chicago, favoring the passage of the Hatfield-Wagner railroad retirement pension bill (S. 3231); to the Committee on Labor.

4544. Also, petition of the American Farm Bureau Federation, Washington, D.C., opposing Senate bill 3025; to the Committee on Banking and Currency.

4545. Also, petition of the Ladies Auxiliary of Branch 2, United National Association of Post Office Clerks, Brooklyn, N.Y., opposing further payless furloughs for postal employees; to the Committee on the Post Office and Post Roads.

4546. Also, petition of the Pattern Makers' League of North America, New York City, urging the passage of the original Wagner-Connery bill; to the Committee on Labor.

4547. By Mr. REID of Illinois: Petition of 102 citizens of Joliet, Will County, Ill., urging the passage of House bill 6836, providing for the regulation of trucks and busses, and House bill 8100, repealing the long-and-short-haul provision of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

4548. By Mr. RUDD: Petition of the Pattern Makers' League of North America, New York City, favoring the passage of the Wagner-Connery disputes bill; to the Committee on Labor.

4549. By Mr. SADOWSKI: Petition of the Taxpayers' Association of Hamtramck, Mich., endorsing Brown pay-off bill; to the Committee on Banking and Currency.

4550. By Mr. SMITH of Washington: Petition containing approximately 800 signatures of residents in the southwestern section of the State of Washington, in behalf of the Townsend old-age revolving pension plan; to the Committee on Labor.

4551. By Mr. WOLCOTT: Memorial of the City Council of New Baltimore, Mich., urging the enactment of the McLeod bill (H.R. 7908); to the Committee on Banking and Currency.

4552. Also, memorial of the Township Board of Bruce Township, Macomb County, Mich., urging the enactment of the McLeod bill (H.R. 7908); to the Committee on Banking and Currency.

4553. By the SPEAKER: Petition of the municipal government of Zaragoza, Province of Nueva Ecija, P.I.; to the Committee on Insular Affairs.

4554. Also, petition of Gobierno Muncipal De Calapan Provincia De Mindoro, I.F.; to the Committee on Insular Affairs.

4555. Also, petition of Gobierno Municipal De Badajoz Provincia De Romblon, I.F., to the Committee on Ways and Means.

SENATE

TUESDAY, MAY 8, 1934

(Legislative day of Thursday, Apr. 26, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Monday, May 7, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. FLETCHER. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norbeck	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pittman	
Costigan	Johnson	Pope	

Mr. LEWIS. I announce the absence of the Senator from California [Mr. MCADOO] caused by illness, and the absence of the Senator from North Carolina [Mr. BAILEY] and the Senator from Florida [Mr. TRAMMELL] made necessary by public business.

Mr. HEBERT. I announce that the Senator from Pennsylvania [Mr. REED], the Senator from Indiana [Mr. ROBINSON], and the Senator from West Virginia [Mr. HATFIELD] are unavoidably absent. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

PREVENTION OF CRIME

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the following bills of the Senate:

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal

penal and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; and

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

Mr. ASHURST. I move that the Senate disagree to the amendments of the House to each of the bills, respectively, ask for a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate. I make this request to include all the bills, which are seven in number.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona.

The motion was agreed to; and the Vice President appointed Mr. ASHURST, Mr. KING, and Mr. BORAH conferees on the part of the Senate.

REPORTS OF THE TARIFF COMMISSION

The VICE PRESIDENT laid before the Senate three letters from the Chairman of the United States Tariff Commission, transmitting copies of reports sent to the President by the Commission in investigations for the purposes of section 336 of the Tariff Act of 1930 with regard to report numbered 1 (indicated below), and for the purposes of section 3 (e) of the National Industrial Recovery Act with regard to reports numbered 2 and 3 (indicated below), with the action of the President thereon, which, with the accompanying papers, were referred to the Committee on Finance, as follows:

1. Report of an investigation, instituted upon applications from interested parties, with respect to canned clams;

2. Report of an investigation, instituted upon request of the President, with respect to wool-felt hat bodies; and

3. Report of an investigation, instituted upon request of the President, with respect to quicksilver.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Ohio, which was referred to the Committee on Agriculture and Forestry:

Joint resolution memorializing Congress, relative to the passage of the Frazier bill, providing for the liquidating and refinancing of agricultural indebtedness

Whereas it is the sense of the members of the Ohio General Assembly that the Government of the United States should perform its solemn promise and place American agriculture on the basis of equality with other industries by providing an adequate system of credit, and that adequate legislation to that end should be adopted at the earliest possible date; and

Whereas, unless immediate relief is given, hundreds of thousands of farmers will lose their farms and their homes and millions more will be forced into our cities and villages, and the army of unemployed will necessarily increase to alarming proportions; and

Whereas the price of agricultural products during recent years has in fact been far below the cost of production; and

Whereas there is no adequate way of refinancing existing agricultural indebtedness and the farmers are at the mercy of their mortgagees and creditors throughout this State and Nation; and

Whereas Senate bill no. 457, introduced in the Senate of the United States by Senator LYNN J. FRAZIER, of North Dakota, provides for the liquidating and refinancing of agricultural indebtedness and provides for a reduced rate of interest for the same through the Federal farm-loan system and the Federal Reserve Bank System; and

Whereas the provisions of this bill will have a vital effect upon the agricultural industry of the State of Ohio; and

Whereas at the present time many loans relating to the agricultural industry should bear a reduced rate of interest; and

Whereas agriculture is the basic industry of this country and there can be no sound business prosperity until agriculture is put on an equality with other industries: Now, therefore, be it

Resolved, That it is the sense of your memoralists, the members of the Ohio General Assembly, that the Congress of the United States should enact the provisions of the said Senate bill no. 457; and be it further

Resolved, That a copy of this memorial, duly authenticated, be sent by the clerk of the house of representatives to the Senate and House of Representatives of the United States and to each of the Senators and Representatives of Ohio in Congress, and to United States Senator LYNN J. FRAZIER, the Senator who introduced the bill.

FRANK CAVE,
Speaker of the House of Representatives.
CHARLES SAWYER,
President of the Senate.

Adopted May 4, 1934.

The VICE PRESIDENT also laid before the Senate a resolution adopted by Moving Picture Machine Operators Local, No. 249, International Alliance of Theatrical Stage Employees, of Dallas, Tex., favoring the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the second annual western district convention of the Cannery and Agricultural Workers' Industrial Union, Sacramento, Calif., opposing the passage of the so-called "Wagner relief bill", and favoring the passage of House bill 7598, providing unemployment insurance to workers, which was referred to the Committee on Finance.

Mr. CAPPER presented the petition of Local No. 19367, Federal Labor Union, of Hutchinson, Kans., praying for the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented a petition of sundry citizens of Morrowville, Kans., praying for the passage of the bill (S. 3015) prohibiting the advertising of intoxicating liquors through the medium of radio broadcast, which was referred to the Committee on Interstate Commerce.

TARIFF ON LACES—MEMORIAL

Mr. HEBERT. Mr. President, I ask permission to have printed in the RECORD and appropriately referred a memorial addressed to me and signed by employees of the Valley Lace Co., a concern domiciled in the town where I make my home. The memorial protests against the passage of the pending reciprocal tariff bill.

There being no objection, the memorial was referred to the Committee on Finance and ordered to be printed in the RECORD, without the signatures, as follows:

VALLEY LACE CO., INC.,
Riverpoint, R.I., April 10, 1934.

Senator FELIX HEBERT,
Senate Office Building, Washington, D.C.

DEAR SIR: We, the undersigned employees of the Valley Lace Co., wish to voice our protest to the proposed cut in tariff on imported laces. The bill now before the Senate, if enacted into law, would deprive us of our employment. We urge you to do all in your power to defeat this bill.

——— ———.

PRODUCTION AND MARKETING OF COTTON

Mr. SMITH. Mr. President, I send to the desk a communication in the form of a resolution, which I ask to have read.

The VICE PRESIDENT. Without objection, the communication will be read.

The Chief Clerk read as follows:

AMERICAN COTTON SHIPPERS ASSOCIATION,
Memphis, Tenn., May 4, 1934.

Senator ELLISON D. SMITH, *Chairman,*
Senate Committee on Agriculture and Forestry,
Senate Office Building, Washington, D.C.

DEAR SIR: We take pleasure in quoting below a resolution adopted in the tenth annual meeting of the membership of the American Cotton Shippers Association, held in Memphis, Tenn., on April 27 and 28, and earnestly bespeak your consideration of same:

"*Resolved by the American Cotton Shippers Association*, That we approve the pending bill authorizing the President to negotiate reciprocal tariff agreements.

"That we commend the administration for its policy of promoting international trade.

"That we actively urge our Representatives in Congress from cotton-producing States to support the enactment of the bill in order:

"1. To permit the rapid disposal of our surplus cotton in foreign markets;

"2. To escape the necessity of severe restrictive crop and marketing control measures; and

"3. To restore the production of cotton for export and avoid the loss of important markets. And be it further

"*Resolved*, That this resolution be conveyed immediately to the President of the United States, the Secretaries of State and Commerce, the Chairmen of the Senate Finance and Agriculture Committees, and all Members of Congress from cotton-producing States."

Yours very truly,

R. C. DICKERSON,
Vice President and Secretary.

REPORTS OF COMMITTEES

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (H.R. 7306) to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended, reported it with an amendment and submitted a report (No. 924) thereon.

He also, from the same committee, to which was referred the bill (S. 8) to add certain lands to the Boise National Forest, reported it with amendments and submitted a report (No. 926) thereon.

Mr. BONE, from the Committee on Naval Affairs, to which was referred the bill (S. 3380) providing for the appointment of Richmond Pearson Hobson, formerly a captain in the United States Navy, as a rear admiral in the Navy, and his retirement in that grade, reported it without amendment and submitted a report (No. 925) thereon.

Mr. COSTIGAN, from the Committee on Banking and Currency, to which was referred the joint resolution (S.J.Res. 91) to supplement the authority of the Federal Trade Commission to obtain information relating to the salaries of officers and directors of certain corporations whose securities are listed on the New York stock exchanges, reported it with amendments.

LABOR CONDITIONS ON BUILDING PROJECTS IN THE DISTRICT

Mr. WALSH, from the Committee on Education and Labor, to which was referred the resolution (S.Res. 228) authorizing an investigation of the relationship existing between certain contractors and their employees in the District of Columbia, reported it with amendments, and moved that the resolution be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which motion was agreed to.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 7th instant that committee presented to the President of the United States the enrolled bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. VANDENBERG:

A bill (S. 3559) for the relief of Leon Frederick Ruggles; to the Committee on Claims.

A bill (S. 3560) to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever", approved February 28, 1929; to the Committee on Pensions.

By Mr. POPE:

A bill (S. 3561) granting a pension to Earl J. Stark; to the Committee on Pensions.

A bill (S. 3562) for the relief of Robert Rayl; to the Committee on Public Lands and Surveys.

By Mr. PATTERSON:

A bill (S. 3563) granting a pension to Mattie Jarrett (with accompanying papers); to the Committee on Pensions.

By Mr. DILL:

A bill (S. 3564) for the relief of Joseph S. Johnson; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 3565) to authorize the leasing of unallotted Indian lands for mining purposes and to repeal section 26 of the act of June 30, 1919 (41 Stat. 31), as amended by the acts of March 3, 1921 (41 Stat. 1231) and December 16, 1929 (44 Stat. 922–923); to the Committee on Indian Affairs.

A bill (S. 3566) to provide for the erection of a public historical museum in the Custer Battlefield National Cemetery, Mont.; to the Committee on Military Affairs.

By Mr. BULOW:

A bill (S. 3567) to preserve the individual estates which have been allotted to individual Indians heretofore and which may hereafter be made by extending the trust periods and restrictions against alienation until further action by Congress; and providing that the only alienation that may be approved shall be to preserve the life or health of an allottee, for which purpose funds are necessary; to the Committee on Indian Affairs.

By Mr. KING:

A bill (S. 3568) to amend section 824 of the Code of Law for the District of Columbia; and

A bill (S. 3569) to provide for the acquisition of land in the District of Columbia in excess of that required for public projects and improvements, and for other purposes; to the Committee on the District of Columbia.

By Mr. HAYDEN and Mr. HATCH:

A bill (S. 3570) to protect the interests of the Federal Government in the San Carlos project and in the region comprising the watershed of the Gila River and its tributaries above the Coolidge dam; to the Committee on Public Lands and Surveys.

By Mr. HATCH:

A bill (S. 3571) for the relief of Harry T. Herring; to the Committee on Military Affairs.

By Mr. FRAZIER:

A bill (S. 3572) to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", approved May 18, 1928 (45 Stat.L. 602), by adding a new section thereto, to be known and designated as "section 8"; to the Committee on Indian Affairs.

By Mr. BONE:

A bill (S. 3573) granting an annuity to John O. Jones; to the Committee on Civil Service.

A bill (S. 3574) to provide for the construction of a bridge across the Portage Canal between Marrowstone Island and the mainland, Jefferson County, State of Washington; to the Committee on Commerce.

A bill (S. 3575) granting a pension to Eunice M. Durant; to the Committee on Pensions.

CHANGE OF REFERENCE

On motion of Mr. SHEPPARD, the Committee on Military Affairs was discharged from the further consideration of the following bills, and they were rereferred as indicated:

S. 2268. A bill to provide for the commemoration of the Battle of Helena, in the State of Arkansas; to the Committee on Public Lands and Surveys.

S. 3418. A bill to provide for the protection and preservation of domestic sources of tin; to the Committee on Finance.

AMENDMENT TO BILL RELATIVE TO PERMANENT APPROPRIATIONS

Mr. ROBINSON of Arkansas submitted an amendment intended to be proposed by him to the bill (H.R. 9410) providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed.

REGULATION OF SECURITIES EXCHANGES—AMENDMENTS

Mr. LOGAN submitted five amendments intended to be proposed by him to the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, which were ordered to lie on the table and to be printed.

OPERATIONS OF FARM CREDIT ADMINISTRATION IN BALTIMORE

Mr. TYDINGS submitted the following resolution (S.Res. 237), which was ordered to lie on the table:

Resolved, That a special committee of five Senators, to be appointed by the President of the Senate, 3 from the majority political party and 2 from the minority political party, is authorized and directed to make a full and complete investigation of all the operations and activities of the Farm Credit Administration, and of the various agencies subject to its jurisdiction, in the Federal land-bank district of which the principal city is Baltimore, Md., and of the organization and personnel of such agencies. The committee shall report to the Senate as soon as practicable the results of its investigations, together with its recommendations, if any, for necessary legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress and succeeding Congresses, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills and joint resolution of the Senate:

S. 285. An act to authorize the addition of certain lands to the Ochoco National Forest, Oreg.;

S. 618. An act to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes";

S. 1506. An act to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon;

S. 1810. An act to amend the act authorizing the issuance of the Spanish War service medal;

S. 2671. An act repealing certain sections of the Revised Code of Laws of the United States relating to the Indians;

S. 2681. An act authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport;*

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union;

S. 3099. An act authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va.;

S. 3355. An act to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone; and

S.J.Res. 36. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.

The message also announced that the House had passed the bill (S. 2566) authorizing the conveyance of certain lands to the State of Nebraska, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; and

S. 2825. An act to provide for an appropriation of $50,000 with which to make a survey of the Old Indian Trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway."

The message also announced that the House had passed a joint resolution (H.J.Res. 325) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2460. An act to limit the operation of statutes of limitations in certain cases; and

H.R. 3900. An act authorizing the Secretary of the Treasury to pay subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.

SUSPENSION OF ANNUAL ASSESSMENT WORK ON MINING CLAIMS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2313) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, which were, on page 2, line 13, after "six", to insert "lode"; on page 2, line 14, after "twelve", to insert "lode"; and on page 2, line 15, after "corporation", to insert ": *And provided further*, That such suspension of assessment work shall not apply to more than 6 placer-mining claims not to exceed 120 acres (in all) held by the same person, nor to more than 12 placer-mining claims not to exceed 240 acres (in all held by the same partnership, association, or corporation".

Mr. HAYDEN. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

CONVEYANCE OF LANDS TO NEBRASKA

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2566) authorizing the conveyance of certain lands to the State of Nebraska, which was, on page 2, line 7, after "races", to strike out the remainder of the bill and insert "except that tuition for Indian children in the public schools may be paid by the Federal Government: *Provided further*, That nothing herein contained shall be construed as affecting the right-of-way heretofore applied for by and agreed to be granted to the Loup River Public Power District of Nebraska across said school property and an easement over the lands falling within said right-of-way is hereby granted to said Loup River Public Power District of Nebraska upon proper identification thereof through survey."

Mr. THOMPSON. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

NATCHEZ TRACE PARKWAY

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2825) to provide for an appropriation of $50,000 with which to make a survey of the Old Indian Trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway", which were, on page 2, in the last whereas of the preamble, to strike out "'Office of National Parks, Buildings, and Reservations'" and insert "'National Park Service'"; and on page 3, lines 1 and 2, to strike out "Office of National Parks, Buildings, and Reservations" and insert "National Park Service."

Mr. STEPHENS. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

PRICES OF FARM PRODUCTS—EDITORIAL BY WILLIAM HIRTH

Mr. CLARK. Mr. President, I ask unanimous consent to insert in the RECORD an editorial which appeared in the Missouri Farmer, written by William Hirth, president of the Missouri Farmers' Association. I may say in passing that the Missouri Farmers' Association is one of the largest farm cooperative associations in the United States and, incidentally, does the largest business in the State of Missouri in actual turn-over in dollars and cents. I ask to insert this editorial in the RECORD particularly because of the very illuminating reference made by Mr. Hirth to the effect of the Smoot-Hawley Tariff Act on American agriculture.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

Last November, when a group of western governors went to Washington to petition President Roosevelt and Secretary Wallace for fixed farm prices in our home markets, they predicated this petition upon the fact that under the hundreds of N.R.A. codes our various industries are being assured of a profit above actual production cost, and thus in substance they asked that the Government quit making fish of one and fowl of the other—that it treat the farmer as it is treating everybody else from the big steel mills to clothes cleaners and bootblacks. And in order that the various farm surpluses be prevented from demoralizing the home-market prices that might be agreed upon, they suggested that all farmers and the handlers and processors of farm products be licensed in order that in this way the various surpluses might be segregated in a fool-proof manner, and then be disposed of in the world markets, if and when these markets can absorb them, and without loss to the Government. I had a good deal to do with helping these western Governors to formulate the above demand, and not only were they tremendously in earnest, but also there are those who think that I myself am not exactly a novice on the farm question; for 8 long, weary years I submitted the chief defense of the various McNary-Haugen bills before the committees of Congress.

As the story goes, President Roosevelt listened to the governors with apparent interest, and thus they felt much encouraged until Secretary Wallace and Professor Tugwell were called in; not only did these two latter gentlemen listen to the governors impatiently, but on that occasion, and frequently since then, Secretary Wallace has talked gloomily of the regimentation which fixed home market farm prices would entail, and that this plan would make it necessary for the Department of Agriculture to "keep track of every plowed field", and that every farmer would have to carry a card which would have to be punched every time he sought to market a pig or a dozen eggs, etc., and thus deeply disappointed, if not disheartened, the Governors paid their hotel bills and left for home. Recently Governor Olsen, of Minnesota, Governor Schmedeman, of Wisconsin, and Governor Herring of Iowa repeated the foregoing demand, and in my opinion, we have by no means heard the last of it, for with Secretary Wallace's pink tea farm remedies on the one hand, and with the N.R.A. codes biting in deeper and deeper, the farmer's position is becoming increasingly precarious.

Just why Secretary Wallace should have such horror of what he calls "regimentation" of the farmer is no doubt puzzling to a good many close observers of public events; something like a year ago, when the new farm act was passed and the terms of which were largely dictated by Wallace, he referred to it as a "major social experiment", and this when the most of us thought that the farmer had already been experimented upon enough and then some; also, along with Professor Tugwell, Secretary Wallace is supposed to have a good deal of sympathy with the planned society we are hearing so much about, and, therefore, when he suddenly assumes the attitude of a conservative; is not the role rather new to him? Again, when during recent months thousands of Department of Agriculture employees have been telling some millions of cotton, wheat, and corn growers and hog producers to sign on the dotted line, and when at this very moment a new flock of employees are measuring wheat fields to see whether wheat growers are trying to put anything over, is not this "regimentation" in big doses; and likewise, "keeping track of the plowed fields"?

As I have already pointed out, in demanding fixed prices on farm products in our home markets, the western Governors and the farm leaders who are behind them are merely asking that the Government shall do for agriculture what it is doing for industry through the N.R.A.—nothing more and nothing less. And why, in addition, did the Governors ask that farmers and handlers and processors of farm commodities be licensed, and that the Government aid in so isolating the various farm surpluses (without loss to the Treasury) that the latter cannot be offered for sale in our home markets? Because unless this is done it would be impossible to maintain the home market prices agreed upon—for instance, a home market price of $1.50 per bushel on wheat could not be maintained if more wheat was offered than our home markets can consume, and the same is true of cotton, pork products, dairy products, etc.; and therefore the Governors requested this degree of regimentation, not because they are radicals or because they want to make the country over, but because this gigantic problem cannot be mastered in any other way.

And as I have suggested on previous occasions, there is nothing new nor strange about the principle that is involved in this proposal. When the steel mills obtain a higher protective tariff, what do they immediately proceed to do? They raise their prices in our home markets up even with the new tariff wall, and then they sell their surplus (which they can expand or reduce much easier than the farmer can expand or reduce his surpluses) for what they can get for it in the world markets; but while a few great steel mills can easily do teamwork of this kind, how can 2,000,000 wheat growers and 2,000,000 cotton growers and 2,000,000 hog producers, all of whom are unorganized, act with similar precision and certainty? It is utterly impossible for them to do so, and this is why the protective tariff has for years been a ghastly joke on any farm commodity of which we produce a surplus, and Secretary Wallace knows this, and thus when the western Governors made their demand they merely asked the Government to help our 6,500,000 farmers do what they cannot do by themselves.

And therefore when in the face of the existing tragic farm situation Secretary Wallace shouts "regimentation", he places himself in the position of a doctor who advises against an operation when a patient is desperately ill of appendicitis—to all intents and purposes he is saying to such a patient, "I know you are a mighty sick man. Your appendix may burst at any moment, and then there will be the added danger of peritonitis, but before we operate let's try a few more salves and liniments." And here is hoping that the President will soon take things into his own hands—and there isn't any time to lose—the American farmer is desperately sick, and he needs a doctor who knows what to do and who has the nerve to do it.

During the early part of the recent March, hogs sold at Buffalo, N.Y., for $5.25 per hundredweight, while at Toronto, Canada, the same grade of hogs sold for $10.40 per hundredweight, and, despite this tremendous disparity in price, pork chops sold for 26 cents per pound in Buffalo, and 16.6 cents per pound in Toronto, and thus would it not seem that our American packers have some tall explaining to do, and should not the Federal Trade Commission or Secretary Wallace compel them to do so? Certainly there is something wrong somewhere, and on the face of things both our farmers and consumers are getting the hot end of the poker. If our farmers could be assured of a price of $10.40 per hundredweight for the hogs that can be consumed in our home markets, they would gladly cut out their surplus pork production, and the price of pork chops in Canada shows that this would not necessarily mean hardship on our town and city consumers.

And talking of Canada, the passage of the Hawley-Smoot tariff during the Hoover administration was not only a gigantic blunder, but a crime, for it drove Canada to retaliatory tariffs against the products of our farms and factories, and thus our best and most friendly customer for many years was converted into an open enemy. One reason why our egg prices have been so low during the last several years is because the above act caused Canada to fix a prohibitive tariff against them, and this applies to many other American farm products. First and last I consider the Hawley-Smoot Act the most asinine political blunder since the Civil War, and it was dictated by the big tariff hogs of the country, and now we wonder why other nations have practically quit trading with us. Already it has cost us many hundred of millions of dollars in foreign trade, and the end is not yet in sight, for many of the bridges which have been burned will never be rebuilt. But coming back to hogs, if Secretary Wallace and Professor Tugwell are not too busy they ought to try to find out exactly why hogs bring $10.40 per hundredweight on the Canadian side and only $5.25 per hundredweight on this side.

To show what the various N.R.A. codes are doing to merchandise prices, recently, and just a few days before the lumber code went into effect, the Missouri Farmers' Association purchased 90 carloads of egg cases to supply its hundreds of elevators and exchanges, and if we had waited until after this code went into effect, these egg cases would have cost us approximately $15,000 more, and this is merely one of many similar advances. Because there are many towns in which harness is no longer for sale, in the winter of 1932 our association commenced its manufacture, and we were able to offer a chain harness made out of the best of leather for $17.50, while now we are compelled to ask $25 for a harness of similar quality. It is because of the low world price of farm commodities, and what the N.R.A. codes are doing to the farmer's production costs that certain western Governors and farm leaders have been demanding fixed farm prices on those farm commodities that are consumed in our home markets, meanwhile cutting down surplus production within reasonable limitations, and isolating these surpluses through Government aid, and letting them bring what they will in the world markets, and until this is done the future of agriculture will continue to remain perilous. Or to put it in the simplest way, when under the N.R.A. codes everything from steel to bootblacks is assured of a profit above production cost, how can the farmer continue to exist unless he is put on the same footing?

REXFORD G. TUGWELL—EDITORIAL FROM WASHINGTON HERALD

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD a very interesting editorial from the Washington Herald relative to Prof. Rexford G. Tugwell.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Herald of May 8, 1934]

TOO MUCH TUGWELLISM

An interesting situation has arisen from the President's nomination of Prof. Rexford G. Tugwell to the newly created post of Under Secretary of Agriculture.

According to a Washington dispatch, there is opposition to his confirmation within the committee of the Senate to which the nomination was referred, and doubt as to whether the committee will report it favorably.

It is said that only pressure from the President will force the nomination out of the committee.

But even then the nomination may find vigorous opposition on the floor of the Senate.

The pent-up distrust of the Tugwellian theories and the suspicion that he is using his influence with the administration and the powers of his present office to propagate views that are radically in conflict with American principles have long been looking for expression.

But the administration apparently is as desirous of averting such a scrutiny of its socialistic and communistic aims. Its unwillingness to permit such an investigation was clearly shown in the fake hearing accorded Dr. Wirt.

The "revolution" apparently will not be dropped, but it must not be discussed.

It is a part, it would seem, of the revolution's technique to push its unavowed but nevertheless real designs as far as possible before suffering them to be unmasked.

From this standpoint it would seem politic for the administration to allow the nomination to slumber in the committee, but here, according to the same dispatch, a new difficulty arises.

Dr. Tugwell, it is stated, would regard such action as a reflection equivalent to a vote of no confidence, and there is an intimation that he would resign from the Government's service and return to the more congenial activities of the classroom and the pedagogue.

Well, this wouldn't be bad at all.

The country is fed up on Tugwell and all the other apostles of Bedlam.

It doesn't want to hear much more from or about any of them—Jerome Frank, the general counsel of the Agricultural Adjustment Administration, or David E. Lilenthal, of the Tennessee Valley Authority, or Nathan R. Margold, solicitor of the Interior Department, or Thomas Corcoran, counsel, Reconstruction Finance Corporation, or Professor Landis, of the Federal Trade Commission, or Benjamin B. Cohen, counsel to the Public Works Housing Authority, or Paul Freund, attorney of the Reconstruction Finance Corporation, or Charles Edward Wyzanski, solicitor of the Labor Department.

And there are others.

The people are ready to rule the entire Frankfurter "stable" off the turf. They are heartily sick of the "brain trust." They perceive in its policies only folly and defect. The names of its members are vinegar to their eyes.

Not heroes, but quacks—the public says "away with them." And Tugwell may as well lead the procession.

"The scholar, when common sense is wanted", to quote Ralph Waldo Emerson, "is an encumbrance."

MUNICIPAL DEBT READJUSTMENTS

Mr. VANDENBERG. Mr. President, in the course of last week's debate on the municipal debt refunding bill, many fears, which I believe to be idle, were expressed lest the measure should encourage municipal defaults. Much argument was submitted which I sincerely believed to have been unfounded and without color of justification. I insisted, the Senate will recall, that the bill would be of great advantage to bond owners and to the general municipal bond market, as well as to many of our distraught cities which are bravely trying to perfect honorable refunding arrangements rather than to be driven to continuing defaults.

It is with the greatest satisfaction that I read a contemporary editorial in the well-known and standard trade financial paper called "The Bond Buyer" in its issue of May 5, 1934, unreservedly endorsing the action of the Senate and pointing out that the Senate's approval of the bill already has substantially strengthened the municipal bond market. That is the logical result. It is the result I anticipated. It reflects the true purposes and advantages of the legislation.

I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE SUMNERS-WILCOX BILL

With the passage by the United States Senate this week of the Sumners-Wilcox bill an effort which was initiated in February 1933, in the last weeks of the Hoover administration, finally reached a successful conclusion. This proposal, originally sponsored by Representative J. MARK WILCOX, of West Palm Beach, Fla., and Senator DUNCAN U. FLETCHER, Florida, has had an interesting career. Opposed throughout by such organizations as the United States Chamber of Commerce, the American Bar Association, and the American Bankers Association, it was supported consistently by the Investment Bankers Association, several of the most prominent life-insurance companies; and by the Roosevelt administration. The fraternal insurance companies originally gave it a hearty endorsement and later, led by the United Mutual Life Insurance Co., fought it bitterly.

There was from the start, and there is today, a wide-spread lack of understanding of the proposal. The debate on the bill in the Senate this week was nothing short of amazing as a disclosure of the confusion regarding it among those who have had the bill under consideration for months. The newspapers, generally speaking, have added greatly to the confusion.

The Sumners bill was originally sought by municipal bondholders, not municipal debtors. Its primary purpose was to provide legal machinery to put debt readjustment plans into effect notwithstanding the opposition of small minority creditor groups who for one reason or another would not accept the majority views.

Offered as an amendment to the Federal bankruptcy law, and therefore given the title "municipal bankruptcy bill", the bill made an unfavorable first impression upon almost everyone to whose notice it was brought. Failure to give it careful study usually meant continued opposition.

In its final form the Sumners bill is a temporary emergency measure which will cease to be a law at the expiration of 2 years unless Congress reenacts it. In the meantime its presence on the statute books will alter the fundamental legal status of municipal securities to just this extent: Whenever the holders of 51 percent in amount of the debts of a municipality agree that such municipality should have the benefit of some rearrangement of its outstanding debt obligations and if this group can work out a plan which proves acceptable to holders of 75 percent of the creditors, the municipality and a Federal district court, then the holders of the remaining 25 percent may be denied the remedies at law which have heretofore, in theory, at least, been available in enforcing payment of their claims strictly in accordance with the terms of the original contract.

That is the essence of the Sumners bill which has been attacked as a vicious measure on the ground that it invites wholesale repudiation of debts and, as Senator VAN NUYS said in opposing it in the Senate last Monday, "is the opening wedge in repudiation of State and Federal obligations."

Another popular objection to the bill was that it would ruin the credit of solvent municipalities, and yet the bill was endorsed by the mayors of more than 100 of the largest and most solvent cities and by thousands of smaller municipalities throughout the country. Furthermore, during the last few months when the bill was clearly on its way to a vote in the Senate and openly advocated by the White House and the majority leaders of the Senate, the municipal bond market has enjoyed the most sensational advance in its entire history. Within a day following Senate approval New York City 4¼s touched par for the first time in 3 years.

Immediately following its adoption by the Senate the Wall Street Journal said: "Municipal-bond experts generally were jubilant over passage by the Senate of the amendment to the Federal Bankruptcy Act providing for municipal-debt readjustment in necessary cases with approval of a substantial portion of creditors."

The following excerpt from the speech in support of the bill made by Senator VANDENBERG, of Michigan, briefly but effectively corrects the mistaken impression many people have of the proposal:

"If this bill could be labeled in reflection of its true purpose, and labeled in reflection of the net result which it is calculated to accomplish, instead of being labeled 'bankruptcy of municipalities', as is the phrase which appears upon the front page of the hearings, it would be labeled 'An act to restore municipal credit and protect municipal creditors.' I can see it in no other light. It is not a step toward the destruction of these important values. It is a long, vigorous, practical step toward the restoration of these values. It proposes, in respect to municipal debts, that orderly refunding is preferable to chaotic defaults.

"There is our choice, Mr. President; and that is the choice confronted not only by the municipalities and these other subordinate taxing units of the country, but also the choice confronted by the municipal bond owners of the country. It is a choice between orderly refunding upon the one hand and chaotic default upon the other; and I might add that chaotic default inevitably leads in the direction of repudiation and cancelation. I repeat that a truthful title for this bill would be, 'An act to restore municipal credit and protect municipal creditors.' Let it be viewed in that light."

And, it might be added, let every municipal-bond expert make it his business to see that municipal officials clearly understand that this legislation holds out no comfort nor relief for the community that is seeking to evade just debts within its ability to pay. The Federal court is not open to them under this bill until a majority of their creditors agree that they are entitled to a debt rearrangement and, even if creditors should prove overgenerous and agree to the filing of a petition, a Federal court must also be convinced of the equity of the plan, and, finally, the approval of creditors holding three quarters of the debts must be secured.

THE MELLON TAX CASE

Mr. SCHALL. Mr. President, the attempt of Roosevelt the Second to persecute citizens of the United States for political reasons is in keeping with Communistic policies. I refer to the failure of Roosevelt the Second to indict Andrew W. Mellon. This also shows that the people of the United States do not intend to be fooled much longer. Twenty-six men on a grand jury at Pittsburgh, Pa., yesterday, after hearing a bunch of "framed up" stories about Mr. Mellon, voted a "no bill", and the case was dismissed.

This case had been tried in the newspapers, which of itself would prejudice an unthinking jury, but despite this and all the grapevine methods of the Government to railroad those hostile to their dictatorship, the grand jury refused to be fooled into an indictment.

This case should be almost as big a boomerang as the unconstitutional cancelation of air-mail contracts, and is the beginning of the end of the attempt to sovietize the United States.

I ask leave to print a newspaper article in connection with the case against Mr. Mellon.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MELLON VICTOR IN TAX CASE

PITTSBURGH, PA., May 8, 1934.—Andrew W. Mellon, Secretary of the United States Treasury under three Presidents, was given a clean slate in his income-tax payments by a Federal grand jury which failed to return an indictment against him here today.

The grand jury, which heard five witnesses during its investigation of Mr. Mellon's income-tax payments for 1931, did not return a true bill against the wealthy industrialist and former representative of the United States at the Court of St. James.

The jurors ignored the Government's claim by returning no true bill on a charge that the former Secretary of the Treasury, by claiming two losses, attempted evasion of income-tax payments for the year 1931.

The first was a loss on the sale of stock of the Pittsburgh Coal Co. (an ordinary loss of $5,766.30 and a capital loss of $5,672,189.75) and the second a loss on the sale of stock of the Western Public Service Co. (an ordinary loss of $49,500 and a capital loss of $352,500).

Capital losses are taken on stock held over 2 years and ordinary losses on stock held less than 2 years.

WHERE IS OUR MONEY—EDITORIAL BY E. P. CHASE

Mr. DICKINSON. Mr. President, I ask to have printed in the RECORD the editorial which was awarded the Pulitzer prize for distinguished editorial writing. That prize was granted yesterday for an editorial written by a good friend of mine, E. P. Chase, of Atlantic, Iowa. The editorial was entitled "Where Is Our Money?" It has a philosophy in it which I believe is applicable to today's condition.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, May 8, 1934]

PRIZE EDITORIAL TELLS "WHERE IS OUR MONEY"—SMALL-TOWN EDITOR FROM IOWA CORN BELT ANALYZES FINANCIAL "MORNING AFTER"—"WE SPENT IT", HE THINKS—DECRIES WASHINGTON PLAN TO SPEND OUR WAY BACK

(The following editorial by E. P. Chase, published in the News Telegraph of Atlantic, Iowa, on Dec. 2, 1933, won the $500 Pulitzer prize for "distinguished editorial writing":)

WHERE IS OUR MONEY?

It is announced that at 10 o'clock tonight, Iowa time, William Randolph Hearst, well-known publisher, will broadcast an address on the subject which appears as the caption of this article.

The subject is a broad one and permits of many ramifications. Likewise the query is a live one and has been for several years with many people who formerly were in comparative affluence and have found themselves suddenly in a position where money is a scarce article. The whereabouts of the money of the individual is perhaps beside the point in this comment, if we stick to the text, as doubtless Mr. Hearst's broadcast will deal with the whereabouts of the money of the Nation as a whole rather than the financial plight of the individual citizen; but the subject intrigues one and suggests a line of thought relative to the part the individual has played in rendering himself particularly susceptible to the injuries inflicted by the period of economic stress.

Where is our money? Here in Iowa, if competent statistics are to be believed, during the ultra-prosperous years of the World War period, when money flowed like water into the coffers of the farmer and the business man and everyone else, some $200,000,000 of good Iowa money for stocks, shares in half-mythical concerns which were worth exactly their value as a piece of printed paper. During that period and shortly thereafter a good many hundreds of millions from the Middle West went into the first- and second-mortgage bonds of apartment hotels and the like, security issued on appraisals inflated to the nth degree. The most of these bonds are now worth just what the stocks we referred to are worth—the value of the paper and the printing contained therein. There is no way of estimating how many hundreds of millions of money the country over went up in smoke and vanished in thin air when it suddenly dawned on us that even the most productive land in a section like ours is not worth $300 or $400 an acre. It took only the simplest mathematics to arrive at that conclusion, for even at the prices brought by farm products at their peak the return on the land in this section would not pay interest on an investment of $300 or $400 an acre. It can easily be recalled that during that hectic period it was considered a mark of provincialism not to buy a new automobile every year. A lot of fur coats and a lot of diamonds and a lot of expensive clothes for both men and women were indulged by all classes. The wage earner suddenly awoke to the fact that by buying on the installment plan he could keep up with the Joneses, and he not only spent every cent he could get his hands on in many instances but he pledged the major portion of his wages or salary months ahead to pay for automobiles and other articles which were worn out by the time he had completed the payments.

These are but a few instances, cases in point. One might go on indefinitely telling of the wild orgy of spending and of contracting obligations without thought of the pay day and with little or no thought of the economic soundness of such spending. Then came deflation. We got down to cases. We danced and are still paying the fiddler. Like children, we have sought someone to blame for our plight and, also like children, we now seek some magic way to cure our ills and expect the Government to supply the cure. The man who contracted debts does not want to pay them just now, because in most instances he cannot pay them. In every way we have met the crisis which was thrust upon us as though we had nothing to do with producing it. As a matter of fact, we had all to do with producing it. In the proportion that the individual citizen went "haywire" with extravagance and reckless spending, governmental units went on with the same kind of an orgy and whooped our taxes 100 percent in 10 years.

Bond issues were pyramided by communities with the same disregard of the coming of the pay day which characterized the individual. We built great cathedrals of education, with motion pictures and swimming pools and all sorts of gewgaws and frills. We erected public buildings in many cases entirely beyond possible needs of communities for a hundred years. Just as private enterprise overbuilt in every direction, governmental building activities got out of bounds. The people have to pay the bill. The saturnalia of expenditure created fixed taxes, and taxes have a habit of certainty in good times and bad times alike. With our incomes and our business revenues depleted, our tax bill in the main has remained the same. All an echo of the period of extravagance and wild-eyed inflation which brought about our troubles. We were talking about "two cars in every garage and a chicken in every pot" and we made much about the so-called "American standard of living", whatever that meant. We insisted that all the various elements of our population should attain that standard, and we instilled into the minds of many people who could not afford it a desire for the things had by others more fortunate in life. Oodles of people who had no more business with an automobile than a wagon has with five wheels bought cars. Oodles of people learned to live beyond their means. It began to look as if it would not be long until there would be no one to do the work of the country, as all were seeking the same mythical standard to which we referred. And we still have the automobiles.

The bottom went out of things. Or it might be more appropriate to say that the top was blown off. Then the people of the United States commenced to take stock. Seeking someone to blame, they listened to the fulminations of the politicians who represented the "outs", and who told that the way to cure their ills was to convert the "outs" into the "ins" and the "ins" into the "outs." This they did with their usual disregard of essentials and fundamentals. It became a pleasing fiction to attribute our plight to the tariff, and later to our money standard. The people were told that all that was necessary was to reduce the tariff which protects American manufacture and agriculture, and all would be "Jake". Now they are being told that the way to put money into the hands of those who are penniless, and make it possible for the debtor to pay his obligations and start things moving on a normal basis, is to cheapen our money.

A lot of other experimental schemes are being worked out by an administration of which the people demand action. We are spending huge sums of money, borrowed for the purpose, in an endeavor to squander ourselves back to prosperity. In the face of the fact that debt is one of the basic causes of our troubles, we are following the theory that incurring more debt would cure us. And in the face of the fact that excessive taxation is another of the causes of our trouble, we are laying the groundwork for more of the same, under the delusion that the application of all of these methods will relieve us of the trouble which we brought on ourselves, aided and abetted by the world-wide economic upheaval.

We are a queer lot, we Americans. We expect whichever party happens to be in charge of the Government to so manipulate the

handling of public affairs as to afford us a cure for the results of own folly. We seem to assume that it is possible for us to get well economically by the waving of some magic wand. We think we can force prosperity, and to the majority of the people of the country prosperity means a return to the hectic days preceding the stock-market crash of 1929. This theory disregards the fact that those hectic days were created by a false and inflated philosophy. In the creating of this inflation we disregard all natural laws of economics, so it is but natural for us to expect to cure the trouble by the same process. But it cannot be done.

The only way back to solid ground and to a degree of prosperity and well-being commensurate with common sense and economic soundness will be by the application of thrift and hard work and the balancing of the budget of every individual. The old "haywire" days are gone forever. But a large percentage of our population still believe in Santa Claus and in good fairies. The cause of the present economic condition of the country in large measure can be ascertained by every citizen by looking in the mirror. Each one of us contributed his share. There is nothing new about all of this. It has been the history of things in the world since the earliest dawn of civilization. Particularly has it characterized every post-war period. Humanity never learns. We have not progressed so far in our thinking after all.

Where is our money? The answer is not difficult. It can be told in one short sentence: We spent it.

ADDRESS BY MRS. FRANKLIN D. ROOSEVELT

Mr. LONG. Mr. President and gentlemen of the Senate, our First Lady has distinguished herself as a philosopher far beyond the degree which we should ordinarily expect of one occupying that position. Recently she made a speech which is full of such sound logic and such good judgment and such potent facts that I ask the attention of the Senate to it.

I ask the clerk's careful and audible reading of the article which I send to the desk.

The VICE PRESIDENT. Without objection, the article will be read.

The Chief Clerk read as follows:

[From the New York Times of Tuesday, May 8, 1934]

"BLIND VOTING" HIT BY MRS. ROOSEVELT—"FIRST LADY," SPEAKING TO 1,000 WOMEN IN RYE, ALSO SCORES "BLIND PARTISANSHIP"—CONCERNED OVER YOUTH—MUST MAKE THEM FEEL THEY ARE "NECESSARY", SHE SAYS—NOT YET OUT OF DEPRESSION

RYE, N.Y., May 7.—"Blind partisanship" in public affairs was assailed this afternoon in talks by Mrs. Franklin D. Roosevelt to two large groups of Westchester women at meetings in this village.

Mrs. Roosevelt gave her first talk at a luncheon of the Westchester League of Women Voters at the Westchester Country Club. Later in the afternoon she spoke to members of the Rye Woman's Club at a meeting in the high school. More than 1,000 women heard her discuss government at the two meetings.

Mrs. Daniel O'Day, national Democratic committeewoman, a resident of this village, was Mrs. Roosevelt's hostess. On arriving, the guest was driven through the flag-bedecked streets, where hundreds lined the walks.

Mrs. Roosevelt, introduced at the Country Club gathering as one of the organizers of the New York State League of Women Voters, warned her audience against blind voting and blind partisanship, declaring that a certain woman Member of Congress had caused the eyebrows of the older male Members to raise by reason of her failure to "always vote the way she should."

REFUSED TO GIVE ADVICE

"They asked me to tell her how to vote," said Mrs. Roosevelt, "but I could not do that. She will vote the way she thinks is right. She would be a much less valuable public servant if she did not. It was something entirely new to those old leaders. They just could not understand it. The thing we will really need in our public servants of the future is not to be blindly partisan, but to vote with the party only after analyzing the party's measures."

Mrs. Roosevelt said she counted on the women of the country to do a large part of the work which will make this Nation a better place in which to live. She said she did not mean the women of any particular party, but women workers as a whole. In giving their time and energy to public matters, she said, women should "learn what it is in government that enables it to make life better for human beings." This, she said, was the only excuse for government.

Mrs. Roosevelt showed deep concern over the young people of the country, particularly for those who have finished their education and are unable to get work. She ridiculed a recent public statement that "we have turned the corner out of the depression", pointing out that there are still about 10,000,000 unemployed in the country.

She said money for education should be spent for better teachers and variety of curricula rather than for elaborate buildings. The rehabilitation of the land, she said, has given rise to the need for a new type of education, and she added that the problem might as well be faced now. In Denmark, she added, farm youths between 18 and 25 years old are sent to school to learn "why their lives are worth while."

FEARS FOR THIS GENERATION

"I have moments of real terror," Mrs. Roosevelt declared, "when I think we may be losing this generation. We have got to bring these young people into the active life of the community and make them feel that they are necessary."

The First Lady referred to the recent "brain trust scandal" when she told of a dinner party at the White House at which one of the so-called "brain trusters" remarked about a certain relief proposal that it should be "tried out very slowly", to which Harry Hopkins, the Relief Administrator, replied: "Well, but I've got 10,000,000 unemployed to take care of."

The story showed, said Mrs. Roosevelt, that an experiment, or administrative proposal, takes on a different color when it affects some problem with which you as an individual are immediately concerned. In the same way, she added, a person would not let a child continue to starve once the starving infant was seen, but the same person might have a different attitude toward the matter if he "only heard of starving children."

Mr. LONG. Mr. President, in support of the claim that our First Lady understands the facts of the present situation, and has prescribed what I consider a practical philosophy, I send to the desk another short dispatch by the Associated Press, and ask that it may be read in connection with the statement just read.

The VICE PRESIDENT. Without objection, the article will be read.

The legislative clerk read as follows:

STARVING CHILD EATS POISONOUS HERBS AND DIES—FATHER, SOBBING, SAYS HE "DIDN'T KNOW HOW" TO GET RELIEF AID

SEATTLE, May 4.—Hunger drove 4-year-old Angeline D'Ambrose to eat poison weeds, causing her death, Mr. and Mrs. Angelo D'Ambrose, the parents, sobbingly told investigators today.

The parents said the baby had virtually nothing to eat for days and had been driven to eating plants and weeds in the yard.

Investigators found the D'Ambrose home a dismal place. There was only 4 cents in the house, and no food. The mother sat in a chair and stared at the wall. The father, heartbroken, said:

"The baby was the only thing we had in the world, and now she's gone.

"Oh, if it had only rained yesterday. Then our little girl wouldn't have been out in the grass."

Dr. W. H. Corson, chief deputy coroner, said one of the herbs in the stomach resembled bella-donna, also known as deadly nightshade, and another plant which the child had eaten was poison hemlock.

D'Ambrose was tramping the streets in search of work when the child was stricken suddenly. She died last night.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. FLETCHER. Mr. President, yesterday the Senator from Nebraska [Mr. NORRIS] asked as to the time of Mr. Whitney's statement from which I quoted. I was not then able to give him the date. I have since examined the record and find that the statement was made on February 29, 1934. It is found in full at page 6584 of part 15 of the hearings before the Committee on Banking and Currency.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

Mr. PATTERSON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Gore	McNary
Ashurst	Coolidge	Hale	Metcalf
Austin	Copeland	Harrison	Murphy
Bachman	Costigan	Hastings	Neely
Bankhead	Couzens	Hatch	Norbeck
Barbour	Cutting	Hayden	Norris
Barkley	Davis	Hebert	Nye
Black	Dickinson	Johnson	O'Mahoney
Bone	Dieterich	Kean	Overton
Borah	Dill	Keyes	Patterson
Brown	Duffy	King	Pittman
Bulkley	Erickson	La Follette	Pope
Bulow	Fess	Lewis	Reynolds
Byrd	Fletcher	Logan	Robinson, Ark.
Byrnes	Frazier	Lonergan	Russell
Capper	George	Long	Schall
Caraway	Gibson	McCarran	Sheppard
Carey	Glass	McGill	Shipstead
Clark	Goldsborough	McKellar	Smith

Steiwer	Thompson	Van Nuys	Walsh
Stephens	Townsend	Wagner	Wheeler
Thomas, Okla.	Tydings	Walcott	White
Thomas, Utah	Vandenberg		

Mr. LEWIS. I beg to reannounce the absence of the Senators mentioned by me on the previous roll call.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

Mr. STEIWER. Mr. President, this bill summarizes the long effort of the Senate, and its Committee on Banking and Currency, to evolve legislation designed to prevent the abuses which have grown up in stock-market operations in this country.

I regard this proposed legislation as one of the most important measures that Congress has had before it for a very long time.

Senators know that we are not dealing merely with a few brokers. We are not dealing exclusively with a few members of stock exchanges, nor with the stock exchanges themselves, nor with dealers who engage in transactions in securities. We are dealing in a very vital way with enormously large interests. It is said that the corporate wealth represented in securities in this country is more than one third of all the wealth of the people of the Nation. We are dealing with the sources of credit, and with the machinery by which credit is used and enjoyed by the business institutions of the country. We are dealing with the forces which relate directly to recovery and to the maintenance of employment of the people. We are dealing with the hopes and aspirations of institutions to enlarge and to carry on their affairs and expand to meet the new conditions which we believe may come when the day of betterment shall have arrived in the business of the Nation.

In the consideration of legislation so important we are entitled to a correct understanding of the theory and philosophy and purpose of the bill.

As I address the Senate today I am obliged to express some dissent from statements heretofore made in the debate. I express that dissent with some little reluctance. I think the members of the committee probably more than the other Members of the Senate realize what a patient, constructive, able, and persistent effort has been made by the chairman of the committee and by others who have cooperated with him in trying to bring to a close the important enactments involved in this bill. I wish, therefore, that I could agree with the chairman entirely in the statement which he made to the Senate upon yesterday; and in the main I do agree with him.

With some little exception so far as the bill relates to brokers and to dealers, to members of exchanges, and to the exchanges themselves, I am in accord with the work which the committee has done; and yet, in spite of my deep interest in the subject and of the fact that I cooperated with the majority of the committee in most of the important issues that came up in the extended hearings during the last 2 years and supported the employees of the committee in the great effort which they made in order to develop the facts essential to this subject, in spite of my continuing interest when the bill was presented for final consideration before the Committee on Banking and Currency, I was one of the members of the committee who voted against reporting the bill out to the floor of the Senate.

I wish now that the bill could have been retained in the committee. I think a week or two weeks more spent in its consideration would have been of great help in arriving at a proper solution of the many problems involved, and that it would have resulted in a very constructive service to the country. In that my view did not prevail. I make no complaint about it now; and I refer to it merely because I want Senators to know that I am not approaching this subject at this time in a spirit of antagonism toward the legislation, but I do so in the hope that even yet some helpful amendments may be made.

I realize how difficult it is to invite and to command attention to amendments proposed upon the floor of the Senate after one of the great committees has given full and careful consideration to a measure; but I implore Senators to bear with us just a little longer, that we may reveal all the things that are hidden in the bill.

The bill is not alonge a stock exchange bill. It is not alone a bill to restrain and regulate brokers and dealers and to control over-the-counter transactions in securities. It is a bill which relates, in addition to the stock exchanges and to the brokers and the over-the-counter markets, to the corporations of the country, and to the internal management of the affairs of those corporations.

It has in it potentialities that may cause some of us to hesitate, regardless of our faith and hope that this kind of legislation will be helpful in protecting American investors against wrongdoing.

The bill has its relation, as I say, to corporations and to their internal management. It affects credit. It affects banking institutions. It provides for formulation of rules and regulations which finally will have their effect and bearing everywhere; not alone upon the stock exchanges, but upon corporations, the stockholders of corporations, upon the officers and directors of corporations, upon investors in corporate securities, upon those who may loan and possibly those who have extended loans to corporations.

Upon yesterday it was said by at least two Senators in the preliminary debate upon this measure that the provisions of the proposed law dealing with corporations were included in the bill merely to require corporations to make truthful disclosure of their business. That statement was reiterated; and even the chairman of the committee—who, I know, wants to be fair, and who has conducted this whole proceeding with a very remarkable showing of even temper and patience, and a very fine disposition to be just to all concerned—even the chairman of the committee yesterday said that the provisions of the bill relating to corporations were for the purpose of requiring them to tell the truth, and that seemingly they did not want to tell the truth, and that that was the reason why they were objecting to the bill. It was stated also that a great propaganda had gone forth, that the propaganda had been misdirected and misconceived, and that under it objections were being made to sections of the bill that had been deleted or changed by committee amendment. It was said that some 3 or 4 different editions of the bill had been printed, and that was true, and that the objections in many cases were laid to the first edition and not to the subsequent editions.

Mr. President, with these statements I am to a considerable extent in disagreement. It is true that some of the objections have been inspired by brokers who have circularized their customers, and it is true that those customers have sent in form letters, and they have sent in series of letters more or less alike, and sometimes identical in purport and meaning; and it is true that in some cases the objections have been made to provisions of the bill that were eliminated by the committee as long as a month ago. It is not true, however, that that character of objection is the only character of objection made by the business institutions of the country. Upon yesterday, or upon the evening before, a statement was made by Mr. Bell, of New York, representing a great group of most responsible business institutions. I have it here and shall read from it one or two very short statements.

Among other things, referring to the group with which he is identified, Mr. Bell said:

> It will endeavor to awaken every business man to the fact, apparently little realized, that while ostensibly this legislation is intended only to eliminate recognized speculative abuses from the securities exchanges, actually more than 450,000 firms through the land with no Wall Street connections would be brought under the strangling regulation of a Federal bureau.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Oregon yield to the Senator from Michigan?

Mr. STEIWER. I do.

Mr. COUZENS. I think it would be enlightening to the Senate if the Senator would tell us just in what manner

the 450,000 concerns not connected with Wall Street are affected by the bill.

Mr. STEIWER. I shall be glad to do that as I go along. I do not know that Mr. Bell is right in his theory that all of them are affected, but very vast numbers are affected; and I am quite certain that if Senators will remain open-minded, even in my humble way and with my poor talents I can convince practically all the Senators in the Chamber that a very vast amount of corporate business in this country is affected by this bill which the people think was written for the regulation and control of Wall Street and of the stock exchanges.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. STEIWER. I am glad to yield to the Senator.

Mr. BYRNES. The Senator will agree that no one of the signers of that statement could possibly be called a small firm, and that up until this good date they have not heretofore shown any great interest in the 450,000 small firms.

Mr. STEIWER. I do not think Mr. Bell meant to say that he and the companies with which he is identified are small firms. Of course they are not. Nevertheless, the fact remains that we have in the country tens of thousands of corporations, and in various ways and in various degrees most of them will be affected by this bill. I make that statement on my own responsibility, even assuming that Mr. Bell is not fully informed in the premises.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. STEIWER. I yield to the Senator from Florida.

Mr. FLETCHER. I received in the mail this morning a communication bearing on this subject. I do not know that I ought to mention it. It is not signed, except as "an ex-New York Stock Exchange Member." Referring to an article headed "Industry Asks Modification in 'Strangling' Exchange Bill", the writer says:

> This is the worst "bunk" I ever saw. At least 15 of those signing the letter are, or were, heavy stock gamblers. They often had accounts in fictitious or dummy names and numerals. I know whereof I speak, and you can confirm it easily.
>
> Pass the bill with a full set of teeth!
>
> (Signed) EX-NEW YORK STOCK EXCHANGE MEMBER.

I do not know the gentleman at all, but it may be worth while for the Senator to look into the matter.

Mr. STEIWER. Oh, no; it is not worth while for the Senator from Florida or for me to examine the integrity of the statements made in an anonymous letter, nor to determine whether this broker is sore because he was ejected from some exchange, or whether he is disturbed for some other reason.

I do not care anything about the nature of the business of those who signed the statement to which I have referred. The essentially important thing about it is that the statement is true; and it is with the truth of the statement that I desire to deal.

Let me refer to the bill, and, if Senators will be patient, let me call attention to some of the things which I feel justify the criticism I am making. I will omit a discussion of the provisions section by section and line by line, because presentation of such a discussion would be a very wearying and irksome task.

Section 12 of the bill is the section which provides for the registration of securities upon the national securities exchanges. It is termed in phrase of penalty, as are many other sections of the bill. That is to say, it makes transactions unlawful unless they are done in a certain way.

The particular thing that is made unlawful here is dealing on a national securities exchange by a member or a broker or a dealer in any security which is not exempted, unless the registration of that security has been effected in accordance with the provisions of the act and with rules and regulations made thereunder.

The bill proceeds to outline the steps which are necessary on the part of the corporation in order to make the registration effective. The conditions prescribed by the rules and regulations of the commission must be met or the registration cannot be effected and the corporation may find no lawful market for its securities in the stock exchanges of this country.

The first of the conditions to which I invite attention is paragraph 1 of subsection (b) of section 12. It provides, in effect, that the issuer must furnish to the commission and to the exchange an agreement to comply with the provisions of this measure. I want to interrupt myself there to say that there can be no possible objection to that, and I make none.

It must furnish an agreement to comply with the provisions of this measure and any amendment thereto "and with the rules and regulations made or to be made thereunder."

Mr. ROBINSON of Arkansas. Mr. President, will not the Senator state the page from which he is reading?

Mr. STEIWER. Page 28.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. COUZENS. May I ask the Senator, in that connection, to read the language beginning on line 11 of that page, which considerably modifies the assertion the Senator is making, in my opinion?

Mr. STEIWER. I am reading from line 11. That is where I started to read.

Mr. COUZENS. The Senator skipped some of it.

Mr. STEIWER. Does the Senator refer to the language in parentheses, which provides, "which shall not be construed as a waiver of any constitutional right"?

Mr. COUZENS. Yes.

Mr. STEIWER. I did not read that because I regard it as wholly ineffective and believe it would be of no value to the corporation at all, unless the rule or regulation made at a subsequent time should deprive it of some right, for instance, should deprive it of its property without just compensation, or deprive it of property without due process of law. Unless the rule or regulation effected a deprivation of that kind, there would be no practical protection given to the issuer by the language contained in the parentheses. I assure the Senator that I have given the language very critical and careful attention. I hope Senators will believe me when I say that I would not be making the criticism which I make of this bill unless I were acting quite advisedly. My interest in the measure is such that I should like very much to correct it and make it the kind of a bill I had hoped originally it might be, namely, a bill to regulate effectually the stock exchanges of this country, and dealings in securities, without at the same time imposing blue-sky restrictions upon the corporations, which, in a practical sense, they are going to find great difficulty in meeting.

Mr. President, I am told that some corporations have already indicated that they cannot meet the conditions imposed by the bill. Either their directors will not do it, and will restrain the executive officers, or the stockholders will not do it, and will restrain both the executive officers and the directors. Many corporations will be disinclined to permit their officers to sign a contract to meet some condition, which may in the long run be extremely oppressive and extremely costly, without knowing what that condition is to be.

I am asked by a Senator sitting near me if I am referring to the rules and regulations. I am referring, of course, to the provision that corporations are obliged to sign an agreement to comply with provisions of the rules and regulations made or to be made thereunder. I am not particularly concerned about the exaction of an agreement to comply with regulations already made. A corporation can determine, if it is intelligently handled, whether or not it wants to meet conditions which are already known, but this bill creates in the commission an absolute and practically unlimited right to make regulations whenever it may desire to make them, and to change them, or by amendment to extend them, to make them without notice, and to make changes without notice, and to put them into effect forthwith, or to provide that they shall be put into effect at a subsequent time. The executives of corporations can have no way to measure the practical effect of the exaction of an agreement to abide by regulations which are not known and which, in their very nature, cannot be known.

Mr. BLACK. Mr. President, will the Senator yield to me?

Mr. STEIWER. I yield.

Mr. BLACK. I understood the Senator to make the statement that they would have to agree to abide by any regulation which might be made, whatever it might be, whether it was good or bad, whether it was legal or illegal. I do not so read the provision.

Mr. STEIWER. If the regulation operates to invade their constitutional rights, they are not bound by it.

Mr. BLACK. Or they have a right to contest the validity of any rule or regulation.

The Senator is a lawyer, and let me ask him a question. All that is to be required is an agreement on the part of the corporations to abide by any regulation which does not invade their constitutional rights, and they reserve the right to contest the validity of any rule or regulation. Let us suppose they did not enter into such an agreement. Would we not have the same right to enact a law, and would they not have to obey it? Would they be surrendering anything by signing an agreement? In other words, all they agree to is that they will abide by those regulations which they cannot strike down for their invalidity. They would have to abide by the regulations anyway.

Mr. STEIWER. They would have to abide by a change in law if Congress enacted a valid piece of legislation, of course, but that is the risk every business man takes, whether he lists his securities or not, and whether he registers securities upon a stock exchange or not. Business in the United States, I am happy to say, has at least some degree of confidence in Congress, and I do not believe that, generally speaking, business is restrained by fear of oppressive legislation. But we are dealing now with a new instrumentality. We are asked to clothe a commission with enormous powers, and we are told on every hand that business objects to those powers, that they are afraid of what may be done by the commission.

May I say to the Senator that I do not suppose it makes any difference, as a practical matter, whether a corporation is actually hurt or whether it merely thinks it is going to be hurt. A state of mind can produce a depression. A state of mind can produce timidity and prevent corporations from taking aggressive steps toward the carrying out of their business enterprises, and their disinclination to go forward from either cause is equally hurtful to the American people.

Mr. BLACK. The point I was asking the Senator about was this: I cannot see that it is material whether they make the agreement to abide by the regulation or not. That part of it is immaterial, because they would have to abide by it, anyway, if it were legally and validly enacted. If the Senator is taking the position that we should not vest the commission with the power of issuing regulations, that is quite a different matter. But, as I have read the bill—and this is the reason why I have interrupted the Senator—I cannot see that it is material at all that they agree in advance, either to accept or not to accept the regulations. Is the Senator opposing giving the commission the right to issue regulations, and is he favoring the idea of putting in the statute itself all regulations instead of entrusting any of those powers to the commission?

Mr. STEIWER. No, I am not, Mr. President. In the very nature of things the commission must have the authority and the right to issue some rules and regulations. But both civil and criminal penalties will be exacted under the provisions of the bill for violation of the contract which is required as a condition precedent for the registration of a security. Both civil and criminal penalties are exacted, which therefore brings about a most unusual situation, with unusual penalties, and because they are so unusual in both their civil and criminal aspects, prudent people may not be willing to assume liabilities which they can avoid.

Mr. BLACK. Then, if I understand the Senator, he favors giving the Commission the right to issue valid regulations?

Mr. STEIWER. I think it is inevitably necessary.

Mr. BLACK. Very well. The bill provides that the commission shall have the right to issue valid regulations, and it also requires—why, I confess I cannot see, because I think it is wholly surplusage—the company which puts out its securities to agree to abide by those regulations. Whether the company agrees to abide by those regulations or not is immaterial, if we concede that which the Senator concedes, that we should vest in the commission the prerogative of issuing valid regulations. When those regulations are issued, and they are valid, the company issuing securities must abide by such regulations, whether it desires to do so or not; whether it is agreed in advance to do so or not, because it would be the exercise of a legal privilege vested in the commission by the bill. I cannot see—and that is the reason I am interrogating the Senator in detail on that point—if he agrees that the commission should have the power to issue valid regulations, what difference it makes whether we ask the corporations to agree to abide by them or not, because whether they agree to abide by them or not, if they are valid regulations they must abide by them.

Mr. STEIWER. Mr. President, I am not entirely in disagreement with what the Senator is saying, and as proof of that I propose at the proper time to offer an amendment striking from the bill this requirement for agreement, because I can see that every proper authority which the commission needs may be exercised through regulations, and that every proper penalty which should be exacted in order to bring about compliance with this law can be had in the event of violation of the regulations.

This required agreement is entirely unnecessary and is another oppressive provision from which business shrinks.

My argument in this respect, and in others that I shall mention in just a moment, is entirely for the purpose, if I have not made that clear already, of seeking to have the Senate join with me in amending the bill by taking out some of the requirements which are causing responsible business men to worry and to hesitate, and things which will make them reluctant to resort to the facilities provided under the bill.

Mr. BLACK. Then if I understand the Senator, he desires to give to the commission the right to issue regulations, and he concedes that if the regulations are valid, the issuing company must abide by them, whether they agree or not. Then what injury can any company suffer from agreeing to do something which it will be obliged to do anyhow?

Mr. STEIWER. Because, Mr. President, the contract submits the issuing corporation to penalties, civil and criminal, which would not otherwise exist, and, therefore, will restrain it from attempting to register its securities upon the exchange, and it is important from every standpoint that we make it possible for the corporation to list its securities.

What I am saying goes to the wisdom of this provision. To me it seems most unwise to exact additional penalties, civil and criminal, when it is not necessary to do so, in order to bring about the proper administration of the law.

Mr. BLACK. Mr. President I cannot see that any additional penalty is imposed. The Senator from Oregon takes the position that he favors giving the commission the right to issue valid regulations. The agreement is not a penalty. The agreement is simply a statement made by the company that " we will do that which we will have to do anyhow "—which is to abide by valid regulations. Is there any provision of the bill which adds any penalties which are not imposed by the regulations themselves?

Mr. STEIWER. I think so, Mr. President.

Mr. BLACK. Where?

Mr. STEIWER. I should like to come to that in due time. I think that is true.

Mr. HASTINGS and Mr. BYRNES addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oregon yield and, if so, to whom?

Mr. STEIWER. The Senator from Delaware first asked me to yield, and I now yield to him.

Mr. HASTINGS. Mr. President, I desire to inquire of the Senator from Oregon whether my understanding of this situation is correct, in view of the questions asked by the Senator from Alabama [Mr. BLACK]. My understanding is that there is no pretense in the bill of compelling corpora-

tions to come under the authority of the commission, except as they desire to dispose of their securities on the national exchanges. If we leave this provision in the bill as it is, compelling a corporation, in order to get its stock listed on the exchange at all, to enter into an agreement that it will abide by all the rules and regulations, we put the corporation in a position where it cannot possibly get off the exchange, except by some rule or regulation adopted by the commission. All the corporation ought to be compelled to do is to comply with the rules and regulations of the commission and the provisions of this bill, so long as it proposes that its stock shall remain on the stock exchange and be dealt in by the public. That is a very great difference.

When the corporation wants to withdraw and take away the right to deal in its stock from the stock exchange and the people who want to deal in it, then it ought to have somewhere in this bill a provision giving it the opportunity to withdraw.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. STEIWER. I yield to the Senator from Michigan.

Mr. COUZENS. I direct the attention of the Senator from Delaware [Mr. HASTINGS] to paragraph (d) on page 31, which provides ways and means of getting off the exchange.

Mr. HASTINGS. May I reply to that? Section 19, paragraph (b), of the bill distinctly gives the commission the authority to make such rules and regulations to govern the exchange as will absolutely prevent that corporation from retiring.

Mr. COUZENS. Is that, then, in conflict with the paragraph on page 31? If I can read English, page 31, paragraph (d) provides a means of delisting the stock, and if the Senator refers to another paragraph, perhaps it is in conflict therewith.

Mr. HASTINGS. I shall be glad to answer that.

Mr. STEIWER. Perhaps the Senators had better argue that question a little later. It is not one which I intended to discuss. I think I know to some extent the answer to the question of the Senator from Michigan. A listed security may be delisted under the rules and regulations of the commission. Inasmuch as those rules and regulations are not yet made, inasmuch as they will not be made until subsequently, and inasmuch as the corporation intending to list may not know what they are going to be, that corporation may feel very insecure in the premises. I am told that many corporations will refrain from listing for fear there will be no practical means, under the rules, to delist. Beyond that I shall not discuss this subject at this time.

In section 12, now under discussion, there is a long category of requirements which all relate in one way or the other to the submission of information to the commission concerning the corporation. It is impossible upon even a careful reading of the requirements of this section, to know exactly what information will be required of the corporation. Most of these provisions are more or less permissive. The power vested in the commission is to make rules and regulations which the commission may deem necessary or appropriate in the public interest, or for the protection of investors in respect to a certain listed category of proposals.

The objection was raised before the committee that the commission could require the divulging of trade secrets. The committee provided against that by appropriate language. But there is still in this section an absolutely unrestrained power in the commission to require of corporations information which, although not falling within the definition of trade secrets, is nevertheless very confidential in its character. There is still in this section the complete and full possibility that the commission may at any time require of any corporation disclosure of facts which will be very beneficial to the competitor of that corporation. There is still here the possibility that irreparable damage will be done, and because the corporation never can know what the requirements are going to be, and never can know what the effect of the rules and regulations may be on its particular business, the corporation, in the very nature of the situation, is going to be reluctant to assume this obligation.

Then, Mr. President, there is a third provision that to me is just as important as the other two, and that is the provision pertaining to periodic reports. I refer now to section 13 of the bill, commencing on page 33. For illustration of the kind of information that may be exacted, let me read from the bill. Commencing at line 17, we find this statement as to the information and reports to be furnished:

> (1) Such information and documents as the Commission may require to keep reasonably current the information and documents filed pursuant to section 12.

Just what documents, however, are to be filed pursuant to section 12 we do not know; the corporations do not know. They may not know until long after they make their registration. So just what is required of them in order to keep that information current surpasses human imagination and ingenuity. There is no way to know.

So, too, in the next section there is a requirement as to reports. I read now from line 20, on the same page:

> (2) Such annual reports as the Commission may prescribe, certified if required by the rules and regulations of the Commission by independent public accountants—

I have no particular objection to that, but listen to what follows:

> Such quarterly reports as the Commission may prescribe; and such other reports as the Commission may deem essential in special circumstances.

So, Mr. President, with respect to the question of submitting reports, one may say, just as has been said with respect to the question of information required upon the registration of securities, there is no boundary; there is no little definition; there is no restraint upon the commission; and, what is vastly more hurtful to business, there is no way for a corporation to know in advance what kind of reports are going to be exacted of it. If the corporation is prudently managed, if its officers are conservative and capable, even though the corporation may desire to abide with every law in the land and to conduct the most legitimate and most honorable business possible it may, for competitive reasons or for other reasons, hesitate to attempt to meet the requirements of this section.

The provisions of sections 12 and 13 lay their heavy effect upon the corporation and upon the stockholders of the corporation, but not upon the stock exchanges, nor upon the members of the exchanges, nor upon brokers and dealers upon those exchanges.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Kentucky?

Mr. STEIWER. I yield.

Mr. BARKLEY. Do I understand the Senator from Oregon to object to any except annual reports as provided in the first clause of the provision?

Mr. STEIWER. I have not said that.

Mr. BARKLEY. The Senator, as I understood, objected to the requirements as to quarterly reports and such other reports.

Mr. STEIWER. I have not said that. What I object to is the unlimited uncertainty in the bill and not the requirements as to reports that are clearly and unmistakably defined by its terms.

Mr. BARKLEY. The Senator realizes that it is impossible for Congress to know in advance just what information ought to be required of any corporation that lists its securities on the stock exchange and holds them out to the general public of this country as being worthy of their investment. The Senator also knows that within the period of a year, and frequently within a period of a few months, the financial and economic and responsible conditions of any corporation may change; so that it is in the interest of the investing public that some agency of the Government should have the power to gather such information or require such reports as may keep the investing public advised as to the wisdom of an investment in an offered security; and as between the interest of the whole public, 125,000,000 people,

on the one side, and the interest of the corporation that holds its securities out to those 125,000,000 on the other, for fear that some information might leak out that would be of benefit to a competitor, certainly we must not lose sight of the interest of the entire people who would be invited by the mere listing of a stock on an exchange to invest their money in it.

Mr. STEIWER. The statement just made by the Senator, in my opinion, is a very excellent argument for leaving the "blue sky" provisions out of this bill in their entirety. If Congress cannot act intelligently with respect to it——

Mr. BARKLEY. If what I said is any argument for any such contention as that, then, I was beside my own purpose very widely in making the suggestion.

Mr. STEIWER. I will permit the Senator to withdraw his argument, if he wants to do so.

Mr. BARKLEY. I will withdraw the Senator's interpretation of it.

Mr. STEIWER. If the Congress cannot know what the requirements ought to be, how are we to assume that a commission will know better than we know, and how are we going to assume, even though the information is required, that it will protect the foolhardy or improvident investor? In nearly every State in the Union we have "blue sky" laws and nearly every corporation that has worked a fraud in recent years in this country was organized somewhere under the "blue sky" laws of some State. It has been shown, and demonstrated beyond any question of doubt, that laws of that kind, although intended for the finest purpose in the world, often lull the investor to his injury, to a false sense of security rather than give him the protection the Senator and I would like to give him if we could have our way.

Mr. BARKLEY. In that connection, though, it ought to be kept in mind that all the "blue sky" laws, including the national "blue sky" law, apply almost exclusively to the issue of securities initially. They do not require that they shall be followed up from year to year and month to month in order to advise the public of the condition of the company or the stock and the advisability of it as an investment after the issue in the first instance has been approved by the authority of the State. That is why it seems to me to be necessary in any law proposing to regulate a national stock exchange that not only shall the condition of the security and the responsibility of the company, when it issues the security, be supervised, but there shall be some supervision in the way of gathering information from time to time in order that those who may want to buy the security after it has been issued or buy other securities which are not controlled by the Security Act of 1933 may have a medium of obtaining information as to the wisdom of the investment.

Mr. STEIWER. The Senator states an ideal, and with his ideal I am thoroughly in agreement, but if in the application of laws intended to effectuate that ideal we drive people from the stock exchange, if we make it impossible to list securities, if we make it essential, in the judgment of the responsible heads of honest institutions, to take their securities elsewhere for sale, what possible gain will there be to the great American public for whom the Senator now speaks? Does not the Senator know that already, under the Securities Act of 1933, there has been a flight from the money centers of this country; that Montreal and other exchanges are offering inducements for Americans to bring their securities there, and already they have gone there in large number? They go to the place where we have no authority at all; the financing is done outside our own country, possibly with American money, but, at the same time, we have a flight of the business in the sale of securities; we have a flight of American money; we lose the whole transaction; we lose the whole control; and we render no service to our people, because when we lay down restrictions that are so stringent that business men will not meet them, then we defeat the object we seek to attain.

Mr. BARKLEY. We have heard a good deal about money taking flight from American securities because of the act of 1933, but I have yet to be shown by any proof that would pass in any ordinary court that any corporation has refused to issue securities because of any requirement of the act of 1933.

Mr. STEIWER. I think that proof can be had.

Mr. BARKLEY. One of the things we required in that act was that dummy directors should not hold their names out to the public to induce men, women, and children to invest their money in securities because they happened to be in the board of directors. There has been a propaganda ever since that law was enacted to repeal or revise that section so that men still might hold themselves out as a window dressing and invite investment without any responsibility on their part for the conduct of the business.

I appreciate that that law, in all probability, is not perfect, and that there ought to be some amendment to it, but I have not very much patience with the idea that men who, in the name of corporations, issue stock or securities and invite the public to invest in them, ought not to let the public know the truth about those stocks and those securities before they invest their money in them. That is all we have done. If the truth is going to make a security unsalable, then the truth ought to be known and the people protected from the investment of their money in unsound securities.

Mr. KEAN. Mr. President——

Mr. STEIWER. Let me answer my friend from Kentucky in all sincerity by saying that, in my humble judgment, the requirement of truth has never hurt any corporation; I agree with the Senator as to that; it is not the requirement of telling the truth that has prevented the sale of securities under the act of 1933. That act has operated restrictively, however, and it is not because of the requirement of telling the truth nor is it because it excludes the dummy director from the boards, but it has operated restrictively because we have placed liabilities upon the underwriters and upon the directors and other signers of the registration statements that need not have been as severe as they were. We made one man responsible in that act for another man's error, and prudent men would not assume that kind of a liability.

Mr. BARKLEY. In other words, we have made the principal responsible for the acts of his agent?

Mr. STEIWER. Oh, no; the principal was already responsible for the act of his agent; we have made one agent responsible for another agent's conduct, for they are all agents of the corporation. I had not intended to get into a discussion of the Securities Act of 1933 at this time. I was for that act; I voted for it; I helped to prepare it; and I was just as much interested in that act as I am in this one; but I think it ought to be held up as a horrible example."

Under the guise of writing a perfectly good law for a perfectly fine purpose, we wrote into the law some provisions that were hurtful; and in this bill, under the guise of writing a perfectly good law for a perfectly fine purpose, if we do not watch our step, we are going to permit the enactment of some provisions that will operate against recovery from the depression. I very earnestly suggest this, and urge it upon the Senate, because I think it is perfectly simple to remedy these restrictive provisions and leave the bill to apply to stock exchanges, with possibly some temperate and safe regulation of corporations, so that a great good may be done without injury. Then, as time goes by, if we learn from our experience that we can add further requirement to the law, we may all unite in bringing about proper amendments. I submit that it is better to go not quite far enough and be safe than it is to go too far, as we did with respect to the Securities Act, and then be obliged to retreat after we find that we have worked injury upon our country.

Mr. BYRNES and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oregon yield; and if so, to whom?

Mr. STEIWER. I yield first to the Senator from South Carolina.

Mr. BYRNES. Would the Senator eliminate from the bill authority to require periodical reports?

Mr. STEIWER. No, Mr. President; I think if that provision were restricted it would be very proper. To answer that question leads us to the penalties, which I will come to a little later.

Mr. BYRNES. I should like to have the Senator comment in this connection, if he will, on the statement, with which I know he is familiar, made by the publishers of Moody's Standard Statistics, by Mr. Whitney, president of the stock exchange, and others who have been in position to know the evil which has ensued from the failure to disclose to the public facts in connection with the affairs of corporations, that the one thing which should be done is that which the bill seeks to do, namely, to require corporations listed upon the exchange to disclose the information of a material nature to the people to whom they hope and to whom they try to sell their securities.

Mr. STEIWER. I think the stock exchange has less concern about that than the rest of us.

Mr. BYRNES. It is admitted that Mr. Whitney did make the statement that he thought it could be done, and that they should have the power to do it, and further that there was some agreement signed by members of the exchange, under which agreement corporations whose stocks were listed claimed that they were not required to comply with certain requirements of the exchange. The bill would do what these responsible officials of the exchange really want to have done.

Mr. STEIWER. I am quite convinced if the Senate leaves section 15 in the bill, by which the Commission can drive unlisted securities back on the stock exchange again, that the stock exchanges would be entirely content with the bill, because they would have the corporations of America where they could not get away. I shall come to that section a little later.

Under the bill the whole proceeding is related. There is no way, in my judgment, to arrive at a proper conclusion with respect to the effect of any of the provisions unless we know how the related provisions of some other part of the bill may contribute their part toward bringing about the final result. Undoubtedly it is going to be difficult for any listed security to escape from the operation of the bill or to escape from the Commission. The bill provides the means to penalize them in such way that if they attempt to get off the exchange they will be driven back again. I shall discuss that in a little while.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Kentucky?

Mr. STEIWER. I yield.

Mr. BARKLEY. Coming back to the suggestion made a while ago that the Senator is in favor of a bill regulating the practices of the exchange, but that he doubts the wisdom of going any further than that in the way of regulating the corporations whose stocks might be on the exchange, am I to understand the Senator to mean that he favors simply the enactment of a law regulating the practices and methods of the stock exchange by which stocks are bought and sold, and that he would not require any showing as to the condition of a company whose stocks were bought and sold, or its financial methods or reliability or responsibility?

Mr. STEIWER. No; that is not my ultimate object. I think initially we could very well confine ourselves to the control of the exchanges and to the regulation of the procedure and practices upon the exchange and in the over-the-counter markets, with such requirements as to corporations as they can readily meet, At future sessions of the Congress we may supplement these requirements with others. Initially, I would favor a start with a bill that would do good and not do evil.

To answer further the Senator's question, I think we are all at fault. I think the whole Congress of the United States is at fault in that we did not some years ago make a more serious effort to deal with the manipulative and other wrongful practices upon the stock exchange. I think long ago Congress should have dealt with the question of margin requirements and short sales, of wash sales and pools, and all the other abuses that accompanied especially the great boom of 1929. I think we are all subject to some criticism in that we did not recognize our responsibility and make a more vigorous effort to deal with those abuses.

But now, because the whole country is aroused to the nature and extent of those abuses and knows how disastrous was the speculative orgy of 1929 and what injury it did to the country, there is a clamor everywhere for the legislation. In that feeling, of course, we all share. However, the danger of the situation is that while we are endeavoring to deal with the evils, we write a "blue sky" law that goes too far; and because it goes too far it will be hurtful, and instead of bringing to the country unmitigated good it will bring both good and evil at the same time.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Oregon yield to the Senator from Alabama?

Mr. STEIWER. I yield.

Mr. BLACK. I have been very much interested in the Senator's discussion. I know the usual care he gives to the consideration of these questions. I have listened carefully to ascertain, if I could, what it is he fears about the report that is to be required. I gather that he would not strike this section from the bill, which requires reports to be made of certain facts. I listened carefully to learn what it is the Senator fears a company might be asked for that would do it injury, because, if there is such a thing, I am frank to say I think it should be excluded.

I have read the itemized statement of things which are to be called for in the reports. I think I am sufficiently familiar with the Senator's political philosophy to believe he will not object to a single one of those items as they are to be called for in the report. May I ask the Senator if he does object to either of paragraphs A, B, C, D, E, or F?

Mr. STEIWER. On what page?

Mr. BLACK. On page 29. That is the section which the Senator said is too uncertain.

Mr. STEIWER. I was discussing section 13.

Mr. BLACK. I understand, but the Senator first discussed section 12, and then section 13, which states the documents or details required in a general way under section 12. The Senator in the first place agrees with me and others that the Commission must have authority to prescribe rules and regulations. Therefore he does not intend to have the bill set out specifically every requirement that ought to be imposed. Section 12 sets out certain information which the public ought to have. The first requirement is with reference to the organization, financial structure, nature, operation of business and so forth. I cannot believe the Senator would object to that.

Mr. STEIWER. Let us see if the Senator likes that as well as he believes he does. What is the meaning of the requirement of information concerning the "operations of business"?

Mr. BLACK. If there is any particular part of the operations the Senator believes ought to be eliminated, I think an amendment should be offered to that effect. I looked at an income-tax report a few days ago. I shall not give any name because I have no right to do so. The man who made the report had sold $1,000,000 worth of the stock of the corporation. He was supposed to put on one side the amount he received for the stock and on the other side the amount he paid for it. The amount stated as paid for it was a "goose egg", The amount he received was $1,000,000. I think that is a part of the operations of the business.

That stock was sold on the stock exchange. The people who paid 100 cents on the dollar for the stock did not know that that man received $1,000,000 worth of stock for nothing. I think, and I believe the Senator agrees with me, that information ought to be reported. That is one of the things that would be included.

Mr. STEIWER. I am sorry I am unable to follow the Senator. It seems to me if that stock was worth $1,000,000, it would not make any difference what the trader paid for it when he got it. He set forth the information in his

income-tax return. Of course, if he got the stock for nothing and sold it for $1,000,000, he made $1,000,000 profit.

In the consideration of an income-tax return honestly made, I do not see where the public should be interested in the amount paid for the stock.

Mr. BLACK. Let us suppose the Senator is one of the untold millions who want to buy some stock. He concludes that he wants to buy some stock in this particular company to which I have been referring. He assumes, when he buys the stock which is sold on the stock exchange, that every other stockholder who had stock issued to him paid hard, honest dollars for it, just as he did. It develops with reference to that particular company that the stock has been issued to the insiders without the payment of a dime by them. The Senator would have no way to find that out unless the parties involved were required to make a report.

I am sure if the Senator were paying money out of his pocket for stock in that company, he would feel that he had the right to know if there had been $20,000,000 worth of that stock out of a total of $55,000,000 issued for nothing—and there was more than that—and which represented no investment.

Mr. STEIWER. The Senator pays me too great a compliment when he assumes I might buy $1,000,000 worth of stock.

Mr. BLACK. Oh, no; I do not. The Senator could easily buy $1,000,000 worth of stock if he paid nothing for it, like the man did to whom I have referred.

Mr. STEIWER. Let us discuss the bill. The language to which the Senator calls attention would not cover the case the Senator has in mind. This language provides that information shall be furnished about the organization, financial structure, nature, and operations of the business; it does not deal with stock manipulation.

Mr. BLACK. That is right.

Mr. STEIWER. If the issuer corporation were filing its return under section 12 it would file a return of its own operations. The Senator has not disclosed to us how this gentleman got the million dollars' worth of stock.

Mr. BLACK. I shall be glad to do so, and to show the Senator that it does affect the interests of the company, and the public ought to have known about it—not only that case, but numerous others. This man came in just as the company did that, put in $1,000, and 2 years later the insiders had stock in the company issued to them at a value that day of $75,000,000. This man came in by the manipulation of certain property at more than its value, and, as a matter of fact, so much more that it did not cost him a nickel.

Mr. BARKLEY. Mr. President, will the Senator yield there to the suggestion that the issue of that much stock for nothing, which brings not a dollar into the treasury of the company, materially affects the value of all the stock for which people have paid their money.

Mr. BLACK. The Senator is entirely right.

Mr. BARKLEY. They are interested in whether or not a company has given away a million dollars' worth of stock for which it received nothing in return.

Mr. BLACK. Not only that, but let me call the Senator's attention to the scheme which was adopted in that company and numerous others. I would not refer to one only. They would buy property which had practically no value, and then sell it to the company for a hundred thousand times its then value. If they had been required to report to the public, through the exchange, the organization and financial structure of the company, the prospective stockholder would have known that he was asked to pay a dollar for a dollar's worth of stock, while another man received a million dollars' worth of the same stock for nothing, thereby decreasing the value of the prospective purchaser's holdings.

I think I know enough about the Senator from Oregon to know that he does not want to fail to require any kind of report that would protect the public. I listened carefully to see if the Senator objected to any part of the report that is required. If he did object to any particular clause of it, I fail to hear it; and what I desire to know is which part of the report that is required to be made does the Senator object to? If none, is there something the Senator thinks might be exacted that should be protected? If so, let the Senator offer an amendment to strike that out; but let us not strike down the whole thing on the mere vague statement that it requires an uncertainty.

That is my point. If the Senator has any suggestions, I should be glad to vote for the exceptions that he thinks ought to be made, if I agree with him in his viewpoint; but I do think it is rather a general indictment to say that the measure is uncertain without pointing out which one of these things he objects to.

Mr. STEIWER. Evidently I failed to make myself understood by the Senator from Alabama.

I referred first in that section to the subsection commencing upon line 11 of page 28. I objected there because of the necessity of complying with future unknown regulations, and with respect to these others, I made the same objection that they introduce an element of uncertainty that will deter corporations from listing their stock.

I direct the Senator's attention to the fact that on page 29 we find a provision that such information shall be furnished by the issuer—

> As the Commission may, by rules and regulations, require as necessary or appropriate in the public interest or for the protection of investors—

In regard to certain things. There is no limitation upon the commission in this bill. They may make rules today. They may change them tomorrow. They may make them at 12 o'clock, and make them effective forthwith, or make them effective at 1 o'clock, as the case may be. Except on the part of the great stock exchanges, who can keep themselves advised currently and up to the moment, there is no way for the ordinary business man to know what the regulations may be today, and there is less opportunity for him to know what they may be next week.

Mr. BLACK. Mr. President, will the Senator yield there?

Mr. STEIWER. Yes; of course.

Mr. BLACK. I understand that what the Senator says is true, that the commission can change those regulations from hour to hour, or from week to week, or from month to month; but the Senator has explicitly stated he favors giving to the commission the power to issue regulations. That is the reason why I asked him the question in the beginning.

Mr. STEIWER. Mr. President, the Senator has not paid very close attention to my statements.

Mr. BLACK. I thought I did.

Mr. STEIWER. I do not know that I objected to a single provision upon page 29 to which the Senator now is attaching importance. I did discuss the language on page 28, and then I proceeded to discuss the requirements in the matter of disclosures on page 33; and now, if the Senator will permit me, I desire to go further and discuss the requirements on page 41.

Mr. BLACK. Before the Senator gets away from the matter of uncertainty, would he object to pointing out any particular thing that he anticipates might be called for under the bill that would be injurious to the company, and that an amendment should take away from the commission the power to require the company to disclose?

Mr. STEIWER. I shall be glad to do so.

Under the guise of getting information concerning the operations of the business the commission may conceivably ask for information which, if published, would absolutely destroy the company, not because the company had done anything wrongful, not because it was a company of the kind to which the Senator referred a little while ago, but because the disclosure would tell a competing company the exact nature of the company's business.

Mr. BLACK. What information?

Mr. STEIWER. Information concerning its credit status, we will say; information concerning its inventories, concerning its contracts, concerning the people with whom it proposed to do business, or those with whom it had been doing business; every manner of information by which one great institution may profit at the expense of another. Corporations may be wrong in being fearful of the provisions

contained in this bill granting wide discretionary powers to the commission. I am not arguing too hard on that particular point. I said a while ago that they might be wrong; but if the effect of the measure is to restrain them, the evil to the country is just as great as if they were right in their judgment with respect to requirements that might be made.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. BLACK. May I ask the Senator, first, another question?

Mr. STEIWER. Certainly.

Mr. BLACK. The first thing the Senator anticipated the company might be compelled to divulge is their credit, something they owed somebody. Is not a stockholder entitled to know that?

Mr. STEIWER. Oh, the stockholder already knows. This does not affect stockholders.

Mr. BLACK. I am talking about prospective purchasers of the company's stock. Suppose, for instance, they had outstanding half a million dollars worth of stock, and owed somebody a million dollars: It might be that their competitor would be glad to know that; but, because their competitor might be glad to know that, should a man be permitted to go ahead and buy stocks blindly, without having that revealed through the exchange which acted as the agent in the sale?

Mr. STEIWER. It will be revealed to the exchange, Mr. President. I think those things are usually revealed to the exchange now, without any statute.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. STEIWER. I yield.

Mr. BYRNES. Will not the Senator agree that as to the instances referred to by him, section 23 would safeguard the corporation? In that language it is provided that there can be no disclosure of such information unless it is in the public interest, or for the protection of investors, and does not reveal trade secrets. Then it is further provided that if the corporation filing the statement shall make written objections to the disclosure of the information, there must be a private hearing and order, from which order there is provision for an appeal to the courts.

Mr. STEIWER. Cannot the Senator see how insecure that kind of a provision is when the statement has just been made by a man having so good a mind as the Senator from Alabama that practically all this information ought to be disclosed for the good of the stockholders and investors? The commission may take the same view that the Senator from Alabama takes; and if the commission takes the same view that the Senator takes in just one instance, there will be no more corporations in America desirous of listing their stock upon any exchange.

Mr. BYRNES. Mr. President, if the Senator will yield further, even if it be assumed that the Senator from Alabama, serving upon the commission, held that view, the language of section 23 is that if the Senator from Oregon, for example, held the opposite view, and he were president of the corporation, he could object to the disclosure of the information, demand a hearing, the hearing must be private, an order must be issued, and he has the right of appeal from that order. So if we assume that upon the Commission there might be some member who believed that it would be in the interest of the public to disclose all that information, a remedy is provided under section 23.

Mr. STEIWER. I wish I could conclude with the Senator that business institutions would be satisfied and calmed by an assurance of that kind. We are told on every hand that they are not satisfied. We are told in every quarter that they are afraid to place themselves in a position of that kind; and the very fear is going to prevent them from going forward as we should like to see them proceed under this measure.

Mr. President, I desire now to call attention to two paragraphs of section 19 in order to indicate further reasons why corporations will not want to avail themselves of the facilities of this measure.

This section is the one that defines the disciplinary powers over exchanges. One would think, if he did not examine it carefully, that it is a section creating authority in the commission to require of the exchanges a compliance with the provisions of the law. It does that, but it does much more. The first paragraph authorizes the commission—

> After appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding 12 months or to withdraw the registration of a national securities exchange if the Commission finds that such exchange has violated any provision of this act or of the rules and regulations thereunder or has failed to enforce, so far as is within its power, compliance therewith by a member or by an issuer of a security registered thereon.

At first thought it would seem that if a stock exchange violated the law or violated the rules and regulations of the Commission it would be very proper to suspend for 12 months, or any other appropriate period, trading upon the exchange. So far as the exchange is concerned, I am entirely in accord with the proposition. In my opinion, the exchange that violates the rule and the regulation is entitled to very little consideration; but let me call attention to a fact which cannot be denied, namely, that when the commission requires the withdrawal of the registration of a national securities exchange and suspends trading upon it, the exchange is not the only sufferer. Primarily the blow falls upon the stock exchange; but ultimately every corporation having its securities listed on the exchange, and every stockholder in every corporation, and every creditor of every corporation, every person having a contractual relationship with the corporation, will feel the force of the blow. So it is that we provide in this bill, under the guise of furnishing a means of disciplining stock exchanges, a provision which would discipline the guilty and then in addition discipline the innocent along with the guilty.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Kentucky?

Mr. STEIWER. I yield.

Mr. BARKLEY. Does the Senator oppose, then, the granting of disciplinary power with reference to the exchange which violates the rules?

Mr. STEIWER. Oh, no. The Senator undoubtedly expected me to answer that question in the negative.

Mr. BARKLEY. How can an exchange be closed for a gross violation of the rules and regulations without affecting the stock listed on the exchange? If the Senator can point out how stock can continue to be sold on an exchange after it has been closed, I should like to have him do so. I do not know just how it can be done.

Mr. STEIWER. Mr. President, if I had my way, I would not use this theorist method of disciplining exchanges. I would discipline the exchanges by disciplining the officers of the exchanges. I would penalize those who do the wrong. I would penalize them by the severest penalty I could design. I would try to afford an incentive for the officials and officers of the stock exchange to comply with the law and with the rules and regulations. I do not want to make it easy for them. But it does seem to me that, under the guise of punishing them, it is a weak and an indefensible proposition at the same time to punish the innocent man as we would punish the guilty.

Under the same section of the bill, subsection 2, we find this kind of a proposal:

> (2) After appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding 12 months or to withdraw the registration of a security if the Commission finds that the issuer of such security has failed to comply with any provision of this act or the rules and regulations thereunder.

Mr. President, I may say, on this subject, much as I did just a moment ago, that if the issuer is guilty of an offense, the issuer should be called to account and penalized for the offense; but the difficulty about a remedy of this kind is that it affects so many persons who are not in any way connected with the offense.

Let us assume the case of a corporation which sold a million shares of its stock, and let us say that after the

sale had been effected, the issuer was guilty of some violation of the law, or of the rules and regulations promulgated pursuant to the law. The penalty for the violation is to suspend for a period of not exceeding 12 months, or to withdraw the registration of the security.

The effect of that kind of a penalty is, of course, to punish the issuer, but, in addition to that, the greatest effect of the penalty is to punish every man, woman, and child—every person in the world, who, for one reason or another, has acquired shares of the stock.

It is not necessary in this legislation to punish the innocent with the guilty. I suggest that these two sections be stricken from the bill. I think we can devise a means of punishing those who do wrong by penalizing the wrongdoer in plain and unmistakable language. I think undoubtedly there is a perfectly simple way to provide that those who violate the law or violate the rules and regulations may be indicted and punished as for a crime, and those kinds of penalties will be effective, and they will be effective not only as to the man who transgresses the law, but they will be effective in safeguarding the interests of all innocent persons who may have some relation to the transaction.

The suspension of a stock exchange, or the suspension of a security listed on a stock exchange, or the withdrawal of that security, merely for the purpose of penalizing the person who violated a rule or regulation which may have been made after a registration was effected, and made without the knowledge of the issuer, the penalizing of investors for the offense of another person who possibly did not even have knowledge of the rule or regulation, is a monstrous thing, and, in my judgment, it ought to be avoided.

If we suspend trading upon an exchange in order to punish the issuer of stock, everybody knows the stock is going to be depreciated in the market, and there will be a financial loss to every person who has acquired the stock. If there were no other way of punishing wrongdoing, we might find a justification for legislation of this kind, but, because there are other ways and because we can make the penalty rest upon the man who transgresses the law, let us refrain from punishing the innocent with the guilty.

Mr. President, responsible heads of institutions, knowing of these provisions in the law, and knowing what the consequence may be to their stockholders if they become embroiled in the meshes of these two paragraphs of section 19, may very well hesitate before they permit their securities to be listed upon any stock exchange, and if they are listed, they may very well be justified in seeking to delist the stock in order to protect their stockholders, a great army of innocent people, from the infliction of penalties which are absolutely undeserved under any theory of moral or legal responsibility.

Mr. President, I stated a little while ago that the bill is so constructed that it is intended to prevent any corporation escaping from the commission. I now desire to point out why I made that statement.

Section 15 deals with over-the-counter markets. Some corporations may think that if they cannot meet the oppressive and restrictive provisions of sections 12, 13, and 19, and other sections of the bill which affect corporations and the stockholders of corporations, they will immediately leave the stock exchange, and that upon leaving it, they will be freed from the oppressive requirements of this measure, and will be enabled to sell their securities over the counter. If any such view is entertained, the corporations are seriously in error.

Section 15 provides for regulation of over-the-counter markets, and provides for the making of rules and regulations applying to transactions on such markets, and for the registration with the commission of the dealers and brokers making or creating such markets.

With respect to those various provisions I have no complaint at all. I think operations in the over-the-counter markets should, of course, be regulated, and I see no objection to imposing rules and regulations and requirements of law upon dealers and brokers and others who are professional traders in stock, and who can have knowledge of the rules and regulations and of the law, and who, in good conscience, ought to comply with the law.

Let us see what else the section provides. I read now from line 20. We find there that the rules and regulations to which I have just referred, for the registration with the commission of dealers, of brokers, and others, is extended in this way, "and for the registration of the securities for which they make or create a market."

In other words, Mr. President, the issuers must register upon the stock exchange, if they are to do business there, and if they desire to retreat from the stock exchange and to do business over the counter, they will find that they are required under the rules and regulations of the commission to register there.

But that is not all. Following the language which I have just read, is this statement:

> For the purposes of this section the Commission may make special rules and regulations in respect of securities or specified classes thereof listed, or entitled to unlisted trading privileges, upon any exchange on the date of the enactment of this act, which securities are not registered under the provisions of section 12 of this act.

I wonder whether Senators catch the full force and significance of that language. In effect, it means this, that if a security is listed upon a stock exchange at the time of the enactment of this measure, and does not register on a national securities exchange as provided in section 12, and the managers of the corporation attempt to sell its securities over the counter, not only rules and regulations will be made with respect to transactions over the counter, but in addition to that, special rules and regulations may be made by the commission to fit the particular case of the corporation which delisted its securities and took them off the stock exchanges in order to be freed from the oppressive requirements of the sections which deal with those exchanges.

Can it be assumed that the commission will let anybody get away? Does anyone assume for a moment that, with the powers conferred by section 15, the commission will permit anybody to unlist or remain unlisted?

Let us bear in mind that section 4 of the bill provides that the commission may assess stock exchanges for the money necessary to carry on the administration of the act. If the stock exchanges break down, there will be no money. The commission will have killed the goose which laid the golden egg; and I am told unofficially it is the purpose of some of the gentlemen who have been sponsoring this legislation, and of others who are said to be prospective appointees upon the commission, that steps will be taken to drive back to the stock exchanges those corporations which were unwilling to remain there and which attempt to resort to the over-the-counter markets of this country for the sale of their securities.

What justification, I ask, is there for the enactment of legislation which places the business of the United States in a strait-jacket of this kind? Remember that we are not dealing all the time with crooks and with thieves and with outlaws. We are not dealing all the time with institutions which are seeking to defraud somebody. We are dealing with those classes, it is true, but, in addition to them, we are dealing with the great number of institutions in this country which control the industries of the United States and provide labor for the laboring people of the United States. We are dealing with honest enterprise; we are dealing with legitimate investment; and the good with the bad are going to be brought within the strictest requirements of this measure, held down by sections 12, 13, and 19, if they attempt to operate upon the stock exchanges, and then driven back to the stock exchanges by section 15 if they attempt to sell their securities in the markets over the counter.

Mr. President, I do not want to delay longer upon this phase of the bill. There is much to be said about the section requiring proxies. If I had my way, I would either change that section or eliminate it from the bill. The committee was told by men who are experts upon this subject, men like Mr. Untermyer, who, through busy lifetimes, have been en-

gaged in endeavoring to protect the interest of stockholders in great corporations, that this proxy requirement will not help the minority groups; that it will not aid the weak or defenseless; but that probably it will aid those in power, those who control the corporation; that it will operate differently than was contemplated by the committee.

We are told that the administration of this provision will be expensive to the corporations, and there is a very grave feeling in the business world that the requirements made in this section for proxies will be hurtful and not helpful. I am not, however, sufficiently advised concerning the technical workings of the great institutions with respect to the acquisition of proxies to propose a better section. I shall, therefore, pass it by.

Before I conclude I desire to take up a matter which I think is more important than any matter I have discussed until now in this debate. I refer to the penalties provided under the provisions of this bill. I have already said, and Senators fully realize, that the bill is unusual in that it not only clothes the commission with the right to make rules and regulations but it continues the power of the commission to change and alter and amend those rules and regulations. I have said two or three times that there is no provision in the bill requiring the rules and regulations to become effective at some future date. They may, in the judgment of the commission, become effective forthwith. There is no requirement in this bill that the rules and regulations shall be published at any particular time, or that any other effort shall be made to confer notice upon those who might be affected by the rules and regulations.

Throughout the bill there is a rather unusual structure in that acts which are condemned as unlawful in the main are not condemned in every event. There are very few acts in this bill which are condemned outright as unlawful and penalized under the provisions of the bill.

In almost every case the nature of the denunciation, that is, the statement of the crime, is in terms of rules and regulations. One can turn to almost any provision of the bill and find that is true. I have before me section 29 (a) which begins with the words—

> It shall be unlawful for any broker or dealer—
>
> And so forth, to do certain acts—
>
> in contravention of such rules and regulations as the Commission may deem necessary or appropriate in the public interest—

And so forth. That kind of structure, Mr. President, is typical of the entire make-up of the bill. Therefore the crimes which are created by this bill are crimes which we do not know today. We could not define them if we wanted to. They are crimes which are yet to be defined by the commission. The nature and extent of those crimes, the conditions and definitions of those crimes, the very elements of the offenses, are unknown to the Congress which is to pass the legislation. These crimes are to be defined by people the identity of whom we do not yet know. They are to be established at different times, and changed and amended at different times in ways which we cannot even imagine in advance, and yet, Mr. President, we are called upon to give our approval to section 30, including section 30 (b), which penalizes violation of rules and regulations.

Permit me to read it so it may appear in this place in my remarks:

> (b) Any person who willfully violates any provision of any rule or regulation under this act, or of any agreement made with the Commission and filed under this act, shall upon conviction be fined not more than $10,000, except that if such person is an exchange, a fine not exceeding $100,000 may be imposed.

Mr. President, in order to understand the philosophy of this bill and the theory and purpose of those who prepared and sponsored the bill in the first place, I desire to state to the Senate that when this language came to the committee the penalties in subsection (b) were identical with the penalties in subsection (a), except that there was no jail sentence imposed.

In other words, the fine might be not more than $25,000, and, in case of an exchange, a fine of not more than $500,000. Inasmuch as some of these offenses which might conceivably be committed in violation of the rules and regulations are continuing offenses, and may very well recur day after day, the extent of the penalty may become fairly evident to those who give consideration to this feature of the bill.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. BORAH. I am quite in sympathy with the view which the Senator from Oregon expresses with reference to making the violation of these regulations a criminal offense, but we have put that provision in every statute we have passed concerning the relief of agriculture for some time. I think it is an indefensible principle to make the people of the country punishable for the violation of a regulation which may be a regulation tonight and not a regulation tomorrow, but it is in all these laws which we have passed. It is in the sugar bill which we passed a few days ago.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. VANDENBERG. I think the sugar bill specifically differentiated in precisely the way which the Senator recommends. In the sugar bill, violations of the rules and regulations are punishable only by a nominal fine of $100.

Mr. BORAH. Of course, but what is $100 to a farmer? It may mean more to him than $25,000 means to a large corporation. The thing I am objecting to is the principle of subjecting the citizens of the country to punishment by fine or by imprisonment for the violation of a regulation instead of the violation of a law.

Mr. VANDENBERG. The only point I was making was that in the sugar bill there was a discrimination between the two types of offenses.

Mr. BORAH. The sugar bill in the first instance provided for imprisonment also, and that provision was stricken out. The principle, however, is the same. We are subjecting the citizens of the country to punishment for the violation not of law but the violation of a regulation. What are we going to do about it? Are we going to leave such a penalty in all the provisions of the laws? If things continue, not only will the citizen be tied by a thousand rules issued by some bureau, but if he slips a cog he goes to jail.

Mr. STEIWER. Mr. President, I would not undertake to answer a question of that kind, because I do not think all of us combined have wisdom enough to know what we are going to do. I voted against the sugar bill and the conference report upon that bill. I disapproved the proposition then; I disapprove it now. And although I can bring myself to a sort of reluctant approval of some penalty for violations of rules and regulations in this bill, I can do that only because it is so essential that the commission have some power to bring about effectual administration of the law. But it seems to me that the vice of this particular provision is that it confuses that which is done with evil purpose from that which is done innocently. It is much like the section I was discussing a while ago in which I pointed out that the innocent investor or stockholder is punished for another man's crime. This is not the case, of course, of the citizen being punished for another man's crime, but there is here the commingling of offenses and the fixing of a penalty for an act done with wrongful purpose and an act done innocently and possibly without knowledge of the rule.

It seems to me that the most insidious thing about this is that the commission may make these rules at will. They may make them without notice. The person charged with the violation may not know there is a rule. He may not know he is violating a rule. It is true that the bill says "willfully", but that may be construed merely to mean "intentionally" as distinguished from "unintentionally" or "voluntarily" as distinguished from "involuntarily."

I have made some little inquiry as to the meaning of the phrase, and I left the subject considerably bewildered, although it may well be that the courts will limit the construction of the provision, because the other construction will be almost monstrous in its nature.

We have no assurance how the court will act with respect to it, and it seems to me that whatever else we do, when dealing with subsection (b) of section 30, we ought to insert after the word "person", the words "with intent to injure and defraud another", so that it would read:

Any person who with intent to injure or defraud another shall willfully—

do the prohibited act, the penalty would follow.

In that way we would be penalizing the purposeful wrongdoer, who, of course, is entitled to no sympathy and no defense. The man who seeks to defraud his neighbor might well be penalized, even though his offense consists of the violation of a rule or regulation. I have no quarrel with that proposal. But when we say that for violation of any provision—I invite attention to that, whether important or unimportant—for violation of any provision, whether known or unknown, or whether with a bad purpose or innocently, a man is to be penalized in the judgment of a court up to a $10,000 fine, I cannot give my consent to it.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. FLETCHER. I desire to mention the fact that it was the purpose, and I think that purpose is carried out in the provisions of the bill under section 30, particularly in paragraph (b), to separate penalties for violations of regulations from those for violations of the bill itself. In other words, the bill does not subject to imprisonment a person who violates regulations. He is only subjected to the penalty of a fine in that case. If he violates a rule or regulation willfully and knowingly he is liable to punishment by fine, or if he violates the law itself willfully and knowingly, then he may be subjected to both fine and imprisonment. That distinction is intended in the bill, and I think it is made.

Mr. BORAH. I think that is a merciful distinction, but it does not affect the principle which is involved, as I see it.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Ohio?

Mr. STEIWER. I yield if the Senator from Idaho has concluded.

Mr. BORAH. Does the Senator from Ohio wish to ask a question?

Mr. FESS. I will wait until after the Senator from Idaho shall have concluded.

Mr. BORAH. I want to call attention to some things which we are putting into these measures. I read from the sugar bill which we passed a few days ago:

(c) Whoever in connection with any settlement, under a contract to buy any commodity, and/or to sell such commodity, or any product or by-product thereof, subject to any tax under this title, makes any statement, written or oral, (1) intended or calculated to lead any person to believe that any amount deducted from the gross sales price, in arriving at the basis of settlement under the contract, consists of a tax under this title.

Does the Senator get the full import of that provision?

Mr. STEIWER. I am not sure that I do.

Mr. BORAH. I will read a portion of it again:

Intended or calculated to lead any person to believe that any amount deducted from the gross sales price, in arriving at the basis of settlement under the contract, consists of a tax under this title.

Mr. STEIWER. I assume that that was placed there in order to prevent a test of the validity of the act.

Mr. BORAH. No; it was placed there, I presume, in order to prevent some people from attacking the processing tax.

Mr. STEIWER. By litigation in court?

Mr. BORAH. Yes.

Mr. STEIWER. Mr. President, I want now to conclude. I have covered the ground which I intended to cover.

Mr. FESS. Mr. President——

Mr. STEIWER. I will yield in just a moment. I wish to announce that at a later time I will offer some amendments in keeping with the suggestions I have made during my remarks. I shall not attempt now to do so, but at a later time, when we are discussing more in detail the question of the penalties in section 30 (b), I will, if I have the opportunity, go through the bill again to point out the full extent of the power to make rules and regulations, and the full application of those rules and regulations to different people who are variously affected by them, and then to urge upon the Senate again, more forcefully, I hope, after the illustrations shall have been presented, the absolute necessity for the amendment of section 30 (b) so that the penalty shall not be so un-American as to shock the conscience.

I now yield to the Senator from Ohio.

Mr. FESS. Mr. President, the Senator from Idaho called attention to the fact that in the Agricultural Adjustment Act, as well as in the so-called "Sugar Act", the same principle is adopted. I call the attention of the Senate to the N.R.A., the National Recovery Act, which contains exactly the same thing.

The agreements are made operative in the administration of the law, but are not effective until the President approves them. It gives the President the power to change any regulation that he may see fit to change, and when a regulation is changed the fair practice prescribed is regarded as the law and has the force of law, with a penalty attached for its violation. As the Senator will recall, when we discussed it we talked about the revolutionary procedure of substituting what might be called the rule of men for a government of law.

Mr. STEIWER. Let me see if I cannot indicate to the Senator that the proposal here is more far-reaching in its effect and more un-American in principle than anything written in the N.R.A. Act, because when the President approves, he does so by Executive order or proclamation, and all who run may read. So there is a fair chance for people to have some knowledge of what is done and published by the President of the United States.

Mr. FESS. Until he undoes it.

Mr. STEIWER. Yes, possibly, but I think we will all concede that the President would not act in a whimsical way about a matter of that kind. Under this bill, however, a commission is to be created which does not even need to act by proclamation. It can meet in private, if it wants to, and it is not required to publish anything by proclamation, Executive order, or in any other way. This, in my judgment, is the most unheard-of thing that has yet been presented, and to me, because it is so far beyond the traditional belief of our people, it seems that we ought not to resort to it, because we are not obliged to resort to it. We can provide all the penalties reasonably necessary for the enforcement of this proposed act without putting this unusual, un-American penal requirement upon our people. I think it far exceeds even the drastic provisions of the National Recovery Act.

Mr. FESS. It is not different in the direction of the step which is taken; but the second step is just a little longer than the first one, and the third step will be longer than the second.

Mr. STEIWER. That is true. I yield the floor, Mr. President.

Mr. FLETCHER. Mr. President, before the Senator takes his seat, I should like to make a brief statement. In the beginning of the Senator's remarks he referred to an alleged number of 450,000 corporations which are about to be strangled by some of these regulations. I do not quite understand what these corporations may be. Moody's Manual, which is considered something of an authority, and which attempts to give statistical data about all companies in which the public is interested, lists only 34,000 corporations. It seems to be absurd to suppose that this bill affects a great multitude of more than 450,000 corporations throughout the land not connected with Wall Street. This manual lists only 34,000 corporations.

Mr. STEIWER. I do not attempt to say that the statement from which I read earlier in the debate is exactly correct as to numbers, but there is information before the committee that there are vastly more than 34,000 corporations in the country. I do not remember the exact figures, but it is vastly more than that.

Mr. FLETCHER. Then the Senator made some criticism of the provisions as to the requirement of reports from cor-

porations. The Senator will remember that the president of the New York Stock Exchange has frequently emphasized the necessity for more complete and accurate reports by listed corporations. The members of the stock exchange themselves have complained of that situation, and the president of the New York Stock Exchange last year, in a speech at Cleveland, said:

> It is now generally recognized that the lack of complete disclosure of the result of business operations contributed to the inflation of security values which preceded the panic of 1929.

Mr. STEIWER. I think the stock exchange is very happy to have some excuse for its own part in the speculative orgy of 1929. It was within its power, in my judgment, at that time to obtain from the issuers of securities all the information that was needed. The fact is it did not get the information. If that be an argument to justify the requirement for further reports, we still have the responsibility of seeing to it that we do not go too far.

Let me call attention, in that regard, to the language on page 34 of the bill, which I did not refer to in my earlier remarks. It is there provided as follows:

> (b) The Commission may prescribe, in regard to reports made pursuant to this act, the form or forms in which the required information shall be set forth, the items or details to be shown in the balance sheet and the earning statement, and the methods to be followed in the preparation of reports, in the appraisal or valuation of assets and liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the preparation, where the Commission deems it necessary or desirable, of separate and/or consolidated balance sheets or income accounts of any person directly or indirectly controlling or controlled by the issuer.

Before the committee the question was raised whether it was advisable for the Congress to supervise the internal affairs of corporations to the extent of controlling their methods of accountancy. It was believed, I think, by a majority of the committee that we should not do that.

In line 6 on page 34 we changed the word "accounts" to "reports", so as to make certain the proposed commission would be requiring reports and not a new and expensive method of accountancy. Yet it seems to me, Mr. President—and I do not want to take a dogmatic position in respect to it, and I confess my interpretation of the language might not be correct—that the committee failed to go far enough in making the corrections necessary in this bill, and that in the language which I just read the committee has left in the measure ample authority on the part of the commission not only to control the kind of reports which are to be made by corporations, but also to control the basic accountancy of corporations. It may be, for one reason or another, that a corporation is compelled to continue its present system of accountancy; and if this be true, as I think it is true, the Commission may require a system of its own; then we will have the spectacle of a Federal agency exacting of business institutions two methods of accountancy, with very great expense to the corporations concerned. In the end the expense will be paid by the stockholders. There is nothing we can provide by the terms of the bill in the way of excessive requirements, the expense of which is to be met exclusively by millionaires. It will in the last analysis be distributed among the American people.

I think the Senator from Florida selected an unfortunate illustration when he referred to the requirement for reports as indicating that the restrictive influences upon corporations will not be great and severe. On the contrary, I think the reporting requirements will be almost devastating, and because of fear that conditions may be even worse than they are, corporations will find it difficult to comply with these provisions of the act.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. STEIWER. I yield the floor, unless the Senator wants to ask a question.

Mr. BARKLEY. I want to ask the Senator a question. The section on page 34 of the bill, to which the Senator has just referred, describes somewhat in detail the power of the commission to exact reports of companies. It does not seem to me it gives the commission any power to impose on a corporation any particular method of bookkeeping. Where questions of depreciation, depletion, and valuation enter into the financial statement, which have a great bearing upon the financial condition of the company, does not the Senator think the commission ought to have the power to learn by what method it arrived at the figures which it reports as bearing upon its financial standing? It seems to me that is all the bill does in that regard.

Mr. STEIWER. I do not believe the end to be attained justifies the procedure. I think if it involves the requirement of a new system of accountancy, we are not justified in requiring institutions to set up books to satisfy us as a condition precedent to the listing of their stocks upon the stock exchange.

Mr. BARKLEY. It does not require them to adopt a set of books to suit us or the commission. It authorizes the commission to require the company to advise it by what bookkeeping method of its own it has arrived at those conclusions.

Mr. STEIWER. With that statement I cannot agree. If the company does not have the information it will have to keep its books in a way to acquire it.

Mr. BARKLEY. Any company that does not have the information under its own method of bookkeeping certainly does not deserve very much consideration in the listing of its stock on the exchange.

Mr. STEIWER. All honest effort to maintain business and provide employment deserves consideration. The proof of the pudding will be the eating thereof. I am wondering what some of my good friends will be saying 12 months from now if Congress enacts the bill in this form and then finds it is injurious to the business of America and that it causes further unemployment among the laboring people of the United States and retards the recovery for which we are all praying. What excuse can they offer for their action when it is just as easy to make the bill a little more moderate with respect to industry, and start with steps we know are sound, and then add as the necessities may require and in a way that will do injury to no one but will protect the public and American investors against the evil practices which have been permitted in security transactions?

Mr. WALCOTT obtained the floor.

Mr. VANDENBERG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norbeck	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pittman	
Costigan	Johnson	Pope	

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. WALCOTT. Mr. President, I wish to address myself chiefly to those features of the Federal securities exchange bill, Senate bill 3420, now being considered, which have to do primarily with the regulation and control of corporate financing as found in sections 12 and 13.

When the term "stock exchange" is used, the New York Stock Exchange enters the mind, whereas the New York Stock Exchange, although by far the largest, is only 1 of 47 in the United States.

Twenty years ago relatively few people were interested in or traded on the stock exchanges. The enormous impetus to business created by the war, the excessive war profits in the pockets of a few, led to a period of reckless extravagance and the wildest speculation. Encouraged by too liberal loans from the Federal Reserve banks to brokers which reached the dizzy peak of eight and a half billion dollars in 1929, stimulated by the capital-gains tax, which kept security holders from realizing profits as they went along, thereby creating a relative shortage in all the leading issues, the whirlpool kept sucking in its victims until nearly everyone from the "bellhop" to the boss was gambling. The ticker was the timepiece, the tape the measure of success. The high-powered salesman had an easy time of it, for no one counted the cost or the need.

While in sympathy with any legitimate movement designed to prevent a recurrence of the speculative abuses which were revealed by the so-called "Wall Street probe" conducted by the Senate Banking and Currency Committee, in which activity I participated, I desire to warn against carrying the preventive features of the pending legislation so far as to continue and to aggravate conditions created under the Securities Act of 1933 that we now are being called upon to correct.

There can be little doubt of the need for Federal legislation to supplement the rules and regulations of the stock exchanges. To some extent in this bill we give the effect of law to the police powers exerted by the officials of the exchanges. In other words, we make mandatory compliance with those rules and regulations, while augmenting them by outlawing certain practices with which perhaps the exchanges themselves have either been unwilling or unable to cope.

But in the endeavor forever to close the door to those manipulative and speculative practices which all of us condemn, we appear about to lose sight of the very vital and necessary economic function of the stock exchange.

The record of some of the matters developed during the probe of the Banking and Currency Committee, in truth, does not present a very attractive picture. It emphasizes a need for safeguarding the flow of the capital of the country from being diverted into speculative channels, particularly at a time when there is need for industrial financing and financial assistance to agriculture.

This situation of itself demands the utmost caution lest we so legislate as to hamper the flow of capital into its proper channel. As a result of the revelations of the committee and the attendant publicity, too many people have come to think of the stock exchanges as institutions through which merely to speculate in securities. The spectacular naturally has caught the public fancy. The "rooking" of investors in some of the better-known corporations, revealed through the activities of our committee, stands out in bold relief, and overshadows the corporate enterprises which the securities represent, and which combine to form the foundation of the greater part of our commercial life. The primary purpose of the exchanges in providing a more extensive market for these corporate securities, which otherwise would reach the attention of a comparatively few investors, is being ignored.

The Government has had sufficient experience with the operation of the Securities Act of 1933 to learn of its defects, although in some quarters there appears something of dogged resistance to remedial action. It may be something of pride of authorship or of administration. Nevertheless, our committee chairman has seen fit to offer as an amendment to this bill a complete new title designed to modify the law so to make it more workable.

With due deference to the distinguished chairman of our committee, his sponsorship of these proposed changes in the Securities Act of 1933 may be taken as an admission of their need. I think this a fair statement, because all of us realize that a different significance attaches to the presentation of such a matter by the chairman than would occur were the changes sought by a mere member. Furthermore, the press has labeled these the administration amendments.

Let me add at this point that in my 6 years' service here I have never seen greater patience, greater forbearance, and more persuasive methods than those used by our distinguished chairman, the Senator from Florida [Mr. FLETCHER], in working out this bill. It has been a tedious process. We have been at it for weeks, patiently trying to hew out a bill which would accomplish the desired results without injuring legitimate business. I think in a very large measure we have accomplished that task. From all sections of the country have come complaints that the Securities Act of 1933 has had the effect of retarding business recovery to a considerable extent. So insistent has become the demand for remedial action that it could no longer be overlooked by the administration. We are grudgingly giving a degree of relief which, in effect, we may destroy in the bill now before us unless amended. That, to my mind, is a very important point. These are companion bills and must go hand in hand, neither conflicting with the other.

Much of the Fletcher-Rayburn bill is devoted to conferring upon the Government regulatory powers quite beyond the scope of its underlying purpose. In that respect it threatens a curtailment of commercial and industrial initiative. To the extent that this strangulation occurs will the stifling effect of the securities act be paralleled.

Even if confined to its original purpose, the bill gives to the projected Federal Securities Exchange Commission—the regulatory body which it would create—a degree of detailed supervisory control over exchanges and markets which is wholly unnecessary to the satisfactory accomplishment of the basic principles with which I am in hearty accord. This will result in imposing undue burdens and expense upon American industry.

So serious has become the credit situation in the United States that President Roosevelt has been led to give his approval to legislation providing industrial loans through the Reconstruction Finance Corporation that we are told are likely to total $650,000,000. In addition, through the Glass bill, we are talking about making available through the Federal Reserve banks an additional $250,000,000 for loans for pay-roll and raw-material costs increased through adherence to N.R.A. codes.

If it be the settled policy of the administration that the Government shall finance all industry, supervising the purposes for which the money is to be used, ultimately to control all business through representation on the directorates of the borrowers, and become the intermediary through which all funds into industry shall pass, we might safely leave this bill untouched in the particulars to which I am addressing myself.

It is inconceivable, however, that the administration should become so utopian as to desire that the State shall run the everyday affairs of our people. But if that be too radical, then we must give heed to the advice of business as to its needs and not characterize as propaganda, fomented by Wall Street interests, the presentation of facts based on experience as differentiated from theory.

Theories expounded in the original legislation from which was developed the pending bill would have thrown business into a strait-jacket from which no Houdini could have escaped. Through patient and toilsome consideration the committee has ironed out most of the differences of opinion, but has failed to harmonize the divergent views on what I term the "business features" of the bill, particularly sections 12 and 13.

As reported from the committee, the measure purports to have as its purpose the regulation of securities exchanges and the over-the-counter markets operating in interstate and foreign commerce and through the mails, and to prevent inequitable and unfair practices. Particular emphasis is put upon the curbing of manipulative practices and excess speculative activities on such exchanges and markets which are detrimental to the orderly and safe conduct of the financing of commerce and industry and to the interests of investors.

Since we are virtually in agreement as to the desirability of curbing those practices which we all condemn, I wish to

direct the attention of the Senate to those provisions of the bill and the recommendations of the Banking and Currency Committee majority that some of us aver will hamstring business, tend to send us into another tailspin, and bring down upon the Congress when it meets again in January the criticism of the people that will cause us again to retreat, just as we are about to do in the case of the Securities Act enacted last year.

Section 12 of the bill, relating to registration of securities on a national-securities exchange, contains requirements for the submission of agreements and various miscellaneous documents and information concerning the issuer of the security desired to be registered. These are to be made in such detail as to disclose to the commission, and very probably to the public, matters which are quite unnecessary in order to assure the commission of fair dealing in the security on the exchange. Furthermore, they will undoubtedly disclose methods of conducting the issuer's business which are perfectly reputable, but which, because of their confidential character, it may be highly desirable in the interests of competition not to disclose. If the issuer desires to have his securities traded in on a registered exchange, he must submit to the commission information in such detail as the commission may prescribe with respect to an astounding number of items. The list of these enumerated in the section would seem to cover almost every conceivable detail of internal management. After listing and registration has been authorized by the commission, an issuer may not withdraw the listed security from listing except upon 30 days' notice to the exchange and the commission; and the commission is granted power to require that such withdrawal be first submitted for ratification by the holders of a majority of the issuer's voting stock. Very strict requirements are also made for the registration of unissued securities.

The requirements of section 13 of the bill, with respect to the filing with the commission by issuers of registered securities of periodical and other reports, are so drastic as to result in hopeless confusion and vast expense on the part of commercial and industrial corporations throughout the country in keeping their accounts. The commission is empowered to require annual reports and their certification by independent public accountants, quarterly reports, and such other reports as it may deem essential in special circumstances. Untold difficulties may be encountered on the part of such corporations in meeting not only the periodic but the sporadic demands of the commission in this respect. Further, with respect to the preparation of these reports, the commission is given power to prescribe the form in which they shall be made, the amount of detail which they shall contain, and other requirements of such a nature as to enable the commission to dictate, in practical effect, the methods of accounting to be followed. No exceptions are made to these requirements, other than in the case of issuers whose accounting is subject to the provisions of any law of the United States; and, as to them, it is merely provided that the requirements made by the commission shall not be inconsistent with those imposed by such law. No exception is made as to those corporations whose accounting is governed by the rigorous laws of States.

In this connection it should be noted that common carriers subject to the Interstate Commerce Act are required under that act to establish most adequate systems of accounting and to make voluminous reports to the Interstate Commerce Commission. These reports are probably more elaborate than any reports which may reasonably be required by the Federal Securities Exchange Commission. Moreover, the books of these common carriers are subject to the audit of agents of the Interstate Commerce Commission, and there is no possible gain in placing them under the supervision of another governmental agency. On the contrary, it would result in duplication of reports and duplication of supervision by two different Federal agencies, with consequent additional cost to the carriers and to the United States. These carriers should be relieved from the application of this act, and an amendment should be added to the bill exempting them from its provisions.

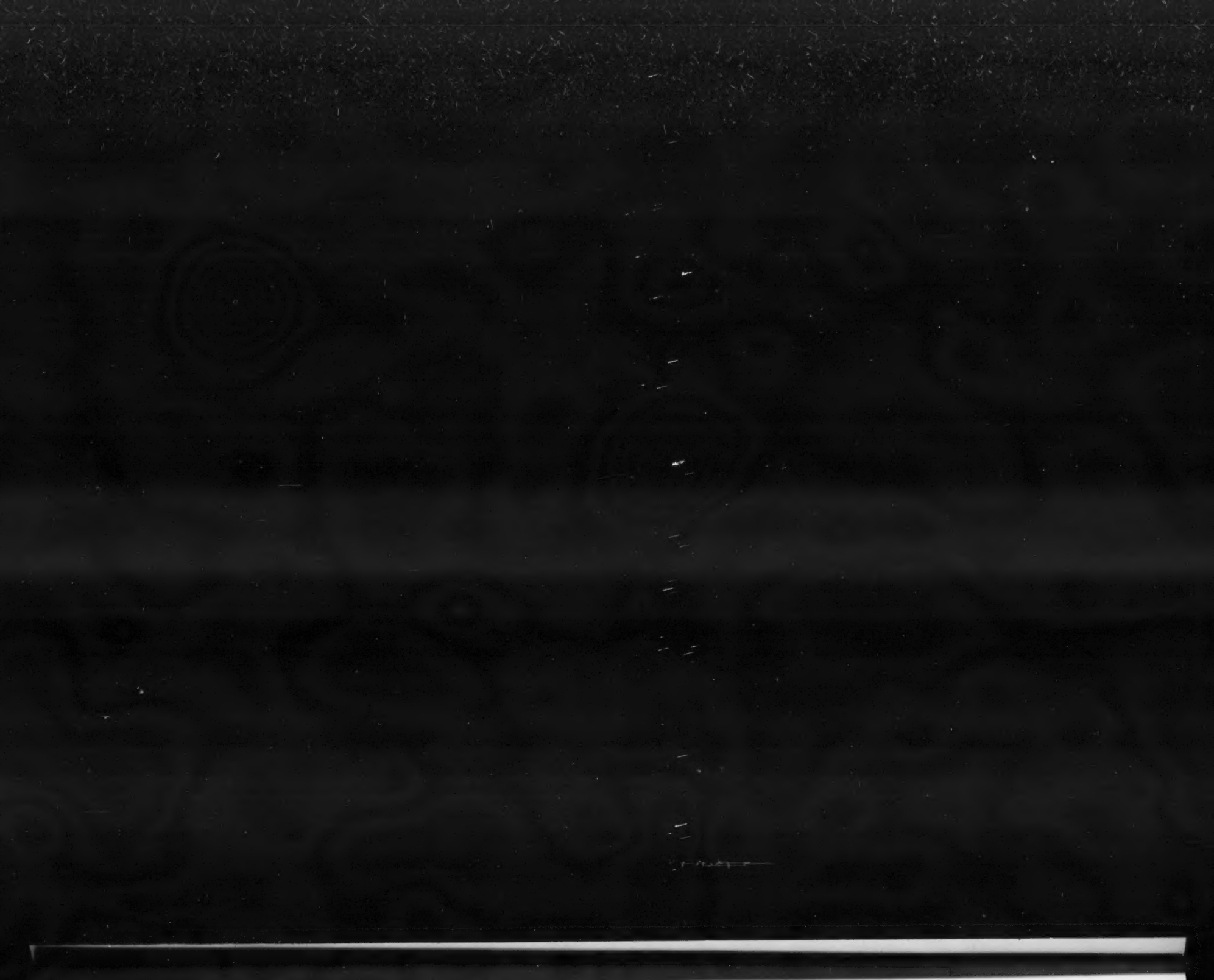
The sum total of the requirements of sections 12 and 13 of the bill makes it clear that the effect, if not the purpose, of incorporating them in the bill in their present detailed form is a regimentation of commerce and industry in the United States on a national scale. The burden which these provisions will impose upon the normal operation of American business and industry is so substantial, and the danger that the powers of the commission might be used to influence the conduct of corporations is so real, that many issuers of securities which are today dealt in on exchanges will undoubtedly hesitate to comply with the act.

Far from having any relation to the financing of operations of commercial and industrial corporations, and the protection of investors in their securities on exchanges and over-the-counter markets, the application of the provisions of these sections will undoubtedly result in bringing about an extreme deflation of corporate securities throughout the country. The mere fact that the commission is given power under section 23 of the bill to make disclosure of the information contained in the documents filed with it, with but a minimum of restriction upon its discretion to do so, will undoubtedly result in the withdrawal of many securities from the exchanges by corporate issuers. The inevitable result of such a course of action will be the destruction of a liquid market in such securities to the detriment of the holders of the same and the general investing public. The inability to finance readily will, it will be recognized, have the effect of stagnating corporate, commercial, and industrial activity.

In this connection it is well to note that from the all-time peak of $9,400,000,000 in 1929, the total of new capital and refunding issues for domestic corporations floated in the American investment market dropped to $380,000,000 in 1933. Of this $380,000,000, only $161,000,000 went into capital issues, the balance being absorbed by refundings. New capital invested in a single month in any one of the years from 1924 to 1929 was in excess of the value of new issues floated during the entire 12 months of 1933.

In view of the fact that there has already been such a considerable decrease in corporate financing, the imposition of additional burdens of a restrictive character as contemplated by these sections would undoubtedly have the effect of retarding business recovery, and would to that extent prolong the depression.

Furthermore, the bill makes no provision, except in the discretion of the commission, for exempting from registration sound listed securities which for technical reasons cannot or will not be registered. Some of our soundest investment securities were issued many years ago by companies which have since been legally dissolved. For instance, a mortgage bond of a railroad company, which had sold its assets to another railroad, might still be listed on an exchange in spite of the fact that the corporation which issued the bond had voluntarily dissolved. These securities cannot be registered under the bill because the issuers have ceased to exist and, therefore, cannot comply with the registration requirements. In addition, there are many billion dollars' worth of foreign government obligations or foreign corporate securities which are now owned by Americans and currently listed and dealt in on exchanges. These issues have in most instances been completely distributed, and the issuers, particularly if they are foreign governments or corporations, will not, except in the rare instance where they are contemplating a further issue in this country, have any reason to comply with the burdensome provisions of the bill. If these securities are removed from our stock exchanges, due to the failure of the commission to provide for exempting them from the provisions of the act, the effect will be to deprive the persons who own them of a public market for their investments with consequent loss to the holders by reason of the depreciation in value of the securities resulting from having no open market. It has been estimated that the market value of securities listed on the New York



Stock Exchange which would fall into these categories approximate $8,000,000,000.

Regulation of securities exchanges is highly desirable for the protection both of issuers and investors. This fact, however, does not justify the exercise by the Government of such broad police powers over the operations and internal affairs of the exchanges as is granted by section 19 of the bill, and which must necessarily have an indirect and restrictive effect upon corporate financing. For example, under subsection (a) the Commission is granted authority summarily to suspend trading in securities on national-securities exchanges for a period not exceeding 10 days or, with the approval of the President, summarily to suspend all trading upon any such exchange for a period not exceeding 90 days. Obviously, the possibility of the exercise of this power cannot help but intensify the fear of corporations whose securities are registered on the exchanges that the market for such securities may be practically withdrawn overnight, which will undoubtedly tend to hinder the restoration of confidence in business recovery.

In addition, the provisions of subsection (b), which give the Commission power to alter or supplement the rules of exchanges in respect of every detail of the conduct of business thereon, make it very difficult for members of exchanges to predict just what rules of practice they will be operating under from week to week or from month to month.

Furthermore, in addition to the broad regulatory powers given to the Commission, which are to a certain extent necessary in order to provide effective regulation, the Commission is authorized, without restraint of any kind, to appoint and fix the compensation of its employees and to assess the expense incurred in the administration of the act against the exchanges which are made subject to its regulation. This authority enables the Commission to appoint and expend without limit, and to assess expenses without limit. Its budgeted expenses need not be reviewed by the Bureau of the Budget. The disbursements when made are not subject to the scrutiny of the Comptroller General. It need not justify its expenditures to any committee of either branch of Congress. In short, the Commission is wholly without restraint except that implied by the fact that its members are appointed by the President of the United States.

It is earnestly contended that this commission should be dealt with as substantially all other Federal agencies are treated. Proper governmental safeguards may be readily obtained. Nothing further will be required to provide such safeguards except to authorize the necessary appropriations to enable the commission to administer the act and to provide that the commission, within proper limitations, may assess equitable fees against the stock exchanges, such fees to be covered into the Treasury as miscellaneous receipts. These proposals, if agreed to, will subject the commission to the supervision of the Bureau of the Budget and will require the commission to justify its expenditures before the House Committee on Appropriations. It will result also in the auditing of its disbursements by the Comptroller General and will make the commission a normal, conventional, and controlled agency of the Government. Departure from this usual course would be dangerous.

Finally, although the bill purports to allow persons affected by the acts of the administrative commission to have such acts reviewed by the courts, the provision is so narrowly restricted that only those persons who are aggrieved by an order entered in a proceeding to which they have been made a party by the commission are entitled to have recourse to the courts for justice. As there is no requirement that the commission must initiate a proceeding and give notice to the persons who will be affected by its action, it is possible for the commission to evade entirely the provisions of the bill giving citizens the right to review its actions in the courts.

Of greatest importance, in terms of restrictions upon business and industry, are the penalties provided for violation of the rules and regulations prescribed by the commission. Authority to make rules and regulations is written throughout the bill. The application of these rules is not limited to stock exchanges, brokers, or dealers. In their several effects they reach creditors, bankers, investors, corporations, and all others having any relation, direct or remote, with the transaction of corporate business and the sale and purchase of securities. Under section 30 (b) willful violation of the rules and regulations by any person may result in indictment, conviction, and a fine not to exceed $10,000. This subsection does not require publication by the commission of such rules or regulations and does not require that the effective date thereof shall be postponed until all concerned may be familiar with their effect. On the contrary, it permits the forthwith application of the rules and regulations to innumerable persons who, in the very nature of the situation, can have no knowledge that the rules and regulations are applicable to them or to their dealings. The application of the penalties is not limited to those who are guilty of a violation made for the purpose of injuring or defrauding, but they apply likewise to those who proceed in good faith for legitimate purposes, with the result that they reach those innocent of willful wrongdoing as well as the guilty. Inevitably, the threat of the penalties referred to will interfere with normal operations in legitimate business and will prevent the lawful and proper activity necessary for recovery.

The bill as drawn is burdensome to industry and commerce and should be amended to remove the provisions most seriously restrictive in order to permit the business of the country to recover from the depression. With the adoption of a few amendments to cure the deflationary effect of sections 12 and 13, this bill should aid materially in the restoration of confidence and serve a useful purpose, and without unnecessary and wholly destructive effects upon legitimate business and the impairment of the financing operations of the private undertakings which are necessary in order to provide employment for those who are idle.

Mr. President, of this fact we can be certain, unemployment is the millstone which is now about our necks; it threatens this country from every angle, and it must be reduced rapidly and radically if we are to survive as a nation. There is but one permanent way out, and that lies through business recovery, which means the encouragement of business in every legitimate way. But normal business has its recurring capital requirements, which must be met or business stagnates.

Mr. NORRIS. Mr. President, will the Senator yield to me for a question?

Mr. WALCOTT. I yield.

Mr. NORRIS. In the course of his remarks the Senator called attention to the fact that the proposed commission is not subject to various laws such, for instance, as that of the Budget, and, therefore, is not properly regulated. I should like to ask the Senator if the bill were amended so as to provide that the Federal Trade Commission should have charge instead of the proposed commission, would not that objection and all the Senator has said about it necessarily disappear?

Mr. WALCOTT. I think the law governing the financing of the Federal Trade Commission brings that commission under the Budget, and, therefore, my objection would be answered, except, Mr. President, I think we should be better off if we had a new commission set up and still under the same regulations for budgeting its expenses than to put it in the hands of the Federal Trade Commission, but I am not prepared to argue strenuously either for or against that change. I am not sure how it will work.

Mr. NORRIS. I am not arguing that, of course, in my question, but it occurred to me as the Senator proceeded and cited quite a long list of requirements which would not apply to the commission to be created, of which I only men-

tioned as an illustration the Budget provision, that that objection would be obviated and that defect cured if the Federal Trade Commission had charge of it instead of having an independent commission set up.

Mr. WALCOTT. That is true; but, of course, we might cure it by amending the bill by providing that the regulations which now apply to the Federal Trade Commission shall also apply to the proposed new commission. We would have the advantage of the new commission as against a group set aside from the Federal Trade Commission to take charge of the administration of the two companion bills. I think it very important that the two bills come under the jurisdiction of the same body.

Mr. NORRIS. That is, if a new commission shall have jurisdiction of this bill, we ought to take away from the Federal Trade Commission jurisdiction over the Securities Act?

Mr. WALCOTT. We should take away its jurisdiction over the Securities Act.

Mr. NORRIS. And give it to this proposed new commission?

Mr. WALCOTT. Yes; that is what I recommend; and I think it is very important that we have the two measures administered by the same commission.

Mr. NORRIS. A strong argument, I think, can be made in favor of having the two bills under the supervision of one body, but that argument would apply both ways. I think if the Federal Trade Commission were made the agency to administer this proposed act instead of a new commission, we should then leave the authority to administer the provisions of the Securities Act which it now is—with the Federal Trade Commission.

Mr. WALCOTT. And place the administration of this proposed law, the Securities Exchange Act, under the Federal Trade Commission?

Mr. GLASS. Mr. President, will the Senator yield?

Mr. WALCOTT. Certainly.

Mr. GLASS. It ought to be borne in mind that the Federal Trade Commission was not picked by the President—for it is composed of a membership appointed by various Presidents—nor confirmed by the Senate with the idea of its being charged with the extremely complex and important duties which will devolve upon the special commission provided for by the pending bill. I doubt whether the members of the Federal Trade Commission know anything in the world about stock-exchange transactions, unless some one or more of them may have been stock speculators or brokers on the stock exchange.

While I am on my feet, if it will not interfere too much with the course of the Senator's remarks, I will say that it was suggested yesterday that an independent commission would involve an additional expenditure, it has been estimated, of a half a million dollars. Under this bill it would not involve the expenditure of a dollar by the Federal Government. We provide that the funds for the payment of the commission and all its expenditures must be assessed against the stock exchanges, just as all the expenses of the Federal Reserve Banking System, from the janitors in the respective banks to the Governor of the Federal Reserve Board, are exacted from the member banks, and just as all the expenditures of the Comptroller's office for the examination of banks have for 60 years been exacted from the banks themselves. The Government will not be put to the expense of a dollar on account of the proposed independent commission.

Mr. WALCOTT. Mr. President, I may inform the Senator from Virginia that the provision in the House bill to charge a fee of one five-hundredths of 1 percent on the money value of the securities issued, if we take all the securities as of a normal average year, would result in raising approximately $5,000,000. Whether that is a desirable provision, whether too high or too low, or whether we ought to have a charge which would come under the Budget Director, and have the fund raised by assessing the exchanges, is a matter for argument. I do not know. I feel very strongly as the Senator from Virginia does, that, inasmuch as this is a highly technical business, it should be administered by men who are doing nothing else but using the powers granted by the Securities Act and by this act.

Mr. GLASS. That will take all their time, all their ingenuity, and all their energy.

Mr. WALCOTT. Absolutely. It is a power carrying enormous responsibility, and, personally, as the result of our weeks of deliberation in the committee hearings, I favor an independent commission as provided in the Senate bill.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Connecticut yield to the Senator from Kentucky?

Mr. WALCOTT. I yield.

Mr. BARKLEY. I have always been very proud of the Federal Trade Commission. I happened to be a member of the committee in the other body of Congress which framed the law that created the Commission, and I have always felt that it had abundantly justified its creation by the service it has rendered to the American people and to American business. I know it has always had its hands full in performing the duties originally assigned to it of attempting to keep the channels of commerce unchoked, so that the small business man might obtain a remedy against evils without having to suffer the long delays of a lawsuit in the Federal courts.

I desire to say, as I said yesterday, that I think up to date the Federal Trade Commission has done a constructive piece of work in the administration of the Securities Act. It has accumulated a force of men who were undoubtedly qualified to deal with that matter.

When this bill, however, was first introduced, in order to assure that the Commission might have time to take on these additional duties, it was provided that three additional members should be appointed to the Federal Trade Commission, with the understanding that a group of the members of that Commission, a sort of segment not only of the Commission, but of the personnel, should be set off to themselves for the purpose of administering the Securities Exchange Act.

Inasmuch as this bill is to be passed, and inasmuch as the issuance of securities and their listing and their supervision on the stock exchanges are necessarily related subjects—as I see it, there is no way to separate the functions of these two acts—and in view of the necessity of appointing at least three additional members of the Federal Trade Commission to handle this new legislation, it seems to me that it would be wiser to have a separate commission composed of five or three members—three would probably be sufficient, but the bill provides for five, and to that I have no objection, and it might be more efficient to have the larger number, though five would be the maximum, so far as I am concerned—whose only duty it shall be to regulate not only the stock exchanges but the issues of securities which ultimately may go on the exchanges. It is a sort of endless process.

In addition to that, instead of having a group or a segment in the form of a subcommittee of the Federal Trade Commission, set off to one side to handle the securities situation, it would be infinitely better, it seems to me, to have one body, a commission, whose sole duty it would be to do that, so that the public eye will always be fixed upon that commission, and its actions will after a while receive a public attention which it would be impossible for a subcommittee of any existing commission to receive. For that reason I believe, as does the Senator from Connecticut, that an independent commission is better for the purpose of administering this proposed law, as it is also better for the purpose of administering both acts.

Mr. WALCOTT. I thank the Senator. I may remind the other Senators, and I think the Senator from Kentucky will bear me out, that in all our deliberations there was no dissenting opinion in the Committee on Banking and Currency as to the advisability of a separate commission, as set up in the bill.

Mr. BARKLEY. That sentiment was, of course, utterly free from any reflection upon either the ability or the work of the present Federal Trade Commission.

Mr. WALCOTT. Absolutely.

Mr. BARKLEY. The mere fact that we first provided for the appointment of three additional members was evidence of the fact that we realized that the present Commission, as now set up, could not take on this additional work and do justice to the great work it had been doing for the last 15 years.

Mr. WALCOTT. Yes.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

Mr. FESS. Mr. President, I think there is another Senator who desires to speak, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Pope
Ashurst	Couzens	Kean	Reynolds
Austin	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norbeck	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pittman	

The PRESIDING OFFICER. Ninety-one Senators have answered to their names. A quorum is present.

ADMINISTRATION OF AGRICULTURAL ADJUSTMENT ACT

Mr. DICKINSON. Mr. President, the Senator from Idaho [Mr. BORAH] made reference a little while ago to a certain provision in the sugar bill. I do not believe that any number of Senators knew that there was a provision in the sugar bill such as is included in section 15. That section provides that if a man who is dealing in a basic commodity, or if a processor of basic commodities, or if a purchaser of basic commodities, or if a commissioner dealing in basic commodities makes any statement with reference to the processing tax that turns out to be false, and which he knows or has reason to believe is false, he may be imprisoned for not exceeding 6 months or fined a thousand dollars. If a small commission man or a grocer or a butcher selling pork chops wants some excuse to give his customer as to why pork chops happen to be high, and says, "Well, it is the processing tax", he may be taken into court, charged with a misdemeanor, and if found guilty he may be imprisoned for 6 months and fined a thousand dollars. I do not believe that the Senate had any conception that there was such a provision in the sugar bill when it was passed. It seems to me that that is regimentation in the extreme. It is carrying the measure entirely too far.

Mr. GORE. It is processing the other fellow.

Mr. DICKINSON. That is processing the other fellow, as the Senator from Oklahoma suggests. As a matter of fact, I do not believe the Senate had any conception that that general provision to the Agricultural Adjustment Act was embodied as an amendment in the sugar bill. It was slipped in the sugar bill and put through both Houses.

On the other hand, I am told that the Senate committee in its generosity cut the fine down from $5,000 to $1,000 and cut the period of imprisonment likewise from the one originally suggested by those who are interested in the legislation. It seems to me that we are providing for regimentation in the extreme and that sooner or later we are going to find that there will be a reaction that few of us now realize against regimentation of that kind.

Mr. President, I also wish to discuss for a little while the question of the processing tax. It is beside the measure which is now being considered, but it is in the fiscal policy of the Government. Sometime ago I made a statement with reference to the processing tax and the amount of the probable overdraft at the end of June. My estimate was that collections under the processing tax up to June 30 would amount to $348,091,274.19.

Mr. GORE. Is that on all commodities?

Mr. DICKINSON. That is on all commodities on which a processing tax is now levied. I find that there was a statement put into the RECORD by the Senator from Tennessee [Mr. MCKELLAR] which estimates that the processing tax for the fiscal year 1934 will amount to $409,019,450. I find that the collections up to May 1, 1934, amount to $270,014,046.09. I find that the entire processing tax for the entire month of April was $32,008,137.52. I leave it to any fair-minded man as to whether or not we are going to collect enough processing taxes between the first of May, with only 2 months to run, to amount to $409,000,000, when, as a matter of fact, the highest monthly collection has not been over $40,000,000. My theory is that the benefits to agriculture in the end can be no greater than the amount of the processing tax that can be collected.

I find another amusing thing, and that is that the estimated expenditures, according to the statement put in the RECORD by the Senator from Tennessee, and according to the Department's revised estimates, as found in the RECORD under date of April 20, at page 6979, are $542,910,441. I find that, according to the statement which I put into the RECORD, the Budget estimate, which was made up, of course, in September and submitted to Congress when it convened, of the expense for the fiscal year 1934 was $855,739,811.

The explanation given for that is, according to the statement signed by Mr. J. C. Howell, as follows:

> In the first place, these estimates are estimates of obligations and not of expenditures.

In other words, if the Government gets into debt and does not have to pay it by the 30th of June, it is merely an obligation and not an expenditure. It can just go on obligating as long as pay day does not come.

> Obligations incurred, or to be incurred, in the fiscal year 1934 will far exceed expenditures during the same year, for when contracts involving rental and benefit payments are signed by the Secretary all payments to be made under those contracts then become obligations, whereas the actual expenditure of funds in payment of those rentals or benefits may occur a year later.

In other words, never try to balance your books by seeing how much you owe; just try to balance your books by seeing how much you have already spent.

Mr. HEBERT. Mr. President, will the Senator yield there?

Mr. DICKINSON. I yield.

Mr. HEBERT. Can the Senator tell us just how much the Government has received from processing taxes up to a given date and how much has been paid out by the Government on account of processing taxes? Perhaps the Senator did intend to give that figure, but it was not so stated.

Mr. DICKINSON. The processing taxes up to March 31, 1934, had amounted to $270,014,046.09.

Mr. HEBERT. The Senator is now going to give us what the Government has collected?

Mr. DICKINSON. Yes; that figure represents the collections under the processing tax. Collections under the processing tax up to May 5 have amount to $289,220,478.62. According to the statement of Mr. J. C. Howell, the amount actually paid out for the Agricultural Adjustment Administration amounts to $242,512,090.91. That does not take into account the obligations which are current but which will not mature until after June 30.

Mr. HEBERT. If I may interrupt the Senator further, is there any estimate of the obligations which have been assumed and to which the Senator refers?

Mr. DICKINSON. The only estimate of which I am aware is the one given here, which is $355,379,911.

Mr. HEBERT. The Government estimates it is going to collect that amount sometime?

Mr. DICKINSON. Sometime. But the inconsistency in the figures is what I want to show. If we turn to page 6979 of the RECORD, Senators will see the difference between the expenditures as now listed and as formerly listed when made by the Budget. According to the statement in the RECORD under date of April 20, I find the estimated expenditure for the year 1934 to be $542,910,441. The estimate according to the Budget was $855,379,911. According to the revised estimate, the expenditures for the fiscal year 1935 should be $386,629,383. The expenditures according to the Budget for the fiscal year 1935 were to be $831,022,428.

Mr. FESS. How will the $500,000,000 be made up?

Mr. DICKINSON. I do not know how it will be made up. Perhaps it will be made up by the general taxpayer, who is always the goat in the case of all these socialistic theories which are tried out.

Mr. FESS. Will additional action on the part of the Congress be required?

Mr. DICKINSON. I should think so, because we have worked half of the session passing a revenue bill which will bring in only about $400,000,000.

Mr. FESS. Is it the opinion of the Senator that there is to be no money paid to the farmer under the act other than that which is collected through the processing tax?

Mr. DICKINSON. I will suggest to the Senator from Ohio that under the Agricultural Adjustment Act the Secretary of the Treasury and the Secretary of Agriculture may jointly estimate how much money will be needed to carry out the provisions of the act. The Treasury can advance that money to the Secretary of Agriculture. If it is never paid back through the processing tax, the Treasury is just out the money.

Mr. FESS. That is the answer I expected to have. That is the way it is being done.

Mr. DICKINSON. That is the way the act is being administered right now. The theory that there is any hope of this project paying its way is erroneous. In other words, I take the two estimates of the Budget for 1934 and 1935. They amount to $1,007,722,850. It is said that with what has been spent and what is obligated that amount of money will be required for 1934.

Mr. HEBERT. Mr. President, will the Senator yield further?

Mr. DICKINSON. Certainly.

Mr. HEBERT. The Senator refers to the Budget. May I ask him to explain a little more fully what he means by the budget he is mentioning? Is that the budget of the A.A.A. for taking care of the processing tax?

Mr. DICKINSON. Oh, no. When I refer to the Budget I mean the official Budget required by law, which is made up by the Budget Director every year and which is his estimate of the expenditures to carry on the Government and its various activities for the following fiscal year. It is sent to Congress by the President. It is an estimate under his authority, wherein are set forth the expenses to be incurred and the sums necessary to meet them for the fiscal year starting on the following July 1 and ending on July 31 of the year following that.

Mr. HEBERT. Of course, in that Budget it was never intended that there would be included the outlay for the processing tax which the Government seems to have anticipated will be paid back at some time. That was not included in the Budget figures which the Senator has just quoted.

Mr. DICKINSON. The only provision for meeting the Budget figures I am quoting is by the collection of the processing tax. There is no other way to pay it unless it is paid out of the general taxes which are collected. The processing tax will not come anywhere near meeting the obligations which are gradually being incurred under the A.A.A.

The conflicting amounts which have been sent to the Congress are amusing to me. In the first place, it is said the Budget for 1934–35 will amount to $1,686,000,000, and then, under date of April 20, another statement is sent in which it is estimated that the total expenditures under the A.A.A. for 3 years, 1934, 1935, and 1936, are going to be only $1,003,602,714. In other words, according to the Budget figures and according to the estimate of the amount which it is now believed will be collected, there is a discrepancy of more than $686,000,000.

Mr. GORE. Mr. President——

The PRESIDING OFFICER (Mr. MCGILL in the chair). Does the Senator from Iowa yield to the Senator from Oklahoma?

Mr. DICKINSON. I yield.

Mr. GORE. While opposed to the processing tax in the beginning, I did suppose the scheme would work. I supposed it was automatic, self-acting, self-limiting; that the Government would take with one hand out of the processing tax required to be paid, and with the other hand put it in the farmer's pocket and balance the Budget. Can the Senator explain how the discrepancy or deficiency arises?

Mr. DICKINSON. It arises in two ways. In the first place, when we started operations under the Agricultural Adjustment Administration every possible form of publicity was adopted to show how much money was going to be paid out to the farmer. In other words, it seemed to be the idea to tickle the farmer by giving him a lot of money. The farmer did not know where it was to come from or who was paying it, but he got it and was going to ask no questions. Then, without thinking there was going to be any reaction, it was said, "We are going to levy a processing tax on all farmers' commodities." A processing tax was levied on hogs. What happened? Regardless of the fact that the Emergency Relief Administration has been spending thousands of dollars to purchase hogs——

Mr. HEBERT. Millions of dollars.

Mr. DICKINSON. Yes; it did run that high. Regardless of that expenditure, the price of hogs is going down. Let me read from the Chicago Tribune of yesterday:

> Every penny of the bill will be paid either by farmers or consumers.

That means the processing tax. As a matter of fact the farmer, according to the best data we can get with reference to the processing tax on hogs, is standing about 75 percent of the processing tax and the consumer is paying the other 25 percent. I want to read a little further to show the effect of the processing tax:

> The farmers who may still have some confidence in Mr. Wallace's connivings can compare the prices they are getting for hogs with the going market for cattle.

Remember, we put cattle in the bill a little while ago, but no processing tax has been levied up to date:

> Hogs are paying Mr. Wallace's processing tax and are selling near the all-time low despite the Government's immense purchases for poor relief. Cattle are still outside Mr. Wallace's beneficent scheme and are selling at the best price in 3 years despite the fact that the number of cattle marketed has been abnormally large.

That shows the effect of the processing tax; and yet it is contended here that we are going to put more agricultural commodities under a processing tax.

In my judgment, the processing tax deadlocks itself. Why? By the time a tax is levied to collect money for the Department to play with, it takes quite a little while to find out whether it is going to be charged to the producer or to the consumer. In the meantime, when the farmer is selling his product, the officials just take the tax out of him, and run the risk of whether or not they will get any of it back; and the theory that it is going to be redistributed is erroneous. Why? Because nowhere near the number of men are receiving benefit payments under the hog contracts that pay the processing tax when they sell their produce. Therefore the tax punishes the majority of the producers, and benefits only a minority of the producers of any given commodity.

We are going a good deal farther, however.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Oklahoma?

Mr. DICKINSON. I yield.

Mr. GORE. On that point, the Government has virtually pegged the price of corn at 45 cents a bushel.

Mr. DICKINSON. It has not pegged the price of corn. What the Government has done is to loan the farmer 45 cents a bushel on stored corn.

Mr. GORE. Yes.

Mr. DICKINSON. We have out in Iowa over 130,000,000 bushels stored.

Mr. GORE. That is virtually setting a minimum price below which corn will not sell, because the farmer will borrow from the Government instead of selling in the ordinary course of trade if he is obliged to take less than 45 cents. What I desire to ask the Senator is whether farmers can feed 45-cent corn to hogs, and realize on the investment when they sell their hogs at current prices.

Mr. DICKINSON. They cannot. As a matter of fact, it would be necessary to buy corn at 25 cents a bushel in order to feed it to hogs and sell them at the present prevailing price for hogs.

Mr. GORE. A few months ago was not that condition driving an abnormal number of hogs to market?

Mr. DICKINSON. It drove them to market by the thousands; but there is a further phase of the matter. What will the Government do with the millions of bushels of corn it has stored? Of course the farmer has received his money; he has spent most of it, and he is wondering what will happen next. Now the Government says to him, "Reduce your crop 25 percent." If the good Lord, in His wisdom, should reduce the production 75 or 50 percent, I wonder what would happen to the farmer.

Of course it may be said, "The Government will have to give him back this corn." Perhaps the taxpayer can afford to do that. I do not know; but I desire to say that the present course is simply leading from one complication to another, so that nobody knows where the program will lead us; and the farther in we get, the greater the complications are.

I remember that we had a commodity hanging over the market under the Farm Board, and yet we have even a worse condition now. Why? Because this corn is stored out in the country. When the time comes, later on, when crops mature, the farmer must have his cribs empty. What will the Government do with the corn? Wheat can be stored, but corn cannot be stored for more than a limited time. Therefore, I find that we are heading right into another complication of regimentation.

I desire now to refer to another provision that is being suggested. We shall need the cribs in Iowa by October 1. The Government has agreed to accept the corn on August 1. Naturally, we expect that the Government will say to the man who owes the money, "You do not need to pay it on August 1. We will extend the time for 30 or 60 days"; but the time will come when the farmer will say, "Tell me where you want this corn delivered, because I am going to deliver it. I want my crib room."

I next desire to call attention to Senate bill 3326, which is now being considered by the Agricultural Committee. It provides that every commodity which is a food product is to be licensed and regimented, and it does not make any difference whether or not it is a basic commodity.

It extends all the existing powers over basic agricultural commodities to every other food product; and it not only does that, but it extends, if you please, to the point where every person who is engaged in handling food products is to be licensed.

I read again from the Chicago Tribune.

Mr. GORE. Is it not required that it shall be a surplus product?

Mr. DICKINSON. Oh, no; under Senate bill 3326, it is not required that it shall be a surplus product. The first section reads as follows:

> That subsection (1) of section 8 of the Agricultural Adjustment Act, as amended, is amended by inserting at the end of the first sentence thereof the following: "Agreements authorized by this subsection may include, among others, provisions requiring the producers who are parties to such agreements to reduce or limit acreage and/or production for market of agricultural commodities other than basic agricultural commodities, as well as of one or more basic agricultural commodities."

Then it goes on with a general licensing provision.

Mr. FESS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. Do I understand that the provisions of the Agricultural Adjustment Act are to be extended by this bill over all articles, including those that are basic and also those that are not?

Mr. DICKINSON. Yes, indeed. That is what is proposed to be done under this new bill, which is an amendment of the Agricultural Adjustment Act.

Mr. FESS. Will the articles which are added, and which are not basic, have assessed upon them a processing tax?

Mr. DICKINSON. No; there is no provision in the bill for a processing tax.

Mr. FESS. In other words, the effort is to get the benefits of a subsidy on all articles without the payment of a processing tax?

Mr. DICKINSON. That is exactly correct.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Michigan?

Mr. DICKINSON. I yield.

Mr. VANDENBERG. The Senator says that the bill is now under consideration by the Senate Agricultural Committee.

Mr. DICKINSON. Yes, sir.

Mr. VANDENBERG. I remind him that it is being given this consideration only because it was sent back for this purpose after first being reported without adequate explanation. Some of this information, fortunately, filtered out to the country, and raised a storm of protest which now produces this belated consideration. Otherwise, the country might not have known of these new hobbles until it was harnessed beyond relief.

Mr. DICKINSON. I think that is a correct statement of the facts.

According to the Chicago Tribune of May 5, from which I now quote, referring to Senate bill 3326:

> The bill as the "brain trust" drafted it permits the Secretary of Agriculture to license every dealer in every agricultural product, and in every product that competes with an agricultural product, without exception.

Every agricultural product, and every product that competes with an agricultural product! It does not even have to be an agricultural product.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Oklahoma?

Mr. DICKINSON. I yield.

Mr. GORE. Is the Senator certain that the bill applies to crops of which we do not produce a surplus?

Mr. DICKINSON. Oh, yes.

Mr. GORE. I thought this scheme of scientific treatment was to be a solution of the surplus problem.

Mr. DICKINSON. It has gotten away from that to the point where it is now a regimentation of agriculture and of all production of foodstuffs under the supervision of the "brain trust."

Further quoting:

> The license, which will state the terms on which business can be conducted, can be revoked by the Secretary with a minimum of legal formality.

In other words, it is almost an optional licensing. The Secretary can either license or not, as he desires.

Further quoting:

> Doing business without a license is punished by a fine the amount of which is to be determined by the Secretary. In eight general classifications of produce, including milk, fruit, and vegetables, the Secretary can even instruct the dealer or processor how much he may buy and from whom.

That is an editorial from the Chicago Tribune.

Mr. GORE. Of what date?

Mr. DICKINSON. Of May 5.

In order that Senators may understand more fully just what is contemplated, I have here a release which embodies a statement by Secretary Henry A. Wallace before the Agricultural Committee today. It is released to the press, so it is public information.

The committee is no longer holding secret hearings on this bill. I do not know why; but it found that it was necessary to get into the open. I read a statement appearing on page 3 of this release, at the bottom of the page.

The amendments—

Referring to Senate bill 3326, which amends the Agricultural Adjustment Act. What does the bill require? This is the statement of Secretary Wallace before the Agricultural Committee this morning:

The amendments reflect the determination of the Agricultural Adjustment Administration to extend its facilities as rapidly as possible to producers of commodities, principally nonbasic, grown in widely scattered States and regions, through marketing agreements and licenses.

Mr. President, "scattered States" would include Oklahoma. [Laughter.]

Mr. HASTINGS. And Iowa. [Laughter.]

Mr. DICKINSON. And Iowa. It might reach up also into Vermont.

Further quoting:

These commodities include all the fruits and vegetables.

The Department officials are going out there to regiment John Crockett's radish patch in his back yard, or anybody else's garden. Where are we going? Nobody knows.

These commodities include all the fruits and vegetables, all the canning crops, rice, some kinds of tobacco, nuts, olives, and many special crops.

Mr. GORE. All kinds of nuts? [Laughter.]

Mr. DICKINSON. I think we ought to have a supplementary note there as to the kind of nuts that are to be included. [Laughter.]

They also include milk, which, though a basic commodity, has so far been dealt with entirely through the instrumentality of marketing agreements and licenses.

So where are we going? Oh, but this is not all! I read from page 4:

The amendments are designed to aid the Adjustment Administration in extending assistance to farmers who would not be aided directly by any of the major production-control programs, or who can be assisted more effectively through marketing agreements and licenses and without a processing tax.

That bears out the very statement made by the senior Senator from Ohio [Mr. FESS] that all these commodities are to be brought in, and they are not to be subjected to the processing tax.

Mr. HEBERT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Rhode Island?

Mr. DICKINSON. I do.

Mr. HEBERT. Does the Secretary indicate how the money is to be raised to take care of this new activity of government?

Mr. DICKINSON. So far as I have been able to learn, there is no suggestion as to how the money is to be obtained to pay these accounts. The only provision is the processing tax. I have been trying to show that the processing tax is running so far behind that there is no hope of its catching up; and, on top of that, it is now proposed to bring in and license all these other commodities and give benefits to them, and provide no processing tax by which the bill can be paid.

Mr. HEBERT. That is as I understand the statement, that no processing tax is to be provided for the new commodities which are included within the program.

Mr. DICKINSON. That is absolutely true. I quote from page 4:

The amendments give explicit approval of the use of quota systems of marketing, with which farmers' cooperatives long have been accustomed but which, to be effective, need to be supplemented by Federal enforcing powers.

A quota provision! A quota system! A snooper! We are going to have the farmer saying to some Government snooper, "I am raising half an acre more of corn than I am entitled to. Therefore I ought to be prosecuted under the act." There may be a man who sells pork chops and happens to say, "Well, the processing tax makes the price a little high", and he may happen to make it higher than it should be and it is false, and he knows it to be false, and they are going to say, "You are going to be arrested by a Government snooper and taken into a Federal court and fined a thousand dollars." The Agricultural Adjustment Act is wonderfully made!

I read from page 5:

In this connection I would specifically direct the committee's attention to the fact that the proposed amendment with reference to quotas provides that two thirds of the producers or two thirds of those producers interested in the production or acreage of the commodity affected must clearly indicate their desire to put such an agreement into effect before we could lawfully proceed.

That brings up another question. If two thirds of the farmers say, "We want some of the 'brain trust' to come out and run our business for us", and one third of them, loyal Americans, say, "We are entitled to run our business and our farms the way we want to", then the two thirds, in cooperation with the Federal authorities, can coerce the other third and say, "If you do not come in and do as we tell you to, you are a violator of the law." That has done more to upset completely governmental functions than anything on earth. The third are entitled to their own views, regardless of what the two thirds say, and it has always been so in our country.

I think we are afforded some very interesting information in an editorial in this morning's Washington Post, entitled "Regimentation in Disguise." I read:

A new step toward regimentation of the farmer will be considered today by the Senate Committee on Agriculture. About 10 days ago that body heard Secretary Wallace and officials of the A.A.A. explain changes they desire in the Agricultural Adjustment Act. The Smith bill, embodying those changes, was reported to the Senate. But a vehement protest against the attempt to railroad this important measure through the Senate without public hearings caused the committee to reconsider. Today spokesmen for agriculture and other interested industries will be given a chance to present their views.

Because of the strange manner in which it was handled by the A.A.A. and the Senate committee, very little attention has been given to the Smith bill. It was represented as a measure of "clarification."

Do Senators think it is clarification only when it is sought not only, say, to bring in all these other commodities, but to bring in competing commodities or substitute commodities?

I find on pages 6, 7, and 8 of the Secretary's statement such commodities listed as potatoes, apples, dry edible beans, peaches, asparagus, citrus fruits, peanuts.

I thought peanuts were made a basic commodity in the bill we passed a short time ago.

Mr. FESS. They were.

Mr. DICKINSON. I was sure they were. There are also listed ripe olives, strawberries, grapes, wood turpentine and wood rosin, walnuts, cherries, corn for canning, peas for canning, tomatoes for canning, watermelons, fresh vegetables, pecans, pecan seedlings, rice, tobacco, and milk.

The concluding sentence of the Secretary is as follows:

I have confined my remarks thus far to amendments relating to marketing agreements and licenses. The bill, however, contains some other amendments. I shall now ask the clerk to read an explanatory statement of the provisions of the bill in the order in which they appear.

I have not had the privilege of seeing a copy of that explanatory statement, and therefore I cannot comment on it.

I quote further from the editorial in the Post:

Secretary Wallace is quoted as saying that it involves "no change in the policies of the A.A.A." Yet this measure redefines the objectives of the Adjustment Administration and would grant sweeping new powers to the Secretary of Agriculture.

In the first place, the bill would permit limitation or reduction of all agricultural products whether or not they have been listed by Congress as basic commodities. Curtailment of wheat, cotton, corn, and other basic crops seems to have resulted in more extensive cultivation of tomatoes, cabbage, etc.

When a man is asked to leave 20 acres of good land out of corn, if he is a good American he looks around to see if there is not something else he can raise on that 20 acres. There seems to be an effort to make it possible for the Department to say "We will not let you plant the acreage in corn, and we will not let you plant it in any of these other commodities, unless you have authority to do so from the 'brain trust' in Washington, D.C."

Since when does a man want to come to Washington to find out whether he can plant potatoes, or soybeans, or millet, or any of a hundred and one other commodities on the 20 acres which he is compelled to take out of cultivation? I continue to quote:

Such a trend was inevitable from the beginning. In fact, the tendency of artificial crop reduction to draw all agriculture under the domination of bureaucracy was pointed out as one of the fundamental weaknesses in the adjustment plan at the time of its adoption. When once the Government undertakes a task of this kind it is almost impossible for it to stop short of dictatorship.

I think that is about where we all will land when we start in with a program of this kind. I recall that when Diocletian, in Rome, tried to divide up the provinces, he got into the same difficulty the Secretary of Agriculture has met in trying to divide up the crop production in this country.

I continue to quote from the Post editorial:

Licensing provisions of the present act would be strengthened. The Secretary of Agriculture would be given power to prohibit unlicensed processors and distributors from handling any agricultural commodity or product thereof in the current of, or in competition with, interstate commerce.

Think of that! In order to handle the fruits from the farms of Delaware, one would have to go and get a license, would have to be a licensee, would have to have a permit from the Secretary of Agriculture.

What is there in the protection of public health making necessary such policing? It seems to me that we have reached the point where emergency has become a daily matter. An emergency is presumed to be for only a short duration, if I understand an economic emergency. But we have had one going on for a number of years. The word has almost come to be a regular order. Therefore the thing for us to do is to adjust ourselves to the new order, rather than to try to figure out some method by which we can escape the effect of the depression.

I continue to quote from the editorial:

Licenses providing for quotas or allotments could be issued on the request of two thirds of the producers.

We would have two thirds of the milk producers, located in New York and the New England States, telling us that we could not milk any cows out in Iowa and Oklahoma. They would tell us we could not sell any of our dairy products. The principal raw-milk production is in certain areas in the United States. Oh, we hear it said, there is no danger of the law being abused in its enforcement. Since when have we gotten to the point where we can put dictatorial authority in the hands of one man with the expectation that he is not going to abuse it? It becomes a government of men instead of a government of law.

I continue to quote from the editorial:

Apparently this provision is designed to extend to various crops the compulsory principle behind the Bankhead Act, which applies only to cotton.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. DICKINSON. I yield.

Mr. FESS. The Senator has made a very significant observation on the effect of the general inclusion of most agricultural products. I live in a section of the country where we observe the policy of rotation of crops. If we pass through the State today, in a section where winter wheat grows, and observe the operation of the plan of reduction of wheat acreage, we will find certain fields in wheat and other fields in oats. Ask the question, "How is this? It is not two fields; it is the same field." The reply is, "We rented this to the Government, and the Government permitted us to sow it in oats."

If the plan is broadened to take in most of the articles enumerated, limiting their production, the result will be to prevent the use of certain portions of the farm.

Mr. DICKINSON. That is absolutely correct. Let me give an illustration with reference to that. In the South, where the farmers reduced their cotton acreage, there was a tremendous increase in the planting of corn. Out in Iowa we are paying out Government money to keep the farmers from planting too much corn, while at the same time the farmers in many Southern areas are increasing the planting of corn.

As it happens, in Iowa we are selling oats as cheaply as we are selling corn; and yet in Ohio, where the farmer is paid not to produce so much wheat, he is permitted to raise oats, which takes the place of so much oats raised in Iowa. In other words, that simply shows the complication of this whole thing all along the line, where one interest conflicts with another. As a matter of fact, it is not the Government's business, and the quicker the Government gets out of it, the better off the Government will be.

Mr. FESS. Mr. President, will the Senator from Iowa permit an interruption for the purpose of citing a concrete example of the operation of the code?

Mr. DICKINSON. I shall be glad to do so.

Mr. FESS. The Senator spoke of control of grain production. I will cite a case which occurred in the evaporated-milk industry.

There are 44 companies in the United States dealing in evaporated milk. Thirty-nine of them went into an agreement under the code. Five stayed out. One of the five was operating in Ohio, and 1 of the 39 companies which are under the code also was operating there under certain regulations. The one outside the code, while not violating the code, because it is not operating under the code, was doing business in such manner as to take away the business of the man who was under the code. The man in Ohio who was under the code violated the code in order to meet the competition of the man who was operating outside the code. He was thereupon summoned to Washington by the authorities. He came and had a hearing before the division in Washington.

Afterward he came to my office in company with two other men and told me that he had told the Administrator that the authorities would have to control the one of the five not under the code who was taking his business, and he was told they could not control him because he was not under the code. "Then", he said, "the only thing left for me to do is to withdraw from the code." They informed him that he could not withdraw from the code unless 75 percent of those under the code would approve his withdrawal. Upon investigating to ascertain where the 75 percent was, he found that it was in 4 great companies, 3 in the West, and none in Ohio.

Then he asked whether the ruling of the Administrator meant that there was no relief for him; that he would have to go out of business. The officials said to him that they hoped he would not have to, but they did not give him any indication of what would happen.

When he came to my office I called the head of this division and asked him, because I knew he had not heard the case, to hear these men, because it appeared that the authorities could not control his competitor, they would not permit him to withdraw, they would not permit him to meet the competition of his competitor, and therefore he would have to go out of business. I have since heard that he was not fined or imprisoned for the violation of the code, but it was simply too bad that he could not live within the code.

What is to be the outcome of such a situation as that?

Mr. DICKINSON. That, Mr. President, is what is happening time and again all over the United States right now. The only outcome is to admit that the experiment is not a success, and abandon it.

Mr. FESS. The illustration applies to one particular industry. If we are going to cover all commodities with such regulations, I am wondering what is to be the outcome.

Mr. DICKINSON. I will give the Senate another illustration along the same line.

The other day a man representing the millinery-manufacturing trades of the country, whose clients were all in the Middle West, appeared in my office. He showed me the

personnel of the millinery trade code authority. Out of 26 people on that code authority, 22 lived in New York. They were imposing labor conditions and rates of wages which were simply driving out of business all the millinery producers of the Mississippi Valley. This man asked what could be done, and was told, "Go to your code authority." When he went to the code authority they said to him, "We are sorry. These are the wages that the majority interests fixed in this industry, and if you cannot comply with them it is just too bad." He went home to advise his clients to close out their business.

I read further from this editorial:

In seeking to redefine farm "parity" the A.A.A. would bring labor costs, interest payments, and taxes into the picture. The original bill was designed merely to restore the 1909–14 price relationship between products the farmer sells and articles he must buy.

I remember that on the 13th of June I said that the two remedial programs, the A.A.A. and the N.R.A., would work adversely to the interests of agriculture. Why? Because the products the farmers are compelled to buy would be advanced in price, and the products they had for sale would not be advanced in price in like proportion, and, therefore, the difference in parity would be greater than it was before. I find that that prediction has exactly come true.

I continue to quote:

But an additional margin is now sought to offset higher current taxes, etc. If this doesn't involve a change of policy, that word must have acquired a strange new meaning under the new deal.

Congress is again confronted with the question as to whether it shall call a halt to the steady advance of bureaucratic regimentation for agriculture.

Mr. President, regimentation of agriculture never has succeeded. There has been no time in the history of the world when it ever has succeeded. It has been tried in practically every socialistic experiment which has ever been made by any government; and anyone who thinks that bureaucratic control of the social order will bring order out of the present chaos is entirely mistaken.

I continue to quote:

The fact that these proposed changes were brought forth under disguise and were first submitted to the Senate after hasty approval in executive session accentuates the suspicion with which they ought to be regarded.

Mr. President, in order not to take too much of the time of the Senate, I send to the desk and ask to have printed in the RECORD at this point a clipping from the Philadelphia Inquirer of May 8, 1934, under the heading "Deficit Rises as New Deal Costs Mount."

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

[From the Philadelphia Inquirer of May 8, 1934]

DEFICIT RISES AS NEW-DEAL COSTS MOUNT—ALPHABETICAL AGENCIES SPEND $49,209,421 IN 2 DAYS; NEARLY 300,000 EMPLOYEES ON ROLL—EMERGENCY EXPENDITURES FOR FISCAL YEAR REACH $3,279,798,172; ORDINARY EXPENSES $2,606,426,749

By Thomas F. Healey

WASHINGTON, May 7.—The expenditure in 2 days of $49,209,421 by the alphabetical agencies of the new deal graphically illustrates the cost of the Roosevelt administration's adventure in political and social experimentation.

The figures are more expressive than the total expenditures of those agencies for the fiscal year thus far, because they come within easy comprehension. To say—which is the case—that up to May 2 the recovery program cost $3,279,798,172 is to become astronomical.

It is less of a jolt to the average taxpayer to contemplate that figure than to realize that in the first 2 days of May it cost $49,209,421 to operate the vast recovery machine, and that with ordinary governmental expenditures the deficit in those 2 days was increased by $27,916,541.

It is also illuminating to point out that this recovery machine has accumulated in Washington and throughout the country an army of new Government employees which, according to the latest figures obtainable, approaches 300,000—284,149, to be exact.

Because of intricate methods of bookkeeping and the fact that various of the regular departments of the Government have employees who are paid out of emergency funds, it is impossible to estimate the amount of emergency funds which is dispensed in salaries. But it may be accepted as a certainty that a heavy percentage of the total expenditure comes under the head of administration of the new bureaucracy which the recovery program has set up.

FORTY NEW-DEAL AGENCIES

Before dealing further with specific costs, it is pertinent to point out that, while there have been decreases in the personnel of the regular Federal departments, particularly in the Treasury, the Post Office, and the Department of Commerce, the new-deal agencies, which, with their subdivisions, number about 40, are constantly increasing their personnel and their expenditures.

Month by month the established recovery organizations increase pay rolls, and as new agencies are established the administrative costs mount accordingly. The latest figures obtainable, which do not include persons who were employed under the Civil Works Administration, follow:

	Employees
Agricultural Adjustment Administration	4,403
Farm Credit Administration	7,263
Reconstruction Finance Corporation	3,251
Federal Home Loan Bank	301
Federal Emergency Relief Administration	183
Civil Works Administration	391
Federal Surplus Relief Corporation	185
Federal Coordinator of Transportation	177
Tennessee Valley Authority	7,196
Emergency Administration of Public Works	3,435
National Industrial Recovery Administration	2,877
National Labor Board	133
Central Statistical Board	12
National Recovery Review Board	23
Federal Alcohol Control Administration	86
Home Owners' Loan Corporation	12,527
Emergency Conservation Work	241,706
Total	284,149

Of the 241,706 total for Emergency Conservation Work, 217,689 represent an enrolled personnel and 4,628 a military personnel consisting of Army officers and enlisted men.

Employees of various regular establishments who are paid out of emergency funds are not included in the above figures.

MOUNTING COSTS

For the fiscal year up to May 2 the deficit amounted to $3,362,360,664. In that period total emergency expenditures were $3,279,798,172 and expenditures for the ordinary operations of the Government were $2,606,426,749.

In other words, it cost $673,371,433 more to finance the alphabetical agencies during the fiscal year thus far than it did to pay for the ordinary operations of the Government.

For the first 2 days of this month the cost of the ordinary operations is $34,621,152 less than the cost of the emergency organization.

The following table gives the emergency expenditures for the first 2 days of May and for the fiscal year to May 2:

	First 2 days of May	Fiscal year to May 2
Federal emergency administration of public works:		
Civil Works administration		$400,005,000.00
Loans and grants to States, municipalities, etc.	$598,372.51	64,513,582.61
Loans to railroads	680,000.00	30,569,000.00
Public highways	1,003,440.29	198,055,769.68
River and harbor work	346,345.74	52,791,073.71
Boulder Canyon project	154,778.72	14,597,130.12
Emergency Housing Corporation		50,000.00
All other	1,091,460.77	100,042,806.06
Civil Works Administration	1,696,042.66	284,929,765.41
Federal Emergency Relief Administration	3,065,129.21	155,797,621.18
Administration for Industrial Recovery	148,525.42	4,916,413.63
Agricultural Adjustment Administration	23,113.22	61,208,839.43
Farm Credit Administration	1,280,328.57	20,450,710.33
Emergency Conservation Work	1,339,173.95	292,031,095.44
Reconstruction Finance Corporation	31,905,755.29	1,371,825,529.28
Federal Farm Mortgage Corporation bonds, principal and interest		35,054,891.30
Tennessee Valley Authority	106,045.04	6,065,286.76
Federal land banks (subscriptions to paid-in surplus, etc.)	392,425.03	26,802,512.34
Federal savings and loan associations (subscriptions to preferred shares)	3,000.00	273,800.00
Federal Deposit Insurance Corporation (subscriptions to stock)	21,711.79	149,817,344.46
Total, emergency expenditures	49,209,421.77	3,279,798,172.74
Total, general expenditures	63,797,710.81	5,886,224,922.22
Excess of expenditures	27,916,541.30	3,862,360,664.73

Mr. DICKINSON. Mr. President, the only reason I have for presenting this matter to the Senate at the present time is that the sections in the sugar bill imposing the penalty as an amendment to the Agricultural Adjustment Act, were never discussed. They went through the Senate without any one knowing anything about them, so far as I know. The fact that a bill was brought in here under the con-

ditions named in the editorial from which I read made me think that we ought to have more knowledge of conditions, and that we ought to discuss them liberally in order to know exactly what regimentation of agriculture means.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House insisted on its amendments to each of the following bills of the Senate, agreed to the conferences asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SUMNERS of Texas, Mr. MONTAGUE, Mr. MCKEOWN, Mr. KURTZ, and Mr. PERKINS were appointed conferees on the part of the House:

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; and

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 3214. An act to compensate the Post Office Department for the extra work caused by the payment of money orders at offices other than those on which the orders are drawn;

H.R. 4337. An act to amend the Judicial Code by adding a new section to be numbered 274D;

H.R. 5334. An act to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226);

H.R. 6379. An act to amend title II, section 203 (a) (2), chapter 90, Public Acts of Seventy-third Congress;

H.R. 6550. An act to remove the limitation on the filling of the vacancy in the office of United States district judge for the district of Massachusetts;

H.R. 6675. An act to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service;

H.R. 7082. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the city of Lodi, and near the station of Acampo, and in the city of Tracy, all in the county of San Joaquin, State of California, and in or in the vicinity of Galt, and Polk, in the county of Sacramento, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat.L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat.L. 356);

H.R. 7098. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the town of Gridley, all in the county of Butte, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 25, 1866 (14 Stat.L. 239);

H.R. 7185. An act to authorize the purchase by the city of Forest Grove, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218);

H.R. 7213. An act to provide hourly rates of pay for substitute laborers in the Railway Mail Service and time credits when appointed as regular laborers;

H.R. 7340. An act to authorize the Post Office Department to hold contractors or carriers transporting the mails by air or water on routes extending beyond the borders of the United States responsible in damages for the loss, rifling, damage, wrong delivery, depredations upon, or other mistreatment of mail matter due to fault or negligence of the contractor or carrier, or an agent or employee thereof;

H.R. 7711. An act to permit postmasters to act as disbursing officers for the payment of traveling expenses of officers and employees of the Postal Service;

H.R. 7922. An act authorizing the Secretary of Commerce to dispose of a portion of the Yaquina Bay Lighthouse Reservation, Oreg.;

H.R. 8052. An act to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes;

H.R. 8235. An act to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the district of Ewa, island of Oahu, Territory of Hawaii;

H.R. 8241. An act to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, and Youghiogheny Rivers, in the county of Allegheny, Pa.;

H.R. 8494. An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on the Quinault Indian Reservation when it is in the interest of the Indians so to do;

H.R. 8514. An act authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property;

H.R. 8639. An act to repeal certain laws providing for the protection of sea lions in Alaska waters;

H.R. 8644. An act to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy;

H.R. 8714. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 8909. An act to authorize the Secretary of the Treasury to amend the contract for sale of post-office building and site at Findlay, Ohio;

H.R. 8937. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River, at or near Delphi, Ind.;

H.R. 8951. An act authorizing the city of Shawneetown, Ill., to construct, maintain, and operate a toll bridge across the Ohio River at or near a point between Washington Avenue and Monroe Street in said city of Shawneetown and a point opposite thereto in the county of Union and State of Kentucky;

H.R. 9000. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Holtwood, Lancaster County;

H.R. 9065. An act granting the consent of Congress to the Department of Public Works of the Commonwealth of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at Turners Falls, Mass.;

H.R. 9257. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County;

H.R. 9271. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and

operate a toll bridge across the Susquehanna River at or near Millersburg, Dauphin County, Pa.;

H.R. 9410. An act providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes;

H.J.Res. 19. Joint resolution to make available to Congress the services and data of the Interstate Legislative Reference Bureau;

H.J.Res. 311. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes;

H.J.Res. 317. Joint resolution requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette; and

H.J.Res. 330. Joint resolution authorizing certain retired officers or employees of the United States to accept such decorations, orders, medals, or presents as have been tendered them by foreign governments.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H.R. 3214. An act to compensate the Post Office Department for the extra work caused by the payment of money orders at offices other than those on which the orders are drawn;

H.R. 5334. An act to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226);

H.R. 6675. An act to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service;

H.R. 7213. An act to provide hourly rates of pay for substitute laborers in the Railway Mail Service and time credits when appointed as regular laborers;

H.R. 7340. An act to authorize the Post Office Department to hold contractors or carriers transporting the mails by air or water on routes extending beyond the borders of the United States responsible in damages for the loss, rifling, damage, wrong delivery, depredations upon, or other mistreatment of mail matter due to fault or negligence of the contractor or carrier, or an agent or employee thereof; and

H.R. 7711. An act to permit postmasters to act as disbursing officers for the payment of traveling expenses of officers and employees of the Postal Service; to the Committee on Post Offices and Post Roads.

H.R. 4337. An act to amend the Judicial Code by adding a new section to be numbered 274D;

H.R. 6550. An act to remove the limitation on the filling of the vacancy in the office of United States district judge for the district of Massachusetts; and

H.J.Res. 317. Joint resolution requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette; to the Committee on the Judiciary.

H.R. 7082. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the city of Lodi, and near the station of Acampo, and in the city of Tracy, all in the county of San Joaquin, State of California, and in or in the vicinity of Galt, and Polk, in the county of Sacramento, State of California, acquired by Central Pacific Railway Co., under the act of Congress approved July 1, 1862 (12 Stat.L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat.L. 356);

H.R. 7098. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the town of Gridley, all in the county of Butte, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 25, 1866 (14 Stat.L. 239); and

H.R. 7185. An act to authorize the purchase by the city of Forest Grove, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218); to the Committee on Public Lands and Surveys.

H.R. 7922. An act authorizing the Secretary of Commerce to dispose of a portion of the Yaquina Bay Lighthouse Reservation, Oreg.;

H.R. 8241. An act to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, and Youghiogheny Rivers in the county of Allegheny, Pa.;

H.R. 8644. An act to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy;

H.R. 8714. An act to extend the times for commencing and completing the construction of the bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 8937. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River, at or near Delphi, Ind.;

H.R. 8951. An act authorizing the city of Shawneetown, Ill., to construct, maintain, and operate a toll bridge across the Ohio River at or near a point between Washington Avenue and Monroe Street in said city of Shawneetown and a point opposite thereto in the county of Union and State of Kentucky;

H.R. 9000. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Holtwood, Lancaster County;

H.R. 9065. An act granting the consent of Congress to the Department of Public Works of the Commonwealth of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at Turners Fall, Mass.;

H.R. 9257. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County; and

H.R. 9271. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Millersburg, Dauphin County, Pa.; to the Committee on Commerce.

H.R. 6379. An act to amend title II, section 203 (a) (2), chapter 90, Public Acts of Seventy-third Congress; and

H.J.Res. 325. Joint resolution extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter; to the Committee on Finance.

H.R. 8052. An act to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes;

H.R. 8235. An act to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the District of Ewa, island of Oahu, Territory of Hawaii; and

H.R. 8639. An act to repeal certain laws providing for the protection of sea lions in Alaska waters; to the Committee on Territories and Insular Affairs.

H.R. 8494. An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on the Quinault Indian Reservation when it is in

the interest of the Indians so to do; to the Committee on Indian Affairs.

H.R. 8514. An act authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property; and

H.R. 8909. An act to authorize the Secretary of the Treasury to amend the contract for sale of post-office building and site at Findlay, Ohio; to the Committee on Public Buildings and Grounds.

H.R. 9410. An act providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes; to the Committee on Appropriations.

H.J.Res. 19. Joint resolution to make available to Congress the services and data of the Interstate Legislative Reference Bureau; to the Committee on the Library.

H.J.Res. 330. Joint resolution authorizing certain retired officers or employees of the United States to accept such decorations, orders, medals, or presents as have been tendered them by foreign Governments; to the Committee on Foreign Relations.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. STEIWER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 56, it is proposed to strike out lines 16 to 21, both inclusive, and in lieu thereof to insert the following:

(b) Any person who (1) with intent to injure or defraud another willfully violates any rule or regulation under this act, shall upon conviction thereof be fined not more than $10,000; except that if such person is an exchange a fine not exceeding $100,000 may be imposed; or (2) without such intent willfully violates any rule or regulation of this act, shall upon conviction thereof be fined not more than $500; except that if such person is an exchange a fine not exceeding $10,000 may be imposed.

Mr. STEIWER. Mr. President, a reading of subsection (b) of section 30, on page 56 of the bill, discloses the language which is sought to be changed by the amendment just read at the desk.

It will be noted, upon an examination of the amendment, that I do not seek to change the penalty in any case where the violation is with intent to injure or defraud another. In that case—that is to say, where the violation is with intent to injure or defraud another—the penalty remains exactly as it is stated in the bill in subsection (b). In the case where the violation is made without such intent—that is to say, in case of casual violation or in case of incidental violation, where there is no wrongful intent—the penalty is cut down to such extent that the maximum will be $500 instead of $10,000, as provided in the bill.

In case the violation is by an exchange the penalty is cut down from $100,000, as provided in the bill, to $10,000 in the case of violations without intent to injure or defraud another.

The only purpose of the amendment, therefore, is to provide a reasonable and fair penalty instead of an excessive penalty for a violation made without intent to injure or defraud any other person.

I offer this amendment to meet some part of the criticism which I made earlier in the debate today. If I had my way, I think I should hesitate for a very long time before I would authorize the Commission to make rules and regulations which would be sustained by the force of indictment and trial and conviction and penalty in a court, but I assume, from what I know of the situation here, that I am not going to have my way in this respect. Therefore, I do not offer any amendment which has for its purpose striking out section (b) of subsection 30, but, as I say, I should merely attempt to modify that section so that it would operate less oppressively upon those who may commit a violation without the specific intent to injure or wrong another.

That explanation might suffice without any further statement, but in order that the RECORD may disclose something of the nature and effect and extent of the regulations to be promulgated by the proposed Commission, I am going to ask the indulgence of the Senate for a very brief time so that I may call attention to some few of the regulatory powers of the Commission and some few offenses that may be committed by those who are affected by this proposed law, and to call attention specifically to the fact that the regulations established are not limited in their application to stock exchanges, nor to members of stock exchanges, nor to brokers, nor to dealers, nor to any other persons who have a professional relationship with trading in securities; but the regulations affect the public very generally and, of course, from time to time will affect a very large number of persons, thousands upon thousands of persons, who are not professional traders in the stock market, and who, therefore, may not have knowledge of the regulations, who may have no appreciation of the regulations, and may not even know that the act which is being committed is in violation of the regulations.

Mr. FESS. Mr. President, before the Senator enters upon that phase of the subject, will he yield to a question?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Ohio?

Mr. STEIWER. Yes; I yield.

Mr. FESS. The problem here is to give regulatory power to a commission under regulations which may be established by such commission, it not now being in our conception what the regulations may provide. If we want to make the regulations effective by appending a penalty, it seems the only thing that is open for us is to give authority to the Commission to make regulations and then allow the Commission to assess the penalty.

Mr. STEIWER. No; we do not do that. We create a crime in cases where the act is done in violation of the regulations.

Mr. FESS. That is so, although we do not know what the regulation is?

Mr. STEIWER. The result would be a prosecution in court but not the assessment of a penalty by the Commission.

Mr. FESS. But what the regulation is that may be violated is in the power of the Commission alone to prescribe.

Mr. STEIWER. Exactly.

Mr. FESS. That seems very offensive to our views of criminal law. Is there any way whereby we can avoid that? It seems to me the object might be reached in some other way than by delegating to a commmission, which has not as yet been appointed, power to make regulations and then attaching a penalty for violation of those regulations when nobody knows what they may be. Is there not some other way to reach the end desired?

Mr. STEIWER. I do not know what it is. The whole structure of this bill is such that acts are to become criminal offenses or not, depending upon the rules and regulations made by the Commission. If we let this structure stand—and I assume we have not sufficient power here to change the structure at this late hour—in very necessity there must be penalties fixed for violation of the rules and regulations; and I think all we can possibly accomplish is to see to it, if the Senate will take that view, that the penalty shall not be excessive or unreasonable, and shall not be so large as to operate oppressively and restrictively and to scare people away from the law and do an evil at the same time we are trying to do a great good for the people.

Mr. FESS. That will be some relief, but it still does not avoid the principle which seems to me is very unwise.

Mr. STEIWER. No; it does not avoid the principle, but I assume we will have difficulty getting this amendment agreed

to; and certainly if it were a more far-reaching amendment we would be wasting our time in discussing it.

Mr. President, I now want to run briefly through the bill and call attention to some matters to illustrate what I mean when I say that we clothe the Commission with power to issue rules and regulations that affect a very large number of nonprofessional people, citizens of the country who have relations, direct or remote, with the stock exchanges or with the over-the-counter market, people who are not professional traders in any sense, and who in a very great number of cases would not have knowledge of the rules or the regulations or the amendments or changes made in those rules and regulations and would not know how to interpret them. They very readily might violate the rules by the willful performance of an act which they would learn to their sorrow afterward was an act inhibited by the rules and regulations of the Commission.

On page 9, subsection (b) of subsection (4) we find that—

(b) The Commission shall have power to make such rules and regulations as may be necessary (1) for the execution of the functions vested in it by this act, including the classification of issuers, securities, exchanges, and other persons or matters subject to regulations under this act—

And so forth.

It is obvious that the rules and regulations provided at this point in the bill may have very general application. I have not attempted to ascertain just how many people might be affected directly by those rules or regulations, but it readily might be that hundreds of thousands of citizens of this country would be affected, in one way or another, by the rules and regulations made under that authority.

On page 12, in section 6, we find that the Commission, in connection with the registration of national security exchanges, may require—

(2) Such data as to its organization, rules of procedure, and membership, and such other information as the Commission may by rules and regulations require as being necessary or appropriate in the public interest or for the protection of investors.

So here, Mr. President, there is another great number of persons who may be actually or ultimately affected by the rules of the Commission, that great group of people who are designated as investors.

On page 14, in section 7, we find with respect to margin requirements that a crime is declared in the sense that it is unlawful for a member of a national securities exchange, or any broker or dealer, under certain circumstances—

To extend or maintain credit or to arrange for the extension or maintenance of credit to or for any customer in contravention of such rules and regulations as the Commission shall prescribe.

Thus those who are creditors lending money in connection with stock-market transactions and those who are customers of the brokers and dealers are added to the great category of those affected by the rules and regulations of the Commission.

On page 15 we find a similar provision. There it is provided that it is unlawful to extend or maintain credit under certain conditions in violation of the rules or regulations of the Commission.

Under the head of "Margin Requirements", I think, Mr. President, I passed over two or three places that might have been in point and pertinent to the question of margin requirements and the number of persons who might be affected by the rules and regulations which are to be made upon that subject. I shall not, however, go back to that.

On page 15 at the place to which I intended to call attention we find a provision constituting it a crime for certain acts done—

In contravention of such rules and regulations as the Commission may prescribe to prevent the excessive use of credit for the purchasing, selling, or carrying of or trading in securities—

And so forth.

That has a further effect upon those who might extend credit under one guise or another for trading upon the exchanges.

On page 24, in two places, there are very important requirements under the general head "Regulation of the Use of Manipulative and Deceptive Devices."

On the same page we find that it is unlawful "to effect a short sale or to use or employ a stop-loss order" under certain conditions, if done "in contravention of such rules and regulations as the Commission may prescribe."

We also find, following that language on the same page, that it is unlawful—

To employ * * * any manipulative or deceptive device or contrivance which the Commission may by its rules and regulations declare to be detrimental to the interests of investors.

All through the bill there may be multiplied the instances, nearly 30 in number altogether, I believe, which clothe the Commission with power to make rules and regulations which, as I have said, are applicable not alone to stock exchanges, to over-the-counter markets, and members and brokers and dealers, but are applicable to the public at large and to all who may trade in securities, to all owners and holders of stock, to corporations, to their officials, to the whole business world of the United States.

I wish to reiterate that although the professional traders may find it very easy to live within the rules and regulations, because they know what they are and therefore may avoid the violation of any of the rules and regulations, the nonprofessional citizenship of the country cannot have that knowledge and in very many cases will unwittingly commit some act which they will find to their sorrow is a violation of some rule or regulation. If a citizen commits an act with intent to defraud he is not entitled to sympathy. He may be held to the law and penalized in accordance with the severe penalties of the law. I make no plea for him. But if a person commits such an act without intention to defraud or injure another, I say the least we can do is to differentiate by the use of proper language, so that the people shall not be afraid of the bill and shall not be afraid that the unwitting performance of some act will be a violation of a rule or regulation.

Mr. President, I hope those who are most earnestly sponsoring the bill will accept the amendment. It will not remove from the Government any authority that may be required. It will not weaken the hands of the commission in any way at all, but will make the measure more palatable to the nonprofessional traders and to those who may be injured by subsection (b) of section 6. I hope the amendment may be accepted and agreed to by the Senate.

Mr. BARKLEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Pope
Ashurst	Couzens	Kean	Reynolds
Austin	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norbeck	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pittman	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Oregon [Mr. STEIWER].

Mr. FLETCHER. Mr. President, I merely wish to say that I am very sorry that I cannot agree with the Senator from Oregon [Mr. STEIWER]. I think his amendment tends to confuse and complicate the provisions of the bill. The provision in the bill to which it relates is simple and easily understood, and is adequate. I think we ought to stand by that provision.

The Senator from Oregon undertakes to divide the offenses into two classes, those where there is an actual intent to injure or defraud, and those where there is an absence of such intent. There are many regulations in the bill which have no reference to and do not involve actual fraud or intent to injure. In case of a prosecution it would be very difficult to prove actual intent to defraud or injure. When a regulation is promulgated which is intended to prevent actual fraud or injury, simple proof of the violation of the regulation ought to be sufficient without being compelled to prove intent.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. FLETCHER. Certainly.

Mr. BARKLEY. The amendment does not eliminate the equation of willful violation, but provides that if a man or an exchange shall willfully violate the law or any regulation with the intention of injuring some person, he or it shall be punished by a maximum fine of not more than a certain amount, but if he violates the law without intending to injure any particular person he shall be subject to a much less fine.

As a matter of principle, it is always presumed that every man who willfully violates the law is charged with knowledge of what it may do to anybody else, although he may have no particular person in mind as the object of his intended damage or injury. To adopt the amendment would make it almost impossible to prove, although a man violates the law, that he intended any injury against any particular person.

Mr. FLETCHER. I think that is true, too.

I shall not prolong the discussion further than to say that while there may be cases of an innocent violation of the regulations, or a harmless violation of the regulations, there may be other cases of malicious, willful, knowing violation of the regulations; and, of course, there may be a variation of the penalty in the two cases. That, however, is a matter for the courts to determine. The courts everywhere, all over the land must take into consideration the facts and circumstances of each case. If a court finds that there has been an innocent violation of the regulations, of course it will not impose the maximum $10,000 fine. On the other hand, if a court finds that the circumstances are such as to warrant a heavier penalty, it will impose a heavier penalty. We must leave some leeway for the courts. The maximum fine is $10,000. The bill provides that it shall not be more than $10,000. The exact amount that it shall be, from $1 up, is for the court to determine upon the basis of the facts and circumstances of the particular case.

I think we ought to stand by the original text; and I hope the amendment will be rejected.

Mr. STEIWER. Mr. President, I have no desire to detain the Senate in respect to the pending amendment; but I wish to make one or two observations in answer to the comments made by the Senator from Florida [Mr. FLETCHER].

I agree thoroughly with the statement made by the Senator from Florida that the amendment distinguishes between offenses committed with intent to injure or defraud, and offenses which were committed without such intent. That is the whole purpose of the amendment. If the intent is to injure or defraud the penalty up to $10,000 may still be invoked. If the offense is without such intent the maximum penalty is $500.

Referring to the suggestion made by the Senator from Kentucky [Mr. BARKLEY], I think he misconceives the situation, at least partially. The Senator stated, as I understood him, that it would be difficult to administer the law under the amendment because the Government could not name or prove the identity of the person to be defrauded in some classes of offenses under the measure.

Of course, it is true that some classes of offenses under this measure are offenses against the general public. They are not offenses against individual persons. Therefore the indictment in those cases could not allege that the act had been done with intent to injure or defraud John Smith or someone else, as the case might be. It is always possible, however, to allege in an indictment that the offense was committed with intent to injure or to defraud other persons or innumerable persons, or the indictment may be phrased in the conventional language, alleging that the thing was done with intent to injure persons "who are to the grand jury unknown." That is conventional practice, everywhere resorted to in both Federal and State courts.

So I cannot conceive that there is anything in the proposal I have made, merely to protect those who might unwittingly violate a regulation, which would make it difficult for the United States to proceed against wrongdoers.

Mr. BARKLEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Kentucky?

Mr. STEIWER. Yes.

Mr. BARKLEY. It is not so much a question of what may be alleged in an indictment. Of course, it may be alleged in an indictment that a man, or a stock exchange, or a group of persons, had violated this law willfully, with intent to injure numerous unknown persons; but when the case comes to be tried it is necessary to do something more than simply to read the indictment. It is necessary to prove in some way that the willful violation of the law was intentional and that it was intended that it should injure somebody.

It would be easy for any defendant, under any form of indictment, to come in and say, "I did willfully violate this law. I knew I was violating it. I did it intentionally"—which means willfully—"but I did not intend to injure anybody." Under such circumstances, how could the Government prove that what he was saying was not the truth?

Mr. STEIWER. If the circumstances disclosed that the nature of the act was such as to injure other persons, the Government's case would be established almost before it started, because everywhere it is presumed that the defendant intended the normal consequences of his act. The Senator himself very well knows that in every jurisdiction, laws will be found similar in effect to the provision to which we are referring here, and they do not occasion any trouble in administration.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. STEIWER].

Mr. HASTINGS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from West Virginia [Mr. HATFIELD], which I transfer to the Senator from Arkansas [Mrs. CARAWAY], and vote "nay."

Mr. HEBERT (when his name was called). I have a pair with the Senator from Illinois [Mr. LEWIS]. I do not know how he would vote if present. If I were permitted to vote, I should vote "yea."

Mr. STEPHENS (when his name was called). On this vote I am paired with the Senator from Indiana [Mr. ROBINSON]. I transfer that pair to the Senator from Florida [Mr. TRAMMELL], and vote "nay."

The roll call was concluded.

Mr. COPELAND. On this question I have a general pair with the junior Senator from Maine [Mr. WHITE]. Not knowing how he would vote if present, I withhold my vote.

Mr. WALCOTT (after having voted in the affirmative). I have a general pair with the junior Senator from California [Mr. MCADOO], who is detained from the Senate by illness. Not knowing how he would vote if present, I must withdraw my vote. If permitted to vote, I should vote "yea."

Mr. METCALF (after having voted in the affirmative). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Has that Senator voted?

The VICE PRESIDENT. He has not voted.

Mr. METCALF. Then I have to withdraw my vote.

Mr. HEBERT. The senior Senator from Pennsylvania [Mr. REED] is necessarily absent from the Senate. He is paired with the senior Senator from Arkansas [Mr. ROBIN-

SON]. I am advised that if the Senator from Pennsylvania were present and voting he would vote "yea" on this question, and if the Senator from Arkansas were present and voting he would vote "nay."

I also desire to announce that the Senator from West Virginia [Mr. HATFIELD] and the Senator from Indiana [Mr. ROBINSON] are unavoidably absent. If the Senator from West Virginia were present, he would vote "yea."

Mr. BARKLEY. I desire to announce that the Senator from Arizona [Mr. ASHURST], the junior Senator from Arkansas [Mrs. CARAWAY], the junior Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. GORE], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Nevada [Mr. MCCARRAN], the senior Senator from Nevada [Mr. PITTMAN], the senior Senator from Arkansas [Mr. ROBINSON], the Senator from Florida [Mr. TRAMMELL], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Massachusetts [Mr. WALSH] are detained from the Senate on official business.

The senior Senator from Utah [Mr. KING] is detained in a committee meeting. If present, he would vote "nay."

Mr. OVERTON. My colleague [Mr. LONG] is necessarily absent attending to departmental matters.

The result was announced—yeas 27, nays 44, as follows:

YEAS—27

Adams	Clark	Hale	Patterson
Austin	Coolidge	Hastings	Reynolds
Bachman	Davis	Kean	Schall
Bailey	Dickinson	Keyes	Steiwer
Barbour	Fess	McGill	Townsend
Byrd	Gibson	McNary	Vandenberg
Carey	Goldsborough	Murphy	

NAYS—44

Bankhead	Couzens	Hayden	Pope
Barkley	Cutting	Johnson	Russell
Black	Dill	La Follette	Sheppard
Bone	Duffy	Logan	Shipstead
Brown	Erickson	Lonergan	Smith
Bulkley	Fletcher	McKellar	Stephens
Bulow	Frazier	Neely	Thomas, Okla.
Byrnes	George	Norris	Thomas, Utah
Capper	Glass	Nye	Thompson
Connally	Harrison	O'Mahoney	Wagner
Costigan	Hatch	Overton	Wheeler

NOT VOTING—25

Ashurst	Hebert	Norbeck	Van Nuys
Borah	King	Pittman	Walcott
Caraway	Lewis	Reed	Walsh
Copeland	Long	Robinson, Ark.	White
Dieterich	McAdoo	Robinson, Ind.	
Gore	McCarran	Trammell	
Hatfield	Metcalf	Tydings	

So Mr. STEIWER's amendment was rejected.

Mr. BYRNES. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 56, lines 7 and 8, it is proposed to strike out the words "or any rule or regulation thereunder", and in line 18, after the word "act", to insert a comma and the following words, "or who willfully and knowingly, personally, or through another, makes any statement in any application, report, or document required to be filed with the commissioner under any rule or regulation under this act, which statement was at the time and in the light of the circumstances under which it was made, false or misleading in any material respect."

Mr. BYRNES. Mr. President, the amendment will carry out the intention of the committee. The committee determined, I think unanimously, that the penalty of imprisonment should apply only to failure to comply with a provision of the act, and that for failure to comply with a rule or regulation of the commission the punishment should be a fine. However, the draftsmen, in making the changes throughout the bill, failed to correct section 30, and the purpose of the amendment is simply to carry out the intent of the committee, and make this section accord with the rest of the bill.

Mr. STEIWER. Mr. President, may I ask the Senator the significance of the part of the amendment which would strike out the words "or any rule or regulation thereunder"?

Mr. BYRNES. The section provides imprisonment, and, as the Senator will remember, it was determined that the punishment of imprisonment should not apply to a person who was guilty of violating a rule or regulation of the commission. The language is replaced in the next section, which does apply to a violation of any rule or regulation of the commission, or any report required by the commission.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, I offer the amendment which I send to the desk. The amendment is merely for the purpose of correcting a typographical error.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 30, line 10, it is proposed to strike out the word "accounts" and to insert in lieu thereof the word "accountants."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

Mr. STEIWER. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 30, it is proposed to strike out lines 11 to 13, both inclusive.

Mr. STEIWER. Mr. President, the subsection which would be stricken if this amendment were agreed to reads as follows:

(k) any further financial statements which the commission may deem necessary or appropriate for the protection of investors.

This language is in section 12, which relates to the registration requirements for securities.

Earlier in the debate I discussed some phases of this section, and argued that the section would be restrictive and harmful in imposing requirements upon corporations which it would be difficult for them to meet in the registration of their securities, and which in some respects they would be unwilling to meet, and concerning which great trouble would follow.

I believe thoroughly that much of the so-called "fear" or "fright" on the part of corporations comes from their unwillingness to submit to the requirements of some portions of this section. I shall not again refer to the matters which I discussed earlier in the day, as they are not related to this amendment; but I call attention to the fact that in a colloquy with the Senator from Alabama [Mr. BLACK] we discussed certain provisions on page 29, and I stated that although I thought it would be better if those provisions were not in the bill, I had no particular objection to the provisions to which he called my attention.

In the main, I think they are proper enough provisions. They are requirements which ought to be met. They provide information which the investors ought to have if this is to be a "blue-sky" law, and if we are to undertake through Federal legislation to exact of the corporations which sell their securities upon the exchanges detailed information concerning their affairs. I made the point, however—and this brings me to the amendment I have just offered—that whatever may be our attitude with respect to the provisions of this section, there is inherent evil in the section, in that it leads to uncertainty and breeds the distrust which comes from uncertainty.

To my mind, one great objection to the provision on page 28, which is a part of this section, and which deals with the requirement of an agreement that the issuer shall comply with certain rules and regulations to be made in the future, is that such an agreement introduces a very substantial degree of uncertainty into the minds of those responsible for conducting the affairs of the corporation. They cannot know in advance just what those requirements may be.

The language on page 29, in which there are lists of the particulars in which the information may be required, in my judgment helps the provision. That language does not hurt the provision, as some Senators may have assumed from questions propounded earlier in the day. I think it helps it,

because at least it contains definite recitals of the categories of information which the commission may, by rule or regulation, exact of the corporation.

After we had completed the preparation of this language, after the drafting of the bill, and the members of the committee had exhausted their imaginative faculties and their ingenuity, and had listed everything they could think of, they added at the end of the list the language with which this amendment is concerned. At the end of the list they added that the corporation should be required to furnish—

any further financial statements which the commission may deem necessary or appropriate for the protection of investors.

Mr. President, inasmuch as the commission is a continuing body, with continuing power to make regulations, and continuing power to change its regulations, and continuing power to unmake today the regulation of yesterday, there will be no way in the world for any executive of any corporation to know what will be required of it if we leave in the law this basket clause which catches everything. It seems to me that the law will be just as effective without this general catch-all language. We can require, if there is anything further that we want to require, by express enactment. If there is anything which ought to be added to the category of information to be furnished, let it be offered here and accepted if the Senate agrees with the wisdom of adding it to the measure.

I see no objection to the specification of anything which in our judgment ought to be added. I do see objection, however, to the requirement of further financial statements, unknown and indefinite, when we deal with a commission that has power practically unknown and entirely indefinite, so far as this question is concerned, and when by the inclusion of this language we introduce into the meaning of the law a very great uncertainty.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. BARKLEY. Under the language as it is now written in the bill the only financial statements which the commission could require would be those provided for in subsections (I) and (J); that is, balance sheets for not more than 3 years in subsection (I), and profit and loss statements in subsection (J). Those are the only two subsections which refer to financial statements of any kind.

On page 29 reference is made to officers and directors; reference is made to the terms for which securities may be issued, and provision is made for enumeration of the officers and directors who get over $20,000 a year, bonus and profit-sharing arrangements, and so on. Those, however, are not financial statements. They do not give any adequate information with reference to the financial condition of the company. I do not think subsections (I) and (J) are sufficiently comprehensive to give a prospective investor a real picture of the financial condition of the company.

If the language should be stricken out as proposed by the amendment, the commission would have no power to require any information except that which is set out simply in a balance sheet and in a profit-and-loss statement covering a period of 3 years. If the Senator's amendment should be adopted, it would take away from the commission the power to obtain any additional information which might be essential in order to guide investors.

Mr. STEIWER. Mr. President, will the Senator from Kentucky indicate what further financial statements he would require of the corporation?

Mr. BARKLEY. It all depends on circumstances. The growth of the business, its development, its market, the value of its business, are matters not necessarily included in a balance sheet of income and outgo for any particular year or even in profit-and-loss statements. There are many financial items connected with the company which are not necessarily included in subsections (I) and (J). I could not, of course, and I doubt if the commission could, outline just what sort of financial information it might desire in order to give a prospective investor some assurance that the company in which he proposed to buy stock was sound. It would depend on circumstances. Each company would be different. The commission could not adopt an iron-clad rule, I imagine, with reference to all the concerns in the United States. So it would be impossible for anyone off-hand to indicate what sort of financial reports would be required under this basket clause, but it would give the commission power to require such financial statements as would give the investing public the benefit of knowledge concerning the soundness of the corporation as a whole.

Mr. STEIWER. Mr. President, in answer to the suggestion just made, let me call attention to the language of the same section in lines 8 and 9 of page 29. The commission is there required, among other things, to be furnished information with respect to "the organization, financial structure, nature, and operations of the business."

Mr. BARKLEY. Yes. "Financial structure" might mean simply the amount of stock outstanding, whether it was preferred or common, whether there was some A or B stock, whether it had par value or no par value. That would be included, probably, in a financial statement; but it would not necessarily include all the information with reference to the financial condition of the company.

Mr. STEIWER. I asked the Senator if he could state what might be required under subsection (K), to which we are now referring, and he made me the same kind of answer which has been made before by two or three Senators to whom I directed the same inquiry. I have not yet been able to find anyone who can name what it is that ought to be furnished under this subsection. I do not think the sponsors or the draftsmen of the bill were able to outline what it was they had in mind.

I do not know that any damage will be done to any corporation by this requirement, except that it introduces into the bill a degree of uncertainty which comes from boundless power and indefinite power which is not necessary in order to enable the commission to carry out the requirements of the proposed law.

Mr. COUZENS and Mr. BYRNES addressed the Chair.

The VICE PRESIDENT. Does the Senator from Oregon yield, and if so, to whom?

Mr. STEIWER. I yield to the Senator from Michigan.

Mr. COUZENS. Mr. President, I think I can answer what might be required under that section. After the commission had received the profit-and-loss statement for not more than three preceding years, and the balance-sheet for not more than three preceding years, there might appear in the press in the middle of the year a statement that the concern had made a great profit, that it had discovered an oil well, or that some tipsters were out with the statement that the stock was going to rise, and the commission might desire authority to inquire of the corporation as to the accuracy of any such statement.

I cannot see what harm this requirement will do. I do not think the measure will be administered by robots. I hope those administering it will have some intelligence and some imagination; and if they have authority to ask for information under this so-called "basket" clause, and if they ought to have the information, I think it will not do any harm to ask for it.

Mr. STEIWER. That is registration information. The things that happen subsequently are not embraced under this provision. If something happens subsequently, there is another provision in the bill to enable the commission to obtain the information desired.

Mr. COUZENS. Very well; we will discard that——

Mr. STEIWER. And make another argument?

Mr. COUZENS. Yes; and make another argument. The same question arises every time some industry expresses a fear or quivers an eyelash. They get alarmed about business being affected and about their being harrassed and embarrassed. Viewing the situation as I do, I believe there is no justification for such a conclusion.

Assume that, when the registration application is filed, they have all the information required in (I) and (J) and that some of the officials, as in the Laclede Gas Co. case,

pick up a newspaper and find there is something omitted from the financial report filed and then the commission desires to request more information under subsection (K), what objection is there to that?

Mr. STEIWER. Cannot the Senator see that after the security is registered if something happens of the kind he mentions the commission could not resort to this power to get the additional information? There is another section of the bill which will enable the commission to get whatever information it needs with respect to developments of that kind. I have no objection to it. But why place in the bill this boundless and unlimited power in the commission? If all the provisions were dropped except the first one and it merely said (A) the organization, financial structure, and so forth, and then said (K) any further financial statement, we would be in a peculiar position if we enacted the bill in that form. It destroys all the boundaries prescribed and all the definitions provided, because it gives to the commission the unlimited power to go as much further as they may want to go. That is the thing of which corporations are afraid. They do not know to what this may lead.

Mr. COUZENS. I do not share their fear at all.

Mr. STEIWER. Unless the Senator is going to list a stock it does not make any difference whether he and I approve of it or not. The corporations are the ones that are acting and they are the ones that are afraid of it. We can enact a law that will be effective without offending them, without bringing upon them a feeling of fright and fear. What is the use of writing into the law general requirements which may result in rules and regulations hurtful to business or expensive of operation? What is to be gained by it? We will have a sound structure without such a provision. That is the reason why I move to strike it out.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. STEIWER. Certainly.

Mr. BYRNES. What has the Senator in mind with reference to the financial statements which a corporation would refuse to give to the public when it seeks to sell securities?

Mr. STEIWER. I do not know that any corporation engaged in legitimate business would refuse to give any financial information to the commission. A little while ago a Senator referred to the value to the investor, but we do not know, of course, whether the information given would ever be published or whether it would ever be available to the investor.

Mr. BYRNES. The Senator asked the Senator from Kentucky [Mr. BARKLEY] what kind of a financial statement would be required. He thinks some corporation would be frightened by the possibility of being asked to furnish such a statement. I ask the Senator from Oregon, if the corporation is satisfied to have the commission fix the margin without knowing whether the margin will be fixed at a different figure this year from last year, if the Senator is willing to place discretion in the commission so to fix the margin, why should he be unwilling to allow the Commission to determine whether some further financial statement shall be required?

Mr. STEIWER. Does the Senator infer that the corporations of the country have consented to the margin requirement of the bill?

Mr. BYRNES. I am asking the Senator from Oregon. I cannot speak for the corporations of the country and I do not believe the Senator from Oregon can do so. The Senator does not conceive of a single financial statement they would refuse to render, does he?

Mr. STEIWER. I think the stock exchanges were disposed to accept the margin provisions of the bill, but so far as I know we have no way of consulting the industries of the country in that respect.

Mr. BARKLEY. They were invited to come before the committee, but did not do so.

Mr. BYRNES. If they are not frightened by the power to fix margins, they ought not to be frightened by the power to ask for a financial statement.

Mr. STEIWER. It is not that alone. It is the conferring upon the commission of the power to make rules and regulations, and what would frighten the corporations would be the rules and regulations after they were made.

Mr. BYRNES. The Senator's amendment proposes to strike out (k), which simply provides that the commission may require "any further financial statements which the commission may deem necessary or appropriate for the protection of investors." The Senator says he cannot conceive of a corporation which would refuse to furnish a financial statement to the commission which the commission deemed necessary for the protection of investors.

Mr. STEIWER. It is not subsection (K) which the corporations fear.

Mr. BYRNES. That is what the Senator is moving to strike out.

Mr. STEIWER. It is the rule or regulation which would emanate from the commission under the authority of the provision, and we do not know what that rule or regulation may be. If this were as definite as are other subsections, then we would have some idea what kind of a rule or regulation might emanate under that authority; but we do not know what the rule or regulation may be. It may relate to the financial business of the corporation or it may relate to something else.

Mr. BYRNES. All the section provides is for the filing of—

> Such information, in such detail, as to the issuer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the issuer as the commission by rules and regulations require, as necessary or appropriate in the public interest or for the protection of investors, in respect of the following.

It enumerates certain things and then provides:

> (K) Tny further financial statements which the commission may deem necessary or appropriate for the protection of investors.

The Senator cannot conceive of any financial statement that an honestly managed corporation would hesitate to give the commission when it was required for the protection of investors, and particularly in view of the further provision in the bill that the commission may not make it public if the corporation requests it not to be made public. The corporation may have a hearing upon it and it may not be made public then unless an order shall be issued. If they think they are hurt, they will be protected. I do not think there is anything real to fear. I think it is entirely imaginary on the part of the Senator. I really believe the corporations do not fear it.

Mr. STEIWER. Merely because the Senator from Kentucky and the Senator from Oregon cannot imagine what type of financial statement may be required is no indication that the commission would not have far greater and better imagination.

Mr. BYRNES. The corporation can object to it being made public.

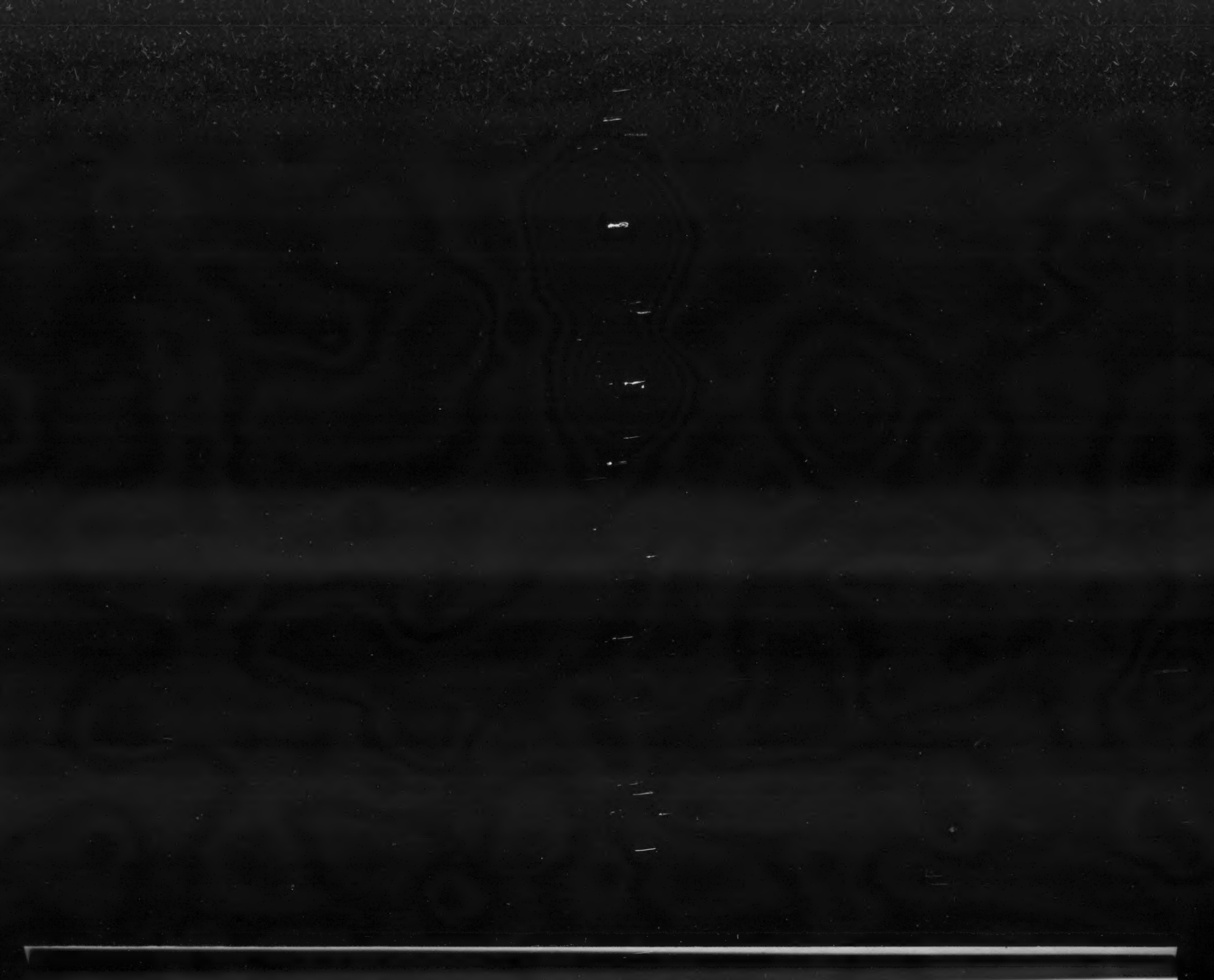
Mr. STEIWER. Yes; and have a lawsuit on their hands.

Mr. BYRNES. It may have a hearing before the commission in private and the commission must then determine the question. If the corporation is aggrieved it can appeal to the courts. What more could the Senator want?

Mr. STEIWER. The corporation in the first place may find it utterly impossible to furnish the information and be obliged to go to a hearing and to appeal to the commission and then appeal to the court for relief.

Mr. BYRNES. If the corporation cannot furnish the information, then there is no information for which the commission can properly ask.

Mr. STEIWER. I do not believe the corporations can furnish the information required in (J). Has it ever occurred to the Senator that the requirement there permits the commission to require an audit or balance sheet certified, under the rules of the commission, by an independent public accountant, for the last preceding 3 years? How is a corporation going to meet that requirement, for instance? What if they did not have the audit by a certified public accountant? Can they go back 3 years and make the audit? Can they count the cash? The cash is counted today, and the audit is made today, and not 3 years ago. How is it possible to comply with subsections (I) and (J)?



If we pass a bill with so little consideration for the practical affairs of a corporation, what can the corporations expect of a general basket clause such as subsection (K), which is intended to enable the commission to get information pretty much as it may desire?

Mr. BYRNES. Of course the Senator has not moved to strike out subsection (I).

Mr. STEIWER. I think it ought to be amended.

Mr. BYRNES. All that subsection provides for is—

balance sheets for not more than the 3 preceding fiscal years, certified if required by the rules and regulations of the Commission by independent public accountants—

Would the Senator want to attempt to sell to the American people securities when there has been no audit, or when there has not been an audit certified by a public accountant?

Mr. STEIWER. Not when there has been no audit. They might have an audit by their own accountant. This provision permits the commission to require an audit by an independent public accountant. The independent public accountant can do nothing at all except to go back and review the audit of the company's own accountant. How can the independent public accountant go back and make an audit when the inventories are all changed, and the cash balance is different? How is it possible?

Mr. BARKLEY. Mr. President, if the Senator will yield, getting back to subsection (K), which the Senator is trying to strike out, one of the things which the company might report, not covered in any of the other subsections, would be whether they had given away a million dollars' worth of their stock, or any other amount of it, while they were selling stock to others. That is a financial statement which would be interesting.

Mr. STEIWER. That, I should think, would be covered under subsections (A) and (F), and possibly by other provisions of the bill. These things are not necessary for a business of that kind. If they were, I should not have offered the amendment. Every abuse of the kind named by Senators who are striving to keep this language in the bill is an abuse which can be met and dealt with effectually by the provisions of the bill. For that reason, while I shall not detain the Senate further, it would be better to omit this language from the bill.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Oregon [Mr. STEIWER].

Mr. HASTINGS. On that I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). Making the same announcement as before of my general pair with the Senator from West Virginia [Mr. HATFIELD] and its transfer, I vote "nay."

Mr. HEBERT (when his name was called). Repeating the announcement I made on a previous roll call concerning my pair with the Senator from Illinois [Mr. LEWIS], I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote.

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER], who is necessarily absent from the Chamber. If at liberty to vote, I should vote "yea." I withhold my vote.

Mr. STEPHENS (when his name was called). Making the same announcement as before of my general pair with the Senator from Indiana [Mr. ROBINSON] and its transfer, I vote "nay."

Mr. WALCOTT (when his name was called). Making the same announcement as before, I refrain from voting. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present he would vote "nay." Therefore, I withdraw my vote.

Mr. COPELAND. Upon this question I have a pair with the Senator from Maine [Mr. WHITE]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT. The Senator from Pennsylvania [Mr. REED] is necessarily absent. He is paired with the Senator from Arkansas [Mr. ROBINSON]. If the Senator from Pennsylvania were present he would vote "yea" on this question, and if the Senator from Arkansas were present he would vote "nay."

The Senator from West Virginia [Mr. HATFIELD] is necessarily absent. If present, he would vote "yea" on this question.

I also wish to announce the unavoidable absence of the Senator from Indiana [Mr. ROBINSON], and the general pair of the Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Massachusetts [Mr. WALSH].

I have previously announced my pair with the Senator from Illinois [Mr. LEWIS], and abstained from voting. I now find that I am able to transfer that pair to the Senator from New Hampshire [Mr. KEYES]. I do so, and vote "yea."

Mr. FLETCHER. I desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. GORE], the Senator from Illinois [Mr. LEWIS], the Senator from Kentucky [Mr. LOGAN], the Senators from Nevada [Mr. MCCARRAN and Mr. PITTMAN], the Senator from Arkansas [Mr. ROBINSON], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], the Senator from Indiana [Mr. VAN NUYS], the Senator from New York [Mr. WAGNER], and the Senator from Massachusetts [Mr. WALSH] are necessarily detained; and that the Senator from California [Mr. MCADOO] is absent because of illness.

The result was announced—yeas 17, nays 50, as follows:

YEAS—17

Austin	Fess	Hebert	Townsend
Barbour	Gibson	Kean	Vandenberg
Carey	Goldsborough	McNary	
Clark	Hale	Schall	
Dickinson	Hastings	Steiwer	

NAYS—50

Adams	Connally	Hayden	Overton
Bachman	Coolidge	Johnson	Pope
Bailey	Costigan	King	Reynolds
Bankhead	Couzens	La Follette	Russell
Barkley	Cutting	Lonergan	Sheppard
Black	Dill	Long	Smith
Bone	Duffy	McGill	Stephens
Brown	Erickson	McKellar	Thomas, Okla.
Bulkley	Fletcher	Murphy	Thomas, Utah
Bulow	George	Neely	Thompson
Byrd	Glass	Norris	Wheeler
Byrnes	Harrison	Nye	
Capper	Hatch	O'Mahoney	

NOT VOTING—29

Ashurst	Hatfield	Patterson	Van Nuys
Borah	Keyes	Pittman	Wagner
Caraway	Lewis	Reed	Walcott
Copeland	Logan	Robinson, Ark.	Walsh
Davis	McAdoo	Robinson, Ind.	White
Dieterich	McCarran	Shipstead	
Frazier	Metcalf	Trammell	
Gore	Norbeck	Tydings	

So Mr. STEIWER's amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SUMNERS of Texas, Mr. MONTAGUE, Mr. MCKEOWN, Mr. KURTZ, and Mr. PERKINS were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 285. An act to authorize the addition of certain lands to the Ochoco National Forest, Oreg.;

S. 618. An act to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes";

S. 1506. An act to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon;

S. 1810. An act to amend the act authorizing the issuance of the Spanish War service medal;

S. 2681. An act authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport;*

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union;

S. 3099. An act authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River, at Wheeling, W.Va.; and

S. 3355. An act to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone.

RECESS

Mr. FLETCHER. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 20 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, May 9, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 8, 1934

The House met at 12 o'clock noon.

Rev. Charles Noyes Tyndell, S.T.D., rector of St. Peter's Church, Niagara Falls, N.Y., offered the following prayer:

O eternal God, through whose mighty power our fathers won their liberties of old, grant, we beseech Thee, to the representatives of Thy people the grace to learn what Thou wouldst ordain for their guidance in the maintenance of those liberties and such other institutions as in Thy wisdom Thou hast vouchsafed to place in our keeping.

We render unto Thee high praise and hearty thanks, albeit in utmost humility, that Thou hast granted us the privileged responsibility of caring for those institutions and peoples which Thou hast guided to our land.

May it be Thy blessed will, therefore, to direct and prosper the consultations of our Congress assembled toward the advancement of Thy glory, the abiding good of Thy universal church, the safety, honor, and welfare of Thy people; and that all things may be so ordered and settled by their endeavors upon the best and surest foundations, that peace and happiness, truth and justice, religion and piety may be established among us for all generations.

These, and all other necessaries for them, for us, and all Thy people, we humbly beg in the name and mediation of Jesus Christ, our most blessed Lord and Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MINNESOTA ASKS JUSTICE

Mr. CHASE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CHASE. Mr. Speaker, ladies and gentlemen of the House, the steel code and the old system of basing have driven out more than 50 percent of all small fabricating industries in the State of Minnesota during the last 14 years, is the charge of Otto Swanstrom, president of the Diamond Calk & Horseshoe Co., of Duluth, whose application for relief from the strangling effects of Chicago plus has been before the National Recovery Review Board for the past 6 weeks.

This is no theoretical or academic problem. There is not a shred of partisan politics in it. It is a problem affecting profoundly the industrial life of my State.

The steel code, as it actually operates today, subjects Minnesota steel-using industries to all the destructive discrimination of the old Pittsburgh plus. The only difference is that Chicago and not Pittsburgh is now the basing point for price fixing on merchant bars and billets sold for fabrication in Minnesota. There is no difference at all in the vicious results to Minnesota industries.

Since Congress convened in January, the problem has been presented to the President, the Senate, the Federal Trade Commission, the National Recovery Review Board, and to various steel-producing, using, or distributing companies, and to code authorities.

There is no variance of opinion as to the need for action, although selfish competing companies in favored localities seek to delay it. The task before us is to get effective action now. Since the National Industrial Recovery Act authorizes the President to direct code modifications, his helpful intercession can produce best this immediate remedial action.

To him, therefore, Minnesota appeals for help.

AN ALLEGED ANSWER TO FEDERAL TRADE COMMISSION

Pursuant to a Senate resolution adopted February 2 last, the Federal Trade Commission made a careful study of the results of the basing-point practice which operates in Minnesota as Chicago plus, and on March 19 reported comprehensive findings to the Senate.

Its report constitutes conclusive proof that the evil of which Minnesota industry complains, and which is driving steel fabricating plants from the Twin Cities to other States, does exist, requiring immediate attention and prompt Executive action.

The sole reply to the Federal Trade Commission's report, and the sole attack upon it thus far, consists of a pamphlet issued by the American Iron and Steel Institute and mailed to Members of Congress in envelops bearing the institute's return card.

This pamphlet is composed of reprints of 33 telegrams or letters purporting to have been sent to the President, some Senator, or a Federal commission or official by an alleged "small company" in praise of the steel code and its provisions, or in criticism of the Federal Trade Commission's report.

The pamphlet is captioned "The small company speaks for itself—an answer to the Federal Trade Commission's attack on the steel code."

In its introductory statement the American Iron and Steel Institute says in paragraph 3:

> Following publication of the report, scores of telegrams and letters to the President, Members of Congress, and the Federal Trade Commission poured into Washington from small iron and steel companies in all sections of the country. These messages protested the Commission's findings and without exception defended the steel code as a great help, not a detriment to the small companies.

This statement is a laughable combination of nonsense and fiction.

So far as the telegrams and letters inspired by the institute are concerned, it may be true. So far as my office, or the office of any Congressman with whom I have talked is concerned, it is untrue. No letter or telegram commending the steel code has come to me from any source, except the printed statements of the American Iron and Steel Institute itself. No communication of any kind or form criticizing the Federal Trade Commission, or its report, has come to me from any individual, firm, corporation, or agency, other than the institute itself.

Minnesota is a great steel-using State and an important section of the country. If letters and telegrams of the kind the institute quotes have poured in on Members of Congress, and they have been of the character the institute has used in its pamphlet, I have been blessed indeed by their failure to arrive. Letters and telegrams have come to me con-

cerning this problem. With the sole exception of the piece of propaganda by the institute, all have supported the Federal Trade Commission's findings and attacked the steel code. Clearly, therefore, if a deluge of telegrams and letters bearing on the problem and unanimous in support of the code and against the Federal Trade Commission's findings has poured in on Washington, and the institute has had knowledge of the telegrams and letters and the contents thereof, to a point where it can say with authority, "Those messages protested the Commission's findings and without exception defended the code as a great help", and further can name the recipients of said "scores of telegrams and letters", it must have written the telegrams and letters, inspired them, or initiated or participated in the propaganda campaign which it cites. No other conclusion is possible and the whole scheme is too transparent to require further comment. If this typifies the best generalship of the institute, it should hire a "brain truster" from the "little red house in Georgetown." Those boys think.

Not only is the purpose of the institute entertainingly obvious but the telegrams and letters which it quotes are complete and convincing refutation of the institute's argument and proof that the Federal Trade Commission was right.

Minnesota complains that Chicago plus puts an unbearable handicap on Minnesota industries, which fabricate their products from merchant bars and billets, by compelling them to pay therefor the Chicago price plus the all-rail freight charge from Chicago to the Minnesota factory—in spite of the fact that the steel has never been in Chicago, is not shipped from Chicago, but is produced at Duluth, a few blocks away from the Duluth plant buying it and less than half as far from the Twin Cities as Chicago; in spite, also, of the further fact that if the steel were really shipped from Chicago it could be shipped by water to Duluth over the Great Lakes and to the Twin Cities via the river.

Minnesota steel-fabricating industries compete with similar plants in every part of the United States. When the basing-point practice compels them to pay a fictitious freight charge for a service that is imaginary—that is, an all-rail freight charge on raw material from Chicago to Duluth, Minneapolis, and St. Paul, in spite of the fact that said raw material is Minnesota produced and has never been outside the State—and on top of that the law of supply and demand compels them to pay an actual freight charge on their finished product back to Chicago and from there on to the point of destination, it means that the eastern manufacturer has a trade advantage of the $6.60 per ton fictitious charge on raw material and more than $6.60 per ton charge on finished product for actual freight service, a trade advantage therefore in cost of production ranging from $13.20 per ton upward.

It is this handicap which has driven so many steel-fabricating plants out of Minnesota and compelled so many others to shut down. This handicap is due to the basing-point practice. The steel code prevents any compensating-price allowance. Therefore, Minnesota asks of the President adequate modification of the steel code.

The American Iron and Steel Institute, instead of admitting frankly that the abuse exists, and cooperating to correct it, has instituted a campaign to prove that there is no abuse, and in support of its position presents telegrams and letters from a group of small companies which allege that the steel code has not harmed them.

There is neither logic nor sense in the argument.

Because a Maryland company does not suffer under the steel code is no proof that Minnesota industries do not suffer from Chicago plus. On the same line of reasoning it can be said with equal logic, or lack of it, that because one man has pneumonia and a second has not, the first man cannot be sick; or, if one man has a broken leg and a second is sound and well, the first man does not need a doctor. That is not argument. That is foolishness.

Also it is a matter of easily proved fact that the small companies emitting the joyful expressions of approval of the steel code, which the institute has quoted in its pamphlet, are themselves the beneficiaries of the very evil of which Minnesota competitors are the victims. Naturally the beneficiaries are happy. They are getting rich as a result of precisely the price discrimination which has forced Minnesota manufacturers into insolvency.

It is easy to submit the proof.

HOW INSTITUTE REFUTES ITS OWN ARGUMENT

From data given in the American Iron and Steel Works Directory, and through the courtesy of the Interstate Commerce Commission, it is possible to analyze briefly the effects of the steel code upon the small companies, whose telegrams or letters are presented by the institute in its pamphlet attacking the Federal Trade Commission.

The first reprint is on page 2 of the pamphlet, and presents a telegram of March 21, 1934, from the Eastern Rolling Mill Co., of Baltimore, Md., to Senator BORAH. The telegram states that the company is "in the sheet-steel business." On page 32 of the steel code I find that basing points on "sheets" are Pittsburgh, Gary, Birmingham, and Pacific coast points. Consequently the price on sheet steel at the Eastern Rolling Mill Co.'s plant at Baltimore is Pittsburgh plus, or the price at Pittsburgh, the basing point nearest Baltimore, plus the all-rail freight charge from Pittsburgh to Baltimore. This freight charge is for an unrendered service, because the metal is produced at Baltimore and not Pittsburgh; in fact sheets are not produced at Pittsburgh at all, and addition of the freight charge, which the Interstate Commerce Commission advises me is 27 cents per hundred on steel bars in carload lots, means that the steel code gives this enthusiastic Baltimore company an artificial, arbitrary cost of production advantage of $5.40 a ton. Its Baltimore customers must pay this charge. With this advantage it can go outside of Baltimore if it wishes and undersell its competitors. Naturally it is happy. Naturally it will send Senator BORAH a telegram eulogizing the steel code. Because of this discrimination of the basing-point system this Baltimore company prospers while Minnesota companies strangle.

On page 4 of the institute's pamphlet appears under the title, "Small Companies Fairly Treated", copy of a telegram to the President from Rome Strip Steel Co., Inc., of Rome, N.Y., expressing satisfaction with the code and its management. The Rome Strip Steel Co. produces cold-rolled strip steel. The nearest basing points are Pittsburgh, Pa., and Worcester, Mass. The carload-lot rate from Worcester to Rome is $0.245 per 100, and from Pittsburgh to Rome $0.32 per 100. Consequently, with Worcester and Pittsburgh the basing points, the Rome Strip Steel Co., Inc., is able to charge its customers at Rome $4.90 per ton above the Worcester price and $5.40 per ton above the Pittsburgh price. It is not surprising that the company is pleased with the basing-point system, which permits it to make this extra charge for an unrendered freight service.

On page 9 of the pamphlet, under the title "Free from Unjust Discrimination", is copy of a telegram from the Sharon Steel Hoop Co., of Sharon, Pa., to Senator BORAH, saying that the company has found "operation of code to be equitable and free from unjust discrimination." The Sharon Steel Hoop Co. produces strip steel; its basing point is Pittsburgh, and the company, under the code, is permitted to charge $2.40 per ton for the imaginary freight service between Pittsburgh and Sharon. Since it is the beneficiary of this discrimination, it naturally deems said discrimination entirely equitable.

On page 11 is quoted an alleged telegram from Griffin Manufacturing Co., of Erie, Pa. This company says, according to the reprint of the telegram, that it is not oppressed and that its position is quite satisfactory. According to the directory, the Griffin Manufacturing Co. produces cold-rolled strip steel. Page 32 of the code gives the basing points on cold-rolled strip steel as Pittsburgh, Cleveland, and Worcester. Cleveland seems to be the nearest basing point to Erie, and under the plus provision, Griffin Manufacturing Co. is able to charge its customers the Cleveland price, plus $3.05 a ton. With this discrimination in its favor, the company naturally is willing to bear testimony that it is "not oppressed or eliminated."

On page 12 the institute quotes from a communication by the Mahoning Valley Steel Co., of Niles, Ohio, to Senator BORAH. This company produces black sheets, on which the basing point is Pittsburgh. Under the code provision, this company is able to charge the Pittsburgh price plus $2.50 per ton velvet for fictitious freight service. Without comment upon this discrimination in its favor, the company advises the Senator:

Feel you do not understand conditions and that steel code should be left alone.

On page 13 the institute quotes with approval a telegram to Senator BORAH from the Philadelphia Steel & Wire Corporation, of Philadelphia. The title given the telegram is "Been most fair." This company's product is wire. Its basing point is Pittsburgh. Under the code, it is allowed to charge the Pittsburgh price, plus $5.80 per ton for fictitious freight service. Is it strange that the company now naively wires the Senator, "The code has not oppressed us in any manner but has rather been a very decided help"? Five dollars and eighty cents per ton velvet over western competitors should be a decided help to any company.

On the next page is a testimonial from Blair Strip Steel Co., of Newcastle, Pa. As its name suggests this company's product is strip steel. Its basing point is Pittsburgh, and the plus permits it to charge $1.85 per ton above the Pittsburgh price. Its statement that these basing-point provisions "have enabled us to operate profitably" is unquestionably true.

Turning to page 15 of the pamphlet we find the institute quoting a telegram, purporting to be from the Reeves Manufacturing Co., of Dover, Ohio, to the President. The attractive title given the telegram is "Saved from Utter Ruin." This company produces sheets. Its basing point is Pittsburgh. The carload lot rate is 16 cents per 100, and the company therefor charges its customers the Pittsburgh price, plus the fictitious freight charge of $3.20 per ton.

At the bottom of the same page, West Leechburg Steel Co., of Pittsburgh, operating a mill located at West Leechburg, declares that its position has been materially improved under the code. Undoubtedly the company is correct in the statement. Its basing point is Pittsburgh, and the Pittsburgh-plus provision allows it to charge $1.45 per ton for imaginary freight service.

The directory does not list all of the companies quoted by the American Iron and Steel Institute to prove its point, and time has not permitted me to investigate each company, but it is manifest by simple reference to the directory what the product of many companies is and how the basing point price-fixing provisions of the steel code operate in every instance to the company's advantage, and against its less favorably located competitors.

HARM TO MINNESOTA INDUSTRIES

In my speech of April 26 I stated the dilemma which confronts Minnesota industries utilizing merchant bars and billets, and the efforts some of them have made to secure relief.

The abuse was shown and relief was granted in the old Pittsburgh-plus case. Now with the corresponding and equal menace of Chicago plus, the steel code prevents relief. If Minnesota industries are to be saved the steel code must be amended.

You gentlemen who know the geography of Minnesota and the economic conditions prevailing there will realize that with Canada on the north and the Wheat Belt on the west, the market for most of the fabricated-steel products manufactured in Minnesota lies to the east or south—in Chicago or beyond. An exception to this, of course, is farm machinery.

Minnesota manufacturers selling in Chicago and other eastern points now have no compensating advantages. Under the codes they must pay practically the same wages, so their labor costs are the same, and under the steel code price allowances are impossible. Consequently, any arbitrary increase in production cost must be borne by the Minnesota producer. It cannot be offset and it cannot be avoided.

On this exact point the president of the Diamond Calk & Horseshoe Co. of Duluth wrote me on May 1, in part, as follows:

Mr. Bennett, of the Lewis Bolt & Nut Co., of Minneapolis, was in to see me the other day. They use 14,000 tons per year, and they are out $42,000 per year because of this discriminating position. The code and the old style of basing has driven out more than 50 percent of all steel-fabricating industries in the State of Minnesota during the last 14 years.

* * * There is one place, perhaps, you are a little bit too conscientious, when you state that labor is nearly as costly here in this territory now as it is in the East. I only want to say this to you, that labor is exactly the same as in highly industrial centers of the East; there is no difference any more. We have nothing compensating to work against the strangling process forced upon us by steel code and steel institution in the present practice of basing point.

On April 26 H. L. Grapp, vice president of Despatch Oven Co., of Minneapolis, wrote me:

DEAR MR. CHASE: * * * Many manufacturing plants have had to leave the State of Minnesota, and we, likewise, have been contemplating such action, due to high freight tariff and the various items added to the cost of steel under the steel code.

Ninety percent of the products we manufacture are sold in the eastern section of the United States, and still the N.R.A. wants us to sign a code with our eastern competitors, who have price advantage of steel, which compels us to work on an equal basis with them. This, of course, practically eliminates us as far as competition is concerned.

We have objected to signing eastern N.R.A. codes primarily because it places us at a great disadvantage. However, if unfair practices, such as the Chicago base, were abolished, we could buy our steel at Duluth, and we would then be on a par with our competitors and could compete on a price basis.

This matter is most serious and affects every industry in the State of Minnesota.

We have on many occasions discussed moving our factory to the State of Pennsylvania or Ohio, and if unfair practices continue we, as well as other manufacturers, will be compelled to move our factory out of this State.

We are writing this letter to you explaining our particular situation, and, frankly, we cannot express our gratitude for your efforts in behalf of the manufacturers in the State of Minnesota.

If you desire additional information from us, it will be gladly furnished.

Hoping that you will keep up this fight and thanking you for the action you have already taken, we are,

Yours respectfully,

DESPATCH OVEN CO.,
H. L. GRAPP, *Vice President.*

Accepting Mr. Grapp's offer of further information, I telegraphed him on April 28 for additional data showing the situation of other Minneapolis manufacturers, in order to demonstrate by an uncolored statement of exact fact whether or not the steel-code provisions are strangling Minnesota industries. I did not select the companies, have made no effort to communicate with them, have not tried to start a deluge of letters pouring into Washington, and have not deleted Mr. Grapp's reply. It is quoted in full and verbatim:

APRIL 30, 1934.

MR. RAY P. CHASE,
Minnesota Congressman, Washington, D.C.

DEAR SIR: With reference to your telegram of April 28, wish to advise that in the limited space of time the writer has phoned a number of manufacturers in this city whose problems run parallel to ours. However, in general, all Minnesota manufacturing plants are faced with the same situation, and if inquiry was sent to them the facts would disclose a similar situation as to that which we have already explained.

However, here are some of the reactions from some of the manufacturers with whom the writer has personally talked and who will be glad to give further information, if needed:

Torso Manufacturing Co., Minneapolis, Mr. H. C. Cartney, treasurer. Mr. Cartney states that 75 percent of their products are sold and used in eastern markets, Chicago and beyond.

Puffer-Hubbard Manufacturing Co., Minneapolis. Mr. A. L. Goetzmann reports that 50 percent of their usual volume of business is in Chicago or east of that point, and that since freight rates have increased between here and Chicago and the various Chicago plus applied to the steel they use that they have lost practically their entire eastern market.

Johnston Manufacturing Co., Minneapolis. Mr. Johnston, president, reports that 75 percent of the equipment they manufacture is sold in eastern markets and that their sales are being seriously handicapped due to the fact that it is very difficult for them to meet eastern competition with the high cost of steel and freight rates.

Currier Manufacturing Co., Minneapolis. Mr. Currier, president, reports that 80 percent of their products are sold to eastern markets. Their business has been seriously handicapped by com-

petitors in Chicago, Detroit, Cleveland, and Ohio due to the advantage these competitors have on the cost of steel and freight rates.

C. W. Olson Manufacturing Co., Minneapolis. Mr. Olson, president, reports that 30 percent of their entire output formerly went into the Michigan territory. Due to the increase in steel costs and freight rates, they have lost their business entirely, which has, of course, reduced their pay roll.

Diamond Iron Works and Mahr Manufacturing Co., Minneapolis: Mr. Bingenheimer, president, advised the writer that 50 percent of the Diamond Iron Works sales goes into eastern markets, but their subsidiary, the Mahr Manufacturing Co., ships 90 percent of their products into eastern markets. They have found their business seriously handicapped by the increased cost of steel and the high western freight rates which exist between Chicago and Minneapolis.

Flour City Ornamental Iron Works, Minneapolis: Mr. Tetzlaff reports that 80 percent of their output goes into Chicago or territories beyond, and that the Chicago plus seriously handicaps their sales on contract work. They, of course, are also handicapped due to the high rail rates.

Lewis Bolt & Nut Co., Minneapolis: Mr. Paper is faced with a similar problem as stated above and he appreciates your activities.

The writer had a very pleasant talk with Mr. Anderson, of Minneapolis Moline Power Equipment Co., whom you, no doubt, are familiar with. He states that due to the fact they do not ship into eastern markets and that all their products are used by farmers in the northwestern territory that they do not seriously object to the Chicago plus. They, of course, add the Chicago plus to the price of their machines and separators, and this additional expense is passed on to the purchaser, who is the farmer.

There are several other factories here who have a like situation, but nevertheless the extra cost of getting steel here has to be borne by the people in the Northwest.

If the writer had more time at his command he could obtain in the three major cities of Minnesota—Minneapolis, St. Paul, and Duluth—names of over 50 manufacturing plants who form the bulk of industry in this State, and who will give out similar statements as those incorporated in this letter.

These manufacturers to which we refer are the principal employers of skilled labor in our State, and naturally, when they cannot compete with eastern competition, this labor will be out of work and will have to seek their livelihood in some other State, all of which works to a distinct disadvantage to the State of Minnesota.

We were pleased to receive your letter of April 28, and give you authority to use our name and also to use the other firm names and individuals given in this letter.

Now, as to a definite example as to what we are confronted with in the way of costs, is to take one of our standard ovens which sells for around $5,000. Of this $5,000, $2,000 consists of steel, and to this part of our cost we must add the Chicago plus, and, in turn, add any commission which our salesmen have to get, and must, of course, make a profit to stay in business and, therefore, have to add an additional amount. Then on this, we must figure the cost of transporting the steel from Chicago to Minneapolis and from Minneapolis back to Chicago, as our price has to be f.o.b. installation point. Therefore, after adding the extras as outlined, our ultimate price to the eastern manufacturer must include the items enumerated. The reason we have been able to do a nice volume of business in past years is because we have a more efficient factory organization, and who can produce more work per labor-hour. This has permitted us to compete in many instances.

However, since the Chicago plus and the increase in freight rate, some time back, we find it difficult to compete with eastern competition at this time. This is brought about as the eastern manufacturer does not have to add the Chicago plus, nor do they have to add the freight to and from their factory as we do on account of being located in Minneapolis.

The various codes which we have been requested to join insist that we operate at the same labor hours, pay the same salaries, and publish to the code authorities all the price information, and that under the code we are supposed to be able to compete with eastern manufacturers who make up the code authorities. The writer has personally asked the N.R.A. administrators and others how we are to arrange our manufacture under the N.R.A. so as to stay in business, but no one seems to have any solution to our problem.

It is apparent that we can accept some of the generous offers in cities in Ohio and Pennsylvania who want to give us factories if we will come to their city and provide a pay roll. We, of course, do not desire to move our factory, as our organization is made up of individuals who have been born and raised in this State, and who own real estate and personal property and, by all means, would want to continue in business here if at all possible.

Every one of the manufacturers with whom the writer has talked seems to appreciate the work you are doing in their behalf and the writer will consider it a personal favor if you will forward to him any information you obtain or give out so we may have it in our files.

We sincerely appreciate your interest and cooperation.

Yours respectfully,

DESPATCH OVEN CO.,
H. L. GRAPP, *Vice President.*

The statements of Mr. Grapp's letter, the plight of these manufacturing companies, and the industrial problem of Minnesota are presented to Congress, the President, and the country in the hope that we may receive exact justice through prompt remedial action.

ADDED COSTS TO FARMERS

In the letter just quoted there is a significant statement aside from recital of hardship on industry. That is where Mr. Grapp in paragraph 11 speaks of the Minneapolis Moline Power Equipment Co. The helpful candor of this company's respresentative is convincing proof that there are two horns to Minnesota's dilemma.

If its manufacturers seek to sell their products in the East they cannot compete successfully because of the stifling effect of Chicago plus, and therefore are losing this desirable eastern market, with resultant decreased sales, lessened profit, and reduced pay rolls.

If, on the other hand, they sell to farmers of the Northwest, the farmers must pay a higher price for their machinery than they otherwise would have to pay, for the sole reason that the basing-point price-fixing practice has added the fictitious charge to production cost, and this fictitious charge the farmer must pay.

THE PLIGHT OF MINNESOTA

This is the plight of my home State. The injustice of it is known by everyone familiar with the facts and admitted by everyone except those who profit by the abuses which we seek to eliminate.

The United States Steel Corporation endeavored to correct the abuse before the steel code divested it of power to do so; the Federal Trade Commission vigorously condemned the evil and suggested the remedy. The daily press recites that the National Recovery Review Board is in accord with the Federal Trade Commission and has so reported.

A similar situation confronting Stockton, Calif., was discussed by the Federal Trade Commission on page 20 of its report to the Senate. The report says:

As a matter of fact, no sheets are produced at Pittsburgh, yet it is made the basing point for that product.

Another example of the far-reaching effects of the establishment of new basing points is found in the experience of Stockton, Calif. Prior to the code, Stockton could buy steel on an equality with San Francisco by reason of its being made a deep-water port through the expenditure of millions of dollars appropriated by the Federal Government. It thus became a distributing center for the upper portion of the San Joaquin Valley, and a number of businesses were established on the strength of that development. The code made Pacific coast ports basing points, but excluded Stockton. As a result Stockton and San Joaquin Valley territory have to pay the all-rail freight from San Francisco and have lost the benefit of water transportation to Stockton.

It is suggestive that this situation was cured by action of the code authority during the week of April 8.

Also suggestive in view of the Federal Trade Commission's report is the following Executive order issued by President Roosevelt last January:

EXECUTIVE ORDER

COMPLAINTS CHARGING THE PURSUIT OF MONOPOLISTIC PRACTICES

In order to effectuate the policy of title I of the National Industrial Recovery Act, approved June 16, 1933, I, Franklin D. Roosevelt, President of the United States, pursuant to the authority thereby vested in me and in accordance with the provisions of said act and the provisions of an act to create a Federal Trade Commission approved September 26, 1914, do hereby direct that:

1. Whenever any complainant shall be dissatisfied with the disposition by any Federal agency, except the Department of Justice, of any complaint charging that any person, partnership, corporation, or other association, or form of enterprise, is engaged in any monopolistic practice, or practice permitting or promoting a monopoly, or tending to eliminate, oppress, or discriminate against small enterprises, which is allegedly in violation of the provisions of any code of fair competition approved under the National Industrial Recovery Act, or allegedly sanctioned by the provisions of such code and allegedly in violation of section 3 (a) of said National Industrial Recovery Act, such complaint shall be transferred to the Federal Trade Commission by such agency upon request of the complainant.

2. The Federal Trade Commission may, in accordance with the provisions of the National Industrial Recovery Act and the provisions of an act to create a Federal Trade Commission, approved September 26, 1914, upon the receipt of any such complaint transmitted to it, institute a proceeding against such persons, partnerships, corporations, or other associations, or form of enterprise as it may have reason to believe are engaged in the practices aforesaid, whenever it shall appear to the Federal Trade Commission that a proceeding by it in respect thereof would be to the interest of the public: *Provided*, That if in any case the Federal Trade Commission shall determine that any such practice is not contrary to the provisions of section 5 of the Federal Trade

Commission Act or of sections 2, 3, or 7 of the act of October 15, 1914, commonly called the Clayton Act, it shall, instead of instituting such proceeding, transfer the complaint, with the evidence and other information pertaining to the matter, to the Department of Justice.

3. The power herein conferred upon the Federal Trade Commission shall not be construed as being in derogation of any of the powers of said Commission under existing law.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 20, 1934.*

In light of the above, another statement by Gen. Hugh S. Johnson is interesting.

In column 5, page 2, of its issue of April 27, the Wall Street Journal says:

JOHNSON TO DISCUSS STEEL CODE TODAY—"WON'T BE MUCH LEFT" OF F.T.C. COMPLAINT, HE PREDICTS—N.R.A. NOT SATISFIED WITH WAGNER BILL

WASHINGTON.—General Johnson, the N.R.A. Administrator, said Wednesday that he was going to confer Friday with leaders of the steel industry on changes in the code suggested by the latter. The general predicted "There won't be much left" of the Federal Trade Commission's complaints after the code is revised. He opined that the basing-point system is incorrect when the points have no relation to the point of manufacture. To correct the code along these lines would require "considerable change", he stated.

What Minnesota industries need is relief.

What Minnesota wants is justice, and effective, immediate action to insure it.

The State looks to the President.

I have presented this problem from the viewpoint of the State of Minnesota. It is not a local problem, however. The discriminatory practice affects unfavorably steel-using industries in many parts of the country. These industries are the victims of the practice. They need help.

For example, and in proof of my assertion, I quote from page 72 of Senate Document 159, Seventy-third Congress, second session:

NOVEMBER 29, 1933.

COMMERCIAL COMMITTEE,
American Iron & Steel Institute,
550 Fifth Avenue, New York.

GENTLEMEN: In a letter dated November 4 steel consumers in the Mahoning Valley protested to the American Iron & Steel Institute against the establishment of Pittsburgh as the basing point for flat-rolled steel sold in the valley district. The undersigned producers of steel, operating plants in the Mahoning Valley, are in sympathy with this protest and petition the American Iron & Steel Institute to reestablish the basis of selling in effect prior to the date of the steel code.

For more than 25 years flat-rolled steel has been sold to consumers at the Pittsburgh price f.o.b. valley mill. Four or five years ago an arbitrary charge of 5 cents per hundred pounds was added to the mill price for delivery to any point in the district. This basis of selling was known throughout the industry and was not the nature of a confidential price.

The steel code establishes Youngstown as a basing point for pig iron, concrete reinforcing bars, spikes, sheet bar, skelp, and other forms of semifinished steel, and regulation no. 2 establishes the price of rods at $1 per ton above the price at Pittsburgh. Although there is more capacity to produce sheets and strip steel in the Mahoning Valley than any other district, the steel code provides neither a base price at Youngstown nor a valley price for these products.

Steel consumers in the Mahoning Valley are principally fabricators of sheets, strip steel, and plates, who establish their plants close to the sources of supply, and have built their business upon a cost of steel comparable to cost at Pittsburgh. To arbitrarily increase the price to these consumers from $1.50 to $2.50 per ton without a similar increase in the price to their competitors, will throttle development of the valley and cause established industries to retire from business or move to other districts.

We believe it was not the purpose of the steel code to change established and recognized practices, or to throttle industry in one locality for the advantage of other districts, and petition the directors of the American Iron & Steel Institute to authorize the reestablishment of the basis of selling which has existed in the Mahoning Valley for more than a generation.

Yours very truly,

CARNEGIE STEEL CO.
MAHONING VALLEY STEEL CO.
REPUBLIC STEEL CORPORATION.
SHARON STEEL HOOP CO.
YOUNGSTOWN SHEET & TUBE CO.

THE RECORD

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCLINTIC. Mr. Speaker, when President Roosevelt, as head of the party, took over the reins of the Government, conditions throughout the country were extremely bad. He knew that to regain the confidence of our citizens it was necessary to put into effect many new kinds of laws, and it is to his credit that he said to the public:

I may make some mistakes—some of the legislation may not work; however, if an error in policy is made I will gladly acknowledge such a fact, and we will try something else.

This is the kind of leadership that one likes to follow, and it has been a pleasure and privilege to stand with him in every matter that I thought would be beneficial to our citizens.

Serving in Congress can be compared to attending school, as the longer one is trained the more efficient he becomes, and this brings about a higher standing for the district.

I have served as a member of the following committees: Public Lands, Patents, Pensions, Printing, Privileges and Elections, Expenditures on Public Buildings, Naval Affairs; and now for the first time in the history of the State have a membership on the most powerful committee in the House, the Ways and Means Committee, which approves committee chairmen and assigns all other party members to committees; also prepares the revenue laws, tariff, and many other kinds of legislation of importance.

Length of service is known by everyone informed as to what counts in Congress, and the district has the chairmanship of the Oklahoma House delegation, chairman of the twelfth legislative zone, chairman of a special congressional committee, first vice chairman of the national congressional committee, secretary of the legislative forum, and chairman of the subcommittee that presented the oil legislation which is now a law.

I am proud that we had the honor of presenting the first bill to guarantee deposits in Government-supervised banks and to ask for the first hearing ever held in either branch of Congress on this subject. As long as this bill remains a law, no more will communities be paralyzed with bank failures, which bring about indescribable hardships to the poor as well as to others. Every one of these honors belongs to the district—every one would be lost should my constituents be misled by those who spread poison for the purpose of trying to promote themselves by a campaign of vilification and criticism. I have lived in what is now Oklahoma for over 30 years. All of my interests rest with the splendid citizenship that I have been pround to represent, and, of course, nothing will make me more happy than to be allowed to continue serving my friends and constituents as the first Representative from the Seventh Congressional District of Oklahoma.

THE PROGRAM OF THE PRESENT ADMINISTRATION

Mr. HESS. Mr. Speaker, I ask unanimous consent to print in the RECORD a speech delivered by my colleague [Mr. HOLLISTER] before the League of Women's Voters.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HESS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech delivered May 5, 1934, by my colleague [Mr. HOLLISTER] before the League of Women Voters:

I find I am to talk today on the program of the present administration; surely no simple subject, nor one that can be quickly dispatched.

These are times of great stress and strain, when many of the standards by which we have been accustomed to guide our public and private lives seem to be antiquated; when people are groping in a blind fog for a fixed light toward which they can turn their faltering footsteps. Perhaps it is a good thing for one in public life to make a frank avowal of his beliefs—a simple credo—and then superimpose on it the current governmental trends in order that he may see how they fit.

I believe in the future of this country. I believe in the innate common sense of its people. I believe in the advantages of its geographical position and in the wealth of its natural resources. I believe that these advantages have been marvelously developed by the operation of the competitive economic system. I believe that this system is in the long run immeasurably superior to any

other economic or social structure that has as yet been devised or even suggested. I realize that this system is far from perfect, that it needs to be directed intelligently, and that because of human frailty and greed certain reasonable curbs must be imposed. In times of stress the system may need a substantial amount of artificial support. I believe, however, that these curbs and this support should be kept at the minimum and that we should maintain at all times a system under which the liberty of the individual remains as the essential principle.

Conversely, I do not believe at all in governmental regimentation. I do not believe in so-called "planned economy" in its broad sense. I do not believe in putting the Government in business. I do not believe that a nation can spend itself out of a depression with government money. In fact, I do not believe in any system which substitutes governmental effort for private effort, or which tends to circumscribe and limit the reasonable rights of the individual while at the same time the power and scope of government is increased. Private business develops by private initiative, and when private business increases we increase employment and raise the buying power of all the people. In no other way can this result be achieved without a complete change in the economic and social system. What we need today is less government and more business.

Let us apply these principles to the present governmental situation. It is safe to say that never in the history of this country has so much major legislation of such a varied nature been adopted in the same length of time. We have in a short space of time altered fundamentally many of those precepts of our Government which have been longest established.

Please understand that I am not making a political speech. I know this is a nonpolitical organization, and I am trying to review dispassionately the present situation. As one of the minority party, I am perhaps in a better position to make a fair criticism than one who may be compelled by party loyalty to ignore obvious administration mistakes. I could, of course, discuss the campaign speeches of the President, the platform of the Democratic Party, and the inaugural address, and then compare with these the actions taken by the administration since it came into power. I realize that the right to change one's mind is not limited to the fair sex. It is only fair to point out, however, that these fundamental changes in the theory of government were not forecast during the campaign and were not then at issue. They reflect in no sense the desires of the voters as expressed at the polls, but represent the theories and inclinations of a small group of advisers who surround the President and who do not apparently feel any obligation of allegiance to the avowed principles on the basis of which their chief was elected.

If I am correct in my premise that we want more business, we should naturally assume that the first and more important step was to assist business in getting under way, and in the meantime to adopt such essential emergency relief measures as would alleviate human misery until the effects of business rejuvenation would make such relief unnecessary. It is here, may I say, that the President's advisers made their great and fundamental error. From the very beginning they have mixed inextricably the subject of temporary relief with permanent reform. Relief is assistance, and involves helping someone to help himself. Reform, even good reform, is upheaval. Business needs assistance to get on its feet. Attempts at reformation inevitably spell business dislocation and doubt—often disaster. It has been a curious phenomenon of the past year that we have seen these two forces in direct conflict, with business as the innocent victim.

Examples of relief are found in the bank-deposit insurance provisions of the 1933 banking bill which have allayed in the minds of the small depositors the fear of the loss of their money. This has in turn strengthened the position of the banks, who now need not fear the hysteria of the small depositors in starting bank runs. Another example of relief is the Home Owners' Loan Corporation, adopted to help out the distressed home owner who has real value in his property, but who cannot meet his mortgage obligations at the present time. The exchange of bonds for these mortgages has strengthened the situation of banks and insurance companies by adding liquidity to some of their frozen assets. The granting of aid by the Reconstruction Finance Corporation to banks, insurance companies, and railroads, begun in the previous administration, was a relief measure of the same nature. This was followed up by the acquisition by the Reconstruction Finance Corporation of notes and debentures of banks for the purpose of strengthening their capital structure. There is now under discussion a bill to provide a certain amount of working capital for small industries and thus permit them to continue in business and keep their employees at work. This will undoubtedly become law.

Most of these are temporary measures to tide over the present emergency, and all of them are for the purpose of helping the individual or business to help itself.

Contrast with these the Securities Act of 1933, which by making drastic and unreasonable rules for the registration and the control of the sale of all securities, has almost completely dried up the flow of private capital into the long-term financing of industry, and which has probably done more to stifle the recovery of the heavy industries, or so-called "durable goods", than anything which has happened during the depression. Yet almost all business men agree that if we can once put the durable-goods industries on their feet by making it possible for the buyers of machinery and similar heavy goods to secure capital to finance their needs, we shall be well on the way to recovery.

The stock exchange control bill which the House passed yesterday, and which will undoubtedly become law, though perhaps in a more modified form, is another example of the same manifestation. On the face of things it purports to curtail stock gambling by the regulation of stock exchanges. No one believes in stock gambling, and all are agreed that a certain amount of regulation of security exchanges would be salutary, but the average business man will tell you that this bill goes far beyond its avowed purpose. It puts corporations and individual officers and stockholders under arbitrary and unnecessary bureaucratic control. It tends also to shrink the market for stocks unreasonably, and thus materially affect the liquidity and even value of such investments. Both these measures are examples of attempts at reform which stifle business rather than help it.

The fiscal policy of the administration is another reform measure which has put fear into industry. This policy has changed a number of times and is even now uncertain. There was at first considerable talk of the commodity dollar, that is, a dollar whose gold content changes steadily, but whose buying power is theoretically kept on a fairly even keel. I say "theoretically", because there are few sound economists who really believe that this managed dollar can really be managed with any safety or success. The administration apparently reached that conclusion when it devalued the dollar at a fixed gold content, but at the same time it removed from our currency the right to demand anything of value in exchange for it. We have ceased to have any real metal base whatsoever for our currency; certainly a reform measure with a vengeance.

Please do not think the problem is as simple as I have stated it, or perhaps I have not stated it as simply as I had hoped. Much of this legislation is two-edged, or many-edged. It may have one aspect which is beneficial, but another that is hurtful. Sometimes the difference lies in the method of administration. No one can deny for instance that the National Recovery Administration has helped some lines of business greatly. A reasonable regulation of business by its own action is most salutary, and this occasionally seems to be the trend of the National Recovery Administration. The next day, however, we hear from the picturesque gentleman in charge of the work that he will crack down on business for this or that reason, and fear is again felt for the future.

I gave at the beginning of my talk a general creed for the long pull. Let me now give a more specific one for the present emergency. I believe that this Government must curtail expenditures—begin to work at once for a balanced Budget, not a balanced regular budget as distinguished from an emergency budget, but a balancing of all budgets. What good will it do if we balance the regular Budget, if the emergency one bankrupts us? What would you think of the intelligence of a man who boasts that he has paid the regular tradesman, if the sheriff is about to walk off with all his belongings to pay for some splendid emergency banquets he has given? What would be the advantage to an industry to have no current debt payable if it had a mortgage about to become due and no money with which to pay it? The analogy is clear. If Uncle Sam can't pay his debts, what difference does it make whether they are called "regular" or "emergency" debts?

The next tenet of my belief is allied to that just given. I believe in a sound currency, i.e., one in whose basic value we can have confidence over a long period, even though its buying power may fluctuate within reasonable limits. Since the date when the Government confiscated all the gold of the country, most of our currency has no intrinsic value. Its current purchasing power depends entirely on the confidence which those who use it have in it. Once this begins to weaken, and the bank notes which represent all but a small fraction of the currency of the country approach more and more quickly their actual value as scraps of paper, then are we indeed lost. The cost of living rises in an ever-increasing spiral and wages lag far behind. We enter the speculators' paradise, and all sound values disappear.

The last article of belief, but one of paramount importance, brings up the question of governmental regimentation. I believe firmly that we must begin at an early date to decentralize our Government, to abolish many Federal agencies, and turn their functions back to local government or to private control and initiative. There have been created during the last year about 40 new boards and commissions with over 40,000 employees, and these governmental bodies issue their arbitrary and often half-baked orders to you and to me. They send their auditors, inspectors, and appraisers throughout the country, and they demand the filling out and filing of applications, blanks, and reports without limit. Red tape and delay meet us on every side. Many small industries find the accounting costs of keeping up with the requirements of the Government almost wiping out the small profits which they may be beginning to make.

There are many evidences that the trade dislocations of the Great War which were in the main responsible for the terrific depressions through which the various countries of the world have recently passed are becoming readjusted by the inexorable operation of natural economic laws. England, for instance, which has gone through the valley of shadow, and which has unsuccessfully tried and given up a number of the experiments which we are so gayly following, and which has now gone back to sounder principles of economic development, seems to be well on the road to recovery. There is no doubt that basic conditions in this country are considerably better than they were at the depth of the depression. There is no reason that they cannct continue to improve, but they will only improve if private industry is given an

opportunity to utilize the innate abilities and resources of the country and its people without continual interference by the Government. We must not do so many foolish things that we keep business in a condition of fear. The most important and most numerous class in the country is the working class. Its ultimate welfare depends solely upon the proper development of industry. We need not fear the future if we will give industry a chance, stick to sound money, and balance the Budget.

THE "NEW DEAL" AND THE "OLD DEAL"

Mr. BECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech I made in Chicago last Tuesday.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BECK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by me before the Illinois Manufacturers' Cost Association, Chicago, Ill., May 1, 1934:

Mr. Chairman, ladies, and gentlemen, I am here at your gracious invitation, the honor of which I greatly appreciate. It is an added honor to me that Col. Robert McCormick has been good enough to take the chair, and I shall have occasion before I conclude my remarks to dwell upon the great service that your chairman has done the Nation in his valorous fight for the freedom of the press.

We are living in a very critical period of our Nation's history. In the language of Tom Paine, "These are the times that try men's souls." It is no time for mere partisanship. If I express my deep convictions as to the inevitable effect of many current measures upon our form of government, I am not lacking in respect for our President, for whose masterful leadership I have great admiration, nor do I speak as a Republican, but only as an American citizen who wishes to raise his feeble voice to vindicate the Government of our fathers, and to deprecate the policies that, intentionally or otherwise, are fast destroying the Constitution of the United States.

No one would have taken a deeper interest in this possibility than Abraham Lincoln of Illinois. The great purpose of Lincoln's career, to which he was as "constant as the northern star, of whose true fixed and resting quality there is no fellow in the firmament", was to preserve the Union by preserving the Constitution. All other issues, including that of slavery, were to him of great but subordinate importance.

Let me tell you a comparatively unknown incident in the life of the great emancipator. He had arrived in Washington as the President-elect. When Mr. Lincoln reached that city on February 23, 1861, a peace conference was then in session in Washington, and its delegates waited upon Mr. Lincoln. They represented to him the great danger to the country in any attempt to enforce the Constitution, upon the seven States which had already defied its authority by seceding from the Union. One of these delegates said to Mr. Lincoln, "It is for you, sir, to say whether the grass shall grow in the streets of our commercial cities." To which Mr. Lincoln made the following reply:

"If I shall ever come to the great office of President of the United States, I shall take an oath that I will faithfully execute the office of President of the United States, and that I will, to the best of my ability, preserve, protect, and defend the Constitution. It will not be preserved and defended until it is enforced and obeyed in every part of every one of the United States. It must be so respected, obeyed, enforced, and defended, let the grass grow where it may."

Two and one half years later he was to stand on the field of Gettysburg with the new-made graves of the dead about him to invoke, in immortal phrases, his countrymen to "highly resolve that these dead shall not have died in vain; that this Nation under God shall have a new birth of freedom and that government of the people, by the people, for the people shall not perish from the earth."

Less than two years later Lincoln was to seal his devotion to the Constitution with his life's blood.

Sixty-nine years have passed since he gave to the Constitution, even as the soldier dead of Gettysburg, "the last full measure of devotion", and it is a significant and portentous fact that today the Constitution, insofar as it sought to distribute power between the Federal Government and the constituent States, and insofar as it sought to restrain the Federal Government within its carefully prescribed channels of power, is virtually, or at least largely, nonexistent, except as a great historic tradition. The warning of another great citizen of Illinois, and a former Chief Justice of the United States, has come to pass. That is with our form of government, as has happened so frequently with the extinct religions of the past, that "the form has survived the substance of the faith."

This Constitution of ours, once jealously loved by the American people and admired by the leading publicists of all nations, and now either violated or at least flouted by men high in official place, is facing its most serious trial. The question that now confronts that people and will continue to confront it until the battle is lost or won is whether they want the Constitution to survive in its essential features. If they do not, they will say so, and it will perish.

This is far more than a question of sentiment or of loyalty to our past. It is a matter of the most practical interest to all who own property, who seek to use it lawfully in their own manner, and who may desire to transmit it to their posterity. A very profound student of governmental institutions, perhaps the greatest of the nineteenth century, Sir Henry Naine, attributed the amazing growth of America, one of the most stupendous pageants in the history of mankind, not merely to the wealth of its natural resources but to the inviolability of property rights which the Constitution had secured. He said: "All this beneficent prosperity reposes on the sacredness of contract and the stability of private property", and he added that the clauses of the Constitution which had thus insured the protection of property rights were "the bulwark of American individualism against democratic impatience and socialistic fantasy." Unhappily, that is no longer true.

In this connection it should never be forgotten that the Constitution was born of an economic crisis which was far graver than that through which we are now passing, and it was the men of character and property in this country who assembled in the great Constitutional Convention in 1787, in my city of Philadelphia, to protect their property rights by the creation of a form of government which, while recognizing the principle of democracy, would nevertheless prevent its excesses. Today, however, in Washington there is only lip service to the Constitution. It has wholly ceased to be a restraining force upon these excesses of democracy. The power of the Government is largely concentrated in the executive branch of the Government, and in that department men of high position flout the Constitution and sneer at anyone who ventures to raise a voice in its behalf. If any respect is paid to the Constitution, it is on the pernicious theory that an emergency may excuse its violation and justify congressional laws and executive measures in plain violation of its terms. Let it here be added that the American people have been betrayed into a false security by the illusion that the Federal judiciary, and notably the Supreme Court, will fully and automatically prevent any violations of the Constitution. Its power to do so is very limited, and in a democracy the only real salvation of the Constitution lies in the people themselves. If they are unworthy of it, it will perish, for it is a truth as old as Aristotle that a constitution cannot survive unless the people are worthy of it.

It is this fact, of which too many of our people are seemingly ignorant, that makes this the greatest crisis in our Government since 1860. Indeed, in one respect it is a greater crisis, even though the revolution now in progress is bloodless and has none of the pomp and circumstance of war. What was the crisis of 1860? The Republican Party had come into power for the first time and had elected Abraham Lincoln as President of the United States. At once seven States seceded from the Union before he could even take the oath of office. If Lincoln had acquiesced in the withdrawal of these States from the Union, what would have been the result? The loyal States, comprising at least 75 percent of the population, would have continued under the Constitution, and it would have remained for these States the great charter of ordered liberty. The 11 States which finally seceded would, for the time being, have formed a separate republic, but, with the exception of slavery and some minor details of government, they, too, would have existed under a constitution not dissimilar to the Constitution under which we live. The dissolution of the Union into two republics would have been an immeasurable disaster, but it is probable that sooner or later the centripetal influences of the railroad and the telegraph and other unifying influences yet to be would have brought them together.

The supreme issue now is not whether the Union will dissolve into two or more fragments, but whether the most essential features of the Constitution will be abandoned in all of the 48 States which constitute the Union. If the Constitution thus fails in its most essential feature, then it may prove a greater disaster to future generations than the mere disintegration of the Republic into two republics. This may seem a hard truth and one that you and I are loath to accept, but it is a fact which cannot be ignored that, if the Constitution is, as Gladstone said, the "most wonderful work ever struck off at a given time by the brain and purpose of man", then it is a greater disaster for it to perish as the charter of government for all 48 States than if it remained a form of government for the greater part of the States.

What do I mean by the essential features of our Government? It would take too long to enumerate them all, but the greatest of these is our dual form of government, whereby certain powers of common and uniform concern are allocated to the Federal Government and all remaining powers are reserved to the States, and to the people thereof. If in the vital matter of trade and industry all power is concentrated in the Federal Government, then our dual form of government ceases to be in the most important of all fields of governmental operation, namely, that of trade and industry. This means something more than what has been called State rights. It means the destruction of local self-government, and what is of infinitely more importance, the rights of the individual as against the power of government.

It must be obvious to anyone who will calmly consider realities and not be misled by illusions, that the line of demarcation between interstate and domestic commerce has been wiped out in the last 12 months. The Federal Government has now assumed complete and effective power over all trade and commerce so that it today controls the banks, national and State, the railroads, whether operating between the States or wholly within a State, the manufacturing industries, the conditions of labor, and

the activities of the farm; and this power is the more serious because it is not in the last analysis exercised by the Congress, which theoretically represents the composite will of the American people, but by the executive and his deputies. The portentous fact is that in the matter of agriculture, manufacture, transportation, banking, we are living under a dictatorship, and it is no compensating assurance to be told that it is a "benign dictatorship", for that is a contradiction in terms.

I do not question for one moment the patriotic purposes or the amiable intentions of the President of the United States. I have nothing but admiration for his qualities of leadership, which may rank him as one of the most forceful Presidents that this country has ever known, but it can be said of him, as of anyone vested with dictatorial powers, that the appetite for power "grows by what it feeds on." No ruler is so dangerous as the one who unites with complete power the intoxication of popularity, and the liability of a dictator to abuse powers was never more strikingly illustrated than when, without any hearing, the President canceled property rights which were worth millions of dollars, threw 25,000 men out of work, and subjected the Army aviators to the perils of death. This action contradicted every basic ideal of liberty, and while the President is the most amiable of men, yet the pride of power was never more strikingly illustrated than when the Executive Office publicly criticized Colonel Lindbergh simply because Lindbergh had protested against the confiscation of his own property without his constitutional "day in court."

In my judgment, the overshadowing political issue in the next 2 years is, or should be, to save our form of government. Mr. Hoover prophetically said in his principal speech in the last Presidential campaign that that contest was not between two candidates, or even two parties, but between two philosophies of government, and time has vindicated the truth of that statement. However little the fact may be now appreciated, and however disposed the industrial interests of the country may be to sell their precious birthright, constitutional liberty, for the mess of pottage of a temporary and largely fictitious recovery, the fact remains that two philosophies of government are now at death grips. The one is the philosophy of the present administration, and it differs in degree but not in kind from that of Stalin, Hitler, and Mussolini. It is a philosophy which turns citizens into subjects and makes them live by the sufferance of their Government. The other philosophy is that of the master architects of the American Constitution, who believed that the Government should confine its operations to strictly governmental functions and not attempt to regiment the citizen in his industrial activities, whether they be those of the farm or the factory. Upon the decision of this issue will depend the future of the Republic, for if the present policy of a unitary socialistic State shall prevail, even the Union, which is older than the Constitution, may not long survive.

The present crisis in constitutional government is, therefore not dissimilar to that which existed in the Nation when Abraham Lincoln took an oath of office to support and defend the Constitution of the United States, and it may be well to recall what he said as to the obligation of that oath. Turning to the States which had revolted against the Constitution by acts of secession, he said, "You can have no oath registered in heaven to destroy the Government, while I shall have the most solemn one to preserve, protect, and defend it", and all that followed in that tragic Civil War, from Bull Run to Appomattox, was the performance of that duty. When the present administration required, under penalty of imprisonment, a pants' presser in Tampa, Fla., to charge not less than a certain amount for his labor, then the Federal Government did assert a right not merely to regulate interstate and foreign commerce, as authorized by the Constitution, but to regulate all trade and industry in the United States, and this is the destruction of a basic principle of the Constitution, that the States, respectively, should regulate all trade and industry within their own borders. No one, except some salaried advocate of the present regime, would seriously contend that the pressing of pants in Florida is in any sense interstate commerce. It is to the credit of the administration that most of the President's advisers, who are formulating these socialistic policies, tacitly admit that they are without any authority under the Constitution and are essentially revolutionary in their nature.

Few in Congress sought to justify under the Constitution the seizure by the Federal Government of these reserved rights of the States.

Those who attempted to do so, either under the theory that an emergency could provide a moratorium on constitutional obligations or that the power to regulate the domestic trade of a State was implied, again remind us of the sarcastic remark of Lincoln that there were those whose powers of interpretation, when sufficiently stimulated by self-interest or love of power, were such that they could solemnly argue that "a horse chestnut is the same as a chestnut horse."

To such, the solemn words of the Constitution, written with a lucidity and clarity that the world has ever since admired, are meaningless symbols, to which any meaning can be attached by self-interest. It reminds one of that passage in Alice in Wonderland, where Humpty Dumpty said, "When I use a word, it means just what I choose it to mean, neither more nor less." To which Alice replied, "The question is whether you can make words mean so many different things." To which Humpty Dumpty replied, "The question is, which is to be the master—that's all." The proponents of the new deal regard themselves as the masters of the written word of the Constitution, and where they can find no authority for extraordinary acts, they usurp the right to interpret the Constitution contrary to its express language. Indeed, they do not interpret it; they ignore it.

It is to the credit of the President that, with few exceptions, he has not sought in any public address to justify many of the policies of his administration by any grant of power under the Constitution. In one of the first of his radio addresses he said that all the powers of a dictator which had been vested in him were constitutional, because they had been duly delegated to him by Congress. He has never since pursued that line of argument, for it must be obvious to anyone that when a duty is imposed upon Congress, such as the regulation of the value of coinage or of interstate commerce, Congress does not discharge that duty by wholly abdicating it.

The framers of the Constitution believed, and such was the consistent policy of their forbears, that there were many important governmental measures which one man, however wise and well meaning, could not wisely exercise, but which would require the composite intelligence of the representatives of the people in Congress assembled. For example, the Constitution expressly said that Congress, and Congress alone, should impose taxes, and "to make assurance doubly sure", it expressly provided that all revenue measures must originate in the House of Representatives, it being the body most representative of the general will.

This has been a principle of English-speaking liberty for 500 years. In defense of that principle Sidney and Hampden and Elliot had risked their lives, while, on the other hand, for defiance of that principle Charles I lost his head and James II his crown. Nevertheless, the present Congress, in clear violation of the Constitution, vested an absolute power in the Secretary of Agriculture to impose processing taxes in his sole discretion, under which already nearly a billion of dollars have been wrongfully exacted from the processors of agricultural commodities and paid over to one class of the people as a subsidy. This violation of a constitutional principle, which we and our forbears had fought for from the time of the Plantagenets to the present administration, was the more indefensible because the money thus raised by the arbitrary power of one man was turned over, in his sole discretion, to one class of the community. Let us hope that this marks the climax of a policy of recent years to bleed white the industrial States of the Union, which have 75 percent of the population and pay over 90 percent of the tax burdens, for the benefit of the wheat and cotton planters and the hog raisers of the agricultural States.

The President, not content with his present power to reduce or increase import duty by 50 percent upon the advice of the Tariff Commission, now desires not merely to exercise that power without the advice of the Tariff Commission, which acts upon a hearing, but to make a treaty without the consent of the Senate which would pledge this country to admit the products of other countries upon some scale of duties which the treaty would prescribe. This offends the Constitution in two ways. It not only seeks to confer power within a statutory margin in the President to determine the rate of import duties, but it gives him the right to incorporate reciprocal-tariff rates in a treaty without the consent of the Senate. If such a law were passed and sustained by the Supreme Court, it would simply mean that the President would hold by the throat every industry in this country whose existence depends upon a protective tariff. We have already been admonished by his Secretary of Agriculture that either we must continue to subsidize the farmer at the expense of fiscal bankruptcy or we must let into this country at least a billion dollars' worth of manufactured products. It must be obvious that we cannot admit such a volume of products now dutiable without closing thousands of factories in the United States. We would then give employment to aliens in foreign lands and throw thousands of American workmen on the bread lines.

I assume that the President would not intentionally bring about this result. But to give him the power to do so is to subject the industries of this country to possible ruin.

In this connection it must be remembered that when we speak of the President's edicts or decrees, it is unthinkable that he can personally decide one in one hundred of the many questions which are nominally referred to him and decided in his name. His industry is great, and his power of decision is amazing, but the powers so lavishly conferred upon him are delegated to many deputies and it would be one or more of these deputies who can determine the fate of thousands of industrial establishments, if the President has the power to reduce duties under reciprocal trade agreements.

Until the President delivered his annual message to Congress on January 3, 1934, I had tenaciously believed that he had no sympathy with any attempt to make a permanent change of our form of Government, and that his only purpose, which was quite intelligible, was to meet the grave conditions of an economic crisis by temporary measures of a drastic character. When, however, the President came before Congress on January 3 last, he gave, in his charming and engaging way, an intimation that he shared with his closest advisers the conviction that this revolution in our form of government should be permanent. Smilingly he told the Congress that it was his purpose "to build on the ruins of the past a new structure, designed better to meet the present problems of modern civilization", and he promised "a permanent readjustment of many of our ways of thinking and, therefore, of many of our social and economic arrangements." With a glance at the Supreme Court there assembled, he pointedly said that it was "the joint task of the legislative, the judicial, and the executive branches of the National Government to consolidate what we are doing to make our economic and social struc-

ture capable of dealing with modern life." He recognized that the new deal was at the sacrifice of the old-order freedom, for he added, "We have demanded of many citizens that they surrender certain licenses"—by which he meant liberties—"to do as they please in their business relationships." As to the National Recovery Act and its complete usurpation of all the rights of the States in reference to their domestic trade and industry, he said that "we have created a permanent feature of our modernized industrial structure", meaning the N.R.A., and that "it will continue under the supervision, but not the arbitrary dictation of Government itself." Forgetful of the limitations of the Federal Government under the Constitution, he promised a national plan which will eliminate the use of inefficient tools, conserve and increase natural resources, prevent waste, and enable millions of our people to take better advantage of the opportunities which God has given our country.

This apparently meant that the ambitious program of the Secretary of Labor to limit the hours of labor, the amount of production, the minimum wages of labor, and the maximum price of sale, and even the right to improve plants to increase production should be regulated by the Federal bureaucracy.

A few days later the President again pointedly told the country that his new deal would be a permanent policy of our Government.

The American people now know exactly what they have to expect; and in the same address the President gave one indication of the essentials of the new deal when he demanded that all industrialists should make a further reduction in the hours of labor and give increased wages for less work. We were advised that we must either accept that as an Executive edict, or expect a rigid law of Congress which would reduce working hours to 30 hours a week. The new deal contemplates the right to determine the amount of wages, the hours of labor, the amount of the output, the character of machinery used in production, and the size of the crops, and yet the new dealers wonder why confidence is so little and recovery is so slow.

Even more recent and significant was the statement of the President at the dinner of the Gridiron Club of Washington. I cannot quote his exact language, for the speeches of a President at the Gridiron dinner are not reported, but I am credibly informed that, in speaking of our Constitution, he referred to the fact that our historic warship, which we called the "Constitution", and which is familiarly known to us as "Old Ironsides", might have been a good warship in the days of the Barbary pirates, or the War of 1812, but would be of little use today. The implication would seem to be that the Constitution of the United States, while it served a useful purpose in the past, was equally out of date today. This reminds me of a poem which a correspondent has sent me, and two verses of which I venture to quote:

"Aye, tear the wrinkl'd parchment down!
Has it not held a place
Close to the human hearts that throb
In breast of noble race?
For it recites those principles
Of Freedom for mankind
On which our Nation great has thriv'd
And whereby States we bind.

Hold! There are those among us who
Say God's hand held the pen
That wrote that sacred document
And guided those wise men.
Aye! Millions now arise in might
Who will not be denied:
'The Constitution, Hope of all,
'Shall not be crucified.'"

Let us never forget that the Constitution is something more than a written document. It is the voice of a mighty spirit of the English-speaking race from the time of the Pilgrims to the present day. What was the significance of the Pilgrims in history? It is not so much what they did as what they were. They were the world's greatest individualists, and their individualism was inspired by a deep religious conviction of the integrity of the human soul. It was that spirit that led them to leave the land of their fathers and to seek a wilderness in which, if they were not comfortable, they could at least be free. The noblest charter of individualism is the Constitution of the United States. Its great purpose was to insure local self-government and to protect the inviolable rights of the individual. It made a reality of the noble preamble to the Declaration of Independence that governments did not create men but men created governments, and that the individual had rights which no government could deny. With this theory of government we transformed, in a space of time that could be literally measured by two lives, one of the smallest nations into the master State of the world. In so doing we built up a civilization greater in diffused comfort and in equal rights than any other nation, and it is this theory of government which we are asked to abandon in the hysteria of the present economic crisis.

The question rises above any question of economics. It vitally affects the manhood of the American people. I greatly regretted the action of the Government in devaluing the dollar and repudiating our obligations to pay, as provided in the contract, but these fiscal errors, if they are errors, are as nothing to the devaluation of the manhood of the people in the administration of the N.R.A. law. American industrialists who wanted to manage their own business in their own way were terrorized by threats of "economic death", and in accepting the servitude of the Blue Eagle they have bowed as truly to Gessler's cap as did the citizens of Altorf until William Tell showed the road to freedom.

It is true that the President recently said that what was happening was not revolution but evolution, but hardly had he said so when his chief adviser, Dr. Rexford G. Tugwell, in a recent issue of Today, said: "The real economic revolution is just beginning in the United States. It is a fundamental error to assume that we have reached the end of the 'swing to the left' and that we may forego any further important policy changes."

All of which is the professorial equivalent of the more picturesque phrase of General Johnson, who grimly said to the industrial representatives of the United States in convention assembled, "You ain't seen nothing yet." What that means was shown by Professor Tugwell in the same article, when he said: "If industry, working as it now has a chance to do in cooperation with the Government, will adopt policies of low prices, high wages, and a planned use of its capacity, foregoing speculative profits in some periods as well as speculative deficits in succeeding ones, all the objectives will have been accomplished."

Translating this into plainer speech, it means that the industrialists of this country are directed by the bureaucrats to increase their expenditures and simultaneously lower their receipts. If this policy can be enforced, then one business in America will be prosperous. It will be the manufacture of red ink.

While the now famous Dr. Wirt rendered a service to his country in calling attention to an undeniable menace to our institutions, he unfortunately defeated his own purpose by overemphasis of a false analogy. No one believes that President Roosevelt is either a Kerensky or a Stalin. He is too forceful a man to play the role of the weak and vacillating Kerensky and he is too patriotic an American to assume the role of Stalin. The possible reaction to this overstatement with its anticlimax may lead too many Americans to believe that there is no truth in the charge that our form of government is being undermined by socialistic methods of government. That a social revolution is in progress which involves the very foundations of the Republic was admitted by Donald Richberg, the leading counsel for the N.R.A. He says, "The long-discussed revolution is actually under way in the United States. There is no need to prophesy. It is here. It is in process. In many other countries there have been revolutions since the World War—each one with surprisingly little bloodshed, but with a tremendous exercise of force and oppressive power. * * * The violent overthrow of parliaments and rulers is nothing new, but the peaceful transition of all departments of government from one fundamental concept of a political economic system to another is different." No words could be plainer than that.

If other confirmation is needed as to the intentions of those who are now in high official place, it would be enough to refer to the many speeches of the Secretary of the Interior, Mr. Ickes, who is too honest a man to clothe his purposes in ambiguous language. In more than one address Mr. Ickes has emphasized his belief that the American experience in democracy has hitherto been a failure, and that the pioneer period of our history had resulted in, to quote him, "our national degradation." In his judgment the descendants of the conquering pioneers more and more lived lives of ease and comfort, while profits continued to pour in as the result of physical slavery in the South and economic exploitation in the North.

I had thought that the progress of America was one of the most stupendous pageants in the annals of the world, and that nowhere in any other country or at any other time had the average man reached so high a plane of comfort and liberty and self-respect. Secretary Ickes seems to believe that we should regret our past and turn hopefully to the new millennium of the "brain trust", whose love of liberty is shown by the imprisonment of a man because he was willing to take less for his labor than some of his competitors. We are now to have the glorious millennium of an age in which, under the planned economy, no man can work or sell the product of his labor except by the gracious permission of a Washington bureaucrat. I confess I prefer the liberty of the individual, which we owe to Franklin and Washington, to Jefferson and Hamilton, to Webster and Lincoln. The individual may use his liberty to make mistakes, but that is a part of his liberty, but surely it is better than to be a guinea pig, to use Alfred E. Smith's striking phrase, upon which the "brain trust" experiments so futilely.

I appreciate that the President is a great leader. Few of his predecessors have ever surpassed him in swiftness of decision or courage in action. We do not question his qualities as a leader, but we do feel greatly concerned as to where he is leading us. Some of us are not prepared to give up so quickly the well-tested institutions of our country in favor of a new scheme of government, whose boundaries are not prescribed and whose objective is not clear. We are not prepared to tear down in a day what it has cost the past efforts of over a century to erect.

Nothing better illustrates the avowed purpose of the present administration to turn our Government into a unitary socialistic republic than one of the latest acts of the N.R.A. administration. It has always been apprehensive that the judiciary, which is the last line of defense for constitutional liberty, would declare their ambitious project unconstitutional in respect to trade and commerce within the States, and that fear was well founded, for in at least four different jurisdictions both Federal and State courts have now declared that the National Recovery Act, so far as it attempted to regulate the factory and the farm within a State, is unconstitutional. Let me say in passing that the two recent decisions of the Supreme Court in the Minnesota mora-

torium case and the New York milk case in no respect weaken the views thus expressed by these Federal courts, for in these recent decisions the Supreme Court was only discussing the reserved powers of the States. No question as to the powers of the Federal Government was involved.

Conscious of this rising tide of judicial decision, the N.R.A. resumed its movement to have the States pass independent legislation to make the National Recovery Act the law within their own sphere of power. Not content with suggesting this to the States, the N.R.A. administration on February 11 drafted a model law for the acceptance of the States; and I want to draw your attention to the second section of that act:

"SEC. 2. To effectuate the policy of this act, the Governor is hereby authorized to consent to the President of the United States utilizing State and local officers and employees in effectuating the policies of the National Industrial Recovery Act in accordance with the provisions of section 2 (a) of that act."

I question whether any more humiliating proposal was ever made to the States. It invites them to surrender their police powers to the Federal Government so that every State official would become merely an officer of the President. If there were at the moment any pride in the States, they would resent the suggestion as preposterous. Imagine great historic States like Massachusetts, Pennsylvania, Virginia, and Illinois authorizing their Governor to crawl to the throne of Federal power and ask the President to become in fact the super-Governor of those States in the matter of police administration. The fact that no attention has been paid to this marks the supreme demoralization of constitutional morality in this country. It would be the final act of surrender by the States of the power which they had so jealously reserved in creating the Union. It makes waste paper of the tenth amendment to the Constitution, which was intended to make inviolable the reserved rights of the States. It realizes the dream of Alexander Hamilton, who, in the Constitutional Convention of 1787, advocated the abolition of the States. He took the floor on June 18, 1787, and, referring to the States, he said: "If they were extinguished, I am persuaded that great economy might be obtained by substituting a general government. I do not mean to shock the public opinion by proposing such a measure. On the other hand, I see no other necessity for declining it."

This speech was received with amazement. As one member of the Convention said, "Hamilton had many admirers, but no supporter." His speech was never thereafter referred to in the Convention, and soon thereafter Hamilton left the Convention and did not return for many weeks thereafter, and then only for short periods. Conscious of the amazement of the Convention, Mr. Hamilton subsequently tried to correct it by saying: "By an abolition of the States I meant that no boundary could be drawn between the National and State legislatures and that the former must therefore have indefinite authority. If it were limited at all, the rivalship of the States would gradually subvert it. As States I think they ought to be abolished, but I admit the necessity of leaving in them subordinate jurisdictions."

If the proposed law shall now be adopted by the States, then Hamilton has had his wish, for the States are virtually abolished if their entire police administration is turned over to the President to do with as he will in the regulation of all trade and industry.

I appreciate that the "new deal" is a catching phrase, but it might be well for Americans to recall what the old deal was. It was the work of Washington and Franklin, of Hamilton and Marshall, of Webster and Lincoln, and under that old deal our Nation had grown from one of the smallest of the nations to be the master State of the world. Notwithstanding all the ballyhoo of radio and press, which gives but one side of the story, I refuse to believe that Professor Moley was as wise as George Washington, or Professor Tugwell as sagacious as Dr. Franklin, or General Johnson as great an executive as Alexander Hamilton. If it were possible to recall the dead from the land of the spirits, I would willingly exchange these apostles of the new deal for one hour of the old deal of George Washington or Benjamin Franklin.

Should this ambitious program of social reconstruction, which Congress made only temporary to meet an emergency, now become permanent, then our Government in the vital matter of trade and industry will differ in degree, but not in kind from the governments that now regulate the industrial life of the individual in Italy, Germany, and Russia.

I have endeavored throughout this address, which is made in no spirit of narrow partisanship but simply in that of patriotism, to do full credit to the leadership of President Roosevelt. Possibly there has never been since Thomas Jefferson a more attractive leader of the masses; but whatever his merits, this Government is greater than any one man, and we are not the children of Hamelin to follow the dulcet flute of the Pied Piper, especially as some of us see ahead only the yawning abyss of fiscal bankruptcy and economic bondage. It is interesting how history repeats itself, not only in events but in the reincarnation of personalities. Of all the great rulers who governed the destinies of imperial Rome, none was more attractive than the Emperor Augustus. He was young, affable, generous, kindly, and well meaning, and his many graces of character were reflected in his personal beauty. He, too, came to the throne of power in a great emergency, when his great uncle had been a victim of the jealousy of envious senators. No one can question that Augustus did much to bring the emergency to an end and to restore peace in his country, but it was at the sacrifice of its liberties. He induced the senate to delegate all its powers to him for a period of 10 years. The senate never regained it, and each 10 years Augustus and his successors celebrated the absorption of the power of the Senate, which meant the end of the Roman Republic. Similarly the American people were assured that these emergency proposals were only temporary and for a special purpose, and that the legislative powers that Congress had abdicated would be restored to the Great Council of the Republic. It remains to be seen how far the parallel will persist; but as long as human nature is human nature, the Executive—whether the President be Mr. Roosevelt or his successor—will not readily surrender powers which under the pretense of an emergency the Executive has taken from Congress. If our form of government is to be restored, it will be for the American people to do so.

Future historians will be greatly puzzled why the American people, after clinging to their institutions for nearly 150 years, seemingly surrendered them so readily. For this extraordinary change in the spirit of the American people there are many reasons, but one of them, and possibly the greatest, was that under the pressure of an emergency, free discussion, which is the life force of a democracy, was virtually destroyed until recent months. Those of us who attempted to protest against so radical a change in our form of Government were generally denied an opportunity to express our views, either in the press or over the radio, while the administration used the public funds for propaganda purposes to an extent for which there is no precedent in our history in times of peace. A few fearless and patriotic newspapers were notable exceptions. The Chicago Tribune, Daily News, and Chicago Journal of Commerce, the New York Herald Tribune, the Baltimore Sun, and the Los Angeles Times opened their columns to protestants and unlimbered the artillery of their editorial page. Nothing better illustrates the undemocratic spirit of the administration than the attempt that was made to shackle the press by the N.R.A. It had the big stick of a potential threat to license the newspapers of America and thus go back to the time of the Star Chamber when no newspaper could be published without its consent. Slowly and grudgingly the N.R.A. agreed to write into the newspaper code a disclaimer of any intention to interfere with the liberty of the press, but as long as there was the threat of licensing the papers, it did not greatly matter whether the first amendment to the Constitution was written into the code or not.

Given to the Administrator of the N.R.A. the right to license a paper, there was his corresponding right to revoke a license, and as long as this threat was held as a great club over the newspapers of the land there could not be complete freedom of expression. I mention all this to pay a tribute to the distinguished journalist who has honored you and me in presiding at this dinner. No one made a more valorous attempt to defend the freedom of the press than Col. Robert McCormick. Wherever an opportunity was offered to him he publicly protested against any attempt, however specious, to put the press into shackles. He has rendered many distinguished services to his Nation, but none so great as the fight which he, at times almost single-handed, made in defense of that liberty of the press, without which our democratic institutions would be a hollow sham.

What he did for the press it is for the industrialists of America to do for the freedom of business. Unless you have lost the American spirit, you cannot welcome the permanence of a system whereby you conduct your factories by the sufferance of the Federal Government and compensate your labor as required by some labor organization. Do not sacrifice your hard-earned freedom for temporary advantage. Do not sell your birthright for a mess of pottage.

BOUNDARIES OF THE NAVAJO INDIAN RESERVATION, N.MEX.

Mrs. GREENWAY. Mr. Speaker, I ask unanimous consent that the bill (H.R. 8982) to define the exterior boundaries of the Navajo Indian Reservation in New Mexico, and for other purposes, be recommitted to the Committee on Indian Affairs. This is necessary in order that the committee may consider a slight amendment.

The SPEAKER. Is there objection to the request of the gentlewoman from Arizona?

There was no objection.

GRAIN FUTURES ACT

Mr. JONES. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. CHASE] may have the remainder of this week within which to file a minority report on the bill (H.R. 9471), to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges, by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate disagrees to the amendments of the House to the following bills:

S. 2030. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; and

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

Requests a conference with the House on the disagreeing votes of the two Houses on said bills, and appoints Mr. ASHURST, Mr. KING, and Mr. BORAH to be the conferees on the part of the Senate.

A.A.A. PROCESSING TAX ON HOGS

The SPEAKER. Under the special order of the House the gentleman from New York [Mr. REED] is recognized for 10 minutes.

Mr. REED of New York. Mr. Speaker, prior to the new deal it was lawful for eastern farmers to raise a few hogs each year, butcher them, and sell enough of the dressed pork for cash to enable them to pay their county, town, and school taxes without being subjected to a Federal tax for this privilege. Such for a century and a half has been the custom among thousands of farmers in New York State and throughout New England. The usual practice has been for each farmer to raise a limited number of hogs, put down one or two of them for his own use, then sell the others to regular customers or exchange pork for merchandise.

Now, under the socialistic regimentation system, the Government has adopted a scheme to tax the farmer who raises, kills, and sells his own hogs. Failure on his part to pay the tax or make an accurate report of the transaction, as required by law, is punishable by a fine of $10,000 or imprisonment for not more than 5 years, or by both fine and imprisonment.

In their daily ballyhoo over the radio describing the benefits of the A.A.A., the bureaucrats have failed to stress the tax features and the criminal provisions of the act as they apply to the small farmer in the Eastern States. The farmer in the West and South who produces and sells hogs alive, which is the usual practice in the large hog-producing areas, is not subject to these regulations and is required to make no report nor pay any processing tax. I mention this because what I shall have to say applies particularly to the farmers of the Eastern States.

The provisions of the A.A.A. and the regulations adopted to carry out the law are of very great importance to over 2,400 farmers in my congressional district who in the past have raised, killed, and marketed each year on the average of from 3 to 7 hogs. Under the terms of the A.A.A., the farmer who slaughters his own hogs and sells the pork is a "processor" and subject to the processing tax. The processing tax has been increased by the Secretary of Agriculture from 50 cents per hundredweight on November 5, 1933, to $2.25 per hundredweight on March 1, 1934.

The record the farmer is required to keep "with respect to the slaughter of hogs of his own raising and the sale of any of the products thereof" is explained in a bulletin issued by the Government, from which I quote:

He is required to keep a written record showing:
(a) The date on which the hogs were slaughtered.
(b) The number of hogs slaughtered.
(c) The live weight of the hogs slaughtered (where not practicable to do this, he may make an estimate of the live weight of the hogs, showing the basis used in arriving at this estimate).
(d) The hog products sold after November 5, 1933, the weight thereof, the price paid therefor, the date of the sale, and (where practicable) the name and address of the person to whom sold.
(e) The hog products consumed by himself, his family, employees, or household and the actual or estimated weight thereof.
(f) The live weight of hogs processed for the producer, his family, employees, or household, together with the names of the processor thereof.

This, however, is only the beginning of the red tape to which the small farmer is subjected under the A.A.A. He must file a processing-tax return. Here is what the Government bulletin requires:

As soon as a producer has sold or exchanged, on or after November 5, 1933, in excess of 300 pounds of hog products, derived from the hogs of his own raising which he has slaughtered, he becomes liable for a processing tax. The producer must file a processing-tax return of the products sold in excess of the exemption on or before the last day of the month following the month in which the sale or exchange of such products exceeded 300 pounds.

The only method by which the small producer of hogs can legally escape the processing tax is to sell his hogs alive or keep within the technical exemption of 300 pounds, which he, together with his own family, employees, and household may sell or exchange during any marketing year. If, however, he sells in excess of 300 pounds, he is subject to a tax on the excess, and if he sells in excess of 1,000 pounds he loses the exemption and is taxed on the entire amount.

It has been customary for the small farmer to trade some of his dressed pork for merchandise or services, but now under the A.A.A. he cannot do this without paying the processing tax, unless, of course, he keeps strictly within the exemption. This new-deal plan completely upsets a custom that has prevailed among the farmers of my district for years.

If the farmers of the district which I have the honor to represent attempt to follow the time-honored local custom of killing and marketing pork, the tax in the aggregate will amount to approximately $71,000 per year.

This is a most unjust discrimination against eastern farmers. They have not been responsible for the surplus of pork which inspired the experiment of destroying more than 5,000,000 hogs.

What I have had to say is not captious criticism. Regardless of how I may feel about this discrimination and injustice, I have attempted in restrained language to point out to many distressed farmers the necessity of keeping out of the clutches of this drastic law. If I were to state that the A.A.A. had been of no benefit to the farmers of New York State, I would be charged by the administration as a "Tory", "a chiseler", and a rank partisan. I do not need to make the assertion. An official of the administration has spoken on this point with highly commendable frankness. On April 5, 1934, Chester C. Davis, Administrator of the Agricultural Adjustment Act, addressed a conference of extension workers and representatives of farm organizations held at Syracuse, N.Y. Here is what Administrator Davis had to say:

I realize that I am talking to a group representing a region that has not been directly and favorably affected by one of the major programs of the Agricultural Adjustment Administration. The purpose of this conference is to lay all the cards on the table, face up, discuss with you the fundamental theory underlying the Agricultural Adjustment Act and the objectives of the Administration operating under it, and to find out in what way the powers conferred on the Department of Agriculture under the act can be utilized on behalf of New York agriculture.

This conference—

Administrator Davis continues—

is devoted especially to the agricultural problems of your great State. I say to you frankly that the case of the Adjustment Administration in New York cannot be balanced if you take into account only the direct and immediate benefits to your farmers arising from the program undertaken up to date.

This broad admission would not have been made by Administrator Davis if there had been even one direct benefit to the farmers under the Agricultural Adjustment Act to which he could have pointed. Face to face as he was with the representatives of farm organizations who knew the

facts, he further admitted that in some cases the effects upon New York State farmers had "been adverse." The adverse effects he mentioned were something the farmers already knew. Here is what Administrator Davis said:

I have in mind particularly the increase in the cost of feed and of sacks.

It was not necessary for him to stop with the enumeration of the increased cost of feed and sacks. The farmers know that the processing tax has increased the cost of many other things they have to buy out of all proportion to the price they receive for what they produce. The N.R.A. has added still more to the cost of what he buys.

Instead of going into further detail, however, Administrator Davis sought to allay the existing hostility to the act by pointing out that the Federal Government had assisted the farmers by the expenditure in New York State of $75,000,000 for employment under the C.W.A. He did not, however, explain to the farmers that of the $693,000,000 expended for the national program of the C.W.A. the taxpayers of New York State will have to pay $231,000,000. To be more specific, the taxpayers of New York State will be called upon to pay $231,000,000 taxes, of which only $75,000,000 has been allocated to and spent in New York State.

Administrator Davis also pointed out that up to March 1, 1934, $49,000,000 had been granted to New York State from the Federal Emergency Relief Administration. He did not tell the farmers that of the $401,000,000 for the relief of the Nation, the taxpayers of New York State will have to pay over $133,000,000 and receive back only $49,000,000.

Whatever the Government spends under any of the alphabetical organizations for the 48 States, the taxpayers of New York State will pay one third of the whole sum.

It would have been more to the point for Administrator Davis to explain to the farm organizations that if the A.A.A. is rigidly enforced the farmers of New York State who continue to raise, kill and market their own hogs will pay a processing tax amounting in the aggregate to $700,000 annually.

The farmers, of course, many of them, will go out of the business of raising hogs, except for their own use, rather than go through the red tape of keeping complicated books, reporting to the revenue collector, and then run the risk of being fined and imprisoned for some inadvertent mistake that may be construed as an attempt to evade the processing tax.

Mr. Speaker, the difficulty does not end there. Telegrams are pouring in here now, from the small processor of the State of New York who cannot pass the processing tax along to the consumer. It means their ruination. It means that 29,000 farmers who raise hogs to pay their taxes in the fall must, if they continue to do so, pay a processing tax amounting to $700,000; or if they attempt to sell their hogs alive to escape the tax they may find that the market for live hogs will have been destroyed.

CODE OF FAIR COMPETITION FOR PETROLEUM INDUSTRY

Mr. COX. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 364 and ask for its immediate consideration.

The Clerk read the House resolution, as follows:

Resolved, That there is hereby created a select committee to be composed of five Members of the House, to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the manner in which the original appointment is made.

SEC. 2. The committee is authorized and directed to investigate the administration of the code of fair competition for the petroleum industry and such other person or persons as may have information pertaining thereto on practices obtaining in the petroleum industry as defined in such code, and on prices and production quotas effective since the approval of such code, with a view to ascertaining whether any such practice, price, or quota is unjust and inequitable to any interest involved and, if so, whether further legislation is necessary for the protection of such interest. The administrator of the code of fair competition for the petroleum industry is requested to cooperate with the committee in carrying out the purposes of this resolution.

SEC. 3. The committee shall report to the House during the present session of Congress the results of its (consulations and) investigations, together with such recommendations for legislation as it deems advisable.

SEC. 4. For the purpose of this resolution the committee is authorized to sit and act during the present session of Congress in the District of Columbia, as a whole or by subcommittee, at such times, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or otherwise, and to take such testimony as it deems necessary.

The chairman of the committee or any subcommittee thereof may administer oaths to witnesses.

Mr. COX. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COX: Page 2, lines 9 and 13, after the word "present" where it occurs in both places, strike out the words "session of."

The amendment was agreed to.

Mr. COX. Mr. Speaker, by agreement the debate on this resolution has been limited to 30 minutes, 15 minutes of which time I yield to the gentleman from Massachusetts [Mr. MARTIN], to be yielded by him as he may see fit.

Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, this is a very simple resolution reported by the Rules Committee to authorize a select committee of five to investigate the administration of the code of fair competition for the petroleum industry. There is nothing secret or unusual about it, and it has been introduced because officials of the State of Texas, which, of course, is very vitally interested in the production and sale of petroleum and its products, are anxious to know certain facts and figures on which the petroleum administrative board has determined the allocation of production and refinery capacity throughout the United States.

The committee, of course, will have no power to report favorably or unfavorably upon any bill. It has no power to take any action in the premises other than to report the results of its investigation.

Mr. DONDERO. Will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Michigan.

Mr. DONDERO. Are any of the other oil-producing States asking for this resolution?

Mr. BAILEY. I cannot answer the question of the gentleman, because I do not know. I think not.

Mr. O'CONNOR. Was the question whether other States were interested?

Mr. BAILEY. Whether other States had asked for the investigation.

Mr. O'CONNOR. A great many of them have, Wyoming, Oklahoma, and others have asked for this investigation. There are some 19 States. Of course, the consumers on the Atlantic seaboard are very much interested.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. The gentleman stated that there is nothing unusual about this resolution. Will the gentleman tell the House when a resolution of this character was ever introduced or ever considered by the House before this time?

Mr. BAILEY. Yes. I think they are considered very frequently. This is a resolution to investigate certain matters; of course the codes are new but investigations are not.

Mr. COCHRAN of Missouri. This is a resolution to investigate the code of fair competition of an industry. The first of its kind ever called up here.

Mr. BAILEY. It is not to investigate the code.

Mr. COCHRAN of Missouri. Does the code grow out of the N.R.A.?

Mr. BAILEY. This resolution is to investigate the administration of the code of fair competition.

Mr. COCHRAN of Missouri. That grows out of the N.R.A.?

Mr. BAILEY. This power under which it is exercised grows out of a particular section of the Industrial Recovery Act.

Mr. COCHRAN of Missouri. Has the industry exhausted its means before the National Recovery Administration?

Mr. BAILEY. This is not a request from any industry. This request comes from the representatives of some of the sovereign States seeking the investigation. We are not representing any part of the industry or any part of the people engaged in the business. We simply want to see what facts, figures, information, and calculations the Petroleum Administrative Board have used in the allocation of production and refining capacity in the United States.

Mr. COCHRAN of Missouri. If it is sound for the Congress to embark upon an investigation of this character with reference to the petroleum industry, there is nothing to prevent the Congress from investigating the code of fair competition of every industry? To me it is rather an unusual resolution.

Mr. BAILEY. So far as I am concerned, no. There is no objection to any investigation of any industry or the code for any industry.

Mr. COX. Will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Georgia.

Mr. COX. If the Congress should be impressed with the fact that injustices were being worked out as a result of the administration of any code, would not the gentleman think that Congress should make an investigation?

Mr. COCHRAN of Missouri. If the gentleman from Texas will yield to me to answer the question, I may say to the gentleman from Georgia that I have received protests in reference to several of the codes, but I did not think I would be justified in introducing a resolution calling upon the Congress to make the investigation when we have an organization set up by law which I think is capable of making the investigation.

Mr. COX. Does the gentleman think that Congress has abrogated its right to make investigations?

Mr. COCHRAN of Missouri. No. Now let me ask, what is the cost of this investigation going to be?

Mr. BAILEY. Nothing.

Mr. COCHRAN of Missouri. The gentleman is asking for no money?

Mr. BAILEY. No.

Mr. SNELL. Will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from New York.

Mr. SNELL. What does the gentleman expect to accomplish when he gets this resolution through. I am really interested in the resolution.

Mr. BAILEY. May I say in answer to the gentleman that we are not seeking to benefit, to protect, to aid, or to hurt industry. This resolution is introduced on behalf of the State of Texas and all other States producing oil, not because we want to benefit an industry, but because the State regulatory body wants to know the information upon which these rules are based.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. STRONG].

Mr. STRONG of Texas. Mr. Speaker, I do not feel that I can add anything to what my colleague has already said about this resolution. I think I would be justified in saying that there are some irregularities that we have been unable to adjust without the authority of Congress to go into this investigation.

As the gentleman from Texas [Mr. BAILEY] has stated, we are not here in the interest of any certain State. We are here in the interest of the oil business generally and 120,000,000 consumers of oil products. We want to know why gas can be sold for 16 cents in one State and just across the line in another State sold for 12 cents, and so on down the line. I could stand here and take an hour to tell you what we are trying to do by this resolution. May I say that we are not here to do an injustice to anyone or any certain locality but are seeking to secure the whole truth about the oil situation in order that all the people of the Nation may receive exact justice.

Mr. DONDERO. Will the gentleman yield?

Mr. STRONG of Texas. I yield to the gentleman from Michigan.

Mr. DONDERO. Is it not a fact that under the code the States producing oil have been limited to a certain number of thousand barrels per day or per month, and in addition to that and in spite of the curbing of the industry we are getting oil in here from foreign countries at the present time?

Mr. STRONG of Texas. Yes; that is a fact.

Mr. DONDERO. We want to find out about that situation?

Mr. STRONG of Texas. Yes.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. STRONG of Texas. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. There must be something wrong or why would the gentleman want this resolution? Can the gentleman tell me what is wrong with the Code Authority? General Johnson knows everything; does he not know about that?

Mr. STRONG of Texas. Let me say to the gentleman that we can produce enough oil in Texas in 10 days to last the world for an entire year. The production in Texas is reduced to less than one half of 1 percent. They are shipping oil from other countries into Texas all the time while we have been cut down to less than one half of 1 percent.

Mr. JENKINS of Ohio. What does General Johnson say about it? Does the gentleman know?

Mr. STRONG of Texas. He does not administer the oil code.

Mr. JENKINS of Ohio. He does not say anything.

Mr. STRONG of Texas. That is the reason we want this committee appointed.

Mr. JENKINS of Ohio. You have never been able to get him to crack down on the right spot—is that it?

Mr. CARTER of California. What means have you taken to get an answer from General Johnson?

Mr. STRONG of Texas. We have written to the oil administrator and we have gone down there in person.

Mr. CARTER of California. You must have had some answer.

Mr. STRONG of Texas. Yes.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. CARTER of California. Just a minute; as I understand, the gentleman has yielded to me, and I should like to have my question answered if the gentleman desires to answer it.

Mr. STRONG of Texas. We have asked the Department why they are shipping 81,000 barrels a day from California around through the Panama Canal, right by our front door, up the Atlantic seacoast.

Mr. CARTER of California. That is being done under the direction of the Oil Administrator, is it not?

Mr. STRONG of Texas. We have asked why they are allowing that. Before the Oil Administrator was appointed the shipments amounted to 46,000 barrels a day. Since the Oil Administrator has been appointed these shipments have practically doubled, and they are shipping the oil more than 5,000 miles around through the Panama Canal at a cost of 55 cents a barrel, when Texas can ship it less than 2,000 miles at a cost of 19 cents a barrel.

Mrs. KAHN. Will the gentleman yield?

Mr. STRONG of Texas. In just a moment. We have discussed this matter with several of the Members from California, and we understand each other, and they know who is doing this and we know who is doing it.

Mr. ENGLEBRIGHT. Who are the Members from California?

Mrs. KAHN. May I say to the gentleman that I am one Member from California who does not know all about it.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mrs. KAHN. From what the gentleman has just said, what they fear is California competition, and it cannot be possible that the gentleman is not satisfied with the administration of the oil code by Secretary Ickes, who is the real administrator.

Mr. STRONG of Texas. No; we are not afraid of competition; all we want is the same treatment to all the people.

Mr. McCLINTIC. Will the gentleman yield?

Mr. STRONG of Texas. I yield.

Mr. McCLINTIC. Has the gentleman made any statement to the House as to whether there has been received a report from the Secretary of the Interior as to the necessity for the establishment of such a committee? In other words, has the committee or the gentleman received any communication from the Secretary of the Interior giving any light upon this particular proposal?

Mr. STRONG of Texas. I am going to be perfectly candid; the information we have received from the Interior Department does not agree with the information we get from the officials of the different States.

Mr. McCLINTIC. The gentleman will recall that in the revenue bill we placed two sections which make it possible to earmark every barrel of crude oil and every gallon of gasoline in such a way as to prevent the running of illegal oil, it being remembered that illegal oil was being run as high as 135,000 barrels per day up to last week in the gentleman's State and that some 28 or 30 refineries were closed down by order of the code authorities. The revenue bill should become a law today, and it is my opinion that it contains sufficient authority to regulate the overproduction of oil in such a way as to protect the entire industry throughout the Nation.

Mr. STRONG of Texas. The State officials of Texas are looking after the illegal production of oil, and the law is being enforced. The object of this resolution is to ascertain why the production of oil in Texas under the code should be reduced to less than one half of 1 percent of the possible production, while more than 100,000 barrels of oil per day are allowed to be imported into this counutry, and 81,000 barrels per day shipped from California through the Panama Canal to Gulf ports and Atlantic ports, right by Texas ports, the freight on these California shipments being 55 cents per barrel to Atlantic ports, while Texas can make same shipments at 19 cents per barrel. Further, information would like to be obtained as to why gasoline shipped from California to New York sold in New York at 12½ cents per gallon after being shipped about 6,000 miles when gasoline shipped from the same California oil fields sold in the States of Oregon and Washington, only a few hundred miles away, at 16 cents per gallon.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. CARTER].

Mr. CARTER of California. Mr. Speaker, I am somewhat surprised to find a gentleman on the Democratic side, a gentleman who, I take it, voted for the legislation creating the Oil Administration, introducing a resolution here that is evidently intended to tear down the work of the Oil Administrator.

Mr. COX. Does the gentleman refer to the gentleman from Georgia?

Mr. CARTER of California. No; I refer to the author of the resolution.

Mr. COX. The resolution we are now considering?

Mr. CARTER of California. Yes.

Mr. COX. This resolution was offered by me in behalf of the Rules Committee. This thought did not originate with me, but came from others. It happens I am a Democrat who did not support the National Recovery Act.

Mr. CARTER of California. I was not referring to the gentleman's vote. I thought we were considering the resolution itself and not the rule and my remarks were directed to the author of House Resolution 283 rather than the author of the rule we are now considering.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. CARTER of California. I will yield in just a few minutes.

I voted for the legislation creating an Oil Administration and providing for the establishment of other codes, but I did not vote for the legislation with the understanding that every time anyone was dissatisfied with some part of the administration of the act the House of Representatives was going to appoint a committee to go down there and investigate the matter.

The gentleman from Texas, the author of this bill, has an adequate and speedy and substantial remedy if he will only follow it. He has not sent one letter, he has not written one communication to the proper authorities, but he has said that he phoned down to the Administrator's office but did not get the satisfaction he wanted. Undoubtedly they told him they were going to allocate so many barrels to Texas, and he was not satisfied with the allocation. But he has not exercised his present remedy properly, and this he should do before asking for this investigation.

I want to say to the gentleman from Texas that I have supported this administration in its recovery program of relief whenever I conscientiously could do so. I propose to follow this course in the future. [Applause.] Now, I am not going to abandon that program by establishing a committee to go down and make this investigation.

(The time of Mr. CARTER of California having expired, he was given 3 minutes more.)

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. CARTER of California. I will.

Mr. MARTIN of Massachusetts. Do I understand that the gentleman says he has supported the administration?

Mr. CARTER of California. Yes.

Mr. MARTIN of Massachusetts. And the gentleman says that he is doing it now?

Mr. CARTER of California. Yes; I am. Opposing this resolution is supporting the President's program.

Mr. BAILEY. Will the gentleman yield?

Mr. CARTER of California. I yield.

Mr. BAILEY. Is there anything in the resolution that will furnish a criticism of the administration?

Mr. CARTER of California. Yes; it is criticizing the administration when you set up a code authority and then appoint a committee to hinder and destroy the usefulness of that code.

Mr. BAILEY. Where is the clause in the resolution that hinders the code?

Mr. GOSS. Will the gentleman from California yield to me?

Mr. CARTER of California. I yield.

Mr. GOSS. I call attention to the language of the resolution, "together with such recommendations for legislation as it deems advisable." That is what they are going to do to the code.

Mr. CARTER of California. I want to say to the House that, in my opinion, this is an attempt to tear down the recovery program. If the gentleman from Texas is not in favor of the program, if he is not willing to stand by the recovery policy, stand by the President of the United States, if he desires to say that the President of the United States is wrong, that is one thing; but, unless he is willing to assume that attitude and say the President's program has been a failure and that we should try something else, then I say that he and the rest of us should vote against this resolution.

Mrs. KAHN. Will the gentleman yield?

Mr. CARTER of California. I yield.

Mrs. KAHN. The resolution says that "the committee is authorized and directed to investigate the administration of the code of fair competition for the petroleum industry." We only investigate when we desire to find fault.

Mr. CARTER of California. We would not have a resolution for an investigation if the gentleman from Texas [Mr. STRONG] had pursued his remedy. I think, gentlemen, the adoption of this rule would be a very serious mistake, and I trust that the Membership of this House will not be led into anything of this kind.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. CARTER of California. I will.

Mr. JENKINS of Ohio. How can the gentleman square himself as supporting the administration and opposing this resolution, which comes from the Democratic Rules Committee?

Mr. MARTIN of Massachusetts. If the gentleman will permit me, perhaps he thinks the Democratic Rules Committee is not in step with the administration. [Laughter.]

Mr. CARTER of California. That may be; but I am not offering any suggestion of that kind at the present time.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Speaker, I am not in sympathy with this resolution. Next to agriculture the oil industry is the most important in my State of Oklahoma. Before the House adjourned last night I made inquiry as to what would be the business before the House today, and I had no notice that such a resolution as this was pending or that it would be brought up for consideration this morning. We were notified that the Johnson bill (S. 752) would be brought up this morning for consideration, and I warn the Members of this House that this is an effort to embarrass the administration of the oil code, and those who vote for this resolution will find hereafter that they will be rightly accused of embarrassing the administration of this code.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. BAILEY. Of course the gentleman will permit me to direct attention to the first part of his remarks. The resolution was brought up at the request of my colleague and myself because of a particular condition which we did not think necessary to bring to the attention of the gentleman.

Mr. HASTINGS. Why?

Mr. BAILEY. Because it is not a matter to which Oklahoma ought not to be or would be opposed.

Mr. HASTINGS. The State of Oklahoma is vitally interested in the oil industry. Without going into details, the oil men of my State of Oklahoma have been at cross-purposes with the administration of the oil industry in the State of Texas.

Let us examine the resolution a little more closely. It was reported April 30. None of the Members representing the oil-producing States, including Louisiana, Arkansas, Oklahoma, Kansas, or California, were notified when the hearings were held upon it before the Rules Committee. We were not notified that it was to be called up for consideration today.

The resolution is unusual in that it calls for an investigation by a special committee. Why should not the investigation, if one is necessary, be made by one of the regular committees of the House.

Then it will be noted that it is proposed to eliminate in line 9 the words "session of" and the same words in lines 13 and 14, so that the investigation may continue and be held as a club over the administrator of the oil code from now until the new Congress convenes on January 3, 1935, and in the event that the administrator does not yield to those claiming to represent the Texas oil industry, he would be threatened and embarrassed during the remaining months of the life of the present Congress or until January 3, 1935, because section 4 authorizes the committee to sit and act during the present Congress, as a whole or by subcommittee, whether or not the House is sitting or has recessed or adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents by subpena or otherwise, and to take such testimony as it deems necessary.

The only purpose of this resolution is to embarrass the present administrator of the oil code. Let no one be deceived by it. If this resolution passes, it will set a most important precedent, and it will be seized upon during the remaining days of this session of Congress by those not in sympathy with the administration of the many codes that have been adopted, and similar resolutions will be day after day presented and urged for consideration upon the Members of the House.

The question is clear cut. Those who favor the administration of the code of fair competition for the petroleum industry will vote against this resolution. In the event this resolution passes it will be carried in the headlines of every newspaper throughout the country that Congress has lost confidence in the codes adopted, and particularly in the administration of them.

I am not satisfied with the explanation why no members of the oil industry from the States other than Texas were not notified. Neither am I satisfied with the explanation why this resolution was called up this morning when it was expected that the Johnson bill would be considered.

I repeat that those favoring the administration will join in a record vote in defeating this resolution and give those in charge of the administration of the oil code a fair chance to administer it without the interference of an investigation by a congressional committee.

In my judgment a vote for this resolution will be interpreted by the people throughout the country, and so stated in the press, as being a vote against the administration. What is there mysterious about it? Why not frankly and openly state the reasons for the investigation? Why was the administrator of the oil code not summoned before the committee and given an opportunity to explain the matters complained of? The oil men of Oklahoma and other States are not asking for this investigation. They are satisfied with pressing their complaints, if they have any, before those charged with the responsibility of administering the oil code.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, after listening to the two gentleman from Texas, I cannot see where there is any injustice or embarrassment in voting favorably on this resolution.

Mr. HASTINGS. Why not investigate every other code?

Mr. BRITTEN. When an oil-producing State has had its production capacity cut down by the code authorities to one half of 1 percent, at a time when foreign oil is coming into that particular State, I think it might be reasonable to investigate the manner in which the allotment has been arrived at. Surely no harm can come from a fact-finding investigation, particularly when the investigation is to be made right here on Capitol Hill, at no expense to the Treasury. This resolution is undoubtedly presented in good faith. The State of Texas is entitled and the country is entitled to know the basis of the figures upon which any of these allotment regulations are made. The gentleman from Missouri [Mr. COCHRAN] has said that this may bring about another investigation. Suppose it does. The resolution ought to be passed without delay and the investigation concluded at once. My young colleague Mr. BAILEY is entitled to a lot of credit for his presentation of the facts as they affect his State of Texas.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Speaker, Michigan is vitally interested in this matter. We have now become the fourth State in the Union in the production of oil. We use about 80,000 barrels a day, and I understand that our allotment is about 26,000 barrels a day. We in Michigan should like to know—as you of Texas would like to know, if California is sending oil past your front door—why the South and Southwest are piping 10,000 barrels of oil per day past our back door when we have plenty of oil in Michigan with no market for it.

Mr. McCLINTIC. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. Yes.

Mr. McCLINTIC. Does the gentleman realize that today a new law goes into effect—I think the President signed the revenue bill today—and that in that law there are some eight or nine pages which give sufficient authority and jurisdiction to handle every phase of this particular situation?

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I am opposed to the reduction and plowing under of crops such as cotton and wheat and to the birth control of pigs. I just noticed in the newspaper that a Duroc sow gave birth the other day to 23 little pigs—in utter disregard of the A.A.A. program.

Mr. TRUAX. Mr. Speaker, will the gentleman yield there?

Mr. FISH. Oh, I made that statement for the gentleman's benefit.

Mr. TRUAX. A sow that gives birth to any such litter as that usually does not live.

Mr. FISH. In any event, Mr. Speaker, I do not believe in spending millions and millions of dollars to destroy pigs and cotton and various other crops, but I do believe in limiting and conserving oil. I believe it is the best thing that Secretary Ickes has done—conserving the oil industry in Texas and Oklahoma and other oil States. I believe the oil producers are satisfied in most of the oil-producing States and getting a fair price for the first time in years.

I see no reason why there should be an investigation or why Mr. Ickes should be investigated for applying common sense regulations to limiting the overproduction of oil and conserving our natural resources.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Speaker, I cannot see why the Congress, having created this agency, should not, upon a proper case shown, investigate such an agency. Such an investigation would have an added advantage and I hope that the committee will remember it, because the investigating committee can ask General Johnson to explain his very comprehensive and significant remark: "You ain't seen nothin' yet." [Laughter.]

Mr. COX. Mr. Speaker, I yield the remainder of my time to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I have been very much interested in this resolution. Of course, it was expected that when it was brought on the floor, California would rise en bloc and oppose it, because the facts as presented to the Rules Committee were that California was getting the best of all this allocation by about 3 to 1. It is a beautiful State—atmospherically—I admit, but there are 47 others in the Union.

This complaint is not local to Texas. I do not recall the exact figures, but I am sure there are about 19 States which are interested in the allocations made. I am sure Oklahoma is one of the protesting States, although the Members from that State do not seem to know it. I recently saw a letter from the Governor of Wyoming, vehemently protesting against the action of the Board. Michigan is one of the many protesting States.

All this resolution does is to authorize an investigation of the real bases upon which these allocations were made, whereby production in Texas, for instance, and in the other States, is reduced to a minimum, thereby putting the independents out of business, and the great operators in California and elsewhere are building up a monopoly. To my knowledge, facts were presented to Mr. Margold and Mr. Ickes by responsible authorities—and I have been quoted in the newspapers before to this effect—which clearly demonstrated that if the administration of this act is carried on as it has been in the past, it would inevitably lead to a monopoly of the oil industry in three or four big companies, and the independents would be forced out of business.

Mr. COLDEN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. COLDEN. I should like to ask the gentleman from New York if anybody from California was invited to appear before the Committee on Rules on this resolution? As one Member from California, and representing an oil territory, I have had no notice whatever of this resolution.

Mr. O'CONNOR. Well, I do not know as to that.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. WEIDEMAN. The worst that Michigan and every other State can hope to get out of the passage of this resolution is a fair deal. I understand all the quota is going to the major companies, and the independents and small producing States do not have a show.

Mr. O'CONNOR. I have received letters from gasoline distributors and consumers along the Atlantic seaboard and throughout the country, that they are being forced out of business, and crushed in the interest of the California producers and the big companies, with three times as much oil coming from California through the Panama Canal as came through the Canal in normal times, and selling it at a price on the Atlantic seaboard at less than it sells for in California.

Mr. HASTINGS. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. HASTINGS. Will the gentleman state who was heard before the Rules Committee in behalf of this resolution? Was there anybody there from the State of Oklahoma?

Mr. O'CONNOR. Not that I recall.

Mr. WEIDEMAN. Will the gentleman yield further?

Mr. O'CONNOR. I yield briefly.

Mr. WEIDEMAN. The State of Michigan was not heard, but we are in entire accord with the gentleman's resolution.

Mr. O'CONNOR. Mr. Speaker, this resolution was brought out after hours of consideration by the Committee on Rules, the last committee in this House which will attack the administration. Why, that committee is an arm of the administration. It is thoughtless and ridiculous to say that this resolution is an attack on the administration. Rather it is an effort to help the administration in the allocation of oil to the different States. I believe it will work beneficially to all the States in the Union. I know that Oklahoma wants it. I know that Oklahoma people are asking for its adoption.

Mr. HASTINGS. How does the gentleman know it?

Mr. O'CONNOR. By countless communications which we have received in the committee.

Mr. HASTINGS. But the gentleman said there was nobody from Oklahoma who appeared before the committee.

Mr. O'CONNOR. But we have certainly heard from Oklahoma.

Mr. STRONG of Texas. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. STRONG of Texas. If the gentleman from Oklahoma could see the telegrams from the State of Oklahoma——

Mr. HASTINGS. Then why did you not let Oklahoma and all the States interested in this resolution know that it was pending and that hearings were to be had, so that we could communicate and could study it?

Mr. O'CONNOR. I know nothing about that. Life is too short to notify all of the 435 Members of Congress as to every one of the 15,000 bills and resolutions introduced in each Congress.

I believe this resolution is not harmful to the administration. It is for the benefit of all the people of the country, the producer, the distributor, and the consumer, and I hope the resolution will pass, because a vote against the resolution is a vote in favor of the Standard Oil and its allies, while a vote for the resolution is one in favor of the countless small independent producers, every gasoline station, and every consumer in our country. That is the issue you will presently decide.

Mr. McCLINTIC. Mr. Speaker, I wish to make a unanimous-consent request. The State of Oklahoma is the second largest in oil production. I have not been able to get any time from the chairman of this side or the gentleman on the other side. I was a member of the subcommittee of the Committee on Ways and Means on oil. I ask unanimous consent to address the House for 5 minutes, out of order. I know that the Secretary of the Interior and his oil committee has been very diligent in trying to stamp out the bad situation brought about by unethical practices, with respect to the running of hot oil, and before this House votes on such a resolution as is proposed here today it should have facts relating to the new provisions contained in the revenue bill and the penalty for violation of the same. I do not believe that any Member would cast a vote for such a reso-

lution if he knew beforehand that the very evils that are now complained of will be corrected in the future.

Mr. COX. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. Cox) there were ayes 55 and noes 49.

Mr. HASTINGS. Mr. Speaker, I object to the vote and make the point of order that no quorum is present.

The SPEAKER. Evidently there is not a quorum present. The Doorkeeper will close the doors; the Sergeant-at-Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 133, nays 178, answered "present" 1, not voting 118, as follows:

[Roll No. 140]

YEAS—133

Andrew, Mass.	Delaney	Kinzer	Seger
Ayers, Mont.	Dies	Kleberg	Sinclair
Bacharach	Dirksen	Kniffin	Sisson
Bacon	Dobbins	Knutson	Smith, Va.
Bailey	Dondero	Kvale	Somers, N.Y.
Bankhead	Dowell	Lanham	Stalker
Beck	Driver	Lehr	Steagall
Bland	Duffey	Lemke	Strong, Tex.
Blanton	Dunn	Lesinski	Studley
Boileau	Durgan, Ind.	Luce	Sumners, Tex.
Bolton	Ellzey, Miss.	Lundeen	Taber
Britten	Farley	McFarlane	Tarver
Brown, Ga.	Ford	McLean	Taylor, S.C.
Brown, Mich.	Fulmer	McLeod	Terrell, Tex.
Brunner	Gilchrist	Mansfield	Thom
Cady	Goodwin	Marshall	Thomas
Caldwell	Goss	Millard	Thomason
Cannon, Wis.	Green	Miller	Thurston
Carden, Ky.	Gregory	Monaghan, Mont.	Tobey
Carpenter, Nebr.	Griffin	Montet	Wallgren
Carter, Wyo.	Hancock, N.Y.	Murdock	Weideman
Cary	Hart	Musselwhite	West, Tex.
Castellow	Harter	O'Connor	White
Chase	Healey	Patman	Whitley
Christianson	Hess	Peavey	Wigglesworth
Clarke, N.Y.	Hildebrandt	Perkins	Wilson
Cochran, Pa.	Hill, Ala.	Plumley	Withrow
Collins, Calif.	Hill, Knute	Polk	Wolcott
Colmer	Hollister	Powers	Wolverton
Cox	Holmes	Ramsay	Woodruff
Cross, Tex.	Huddleston	Ramspeck	Zioncheck
Crowther	Jenkins, Ohio	Rich	
Cummings	Johnson, Minn.	Robertson	
Deen	Jones	Rogers, Mass.	

NAYS—178

Abernethy	Doughton	Kurtz	Peyser
Adair	Drewry	Lambertson	Pierce
Adams	Duncan, Mo.	Lambeth	Randolph
Allen	Edmiston	Lanzetta	Reece
Arens	Eicher	Lea, Calif.	Reed, N.Y.
Arnold	Eltse, Calif.	Lee, Mo.	Reilly
Auf der Heide	Englebright	Lewis, Colo.	Richards
Ayres, Kans.	Evans	Lewis, Md.	Richardson
Bakewell	Fiesinger	Lloyd	Robinson
Biermann	Fish	Lozier	Romjue
Blanchard	Fitzpatrick	McCarthy	Rudd
Bloom	Flannagan	McClintic	Ruffin
Boylan	Fletcher	McCormack	Sandlin
Brennan	Focht	McGrath	Scrugham
Brown, Ky.	Frear	McGugin	Secrest
Browning	Fuller	McKeown	Shallenberger
Buck	Gambrill	McMillan	Sirovich
Buckbee	Gavagan	McReynolds	Smith, W.Va.
Burch	Gillespie	McSwain	Sneil
Burke, Nebr.	Gillette	Maloney, Conn.	Spence
Burnham	Glover	Mapes	Stubbs
Busby	Goldsborough	Martin, Colo.	Sutphin
Byrns	Guyer	Martin, Mass.	Taylor, Colo.
Carmichael	Haines	Martin, Oreg.	Terry, Ark.
Carpenter, Kans.	Harlan	May	Thompson, Ill.
Carter, Calif.	Hastings	Mecks	Treadway
Chavez	Henney	Merritt	Traeger
Church	Higgins	Milligan	Truax
Clark, N.C.	Hill, Samuel B.	Mitchell	Turner
Cochran, Mo.	Hoeppel	Moran	Umstead
Colden	Hope	Morehead	Underwood
Cole	Howard	Mott	Utterback
Condon	Hughes	Moynihan, Ill.	Vinson, Ga.
Connery	Imhoff	Nesbit	Vinson, Ky.
Cooper, Tenn.	Jacobsen	O'Brien	Wearin
Cravens	Johnson, Okla.	O'Connell	Welch
Crosser, Ohio	Johnson, W.Va.	O'Malley	Werner
Cullen	Kahn	Oliver, N.Y.	West, Ohio
Darden	Kee	Owen	Wilcox
Dear	Keller	Palmisano	Williford
De Priest	Kelly, Ill.	Parker	Williams
Dickinson	Kennedy, Md.	Parks	Wood, Ga.
Dickstein	Kenney	Parsons	Young
Disney	Kloeb	Peterson	
Dockweiler	Kocialkowski	Pettengill	

ANSWERED "PRESENT"—1

Sears

NOT VOTING—118

Allgood	Darrow	Jenckes, Ind.	Sanders
Andrews, N.Y.	DeRouen	Johnson, Tex.	Schaefer
Beam	Dingell	Kelly, Pa.	Schuetz
Beedy	Ditter	Kennedy, N.Y.	Schulte
Beiter	Douglass	Kerr	Shannon
Berlin	Doutrich	Kopplemann	Shoemaker
Black	Doxey	Kramer	Simpson
Boehne	Eagle	Lamneck	Smith, Wash.
Boland	Eaton	Larrabee	Snyder
Brooks	Edmonds	Lehlbach	Stokes
Brumm	Ellenbogen	Lindsay	Strong, Pa.
Buchanan	Faddis	Ludlow	Sullivan
Bulwinkle	Fernandez	McDuffie	Swank
Burke, Calif.	Fitzgibbons	McFadden	Sweeney
Cannon, Mo.	Foss	Maloney, La.	Swick
Carley, N.Y.	Foulkes	Marland	Taylor, Tenn.
Cartwright	Frey	Mead	Thompson, Tex.
Cavicchia	Gasque	Montague	Tinkham
Celler	Gifford	Muldowney	Turpin
Chapman	Granfield	Norton	Wadsworth
Claiborne	Gray	Oliver, Ala.	Waldron
Coffin	Greenway	Prall	Walter
Collins, Miss.	Greenwood	Rankin	Warren
Connolly	Griswold	Ransley	Weaver
Cooper, Ohio	Hamilton	Rayburn	Whittington
Corning	Hancock, N.C.	Reid, Ill.	Wolfenden
Crosby	Hartley	Rogers, N.H.	Wood, Mo.
Crowe	Hoidale	Rogers, Okla.	Woodrum
Crump	James	Sabath	
Culkin	Jeffers	Sadowski	

So the resolution was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. Corning with Mr. Darrow.
Mr. Rayburn with Mr. Wadsworth.
Mr. Lindsay with Mr. Ditter.
Mr. Sanders with Mr. Beedy.
Mr. Douglass with Mr. Foss.
Mr. Boehne with Mr. Ransley.
Mr. McDuffie with Mr. Gifford.
Mr. Brunner with Mr. Muldowney.
Mr. Sullivan with Mr. Lehlbach.
Mr. Bulwinkle with Mr. Wolfenden.
Mr. Gasque with Mr. Connolly.
Mr. Cannon of Missouri with Mr. Eaton.
Mr. Ludlow with Mr. Andrews of New York.
Mr. Swank with Mr. Hartley.
Mr. Warren with Mr. Brumm.
Mr. Woodrum with Mr. Kelly of Pennsylvania.
Mr. Prall with Mr. Simpson.
Mr. Oliver of Alabama with Mr. Swick.
Mrs. Norton with Mr. Tobey.
Mr. Montague with Mr. Waldron.
Mr. Greenwood with Mr. James.
Mr. Mead with Mr. Culkin.
Mr. Granfield with Mr. Doutrich.
Mr. Marland with Mr. Cooper of Ohio.
Mrs. Greenway with Mr. McFadden.
Mr. Hancock of North Carolina with Mr. Cavicchia.
Mr. Doxey with Mr. Edmonds.
Mr. Black with Mr. Reid of Illinois.
Mr. Buchanan with Mr. Stokes.
Mr. Cartwright with Mr. Tinkham.
Mr. Chapman with Mr. Strong of Pennsylvania.
Mr. Griswold with Mr. Taylor of Tennessee.
Mr. Celler with Mr. Shoemaker.
Mr. Schuetz with Mr. Rogers of New Hampshire.
Mr. Kerr with Mr. Sweeney.
Mr. Kennedy of New York with Mr. Thompson of Texas.
Mr. Maloney of Louisiana with Mr. Larrabee.
Mr. Eagle with Mr. Dingell.
Mr. Allgood with Mr. Ellenbogen.
Mr. Beam with Mr. Boland.
Mr. Lamneck with Mr. Kramer.
Mr. Schaefer with Mr. Sadowski.
Mr. Johnson of Texas with Mr. Hoidale.
Mr. Crump with Mr. Hamilton.
Mr. Collins of Mississippi with Mr. Fitzgibbons.
Mr. Beiter with Mr. Gray.
Mr. Crowe with Mr. Burke of California.
Mrs. Jenckes of Indiana with Mr. Claiborne.
Mr. Whittington with Mr. Coffin.
Mr. Shannon with Mr. Walter.
Mr. Fernandez with Mr. Schulte.
Mr. Berlin with Mr. Carley of New York.
Mr. DeRouen with Mr. Frey.
Mr. Wood of Missouri with Mr. Snyder.
Mr. Weaver with Mr. Jeffers.

Mr. DICKINSON, Mr. IMHOFF, Mr. FIESINGER, Mr. SECREST, Mr. RUDD, Mr. PETERSON, and Mr. LANZETTA changed their votes from "yea" to "nay."

Mr. DOBBINS, Mr. CANNON of Wisconsin, and Mr. Goss changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

HOUSE JOINT RESOLUTION 339

Mr. HASTINGS, Mr. McCLINTIC, and Mr. AYERS of Montana asked and were given permission to revise and extend their remarks in the RECORD on the resolution.

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein House Joint Resolution 339, introduced by me yesterday.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, yesterday I introduced House Joint Resolution 339, which memorializes the States and Territories of the United States to require all teachers, instructors, and employees of the public schools and other public institutions to take an oath to support the Constitution of the United States.

The press this morning reports that 700 teachers, giving names and addresses, refuse in one of our large cities to swear allegiance to the Constitution of their State and the United States.

Communism, facism, nazi-ism, and bolshevism have been charged to many of our teachers and to others in and out of the service of our Government. But the ideals and principles of the American people stand erect and aloft, ever fostered and upheld by the traditions enunciated by the Constitution of the United States.

Congress should send out its message to the States and Territories of the Union that it stands back of them in perpetuating the principles of the Constitution by extending the great privilege of teaching the youth of the Nation and of directing the course of their thought only to such teachers and employees of our public schools as will hold our Constitution sacred, which happily has made possible our great public-school system.

Our children taught its ideals and principles, men and women of the future will cherish and foster them, and our Constitution will be preserved as a blessing to posterity.

Prompt action on the resolution should be forthcoming. It is incorporated below:

House Joint Resolution 339

House joint resolution memorializing the States and Territories of the United States to require the taking of an oath of allegiance to the Constitution of the United States by all teachers of the public schools and other institutions of learning, and for other purposes

Resolved, etc., That it is the sense of the Senate and House of Representatives that each teacher, officer, and employee of every public school or other public educational institution in the United States shall, before assuming the duties of his position or office, be required by law to take substantially the following oath:

UNITED STATES OF AMERICA,
State of ———, *county of* ———.

I (name in full) having been duly appointed by the board of education of (district, city, or town) an employee of the public schools of the (district, city, or town) do solemnly swear that I will support the Constitution of the United States, and faithfully discharge the duties of the aforesaid office, and that I have neither promised, nor paid, nor has anyone to my knowledge either promised or paid, any monetary or other valuable consideration to any person for influence or other assistance in securing my appointment or promotion.

Sworn to and subscribed to before me this ——— day of ——— 19—.

SEC. 2. The Secretary of State is authorized and directed to transmit a copy of this resolution to the Governor of each State.

PASSING (?) LEGISLATION BY UNANIMOUS CONSENT

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD I want to exhibit something of the futility and waste of time involved in undertaking to pass legislation on the Unanimous Consent Calendar, which is not only meritorious but which has for a background many precedents.

H.R. 3206, a bill for the exchange of lands adjacent to national forests in Colorado, is merely an extension to the State of Colorado of the same legislative authority to its department of agriculture to exchange lands or timber lying within the existing boundaries of a national forest for lands in private ownership situate within 6 miles of such boundaries, which has heretofore been granted in the case of several States and which in the case of these States has not only proved successful and satisfactory but which has operated without protest or objection from any source. And yet when the bill comes up on the Unanimous Consent Calendar, consideration is objected to by some Member, without any satisfactory statement of the grounds of objection or any opportunity afforded the proponent of the bill to properly explain its purposes. If the objector undertook to state his objections or the proponent of the bill undertook to explain its purposes, other Members having bills on the calendar would immediately call for the regular order, cutting off discussion and bringing on the objection.

The following is the record of H.R. 3206 on the Unanimous Consent Calendar during the present session:

[From the CONGRESSIONAL RECORD of Apr. 5, p. 6156]

EXCHANGE OF LANDS ADJACENT TO NATIONAL FORESTS IN COLORADO

The Clerk called the next bill, H.R. 3206, for the exchange of lands adjacent to national forests in Colorado.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, as I understand the operation of this bill, lands outside of the exterior boundaries of national parks may be exchanged for lands within?

Mr. MARTIN of Colorado. Yes; lands lying within 6 miles of the present existing boundaries.

Mr. ELTSE of California. In other words, by this bill you can create a leopard-spot park?

Mr. MARTIN of Colorado. No; the real effect of this will be to consolidate existing parks. This bill was introduced in the last Congress by my predecessor. It was reported favorably by the Committee on Public Lands and approved by the Department of the Interior and by the Agricultural Department. Upon investigation, I found that a similar bill had been passed in 1929 for the State of Montana, and that since then similar bills have been passed for the forests in Oregon, South Dakota, and New Mexico. I have received many endorsements from county commissioners, chambers of commerce, and other civic bodies.

Mr. ELTSE of California. Is it not a fact that one of the difficulties we have had in our national parks has been private holdings within the parks, and we have been trying to get rid of this situation for years? In this bill it is proposed to reverse the situation and exchange lands within the park for lands outside of the park.

Mr. MARTIN of Colorado. I am afraid the gentleman is confusing national forests and national parks. May I state to the gentleman how this bill will operate. There is a lot of cut-over stumpage bordering these forests. A lot of this land was in private ownership, and there is a lot of stumpage along the borders of the forests. The Government can take this land in exchange for grazing lands inside the forests or for timber or timberlands and foster new growths on the cut-over lands.

I should like to call the gentleman's attention to this statement from the Forest Service about the operation of similar laws we already have in effect:

"Since the enactment of the Forest Exchange Act of March 20, 1922, up to December 31, 1932, 923 of these exchanges have been effected, and through them the Government has acquired 1,395,359 acres in exchange of 432,268 acres, and national-forest stumpage valued at $2,775,357. On the lands acquired there has been stumpage which has exceeded in volume that given in exchange by the Government."

Also the Forest Service, referring to the operation of the acts passed for Montana, Oregon, South Dakota, and New Mexico, says:

"These laws have uniformly been found to operate to the mutual advantage of both the Government and the landowner, and no case has ever arisen giving the slightest cause of criticism. I know of no reason why such a law should not operate with equal success in Colorado."

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. MARTIN of Colorado. I may say that this is not an innovation. It has been approved by the Department of Agriculture and by the Interior Department, both of which have to O.K. these transfers.

Mr. ELTSE of California. In the next bill the gentleman is asking the same thing with reference to other national parks.

Mr. MARTIN of Colorado. I want this bill for my own State. If the other gentlemen do not want the general bill for their States, they may object when we come to it. I found they were doing this piecemeal in other States all over the country, so I conceived the idea of having a general bill, and later I introduced the bill H.R. 5368.

Mr. ELTSE of California. Mr. Speaker, I renew my request that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

[From the CONGRESSIONAL RECORD of Apr. 16, p. 6652]

EXCHANGE OF LANDS ADJACENT TO NATIONAL FORESTS IN COLORADO

The Clerk called the next bill, H.R. 3206, for the exchange of lands adjacent to national forests in Colorado.

Mr. TRUAX. Mr. Speaker, I object.

Mr. MARTIN of Colorado. Will the gentleman reserve his objection?

Mr. TRUAX. I will withhold the objection to allow the gentleman from Colorado to make a statement.

Mr. MARTIN of Colorado. Apparently some controversy has developed between the Interior Department and the Department of Agriculture over these two bills. I should like to have this bill and the next bill passed over until the next Consent Calendar day to see whether or not they can adjust their differences on this legislation.

Mr. TRUAX. Mr. Speaker, the gentleman suggests there is some controversy between the Department of the Interior and the Department of Agriculture over these two bills. Both of these bills propose to give the Secretary of Agriculture complete power and authority to trade any piece of Government-owned land for any piece of privately owned land adjoining. Is that not true?

Mr. MARTIN of Colorado. Within 6 miles of the present existing boundaries of the national forests.

Mr. TRUAX. Mr. Speaker, I object.

PROVISIONS OF FOREST EXCHANGE ACT OF MARCH 20, 1922

The Clerk called the next bill, H.R. 5368, to extend the provisions of the Forest Exchange Act of March 20, 1922 (42 Stat. 465).

Mr. TRUAX. Mr. Speaker, I object.

Mr. MARTIN of Colorado. Will the gentleman withhold his objection until I can make a statement?

Mr. TRUAX. I withhold the objection.

Mr. MARTIN of Colorado. The Interior Department was represented all the time at the hearings before the Committee on the Public Lands when these bills were being considered. They made no objection whatever to these bills. On Saturday morning since these bills were reached the last time on the Consent Calendar, I received a letter transmitted by the Public Lands Committee stating objections which had been cured by amendment in the Committee on the Public Lands. I think the gentleman would be losing no rights to let these bills go over without objection to the next Consent Calendar day.

Mr. TRUAX. I would say that I personally want to stop such legislation that gives such vast power and authority to any official, whether he be a Cabinet official or otherwise.

Mr. MARTIN of Colorado. I want to ask the gentleman if he is sure of the grounds on which he is basing his objection?

Mr. TRUAX. I am basing my objection on the bill and upon the report attached thereto.

Mr. BLANCHARD. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. BLANCHARD. What would be the basis upon which you could ever make any exchange of property?

Mr. TRUAX. You could get the exchange ready for a committee of Congress to consider and have it acted upon.

Mr. BLANCHARD. Oh, that would be impossible.

Mr. TRUAX. Oh, it could be done. It was done in Ohio when I was commissioner of public lands.

Mr. ZIONCHECK. On the next call of the Consent Calendar it will require three objections. There will be ample time in the meantime to discuss the matter.

Mr. TRUAX. Mr. Speaker, I object.

The only comment I shall make on the above objection to the consideration of the bill is that one can well imagine Congress passing on several hundred land exchanges effected by the Department of Agriculture at each succeeding term of Congress. The exchanges would all be dead. Perhaps I may as well interject here the observation that the real objection to the authorization of the Department of Agriculture to make these exchanges is based on the theory that the Department, which functions through the Forest Service in the administration of the forest reserves, will play fast and loose with the interests of the Government, which will always get the worst of the deal. It would probably be an education for a Member of Congress holding this view to make a trade with the Forest Service. I shall show later that the balance in making these trades is on the side of the Government.

[From the CONGRESSIONAL RECORD of May 7, pp. 8212, 8213]

EXCHANGE OF LANDS IN NATIONAL FORESTS

The Clerk called the next bill, H.R. 3206, for the exchange of lands adjacent to national forests in Colorado.

The SPEAKER. Is there objection?

Mr. BLANCHARD. Mr. Speaker, I reserve the right to object. Are any private lands involved in this? Do they propose to exchange public lands for private lands?

Mr. MARTIN of Colorado. In connection with all these forest exchange bills now on the statute books, necessarily they involve the right of the Department of Agriculture to exchange forest lands for privately owned lands. There could not be any exchange unless private lands could be exchanged for Government lands. This law has worked satisfactorily in Montana and four other States for the past 5 years. My bill is an exact copy of the Montana bill, which has been in effect for 5 years, without objection whatsoever.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. COCHRAN of Missouri. If this bill becomes law and the Government takes over this property, the Government is not going to be required t opay taxes as it did in the Oregon cases, is it?

Mr. MARTIN of Colorado. It is not.

Mr. BLANCHARD. Will the gentleman yield?

Mr. MARTIN of Colorado. I do.

Mr. BLANCHARD. This bill is very similar to the bills that we have passed, on the same subject, for other States, is it not?

Mr. MARTIN of Colorado. It is identical.

The SPEAKER. Is there objection?

Mr. ELTSE of California. Mr. Speaker, I object.

Mr. MARTIN of Colorado. Mr. Speaker, there was one objection to this bill previously, and I think three objections are required.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

Mr. MARTIN of Colorado. Three objections are required.

Mr. JENKINS of Ohio. Reserving the right to object, will the gentleman permit that to be passed over without prejudice, and perhaps we can look over the matter and agree to it. Otherwise we will have to object.

Mr. MARTIN of Colorado. You think you can get three objections today, do you?

Mr. JENKINS of Ohio. Yes; we can get three.

Mr. MARTIN of Colorado. I wish some gentleman, in addition to objecting to this bill, would say why, and give some substantial reason for objecting.

Mr. TRUAX. I will give the gentleman some reasons.

Mr. MARTIN of Colorado. The gentleman is going to give me some experience that he has had, I suppose.

Mr. TRUAX. Oh, yes.

Mr. BLANTON. Mr. Speaker, regular order.

The SPEAKER. Is there objection?

Mr. TRUAX. I object.

Mr. MARTIN of Colorado. I will consent to the passing over of this bill until one more unanimous-consent call of the calendar.

The SPEAKER. Is there objection to the request of the gentleman from Colorado, that the bill be passed over without prejudice?

There was no objection.

A brief history of the bill itself, following the foregoing treatment of it on the Unanimous Consent Calendar, in which nothing shall be said for the bill out of the mouth of its sponsor, will enable an impartial and disinterested person to determine how much of merit there is to the objections recorded above which prevented consideration of the bill. Yes; one thing will be said, and that is, that these objections did not come from Colorado, New Mexico, Wyoming, Montana, Idaho, Utah, Nevada, or Arizona, which States contain nearly all the forest reserves in the United States.

If this forest-exchange plan is a bad thing, it is singular that none of the Members of Congress from the States to be affected by it are to be found among the objectors to its passage.

The present sponsor of H.R. 3206 did not originate it. It was introduced in the Seventy-second Congress by his predecessor and was reported favorably by the Committee on the Public Lands and was objected off the Consent Calendar by one Member, just as my bill has been.

It was approved by the then Secretary of Agriculture, as shown by the following letter:

DEPARTMENT OF AGRICULTURE,
Washington, January 24, 1931.

Hon. DON B. COLTON,
Chairman Committee on the Public Lands,
House of Representatives.

DEAR MR. COLTON: Reference is made to your letter of January 17, enclosing copy of H.R. 16156, a bill for the exchange of lands adjacent to national forests in Colorado, and asking for the views of this Department thereon.

The proposed legislation would extend the Forest Exchange Act of March 20, 1922 (42 Stat. 465) to privately owned lands within 6 miles of the boundaries of the national forests in the State of Colorado; that is, it would make it possible to exchange national-forest lands or timber in the State of Colorado for privately owned lands within the area described in the bill when such lands are valuable for forestry purposes and can be obtained on the basis of value not less than the value of the publicly owned lands or timber given in exchange therefor.

Your committee, of course, appreciates that before the national forests were established a large area of pubicly owned lands bearing forest cover passed into private ownership; and therefore, when the national forests were created such lands were not included within their boundaries. In most instances the commercial timber has now been removed from these lands, but they contain a young growth of timber which would become increasingly valuable if it were protected and otherwise managed as a forest property. In the judgment of this Department, it is very desirable that lands of this nature be given protection, and it is felt that

a law such as is proposed by this bill which would make it possible to acquire such lands by exchange would be in the public interest.

Your committee, of course, is familiar with legislation of like character which has been hitherto enacted in several instances. A measure in almost identical terms was enacted in the last Congress for the State of Montana, and may be found in volume 45, United States Statutes at Large, page 1145.

Sincerely yours,

R. W. DUNLAP, *Acting Secretary.*

The pending bill was also reported favorably and unanimously, after hearings, and also received the endorsement of the present Secretary of Agriculture, as shown by the following letter:

DEPARTMENT OF AGRICULTURE,
Washington, January 20, 1934.

Hon. RENÉ L. DEROUEN,
Chairman Committee on Public Lands,
House of Representatives.

DEAR MR. DEROUEN: Receipt is acknowledged of your letter of January 10, enclosing copy of H.R. 3206, a bill "for the exchange of lands adjacent to national forests in Colorado", and asking for a report thereon.

The proposed legislation would extend the provisions of the Forest Exchange Act of March 20, 1922 (42 Stat. 465), to lands in the State of Colorado lying within 6 miles of the boundaries of the national forests in that State. In other words, it would make it possible to exchange privately owned lands located within 6 miles of the boundaries of national forests in Colorado for publicly owned lands or timber within the national forests in that State on the basis of equal value, if the Secretary of Agriculture should find that such privately owned lands were chiefly valuable for forestry purposes.

Your committee, of course, appreciates that when the national forests in Colorado were created, it was the policy of the Government to not include, insofar as possible, privately owned lands. Necessarily, large areas of timber-producing land had passed from the public domain into private ownership before the national forests were created. In most instances the commercial timber has now been removed from these privately owned lands. The lands are timber producing in character and have little value for any other purpose. If they are to produce another crop of timber, they must be managed and protected with that objective in view.

Legislation of the nature proposed by this bill was enacted for the State of Montana by the act of January 30, 1929 (45 Stat. 1145). In the judgment of this Department, permissive legislation of the character proposed would be in the public interest, since it will make it possible from time to time to acquire, by exchange on a fair basis, privately owned lands which unquestionably should be managed as forest properties as a part of the adjoining national forests. The enactment of the legislation would not add to the financial burdens of this Department.

Very sincerely yours,

H. A. WALLACE, *Secretary.*

The bill, therefore, was considered and reported favorably by the Public Lands Committee of two Congresses and by two Secretaries of Agriculture.

The following paragraph from a letter from the Forest Service to the sponsor of the pending bill sets forth the legislative precedents for the bill, showing the enactment by Congress of similar laws affecting national forests in the States of Montana, Oregon, South Dakota, and New Mexico, so there is nothing novel or experimental in the bill:

APRIL 28, 1933.

Hon. JOHN A. MARTIN,
House of Representatives.

DEAR MR. MARTIN: Receipt is acknowledged of your letter of April 26 relating to H.R. 3206, a bill for the exchange of lands adjacent to national forests in Colorado.

A law practically identical with H.R. 3206 was enacted for the State of Montana January 30, 1929, and may be found in volume 45, United States Statutes at Large, page 1145. The act of February 2, 1922 (42 Stat. 362), extended the exchange authority to any privately owned lands within 6 miles of the Deschutes National Forest in Oregon, and the act of April 23, 1928 (45 Stat. 450), extended it to any privately owned lands within 6 miles of the Crater National Forest, also in Oregon. The act of February 15, 1927 (44 Stat. 1099), extended the exchange authority to any lands within 5 miles of the Black Hills and Harney National Forests in South Dakota and Wyoming. The act of April 16, 1928 (45 Stat. 431), extended the exchange authority to extensive private land grants adjoining the Carson, Manzano, and Santa Fe National Forests in New Mexico. These laws have uniformly been found to operate to the mutual advantage of both the Government and the landowner, and no case has ever arisen giving the slightest cause for criticism. I know of no reason why such a law should not operate with equal success in Colorado.

Very sincerely yours,

E. A. SHERMAN, *Acting Forester.*

Just what this bill will effect, how it will operate, and the desirable results to be obtained, are shown by the following memorandum prepared by the Forest Service for the sponsor of the bill:

MEMORANDUM FOR MR. MARTIN

Relating to H.R. 3206, for the exchange of lands adjacent to National Forests in Colorado:

This proposed legislation will not of itself add any lands to a national forest. It will extend the Forest Exchange Act to privately owned lands lying within 6 miles of the boundaries of the National Forests in Colorado; that is, it would permit the Government to acquire by exchange privately owned forest lands for national forest land or timber in the same State on the basis of equal value, the exchanges to be approved by the Secretaries of Agriculture and Interior. It should be borne in mind that when the national forests were first established the boundary lines were so drawn as to exclude as far as possible privately owned lands. Adjacent to the national forests are privately owned lands, which at one time contained a valuable stand of timber, which timber has now to a large extent been removed. The lands are primarily valuable for the production of timber. Their management as a forest property is desirable from the public-interest standpoint. In many instances such lands can be obtained by exchange to the benefit of the Government as well as the private owner, since it works toward the consolidation of the holdings of each. Since the enactment of the Forest Exchange Act of March 20, 1922, up to December 31, 1932, 923 of these exchanges have been effected, and through them the Government has acquired 1,395,359 acres in exchange for 432,268 acres, and national-forest stumpage valued at $2,775,357. On the lands acquired there has been stumpage which has exceeded in volume that given in exchange by the Government.

Other conditions sought to be effected by the operation of this legislation may be briefly mentioned. There are large areas of naked grazing land, entirely without timber, on the mountain slopes embraced within the boundaries of national forests. These lands will never bear timber. They may be exchanged to stock owners for cut-over timberlands adjacent to the forest boundaries which have little value for grazing. A sawmill owner may have a timber tract miles removed from his mill which he may exchange to the Government for adjacent timber. In making all these exchanges, the Forest Service and the Department of Agriculture work with a view to rounding out and consolidating, as it were, the forest reserves and lands in private ownership, each in their own sphere, the cut-over lands thus acquired to be cared for and retimbered. It does not require very deep reflection to show that this exchange law fills a need. The conditions calling for it existed on the ground, and the law grew out of the conditions.

This bill has been endorsed by various local organizations in the affected areas, chambers of commerce, Izaak Walton leagues, Rotary and other clubs, boards of county commissioners. Is not some weight to be attached to the fact that not a single protest has come from the affected areas?

There is, however, a protest. It comes from the Department of the Interior. Apparently there is some rivalry between two departments of the Government, some jealousy of jurisdiction over land. One thing is obvious, and that is, the land which the Department of Agriculture trades for must be in private ownership, and the land which it trades must be under the jurisdiction of the Department of Agriculture. It is difficult to see wherein the legislation treads on the toes of the Department of the Interior, and it is still more difficult to see that its objection should have any weight. Perhaps it has.

It is the opinion of the sponsor of this bill that there should be a general bill applying to all the forest-reserve States. When the sponsor of this bill learned that similar laws affecting the forests in four States had been passed, he introduced a general bill, H.R. 5368. That bill was also reported favorably by the Public Lands Committee of the House, on which there are Members from other forest-land States, and was also endorsed by the Secretary of Agriculture. This is conservation legislation, just as much as the original Forest Reserve Act. It is merely a perfecting of the original legislation and of the Forest Exchange Act of March 20, 1922. Under the terms of that act privately owned lands within the boundaries of national forests, if found by the Secretary of Agriculture to be chiefly valuable for forestry purposes, may be exchanged for an equal value of publicly owned land, or timber, within a national forest in the same State. The pending bill, H.R. 3206, merely

extends this authority to lands within 6 miles of the existing boundaries of national forests in the State of Colorado, much of which lands, containing valuable timber, had passed into private ownership and had been cut over prior to the creation of the national forests. They may again become forests under the ministrations of the Forest Service. They are largely worthless for any other purpose. If an objector to this bill could go and look them over, he would laugh at the idea of having objected to their acquisition for forestry purposes. If such legislation could be reached for consideration under any other than a Unanimous Consent or Private Calendar, so that it could be debated on its merits, there would be no question about its passage.

THE CRIME BILLS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate bills S. 2080, S. 2249, S. 2252, S. 2253, S. 2575, S. 2841, and S. 2845, the so-called "crime bills", with House amendments, insist on the House amendments, and agree to the conference asked by the Senate.

The Clerk read the titles of the bills.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SUMNERS of Texas, MONTAGUE, MCKEOWN, KURTZ, and PERKINS.

PROCEDURE OF PUBLIC UTILITY COMMISSIONS

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 350.

The Clerk read the House resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 752, an act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; that after general debate, which shall be confined to the bill and shall continue not to exceed 5 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, may I inquire if the gentleman from Massachusetts on behalf of the minority wants the usual time?

Mr. MARTIN of Massachusetts. Mr. Speaker, I request the usual 30 minutes. I do not know that I shall use it all, but I should like to have it at this time.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts.

Mr. Speaker, this is the rule which provides for the consideration of the so-called "Johnson bill." The rule is an open one and provides for 5 hours of general debate.

The Johnson bill, which prevents public utilities from resorting to the Federal courts where no interstate commerce is involved, is a little unusual by reason of the fact that it was amended in the Judiciary Committee. The committee amendment is known as the "Lewis bill." The legislation is thereby left in the situation that those preferring the Johnson bill will vote down the committee amendment known as the "Lewis bill", and those preferring the Lewis bill will vote for the committee amendment.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BRITTEN. The gentleman refers to LEWIS of the House, and not LEWIS of the Senate?

Mr. O'CONNOR. I refer to the distinguished gentleman from Colorado, Mr. LEWIS, our colleague.

The vote in the Judiciary Committee was particularly close, which also makes the question very interesting. The vote was 11 for the Lewis bill and 10 for the Johnson bill.

So that the House will appreciate the importance of the question I may say that it has been before Congress for many years. The question involves the resort of the utility companies to our Federal courts with the consequent delays and the expense and the alleged abuses to which such resort has given rise. The Johnson bill prevents a resort to the Federal courts unless an interstate question is involved. The Lewis bill gives the utility companies the choice between going into the State courts and the Federal courts, but denies to the utility companies the right they now have, and which it is claimed they have abused, of transferring a case from one jurisdiction to another after they have once selected their tribunal.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. O'MALLEY. Have not the utility companies now the choice of going into a Federal court or a State court?

Mr. O'CONNOR. They have.

Mr. O'MALLEY. And they never choose the State courts, but always go into the Federal courts.

Mr. O'CONNOR. I do not know the facts about that, but as to New York State and New York City they have almost invariably resorted to the Federal Courts.

The legislative change sought to be accomplished by each of these bills does not embrace a new idea. I may say that nearly every member of the New York delegation, including myself, for years has attempted to correct what we claimed were the abuses of the utility companies rushing into the Federal courts and taking advantage of what we contend is a foreign jurisdiction. For instance, in New York it has often happened that the utilities commission having held hearings lasting years, and having made a ruling, and having fixed a rate, the utility company not having complied with the rate was thereupon taken into the State courts by the utilities commission; the matter has been heard at great length in the State courts, and then some dark night the utilities company would sneak up to the apartment of a Federal judge who was visiting in New York, from Texas or California, enjoying our sights and night clubs; and the utilities company would get a temporary injunction or restraining order which transferred the case to the Federal courts where it would be heard de novo with additional years and expense consumed in reaching a determination of the case.

That has been the usual situation.

Now, may I take as an example a small town, a little town up-State in New York, for instance. A water company has a dispute with its consumers over the rates to be charged for water. The water company is a New York corporation. All its business is done in New York State and in that town. All its customers live in the town. There is no interstate question involved at all. But under the pretext of a violation of the provisions of the fourteenth amendment, the due-process clause, when that utility company sees fit they will rush into a Federal court before a judge who knows nothing about the local conditions and will fight out the issue in the Federal court, when every issue involved is between the residents of that particular town and the residents of the State of New York.

The State courts are plenty good enough for the people of our State. There are a few other persons or corporations who resort to the Federal courts rather than the State courts to determine their peculiarly local or domestic problems.

I am one of those who believe, and I have so stated very often, that there is no necessity for any Federal courts except our Supreme Court. I have stated heretofore that 99 percent of the cases brought in our Federal courts are brought through deceit or trickery, either under the guise of diversity of citizenship or some other alleged Federal question, when that issue could just as well have been tried in the State court.

For instance, we had in the State of New York some years ago an admiralty court which tried all admiralty cases. There was no complaint about the conduct of that court, but the court passed out of existence because the big steamship companies and the big lawyers representing them re-

sorted to the Federal courts in every admiralty case. And so it is with practically every other case in the Federal court. They could just as well and more properly be tried in our State courts.

The Lewis bill, I may say, has another feature in it which will be called to your attention. Of course, I do not pretend to be able to analyze these bills with the same ability as the members of the Judiciary Committee or the distinguished lawyer from Colorado, but this main question has been on the lips of everybody in Congress and out for a great many years, and I am sure that every one here has taken a greater interest in this particular subject than in the ordinary legislation which comes before us.

Mr. ADAMS. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Delaware.

Mr. ADAMS. Just a few moments ago the gentleman stated something about justice being obtained in State courts. The gentleman undoubtedly recognizes cases where justice would be dealt with better in the Federal courts than in the State courts, where there is no connection whatsoever with State utilities on the part of the judiciary, counsel, directors, or the holders of stock.

Mr. O'CONNOR. I have greater faith in our State courts and the judges that preside over them than to believe, as the utility companies do today, that because they are elected by the people their reelection will cause them to cater to the clamor—you might call it—of the people who are paying these rates and who feel that they are being unjustly gouged.

Mr. CARPENTER of Nebraska. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Nebraska.

Mr. CARPENTER of Nebraska. Another thing is that the people of the State can get at the State judges, while these Federal judges cannot be removed except by death.

Mr. O'CONNOR. That does not apply in all cases, because in many States the judges are appointed for life. In those States the utility companies would have no cause for fear, and I am confident they will receive justice in the States where the judges are elected.

I believe the Johnson bill presents the proper approach to this question. [Applause.] As a lawyer, I will admit it may be drastic; but I believe that in a scandalous situation, such as we have had, with the arrogance of these utility companies, whose lobbyists right now swarm the lobbies and the galleries of this House, with their arrogance with legislatures and with this Congress, and their ceaseless propaganda, that a little spanking, as it were, such as we indulged in the other day by means of the stock exchange bill, may be the most effective way of bringing these corporations to terms with our people. Of course, they realize that something is going to happen to them; and so rather than take the whole "licking" they are now attempting to lobby through the Lewis bill as a half-way measure or the lesser of two evils, although they are still threatening and fighting to the last ditch to prevent any bill passing.

Mr. YOUNG. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Ohio.

Mr. YOUNG. Is it not a fact that the arrogance of the public-utilities lobby is matched in many respects by the arrogance of the Federal courts of this country, who are judges, lawmakers, and executioner combined in one without responsibility to anyone?

Mr. O'CONNOR. I am glad to have a distinguished Democrat join with me in protesting against even the existence of the lower Federal courts. It always surprises me when anyone from the South, for instance, asks for a new Federal district or for a new Federal judge, because I cannot appreciate how they, of all people, can make the request if they have any knowledge of the history of what these carpet-bagging judges have done in that territory and what they have done to us in New York and the rest of the country.

It is almost the invariable rule that all these restraining orders and all these injunctions issued in behalf of the utility companies against the citizens of our States and cities have been issued by a visiting Federal judge spending a joyous vacation in New York and getting the extra $10 a day for the privations he suffers.

Mr. McFARLANE. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Texas.

Mr. McFARLANE. Does the gentleman believe that if we could limit the term of office of these Federal judges, requiring them to check in with the people and have the people pass on their qualifications about every 6 years, it might correct the situation?

Mr. O'CONNOR. That is only a half-way measure like the Lewis bill. Let us have no half-way doings.

Mr. SABATH. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Illinois.

Mr. SABATH. Is it not a fact that in many instances these utility corporations, when they cannot obtain all they desire from the utility commissions, jump into the Federal courts and go even as far as to demand and secure a receivership for corporations that should not be forced into receivership or bankruptcy, as has been done in several of the cities of the United States?

Mr. O'CONNOR. Yes; and then some relative of the judge is appointed receiver, as has happened so often in Chicago and for which three Federal judges are about to be impeached.

Mr. SABATH. That is what I wanted to bring out.

Mr. O'CONNOR. While I believe the Lewis bill is some improvement over the existing situation, I am primarily convinced that the way to meet this vexatious problem is to go "whole hog" and prevent these utility people from taking purely local questions into the Federal courts, and restrict them to the State courts as our other citizens are restricted.

I believe this House, after consideration of this most important measure, will pass this bill for which we have waited so many years. [Applause.]

Mr. O'MALLEY. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. O'MALLEY. The gentleman states he thinks the Lewis bill is an improvement over the existing situation. I wonder if he could explain just how it improves the existing situation.

Mr. O'CONNOR. Of course, the Lewis bill does this one thing. Once these companies have got into the State court, under the Lewis bill, they cannot then switch to the Federal court as they do now.

Mr. O'MALLEY. They can switch now?

Mr. O'CONNOR. Yes. Furthermore, under the Lewis bill the testimony taken before the Utilities Commission is at least prima facie evidence and the court does not have to go into the matter de novo, except for certain language of the Lewis bill which in my opinion would leave the door open for new evidence.

Mr. O'MALLEY. Of course, the gentleman realizes that under the Lewis bill if they have the option of going into the State or Federal courts, they will never go into the State courts.

Mr. O'CONNOR. I know that. They will always resort to the Federal courts.

Mr. CARPENTER of Nebraska. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. CARPENTER of Nebraska. Is it not true that the President of the United States favors the original Johnson bill as passed by the Senate?

Mr. O'CONNOR. I do not know that.

I believe the way to meet this most important question is for this House to pass the Johnson bill. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 15 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I am supporting this rule. I voted for it in the Committee on Rules and I favor the passage of the Johnson bill, as distinguished from the Lewis substitute, after the rule is adopted.

This legislation, in one form or another, has been pending in Congress for a great many years. The distinguished gentleman from New Jersey [Mr. BACHARACH] introduced a bill, not in the same language, but to accomplish the same result, as far back as 1922, or 12 years ago.

The Senate bill which this rule seeks to make in order, introduced by Senator JOHNSON, of California, is sponsored by the National Association of Railroad and Utilities Commissioners. The chairman of the legislative committee of that organization is a former member of the Michigan State utility commission and a resident of the State of Michigan. That association sponsors the Johnson bill and is opposed to the Lewis substitute. That association says it is necessary to pass some such legislation as the Johnson bill to enable the State commissions, or to put it in another way, to enable the States to function properly and effectively in the control and regulation of rates within their boundaries. It, of course, only applies to intrastate rates. The scope of the bill is expressly limited to rates that do not interfere with interstate commerce.

It seems to me that there has been a great deal of false emphasis, or that the emphasis has been put in the wrong place, in the consideration of this legislation in the past few years, and one thing that has been falsely emphasized in the consideration of the matter is the question of diverse citizenship. The public-utility commissions attach little weight to the diverse-citizenship phase of the legislation. The jurisdiction of the Federal courts in rate cases is not dependent upon the diverse citizenship of the parties, but on the claim that the rates are confiscatory, and upon that ground or allegation the Federal courts have jurisdiction regardless of the citizenship of the parties. In other words, as I understand the decisions and the law, when confiscation is alleged by affidavits in Federal court it is the duty of the court to grant an interlocutory injunction.

This proposed legislation does not deprive anyone of due process of law. It does not deprive anyone of his day in court. There is no constitutional right involved. Congress has exclusive power to fix the jurisdiction of all inferior courts of the United States. Congress by law gave the lower Federal courts whatever jurisdiction they have in rate cases and it can by law take that jurisdiction away if it thinks it advisable to do so.

Mr. ELTSE of California. Will the gentleman yield at this point?

Mr. MAPES. I yield to the gentleman from California.

Mr. ELTSE of California. Something was said in my presence not long ago to the effect that if the Johnson bill were adopted, the right of appeal to the Supreme Court might be in doubt.

Mr. MAPES. There is no question as to that. I was going to bring that out later, but I will discuss it now. The Supreme Court of the United States will have the same right to review rate cases and to take into consideration the same questions after the passage of the Johnson bill as it has under existing law. The only difference will be that the appeal in all cases will be from the supreme or highest courts of the different States instead of some of them coming up through the lower Federal courts as is the case now. I do not think there is any dispute about that proposition at all.

It seems to me, too, that there has been a tendency in the consideration of this legislation to put a false emphasis upon the rights of the utilities and to ignore the rights of the States. The passage of the Johnson bill does not involve any question for or against utilities. It is simply a question as to whether or not States are going to be allowed to perform their proper functions in the supervision and fixing of rates, without interference of Federal law. It is a question as to whether or not Congress is going to continue to permit the utilities in important cases to thwart the will of the States and the State authorities.

The fixing of rates is distinctly a legislative matter, delegated by legislative bodies to commissions created for that purpose after adequate hearings have been had. It is in no sense a judicial function.

It was not so many years ago that the legislatures fixed rates themselves without delegating the power to the commissions, as, for example, the 2-cent-fare legislation on railroads. Subsequently this legislative duty was delegated to the commissions for action after full and complete hearings. Under existing procedure, by virtue of Federal law, after full and complete hearings before a State commission, a public utility, if it is dissatisfied with the order of the commission fixing rates, has the choice of applying either to the State or to the Federal courts for an injunction to restrain the commission from putting its order into effect upon the ground that the rates would be confiscatory. If the utility chooses to bring such action in the lower Federal courts, such courts are authorized by Federal law to try the case de novo and to substitute their judgment, both on the facts and the law, for the judgment of the State commissions. This procedure not only causes great expense and delay but permits the courts to perform a legislative function instead of the commissions.

I quote from the hearings:

> The Federal Government does not subject its own regulatory agencies to the absurdity of a trial de novo for a judicial review of their own orders.

And again:

> It will thus appear that out of 47 States which have State commissions a review of a State commission order is now upon the record made before the commission in at least 43 of the States.

There is no question involved as to the superiority of Federal courts as against the State courts, or their inferiority. I have faith in both our Federal and State courts as a whole. I believe that State courts will adequately protect the rights of all litigants who come before them, and, of course, counsel for the utilities will see that their cases are properly tried. I do not join the opponents of this legislation in their criticism of the State courts in defense of their position.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. MAPES. I prefer to proceed.

Mr. ZIONCHECK. I simply wanted to ask the gentleman this question: Do not the utility companies purposely go into the State courts and delay as long as possible, and then, just before the decision, go to the Federal court by way of dilatory tactics?

Mr. MAPES. That may have occurred in some instances. I do not think the State utilities commissions base their advocacy of the Johnson bill on that theory, however. They object to the procedure in the Federal courts because of the great expense involved and the delay in reaching a decision in the more important cases. Take the Illinois telephone case recently decided by the Supreme Court, for example. The case was started in 1923 and was finally passed upon by the Supreme Court on April 30, 1934. It may be that an order fixing rates made in 1923 would be entirely inapplicable in 1934 with changing economic conditions. The long delay in reaching an ultimate decision in any given case practically nullifies the work of the commission. One of the purposes of the Johnson bill is to prevent such delays.

Mr. BECK. Does the gentleman seriously contend that when the regulation of rates reaches the point of confiscation, it is not a judicial question?

Mr. MAPES. The gentleman from Pennsylvania, if he reaches any such conclusion as his question intimates from what I have said, has misinterpreted what I have been trying to say.

Mr. BECK. I just happened to come in, and I heard the last part of the gentleman's statement that it was not a judicial question but a legislative one.

Mr. MAPES. The gentleman does not dispute that?

Mr. BECK. No. But when it reaches confiscation they have their day in court.

Mr. MAPES. This bill does not take away their day in court at all. The utilities will have an opportunity to take their case into the State courts and test the question as to whether or not the rates are confiscatory after the passage of this bill, and if they are dissatisfied after the case has gone through the State courts they can appeal to the Supreme Court of the United States. This bill will only deprive the lower Federal courts of the jurisdiction they now have over rate cases.

I think that no one will seriously question the delays and the expense of prosecuting cases through the Federal courts. If he does, I think one sentence of the opinion of the Chief

Justice in the Illinois Telephone case a week ago—to which I have referred—might well be called to his attention, to wit:

Elaborate calculations which are at war with realities are of no avail.

I ought to say, in fairness to the Lewis substitute, that that is an improvement over existing law, but the public-utilities commissioners of the States oppose it and are in favor of the passage of the Johnson bill as it came over from the Senate. They do not want any half-way measure, and it seems to me that their position in that respect is perfectly sound. They ought to be given the assistance which this legislation will give them to make their work effective.

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Speaker, there is one phase of this matter that has been called to my attention which I think at this stage of the proceedings, before we vote on the adoption of the resolution, should be called to the attention particularly of members of the Committee on the Judiciary. A rather unusual situation was presented before our committee on the application for a rule for the consideration of this bill, in that the Lewis substitute was favored by a majority of the committee, by a very small majority, and we had to prepare a rule which we thought would give to the House a fair opportunity to consider upon their merits both the original Johnson bill and the Lewis substitute, which was the majority report of the Committee on the Judiciary. With that understanding, and in order that there might be a very full and fair and free discussion of the merits of these two propositions, both of which have strong support among the Membership of the House, the committee decided to grant 5 hours of general debate upon the bill on the merits of these two respective contentions. Since we came into the House this morning I have heard it intimated that when we get into the Committee of the Whole, after exhausting the 5 hours of general debate on the merits of the proposition, it was possible that a point of order might be raised against the Lewis substitute upon the ground that it is not germane to the original Johnson bill. It will be recalled that the Committee on the Judiciary struck out all of the provisions of the Johnson bill after the enacting clause and substituted the Lewis substitute as an amendment. It seems to me, in all candor and as a matter of absolute good faith and fair dealing, that the original intention of giving both sides of this controversy a fair opportunity to have their views presented and a fair opportunity for a vote on the merits of the different propositions should be carried into effect, and the members of the Committee on the Judiciary ought to be willing that this rule be amended so that it would waive points of order against the substitute. I trust the chairman of the committee, who is really in the minority on this question, will agree to that proposition.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. MARTIN of Massachusetts. And it is fair to assume that the Committee on Rules probably would not have given the rule to a minority of the committee. Is not that the fact?

Mr. BANKHEAD. As I said, it was a very unusual proposition that was submitted to us and I would say to the gentleman that both sides were anxious to have this matter tried out on the floor of the House.

Mr. MARTIN of Massachusetts. The gentleman never knew of a rule being granted to the minority of any House committee, did he?

Mr. BANKHEAD. That is true.

Mr. SUMNERS of Texas. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. SUMNERS of Texas. The gentleman from Alabama [Mr. BANKHEAD] is correct in the statement that both the minority and majority desired to have a rule, an open rule, which would test the judgment of the House on this measure. Insofar as the chairman is concerned, and I trust insofar as we are all concerned, while the question of the making of a point of order, or whether or not a point of order would be made, has been informally discussed among some members of the committee, I know of no determination to make the point of order, and the chairman is very much in hopes that nobody will make the point, and that the House will have an opportunity to express its judgment with regard to these two propositions.

Mr. BANKHEAD. With that assurance, which is characteristic of the gentleman from Texas always, I assume there will be no objection to amending the resolution before it is adopted, waiving points of order against the rule.

That is all I have to say, Mr. Speaker. The gentleman from New York [Mr. O'CONNOR], in charge of the rule before moving the previous question, will offer that amendment.

The SPEAKER. The time of the gentleman from Alabama [Mr. BANKHEAD] has expired.

Mr. O'CONNOR. Mr. Speaker, I offer an amendment to the resolution.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 1, line 7, after the word "boards", insert "and all points of order against said bill and committee amendments are hereby waived."

The amendment was agreed to.

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 752, with Mr. HANCOCK of North Carolina in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

The CHAIRMAN. Under the special rule the gentleman from Texas [Mr. SUMNERS] is recognized for 2½ hours.

Mr. SUMNERS of Texas. Mr. Chairman, under the arrangement effected between the gentleman from Colorado [Mr. LEWIS], whose amendment prevailed in the committee, and the chairman of the committee, the gentleman from Colorado [Mr. LEWIS], is to control one half of the 2½ hours which under the rule are allotted to the chairman of the committee.

I presume at this time it will be in order for me to yield to the gentleman from Colorado [Mr. LEWIS] 1 hour and 15 minutes.

Mr. KURTZ. Mr. Chairman, as I understand it, one half of the time is to be given to the proponents of the Lewis bill and the other half to the opponents of it and those in favor of the Johnson bill. I therefore yield one half of the 2½ hours allotted to me to the gentleman from Kansas [Mr. GUYER]. Mr. GUYER is for the Johnson bill and against the Lewis bill.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 1 hour and 15 minutes to the gentleman from Colorado [Mr. LEWIS].

Mr. LEWIS of Colorado. Mr. Chairman, I wish first to make a rather detailed statement concerning this bill. May I ask, please, that Members do not request me to yield until I complete my statement, which will probably answer some of the questions which at the outset may be asked?

At the outset I wish to say that our very good friend, Mr. EMANUEL CELLER, of New York, was to have opened the statement on behalf of the committee, as the ranking member of those who joined in the majority report. Unfortunately the gentleman from New York [Mr. CELLER] has been ill, as you know from the several permissions given for his absence,

and he is now recuperating in a hospital. He telegraphed me as follows:

HOT SPRINGS, VA., *May 7, 1934.*

Congressman LAWRENCE LEWIS,
House Office Building, Washington, D.C.:

Gladly give you permission to use my name in any way to support your bill in opposition to Johnson bill. Regret illness precludes my active help.

Congressman E. CELLER.

Mr. Chairman, this is an important matter of governmental policy, as has been indicated not only by my friend, the gentleman from New York [Mr. O'CONNOR], but also by my friend, the gentleman from Michigan [Mr. MAPES]. It is not a partisan question at all. It is a question of how we look at a high and important problem of government. The statements made by the gentleman from New York and the gentleman from Michigan are, of course, accurate as to the differences between the provisions of these two bills.

The Committee on the Judiciary devoted 3 full days, February 27 and 28 and March 1, 1934, to the hearings on this question. Many witnesses were heard, their statements taken under oath, and numerous briefs filed. All this matter is included in the printed transcript of the hearings. Thereafter the committee had extended conferences in executive sessions. I am sure all members of the committee have no other motive than to do what is best for the country.

It is with that thought that these extended hearings and discussions were had. It was with that thought that this substitute was offered to the so-called "Johnson bill." My friends who have preceded me have made it unnecessary to enter into an elaborate statement of the abuses which were developed in the hearings, which were shown to exist in the present Federal procedure in rate cases.

The statement by the majority of the committee summarizes the situation.

STATEMENT ACCOMPANYING MAJORITY REPORT

The Johnson bill (S. 752) seeks to withdraw completely from the district courts of the United States all jurisdiction in suits relating to orders of State administrative boards or commissions affecting rates chargeable by public utilities. The majority of the Committee on the Judiciary believe the bill presented corrects all present evils without wholly divesting the Federal district courts of all jurisdiction in rate cases.

Hearings were conducted by the committee throughout 3 days. The evidence at these hearings tended to establish that, under the present procedure in the Federal courts, grave abuses have arisen in some cases where utility corporations have sought injunctive relief from orders by State boards or commissions fixing rater. Out of the total number of rate cases considered, the percentage of those taken to Federal courts is extremely small but the abuses which have arisen in some of these cases appear sufficiently serious to require immediate correction. These abuses are chargeable not to any fault of Federal courts or Federal judges but to defects in the Federal Judicial Code. The responsibility and remedy is in the Congress.

The abuses complained of are as follows:

First. Under the present practice, after a full hearing on rates has been had before the State administrative board or commission, the utility may and sometimes has applied to the United States district court for an injunction, alleging that rates fixed by the State board or commission are confiscatory, that is to say that such rates deprive the utility of its property without due process of law in violation of the guarantees of the fourteenth amendment to the Constitution of the United States. In the Federal Judicial Code, as it now stands, there is no express provision under which, except by consent of all parties, the United States court can consider the transcript of the proceedings before the State board or commission. Consequently, under the present practice, the evidence taken before the board or commission is generally disregarded and it is necessary to take all the evidence over again at very great expense in time and money.

Citizens complaining of rates alleged to be excessive have sometimes been unable, because of limited funds, properly to present their case a second time in the United States court after having already presented it once fully before the board or commission, with the result, so it is claimed, that efforts to secure relief from extortionate rates have had to be abandoned. The mere threat by the utility company that it would seek an injunction in a United States court, involving the prospect of great additional expense and delay, has sometimes been sufficient to force a compromise unfavorable to the public interest. Even if ratepayers or public regulatory bodies were supplied with sufficient funds to carry on expensive litigation, the procedure of adducing the same evidence twice—once before the board or commission and again before the United States court—is wasteful of time as well as of money. Justice delayed is justice denied.

Second. Under the laws of every State provision is made for some sort of a review of the orders of the State regulatory board or commission in the courts of the State. In some few cases it appears that, after the hearing before the board or commission, the utility company instituted proceedings in the State courts and, after these had been carried to a point short of final judgment, the utility dismissed these proceedings in the courts of the State, and sought and secured an injunction in the District Court of the United States. Clearly any such procedure tends to defeat the ends of justice by increasing expense and delay. Furthermore, a litigant should be bound by its election of the forum in which it shall proceed. It should not be permitted to speculate upon what may appear to be the favorable or unfavorable attitude of a tribunal. If it starts in a State court, it should be required to pursue its remedy to the highest court of the State, reserving always its right of appeal to the Supreme Court of the United States.

Other defects in the present Federal procedure were pointed out, but they are technical, minor in character, and can easily be corrected, and have been so corrected in the bill presented herewith. The serious defects in the present procedure are the two above explained, viz, (1) that the evidence taken before the State board or commission is not used in the United States court, and (2) that the utility company is not bound by its election of forums if it starts proceedings in the courts of the State but may later go into a District Court of the United States.

In the Johnson bill the remedy for these abuses is sought by abolishing altogether the jurisdiction of the District Courts of the United States in rate cases, reserving to the utility company only an appeal to the Supreme Court of the United States.

A majority of the Committee on the Judiciary are of the opinion that such drastic action as withdrawing altogether from the District Courts of the United States all jurisdiction in rate cases is both unnecessary and unwise.

The majority regards such action unnecessary because, as is demonstrated herein below, every abuse in the present procedure can be corrected and every injustice obviated by amending the Judicial Code as provided in the proposed substitute for the Johnson bill.

The majority regards it unwise because—

(1) It is discriminatory, in that it would single out one class of litigants (viz, public utilities) and deny to them the right, which all other classes of litigants would continue to enjoy, to resort to the United States courts in controversies which arise "under the Constitution or laws of the United States" (par. 1, sec. 24, Judicial Code).

(2) It is a step toward abolition of the District Courts of the United States.

(3) Although the right of ultimate appeal to the Supreme Court of the United States is retained in the Johnson bill, it would deny to a public utility any effective review of the facts by a United States court in that the Supreme Court is not equipped to examine the facts—and the facts are of the essence of a rate case. As was said by Mr. Justice Holmes in *Prentis* v. *Atlantic Coast Line* (211 U.S. 210, 228), a case involving rates of a railroad:

"If the railroads were required to take no active steps until they could bring a writ of error from this court to the Supreme Court of Appeals after a final judgment, they would come here with the facts already found against them. But the determination as to their rights turns almost wholly upon the facts to be found. Whether their property was taken unconstitutionally depends upon the valuation of the property, the income to be derived from the proposed rate, and the proportion between the two—pure matters of fact. When those are settled, the law is tolerably plain. All their constitutional rights, we repeat, depend upon what the facts are found to be."

(4) Controversies affecting rates chargeable by a public utility are, from their very nature, such as are liable to be affected by local prejudice. They are precisely the kind of controversies for the adjudication of which the First Congress created, under the mandate of the Constitution, the District Courts of the United States.

(5) In every rate case there are two groups of citizens, the ratepayers and the owners of the securities of the utility corporation. On the one hand the ratepayers constitute a compact local group. They should be guaranteed prompt relief from excessive rates. On the other hand, the owners of the securities of a utility are frequently scattered throughout the Nation. They are entitled under the spirit, if not the letter, of the Constitution of the United States, to a fair and impartial trial on the facts as well as on the law before a tribunal free from local bias.

Accordingly, the majority of the committee is reporting, as a substitute for the Johnson bill (S. 752), a new bill which amends the Judicial Code by adding a new section designated as section 266 A, the effect of which is as follows:

After the hearing before the State administrative board or commission, if the utility asserts that the rates fixed are confiscatory, the utility may seek its judicial review either in the State court or in the District Court of the United States, but if it elects to go into the State court, it may not thereafter seek a remedy by injunction in the Federal court, but it must pursue its remedy in the courts of the State, reserving only its right of an ultimate appeal to the Supreme Court of the United States.

The bill provides that the District Court of the United States—"shall not have jurisdiction if the complainant (or, in case the complainant is a partnership, association, or corporation, if the complainant or a member or stockholder of the complainant) has theretofore commenced suit in a State court having jurisdiction thereof to contest the validity of such order on any ground whatsoever."

If the utility elects to seek in the District Court of the United States a review of the order of the State board or commission, the hearing and determination in the United States court shall be on—

"a transcript of the record of the proceedings, including evidence taken, before the board or commission with respect to such order, prepared at the expense of the complainant and certified to the court by the board or commission in accordance with the law or practice of the State, except that upon application of any party, the court may take additional evidence if material and competent and the court is satisfied that such party was by the board or commission denied an opportunity to adduce it, and in case no record was kept or the board or commission fails or refuses to certify such record, the court may take such evidence as it deems necessary."

Provisions in the present law (sec. 266 of Judicial Code) are retained providing for the hearing of such cases by a "three-judge court", of which at least one of the judges must be a Justice of the Supreme Court of the United States or a judge of the circuit court of appeals; for notice of hearing; for temporary restraining orders; for precedence and expedition of hearings, whether an interlocutory or merely a permanent injunction is sought; for the right of direct appeal to the Supreme Court of the United States; and for a stay of proceedings in the United States court, if before the final hearing of the application for an injunction, a suit shall have been brought in a court of the State to enforce such order, accompanied by a stay in such State court of proceedings under such order pending the final determination of such suit in the courts of the State.

For purposes of convenient reference, section 24 of the Judicial Code, which the Johnson bill seeks to amend, and section 266 of the Judicial Code, as it now reads, are set forth hereinbelow.

Judicial Code, section 24: The district courts shall have original jurisdiction as follows:

(1) Of all suits of a civil nature, at common law or in equity, brought by the United States, or by any officer thereof authorized by law to sue, or between citizens of the same State claiming lands under grants from different States; or, where the matter in controversy exceeds, exclusive of interest and costs, the sum or value of $3,000, and (a) arises under the Constitution or laws of the United States, or treaties made, or which shall be made, under their authority, or (b) is between citizens of different States, or (c) is between citizens of a State and foreign States, citizens, or subjects. No district court shall have cognizance of any suit (except upon foreign bills of exchange) to recover upon any promissory note or other chose in action in favor of any assignee, or of any subsequent holder if such instrument be payable to bearer and be not made by any corporation, unless such suit might have been prosecuted in such court to recover upon said note or other chose in action if no assignment had been made. The foregoing provision as to the sum or value of the matter in controversy shall not be construed to apply to any of the cases mentioned in the succeeding paragraphs of this section.

Judicial Code, section 266, amended: No interlocutory injunction suspending or restraining the enforcement, operation, or execution of any statute of a State by restraining the action of any officer of such State in the enforcement or execution of such statute, or in the enforcement or execution of an order made by an administrative board or commission acting under and pursuant to the statutes of such State, shall be issued or granted by any justice of the Supreme Court, or by any District Court of the United States, or by any judge thereof, or by any circuit judge acting as district judge, upon the ground of the unconstitutionality of such statute, unless the application for the same shall be presented to a justice of the Supreme Court of the United States, or to a circuit or district judge, and shall be heard and determined by three judges, of whom at least one shall be a justice of the Supreme Court or a circuit judge, and the other two may be either circuit or district judges, and unless a majority of said three judges shall concur in granting such application. Whenever such application as aforesaid is presented to a Justice of the Supreme Court, or to a judge, he shall immediately call to his assistance to hear and determine the application two other judges: *Provided, however,* That one of such three judges shall be a Justice of the Supreme Court or a circuit judge. Said application shall not be heard or determined before at least 5 days' notice of the hearing has been given to the Governor and to the attorney general of the State, and to such other persons as may be defendants in the suit: *Provided,* That if of opinion that irreparable loss or damage would result to the complainant unless a temporary restraining order is granted, any Justice of the Supreme Court, or any circuit or district judge, may grant such temporary restraining order at any time before such hearing and determination of the application for an interlocutory injunction, but such temporary restraining order shall remain in force only until the hearing and determination of the application for an interlocutory injunction upon notice as aforesaid. The hearing upon such application for an interlocutory injunction shall be given precedence and shall be in every way expedited and be assigned for a hearing at the earliest practicable day after the expiration of the notice hereinbefore provided for. An appeal may be taken direct to the Supreme Court of the United States from the order granting or denying, after notice and hearing, an interlocutory injunction in such case. It is further provided that if before the final hearing of such application a suit shall have been brought in a court of the State having jurisdiction thereof under the laws of such State, to enforce such statute or order, accompanied by a stay in such State court of proceedings under such statute or order pending the determination of such suit by such State court, all proceedings in any court of the United States to restrain the execution of such statute or order shall be stayed pending the final determination of such suit in the courts of the State. Such stay may be vacated upon proof made after hearing, and notice of 10 days served upon the attorney general of the State, that the suit in the State courts is not being prosecuted with diligence and good faith. The requirement respecting the presence of three judges shall also apply to the final hearing in such suit in the district court; and a direct appeal to the Supreme Court may be taken from a final decree granting or denying a permanent injunction in such suit.

I have never been in a rate case. I never represented a utility in my life, not because I have not had the opportunity but because I did not like some of the methods used by some utilities. We want to be fair here, Mr. Chairman, and we want to look at the best interests of the country. We do not wish to impair the integrity or the symmetry of our Federal judicial system simply to get at evils or abuses which have arisen in some cases. It is not necessary to burn down a barn in order to kill the rats.

The statistics showed that abuses existed in only a very small percentage of the total number of cases which have gone through the courts. But I maintain, Mr. Chairman, that the old Latin expression usually translated as "The exception proves the rule" should be translated more accurately, "The exception tests the rule." The point is that these exceptional cases test the present procedure. Is the present procedure adequate? Is it fair? It is only the exceptional case which enables us to find out.

So I say it makes no difference that there are only a few of these cases; the point is that the present procedure is abused. The abuse must stop. The Judiciary Committee is unanimous on this point. Both those who favor the Johnson bill and those who favor the committee substitute—which my friends, to flatter me, have called by my name—both groups are agreed that these abuses must and will be corrected.

What are these abuses? Very briefly I shall outline them. A proceeding is brought before a utilities commission and extended hearings are had at great expense both to the utility involved and to the public. These hearings may extend over months and may cost thousands or even tens of thousands, perhaps even hundreds of thousands, of dollars. After the hearings are concluded an order is entered by the commission. Then in these probably exceptional cases the utility, according to the evidence before the committee, has sometimes adopted one of two courses—it has gone into the State or into the United States court. In some cases the utility has gone first into the State courts, and when the case has proceeded some distance short of final judgment the utility has dismissed the case in the State court and gone into the Federal court. While this cannot be done in my State, I understand it can be done in some States. You cannot dismiss without prejudice in my State. But it was stated before the committee that in those States where a litigant can dismiss a case without prejudice the utilities sometimes have gone into the Federal court and built up an entirely new record beside, and in addition to, that which was built up before the State commission and after protracted proceedings in the State court. No provision is made in the Federal Judicial Code for the utilization of the evidence compiled at great expense for the hearing before the commission. So it cannot be used except by consent of all parties in the United States court. This is not the fault of the Federal courts or the Federal judges. It is the fault of the Congress. Of course, this is an absurdity; it is a waste of time and money; and it impedes the ends of justice. As my own personal friend Senator JOHNSON said, "Justice delayed is justice denied."

The two evils are then: First, permitting the utility to speculate upon what may appear to be the favorable or unfavorable attitude of a State court and of a Federal court and of not requiring it to be bound by its election of tribunals. Second, in not requiring the trial in the United States to be upon the evidence adduced before the State adminis-

trative board or commission. Both these evils arise from defects in the Federal procedure.

What does this substitute bill do? It puts a stop to both these evils. All the witnesses before the committee, every last one, said these were the two evils to which they objected.

This substitute bill was adopted in the Judiciary Committee by the very narrow margin of 1 vote. It provides that the utility may go into either the Federal court or the State court but, having made its election, must stand by it. If it goes into the State court it cannot dismiss and go over into the Federal court. On the other hand, if it goes into the Federal court the trial of the case in the Federal court must be on the record taken before the utility commission. In other words, the bill reported by the majority of the committee does away with the two evils which are referred to in the hearings as "the two bites at a cherry", and "throwing the record taken before the utility commission into the waste basket." Both these things are out of the way.

One objection has been made which will be considered when we read the bill under the 5-minute rule. The objection is directed at certain language in the committee bill. The committee bill is not long; I shall read it.

That the Judicial Code, as amended, is amended by adding after section 266 thereof a new section to read as follows:

"SEC. 266A. In the case of any suit brought in a United States district court to enjoin, suspend, or restrain the enforcement, operation, or execution of any order of an administrative board or commission of any State or any political subdivision thereof."

I call attention to the fact that this bill includes a board or commission not only of a State but such board of "any political subdivision of a State." In this respect I feel it is better than the Johnson bill.

Mr. KENNEY. Mr. Chairman, will the gentleman yield for a question?

Mr. LEWIS of Colorado. I yield.

Mr. KENNEY. Does the Lewis bill prohibit Federal courts from taking jurisdiction in suits brought to restrain the assessment and collection of State taxes?

Mr. LEWIS of Colorado. It does not; neither does the Johnson bill. I am coming to that a little later.

"or to enjoin, suspend, or restrain any action in compliance with such order, where (1) such order affects rates chargeable by a public utility, does not interfere with interstate commerce, and was made after reasonable notice and hearing, and (2) jurisdiction of such suit is based solely upon the ground of diversity of citizenship, or of the repugnance of such order, or of the law or ordinance under which such order was made, to the Constitution of the United States, or solely upon any combination of such grounds—

"(a) The provisions of section 266, as amended, which relate to hearings and determinations by three judges, to the right of direct appeal to the Supreme Court of the United States, to a stay of proceedings, and to precedence and expedition of hearings, shall apply, whether or not an interlocutory injunction is sought in such suit; and, when an interlocutory injunction is sought, the provisions of such section relating to notice of hearing and to temporary restraining orders shall apply;

"(b) The hearings and determinations shall be on a transcript of the record of the proceedings, including evidence taken, before such administrative board or commission with respect to such order, prepared at the expense of the complainant, and certified to the court by the board or commission in accordance with the law or practice of the State, except that (1) upon application of any party the court may take additional evidence if it is material and competent and the court is satisfied that such party was by the board or commission denied an opportunity to adduce it."

I take it that is the general law anyway, that if a litigant is denied the opportunity of adducing evidence he can always put it in on a review.

"(2) In case no record was kept or the board or commission fails or refuses to certify such record, the court may take such evidence as it deems necessary;

"(c) The court shall not have jurisdiction if the complainant (or, in case the complainant is a partnership, association, or corporation, if the complainant or a member or stockholder of the complainant) has theretofore commenced suit in a State court having jurisdiction thereof to contest the validity of such order on any ground whatsoever."

Then follows section 2. This is the saving clause which is contained in the Johnson Act to the effect that it does not apply to pending litigation.

I think it is generally conceded that all of the evils of which any of these witnesses complained have been cured in this bill. Certainly such was the intention of the majority of the committee.

Mr. TARVER. Will the gentleman yield for a question?

Mr. LEWIS of Colorado. I yield to my esteemed colleague on the committee, the gentleman from Georgia.

Mr. TARVER. The gentleman feels that his bill removes the evils complained of by President Roosevelt when he was Governor of New York, when he said in a message to the legislature of that State:

The special master becomes the rate maker; the public-service commission becomes a mere legal fantasy. This power of the Federal court must be abrogated.

Does the gentleman's bill comply with the President's views on that point?

Mr. LEWIS of Colorado. I think it does.

Mr. TARVER. Does the gentleman think it abrogates the power of the Federal court when it retains its powers under this bill?

Mr. LEWIS of Colorado. I insist this meets all of the complaints made at the hearings.

I may say that this bill was drawn by the legislative counsel of the House of Representatives. They worked on it for about a week, and I urged upon them the necessity of making this airtight in order to meet all of the evils that have been complained of and which were spoken of in the hearings. They have produced, I believe, a good bill. I suppose no bill is perfect, but I believe this bill cures all of the evils which were complained of by the various witnesses and commissions appearing before the committee. If I had the time I could go into the testimony and show that all of those complaints have been met.

What is the difference between this bill and the Johnson bill? I think it has been very clearly stated by the gentleman from New York [Mr. O'CONNOR] and by the gentleman from Michigan [Mr. MAPES]. The Johnson bill absolutely abolishes the jurisdiction of the United States courts in rate cases, and in rate cases only. That answers one of the questions that was asked me awhile ago. Neither bill abolishes the jurisdiction of the Federal courts to restrain any other order by any administrative board other than one fixing rates for a public utility.

At this point I may well pause to indicate that the jurisdiction in these cases, as was pointed out by the gentleman from Michigan [Mr. MAPES], is not dependent upon diversity of citizenship. It is dependent upon an alleged violation of the Federal Constitution. In other words, the utility comes in and says that the rates which the commission has put into effect or is about to put into effect yield such a small amount that they are confiscatory—that they deprive the utility of its property without due process of law. That contention and not the diversity clause is the basis of jurisdiction.

Some of the advocates of the Johnson bill have stated that utility companies have a special advantage over all other litigants, that they can go in and claim that their property is being confiscated by the rates fixed by the commission, that they can get an injunction under such circumstances and that this is a right enjoyed by no other litigant. Mr. Chairman, that, of course, is absolutely incorrect. I shall place in the RECORD at this point just a few of some 50 or 60 cases which I examined hurriedly yesterday afternoon in which various litigants, not nonresidents, but residents of a State, have gone into the Federal court—and in one or two cases where they have been nonresidents—and have asserted that a certain order entered by the administrative board of a State deprived them of their property without due process, or that it violated some other provision of our Federal Constitution, and hence was void. The Federal court upheld the contention. These cases went to the Supreme Court of the United States, and, of course, were affirmed.

In the following cases litigants not public utilities secured injunctions in the District Courts of the United States against orders of State administrative commissions on the ground

that the orders were in violation of the Constitution of the United States. These injunctions were sustained by the Supreme Court of the United States in the cases cited:

Childers v. *Beaver* (1925) (270 U.S. 555). (Oklahoma: To restrain State auditor and attorney general from collection of an inheritance tax against the estate of an Indian.)

Sterling v. *Constantin* (1932) (287 U.S. 378). (Texas: Orders of railroad commission, Governor, and military officials limiting production of oil; fourteenth amendment.)

Fidelity & Deposit Co. v. *Tafoya* (1926) (270 U.S. 426). (New Mexico: To restrain the State corporation commission from suspending plaintiff's right to do business in the State; nonresident relying on fourteenth amendment.)

In the following cases, litigants who were not public utilities secured in the District Courts of the United States injunctions against State officials from enforcing State statutes for the reason that said statutes were in violation of the Constitution of the United States.

These injunctions were sustained by the United States Supreme Court in the cases cited.

Adams v. *Tanner* (1916) (244 U.S. 590). Employment agency law, State of Washington. Attorney general and prosecuting attorney enjoined. Fourteenth amendment.

Air-Way Electric Appliance Corporation v. *Day* (1924) (266 U.S. 71). Tax statute of Ohio. Delaware corporation in Ohio. Tax statute violated commerce clause and fourteenth amendment.

Askren v. *Continental Oil Co.* (1920) (252 U.S. 444). Tax statute of New Mexico. Enjoined because burden on interstate commerce.

Shafer v. *Farmers Grain Co.* (1925) (268 U.S. 189). North Dakota grain grading act. Burden on interstate commerce.

Pierce v. *Society of Sisters* (1925) (268 U.S. 510). Oregon compulsory education act. Fourteenth amendment.

Phipps v. *Cleveland Refining Co.* (1923) (261 U.S. 449). Ohio tax law. Burden on interstate commerce.

Truax v. *Raich* (1915) (239 U.S. 33). Arizona; employment of aliens. Injunction, fourteenth amendment.

Tyson & Bro. v. *Banton* (1927) (273 U.S. 418). New York; resale price of theater tickets. Injunction, fourteenth amendment.

Weaver v. *Palmer Bros. Co.* (1926) (270 U.S. 402). Pennsylvania; forbidding use of shoddy in bedding. Fourteenth amendment.

Looney v. *Crane Co.* (1917) (245 U.S. 178). Texas; tax on foreign corporations. Foreign corporation, fourteenth amendment, and burden on interstate commerce.

Connally v. *General Construction Co.* (1926) (269 U.S. 385). Oklahoma minimum wage law. Fourteenth amendment.

Bowman v. *Continental Oil Co.* (1921) (256 U.S. 642). New Mexico gasoline tax. Burden on interstate commerce.

The point I wish to make is that this is not a special privilege accorded to utility companies. It is a right of any citizen or person in a State to assert that a public official of a State has violated, by his action or threatened action, a right guaranteed to such citizen or person under the Constitution of the United States. The courts have repeatedly enjoined the enforcement of a statute for this very reason, not dependent upon diversity of citizenship, but upon violation of the constitutional rights of a person, natural or corporate. So that instead of taking the utilities out of a supposedly favored class you will, if you pass the Johnson bill, put them in a special proscribed class by themselves. If you pass the Johnson bill you will deny to public utilities in rate cases access to the Federal courts, which will remain open to every other class of citizens to assert that some administrative act of a public official, or some act by the legislature of a State has violated, or is threatening to violate the constitutional rights of such individual.

Something has been said about an ultimate appeal to the Supreme Court of the United States. Of course, the gentleman from Michigan [Mr. MAPES] is correct—the Johnson bill does not deprive the utility of that right of review. But, as pointed out by Justice Oliver Wendell Holmes, in the extract printed in the statement by the majority of the committee and already quoted, such right of appeal is of doubtful value in a rate case where the facts are of the essence—and the Supreme Court of the United States is not equipped to examine the facts.

In this substitute bill, the right of appeal direct to the United States Supreme Court from orders granting or denying an interlocutory injunction is retained. It is already granted by section 266 of the Judicial Code.

What does this discussion all simmer down to? It simmers down to what the gentleman from New York [Mr. O'CONNOR] said: Do you want to retain the Federal courts other than the Supreme Court, or do you not? The gentleman from New York was most candid, as he always is, when he said he would like to abolish all the Federal courts except the United States Supreme Court. I would not. I believe there are a majority of the Members in the House and an overwhelming majority of the people of this country, if I may hazard the statement, who do not want to abolish the inferior Federal courts. In spite of their mistakes they have been, in many, many cases throughout the 145 years since their establishment the bulwark of our liberties.

I believe we should not do away with what the First Congress established under the mandate of the Constitution. To pass the Johnson bill would, in my opinion, be the first step toward the abolition of the inferior Federal courts.

I personally have tried cases in the State courts in California, in New York, in my own State, and in between, and I have never had the slightest cause for complaint in the State courts in any State where I have appeared. All the judges in my State are my personal friends, and I have the utmost respect for their ability, their honesty, their courage, and their integrity. But I have never tried a rate case.

[Here the gavel fell.]

Mr. LEWIS of Colorado. Mr. Chairman, I yield myself 3 additional minutes.

Mr. CLAIBORNE. Will the gentleman yield?

Mr. LEWIS of Colorado. I yield.

Mr. CLAIBORNE. May I assume that the Johnson bill takes away from a litigant, by an act of Congress, a constitutional right?

Mr. COX. It is not a constitutional right.

Mr. CLAIBORNE. Just a minute; I am asking the gentleman from Colorado.

Mr. LEWIS of Colorado. It attempts to deprive utilities of their present right to go into the Federal court to review rate cases.

Mr. REED of New York and Mr. DUNN rose.

Mr. LEWIS of Colorado. I yield first to the gentleman from New York.

Mr. REED of New York. Which of these two drafts has the approval of the American Bar Association, if either of them has such approval?

Mr. LEWIS of Colorado. Mr. Earle W. Evans, president of the American Bar Association, has telegraphed me, and I have here a sheaf of telegrams and letters from various bar associations and lawyers, approving the committee substitute and disapproving the Johnson bill.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Chairman, I have listened with a great deal of interest to the argument made by my distinguished friend, the gentleman from Colorado [Mr. LEWIS]. The gentleman is very studious and is a man who is motivated by a desire to do what he thinks is for the best interest of this country. The two questions that are presented by the original Johnson bill and the substitute that was reported by a majority of the committee, are not questions that are new in this body at all.

The first bill that was passed by this body affecting the jurisdiction of the Federal courts, after the passage of the act of 1875, was passed in 1880. This House, on three different occasions, has passed a bill under which it completely divested the Federal court of jurisdiction on the ground of diversity of citizenship. That great Texan, Culbertson, was the first man who started the agitation in the House. Since then the question has been before the House repeatedly in various forms. It now comes before the House in the form of the Johnson bill, which simply provides that the Federal courts shall not have jurisdiction to enjoin, suspend, or restrain the enforcement of any order of an administrative board or commission of a State, or to enjoin, suspend, or restrain any action in compliance with such order, where the jurisdiction is based solely upon the ground of diversity of citizenship, or where jurisdiction is claimed on an alleged repugnance of such order of such board to the Constitution of the United States, and where such order affects the rates chargeable by public utility, does not interfere with interstate commerce, and has been

made after reasonable notice and hearing, and where a plain, speedy, and efficient remedy is provided by the laws of the State.

It has been argued by the distinguished gentleman from Colorado [Mr. LEWIS], and may be argued by others that we can go too far and have an unconstitutional act. The inference being that the Johnson bill is unconstitutional.

That is the first such contention I have heard. I do not think anybody can successfully contend that the Johnson bill is unconstitutional. Mind you, the jurisdiction that is conferred on the inferior Federal courts in this country is statutory and not constitutional. There is only one constitutional court, and that is the Supreme Court.

The Congress is at liberty to add to or take from the jurisdiction of the lower Federal courts in this country at any time.

This question has been settled by the decision in *Fishbeck* v. *Western Union Telegraph Co.* (161 U.S., p. 96). That ought to and does dispose of the contention as to the constitutionality of this provision.

The next proposition they argue is this: That we do not want to destroy the symmetry of our judicial system. The symmetry has already been destroyed by judicial interpretation and by judicial legislation until we have today the public utilities of this country enjoying rights that are not enjoyed by the average ordinary citizen. It will be argued to you that this trouble can be remedied by the passage in the various States of laws requiring the corporation to be recreated in the States where it does business. That is not an answer to the proposition at all, because the business engaged in by utilities is that of a public nature. It is not like a private business. It is a public business, and a business in which the public is interested. It is nothing more than right that when they engage in business in any State they should come into the State under the same rules and with the same restrictions that any other citizen of the State enjoys, no more and no less.

It would be argued to you, and very logically so, that the provision of the Johnson bill for an appeal from the judgment of the highest court in the State is an illusion; that the appeal is not effective, because the United States Supreme Court cannot or will not examine into the facts. Such an argument is not sound and is not supported by the law.

I want to call your attention to the words of Chief Justice Taft in answering that very question in the case of *Truax* v. *Corrigan* (157 U.S. 312, 324). He said:

> In cases brought to this Court from State courts for review on the ground that a Federal right set up in the State court has been wrongly denied, and in which the State court has put the decision on a finding that the asserted Federal right has no basis in point of fact, or has been waived or lost, this Court, as an incident of its power to determine whether a Federal right has been wrongly denied, may go behind the finding to see whether it is without substantial support. If the rule were otherwise, it almost always would be within the power of a State court practically to prevent a review here (citing many cases).

That was an appeal from the Supreme Court of Arizona. In other words, the argument will be made that if you destroy the jurisdiction of the Federal court the utility companies will appeal from the highest court of the State upon a finding of fact that is adverse to them, and the Supreme Court will adopt that finding of fact and will not go behind it.

The Chief Justice further said in the same case:

> Another class of cases in which this Court will review the findings of the court as to the facts is when the conclusion of law and findings of fact are so intermingled as to make it necessary, in order to pass upon the question, to analyze the facts.

So you are not depriving any litigant of a single constitutional right that he has to have his case passed upon by the Supreme Court of the United States when any constitutional question is involved, and the Court may and will in a proper case examine the facts.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. MILLER. Yes.

Mr. DONDERO. Suppose the case going to the Supreme Court does not involve a question of diversity of citizenship, or a point in which the Supreme Court of the United States has jurisdiction, can it be raised after it passes the court of last resort in a State where the suit was first brought?

Mr. MILLER. No; it would have to be raised in the lower court, of course, but if there was no constitutional question involved such as the allegation of confiscation of property, or that the rates were confiscatory, which is always the contention of the utility company, or if some other alleged right guaranteed by the Constitution was not involved, of course the Supreme Court properly would not have jurisdiction.

Another proposition that the learned gentleman from Colorado advocated was that the substitute cures the objections made to the present law and procedure. I call your attention to the substitute and say this with all due deference to the advocates of it. It is nothing more than a snare and a delusion. I wish gentlemen would refer to provision (b) of the substitute. It provides that the—

> Hearings and determinations shall be on a transcript of the record of the proceedings, including evidence taken, before such administrative board or commission with respect to such order, prepared at the expense of the complainant—

And so forth. That is the provision which they contend cures the admitted injustices in the present law.

I call attention to the hearings on page 28, in which the attention of Mr. Reis was called to that specific question. He said that that would go a long way, provided the law was that the records made before the commission constituted prima facie evidence. This substitute means nothing. The court is at liberty to pay whatever attention he may desire to the transcript made before the commission, and there is no provision in the law to prevent the taking of additional testimony. In fact it provides for the taking of additional testimony. There you are confronted with a mute, silent record as against an array of witnesses which may be introduced by the utility company in the court. It will amount to nothing in the practical application of the law and we should not be misled.

Another thing my friend said is that he did not want us to get away from the original act of Congress. I do not, either. I would like to have you go back to the original Judiciary Act of 1789, which was Senate bill no. 1, and was passed September 4, 1789. In reading the history of that act you will find that no thought ever entered the minds of the Congress at that time that the Federal courts would be obtaining jurisdiction——

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 additional minutes to the gentleman from Arkansas.

Mr. MILLER. There was no thought in the minds of the framers of the original judiciary act that a corporation domiciled and chartered in one State would be able to go into another State and remove a cause to the Federal court under that act. In fact Mr. Justice Iredale in 1797 rendered an opinion on that very point, and the history of the act shows conclusively that it was not the intention that diversity of citizenship should be created by a fiction. Two States—New York and Maryland—proposed amendments to specifically prevent just such a thing happening. The debates on the bill show conclusively that it was never the intention under the original judiciary act to have any such thing happen.

It was the thought of the framers of the original Judiciary Act that the Federal courts would administer the State law and the State law only; and to make it perfectly certain that the Federal courts were simply to administer State law, section 34 was put into the act, and that remained the law until 1842, when Justice Story rendered that famous decision of his and construed the word "law" not to include the common law of a State. Then it was that a distinct Federal system of laws began to grow up, and we have now a distinct and separate set of laws which are administered largely through the Federal courts, which govern in the case of corporations, whereas the State laws govern the average citizen. Instead of discrimination being against the corporation, the public utilities, the discrimination is decidedly in their favor. Time will not permit me

to quote from the history of that act and the history of the development of the judicial decisions of this country, but let me give you one quotation from the article of Hon. Charles Warren in the Harvard Law Review of November 1923. He said:

> That Judge Story's views as to the imperative Federal jurisdiction of the inferior Federal courts did not prevail was extremely fortunate for the United States. Conditions did not require in 1789, nor do they at present require, the vesting in the Federal courts of the full scope of jurisdiction authorized by the Constitution. In fact, it would probably now be better that the present broad jurisdiction granted by the act of 1875 should be abrogated, and that the State courts should be left to a greater extent with jurisdiction, in the first instance, of cases arising under the Constitution and laws of the United States, Federal rights being amply safeguarded by right of appeal to the United States Supreme Court.

That is exactly what this original bill does.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. HUGHES].

Mr. HUGHES. Mr. Chairman, it is an accepted practice and we are in full accord with the principle that each sovereign State has a responsibility of regulating the utilities that operate within its borders. Over a long period of years the State of Wisconsin, which I represent, has functioned to these controls through a commission established by the laws of the State. Under these laws the utilities of Wisconsin have received fair and just consideration and treatment. We grant such utilities a certificate of convenience and necessity which is referred to in our State as an indeterminate permit, what is in effect a permanent franchise, without competition, thus creating in their behalf practically a monopoly. Under these laws the utilities have prospered; they have received adequate protection and just regulation. The truth of this is registered in their growth and development, their returns and their earnings; and the value of their stocks and bonds will reflect that condition. The only exception to this rule applies to such companies as have been swindled by holding organizations, stock jobbers, and promoters. Our utilities in the main are satisfied and approve of our regulation. In view of this fair and just treatment, and the prosperity that attends their service, we feel, in Wisconsin, that our utilities should submit to this regulation and not seek to handicap the efficiency of our commission by delay, obstruction, and defeat. For a number of years our commission has been so handicapped by appeals made by the regulated utilities to the Federal courts. These appeals have been frequent and are so extended and exercised as to cripple, and in many cases to paralyze, the functions of the public-service commission. Temporary restraining orders and temporary injunctions obtained in the lower Federal courts to restrain the enforcement of State commission rate orders have contributed to this condition and defeated the purpose of our commission. It is vitally important, I believe, that a State in its governmental proceedings, in these controls, be free from interference from the Federal Government upon the grounds of violation of the provisions of the Federal Constitution until the final action of the State, through its highest judicial tribunal, demonstrates an appeal to Federal power for the protection of a constitutional right is necessary.

The Johnson bill is a measure planned and designed to serve with justice and to expedite action in these matters of utility control—to eliminate long delay and postponement, and the waste and expense and the obstruction it develops. Legislation of this nature is important and vital in the affairs of the State and the Nation.

Forty-five of the forty-eight State utility commissions have very definitely approved the Johnson bill.

In frequent conferences held by this group, where practically every State in the Union was represented, where open discussion and debate was encouraged, the need and necessity of this legislation was urged and recommended. The Johnson bill as submitted meets the demands and requirements and will correct and eliminate the abuses that delay, handicapy, obstruct, and frequently defeat the efforts and the purpose of these important commissions.

The State utility commissions have been created to serve the best interests of the citizens of our States and to act in justice and equity to all concerned. Men qualified by character and ability, knowledge and experience, serve as members of these boards. It is their duty and responsibility to serve with integrity, intelligence, and efficiency, and as citizens we hold them to that obligation.

In view of these facts, I hold to the opinion that it falls upon us as Members of Congress to extend to them the necessary legislation for prompt and effective administration. [Applause.]

Mr. KURTZ. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Chairman and my colleague, "come, let us reason together." Fortunately we can do so because this is not a party question. Of the 11 members of the Judiciary Committee who, after listening with great interest and patience to the testimony of witnesses for and against the Johnson bill, reported the Lewis substitute, a majority were Democrats. Both in respect to this measure and in respect to any measure that has come before the Judiciary Committee since I have been a member, there has generally been no politics. Ordinarily we delight to follow our distinguished chairman, for whom we have not only great admiration, but a real feeling of affection. In this matter, deeply as he was interested in it, he obliged me by adjourning the hearings for some time so that I, an opponent of the Johnson measure, could be present. I want to take this occasion to recognize his great courtesy to me, which he would freely extend to any member of the committee, whether he were a Republican or a Democrat.

Therefore, without any consideration of party politics, we can reason this thing out calmly.

The House has before it two proposals.

One is a constructive proposal, of which it can be said in entire good faith that it meets every criticism and remedies every evil that was developed in the hearings before the committee.

The other is a destructive proposal, which seeks to tear up by the roots the sturdy oak of the Federal judiciary, under which any American citizen, rich or poor, high or low, can be protected in his right under the Constitution of the United States to a fair return on his investments in utility securities. The destructive proposal has added significance because it is apparent from the passionate quality of some of the speeches that have been made not only here but in previous discussions of this question, that this is the entering wedge to the destruction of the power of the United States courts.

I hear it assumed in the debate, and I think it was in the able address of the gentleman from Arkansas, that the Supreme Court of the United States stands like a Gibraltar, against which no possible legislative waves of destruction could prevail; but that is a great mistake. While the Supreme Court is authorized and created by the Constitution, it is only a little less subject to the will of Congress than the inferior courts, because the Congress could pass a law tomorrow that the Supreme Court could meet only once in 10 years. What would then become of the administration of justice? Congress could pass a law that no one should have any right of appeal in the Supreme Court of the United States unless the subject matter of the controversy exceeded $10,000,000. There would then result the exclusion of nearly all litigation. The Congress could refuse appropriations to the Court. The common notion that the Supreme Court of the United States has a peculiar position of power and independence that the Congress could not threaten is a mistake. It shares with the inferior courts of the country the possibility of destructive legislation by Congress.

In considering this question of whether inferior Federal courts should be destroyed, let me first suggest to you what those courts are. A reference has been made in the course of the debates to a "foreign jurisdiction", meaning the Federal courts. Federal courts are American courts. Who created them? The American people. How did the American people create them? It created them through Congress. Why were they created? To effectuate the purposes of the Constitution. What was the mandate of the Congress when it created the inferior courts of the United States and

even determined the limits and boundaries of the Supreme Court of the United States itself? What was the mandate?

The men who framed the Constitution said, and they wrote it into the Constitution, that in respect to any assertion of a right under the Constitution there ought to be an independent tribunal, so that these rights under the Constitution could be determined by an impartial court of the Federal Government. You may quarrel with that. You may say the local courts would have answered every purpose. They would not at the time the Constitution was adopted. That is perfectly clear, because of the intense jealousy and fear of a central government that then prevailed.

At all events, the Constitution vested the judicial power in the Supreme Court and such inferior courts as the Congress from time to time might ordain and establish. In my judgment, that imposed a political mandate of a moral nature upon the Congress to create those inferior courts to make possible a judicial ascertainment in national tribunals of rights existing by virtue of the Constitution of the United States.

I agree with the gentleman from Arkansas [Mr. MILLER], who made, if he will allow me to say so, an able argument. I agree with him that no juridical question is involved if the Congress does not carry out this moral mandate. The Congress can destroy every inferior Federal court. It can "crib, cabin, and confine" the Supreme Court itself until, like Prometheus, it would be chained upon the top of another Mount Ida, and be largely impotent to carry out the great functions entrusted to it by the Constitution.

No court could say it nay. Congress could refuse to pass any appropriation bill whatever for the executive branch of the Government, and thereupon the wheels of our Government would come to a stop; that would be the end of government, but no court could say Congress nay. Therefore, as I have taken occasion in previous debates to emphasize to my indulgent colleagues of the House, there is a difference between a thing being politically anticonstitutional and one juridically unconstitutional. It is juridically unconstitutional when a court can say of a given act of Congress, "We will disregard it because it is null and void", but a thing can be politically anticonstitutional when a branch of the Government fails to carry out any mandate of the Constitution.

As a mere matter of moral obligation, I therefore contend that we have no right to take from utility corporations the right to assert a constitutional right in an appropriate court. If we refuse to do so, as we have in respect to any subject matter of controversy that is less than $3,000, then the action of Congress is final; and, in the sense that the gentleman from Arkansas meant it, no constitutional question can arise.

This being so, let us come down to the heart of the problem; and I venture to say I surprise the Members of the House by stating a fact which has not yet been emphasized. If it was emphasized I did not hear it. In my humble judgment it is a complete answer to the rather impassioned speech made by the gentleman from New York [Mr. O'CONNOR] in opening this debate when he said that he favored the abolition of the inferior Federal courts altogether.

I ask you to remember this if you forget everything else I say, and I do not doubt you will forget my words because everything in this House in the way of debate is as evanescent as a child's footprints upon the sands of the sea.

No utility corporation can go into the Federal court to assert its constitutional rights except by the permission and sufferance of the State authorities. This sounds like a very sweeping statement. I am talking now of existing law, not of the Johnson bill. I am referring to section 266. Why? Because section 266, which this Congress passed about the year 1916, I think, says that if the State authorities do not wish a utility corporation to go into the Federal courts all they have to do is to proceed in their own courts and grant a stay until their own courts have passed upon it. All the public-utilities commission or the Attorney General, or the appropriate officer of the States has to do is to go into the State court and mandamus the utility corporation to obey the utility commission. All that is asked of them is that they must grant a stay. When this fact was brought out it was said: "Why should they grant a stay?" I will tell you why, and it ought to appeal to the Members of this House, two thirds of whom are members of the bar.

What is a public-utility commission? It is a body of men, either elected or appointed. They are sometimes members of the bar and sometimes not members of the bar; they are sometimes politically ambitious and sometimes they are not. Sometimes they have been elected with a distinct pledge that they would reduce rates. At other times they are elected upon the ticket of a party which has pledged an immediate reduction of rates. These officials are not a court of record; they are not a judicial body. When you come before a State public-utility commission you have not had your day in court; you have simply appeared before some bureaucrats, very necessary bureaucrats, but they are bureaucrats. Very well; you appear before them, and they grant a hearing. They hear what they care to hear. I am reminded by these bureaucrats of the familiar lines of Shakespeare:

> But man, proud man,
> Drest in a little brief authority,
> Most ignorant of what he's most assured,
> His glassy essence, like an angry ape,
> Plays such fantastic tricks before high heaven
> As make the angels weep.

Why, gentlemen, I can not understand what has come over the character of our people that there is not a revolt against this ever-rising tide of bureaucracy. I am not referring now to the past 12 months but also to the past 25 years—this rising tide of allowing a few officials, appointed or otherwise, to determine the most sacred rights, to be prosecuting attorney, when they institute the inquiry, to be jury to determine the facts, to be judge to pass upon them, and then finally to be the public executioner, unless a court will stay their hands. Therefore, when that kind of a body, not a court, says to a public-utility corporation. "Your rates must come down", it may or may not involve confiscation. We must all admit the possibility of confiscation.

Why, then, should they not grant a stay until their own courts could pass upon it? and when their own courts have passed upon it, that is the end of the controversy with the exception of an appeal by the utility corporation to the Supreme Court.

So you see the proponents of the Johnson bill—and I do not mean the minority of the Judiciary Committee; I am referring to those who brought it into the Judiciary Committee; I am referring to the distinguished Senator, who gave his name to the bill, who appeared before us as a witness and as to whose testimony I am free to comment. His manner seemed to imply: "Sign on the dotted line and do not delay it."

I respect the Judiciary Committee in its control of this matter. Without respect to any demand from any source that we should pass this and pass it quickly without omitting the crossing of a "t" or the dotting of an "i", our committee gave a most patient examination to all that could be said. We divided as reasonable men might, almost evenly, and you have the choice of remedy.

I said a moment ago, and I have diverged for the moment, that these Federal courts were called a "foreign jurisdiction." As I said, they were created by the American people under at least a moral mandate of the Constitution, and now I pause to ask: What kind of judges have the Federal courts had that the finger of scorn should be now pointed at them? What kind of judges are they?

Who appoints them?

The President of the United States as the representative of all the American people. Does he appoint them alone? No; he appoints them by and with the advice and consent of the Senate, and when so selected they are upon the whole so fine a body of men that if there be one favorable comparison with the judiciary of England, which in many ways is one of the noblest body of public magistrates in the world, it is our Federal judiciary.

I know something about them. Last April it was 50 years since I was called to the historic bar of Philadelphia. If I had been simply a practitioner at that bar my knowledge might be no more than that of the immediate locality of Philadelphia. It was my rare good fortune to become Assistant Attorney General under President McKinley and the first President Roosevelt, later to become Solicitor General under Presidents Harding and Coolidge, and as a practicing lawyer in New York for 17 years my practice was almost entirely in the Federal courts. This experience has taken me from one end of the country to the other, and may I say to you that with very few exceptions my fellow lawyers of all localities have only had for the Federal courts great respect.

In the 145 years which have passed since the Federal Judiciary Act was passed, I am told that only three Federal judges have ever been impeached. One judge of the United States Supreme Court was impeached, not on account of any charge involving his integrity but because he was regarded as unduly partisan. I refer to Justice Chase. But the Federal judges, certainly until recent years, have been without a stain, and their reputation is one in which Americans can take great pride. The Judiciary Act of 1789 was the first and in some respects, when you measure its tremendous influence, the greatest constructive piece of work of the first Congress.

I have in my home library, and I wish sometime that you were not so numerous that I could invite you all to it, a collection of autographed letters of signers of the Constitution of the United States, and also of great men like Clay, Calhoun, Andrew Jackson, Daniel Webster, and others who were concerned with the development of the Constitution. There must be 60 letters in all. Among the most valued of those letters is a four-page letter of James Madison, then the leader of this House, who had the responsibility of passing the Judiciary Act of 1789 through this Chamber, whereby the Federal courts obtained the power to vindicate the constitutional rights of the American, no matter whence he came. It is my impression that he himself did not draft it. I think it was drafted by Ellsworth, although I may be mistaken about that. At all events, that was a great constructive piece of legislation which has worked well for nearly a century and a half.

It is said, and said with a certain amount of force, that while the Judiciary Act of 1789, though somewhat amended, is in substance not yet repealed, it never contemplated the power of the Federal courts to assert a constitutional right in respect to the action of a State in regulating rates of securities. That is a half truth. Of course they contemplated in that act, because they were carrying out the Constitution, that any American citizen that asserted a right under the Constitution of the United States should have an independent Federal tribunal to determine that right. Therefore, that was inclusive of any classes of cases that might arise in the future. I recognize that corporations were few and far between in 1789.

I think the gentleman from Arkansas was correct in complaining in respect to corporations of the diversity of citizenship feature of the act of 1789, because a corporation has only a fictitious citizenship. If this bill were limited to the remedy that no corporation could invoke the power of a Federal court on the ground of diversity on the theory that it was a citizen of the State of its incorporation, I am disposed to think I would vote for that bill and remove the mere fiction that because a group of men go down to Delaware and put a dollar in a slot and draw out a charter, that, therefore, they are citizens of Delaware. It is an absurd fiction. I have no sympathy with it.

But these utility cases do not turn upon diversity of citizenship. They turn upon confiscation and confiscation alone. Federal courts do not fix rates. They cannot fix rates. All they can do is to say that the rate which the State establishes under the testimony, in their judgment, is a confiscation of earning power and, therefore, a violation of the fourteenth amendment.

What was the fourteenth amendment? What was the expression "due process of law"? It was our modern paraphrase of the term in Magna Carta "by the law of the land." And what did it mean? It meant there were some rights of property which could not be taken even by a State authority where they violated fundamental rights and took from the mouth of labor, whether it were the labor of the hand or the labor of the brain, to use Jefferson's phrase "the bread it has earned."

I said a great deal as to why I am opposed to the Johnson bill. Let us address ourselves a moment to the Lewis bill. If we have the Lewis bill, what will we have? If it proves by the test of experience not to have met any reasonable evil, then Congress can legislate again if necessary. Under existing law no utility corporation can get into a Federal court if the State will only be decent enough, when its little commission of bureaucrats have lowered the rates, to proceed in their own courts and grant a stay until a court of justice of the State has passed upon the matter. You have this by existing law, but it had one defect that, if there were any recourse to the Federal courts, if the State courts will not grant the stay, then all the testimony was taken a second time. This meant delay and expense.

A majority of our committee has met this situation in this way: We have said that the testimony taken before the utility commission shall be the basis of the decision of the Federal court if, under the circumstances, recourse is had to the Federal court.

We have said more. We did appreciate, as my brother from Colorado [Mr. LEWIS] so well said, that it is an unfair thing for a utility corporation to go, first, into a State court and then, when it sees it is going to have an adverse decision, resort to a Federal court. So our Lewis amendment provides that, once they have made their election, they are precluded. If they go into the State court, they can never thereafter go into the Federal court.

Mr. FORD. Did the gentleman write the amendment?

Mr. BECK. No; I did not.

Mr. FORD. The gentleman said "our amendment."

Mr. BECK. I meant we of the majority. I did, however, write one amendment to which reference may be made in my absence and to which I am going to refer for a moment. I did add this, or at least I offered it to my colleagues of the majority of the committee, and they accepted it. While the testimony before the utility commission should be the testimony before the Federal court and no more, yet there was one exception, that if the utility company had offered before the utility commission testimony that was competent and relevant and the utility commission refused to take the testimony, then and then only should the Federal court hear what the State utility commission ought to have heard.

This seems to me just common fairness; and if it be not common fairness, if that were the sole obstacle to the Lewis bill, I would rather it be dropped, and then the bill would provide that the Federal court can only take the testimony before the State utility commission and pass upon that and nothing else.

If this is not cutting Federal jurisdiction to the very bone, then I do not understand the meaning of the expression.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. BECK. Certainly.

Mr. SIROVICH. Why does the gentleman make his amendment apply only to the utilities themselves? Why not give the State the same privilege?

Mr. BECK. The State has that privilege. The language is, as I recall it, "upon the application of any party." Of course, I was speaking of it in that way, because the utility company would be the one that would probably appeal.

Mr. COLE. Will the gentleman yield?

Mr. BECK. I yield.

Mr. COLE. In case additional testimony is taken of the character the gentleman has discussed, is that to be referred in any way to the commission in fairness to the commission?

Mr. BECK. I think it ought to be.

Mr. COLE. But not under this amendment.

Mr. BECK. If the Lewis amendment is adopted and anyone proposes an amendment that before the Federal court passes on the matter they should refer back any new testimony to the utility commission, I think that would be manifestly fair. I am sorry it did not occur to us.

Mr. TERRELL of Texas. Will the gentleman yield for one or two questions?

Mr. BECK. Certainly.

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield the gentleman from Pennsylvania 10 additional minutes.

Mr. TERRELL of Texas. When the rates are made by a State commission affecting intrastate shipments, upon what ground does the Federal court get jurisdiction?

Mr. BECK. Under the fourteenth amendment.

Mr. TERRELL of Texas. Yes; if they get jurisdiction under the fourteenth amendment, why can they not wait until the supreme court of the State passes on it and then go to the Supreme Court of the United States?

Mr. BECK. That is precisely what I have said the State courts or the State authorities can do. If they will simply stay the imposition of the rates until their own courts have passed upon the matter, the Federal courts cannot act.

Mr. PIERCE. Is it not true that they get around that provision?

Mr. BECK. I do not know how they get around it.

Mr. PIERCE. They certainly get around it in Oregon.

Mr. BECK. I do not know how.

Mr. PIERCE. I do not know the way they do it, but they get around it and throw the matter squarely into the Federal court.

Mr. BECK. The fact is the State authorities have not taken advantage of section 266.

Mr. PIERCE. Does the gentleman know of any place where that right has been exercised, and where Federal action has been stayed in that way?

Mr. BECK. Oh, yes; in Wisconsin and, I think, in other cases. I have not been, in 20 years, in a utility case nor in 20 years have I represented a utility corporation. I am not an expert, and cannot answer the question with knowledge.

Mr. PIERCE. I know we tried to exercise that right in the Northwest and we failed.

Mr. BECK. The language is so explicit that he who runs may read it. The Federal court has no discretion. They are bound to stop the moment the State court will stay the order until they can pass upon it.

Mr. SIROVICH. If the gentleman will permit, according to the Lewis amendment every public utility that is doing an intrastate business would have an opportunity either to go to the State supreme court or to the Federal courts. Is that right?

Mr. BECK. They have to make their election.

Mr. SIROVICH. And once they make the choice they have got to stick to it.

Mr. BECK. Yes.

Mr. SIROVICH. Is it not a violation of States rights to give an intrastate public-utility corporation the right to go into the Federal court instead of the State court?

Mr. BECK. No; because it proceeds upon the theory of the fourteenth amendment.

Mr. SIROVICH. Suppose the fourteenth amendment is not involved?

Mr. BECK. If the fourteenth amendment is not involved and there is no diversity of citizenship, there is no Federal jurisdiction.

Do not believe that the fact that there is an appeal from the highest court of the State to the Supreme Court of the United States, that this is any adequate protection, because it is not.

The Supreme Court of the United States generally accepts the facts found by the State court or the State utility boards, and does so because as a practical matter it cannot go into the facts effectively.

As proof of that, you gentlemen know, as I do, that the Justice of the Supreme Court of our day and generation who, with the possible exception of Justice Brandeis, has the reputation of being the most advanced "liberal" was our venerable Justice Oliver Wendell Holmes, "nomen praeclarum et venerabile." In the *Atlantic Coast Line case* (211 U.S., 210), in a case involving rates of a railroad, Justice Holmes said for the Supreme Court:

> If the railroads were required to take no active steps until they could bring a writ of error from this court to the Supreme Court of Appeals after a final judgment, they would come here with the facts already found against them. But the determination as to their rights turns almost wholly upon the facts to be found. Whether their property was taken unconstitutionally depends upon the valuation of the property, the income to be derived from the proposed rate, and the proportion between the two—pure matters of fact. When those are settled, the law is tolerably plain. All their constitutional rights, we repeat, depend upon what the facts are found to be.

When you take the responsibility of destroying the inferior Federal courts you destroy them in a class of cases where their protection is most needed.

One of the profoundest students of government was Sir Henry Maine, and, referring to the beneficent prospects of America, he said:

> All this beneficent prosperity reposes on the sacredness of contract and the stability of private property, the first the employment and the last the reward of success in the universal competition.

He adds that this has been the—

> Bulwark of American individualism against democratic impatience and socialist fantasy.

So much for his estimate as to the beneficence of our Constitution.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. BECK. Yes.

Mr. DUNN. I appreciate what the gentleman has said and his explanation of the law and the Constitution, but what I am interested in is the people of the United States. In the gentleman's opinion, which of the two bills is going to benefit the people of the United States?

Mr. BECK. I would say without hesitation the Lewis bill; first, because it corrects every evil, and if there be any remaining evil, the powers of the Congress are not exhausted; and, in the second place, it does not drive the entering wedge into the destruction of the courts of the United States, and that is what is back of this proposal on the part of many people.

I quote now what is very familiar to many of us, but never did the significance of what I am about to read come to many thoughtful Americans as it has since 1928.

Macaulay, in his famous letter to the biographer of Thomas Jefferson, after predicting that when our country had exhausted its resources of arable lands that then the real test of our institutions would come, said:

> On one side is a statesman teaching patience, respect for vested rights, strict observance of public faith. On the other is a demagogue ranting about the tyranny of capitalists and usurists * * * I seriously apprehend that you will in some such season of adversity as I have described, do things that will prevent prosperity from returning; that you will act like people who in a year of scarcity devour all the seed corn, and thus make the next year, not of scarcity but of absolute famine. There will be, I fear, spoliation. The spoliation will increase distress. The distress will increase fresh spoliation. There is nothing to stop you. Your Constitution is all sail and no anchor. As I have said before, when a society has entered on this downward progress either civilization or liberty must perish.

That was said by a great Whig statesman, and one of the most brilliant students of history, and it was in reference to our country.

I say to you in all solemnity, my colleagues of the House, this is but a skirmish. No one can mistake what the Johnson proposal means.

Adopt the Lewis amendment, and you have not affronted the Federal courts, you have not put an unjustified stigma upon them, you have not torn up their power by the roots.

Pass the Johnson bill, and it may be the beginning of the end of the beneficent power of the inferior Federal courts, which has been exercised in this country for 145 years to the honor of our judiciary and the welfare of the American people. [Applause.]

Mr. GUYER. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Chairman, the statement made by the gentleman from Pennsylvania [Mr. BECK] with reference to Senator JOHNSON'S statement before the Committee on the Judiciary when this bill was under consideration, no doubt, would leave a false impression with the members of the committee. Therefore I ask unanimous consent that Senator JOHNSON'S statement before the Judiciary Committee be published in the RECORD at this point.

The CHAIRMAN. Is there objection?

There was no objection.

The statement follows:

STATEMENT OF HON. HIRAM W. JOHNSON, A SENATOR FROM THE STATE OF CALIFORNIA

Senator JOHNSON. Mr. Chairman and members of the committee, this measure (S. 752) for some time has been pending, and it becomes increasingly important as the days go by.

It was presented originally at the instance of the Railroad Commission of the State of California, which is the regulatory body of our State.

It has met with the approval of the regulatory bodies of nearly all of the States of this Union that have bodies of that character. It may be that one has expressed its disapproval. But I think, of the twenty-and-odd States that today endeavor to regulate the charges of public utilities and the like, all are in agreement in very strongly presenting this bill and very earnestly asking its passage, save, possibly, two—no more than two, I know.

And so the bill comes here with the approval and endorsement and the prayer of some twenty-odd States of the Union.

The design of the measure is to limit the jurisdiction of the Federal district courts in matters pertaining to the determinations that have been rendered by public-service organizations charged with the duty, under State laws, of determining what should be the course to be pursued with public utility actions and rates. It seeks to deprive the public-utility corporation whose case has been tried before the State regulatory commission of no real right. It permits that public-utility corporation, after there has been a decision, to carry its case, if it desires, through all of the State courts and subsequently to the United States Supreme Court. It seeks only to limit the authority of the public-utility corporation to delay, hinder, and impede the States in their regulatory actions, by precluding that public-utility corporation from having more than one opportunity for the determination of the litigation respecting the action of the State's governmental body.

Today the course is not uncommon for a public utility whose rates have been fixed by a State utility regulatory body to proceed, if it desires, within the State court, obtain its injunction, try its case up to a certain point, and then, with the power that is given it under the diversity of the citizenship clause, take its case into the Federal district court as well, and there interminably delay the matter.

We seek to prevent that kind of thing—not to deny either their day in court in the first instance, or in the last instance, of the public-utility corporation.

And, taking a concrete instance so that perhaps we may better explain the purpose of this bill, it will be obvious to you, if you are familiar with what the State bodies have endeavored to do, that there ought to be a rule whereby there should be a speedy determination of what may have been done by the public regulatory body and a sudden determination by that body, with a proper review, of course, ultimately by the court; and if there is neither speedy nor a sudden determination, why, of course, there is no such thing as justice in that regard, for justice delayed is justice denied. And it is that sort of thing that we are seeking to prevent, that has occurred so often in the past.

For instance, take the case of this sort: The largest utility corporation in the State of California is what is called the "P. G. & E.", that is, the Pacific Gas & Electric Co. Recently there has been a trial before our railroad commission, a railroad commission of which Californians are very proud, and which has done a remarkably excellent work, and in its early stages a work under very great difficulty. There has been a trial there of the rates that have been fixed. The trial has lasted between 1 and 2 years, I think. Upon both sides there has been an immense amount of testimony taken before the Railroad Commission of the State of California. On the testimony taken, the expert witnesses, money has been expended to a very, very large extent, both by the State and, legitimately, by the utility.

The case finally is determined. The railroad commission decides what rates it believes to be just. Not content with the remedy that is accorded by the State court; not content with their act, its ultimate appeal to the Supreme Court of the United States, the utility goes into the Federal district court, and the three-judge district court, when its next term meets, grants an injunction against the acts of the railroad commission, appoints a master—and this is the course, in general, of this sort of procedure. That master is now about to begin to take the testimony that has been taken before the railroad commission; and there again, de novo, as the order appointing him says, upon that testimony, and perhaps other testimony that may be presented to him, finally a decision may be rendered.

It is unjust and it is unfair that that should be so; and where the remedy rests with the courts of the State, with an appeal to the United States Supreme Court, that ought to be ample for the utility corporation. There is another phase of it, and that is worse yet: Not only delay results; not only a justice denied; but the expense to which the State is put in twice presenting its expert testimony and twice engaging in the trial that is protracted and that is bitterly contested—but the State pays through its citizens both sides; because after the long contest the expenses indulged by the public-utilities corporation are charged to operating expenses, and the result is that we literally picked our pockets in order to pay the expenses of the public-utilities corporation, as well as the expenses that are rendered necessary by the action of our State. And paying both sides, we pay one legitimately, by appropriations; we pay the other illegitimately, in the increased rates of a double attempt, or a twofold attempt by the utility company to obtain a decision that will be favorable to it. All of the utility expenses are reflected ultimately in its charges to its consumers. So that we want to put an end if we can to this intolerable situation. And the only way that we have seen that it was possible to do so was in the fashion that I have indicated.

It is intolerable from the standpoint of speedy, sudden determinations. It is intolerable, because there is not any logical reason on the face of the earth why a public-utility corporation, that may be incorporated in the State of Delaware, should have two opportunities to try its case in a State where the citizen of the State has but one. It is intolerable, too, because we have no such rule relating to human beings, or the trial of a human being, even for his life. He must be content with the courts of his State, with his ultimate appeal to the United States Supreme Court.

What reason is there that a public utility that may choose to incorporate itself in a State was removed, where it has neither property nor interests, should then be permitted to go to our State court and our Federal courts—when it is never denied the right to go to the United States Supreme Court?

And thus it is that these regulatory bodies throughout the country have found that it was necessary for them to have some relief; and so it is that this bill has been presented.

Now, this bill has not been presented in a haphazard fashion, by any means. It has come to the Judiciary Committee of the Senate, considered by that committee; a subcommittee has been appointed; before the subcommittee elaborate hearings have been held, in which every interest that sought to be heard have been heard courteously and at length. It has gone back to the full Judiciary Committee of the Senate. Another subcommittee was appointed, at the instance of somebody who said he did not have the opportunity to be heard in the first instance. And again full hearings have been had.

And the hearings that were taken before the subcommittee of the Committee on the Judiciary of the Senate show exactly the position taken by various individuals and various gentlemen and various meticulous lawyers, perhaps, in endeavoring to defeat this measure—with the design—I will not say all of them had the design, but the design at times was apparent to some of us, that there should be a great delay.

And they did delay—for two different sessions—this measure, by taking it back and having hearings, and then taking it back again—until finally the Committee on the Judiciary of the Senate took the matter in hand and sent the bill upon the floor of the Senate; and upon the floor of the Senate it was overwhelmingly passed.

I ask, therefore, that this measure may be submitted at the earliest possible time; that, in one fashion or another, a determination may be had, either upon its merits or its demerits, and that it should not be permitted to rest for any great period.

The objections to the bill are—I anticipate but one or two—that a privilege has been accorded to these corporations, as their advocates say. And that privilege they do not want to relinquish. I do not blame them. It is perfectly natural that a utility corporation wants to take two bites at a cherry, where every other individual on the face of the earth is permitted but one. But I do not blame them for wanting the privilege of two opportunities to do as they please. The only thing I object to is that the rest of us, who are not connected with public-utility corporations, should want to give them two opportunities to do what no citizen is permitted ordinarily to do.

It is objected on some hands that the bill is unconstitutional. In the record of the hearings that were held before the Senate committee, the cases are cited that determine exactly what the rights of Congress are in relation to the jurisdiction that may be conferred upon the Federal courts.

The leading case is the Kline case, which is cited in the very elaborate majority views of the Senate Committee on the Judiciary in its report on this bill.

And the Kline case determines, of course—as a reading of the Constitution will demonstrate that it ought to determine—that Congress has the right, with the inferior Federal courts, to determine exactly what they shall hear and what they shall determine, and their jurisdiction generally.

The only constitutional court is the Supreme Court of the United States. The others are subject to the determination of Congress as to their jurisdiction, and the like. And I think that if an opportunity presents itself to you gentlemen, a reading of the brief that was presented by the attorneys for the Railroad Commission of the State of California will illuminate this particular subject.

That brief, too, traces the evolution of the decisions of the Supreme Court in regard to matters of this sort, and cognate matters. I deem it not only an excellent brief, but one which is quite convincing.

(The brief referred to appears in appendix I of these hearings.)

Then there are letters which I have had from the various States on the question of the agitation of this particular subject; and I have listed the States from which they were received; but I presume those can be better presented by those who will follow me today. But from New York and continuing clear to the Pacific coast, the public regulatory bodies are practically united in asking for this legislation.

Not only that, but we have as well the very highest authority with respect to this particular measure, that emanated from New York State, when the present illustrious President of the United States was Governor of that State. He then found exactly the situation which I have been inveighing against—not harshly, because there are so many things that might be said about this kind of jurisdiction that I hate to take the time of the committee to call attention to them. But the then Governor of New York State found that they are just what I found when I was Governor of the State of California, and just what every other man has found that holds a public position in a State and tries to render and perform his duty unto the people of the State, rather than unto its corporations. And the Governor of New York found that situation confronting him, and in no uncertain tones he expressed himself. It was in 1930 that he said, in a message to the legislature:

"The recent decision of the Federal Court in the Southern District of New York, permitting the New York Telephone Co. drastically to raise its telephone rates, brings to the fore in a striking way the whole question of interference by the United States court with the regulatory powers of our Public Service Commission. * * *

"It means that hearings and trials which rightfully should be held before our Public Service Commission or before State courts are, by a scratch of the pen, transferred to special master appointed by the Federal court. The State regulatory body * * * is laughed at by the utility seeking refuge with a special master, who is unequipped by experience and training, as well as by staff and assistants, to pursue that searching inquiry into the claims of the property which the consuming public is entitled to demand. The special master becomes the rate maker; the Public Service Commission becomes a mere legal fantasy. This power of the Federal court must be abrogated."

This is the language of the President when he was Governor of New York and he expresses very much better than most of us can express, exactly how the iron has entered the soul of every man who, within his State, endeavors, with that State power, to give the remedy and relief to its people from extortionate, outrageous, and shameful rates charged by a public utility. He expresses it so well that I am very glad to adopt his language; and I wish it were possible for me to express myself with equal facility on this occasion:

"This power of the Federal court must be abrogated. Only the Congress can give the remedy. Legislation has been introduced in the Congress to carry out this purpose. * * * I recommend to your honorable bodies that you memorialize the Congress to pass this legislation."

The CHAIRMAN. Senator JOHNSON, may I be excused? I would like to hear the remainder of your statement, but I have an appointment that I must keep.

Senator JOHNSON. Certainly; thank you, Mr. Chairman.

I have just one other word to say in this connection: Legislation in which I am interested, and which I endeavor to present—generally speaking, without asking the aid of anybody in its behalf—but I cannot tell you how happy I was made last week when, without solicitation or suggestion on my part, when this bill had passed the Senate and was here before you gentlemen, to have the President in his press conference, suddenly refer to it. He and I have not talked about it for a great many years—or at least, for a long period of time—but he suddenly referred to it and expressed himself as absolutely in favor of that kind of legislation last week at the press conference. The newspaper articles I have before me. You gentlemen doubtless observed them. If you did not, a mere query to any member of the press would give you the facts.

Now, just one other word: I understand the opposition to this bill, and I understand it full well. I am not critical of it, because I recognize the fact that when one has something that gives him a little the better of his fellows, he wants to hang on to it, and he will go to extremes in order to hang on to the benefits that have been accorded him, or to the privileges that he believes are his, and that are different from the privileges accorded to others. I do not criticize. I say to you, therefore, that the public-service corporations, in coming here and in endeavoring to retain the power that thus far they have had to go into two jurisdictions, or two sets of courts, will hinder, delay, impede, and prevent the public-utility regulatory bodies from giving effect to their rates, and the States from carrying out the purposes for which they, in reality, are organized—to give relief to their people; but granting that, nevertheless I recognize the power that these gentlemen have. I recognize that they come full-panoplied with the briefs that have been written by the legal departments of the various power companies, and present them elaborately. I do not want that they shall be permitted to delay action; because I had rather have action against than no action at all upon a measure of this sort.

And I do hope that it may be possible, therefore, that a measure of this sort, with the single design of enabling States to govern themselves—enabling the regulatory bodies within States to do their duty; enabling the regulatory bodies and State governments to afford relief that is necessary to consumers of that which may be handled by public-utility corporations—that the regulatory bodies may be permitted to go on their way and do their duty in their respective jurisdictions, and that the public utilities shall be deprived of no right of contest, no right of appearance, no right of going to the court, no right of going to the Supreme Court of the United States—but that they shall be compelled to take one course within the State, and then go, if they desire, to the United States Supreme Court.

And I submit the case to you upon that basis.

Mr. CONDON. May I ask a question, Mr. Chairman, of Senator JOHNSON?

The CHAIRMAN. Yes.

Mr. CONDON. Do you know, Senator JOHNSON, how the Committee on the Judiciary of the Senate voted on the bill when it reported it to the Senate?

Senator JOHNSON. Yes, sir.

Mr. CONDON. Was there a definite division of the committee?

Senator JOHNSON. Yes; there were 3 votes against.

Mr. CONDON. Of the whole membership of the Committee on the Judiciary, there were 3 votes against it?

Senator JOHNSON. Yes; and if you want to know, I shall be glad to tell you who they were.

Mr. CONDON. No.

Senator JOHNSON. There was a majority and a minority report; and both the majority and minority reports are at your disposal if you wish.

Mr. MCKEOWN (acting chairman). I thank you very much, Senator.

Senator JOHNSON. I thank you for your courtesy, Mr. Chairman and gentlemen. I appreciate the opportunity to be before you here. It is not often my privilege to come before a committee of the House in this fashion, and I assure you that I welcome the opportunity and I thank you for giving it to me.

Mr. LEWIS. May I ask the Senator a question?

Senator JOHNSON. Certainly.

Mr. LEWIS. How many cases of this sort have there been in recent years?

Senator JOHNSON. Well, there were some statistics given by the power companies that would indicate that the number of them has not been very large. But the quality of them was important—just like the New York Telephone case and like the P.G.E. case in California. They are the big cases that take in the great mass of subscribers, and that is the thing that is important, the particular kind of case and the number of people they affect; that is much more important than the number of cases which have been brought.

Mr. LEWIS. Will those statistics be placed in the record?

Senator JOHNSON. Well, I think there are about 11,453 power representatives here against this bill; and I have no doubt that some of them will present the statistics. If that is not done, I shall be very glad to furnish you the testimony that was taken before the subcommittee of the Senate Committee on the Judiciary, wherein those statistics were given.

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. MCGUGIN].

Mr. MCGUGIN. Mr. Chairman, most assuredly it is embarrassing for one of my limitations to follow the distinguished gentleman from Pennsylvania [Mr. BECK] and discuss any matter on constitutional grounds. I listened with great interest to the remarks of this distinguished lawyer. It is beyond me to understand wherein the passage of the Johnson bill does violence to the Constitution. The Johnson bill leaves with the utility every right that such an institution had the day the Constitution was written. The Constitution as such creates only one Federal court and that is the Supreme Court. Section 1 of article III reads:

The judicial power of the United States shall be vested in one Supreme Court, and in such inferior courts as the Congress may from time to time ordain and establish.

The day that the First Congress convened, a utility, if one had existed then, would have enjoyed the same identical rights that it will enjoy after the Johnson bill is enacted, namely, it could seek its redress in the State courts, and if, indeed, the State courts had not extended to it every constitutional right, it could appeal from the State supreme court to the Supreme Court of the United States.

If the utilities have any particular vested right in the inferior Federal courts, to wit, the district courts and the circuit courts, it is a right which has been given to them by the mandate of Congress, not by the Constitution.

Mr. BECK. Will the gentleman yield?

Mr. MCGUGIN. I yield.

Mr. BECK. The gentleman did not understand that I said anything contrary, did he? I agree with the gentleman that the Congress had complete power.

Mr. McGUGIN. Yes; but I do not see wherein we are taking any constitutional privilege away from those companies. The question resolves itself down to this: Which court is going to protect these companies in the first instance, the State court or the Federal court? Both courts are bound by the Constitution of the United States to respect every constitutional right of the utilities. The obligation is just as great upon a State court, be it a trial court or the State supreme court, to respect the constitutional rights of the utilities as is the obligation upon the Federal courts. Article VI:

> This Constitution and the laws of the United States which shall be made in pursuance thereof and all treaties made or which shall be made, under the authority of the United States, shall be the supreme law of the land; and the judges in every State shall be bound thereby, anything in the constitution or laws of any State to the contrary notwithstanding.

To follow to its logical conclusion the position of the gentleman from Pennsylvania, namely, that if we pass the Johnson bill, property rights of these utilities will be destroyed, we must take the position that we do not believe that the State courts will meet their binding constitutional obligations to respect the constitutional rights of these companies. We have not taken a single right away from those companies by the enactment of the Johnson bill. We have simply transferred jurisdiction to the State courts from the local Federal courts. The same constitutional obligation is upon both courts to protect the rights of these companies. My distinguished friend the gentleman from Pennsylvania quotes Lord Macauley's prophecy of the ultimate downfall of our Republic. For us to assume that this bill fulfills the prophecy of Lord Macauley, that in some day of depression the American Congress will surrender the rights of property, then it must follow that we believe that State courts will betray their duty and have no regard for property rights. The enactment of this bill cannot mark the beginning of the downfall of the Republic unless indeed we must take the position that State courts are absolutely not dependable. If the passage of the Johnson bill is an expression of lack of confidence on the part of the Federal courts by the Congress, then I say to you that the defeat of the Johnson bill marks lack of confidence on the part of Congress in the State courts of this country. For my part, I am yet a believer in the sovereignty of the State, not that that sovereignty means the right to secede, but that that sovereignty means the right of a State to be the master of its own household.

There is not a utility doing business in a single State of this Union except that it went into that State of its own free will and accord. If that utility cannot trust the laws of that State and the courts of that State, then it should not have gone into that State and entered into business. In actual practice this is what has happened: The utilities have gone into the various States and set up business; but from the very beginning, in most instances, they did not have enough respect for that State to take out a corporation charter in that State. They went into the State with their fingers crossed, and did as the gentleman said—went down to Delaware or some other State and obtained a corporation charter, and did it for the avowed purpose of ignoring and escaping the jurisdiction of the courts of the State in which they chose to do business.

In other words, they go into the States to enjoy all the blessings, but wanting at all times to be in the position of saying, "No; we are not responsible to you."

Another thing, the Johnson bill simply provides that after the State utilities commissions have established their rates, judicial appeals must first be taken to the courts of the State. Then, upon final decision by the supreme court of the State, if they have been denied their constitutional rights, they have their right to appeal to the only Federal Court created by the Constitution, to wit, the Supreme Court of the United States.

This Congress has an equal right to limit the jurisdiction of these inferior courts that some other Congress had to create them in the first instance.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. McGUGIN] has expired.

Mr. GUYER. Mr. Chairman, I yield 5 additional minutes to the gentleman from Kansas.

Mr. McGUGIN. In actual practice, when the Johnson bill is enacted into law, not a single constitutional right or privilege will be taken away from a single utility. What will be taken away from the utilities is a sort of special privilege which they gain for themselves by an abuse of their opportunity to invoke the jurisdiction of local Federal courts. Invoking that jurisdiction, not so much for the purpose of obtaining justice or redressing a wrong but for the primary purpose of gaining delay, which is in no sense justice in and of itself.

Speaking of our Federal judiciary, when the Johnson bill is enacted it will go a long way toward restoring the utmost respect for the Federal courts.

Mr. DUNN. Will the gentleman yield?

Mr. McGUGIN. No; I cannot yield because my time is very limited. I am sorry. At least, the utilities will cease to be so much interested in the appointment of local Federal judges. If local Federal courts have lost public confidence, I say to you there has not been one single thing more responsible for it than the undue activity of the utilities when it came to appointing Federal judges. The people firmly believe that their activity was not based primarily upon obtaining competent men to be Federal judges, but primarily upon picking men whose viewpoint would at least be friendly.

That is a cold fact, not a radical statement, just the truth. Everyone knows if there is anything wrong with the Johnson bill no one is to blame save the utilities themselves. They have brought this upon themselves by abusing their opportunity to invoke the jurisdiction of the Federal courts, invoking that jurisdiction not for the primary purpose of redressing a wrong or obtaining justice but primarily for the purpose of obtaining delay. They have brought it upon themselves for the further reason that they have made themselves obnoxious in the matter of the appointment of local Federal judges. If the Federal judiciary is in any disrepute, it is largely because the people believe that the utilities have unduly used the local Federal courts as a means to an end which they did not deserve.

I am going to support the Johnson amendment not alone because I believe it is right, but I am going to support it for another reason: I believe it is beneath the dignity of a sovereign State that its courts and its executive branch may be set aside and ignored by any power less than the Supreme Court of the United States, a power created by the Constitution itself. If a sovereign State's executive and judiciary are to be ignored and overridden by injunction and other orders from inferior Federal courts, then the sovereignty of the States is a myth.

It is singular that Congress should here today be called upon to take so much interest in protecting the jurisdiction of the Federal courts. Let me tell you when Congress would better be thinking about the jurisdiction it is taking away from Federal courts; not today when we are merely leaving specific jurisdiction in the State courts which are under the same constitutional obligations as the Federal courts; but rather when we sit here day by day establishing governmental bureaus which take unto themselves jurisdiction which should be retained by the courts.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 2 additional minutes to the gentleman from Kansas.

Mr. McGUGIN. It is bureaucracy which is destroying the jurisdiction of the Federal courts. The time for Congress to think of the dignity of the Federal courts is when Congress sits here day by day and establishes governmental bureaus which in the end become tyrannical and destroy the liberties of our citizens. I would be opposed to this

bill if it took from the judiciary the liberties of the American citizen and heaped those liberties into the lap of a bureaucracy; but that is not this bill. This bill declares only that the judiciary which will have jurisdiction in a given matter is the State judiciary, where American citizens will certainly have their day in court.

As for my own part, I am not afraid to trust the State judiciary. Maybe some local judge will be reelection minded, but, if so, he only befouls his own decision. There is, however, a State supreme court which will pass upon his decision; and it is beyond my belief that the supreme court of any State in the Union is deliberately going to sustain a political finding of a State utilities commission which political finding actually confiscates the property of any utility doing business in that State. If that should happen, the utility may still have its appeal to the Supreme Court of the United States. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Chairman, if the House desires to pass any legislation of this type, it had better pass the Johnson bill without amendment of any kind or character. The adoption of any sort of amendment, in my judgment, will jeopardize the enactment of legislation dealing with this subject. I make this statement advisedly. I make it from an observation of the history and course of this proposed legislation.

The influences behind the opposition to this bill—and in making this statement I exclude my colleagues who oppose its passage—are of the most powerful character. They do not work in the open, and they have at their command some of the shrewdest and most capable men in this country. As an evidence of this fact they have not only prevented the consideration of legislation of this kind during the several preceding Congresses during which it has been pending, but during the present session of Congress with a President who is earnestly in favor of the passage of the bill, with all of the public-utility commissions of the country except one or two endorsing it, with a tremendous public sentiment behind it and with, as I earnestly believe, the approval of a majority of the Membership of this House behind it, they have been able to postpone its consideration in the committee and in the House and to dilly-dally with it and finally to substitute an amendment which destroys the purposes of the original bill. The adoption by this body of any sort of an amendment to the Senate measure would simply play into the hands of the utilities and allow further opportunity for delay.

This bill passed the Senate on the 14th day of February. It has been pending before the Judiciary Committee for almost 3 months; and despite the fact that the chairman of the committee was earnestly in favor of its consideration and its being reported out, we have had to delay for this long period of time before having an opportunity in the closing days of the session to present it for the consideration of the House.

The Johnson bill contains but one substantive proposition, and that is to divest the district courts of the United States of jurisdiction in public-utility rate cases of an intrastate character where—and I call attention particularly to these features of the bill—a fair hearing after notice has been had before the State public utility commission and where an adequate remedy for any wrong is provided in the courts of law and equity of that State. Now, it ought not to take any committee 3 months to pass upon this proposition. Were I to undertake to detail some of the apparently innocent causes that brought about this long and inexcusable delay, such detail would make quite an interesting story in itself. Why, Mr. Chairman, some of the men who have been supporting this Lewis substitute, who have been urging it as a remedy for the evils which they recognize exist, after its adoption was secured in committee appeared before the Rules Committee of this House and urged that no rule be granted even for its consideration, although they had previously given it their approval. Forces of the opposition, again excluding my colleagues, do not want anything except delay, delay which means death, death to this legislation or to any other legislation which really corrects the evils complained of.

I think there is something innate in human nature that recognizes the justice of the proposition that a public-utility corporation created by a State, owing its very life to the exercise of the powers of that State, owing its franchises to State power or the power of some subdivision of a State, should be willing to submit its rights to adjudication by the courts of that State.

Its incorporators had no reason to apprehend injustices from the courts of the State. They had no reason to apprehend the oppressive use of power by the officials of the State. If they had, they would not have invested their money within the borders of that State.

Mr. Chairman, they do not fear injustice from the State courts. In the hearings before the committee those opposing the passage of the original Johnson bill were repeatedly challenged to point out one single instance where an injustice had come to a public utility corporation through the action of a State court, and they were unable to do so. On the other hand, numerous instances were pointed out where long delays of 10 years or more and large losses in money had been incurred by the patrons of these public utilities, and many other injustices had resulted from the exercise of Federal court jurisdiction. There was absolutely nothing proven in this record, and I challenge those who are supporting the Lewis substitute to find anything to the contrary of the statement, showing that any injustice has resulted in public-utility cases in which resort was had to State tribunals. Numerous instances were disclosed by the record where severe and tremendous injustices resulted because of resort to Federal tribunals. Is it not perfectly evident that the desire of these public-utility corporations to continue to go to the Federal courts is a desire not to seek justice, but to have injustice done?

It developed in the hearings before the committee that the case known as the "New York Telephone case" had remained pending for some 10 or 12 years. The amount collected by the telephone company over and above what was allowed by the public service commission was deposited in the chancery of the court. After the telephone company finally lost the case they were directed to refund the money to the patrons, but they were not able to refund $600,000 because in this long interval of time a sufficient number of patrons to be entitled to that sum of money had moved away, had died, or had become otherwise inaccessible, and, so far as the record discloses, the $600,000 was converted into the treasury of the telephone company, money to which it was not entitled, but which it was enabled to secure through this Federal court procedure.

Mr. LEWIS of Colorado. Will the gentleman yield?

Mr. TARVER. I would prefer to finish my statement first.

On the 30th of April of this year the Supreme Court, after 11 years' delay, reversed the case of Lindheimer and others against Illinois Bell Telephone Co., a case that has been pending since 1923. In that case, according to newspaper accounts, $20,000,000 has accumulated in the chancery of the court. This $20,000,000 was collected in excess of the rates allowed by the Public Service Commission of the State of Illinois, an amount which, according to the decision of the Supreme Court of the United States, they were not entitled to collect and which must now be refunded to the patrons who were required illegally to pay it in, and in the distribution of this sum it is fair to conclude that perhaps a million dollars or more, judging by the precedent established in the New York Telephone case, will remain in the coffers of the Illinois Bell Telephone Co. and will never reach the people to whom it belongs.

I have not any prejudice against public-service corporations. I know that they are owned by citizens who are just as much entitled to have their legal rights respected as are

citizens who do not own stock in such corporations. I would stand here just as strongly as any man in this House against any measure which would deprive them of their proper protection by law, but I insist that they are not entitled to rights and privileges which are not accorded to ordinary citizens of our country.

It is useless to paw over the ashes of the Constitutional Convention and try to find some shred of debate or expression upon which to hang the contention that the makers of the Constitution intended to have Federal courts established with jurisdiction of this character. There is but one Court whose establishment was mandatory under the Constitution—the Supreme Court. Congress, having created the district courts, unquestionably has power to fix their jurisdiction. Those statements require no debate. The amendment of the Constitution under which Federal district courts assume jurisdiction in most rate cases was not adopted for three quarters of a century after the Constitutional Convention. I am referring to the "due process of law" clause in the fourteenth amendment, a limitation of the power of the States and not to the limitation upon Federal power in similar language contained in the fifth amendment.

What is "due process of law"? Many definitions have been given for it. "Law in its regular course of administration through courts of justice", says Story. I prefer that given in the decision in *Hurtado* v. *California* (110 U.S. 516):

> Any legal proceeding enforced by public authority, whether sanctioned by age or custom, or newly devised in the discretion of the legislative power, in furtherance of the general public good, which regards and preserves these principles of liberty and justice.

Talk about due process of law. When a public-service commission hears a case after notice and renders a fair decision, is that not due process of law? It is to the citizen. He has to abide by it. Why should not the power company and the gas company or the telephone company abide by the same decision? If an injustice is done, if property is sought to be confiscated by the rate which is being promulgated, they have a right to resort to the tribunals of the State, and from there appeal to the Supreme Court of the United States. Can there be confiscation of property under a procedure of that sort?

Let me call your attention to the fact that this clause in the fourteenth amendment, upon which the public utility corporations rely in going into the Federal courts, covers life and liberty as well as property, and yet whoever heard of a Federal court undertaking to interfere in the administration of State criminal court affairs, even to save the life or the liberty of a citizen where the State courts were proceeding according to law?

Is it right to accord to these public utility corporations in the protection of property under the fourteenth amendment, the due-process clause, rights, and privileges which are not accorded to the ordinary citizen when he may undertake to resort to them for the protection of his life or his liberty?

Some reference was made by the gentleman from Colorado [Mr. LEWIS] in the course of his speech to certain occurrences in the State of Georgia. I want to briefly refer to the matter. I do not know what the facts of the various rate cases pending at this time in the State of Georgia are, but I do know that the public-service corporations who claim to have been ill-treated could have received justice had they resorted to the tribunals of our State. I know that among the public-service corporations which have appealed to the Federal courts are 10 independent telephone companies, 1 in my own town of 10,000 people. The owners of that company are my neighbors. They are good people. Everyone in our section of the country likes them. There was no need to appeal to the Federal courts in order to secure justice, but they did appeal to the three-judge Federal court.

A hearing was set down at New Orleans, seven or eight hundred miles away. Of course, there was no one in my town who was sufficiently interested in the matter to pay the expenses of a trip to New Orleans, not to speak of paying attorney fees and otherwise undertaking to resist their action, and in times like these it is very difficult for private citizens to raise by private contribution sufficient money for purposes of that kind, and no public money was available, and the the result was that the case before the three-judge court went practically by default. May I ask whether or not it would have been a hardship in that case to have required these people, good citizens, well liked by everybody in my county and in my section of the State, to submit their case to our own State tribunal?

They say that the Governor of Georgia ran for office upon a certain platform having to do with utility rates. The exact facts of the matter were not correctly quoted by the gentleman from Colorado [Mr. LEWIS]. It is true that he suspended the public-service commission of my State and appointed a new commission. He had the right under the laws of Georgia to suspend the public-service commission. His action in so doing is to be reviewed by the next legislature that meets in that State and to be reviewed also by the people of that State, because he is a candidate for reelection in the election which is pending at this time. If he has done any injustice to any public-service corporation of the State, if he has done an injustice to any public official of the State, you may rest assured that the people of Georgia will correct that injustice. The State courts of Georgia will also, if appealed to, correct any injustice which may have been done to any public-service corporation of that State.

What we are objecting to, Mr. Chairman, and what I feel we are justified in objecting to, is having the Federal courts of this country pass upon either political or judicial questions properly within State court jurisdiction, for the people of the State of Georgia, for example, who are perfectly competent to pass upon their own political questions and whose courts are perfectly competent, as they have one of the finest arrays of judges in the whole country, to pass upon the rights of their citizens in a judicial way.

Now, let me call attention, in conclusion, again to the statement of President Roosevelt, made when he was Governor of the State of New York, in a message to the legislature of that State, and I ask unanimous consent to insert his entire remarks, which are only some 10 or 12 lines in length, in the course of my speech.

The CHAIRMAN (Mr. PEYSER in the chair). Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. I call your attention to this. He says:

> The recent decision of the Federal court in the southern district of New York, permitting the New York Telephone Co. drastically to raise its telephone rates, brings to the fore in a striking way the whole question of interference by the United States court with the regulatory powers of our public-service commission. * * *
>
> It means that hearings and trials which rightfully should be held before our public-service commission or before State courts are, by a scratch of the pen, transferred to a special master appointed by the Federal court. The State regulatory body * * * is laughed at by the utility seeking refuge with a special master, who is unequipped by experience and training, as well as by staff and assistants, to pursue that searching inquiry into the claims of the company which the consuming public is entitled to demand. The special master becomes the ratemaker; the public-service commission becomes a mere legal fantasy. This power of the Federal court must be abrogated.

Now, if you are in agreement with the views of the President of the United States as expressed in this message, you are bound to conclude that the innocuous provisions of the Lewis substitute would simply defeat the purposes of this legislation. It would not abrogate the powers of the Federal courts. It would simply regulate procedure in the Federal courts and the right to resort to the Federal courts and to use them as instruments of delay over long periods of years, as has been done in so many instances heretofore, would still remain.

I now yield to my friend from Colorado, who indicated a few minutes ago he wished to interrogate me.

Mr. LEWIS of Colorado. Perhaps I misunderstood my colleague, but he certainly knows, does he not, that the chairman of the committee, Mr. SUMNERS of Texas, and I appeared before the Rules Committee and urged the committee to grant the rule on this matter?

Mr. TARVER. The gentleman certainly did and Mr. SUMNERS of Texas did, and the gentleman from Pennsylvania [Mr. BECK], who made such an able argument a few minutes ago in favor of the gentleman's substitute, also appeared before the Rules Committee and urged the committee not to grant a rule for the consideration of this legislation. That is true, is it not, may I ask my colleague?

Mr. LEWIS of Colorado. I do not know as to the second statement, but I know as to my own position.

Mr. TARVER. Does the gentleman not know that the gentleman from Pennsylvania [Mr. BECK] appeared before the Rules Committee in opposition to the granting of this rule?

Mr. LEWIS of Colorado. I do not so understand. I did not hear the remarks of the gentleman from Pennsylvania.

Mr. TARVER. The gentleman from Pennsylvania made that statement to the Chairman of the Rules Committee in the presence both of the gentleman and myself and I thought he had heard the remark.

Mr. LEWIS of Colorado. No.

Mr. TARVER. And the gentleman also made a speech before the committee, which I heard, and I was under the impression the gentleman heard, in which he urged the committee, on account of what he referred to as the economic conditions at this particular time, not to grant any rule for the consideration of the bill at all.

Mr. LEWIS of Colorado. I desire to ask the gentleman if I did not insist upon this rule being granted.

Mr. TARVER. I have already stated that the gentleman did so insist, but I am surprised that the gentleman did not hear the equally earnest insistence of the gentleman from Pennsylvania that the rule should not be granted.

Mr. LEWIS of Colorado. I did not.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, I am not one who is willing to concede that the courts of my State are not so constituted that they are unable to handle State affairs without interference from the Federal courts. If a foreign corporation desires to enter my State it should be willing to abide by the laws of my State and bow to the decisions of its regulatory commissions and its courts. So far as I am aware, no influence was brought to bear that resulted in foreign corporations setting up public utilities in Missouri. They came of their own accord. The experience of the present Chief Executive of the Nation when Governor of New York cited in the committee report is in itself sufficient to warrant us to vote down the proposed substitute and enact the Johnson bill. Permit me to quote his special message to the New York Legislature in January 1930. It follows:

> The recent decision of the Federal court in the southern district of New York, permitting the New York Telephone Co. drastically to raise its telephone rates, brings to the fore in a striking way the whole question of interference by the United States courts with the regulatory powers of our public-service commission. * * *
>
> It means that hearings and trials which rightfully should be held before our public-service commission or before State courts are, by a scratch of the pen, transferred to a special master appointed by the Federal court. The State regulatory body * * * is laughed at by the utility seeking refuge with a special master, who is unequipped by experience and training, as well as by staff and assistants, to pursue that searching inquiry into the claims of the company which the consuming public is entitled to demand. The special master becomes the rate maker; the public-service commission becomes a mere legal fantasy.
>
> This power of the Federal court must be abrogated. Only the Congress can give the remedy. Legislation has been introduced in the Congress to carry out this purpose. * * * I recommend to your honorable bodies that you memorialize the Congress to pass this legislation.

The Johnson bill is the legislation he referred to.

The regulatory powers of a State public-service commission will not be subject to the jurisdiction of the district Federal court if we enact the Johnson bill. In doing so we are not denying the utilities any of their constitutional rights, because if a proper showing can be made, say if the rate in question was a violation of the provision in the Constitution against the confiscation of property without due process of law, then an appeal to the United States Supreme Court would be in order. Can you conceive of anything more fair? Can anyone deny that this avenue is open to the corporations?

State rights have been preached in this hall since the first day that the Congress assembled. Where is the advocate of State rights who is willing now to vote for a measure which in effect says your State courts will not decide the issue—it will be left to the Federal court?

Your legislature has created your public-utilities commission, due to the demand of the citizens of the State. The officials are answerable to the people of the State. After thorough investigation the commission renders its decision. If you pass the Senate bill you say to the commission, The courts of your State will hear the complaint, and then if the corporation is not satisfied you can appeal to the highest court in the land. I submit nothing could be more fair.

I say to the foreign corporation that if you do not propose to be satisfied with the acts of the utilities commission of a State you should not enter, or, if doing business in the State, you should get out.

The inspired propaganda in opposition to the Senate bill has reached my office. Some very good friends of mine have petitioned me to support the Lewis substitute, but I cannot follow their suggestion and at the same time properly protect the interests of the people I represent. Of course the propaganda is one-sided. The masses of the people whose interest we should protect probably have never heard of the bill now before us. So long as we do nothing that can be classed as unfair to foreign corporations in denying them the right to take their cases to Federal courts there should be no complaint.

The report carries a table showing the civil cases filed in Federal courts during the calendar year 1929. Take the Federal district in which I reside, the eastern district of Missouri. During that period 446 cases were filed, and the diversity-of-citizenship clause accounts for 243. In other words, if the Senate bill now before us was a law in 1929, 243 of the cases would have been tried in the State courts rather than in the Federal courts. Consider, if you please, the amount that this law cost the people of my community. It costs much more to enter the Federal courts than the State courts.

The Senate bill seeks to take from the corporations a special privilege they now enjoy. It denies the right of a corporation, incorporated in a foreign State, to come into my State and do business and then say, although I insist upon the right to do business in your State, I refuse to submit to the courts of your State or accept the decisions of your regulatory commissions.

Fear not about the constitutionality of the pending bill. If it were not constitutional the large corporations would not be opposing it. That is sufficient to settle the question of constitutionality so far as I am concerned.

Pass the Senate bill and you will place human rights above property rights. The House substitute would place property rights above human rights.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. LLOYD].

Mr. LLOYD. Mr. Chairman and gentlemen of the Committee, I am going to address myself to the practical effects of the substitute bill as I view it. I do not want to seem to treat a serious subject lightly, but to my mind the arguments that have been addressed to the Committee by some of the proponents of this committee amendment strike me as almost humorous. I was entertained by the charm of manner of the gentleman from Pennsylvania [Mr. BECK], and yet those of us on the committee know it to be a fact that the gentleman has never been in favor of this amendment.

I have long admired his learning and his political sagacity, but I cannot always agree with his political philosophy.

As a matter of fact, this particular amendment was conceived in the fertile brain of the gentleman from Pennsyl-

vania. He suggested the able member of the committee who should write the substitute amendment.

For the purpose of having the amendment enacted into law? Oh, not at all, but for the purpose of defeating the Johnson bill.

Let it be understood that what I am about to say is half facetious and half serious, and let it be understood, too, that I entertain for the gentleman from Colorado the highest respect, and I know that his sincerity and good faith are not open to question or criticism. He is honest and sincere in the position he has taken, but I do believe that his judgment as to the practical effect of this amendment is ill-considered. Proceeding again facetiously, permit me to suggest that we have a strange child among us in the form of this substitute amendment. The gentleman from Colorado stands in loco parentis, and is going to have to legally support the child. Proper filiation proceedings, I am sure, would safeguard the rights which justly belong to the gentleman from Pennsylvania. [Laughter.]

I think I do not go too far afield when I suggest that this brain child is sired by reaction and damned by everybody. [Laughter.]

What is the real purpose of it? Let us go back a moment in the history of this legislation. The Seventy-second Congress held hearings before the Senate committee for 3 or 4 days. Everybody was heard who wanted to be heard; everybody had an opportunity to address his arguments to that committee. After they were concluded the subcommittee made its report to the full committee. Then the opponents of the bill came in and said that they wanted a further hearing. So the matter was again recommitted to the subcommittee. The same gentlemen came in, made the same arguments, and were heard for 3 or 4 days again. Then the subcommittee reported to the full committee and the full committee reported out the legislation.

But here is the joke of it. The Seventy-second Congress was by this time drawing to a close, and it was too late to get the legislation through. The same situation prevails here today. Generally speaking, nobody wants the Lewis amendment. The gentleman from Pennsylvania, according to his own words, is not going to be here to vote for it. He appeared before the Rules Committee and objected to its being heard on the floor. The Lewis substitute is desired for the purpose of killing the Johnson bill.

The opponents of any legislation of this character know and I know and you know that the Senate is not going to be satisfied with this Lewis substitute, and is not going to accept it. As a matter of fact, I may say in passing, that the Lewis substitute was never seriously considered by the committee. It was never read in committee, it was never discussed in committee, it was never open for amendment in committee. It is simply an attempt to defeat the Johnson bill. Here is what they expect to happen—here is what will happen if you adopt this substitute: It will go over to the Senate, the Senate will refuse to concur, and the result will be that no legislation will pass, and that is exactly what they want and what they expect.

Mr. KURTZ. Mr. Chairman, will the gentleman yield?

Mr. LLOYD. Yes.

Mr. KURTZ. To ask the gentleman whether or not I appeared before the Committee on Rules?

Mr. LLOYD. I understand not. There is only one question here and it is well defined and clear. Either you will pass this Johnson bill as written, or you will not pass any legislation at all. The only thing that I am concerned in, and the big question before you is, whether or not the sovereign States of this country shall be accorded the opportunity and the right, free and untrammeled from the interference of a foreign jurisdiction and foreign power, to deal with their citizens and the property of their citizens as they do in other cases. If you believe there are abuses that demand correction at the hands of this Congress, let me urge upon you that you vote down this amendment and pass the Johnson bill. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Chairman, I am not a lawyer and, therefore, not competent to discuss the strictly technical side of this question. There are, however, practical implications flowing from the existing situation, which the Johnson bill, which I am in favor of, will correct. These implications appeal to me as being worthy of very careful consideration. They should, I believe, command the vote of every Member of this House who believes that the people of a State, when they grant to a corporation a franchise to do business within that State, should have the right to govern the actions of that corporation within its borders. We have heard a great deal here about confiscation by reason of lowered rates. The confiscation they talk about is based on a fiction. Let that sink in. These corporations go before a State commission and make a showing on their capital structure which has been watered from 3 to 10 times, and ask that commission to order the people of that State to pay rates that would warrant dividends on stocks of various classes that have no basic value at all. They go before the commission with a battery of high-priced lawyers and rate experts, and they undertake to justify these rates by presenting a mass of highly technical engineering and other facts. And after they have built up a record that would almost break the ordinary city treasury to have it printed, they let the case drag along until it begins to look bad, then stop and jump into the Federal courts. That record is dead, and they build up another one, and the result is that the ordinary community has not the financial capacity to follow those fellows through all of the courts and ultimately get justice for their people. Where it is a small city case the people are helpless. We will take the case in Illinois that was closed the other day. That case has been in court 11 years. The newspapers pointed out that $20,000,000 was going to be given back to the people.

The gentleman who spoke before me referred to the fact that at least a million of it would not reach the people entitled to it. Mr. Chairman, if the people of Chicago, Ill., get $6,000,000 out of that $20,000,000, they will get a lot, because people move in and move out and move away. In California we had a similar thing, and I venture to say that not over 50 percent of the amount granted got back to the people to whom it belonged. That has been their play—delay. What has that delay meant? It has meant injustice for every man and woman in the State who paid their rates and who depended on their State authorities to check the highway robbery being practiced on them, and then when they got a decision from their State body these fellows slid out from under and went to a Federal court. And for the purposes of the people of the State, their case did go to a foreign jurisdiction. And I say it is the duty of this Congress to say to every public utility, "When you go into a State and collect money and operate under a franchise from that State, it is your duty to be governed by the laws of that State." That is the question that we are discussing here, not some film of technicality which talks about the various amendments to the Constitution and the due-process clause and all the honeyed and stately phrases of the law on the floor of this House. Confiscation as they claim it is nothing but a fiction, based on watered stock and pyramided holding companies of the character that we hear so much about, and which have been so thoroughly exposed in the Insull and other cases. I yield back the remainder of my time.

Mr. SUMNERS of Texas. I yield to the gentleman from Nebraska [Mr. CARPENTER] such time as he desires.

Mr. CARPENTER of Nebraska. Mr. Chairman, I wish to have the privilege of making a statement in favor of the original Senate bill (S. 752), introduced in the Senate by Senator JOHNSON, of California, and passed by that body on February 6, 1934, and which is now about to be considered by the House of Representatives. The question is whether or not the House will accept the original bill introduced in the Senate, or the bill as it was amended in the House Judiciary Committee. To me, this is the real test of the true friends of honest utility regulation. A vote in favor of the amended Senate bill is a vote in favor of the continuation of the prolonged advantage that the public-utility companies have had

in the past. Such companies have successfully defeated the efforts of consumers, State utility commissions, and municipalities in their fight for reasonable rates. A vote in favor of the original Senate bill is a vote to expedite the course of justice and fair dealing and the securing of reasonable rates.

In order to be entirely specific, I am herewith stating the original Senate bill, which I favor:

Be it enacted, etc., That the first paragraph of section 24 of the Judicial Code, as amended, is amended by adding at the end thereof the following: "Notwithstanding the foregoing provisions of this paragraph, no district court shall have jurisdiction of any suit to enjoin, suspend, or restrain the enforcement, operation, or execution of any order of an administrative board or commission of a State, or to enjoin, suspend, or restrain any action in compliance with any such order, where jurisdiction is based solely upon the ground of diversity of citizenship, or the repugnance of such order to the Constitution of the United States, where such order (1) affects rates chargeable by a public utility, (2) does not interfere with interstate commerce, and (3) has been made after reasonable notice and hearing, and where a plain, speedy, and efficient remedy may be had at law or in equity in the courts of such State."

SEC. 2. The provisions of this act shall not affect suits commenced in the district courts, either originally or by removal, prior to its passage; and all such suits shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered in the same manner and with the same effect as if this act had not been passed.

In order to show the attitude of the administration and of the President of the United States on this legislation, I am also inserting a copy of a message President Roosevelt sent to the State Legislature of New York when he was Governor of that great State:

The recent decision of the Federal Court in the Southern District of New York permitting the New York Telephone Co. drastically to raise its telephone rates brings to the fore in a striking way the whole question of interference by the United States courts with the regulatory powers of our Public Service Commission.

It means that hearings and trials which rightfully should be held before our public-service commission or before State courts are, by a scratch of the pen, transferred to a special master appointed by the Federal court. The State regulatory body * * * is laughed at by the utility seeking refuge with a special master, who is unequipped by experience and training, as well as by staff and assistants, to pursue that searching inquiry into the claims of the company which the consuming public is entitled to demand. The special master becomes the rate maker; the public-service commission becomes a mere legal fantasy.

This power of the Federal court must be abrogated.

This is the language of President Roosevelt:

Only Congress can give the remedy. Legislation has been introduced in the Congress to carry out this purpose. * * * I recommend to your honorable bodies that you memorialize the Congress to pass this legislation.

If this bill should be enacted into law, the effect of it would be to take away the jurisdiction of the United States district court to issue an injunction against putting into effect any order of a State commission having charge of public-utility matters where the jurisdiction is claimed by reason of diverse citizenship. It will take away jurisdiction from the Federal court on the ground of diverse citizenship to issue an injunction restraining the enforcement of a rate or order made by a State public-utility commission. It will also take away the jurisdiction of the Federal court to issue an injunction on other grounds if the State, where the order is made by the State commission, has provided for a remedy of appeal by which any party to the suit can pass to the supreme court of the State, and from there to the Supreme Court of the United States.

All this talk about taking away the rights of individuals disappears. There is no one, not even a widow or orphan, who will be deprived of her or its day in court if this bill passes. The savings banks of the country which have invested their property in public-utility bonds or stocks will not be deprived of the right to go into court and eventually to reach the Supreme Court of the United States.

At the present time most of the public utilities, in one way or another, are subsidiary to some corporation, sometimes in the fourth, fifth, or sixth degree, and are organized in some State where they do not do business, where they have no property, where none of their officials live. That seems clear. There is but one object: it is in order to let them come into the Federal courts instead of the State courts in case they are sued or in case they sue anybody else. In other words, the corporation is always a resident of a State other than the State in which it does business. This is a suspicious circumstance to begin with. That on the face of it does not look right.

Let me tell the House of an instance that happened, as related by Senator NORRIS. The Nebraska Power Co. supplies Omaha and several surrounding cities in Nebraska with electric lights. It is incorporated in the State of Maine. It has no property in the State of Maine. It does not do any business in the State of Maine. The people who own the company and own its stock are not citizens of the State of Maine. Why is the company incorporated in the State of Maine? To give it an advantage under our law. When it is sued in the courts of Nebraska, it can stay in the State courts, go clear through to the Supreme Court of the State of Nebraska, and if it is finally defeated in the Supreme Court of the State of Nebraska, before the edict or the order of the supreme court can be sent down to the lower court, before that court can take it up and render a judgment according to the decision of the supreme court, the company can dismiss the suit, and no final judgment has been rendered.

The next day or the same day the company can commence another suit in the Federal court, get an injunction on the allegation that the corporation is a citizen of the State of Maine, and consequently, under the laws of Congress has a right to go in the Federal court. Having lost out all the way along through the State courts, being dissatisfied, it commences at the bottom of the ladder in the Federal district court, and from there to the Supreme Court of the United States.

This is a right given to no citizen of a State. The citizen has to commence his action and maintain his rights in the courts of his State. But here is a concern doing business of, perhaps, the same nature as that of the citizen—in the same State but incorporated in the State of Maine—and it has the choice of going into either the State court or the Federal court under our law.

Is it an injustice to compel the Nebraska Power Co. to resort, if it has any difficulty, to the courts of Nebraska? They do not have to be in Nebraska. They voluntarily located there and they are doing business under a Nebraska law. Yet a Federal court is their haven of refuge—I will not say it is so considered because they get more favorable consideration there—I will say it is because they have the Federal courts to go to, and they have the opportunity to go into either one of two courts to try one for a while, and if they do not like it, to stop there and commence in the other court, an advantage that the citizen of the State does not possess.

In order to show why it is necessary for these utility companies to charge outrageous rates I am inserting the results of an investigation into the affairs and methods of the Nebraska Power Co., located in Omaha, and showing conclusively the methods of conducting their affairs and why such organizations are now doing their utmost to defeat the purposes of the legislation coming before the House.

When we get to Nebraska the first thing we run up against is the Nebraska Power Co. It is the great representative there of the Electric Bond & Share Co., of Wall Street, New York. The Nebraska Power Co. was developed from the systems of the Omaha Electric Light & Power Co. and the Citizens' Gas & Electric Co., of Council Bluffs, which was a subsidiary of the Omaha company. The Council Bluffs company, now a subsidiary of the Nebraska Power Co., is known today as the Citizens' Power & Light Co. The Omaha and Council Bluffs companies together serve a population of about 214,000 in Omaha and 42,000 in Council Bluffs, and operate also in about 40 towns and rural territories within a radius of 50 miles of Omaha and within a radius of 25 miles of Council Bluffs in Iowa.

As a foundation for the financial manipulation which took place in the transfer of 1917 and since there are the extraordinary growth and the ample and sustained earning power of these Omaha and Council Bluffs utilities. The Nebraska

Power Co. itself has acknowledged that its steady growth and financial success has been due in a considerable part to the foodstuffs industries in and about Omaha, which show a steady growth without violent fluctuations in periods of inflation or deflation. This is shown from a transcript of the Federal Trade Commission hearings, March 9, 1932, at page 19578.

In the 1917 transfer the value of the properties was written up overnight by more than 100 percent. To get the full significance of this write-up it is necessary to go back some years into the early history of the Omaha utilities. Now, overnight—and this is from the investigation of the Federal Trade Commission—the capitalization had pumped into it 100 percent of water and the next morning that was gold. When we go back we find that the writing up of the assets and the issuing of watered stock began very early, so that the inflated financial structure of 1917 was reared not upon a solid foundation of property or value but in large part upon water that had been pumped earlier into the old companies, as well as the new companies, which the Omaha council has imputed is "a most profligate issuing of stocks and bonds that represented no investment whatever."

Here is a sketch of what happened. The original electric plant was built in Omaha in 1885. It changed hands in 1889 and again in 1903. When the second transfer took place in 1903 an inventory was prepared indicating that the utility company itself valued its properties at that time at $794,000. Yet these properties changed hands with a capitalization of $1,201,000, as they passed out of the control of the old owners, and with a capitalization of $3,831,000 as they came into the control of the new owners. Just get that picture. In the first place, they themselves admitted that the total valuation was only $794,000 when the original company sold it, but they sold it at a value of $1,201,000—quite a profit that was for one day—they sold it to another corporation, and the next day on the books of the new company the valuation was $3,831,000, showing that overnight two transactions of converting water into gold had taken place.

It was the conviction of Omaha's mayor and city council, expressed in a rate decision years later, that even the $1,201,000 exceeded the value of the property; and these officials found that when the capitalization was boosted to $3,831,000, or more than 200 percent, in 1903, not a stick nor a stone of property was added; not a single thing of value was added except 200 percent of water. The additional securities were water. A utility baron of that city took them for his own when he acquired the control of an old company and transferred its properties to a new one headed by himself. His little deal was exceedingly profitable, for in later years, between 1903 and 1917, the new company's common stock, all "water", paid dividends as high as $600,000 a year—$600,000 annually for nothing. In those days even utility barons rated that as a pretty fair profit (Ex. 5038, app. 10, sheet 5, of the Federal Trade Commission).

At the same time that the fixed capital was written up and the watered stock was issued, apparently, the public-utility franchise which one of the old companies had obtained from the city of Omaha was put on the book as an asset having a value of $2,055,000, or more than three times the value of the company's tangible property as shown by its inventory, as shown by its own books. The franchise was greater in value than all the property they owned, as shown by their books; a franchise that, of course, did not cost a cent, a franchise that, as a matter of truth and honesty, belonged to the people of Omaha and not to the corporation.

The franchise was being carried on the books at this value when the Omaha system next changed hands in 1917.

When this transfer in 1917 took place the Omaha utility purported to have assets of $6,432,000, but, with the franchise value eliminated, the amount of the assets was only $4,377,000. It is by no means certain that they were worth even that much, because, as we have seen, the Omaha City Council believed that even before the franchise value was assigned in 1903 the utility's assets were overvalued, and the old inventory bears this out. But the power barons who took hold in 1917 were not concerned with pools of "water" behind; their eyes were glued upon the rivers of "water" and the floods of profits ahead. They hurdled clear over the $4,377,000 assets value without the franchise, and the $6,432,000 assets value with the franchise, and set up a new value of $13,500,000.

That is "going some." The mighty Electric Bond & Share Co. controlled by J. P. Morgan & Co. had taken charge. The whole of the transfer deal of 1917 was engineered by this company, which controls one of the greatest of all the power systems in the country, and has been in the forefront of every conflict between the Government and the power industry for years past.

The Electric Bond & Share Co. wished to obtain control of the power system centering around Omaha and to make this system a part of its own much greater system. This it accomplished, first, by buying up the common and preferred stocks of the Omaha Electric Light & Power Co. For those securities it paid, in one form or another, a total of $4,633,000. Then it took these same securities and sold them to one of its own subholding companies, the American Power & Light Co., for $5,865,000, netting a profit in cash and stock of $1,232,000. There was not any property added, it was the same property; they merely sold it to themselves and increased its value.

This sale need not be regarded very seriously as the American Power & Light Co. is, in fact, a sort of "paper" company, which is virtually identical with the Electric Bond & Share Co. itself; that is to say, it is staffed and officered by Electric Bond & Share Co., much of its controlling stock is held by Electric Bond & Share, and there are various other devices which make the union extraordinarily close. The American Power & Light Co., at any rate, paid the Electric Bond & Share for the Omaha securities by issuing demand notes and securities of its own and delivering them to the Electric Bond & Share Co. Then, being possessed of the securities of the old Omaha Co., the American Power & Light Co. turned them over to its new Nebraska Power Co. through a "dummy" and recapitalized the properties. In doing so it disregarded entirely the $4,377,000 which, be it remembered, was the amount of the assets with the franchise eliminated. It disregarded also the $4,633,000 which the Electric Bond & Share Co. had paid for the Omaha properties, the $5,865,000 which American Power & Light had paid to Electric Bond & Share for them, and the $6,432,000 purported fixed capital which appeared on the books of the old company. Instead of heeding any of these figures, it caused the new company to enter upon its books as fixed capital $13,500,000, and to issue its securities accordingly. This was accomplished merely by writing a new set of figures on the books.

The report of Examiner J. W. Adams, of the Federal Trade Commission, states explicitly that there was no change whatever in the amount or the character of the properties. All that happened was that the Omaha Electric Light & Power Co. closed its books on May 31, 1917, with a fixed capital of $6,432,000, and the Nebraska Power Co. opened its books the next day showing a fixed capital of $13,500,000. The difference, or write-up, was $7,068,000. Adding some write-up for the Council Bluffs subsidiary, there was a total write-up of $7,387,000. On the 31st day of May 1917, the corporation holding these properties in Omaha and vicinity was turned over to another corporation, and in the transaction, all of which was completed between the closing of one day's work and the opening of the next day's work, there was $7,387,000 of water pumped into the capitalization of that company, upon which the people of Omaha and vicinity will be paying revenue through all time unless some remedy in some way may be provided to rectify the condition.

The whole procedure was not only unsupported by any additions to plants or equipment, but it appears to have been entirely arbitrary. As in many other such deals, the Commission found no record of any appraisal of the properities. They did not even pretend to have an excuse; they just wrote that much water in the valuation on their books the next morning after the transfer had been made.

Against the "paper" addition to assets of $7,387,000, the promoters wrote up the company's surplus $177,000. Substantially all the rest of the increase was made on the basis for securities. Where $3,789,600 securities had been outstanding, exclusive of the big bond issues, the new company issued $10,999,500. (Transcript, Mar. 10, p. 19693.)

Substantially all these securities were delivered to the American Power & Light Co. A large portion of them was handed on by this company to the public. From $5,500,000 of the Nebraska Power Co. securities, the American Power & Light Co. realized at the time of the transfer, or thereafter more than $5,000,000. It took for itself $5,000,000 of the Nebraska Power Co.'s common stock. Since it paid for the Omaha properties, technically, the $5,865,000, and got back more than $5,000,000 of this through the sale of securities, the American Co.'s books should indicate cost to it, for the Nebraska Co.'s common stock, of about $766,000, but what the books show here is not the real truth.

The technical cost to the American Co. of the Omaha properties, $5,865,000, included the profit of $1,232,000 to the Electric Bond & Share Co., and the deal which gave rise to this profit was merely one between the left hand and the right hand.

The deal which gave rise to this profit was one merely between the right hand and the left hand. The Electric Bond & Share Co., the American Power & Light Co., and the Nebraska Power Co. were, for all practical purposes, a single entity. Their real nature is best illustrated by the fact that a law firm in Augusta, Maine, which looks after the incorporation of Electric Bond & Share enterprises and votes their stock by proxy, voted all the stock of all three companies at each stockholders' meeting.

We must remember they are incorporated over in Maine to do business in Nebraska.

When we eliminate the $1,232,000 profit to the Electric Bond & Share Co. on the sale of the Omaha properties to its own subholding company their cost was only $4,633,000. Then, since the American Power & Light Co. realized more than $5,000,000 from its security sales, it actually profited by approximately $466,000 besides retaining for itself the $5,000,000 of common stock at no cost. (Transcript, Mar. 10, p. 19702.)

The results were:

First, the expenses of the Omaha acquisition were paid.

Second, the Electric Bond & Share took a profit of $1,232,000 upon the sale of the Omaha properties to its subholding company, the American Power & Light Co.

Third, over and above these expenses and this profit there was an excess capitalization of $5,000,000 or more, which was utilized for the issuance of a huge block of common stock to the American Power & Light Co. at no cost, and in fact with a cash profit to that company on the side.

It is this huge block of common stock which has brought the greatest profit to the controlling interests, and which has chiefly served to drain off the excess earnings of the Omaha property, which means its excess collections from the consumers. This is clearly shown in the dividend records of the Nebraska Power Co. during the 12 years from 1917 to 1928.

In these 12 years there was paid in dividends a total of $7,663,000. Of this total, $4,075,000 was paid in dividends on the common stock alone, and virtually all of this common stock was held by the American Power & Light Co., which, as I have pointed out, is all but identical with the Electric Bond & Share Co. Therefore, say the Trade Commission's reports, the indications are that "practically all the $4,075,000 paid went to the American Power & Light Co." (exhibit 5038, p. 194). And remember that all these dividends were paid as a return on a supposed investment which was in reality no investment at all.

The holding company's pickings have grown richer from year to year. In 1924 these common-stock dividends amounted to only $367,000 a year; but by 1927 they had grown to $741,000, and by 1930 to $1,200,000 a year.

It may be wondered how profits so extravagant can be piled up on stock which is nothing but water. There are several very compelling reasons for this.

In the first place, there is the part played by the investor who is permitted by the promoting and controlling interests to put up all or nearly all of the money which is actually needed, either to take over properties or to expand them.

A second factor in making possible the huge profits is the phenomenal increase in the use of electricity. Between 1918 and 1930, the Nebraska Power Co.'s production increased about 325 percent. Thus, even if the cost of producing electricity had remained the same, the company could have made larger and larger profits from year to year.

But the cost, in fact, went down sharply, thus providing a third factor leading to increase of profits. In the same period, from 1918 to 1930, the average generating cost declined from approximately three quarters of a cent per kilowatt-hour to a little more than a third of a cent per kilowatt-hour (transcript, Mar. 9, p. 19617).

Other costs also declined. The total expense per kilowatt-hour for both generation and distribution, including taxes and depreciation as well as uncollected bills, dropped from 2.23 cents in 1920 to 1.24 cents in 1930.

The reason for this sharp decline in costs were several. Because of the increased production there was a more continuous utilization of equipment. The equipment itself became more efficient. Accordingly the consumption of coal per kilowatt-hour was cut in half. The price of coal declined sharply, and likewise the prices of supplies needed for the power plants. Then the new machinery proved so efficient that instead of using more labor as the production increased the company actually used less labor. During the period from 1920 to 1930 for example, when production increased 180 percent the number of employees declined 5.6 percent, or from 124 to 117.

The vast savings which were made possible by all the factors were not, of course, monopolized entirely by the power company. It was necessary to reduce rates somewhat, although some of the reductions were made by the company against its will. At any rate, when the total expense of generation and distribution was declining from 2.23 cents to 1.24 cents per kilowatt-hour between 1920 and 1930, the average selling price of current to all classes of consumers dropped from 2.90 cents to 2.27 cents.

The Trade Commission's examiners even concede that by and large the savings in production and distribution costs were passed on to the consumers, but they point out that there were further large savings in financing which were not passed on at all. These savings were made possible by the financing of new construction, made necessary by the big increase in production and sales, by means of bonds and preferred stocks which carried moderate rates of interest.

The effect of these savings, due to declining costs and financing at low rates of interest, and the failure of the company to pass on more than a limited part of these savings to the consumers is more clearly shown in an analysis the Commission has made of the distribution of the consumer's dollar. Since the reorganization of 1917, the proportion of this dollar absorbed by production and distribution expenses, by interest, and by dividends on preferred stock has shown a marked decrease. During the same time there has been a marked increase in the portion of this consumer's dollar going into common-stock dividends and surplus. The result is that whereas in 1918 common-stock dividends and surplus absorbed only 3.58 cents of each dollar, by 1930 they were absorbing 22.77 cents, or nearly a fourth of every dollar the consumer paid in.

In newspaper accounts of the Trade Commission hearings there were cited rates of return on the common stock held by the holding company ranging up to 338 percent. Such a rate of return appears fantastic, but a close examination of the Commission's reports shows that even this figure is in a sense an understatement. To compute the rate of return it was necessary to credit the holding company with an

equity in the common stock; and, although the company has such an equity from the accounting standpoint, this equity results entirely from an accumulation of the company's surplus earnings. It does not represent money which the holding company itself has furnished but money which consumers have paid in and which the company has permitted to remain in the enterprise over and above the amount it has drawn out in common-stock dividends.

From 1917 to 1926 there was no equity whatever behind the common stock, according to the Commission's studies. Since then, as the accountants put it, "the entire common-stock equity has been built up from earnings carried to surplus" (transcript, Mar. 9, p. 19638).

Now, turning from the returns on the common stock to the return on the actual investment in the property, so far as this investment could be computed by the Trade Commission, we find that between 1923 and 1928 the total investment ranged from $12,500,000 to $18,500,000. In not one of these years from 1923 to 1928 was the return on investment less than 12 percent. In 1928 it rose to 13.4 percent (exhibit 5038, p. 237).

These percentages appear conservative because, while the Commission in computing investment excluded the write-up of 1917, it had no means of determining accurately the investment in early years and therefore was compelled to accept certain book figures.

The power companies gave no help in digging deeper for facts. Both at Omaha and in New York, Commission examiners were told that records of the predecessor company had been misplaced or destroyed, although the company produced them in Omaha in 1920 when they were needed to further its application for an increase in rates (transcript Mar. 10, pp. 19684–19685 and exhibit 5038, p. 172).

The probable truth is, that the figures I have given are much too conservative. The facts are that the Federal Trade Commission have never been able to get to the bottom of it. They do not know themselves, from their investigations, all of the write-ups. They cannot tell, from their investigations, how much water has been in these securities in the past.

The power companies say that the books are lost, that they are not able to find the records. They evidently have been destroyed, although when they wanted to use them for their own purposes in 1920, they found no difficulty in finding them.

Now, about the fees.

The approximately $4,000,000 which the Electric Bond & Share interests have taken out of the Nebraska Power Co. in common-stock dividends without making an investment do not represent all the profit accruing to these interests. They have profited also through fees imposed upon the local company by the Electric Bond & Share Co., and by commissions on the sale of the local company's securities. From 1918 to 1930, these fees and commissions amounted to $1,431,000. The fees were imposed for supervision of operations and of management, for financing, for construction work, and for special services. The construction fees the commission has already found to be practically clear profit.

The collecting of them is scarcely more than a racket for bringing additional profits into the holding company's treasury. As to the fees as a whole, there is less known, but the commission has established that there is a big profit in them without being able to determine its exact extent. When the Trade Commission made its first power investigation half a dozen years ago, the Electric Bond & Share Co. assured the Trade Commission that these fees were nonprofit making. The Commission has stated that this claim is false and that there is a substantial profit in fees. But when the Commission sought to examine the records which would show the extent of the profit, the Electric Bond & Share Co. refused to yield access to these records. Its attorney stated that they would not disclose matters which were "wholly private and confidential." It has tied up the Trade Commission in the courts for 3 years. The Commission is about to get a decision in this case, and probably to get the records also, if it is allowed sufficient funds to complete its investigation.

The fees paid to the Electric Bond & Share Co. by local companies are provided for in contracts which must be approved by the local companies' directors. For this and other financial reasons, and for political reasons as well, the directorships are important.

For its Nebraska Power Co. directorate, the Electric Bond & Share interests have installed not only a half dozen of their men, who quite evidently run the local company under directions from New York, but nine of the most prominent business men in Omaha. These local business men may not have much work to do, because a majority of the officers, and two out of three members of the executive committee are connected with Electric Bond & Share interests higher up. But they are securely tied to the company and, along with them, all the influence they command in Omaha and the surrounding country.

Listen to this, speaking of the Nebraska Power Co.: Each of these local men is permitted to buy 5,000 shares of Nebraska Power Co. stock at 50 cents a share. On his $2,500 investment each one of these men collects dividends amounting to from $6,000 to $6,500 a year.

That ought to keep them sweet. That ought to keep the local fellows good to the foreign companies in this great concern doing business in Omaha. That means from 240 to 260 percent on the investment. Each time one of them attends a directors' meeting he is paid $30. When he retires his stock is repurchased at a price 150 percent in excess of cost, which nets him a parting profit of $3,750.

I wonder whether the people of Omaha and Nebraska comprehend really what that all means, how a few of their prominent citizens are given directorships where they have nothing to do except to say "amen" to what the bosses in New York tell them. All the thing is for is to sweeten the corporation in the eyes of the great consuming public in Nebraska, who have to pay the bills, and the prominent men are given these important positions in order that their influence may go out over the country and the surrounding towns and keep the people quiet. Each one of them is permitted to purchase this stock at 50 cents a share, and when they retire it is repurchased at $1.50 a share. That makes a clear profit of $3,750. In the meantime, when they meet with the board of directors and are given a few high-priced cigars to smoke, and perhaps something else, they get $30. On the investment they have been permitted to make they get a rate of return of from 240 to 260 percent.

Dividends netting a return of 160 percent on the cost of the stock were paid in the years 1927 and 1928, after smaller but handsome and constantly increasing dividends had been paid to local directors in earlier years. The Commission listed as directors in 1928 Joseph Barker, Thomas B. Coleman, Harley G. Conant, Gould Dietz, A. W. Gordon, Dan A. Johnson, John W. Welch, Glen C. Wharton, and Fred E. Hovey, president of the Stockyards National Bank.

The six directors belonging more particularly to the Electric Bond & Share wing were: W. W. Head, chairman of the Nebraska Power Co. and chairman of the Omaha National Bank; James E. Davidson, president of the Nebraska Power Co.; Roy Page, then assistant general manager of the company and now its vice president and general manager; J. A. C. Kennedy, company counsel; A. S. Grenier; and C. E. Groesbeck. Grenier is an Electric Bond & Share Co. man, and Groesbeck was then an officer and director of Electric Bond & Share and American Power & Light, and is now president of the Electric Bond & Share Co.

Not all of these more active directors figured in the stock ownership plan in which the local business men were allowed participation. Two company officers, who may have been directors, held similar blocks of stock in 1929 and 1930. Four directors of the Council Bluffs subsidiary also were let in (transcript, Mar. 22, p. 20220).

Mr. Davidson has come to the Commission's attention before. Prior to scrutinizing high finance as it has been practiced in the Nebraska Power Co., the Commission learned how the power magnates doctored schoolbooks and wrote new ones of their own. This Mr. Davidson, who is president of the Nebraska Power Co., is also one of the

gentlemen who wants to alter our educational system. He says it is not fair. A few years ago, when he was president of the National Electric Light Association, he wrote a friendly little letter, telling just what he thought. It reads:

NATIONAL ELECTRIC LIGHT ASSOCIATION,
Omaha, Nebr., August 15, 1925.

Mr. FRED R. JENKINS,
Chairman Educational Committee,
National Electric Light Association, Chicago, Ill.

DEAR MR. JENKINS: I have read with a great deal of interest your letter of July 1, and also those of August 11 and 12 to Mr. Aylesworth about the work of the educational committee, doing everything possible to right the unfortunate situation that now exists in having textbooks that are in the hands of pupils of the schools containing erroneous and unfair information about the economics of our business and particularly those pertaining to electric light and power companies, their financial matters, operations, and policies.

I was very much surprised when I read Mr. Gilchrist's report on this condition. I think your idea is very good of having Dean Heilman handle this matter. It is fortunate, too, that Mr. Mullaney will also help.

You have my very best wishes for a successful result in the very important work which you are undertaking.

Very truly yours,

J. E. DAVIDSON, *President.*

(P. 4, EX. No. 2540, p. 912.)

This letter is only a part of the great propaganda that was undertaken by the Power Trust to change the textbooks in our public schools, under the guise of some other reason, to get their agents to become friendly with the Boy Scouts, to get into the schools, to have things taught in the schools that would be friendly toward the idea held by the great Power Trust.

I remember that it was shown in the investigation that they circulated in some of the schools of New England a catechism, working carefully, through various ingenious means, teaching the school children that they must look with horror upon any such thing as public ownership of a public utility like an electric-light plant; lecturers telling the children, and telling the teachers, some of whom were employed on the side at salaries paid by the power company, to put the poison of the electric-power influences into the minds of the growing children of the United States.

This letter of Mr. Davidson is simply a part of the program. He says that the textbooks in the hands of the pupils contain erroneous information. Of course, they give that as a reason. The real reason is that they want to write the textbooks for the children, as the evidence developed by the Federal Trade Commission, that if they could get their influence into the minds of the young, while they were forming their minds, while they were schoolboys and schoolgirls, they would grow up to be men and women friendly to the ideas of the Power Trust.

I remember that in that investigation something happened in regard to the secretary of a State press association who was doing a lot of work quietly for the Power Trust, sending out letters on which they paid the postage, for which they paid the expense, trying to poison the minds of the people against municipally owned electric light plants. This Davidson letter is a part of it all.

Walter W. Head financed the senatorial survey of 1930 and got a slice of the big profits of the Electric Bond & Share people provided by it for local directors during both 1929 and 1930. As a director of the Nebraska Power Co. he held 5,000 shares of the Nebraska Power Co. stock, which he had been permitted to buy for $2,500—50 cents a share. His dividend on this $2,500 investment amounted to $6,500 in 1929 and $6,000 in 1930. The official statement of this profit is given in testimony of Examiner Meleen before the Trade Commission of March 22, 1932. Here is a quotation from his testimony:

> In 1929 dividends were paid of $1.30 per share, which, in the case of 5,000 shares, amounts to $6,500, a return of 260 percent. In 1930 dividends were paid of $1.20 per share, and amounted to $6,000 on 5,000 shares, or a return of 240 percent.

That is what Walter Head got, according to the transcript, March 22, pages 20215 and 20216. That is Walter Head, the Sunday-school man; Walter Head, the Boy Scout man; and through it all and in it all and with it all, a Power Trust man

Besides the profits accumulated through dividends and through fees imposed upon the subsidiary companies for supervision, construction, and the like, the Electric Bond & Share Co. interest, profits through the commissions on sales of securities, and besides this direct profit, they control the use of large amounts of subsidiary company funds for extended periods.

We have been told that one of the great advantages of a utility company being under the wing of a giant holding company is economy in borrowing money. Let us see how it works out. Properly done, I think, that would be true; in theory, it is all right; if an honest man managed it, it would be all right; but here is the way it works out:

In the reorganization of 1917, the Nebraska Power Co. issued $1,500,000 of notes along with other securities. These notes were to run for 10 years. They bore an interest rate of 5 percent. Through them this Omaha company was obtaining the use of money at 5 percent and had the right to continue doing so for 10 years; but instead of doing so, the controlling interest caused $400,000 of these notes to be retired only 2 years after they were issued by means of refinancing. The notes contained no provision for this, but the holder of them was the controlling holding company, and this company wanted cash. The bond issue which was used for the refinancing bore interest at the rate of 5 percent like the notes, but when the bankers' discount, the commission of the Electric Bond & Share Co., and the expenses of the issue were deducted from the proceeds, the real interest rate, or what the accountants call the effective interest rate, became 6.64 percent.

They already had money at 5 percent that they had a right to keep for 10 years, but they took it out and borrowed money, nominally at the same rate, but the effect of the commission they had to pay made the new rate of interest nearly 7 percent, all of which the consumers of electricity had to pay. The profit went to the holding company. The profit went to those who controlled the Electric Bond & Share Co.

Again, 3 years later, in 1922, the remaining $1,100,000 of these notes were retired, again by refinancing. This time the refinancing was accomplished through an issue of 6-percent debentures, on which the real or effective rate of interest amounted to 7.49 percent. They owed over $1,000,000, drawing 5 percent that was not due for about 5 years. They took it up and paid it, and to do it they borrowed the money, and they paid a rate of interest of 7.49 percent to get that money to make the payment. Those are the people of efficiency. They are the people who, we are told, can run the big business of this country with great efficiency. That is efficiency for you. That is where monopoly becomes efficient. That is where the Power Trust shines—in that kind of efficiency. But the poor devil at the bottom who is paying for his electricity, the poor woman who is earning her money sewing at night by an electric lamp, is paying the bill that all these millionaires slipped down into their pockets as profit.

The additional cost represented by the higher interest rate in these two instances amounted to $33,950 a year for this one company, a total of $180,000. Thus, high rates of interest were substituted for low rates of interest in one instance 8 years before it appears to have been necessary to refinance; in another instance 5 years before it appears to have been necessary to refinance. The subsidiary in Nebraska had to assume the burden of the higher interest rates.

If this looks like holding-company exploitation, consider the next instance cited by the Trade Commission.

Some years ago the Nebraska Power Co. issued $1,100,000 of general mortgage gold bonds. Money rates were high at that time, and the bonds bore interest at the rate of 8 percent. It would seem that to pay so high a rate the Nebraska Co. must have needed money badly; but from the records and the correspondence obtained by the Federal Trade Commission investigators it appears that the Nebraska Power Co. did not even know that it was borrowing any money until it was told about it by the Electric Bond & Share Co.

On June 10, 1921, the Electric Bond & Share Co. notified the Nebraska Power Co. by a letter that the Nebraska Power Co. was floating a loan in the principal sum of $1,100,000. It was being credited on the books of the holding company with $951,500 as the estimated proceeds of the loan; and its account was being so credited as of May 1, 1921, or about 40 days before the Nebraska Power Co. heard anything about the deal.

Oh, that is efficiency! Oh, that is the way private business can operate public utilities! So efficient! It is not affected by the dead hand of Government ownership. There is no socialism in it. There is no bolshevism in it. There is no communism in it. It is all pure, private efficiency, private ability.

Here is a holding company in New York which wanted some money. How much was it? Well, let us see. I think it was something over a million dollars—$1,100,000—that they wanted; so they said, "Well, here, we will just have the Nebraska Power Co. borrow that for us. We own them. They are incorporated under the laws of Maine. We will send up there and tell the representative up there to have the Nebraska Power Co. borrow $1,100,000."

So it is done. The Nebraska Power Co., away out in Nebraska, plodding along with the farmers and the merchants, did not know anything about it. They did not know that they had borrowed $1,100,000. They had no idea about it. So from Wall Street the Electric Bond & Share Co. writes a letter and says, "Why do you not know you have borrowed some money? You have borrowed $1,100,000. You have given your notes for it, and we credit you on our books for those notes." "How much?" "Nine hundred and fifty-one thousand five hundred dollars."

So the poor Nebraska Power Co. borrowed money when it did not want it, borrowed money that it never got, borrowed money amounting to $1,100,000, and $951,500 for that work—for buying some bonds for themselves and getting the money themselves. Fine work! That is efficiency!

If a public utility owned by a little municipality should do such a thing as that, what would happen? Why, we would charter a vessel at once, and put the perpetrators on it and send them over to Russia without opportunity to say good-bye to their wives. We would not stand for such an unpatriotic thing. But these men, these Sunday-school superintendents, these Boy Scout leaders, will borrow money, and they will saddle the burden upon the poor, downtrodden people who are paying all the money and all the expense of this outrageous and inhuman and unjustifiable conduct of millionaire monopolists.

Well, the Nebraska Power Co. found out that they had borrowed this money and they found out how much credit they were getting down in New York and Wall Street. They were notified in June that they had borrowed some money and that the Electric Bond Share Co. had sold the bonds for them, and they had it, and they had given the Nebraska Power Co. credit for $951,500 as of May 1. That was kind. That not only showed great ability, but it showed great honesty and kindness and consideration for the poor devil at the other end of the line who has to pay the bill.

To their account was so credited as of May 1, 1921, or about 40 days before the Nebraska Power Co. heard anything about the deal. Meanwhile the American Power & Light Co., the subholding company for Electric Bond & Share, had issued and sold, partly on the security of these bonds, the Nebraska Power Co. bonds which were authorized by the Nebraska Power Co. directors.

On the $1,100,000 bond issue by the Nebraska Power Co. there was a discount of 13½ points, or $143,500 charged by the American Power & Light Co. There was an expense of $650, and a year and a half later the bonds were retired.

Think of it! They were borrowing money when they did not need it, did not want it, and, in fact, did not know it, and they paid this enormous rate of interest for it, and they kept the money only 18 months. So, for the use for 18 months of $951,500 which they apparently did not need, the Nebraska Power Co. paid a discount and expense of $149,150, plus interest of $132,000 on the principal amount of $1,100,000, or a total of $281,150. This was equal, the Trade Commission accountants report, to an interest rate of 19.71 percent a year.

That is what these great financiers paid. They borrowed money when they did not know they got it; but they did borrow it, and they had to pay at the end of the transaction an interest rate of 19.71 percent. That is what these poor Nebraska fellows were paying. That is what these fellows over in Council Bluffs, Iowa, were paying. That is what the washerwoman had to pay in order to feather the nest of this great trust in Wall Street. If anybody wants to look that up, it is exhibit 5038, page 82. Even the poor farmer can borrow to better advantage than that.

Since the proceeds of the loan were merely applied against the indebtedness of the Omaha company to the holding company, and the average rate previously charged on this indebtedness was only 7⅛ percent, the additional interest cost was $119,000 a year, or a total of $179,000. All of this added cost went to the holding company.

Again, in 1924, the Nebraska Power Co. floated securities to the amount of $1,000,000. For these securities it received in net proceeds $902,000; and the great bulk of this, $825,000, was merely left with the Electric Bond & Share Co. to lend out in the call-loan market. Some of it was not drawn upon by the Nebraska Power Co. for 5 months.

Think of that! This holding company had the Nebraska Power Co. borrow some more money, a million dollars this time, and leave it with them, and they loaned it out on call—gambled with it, in other words. But the poor fellows who had to pay it and who owed it all, after all, were the little home owners, the laboring men and women of Omaha and surrounding towns.

The Nebraska Power Co. sells electricity to its Council Bluffs subsidiary. The price this Council Bluffs subsidiary pays to the Nebraska Power Co. becomes the basic cost for the fixing of rates in Iowa. On these sales the Nebraska Power Co. takes an estimated profit of 0.04 cent up to 0.63 cent per kilowatt-hour. Chief Counsel Healy intimated that this practice of exacting a profit on sales from the right hand to the left hand might be reached under the Supreme Court decision of February 29, 1932, in the case of the Western Distributing Co. against the Public Utilities Commission of Kansas. This decision appears to have broadened greatly the authority of State utility commissions to regulate charges between affiliated corporations.

The effect of the sales to the subsidiary is to permit the Nebraska Power Co. to collect two profits on this subsidiary's operations. It profits on the direct sales of energy and also on the dividends upon the subsidiary's common stock, which is held by the Nebraska Power Co. The dividends amount to slightly less than $60,000 a year. Ultimately the profits, whichever way they may be made, redound to the benefit of the Electric Bond & Share or American Power & Light interests holding the common stock of the Nebraska Power Co.

Even after a reduction of domestic rates forced by the Omaha City Council in 1921 and a voluntary reduction of domestic rates in 1929–30, the average Omaha consumer is paying 5.5 cents per kilowatt-hour for his electricity, according to the commission's examiners. The consumer in the small town pays 7.8 cents per kilowatt-hour, and the farmer pays an average of 12.8 cents (transcript, Mar. 9, p. 19661). That rate reductions have been inadequate is evidenced by this testimony of Examiner J. W. Adams:

> Obviously the company's problem is, as stated by its manager, that of getting its rates down as a means of increasing consumption. Such action, however, would have to be carried somewhat further than it has in the past in the direction of rate reductions part of large profits that hitherto have been retained for the common-stock equity (transcript, Mar. 9, p. 19637).

Adams sums up the situation when he says:

> From this showing it appears that in making voluntary reductions in residential rates in Omaha in 1929 the company by no means endangered its ability to pay dividends on the common stock owned largely by its parent company, the American Power & Light Co. The fact is that in every year since the properties were taken over the Nebraska Power Co., after paying all expenses, taxes, interest, and dividends on preferred stock, has realized sub-

stantial profits for its common stock, the bulk of which, as shown by the accountant's report, was actually held by the American Power & Light Co. for 9 years at no cost to itself (transcript, Mar. 9, p. 19629).

The company actually waged a prolonged fight for higher rates when its earnings fell off just after the war, although the Omaha City Council pointed out that the only result would be to make this watered common stock more profitable (exhibit 5038, appendix 10, sheet 9).

Its application for the rate increase was denied. The company spent $95,000 on rate investigation and valuation, however, and charged it up to operating expenses (exhibit 5038, pp. 169–170).

As I said a while ago, the poor consumer pays it all. It is nothing to the power company how much it pays for a contest over rates; they do not care, they are just collectors, that is all; and they charge a mighty big profit and commission for collecting. The poor consumer bears the entire burden.

Now see what happens to this municipal competition which is about the only means of regulating the charges and practices of the private companies. Speaking now of Nebraska and the Nebraska Power Co. and its activities, municipal ownership centers in the two communities of Fremont and Blair. Blair is an oasis of public ownership in Washington County. Nearly all the rest of that county pays tribute to the Nebraska Power Co. Fremont is in somewhat the same position in Dodge County. Blair only distributes its energy, first buying it at wholesale from the Iowa-Nebraska Light & Power Co. Fremont has its own generating plant, serving the city itself and a small rural territory. These towns are 40 or 50 miles from Omaha.

The Iowa-Nebraska Light & Power Co., which sells at wholesale to the city of Blair, serves the territory adjoining that of the Nebraska Power Co. and its Council Bluffs subsidiary. It pretty well surrounds not only the territory of the Nebraska Power Co. but the municipal plants of Fremont and Blair and certain other municipal systems. This Iowa-Nebraska Light & Power Co. is not under Electric Bond & Share, as the Nebraska Power Co. is. It is part of the United Light & Power Co. system, otherwise called the "Eaton-Schaddelee group." But its lines interconnect with those of the Nebraska Power Co. and the Nebraska Power Co. subsidiary in Council Bluffs. It buys energy from the Nebraska Power Co., and, more important, it has a "gentleman's agreement" with the Nebraska Power Co. for division of territory. Between the territorial limits of the two companies there is a neutral zone about 2 miles wide into which either company may extend its lines and sell electricity. When a municipal plant can be persuaded to sell out or an opportunity is offered to land a new customer in this neutral zone, representatives of the two companies get together and decide which shall have the business.

Against this background of common interest, the Nebraska Power Co. has expanded to the west and northwest in the Platte River Valley in the last few years by purchasing many small private and municipal distributing systems. Several of these systems formerly were served by the Fremont municipal plant, which sold them energy at wholesale.

The result of this expansion by the Nebraska Power Co. is that the Fremont municipal plant is entirely surrounded by Nebraska Power Co. lines. It has lost most of its outside market. But it has continued to operate, and, under the law adopted by initiative in 1930, giving municipalities the right to own power lines beyond their municipal boundaries, it is extending its lines into rural territory (transcript, Mar. 9, p. 19573).

In its determination to expand and to put the municipal plants out of business, the Nebraska Power Co. has paid extravagant prices for these municipal plants. To get what idea it could of values, the Trade Commission examiners scrutinized exhibits prepared by the Nebraska Power Co. itself in connection with litigation in Nebraska. They found that, even accepting the company's figures, it had paid for seven plants over 30 percent more than the estimated cost to reproduce them, without any allowance whatever for depreciation or for obsolete equipment.

It took a good while to introduce it, to show what I was going to show, but here we have it. This great representative of the great Power Trust sees, 40 or 50 miles from Omaha, a city owning its own electric-light plant, paid for by its own citizens, giving an illustration, as a matter of fact, of cheap electricity to its citizens. It has expanded and extended its lines. It is serving seven or eight towns in the vicinity, where the people buy current at the Fremont plant and distribute it themselves.

What happens? The Nebraska Power Co. creeps out and surrounds that city with its wires, its network, and it goes to this municipality and to that municipality to buy their distributing systems. What do they do? The Federal Trade Commission finds that they paid for those seven plants 30 percent more than it would cost to build them now, without making any allowance for depreciation or wear and tear. Probably it would be fair to say that they paid 50 percent more than the plants were worth.

This is poor business. Everybody knows that when that kind of a thing happens somebody must bear the loss. Like others of the extravagances and the bad financing of the Power Trust, it is the poor devil down in the humble home who has to bear the loss.

For the seven plants the company showed a reproduction cost new of $103,783, compared with the purchase price of $134,955. For the Cedar Bluffs group of plants there was shown a reproduction cost new of $24,134, against a purchase price of $35,000. For the Arlington municipal plant there was shown a reproduction cost new of $27,285, compared with the purchase price of $34,000.

The examiners point out that, as none of these plants were new and there was no allowance for depreciation, the premiums the power company paid to get them out of the way were actually "considerably greater" than these figures show.

Roy Page, vice president and general manager of the Nebraska Power Co., admitted that the physical value was only a small part of the basis used for determining prices (transcript, Mar. 9, p. 19578). A company official testified in the Nebraska litigation that as to certain properties no estimates of value whatever had been made prior to the purchases.

It seems clear that what the company was buying was: First, complete monopoly; second, freedom from regulation which operation of the municipal plants imposes; and, third, opportunity for unhampered profiteering.

Pointing out that the prices for municipal plants have been large and arbitrarily fixed, and that regulation is very limited, with the company admittedly fixing its own rates in the smaller towns, Examiner Adams declared that—

> It is reasonable to assume that full prices paid for properties have been considered in any valuation of properties used by the company in determining what its small-town rates shall be. (Transcript, Mar. 9, pp. 19581 and 19582.)

This, of course, is only a sample. What the Nebraska Power Co. is doing in Nebraska is being done by the subsidiaries of the Power Trust all over the land. I have been giving concrete instances, but they are only examples. They are no worse than is going on everywhere. I could go over the sunny South in the same way and tell of one case, for example, where the Power Trust went to a municipality that owned its own system and offered to pay a price for it. The price was more than it would have cost to rebuild the plant. The voters voted on the proposal and turned it down. Hardly had the result of the election been announced than the Power Trust came forward with another proposal and a higher offer, and another election was called. The offer was turned down again. Then, within a reasonable time after that happened, they came forward with a third offer, in which they offered really three or four times more than the plant was worth; and the people voted to sell it. Every time they made a higher offer they got a few more votes, and they kept on until they got their offer so high that the people felt they could not refuse to sell.

What does it mean? It means monopoly. It means they do not want a municipally owned plant that will stand out as a yardstick. They will do whatever necessary to accomplish their end. It is the plant they want. They want to prevent such a municipally owned plant from showing to the people what can be done by a municipally owned and properly operated plant. They are afraid of the new yardstick. They have a monopoly and are willing to spend mil-

lions to keep it, but the money they spend is not theirs. It is collected in pennies from God's poor. The attached letter from the National Electric Light Association shows the continued activity of the Power Trust in the Nebraska Legislature. They never sleep.

MIDDLE-WEST DIVISION THE NATIONAL ELECTRIC LIGHT ASSOCIATION,
Lincoln, Nebr., May 11, 1929.

MR. GEORGE F. OXLEY,
National Electric Light Association,
420 Lexington Avenue, New York City.

DEAR MR. OXLEY: For your information, Nebraska Legislature has adjourned. From out of a mass of approximately 25 bills aimed at the light and power industry, only 1 was enacted into law.

This bill authorizes cities of more than 5,000 population to use city finances either secured from bond issues or taxation or from earnings of municipally owned electric plants, to extend lines into adjacent country to provide service for rural customers. The limit of extension is 15 miles. Originally, this bill provided a maximum of 25 miles and provided also that cost of construction might be a pledge against future earnings of the city plant.

Among the bills which were menacing, but which did not make the grade, were those designed to make it impossible for a municipality to sell its electrical system if publicly owned; requiring a 60-percent vote of all eligible electors for renewal of franchises as well as granting of new ones and authorizing municipalities to purchase equipment for municipal plant in lieu of the privately owned plant without presenting the matter to the electors. This legislative program had the endorsement of the Nebraska League of Municipalities, and to all appearances it was their program. As a matter of fact, the entire campaign was engineered by oil-engine companies.

Yours truly,

THORNE BROWNE, *Director.*

Let anyone say he is in favor of municipal ownership and he is a marked man so far as the Power Trust is concerned, and it does not make any difference whether he is a candidate for President of the United States or whether he is a candidate for the office of assessor in a country precinct. They are the kind the Power Trust wants to defeat. Whenever anyone says or does anything officially or privately that conflicts with their interests and their wishes, he is a marked man, and he must get on his knees and beg for forgiveness and show by his action that he is willing to be their slave before they will look upon him with favor. But insofar as I am concerned, they can go to hell. I believe in municipal ownership of power, and I am proud to express myself publicly to that effect.

Although I have consumed a good deal of time, nevertheless I have only given a glimpse at certain spots in the United States, just a glimpse. I could cover the whole country and disclose the same thing practically everywhere. Remember, too, as I said in the beginning, that this investigation is only partially finished. God only knows what the future has in store; but if the American people are to be trampled down into the earth by this greatest human monopoly that was ever put together in the history of civilization, I am not willing to say what the result may be. This great trust marches on and on, making its huge profit on a necessity of human life.

The people of the United States, it seems to me, will realize that this great octopus—this greedy monopoly, living on the pennies which are contributed by God's poor, stealing out of the school children's hands the pennies given to them by their parents, going into every home, into every little town, and taking their toll from the toil and sweat of millions of our people in order that they may debauch the very people they rob—presents a picture that ought to cause every man to raise his voice in condemnation of such an unholy, such a wicked, such an indefensible thing.

I am also inserting a news item appearing in a Washington newspaper showing the results of the more recent findings of the Federal Power Commission up to date. You will notice that the Electric Bond & Share Co. has been investigated, and this is the holding company with which the Nebraska Power Co. is affiliated:

New and sensational discoveries by the Federal Trade Commission probably will delay its recommendations for stringent utilities regulation until the next session of Congress, it was learned today.

The Commission's inquiry has been under way since 1928. It was expected to complete its findings and recommend legislation June 30, 1934. New discoveries as the investigation entered its final phases will delay the report, it was believed.

Survey of the Commission's findings over a period of 6 years indicated that strict regulation will be proposed.

The Federal Power Commission, which has been ordered to investigate electric rates of private and commercial concerns, will add its data to the Trade Commission's findings.

"Most recent disclosures in the Power Trust situation were of correspondence purporting to show State Senator Warren T. Thayer, Republican, Chateaugay, N.Y., accepted 'expense money' for political work from the Associated Gas & Electric Co. A New York Legislature investigation has resulted."

Other Associated system activities charged were payments to a Paris, Tenn., city attorney by a company affiliated with the Associated system and indications of activities in municipal elections.

Revelations of the inquiry thus far have been:

"1. Discovery of about $1,250,000,000 in stock in 'write-ups' by utilities, most of which the public absorbed in security issues, now deflated.

"2. Payments of large fees to lecturers, writers, newspapers, and colleges for propaganda and publicity.

"3. Utility opposition to municipal and public power ownership through propaganda, including attacks on the Tennessee Valley Authority and Muscle Shoals projects.

"4. Excessive 'fees' to company officials.

"5. Heavy stock-market transactions to support securities artificially.

"6. Payments of special management service fees.

"7. Concentration of private-utility control in the hands of a relatively few individuals tending toward violation of antitrust laws.

"8. Pyramiding of holding companies and flooding of the market with new security issues."

One Trade Commission authority said, "There is no doubt the utilities situation needs Federal legislation. Disclosure of their methods in securities transactions was directly responsible for the 1933 Securities Act."

He added that while many companies voluntarily discontinued using the "special-fee" system, others are still using it through special "expense" accounts, which are charged to holding companies.

The Commission is speeding its inquiry, seven hearings being scheduled within the next 2 weeks. Two of them, it was said, are "especially" significant.

"One Tuesday will see the examination of Harley L. Clark, Chicago magnate, in connection with affairs of the Utility Light & Power Corporation. The other, scheduled for Wednesday, promises to reveal more correspondence taken from the files of the J. G. White Management Corporation, New York, affiliated with Associated, and said to bear on the New York power situation."

The saga of the Trade Commission's findings for the Senate will be written into more than 50 volumes comprising 25,000 pages.

Eleven large holding companies, embracing Insull, Hopson, Morgan, and Doherty interests, have been examined thus far, including their hundreds of subsidiaries.

Trade Commission experts estimate these companies supply 45 percent of the country's total electrical output and approximately 80 percent of that sold by privately owned companies in interstate commerce.

The principal companies investigated are Electric Bond & Share Co., Cities Service Co., Central Public Service Corporation, Associated Gas & Electric Co., Columbia Gas & Electric Co., Middle West Utilities Co., Niagara Hudson Power Corporation, North American Light & Power Corporation, United Gas Improvement Co., Utilities Power & Light Corporation, and the United Corporation group.

The Trade Commission was compelled once to enter court proceedings to obtain records. That was in the Electric Bond & Share case when a decision was handed down in 1932 in the United States District Court for the Southern District of New York upholding the Commission's authority.

This bill is of importance to my State due to the fact that we have at the present time two great power projects under construction and several more, such as the Tri County and Loup projects, under consideration. I trust these will ultimately be approved. I believe it will be necessary, in view of this vast new development, to find some other method of distribution than through privately owned utility companies, who through their past operation and manipulations have demonstrated beyond a question of doubt their inability to properly and fairly distribute the natural resources of the State of Nebraska.

As you no doubt know, I have become a candidate for the Governorship of Nebraska. If I am elected, the people of Nebraska can be assured of a Governor who is in entire sympathy with fair rates. If the private-utility companies will not make fair and reasonable rates available, then I believe that municipal ownership of these utilities should follow, and I would do my utmost to see that State legislation is passed which will provide fair and reasonable rates to those communities who desire to take advantage of it. I

believe that such legislation should be clearly and plainly written and that no purposeful ambiguity should be used to obscure the purpose of the bill. The passage of the Johnson Senate bill will simplify and expedite procedure and should be passed in its original form.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. McKEOWN].

Mr. McKEOWN. Mr. Chairman, the situation that confronts the House on this matter is a simple one. The Johnson bill simply limits a utility corporation to going through the State commission, and then to the courts of the State, and from there to the Supreme Court of the United States. It is admitted that there is always great delay caused by giving the utilities a favored place in the law. They have a privilege which you do not have. If you are sued in your State, you must go before the courts of your State. The Federal courts are sought not so much because of the diversity of citizenship but on the grounds of confiscation. They can choose either of two jurisdictions. They have adverse citizenship. They can go into a State court and waive the adverse citizenship, or they can go into the Federal court. No citizen of a State has that right. You must take one court; that is your State court. A nonresident, with the jurisdictional amount of his claim—that is, over $3,000—can go into the State court or he can go into the Federal court. Of course he goes to the court which he thinks is most advantageous to him, just as you would do if you had that privilege.

Most of the utility companies get themselves into the Federal courts on the fourteenth amendment to the Constitution. The fourteenth amendment to the Constitution was intended to protect the slaves and their rights in the Southern States, but by court decisions and court-made law it has become a haven of refuge for the large corporations which are incorporated in one State and doing business in another, or any concern that wants to exercise its constitutional privilege.

Have you ever stopped to think that the fourteenth amendment was not supposed to apply to or deal with property at all? It was supposed to deal with the personal rights of the slaves after the Civil War and to protect their rights down in the Southern States. Then by the construction of these sacred courts which the gentleman from Pennsylvania [Mr. BECK] speaks about and which we should not reflect upon, property was given rights which are now recognized in this country.

Now, what is the present procedure? A regulatory commission in your State decides to lower a rate that is being charged by some utility. What takes place? The utility can go into court and have it heard; and if they do not win there, they will take you into the Federal court and they will worry you around there. If they think it is advantageous, they will proceed on to the supreme court of that State; they will often let it go until the supreme court of that State says it shall be lowered. Then they will take you into the Federal court and do it all over again. You have to put in new evidence, because it is a trial de novo. What do our friends want to do? They say, "Let it go into the Federal court and take the record that was made in the State commission." Will there be delay? Delay denies justice; and when a rate is entered at one time by a commission, it may be a different situation when the time comes around to get the final decree. The economic situation may be entirely different, and one rate may be fair at the time the commission fixed the rate, but by the time it is brought to a conclusion it may be an entirely unfair rate. It may not be enough or it may be too much.

Now, they have three Federal judges. Where did that come from? It is just another bit of sop that the Congress has given to the people for all these years. This has been under consideration for many years, and we have always dodged it by trying to give them something else instead of what they needed. They gave them three judges to pass on it. We gave them the proposition in section 266 of the act, whereby all the State commission has to do, if it wants to keep its case out of the Federal courts, is go into a proper State court and ask an injunction against its own order. Here is a commission set up to do business, and it makes a ruling that there shall be a lowering of some certain rate. Then you ask the regulatory body to go into a State court and stop their own judgment and stop the rate which they have fixed, in order to stay out of the Federal court, and our opponents say that is a fine remedy. That is just another sop Congress gave the people instead of giving them a fair, square forum in which to try the cases where the interests of the people are gravely involved.

No sound lawyer in this country will tell you that they cannot appeal to the Supreme Court of the United States. The Supreme Court of the United States is a fair and impartial court, the highest court among men. It will prevent any prejudicial action on the part of the State courts. My thought is this: That when you give the right of appeal to the Supreme Court, in view of the amount of labor required of the Supreme Court of the United States, Congress ought to furnish the Supreme Court of the United States with some masters to sit and read these utility-company records and see whether or not there has been a fair finding of facts or sufficient evidence heard in the lower courts. I am the last man who would want to take away from any man, whether it is a corporate organization or an individual, any property or do anything which might create an injustice. I am the last man to do that. I say to you I have no time for political pirates who want to soak somebody simply because it is a corporate organization. I believe in fair dealings between corporations and individuals, and corporations should not have a privilege denied the rest of the citizens of this country. That is all there is to this case.

We hear talk about the terrible crime it would be to take this away from the jurisdiction of the Federal courts. Well, gentlemen, it is true, if you turn back the pages of our judicial history in this country, you can read with admiration the great and fine characters who have been upon our benches.

But without casting any aspersions upon the splendid Federal bench of this country, I am telling you here and now that if you examine the records of a lot of these utility-rate cases, you will not have a different idea of the "terrible crime" that is being committed by some occupants of the bench. It has been my experience in life that a man with fixed ideas before his elevation to the bench will still be under the fixed opinions after his elevation to the bench. It must be remembered that all men are human.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Chairman, I suppose that as a layman amongst this galaxy of lawyers, I should not "butt" in. I have, however, a few facts I wish to recite in expressing the hope that my good friend, a friend whom I admire very much, the gentleman from Colorado [Mr. LEWIS], will not prevail in this matter, but that the House will pass the Johnson bill.

In the Seventy-second Congress it was brought to my attention that all the utility commissions of the country with the exception of the utility commissions in one or two States were protesting at the way their rate decisions were being handled in the courts. The miscarriage of justice in those cases was notorious. The companies were playing a game of fast and loose with both the State and the United States courts. When this was brought to my attention, I introduced in the House the bill H.R. 73, a companion bill to that of Senator JOHNSON.

Evidently these bills were brought to the attention of the present President of the United States, then Governor of New York, for in a message to the Legislature of the State of New York he made this statement:

> This power of the Federal court must be abrogated. Only the Congress can give the remedy. Legislation has been introduced in the Congress to carry out this purpose. * * * I recommend to your honorable bodies that you memorialize the Congress to pass this legislation.

Having introduced these bills in 1931, the Senator got the drop on me in getting his bill through the Senate in the present session before I got mine through the House. You

know they pass bills more quickly there in spite sometimes of long arguments with reference to them. After the Senator's bill was passed, he wrote me the following letter:

MARCH 16, 1934.

MY DEAR CONGRESSMAN MARTIN: A long time ago you and I had some little talk about the bill now pending to require public utilities after trial and decisions by State regulatory bodies, to pursue the usual course in contests of such decisions. After a long time and a rather weary fight I got the bill through the Senate. It is now before the Judiciary Committee of the House. Of course, all the power companies have had their representatives here fighting the measure, which is so thoroughly just. It seems to me it is so eminently fair that the bitter and prolonged contest of these power companies is wholly unjustified.

I thought that at one time you introduced a bill in the House. If you hold the same view that I have in respect to the measure, would it be possible to express that view to the members of the Judiciary Committee and aid in getting the measure upon the floor? What the power people want, of course, is delay, and every conceivable excuse will be made to keep the bill in committee as long as possible in the hope that this session may end without action. Pardon me for troubling you with this matter, but I have assumed that we are of the like opinion regarding it.

Indeed we are; and I am glad that at last we have come to the day of judgment on this measure in the House of Representatives. I will not repeat the many arguments that have been made on the floor with reference to this bill. It is a notorious fact known to everybody how these companies have abused this privilege of two courts, and I think it is high time we passed this law and put an end to the abuse. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HANCOCK of North Carolina, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, had come to no resolution thereon.

REPEAL OF CERTAIN LAWS AFFECTING INDIANS

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that the proceedings of yesterday whereby the House passed the bill (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians, be vacated and that the Senate be requested to return to the House the bill and the message relating thereto.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

BANKRUPTCY LAWS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SUMNERS of Texas, MONTAGUE, MCKEOWN, KURTZ, and PERKINS.

PERMISSION TO ADDRESS THE HOUSE

Mr. ARENS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ARENS. Mr. Speaker, there will be up tomorrow or next day under suspension of the rules the Kopplemann resolution. I asked for time on this resolution; but in view of the fact there will be but 20 minutes to a side, I was informed that under no possible condition could more than 5 minutes be granted to any one Member.

I have some facts I should like to get before the Members to the effect that considerable money is spent for propaganda for dairy legislation and is not spent for the benefit of the farmer, and, therefore, I believe the Kopplemann resolution should be passed to find out by whom and in whose interest it is spent. It would, however, take me more than the entire time which will be allotted for the discussion of the bill under suspension of the rules to properly present this matter to the House. In order that the Members may have this information and read it in the RECORD in the morning, I ask unanimous consent to extend my remarks in the RECORD.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, I think the gentleman is a little confused about the Kopplemann resolution. It was expected that it would be taken up yesterday under suspension. Of course, it cannot be taken up under suspension for 2 weeks, but some of those interested in the resolution may ask for a rule to bring the matter before the House in which event the gentleman could get his time then.

Mr. ARENS. In the meantime it would do no harm for the Members to have this information.

Mr. O'CONNOR. It would be very valuable. I, too, am interested in the dairy industry.

Mr. ARENS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

THE KOPPLEMANN RESOLUTION

Mr. ARENS. Mr. Speaker, ladies, and gentlemen, the Kopplemann resolution instructing the Federal Trade Commission to investigate the whole dairy industry should pass without a dissenting vote. There is evidence everywhere that either the A.A.A. has not yet developed a plan that looks workable or is agreeable to the dairy industry or the plan that they did develop and did present to the dairy farmers of the United States was defeated because it was misunderstood, misrepresented, and the farmers were organized against it before it ever was presented, by forces that are not the friends of the farmers. There is chaos in the dairy industry, and if something tangible is not developed it is apt to defeat or at least retard the whole recovery program. One fourth of all income on the farms in the United States is from the dairy industry. There are temporary relief measures available which should be used at once. To establish a permanent policy for the dairy industry we should have a thorough investigation by the Federal Trade Commission in order that we have the facts before Congress next winter to enable them to pass permanent beneficial legislation.

A large and expensive campaign of propaganda has been conducted here in Washington, first to defeat the production-control measure of the A.A.A. and now to pass a bill through Congress in which milk distributors must be more interested than the farmer, H.R. 8988. I shall not oppose this bill but point out later on in this talk where I think it must be corrected, and I am suspicious about the doctor attending its birth and about preparations before its birth. Before its arrival there were held several mass meetings at which the principal purpose was to discredit the administration and its program. Then there appeared a half dozen or more separate pamphlets. These circulars have come to Members of this House and Senate. They attacked the Secretary of Agriculture. The Secretary and his assistants of the Agricultural Adjustment Administration have been called communists and worse, because they have refused since last January to fix retail prices for milk distributors. The Department refused because they discovered that fixing retail prices meant fixing profits for dealers, when the dealers' profits already in many cases were too large.

This Washington lobby which conducts these attacks and supports H.R. 8988 is called the "Cooperative Dairy Defense Committee" and the "California State-wide Committee for the Fluid Milk Industry." These committees ap-

parently are one and the same person, Roy M. Pike, who manages a corporation farm in California and maintains lobby headquarters in the Washington Hotel here, and he is the head of both committies. The committee purports to be a farmers' organization. If it was a real farmers' lobby, I would have no fault to find. The farmers need more people to speak for them in Washington.

Propaganda costs a lot of money. Maybe the dairy farmers have been making so much lately that they can afford to waste their surplus paying for pamphlets demanding guaranteed prices and profits for milk dealers. I have not had the occasion to hear of any dairy farmers who want to spend their money that way.

Either the farmers are putting up all the money, or else part of it or all is coming from some distributors or processors. I could not blame the distributors if they contribute. There is not any law against it. It would perhaps be a good investment for them. It would yield good returns if the milk prices are fixed under this bill.

I have been told by people in whom I have absolute confidence that Mr. J. L. Kraft, president of the Kraft-Phoenix Cheese Co., gave Roy M. Pike $5,000. Dairymen understand that this was a contribution for the defense committee campaign to help beat production control and put over the Pike bill, H.R. 8988. Mr. Kraft is a director of the National Dairy Products Corporation. This organization sells 80 percent of the milk here in Washington. Of course, the milk distributor would be interested, not in the farmers' prices but in buying large quantities of milk cheap from the farmers. He would want volume at a low price. He would not want production control which would raise farm prices. As a director of the National Dairy Products Corporation and executive of its subsidiary, Mr. Kraft received $56,250 last year, so he would be able to afford a few thousand dollars contribution to a fake farm leader if he happened to feel like making such an investment and if the fake farm leader happened to be willing.

This so-called "dairy defense committee" put on a well-organized and apparently well-financed Nation-wide campaign against production control. In the face of such opposition, the Agricultural Adjustment Administration plan of production control did not have a chance.

Why should distributors be opposed to production control, and why should they contribute to its defeat? This can be easily explained. If production of milk is below the demand for consumption, those that have the milk, the milk cooperatives, will fix the price. It will be high. The distributors will not be able to sell above a certain price that the public will pay, and, therefore, the profit of the distributor is smaller and no bonus for the officers. If production is about even with consumption, farm organizations have about as much voice in price fixing as has the buyer for the distributor, and everybody is apt to get a square deal. But if there is a surplus of milk produced by the farmers, they themselves will chisel in on their neighbors and on their organizations, and the result is that the distributor can buy at any price and he will fix the price. This has happened the last 2 years, and the result is that the farmers went broke, and the distributor made 25 percent dividends on watered stock and all, and paid himself enormous salaries.

The Pike committee circulated its pamphlets. They contained venomous accusations, attacking the Adjustment Administration and the Secretary of Agriculture on every possible pretext. They drummed up opposition in the regional meetings called for the farmers. They had the regional meetings stacked against the administration program. Roy Pike and his colleagues helped bring about the defeat of production control. They blocked the chance of the dairy farmer's getting better prices, nearer cost of production. They sought by every means of vilification to discredit everybody and every plan which offered real help for the dairy farmer. Instead of help for the farmer, the Pike committee demanded a plan which would help the dealers.

Having defeated production control, which offered benefit payments to farmers, Pike brings in a bill to fix prices for milk distributors.

Now I want to state a fair proposition. The dairy farmers are entitled to know who is who among the dairy leaders. If the so-called "Dairy Cooperative Defense Committee" represents manufacturers and distributors, or gets its financial support from them, why does it not say so? Why does it not wear a silk hat and spats, instead of a straw hat and boots? These spokesmen should speak as what they are, and not pose as spokesmen for farmers. Mr. Pike was asked by newspapermen how his propaganda was being financed. He fumbled around with evasive answers.

Congress and the farmers are entitled to know the facts about Mr. Pike and the real forces back of him and this bill to compel the Adjustment Administration to fix retail prices of milk. I am a dairy farmer, and I want to know the facts. So do the rest of the dairy farmers, and so does Congress.

Let us find out by this investigation whether the big centralizers, distributors, and processors of dairy products are the real forces of so-called "Dairy Defense Committee", or just a mask for a false farm leadership.

Many eastern milk producers are opposed to production control. At a meeting here in Washington to which all dairy cooperatives were invited, a lot of resolutions were adopted. One of them asked for the resignation of Mr. Wallace. Another one opposed the processing tax and the administration plan of production control.

Another one favored new legislation for the milk producers, and another favored the Brandt plan for solving the farm question.

The milk prducers who called this meeting were not interested in the Brandt plan, but, by endorsing this plan, they felt they would succeed in obtaining the support of Mr. Brandt and with him other representatives of the cheese- and butter-producing States.

The Brandt plan is a modified McNary-Haugen bill. The complete group that adopted the above resolutions were opposed to the McNary-Haugen bill, and their opposition was given as one reason for the veto by the President. They are still opposed to it, but they swallowed the Brandt plan in order that they might gain his support for their own demands. Through vicious propaganda they succeeded in having the administration and its allotment plan condemned in the whole dairy section and the Brandt plan adopted before either plan was presented. Meetings were stacked against the administration. It appears that representatives of the Northwest butter and cheese sections were intended to be used to pull chestnuts out of the fire for other sections, and they soon discovered it. Names of the representatives of the butter sections were withdrawn from the pamphlets of the dairy defense committee.

The bill before Congress, presented by the defense committee, provides designation of the area that milk can be shipped into the market to be served, a license or permit to be required of the farmer, fixing a minimum price for milk to the producer, and a price for the consumer. New permits cannot be granted if sufficient milk is in the specified area. The bill does not provide how the price is to be arrived at. The price fixed should give the farmer cost of production; add to that the cost of distribution and fix the resulting amount as the price charged to the consumer.

The A.A.A. should be empowered to figure cost of production, cost of distribution, the interest on investment, and fair salaries to be paid officers of milk distributors. If all thsse items and the price fixed are not reasonable, the Government of all the people would soon be in trouble. The bill contains none of these essential provisions. In my home, near the Twin Cities, the fluid-milk area covers a region reaching about 30 miles all around the Twin Cities. This area now produces double the milk needed for fluid milk in the Twin Cities.

Do people in Minnesota approve that people in this area are given an exclusive license to deliver milk in the Twin Cities at a price fixed by the Government, without the Government's giving any consideration to the farmer living 35 miles out from the Twin Cities or without this same Government's fixing a fair price for him? With the Government's fixing a fair price for fluid milk in the respective

areas, are not those going to produce more and so still reduce the demand for those outside of the area? There is nothing in the bill for production control. Why? Just think of it, the Government guaranteeing cost of production in a small, given area alone.

The Government must lift all dairymen together, and I have a sure plan. Regulate supply, encourage demand, encourage cooperative marketing to eliminate excessive profits. Land O'Lakes Cooperative buys butter all over the Northwest and pays the best prices it can. Private buyers have to meet this price, and sometimes they do a little better to get butter. Land O'Lakes takes this butter, ships it to its own warehouse in every large city and from there delivers it to the retail trade at the cost it paid the farmers plus the actual cost of delivering. Private dealers have to meet this price. What is the result? Reasonable cost to consumer and increased consumption with better than 80 cents out of every consumer's dollar going to the farmer and no profit in butter the last 5 years, with the probable exception of a few speculators. Those are the results. Only supply and demand regulated the range of prices. If the Milk Producers Association would follow the methods of Land O'Lakes and distribute only a small part of their milk, private dealers would have to meet this competition and the producers could set the price, or the producer should interest himself in organizing consumers' cooperatives like the Franklin Cooperative Milk Distributors Association in Minneapolis.

Together with this program must go controlled production. In 1928 we had in the United States 23,000,000 milk cows, today we have 26,000,000, an increase of one half million cows a year with the production per cow increasing.

Our people should insist that the Government eliminate tuberculosis-affected and Bangs-disease affected cattle as a health measure to be paid for out of the money Congress appropriated. The Government should spend the $50,000,000 appropriated under the La Follette amendment to buy beef and dairy products to be fed to the poor. The farmers should join in and do their part by reducing their herds, the cows sold to be paid for by themselves through a tariff, a processing tax or an equalization fee, or whatever you may call it. This reducing can be made voluntary if all the dairymen are taxed and a bonus paid to those that are reducing. The Government should encourage cooperation and can help it by advice and financing.

The farmers should get together this summer on how they are themselves going to finance reduction.

In closing, I believe the Brandt plan should be adopted by the Government, storing the surplus that the good God may give us in spite of the Government and the people trying to control production. Store in the fat years that we may have something to eat in the lean years as they did in old Egypt 4,000 years ago.

OUR PROBLEMS

Mr. KOPPLEMANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech I made last evening at the Willard Hotel.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. KOPPLEMANN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech I made last evening at the Willard Hotel:

We in Congress have thrust upon us problems concerned only with the material things of life. Why only the material things? Has our spiritual being been forgotten in these times? Have we reached a state in which our spiritual development has arrived at its zenith? Are we to lay aside matters of the spirit in the great fight against the economic disease which has overcome our Nation and the rest of the world?

This age seems to be distinguished for its material, commercial, and scientific achievements. The requirements of the physical man have been met. But there is lacking the fundamental need of spiritual development which ought constantly to remind man that there is a supreme power greater than he ever can be, a power which has endowed him with the capability of surpassing his physical and mental inabilities, without which power we would today be living as did our first ancestors.

The material achievements of tomorrow will put those of today merely into the appendix of an encyclopedia for the use of students of research. But truth and charity and morality continue always as the bulwark of man's development no matter along what lines of endeavor.

We are in a most interesting period of time. We are emerging from an era of despair and turmoil caused by the overexpansion of greed. Selfishness was the keynote and proved our downfall. Every energy was devoted to a mechanical zealousness in which we forgot our spiritual capital, our intellectual wealth, our religious power. The waste, abuse, and neglect of our ideals have been costly and dangerous. In our mad rush for material wealth we overlooked the most precious possession of mankind, the soul and spirit of man. Human brains, human kindness have been subordinate to the mechanical toil of our present-day civilization.

The result? We are bankrupt because we produce too abundantly. Our excess has been our undoing.

We are tolerant of crime. We are suffering from moral and spiritual anemia. What can we do? What can we as Jews do?

There are four and a half million Jews in America. We are the largest Jewish settlement in the world. Ours is a twofold responsibility. We have a duty to Judaism, and we have a duty to America. In our devotion to the one we cannot forget the other. We owe too much to America to ignore her in her hour of need.

I could go on and extol our Jewish heritage. I could go on boasting, because Judaism gave to America the fundamentals of peace and liberty on which her Constitution is based. I could quote passages from the pens of Americans which in essence repeat Jewish philosophy and Jewish wisdom. But if I were to do that, I would but be dwelling on the past. Our task is in the present; our work is for the future. Everyone knows what Judaism has done for the world. I want to know what Judaism is going to do for the world.

We cannot set ourselves apart, nor can we thrust ourselves in the forefront. Ours must be cooperation, the sort of cooperation which builds without seeming to build, which molds without seeming to mold, and which surveys the finished product with humble pride.

What weapon shall we use? It is right at hand, within us, given us as our heritage from countless centuries of Jewish teachings. Loyalty is the first requisite. To be a loyal Jew is to be a loyal American. To be true to the teachings of Judaism is to be just in dealing with all people; to be a good Jew is to be charitable and helpful to the poor and unfortunate without regard to creed or class or nationality; to be a true Jew is to strive, through love of God and love of man to institute on earth a Gan-Eden from which war, crime, and greed will be banished, and in their place will be health, happiness, and peace. Given these three we will have prosperity.

But can we do this, can we have these if we are to go on heedless of the teachings of our fathers? Can we be Jews if we know not what it is to be Jews? Can we bring to life the characteristics which have distinguished Jews from the beginning of time if we permit these characteristics to be submerged in those of a new and strange era "which knew not Abraham?"

Judaism is not dead. It is not for the sake of Jewry that we fear Hitler. There have been so many Hitlers that we have lost count of them. There always will be Hitlers. For the time being Germany is lost to us. But the world is a large place, and Germany is only a speck on the map of the universe.

Our problem is right here in America. We must help build America into the land her founders visualized she would be—a land of plenty, a land of peace, a land of prosperity. To be sure we can build her commercially—we have done that. But America is a commercial power—and are you satisfied?

There is lacking in this America of ours a certain vein. The land is crying out for it. It is more valuable than veins of iron, or copper, or silver, or gold. It will take away that restlessness which has our people in its clutches. It will take away that greed and selfishness which has made madmen of us. It will infuse us with new enthusiasm, with new kindness, with a peace of soul which will expand and become the peace of a nation.

Wake up, and remember there is a God. I do not mean that we are to spend our hours poring over the Talmud. I do mean that we are to reanimate the Talmud. Bring its pages, its lines into our active life. The Jewish spirit is in the archives of civilization. Bring it out, dust it off, and send it with new virility among men.

Can the world respect a dead people? Is the fact that we have a national homeland where the Jewish spirit joyously spreads its mark on every tree, in every home, in every person, to content us as the proof that the Jewish people are a reality? That is not enough.

Palestine cannot hold all of us; and even if Palestine could, are we all to wend our way to our homeland, and forget our responsibility to the rest of the world?

Our heritage is such a rich one. We have so much to offer our neighbors. We have so much to enrich our own selves. But we permit ourselves to be swallowed up in whatever environment, in whatever habits happen to surround us. We are indifferent to our own longing, and thus have become indifferent to the crying needs of the civilization of which we are a part.

We Jews can do a great deal for America, which is striving to break the bounds of the so-called "progress" she boasts. Do you not hear this Nation writhing and twisting to break its chains? I do. I cannot help it. The hundreds of heart-rending tales that come to me daily from people who look to me as a legislator to

help them attain the status of human beings picture all too clearly, all too horribly, the mire in which we are wallowing. All that those people want is the privilege of living as human beings. And they think that laws will make them free.

I want to tell those people that so long as they act as animals, stronger animals will devour them. Laws do not free people. Laws keep them in check. Freedom comes from within. So long as man is a slave to his own desires, he cannot be free.

The only trouble with America is that she lost faith in herself. She tried new roads and lost the way. I say we must experience a complete reversal of thinking and of conduct. We must cultivate a greater faith in our destiny as a great democracy.

That is where we Jews must take the lead. The laws of Judaism make for wonderful discipline. Jewish codes demand sanctity and stability in the home. It may be said without exaggeration that the modern ideal of family life and the modern system of education for every child are based on Jewish example. The Sabbath was established among the Jews 20 centuries before the beginning of Christianity. The idea of one day's rest in seven, for relaxation, prayer, and meditation is one of the fundamentals of civilization.

Jewish learning contains all the elements necessary for fostering civic qualities. A Jew who studies the Bible and Jewish philosophy imbibes the spirit of our prophets, develops a better character, a stronger feeling of sympathy toward his fellow beings than he would otherwise have. He is socially minded and is inclined to give of his time, of his efforts, and of his means for communal needs.

Judaism is intimately associated with the character and destiny of American democracy. The founders of our Republic knew and appreciated the ideas of Judaism. When it came time for the lawmakers to lay the foundations of our country, they went to the Old Testament for instruction and guidance. They read of the old Hebrew commonwealth, the government of the Hebrews under the judges, and sought to transplant this ancient Hebrew government onto American soil.

There is need to give new terms to old Jewish truths. Our life as a nation depends upon our sense of religion. Education and intellectual attainment are in themselves not sufficient. These trying times indicate that we need religious institutions now more than ever. If we would make of the citizens of tomorrow good citizens and desirable members of society, we must give them religious training.

We are assembled here in Washington these few days to talk over our problems and discuss methods and means for making the United Synagogue of America a potent force in American Jewish life. We must not go away with the pious feeling that having spent 3 days in deliberation our task is done. The work falls upon every single one of us. We must ourselves take a new lease on our Jewishness, imbue ourselves with the concepts and teachings of Judaism, drink in our history and philosophy—not as an end of attainment, but as a means of spreading what Judaism has to offer to the new civilization in America which is now springing into life.

MRS. CAROLINE MILLER

Mr. DEEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. DEEN. Mr. Speaker, I asked for this time to pay tribute to a distinguished citizen of my district, who on yesterday, May 7, was awarded the Pulitzer prize by Dr. Nicholas Murray Butler, president of Columbia University, for the best novel of the year. Lamb in His Bosom, by Mrs. Caroline Miller, of Baxley, Ga., is her first book. It is a story of pioneer life in southern Georgia and has been hailed as a most thrilling episode.

The awarding of the Pulitzer prize to Mrs. Miller is a signal honor to my district, and, as the representative of the people whose early life and traditions were the source of her inspiration, I deem it a pleasure and a privilege to pay this tribute of recognition to Mrs. Caroline Miller, of Baxley, Ga.

EXPANSION OF CREDIT AND CURRENCY

Mr. KELLER. Mr. Speaker, I ask unanimous consent to insert in the RECORD two letters on which I have been working with former Senator Robert L. Owen for some time.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, what is the subject of the letters?

Mr. KELLER. It is on the subject of expansion of currency and credit in this country.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. KELLER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letters relative to expansion of currency and credit:

SOUTHERN BUILDING,
Washington, D.C., May 2, 1934.

Hon. KENT E. KELLER,
Member of Congress, Washington, D.C.

MY DEAR MR. KELLER: In answer to your request, I enclose a copy of my letter to Senator FLETCHER of April 12, 1934, on the importance of expanding credit and currency.

The reason why the general-commodity index and property values do not rise is because the supply of money does not rise.

The money of the United States consists of five billions in United States currency and normally about 9 or 10 times five billions in bank deposits subject to check. These bank checks are private money not subject at present to Government control. These checks are drawn on private deposits which arise almost exclusively from private loans. When the private loans are required to be liquidated, payment is made by checks on deposits, and the deposits contract accordingly. When the deposits contract, the supply of check money or private money diminishes and the value of money rises in proportion.

The value of money depends on the supply of money in relation to the demand for money. The demand for check money in 1929 was twelve hundred billions, represented by twelve hundred billion dollars of checks cashed by the banks in that year. This demand was for the payment of debts, interest, taxes, insurance, freight, telegraph, telephone, fees, and other fixed and inflexible charges, as well as for operating on the stock exchanges, and in transacting the business of the country and living expenses.

When the deposits contracted from 1929 to 1933 by $17,000,000,000, the immediate effect was of such liquidation that money rose in purchasing power over 60 percent in terms of commodities, the necessaries of life, and over 600 percent in terms of listed stocks. And, in proportion, money rose in value to all other forms of property, depending on conditions.

The effect of contracting credit and currency in this way by contracting bank deposits results in cutting down consumption, production, and employment. When the Harding contraction took place in 1921, the value of the national production immediately fell fifteen billions in 1921, and under the Hoover contraction of seventeen billions of deposits, the value of national production fell from eighty-nine billion to forty-eight billion, or a loss of production in 1932 of $41,000,000,000, more than the net cost to the United States of the World War.

To enable you to visualize the effect of contracting bank deposits, I insert three tables showing bank deposits, the index of production by volume, and the value of production in 1926 dollars. You will see from these figures how the value and volume of production, and therefore of American employment, is affected by the contraction of bank deposits through the liquidation of loans:

Column 1. Total deposits of all banks in the United States excluding interbank deposits.

Column 2. Index of national production by volume.

Column 3. Approximate national production in dollars of value of 1926, in billions.

June 30—	Deposits	Index of production by volume	Value of national production
1920	37,721	87	$65,000,000,000
1921	35,742	67	50,000,000,000
1922	37,615	85	63,000,000,000
1923	40,688	101	75,000,000,000
1924	43,405	95	70,000,000,000
1925	47,612	104	76,000,000,000
1926	49,733	108	81,000,000,000
1927	51,692	106	79,000,000,000
1928	53,396	111	83,000,000,000
1929	55,852	119	89,000,000,000
1930	54,954	96	72,000,000,000
1931	51,782	81	60,000,000,000
1932	41,963	64	48,000,000,000
1933	38,011	76	57,000,000,000

Every well-informed public man should know, and probably does know, that the cause of the depression of 1921 was due to the deliberate contraction of credit and currency as a political policy by the Republican administration; the Republican platform demanded the contraction of credit and currency for the purpose of lowering the value of commodities, and therefore raising the price of money. When the Harding administration came in, the loans were contracted at $6,000,000,000 and currency fifteen hundred millions. The immediate result was that the dollar rose from an index of 60 in May 1920 to 107, and commodities fell in value accordingly.

Under the Hoover contraction of seventeen billions of deposits, the dollar rose to 166 in February 1933, and every bank in the United States suspended.

In 1924 the Democratic national platform denounced this Republican panic caused by contracting credit and currency, and both parties in 1932 in their platforms clearly showed that they perfectly well understood that depression was caused by contracting credit and currency. In the first paragraph of the Democratic platform it recites that the uncontrolled expansion and contraction of credit for private profit at public expense was the cause or a cause of the Hoover panic, and the Hoover platform made the confession in terms still more explicit.

The sensible way to correct contraction is by expansion.

It might be asked how can the Government expand bank deposits. The answer is easy and of the most far-reaching importance.

THE EXPANSION OF BANK DEPOSITS BY GOVERNMENT

At present, bank deposits are very largely based on private bank loans, which may be liquidated at will. If the bank deposits in very substantial part were based on long-term Government bonds, the Government could measurably control the volume of bank deposits by expanding bank deposits against the credit of Government bonds deposited in the Reserve banks and could contract such deposits when desired by selling such bonds.

Selling Government bonds to persons with bank deposits does not expand deposits, but merely substitutes one deposit for another. If the banks would buy the bonds, it would expand deposits to that extent, but the banks have about reached their capacity in buying Government bonds, and they are not expanding credit.

The plan I suggested to Senator FLETCHER was a very simple and perfect piece of mechanism. It proposed to have the Government buy the stock of member banks in the Federal Reserve banks by giving the banks a cash credit for the value of such stock or to pay them in legal tender. When these banks became exclusive Government banks, the Government could deposit the bonds in such banks and be credited on open account with the value of such bonds. Thereafter the interest on such bonds would go to the Government, and, what is much more important, the credit or deposits so created in the reserve banks would be transferred to other depositors when expended by the Government, and such deposits would remain in existence until the Government bonds are paid and would not be subject to liquidation as are the present deposits based on private loans. If under this system the dollar index went below par, or what is precisely the same thing, the general-commodity index went above par, the Government could withdraw bank deposits to the extent required by the simple process of selling its bonds. The only way in which the Government can perform its constitutional duties of regulating the value of money is by giving the Government this power to expand and contract deposits. It must be remembered that the checks drawn on deposit constitute more than nine-tenths of our money. As I stated above, the demand for such check money and the volume of such check money issued and cashed by the banks in 1929 was twelve hundred billions, while the turn-over of United States currency was probably not exceeding one hundred billion.

IT WOULD BE BETTER FOR THE BANKS

The Harding panic and the Hoover panic, both due to uncontrolled contraction of private deposits and loans to private persons and therefore the contraction of credit in the broadest sense, were not only followed in 1921 by 5,000,000 unemployed and in 1933 by 13,000,000 unemployed, but by the bankruptcy of 15,000 banks, due to the shrinkage in the value of property by the shrinkage of check money.

These banks would not have been harmed except for this uncontrolled contraction of credit, loans, and deposits. Ninety-nine out of one hundred bankers would be benefited by stability of credit, loans, and deposits, and stability of property values. The 1 percent who might profit by gambling or operating on the stock exchanges probably understand very little of the fundamental principles of monetary science, however expert in their own special field. By giving the Government power to stabilize property values and making the Government responsible for the performance of its constitutional duties, would be of enormous service to all the bankers in the United States who were engaged in legitimate business. It would give stability to the savings of the people whether invested in savings accounts or invested in property.

I trust you will pardon me for dwelling on this matter, but I regard it as the most important question financially, commercially, politically, and socially, in the world today, and for that reason have been giving it a careful and very long-continued critical study. I am pleased to know you are so deeply interested in the matter.

With sentiments of great respect, I remain, as ever,

Cordially yours,

ROBERT L. OWEN.

Enclosures.

SOUTHERN BUILDING,
Washington, D.C., April 12, 1934.

Subject: The present need of expanding credit and currency.

The Honorable DUNCAN U. FLETCHER,
Chairman Committee on Banking and Currency,
United States Senate, Washington, D.C.

MY DEAR SENATOR FLETCHER: In pursuance of my conversation with you in relation to the urgent importance of immediate expansion of credit and currency as a means of making fully successful the administration's recovery program, I submit to you my comments in the hope of serving the President, whose success I deeply desire.

The President was nominated and elected on the issue of correcting the depression by restoring the purchasing power of money to the 1926 level and restoring the value of property accordingly. He was committed to the principles set forth in the Goldsborough bill, which declared this policy, which was passed by the House of Representatives under Democratic leadership by a vote of 289 to 60.

His friends and supporters urged this view on the hustings. When he assumed the Presidency, in his inaugural address and subsequent addresses, he confirmed to the country his purpose to make effective this policy—and not only to restore the dollar to its normal purchasing power, but to maintain it there.

In pursuance of this most honorable and supremely important objective, the Congress of the United States, in the Thomas amendment, upon the fullest and freest consultation and cooperation with the President by an overwhelming vote, authorized him to take steps to expand credit and the currency, to cut the gold content of the dollar one half, and to acquire the additional use of silver for the same purpose.

When the President came into power, the general-commodity index was 60 and the dollar index 166. Immediately that this action was taken by Congress and the President (who approved it and assumed the responsibility of carrying out the legislative will), the country reacted vigorously. The commodity index rose by July 15 to 71 (one fourth of the way to recovery), and the dollar index fell from 166 to 140. The value of property began to rise. For instance, the value of property represented by the stock of the Nation's greatest industries listed on the New York Stock Exchange rose from the market value of 20 billions to 36.3 billions. These stocks in September 1929 had reached a market value of 89.9 billions and had fallen as low as 15 billions in June 1932—when the country was in complete financial collapse. The detailed figures I gave you in my letter of March 20, 1934 (CONGRESSIONAL RECORD, p. 5092, tables A, B, C).

In the middle of July, however, it was announced in the public press that the President would not resort to expanding credit and currency until opportunity had been given to the N.R.A., the R.F.C., and the A.A.A., and other features of the recovery program and to the reemployment efforts of the administration. Nine months have passed since then, and the general-commodity index has made no substantial advance. It now stands at about 73—and there has been no substantial advance in the value of the property and in stocks listed on the New York Stock Exchange. (See exhibits A, B, C, above referred to, and D attached hereto.)

The failure of the general-commodity index to advance and of property values to rise since July 15 last should be convincing proof that these values have not been greatly advanced by the recovery program. The recovery program itself is now being systematically attacked by the opposition party, despite the very great benefits in reemployment and social justice already accomplished. Except for the general-recovery program, conditions would have been much worse. But this recovery program would be enormously strengthened in public opinion if the general-commodity index and the property values were restored to normal by the expansion of credit and currency.

The values of the stocks listed on the New York Stock Exchange in 1929 was abnormal and registered eighty-nine billions. The general-commodity index in July was 98—2 points below normal. There had been no inflation of credit in the general wholesale commodity market and, therefore, the value of commodities was not inflated.

The value of the stocks listed on the New York Stock Exchange in 1921 was about sixteen billions and in and between 1921 and 1929 there were sold in new stock fifty billions additional—making a total of sixty-six billions. The increase of value from sixty-six billions to eighty-nine billions was $23,000,000,000 of inflated value, due to the fact that brokers' loans on the New York Stock Exchange increased from 1922, when it was one billion, to eight and one half billions in September 1929. (See ex. A.)

THE FUNDAMENTAL LAW OF MONETARY SCIENCE

The value of money is regulated by supply and demand. To regulate money, the supply and demand of money must be controlled. Congress alone can control the supply and demand of money, and Congress alone is authorized by the Constitution to regulate the value of money. The ablest authority on monetary science, Gustav Cassel, in his Post War Monetary Stabilization has completely demonstrated this—although it should be self-evident. He cites the experience of every nation in Europe to illustrate it, and he lays down the following maxims:

"* * * the value of a currency is essentially determined by the scarcity in the supply of means of payment" (p. 64).

"* * * it took many years of hard work to get people to understand that the only thing that has real importance for the value of a currency is the total supply of the means of payment * * *" (p. 3).

"* * * the gold standard is nothing else than a paper standard, the value of which is entirely dependent upon the way in which the supply of the means of payment is regulated" (p. 4).

"* * * the value of money cannot possibly be dependent on anything but the supply of money in relation to the demand for money" (p. 91).

"The purchasing power of money is exclusively dependent on the scarcity in the supply of the means of payment" (pp. 42 and 64).

Under Gustav Cassel's advice, Sweden has stabilized her currency most successfully. The tables I give you demonstrate the truth of these maxims, for when brokers' loans increased on the New York Stock Exchange seven and one half billions, the value of the listed stocks increased correspondingly, because these loans created a like amount of deposits and a huge reservoir of check money employed almost exclusively in stock-market operations.

From 1921 to 1929, brokers' loans expanded over 400 percent and the value of the stocks expanded over 400 percent; and when the brokers' loans fell to a quarter of a billion on the New York Stock Exchange and the deposits and check money fell accord-

ingly, the value of these stocks fell to one sixth of what they had been—eighty-nine billions in September 1929 to fifteen billions in June 1932.

EVIDENCE OF TRUTH OF MONETARY MAXIM

In 1929 the checks cashed by all the banks of the United States was about one thousand two hundred billions, on deposits of about forty-six billions—a rough turn-over of about 26 times; but this excludes many billions of savings accounts whose turn-over was very inactive, while the velocity of checks drawn on deposit arising from brokers' loans had a turn-over in 1929 several times greater. The checks cashed in 1933 by all the banks of the United States was less than four hundred billions—a loss in check turn-over of over $800,000,000,000.

Some of the orthodox and classical economists, and even some advocates of the quantitative theory of money, think of money only as public money, such as United States currency—overlooking the fact that the private money of the country, consisting of checks and drafts, is over nine times the amount of public money. The public money (United States currency) is about five and one-half billions, of which one-half billion is lost or in foreign countries and only five billions in the United States. Of this five billions, probably two billions are hoarded.

But the deposits subject to check in 1929 were about forty-six billions, excluding the mutual savings banks, and in all these deposits they diminished about twenty billions; and the check money turn-over, as stated, has been reduced from one thousand two hundred billions to less than four hundred billions. As an unavoidable consequence, diminishing this supply of money has greatly increased the value of money and has greatly decreased the value of property.

For example, the value of National City Bank stock fell from over $500 a share to less than $25 a share; United States Steel stock fell to one tenth its previous value; and the whole list of stocks on the New York Stock Exchange fell from eighty-nine billions to fifteen billions in June 1932. Prof. Irving Fisher estimates that the value of all property in the United States has shrunk in value over two hundred billions. The evidence, therefore, that the value of money depends upon the supply of money in relation to the demand for money is complete.

The demand for money is based on the need for money for paying debts (which exceed two hundred billions in the United States), for paying interest on debts (an annual charge of over twelve billions), for paying taxes (an annual charge of fourteen billions), for paying other fixed charges, for transportation and transmission of intelligence, and for meeting the cost of manufacturing and distributing goods. These demands for money, including the cost of living, are daily and urgent.

And the value of our money is not dependent on gold or silver, as many orthodox and classical students believe. The evidence of this truth is that the American people do not use gold or silver for money, that the United States Government has all the gold in storage with no demand upon such gold worth mentioning, since the gold demand for industrial arts is more than supplied by our own mines, and since the demand for paying foreign trade balances is negligible.

On March 14, 1900, when the Gold Standard Act was passed, we put $150,000,000 of gold coin in the Treasury to enable the Treasury Department to redeem our currency on demand. This gold coin remains in the Treasury untouched after 34 years, proving that the people of the United States have been content with paper currency and check money and that paper currency and check money, that is, private money, have served every purpose required in paying for the necessaries of life; in paying for freight, express, telegraph, telephone, mail; for taxes; for paying interest on debts; and for paying debts.

I enclose you, as exhibit D, a letter from the Assistant Director of the Bureau of Research of the Federal Reserve Board enclosing a record of the deposits of the United States with an estimate of the extent of savings deposits and of demand deposits. This record shows that the demand deposits, outside of savings accounts, have fallen to 14 billions.

And a recent examination of deposits made in the Treasury Department, in relation to the guaranty of bank deposits, has developed the fact that 60 percent of the deposits are in excess of $10,000 and that 60 percent of the deposits are held by 0.8 of 1 percent of the depositors, proving that the demand deposits of the people with less than $10,000 on deposit, the small financial people, the people who are the real consumers of the country and who fix the value of commodities, have less than $6,000,000,000 on deposit. The same people who hoard currency would hoard such deposits.

It should, therefore, occasion no surprise that the general-commodity index has not gone up since last July.

Since the passage of the Thomas amendment, a great campaign of propaganda has appeared against expansion of credit and currency, on the false theory that any expansion is "inflation" and that the evils of inflation have been demonstrated by Germany, which destroyed its own currency in 1923 as a political policy to defeat excessive war reparations. This fallacious argument and the theory that nations cannot control inflation have been fully answered by Gustav Cassel in his Post War Monetary Stabilization.

Every nation in Europe inflated its paper money after the war as a means of distributing the cost of the war. For example, France expanded her paper money fivefold and cut the gold content to one fifth, and has been regarded as a model in Europe of sound finance. Italy did the same thing—expanding its paper money fourfold and cutting the gold content to one fourth. Belgium and other nations followed the same policy.

The United States has authorized cutting the gold content of the dollar, but has not expanded its money. On the contrary, it has caused a shrinkage in its check money of approximately three fourths, and the recent Federal Reserve Bulletin of March 15 shows a contraction of United States currency of $1,670,000,000 since Mr. Roosevelt came in.

In May 1913 the dollar index under contraction was 145 and the commodity index 62, but when we expanded credit check money and currency for war purposes the commodity index rose to 166 in May 1920 and the dollar index fell to 60.

On May 18, 1920, the Federal Reserve Board, in a secret meeting with 12 members of the Federal Reserve Advisory Council and 36 class A directors, determined to contract credit and currency. (See S.Doc. 310, Feb. 1923 for the censored record.) On June 10, 1920, under Harding's leadership, the Republican National Convention pledged the Republican Party to "a persistent attack on the high cost of living by a courageous and intelligent deflation of credit and currency." In other words, they pledged the Republican Party, by contracting credit and currency, to lower the value of commodities (the products of human labor) and to increase the purchasing power of money.

When Harding was elected this policy was put into effect by contracting credit $6,000,000,000 and contracting currency $1,500,000,000. Contracting the supply of check money in this manner—by contracting the loans, therefore deposits, and therefore check money, and contracting currency on which banks found their whole system of loans and deposits—the purchasing power of money (the dollar index) rose from 60 in May 1920 to 107 in June 1921, and the general-commodity index fell from 166 to 93. Farm products fell over one half in value. The agricultural census showed that the value of farm and ranch properties in the United States fell from seventy-nine billions to fifty-eight and one half billions—a clean loss to those engaged in agriculture and stock raising of twenty and one half billion dollars—while their debts, interest, and taxes, and other fixed and inflexible charges remained the same.

The proof that the value of money depends upon its supply in relation to its demand is thus illustrated—although it should be a self-evident truth.

The recognition of this truth is shown by an attempt to lower the supply of cotton for the purpose of increasing its value in money; the attempt to lower the value of wheat and pigs to increase their value in money. It is a maxim that the value of anything, including money, depends upon the law of supply and demand.

CONCLUSION

It therefore follows, my dear Senator, that our honored President and Congress are bound in their duty to regulate the value of money with the necessity of expanding currency and credit.

Our banking system, which requires a bank to pay the depositor in cash on demand, requires the bank to have available a sufficient amount of currency to meet this demand at all times. At present, the actual cash reported on April 2 by the reporting member banks shows $242,000,000 of cash in vault against $16,213,000,000—or $1 in cash against $64 of deposits. These banks rely on the Reserve banks to furnish them with cash.

But, obviously, if the cash in vault of the banks of the country were expanded, they would feel a greater sense of security than they do now, and the people who are hoarding money would spend more freely if the money hoarded were replaced by new currency. It is estimated that the banks can afford to make $10 of loans against $1 of cash.

For that reason, at a time when the expansion of credit is so vital and necessary to restore property values, there should be no hesitation in expanding this currency and using it to pay current expenses—rather than impose additional taxes or issue interest-bearing bonds, which, in due time, must be repaid with interest by additional taxes.

The expansion of credit is a matter of supreme importance to overcome the contraction of $20,000,000,000 of deposits and the check money based thereon. In dealing with such colossal shrinkage of check money and deposits, it is either stupid or dishonest to talk about a $3,000,000,000 expansion being inflation. Inflation is unjustified expansion—it is an expansion unjust to the creditor; and until these property values come back to normal, you cannot be unjust to the creditor.

Since Mr. Roosevelt came in, the Federal Reserve banks, for example, have contracted credit—according to their March 15 bulletin—$944,000,000 and currency by $1,670,000,000. They sold or disposed of their bills bought and bills discounted to a net contraction of one billion five hundred and forty-four millions—using a part of this money, however, with which to buy Treasury certificates. This was no expansion, but exchange and contraction.

The reporting member banks have $171,000,000 less loans than they had 1 year ago—by the bulletin of April 2—and the Government of the United States is now considering having the Reserve banks make investment loans direct to the industry, because the banks of the country are not making the loans needed by industry.

The reason the banks are not making loans is because, until they see the rising of property values under adequate governmental policies, they do not feel safe in making loans. When the President shall declare his purpose to expand credit and currency—as contemplated by the Thomas amendment and as he indicated in his message of July 3 and in his speech of October

22—the conditions will entirely change. Then the manufacturer will know that commodity values are going to rise and will be prepared to expand his output for the profit he visualizes. The merchant will make haste to fill his empty shelves, because he sees a rise in his inventory. And the bank, knowing that the manufacturer and merchant will have better profits, will not hesitate to lend them money, nor will the manufacturer and merchant hesitate to borrow.

The tremendous expenditure of public money obtained by bonds is no expansion of credit or of bank deposits, for the simple reason that the money obtained for the bonds is already on deposit or invested in Government bonds; and obtaining such deposits and transferring such deposits by expenditures to others does not increase the volume of deposits or check money based thereon.

The people of the United States have been waiting with great patience, hoping that the President would carry out his promises to restore the 1926 commodity index and to restore the value of the dollar to its normal purchasing power.

The country is entitled to an honest dollar. The present dollar is dishonest, is unfair and destructive to the debtor class of the United States; and this is as true of the Government of the United States as it is of the citizen—for the dollars the Government is now taking from the people is this high-purchasing-power dollar.

The best way to balance the Budget is to restore the dollar to normal, to restore property values, and, therefore, to increase the incomes of the people from such increase in property values; and this can be done only by carrying out the policy to which the administration is committed, and which represents the legislative will as expressed in the Thomas amendment.

The figures which I have given you are taken from the records of the Federal Reserve Board.

I think, my dear Senator FLETCHER, that you should call the attention of the President of the United States to the substantial facts and principles which should govern this matter, and solicit his cooperation without further delay in expanding credit and currency.

The Federal Reserve banks were intended to function as Government banks and were given enormous powers. They have shown themselves to be unwilling to serve in this capacity. I think, therefore, that the Government of the United States would be justified in buying the stock of these banks and making them purely Government banks. If this were done, it would require only the transfer to the member banks of $146,000,000 to cover the capital paid in by them, and then the Government could deposit its bonds with such new banks and take credit on open account for such deposit of bonds. Thenceforth the interest on such bonds would go to the Government, but, what is far more important, the credit deposits with the Reserve banks—being transferred to other banks—when expended would increase the deposits and the check money of the banks of the country, and thereby expand money through normal banking channels of increased deposits.

I submit this matter to you with great respect and with an humble prayer to the throne of grace that my efforts to serve you and your committee and the administration may not be fruitless.

Very sincerely, your friend,

ROBERT L. OWEN.

Enclosures.

EXHIBIT A

Rough draft of brokers' loans on the New York Stock Exchange

January 1921	$1,790,000,000
January 1922	1,192,000,000
February 1926	3,513,000,000
January 1927	3,293,000,000
January 1928	4,433,000,000
January 1929	6,440,000,000
(September)	8,549,000,000
January 1930	3,990,000,000
January 1931	1,894,000,000
January 1932	587,000,000
(July 30)	242,000,000
January 1933	347,000,000
January 1934	845,000,000

EXHIBIT B

The fluctuation of common-stock prices according to the index numbers of the Standard Statistics Co.

[1926=100]

Month	1929	1930	1931	1932	1933	1934
January	185.2	156.3	112.3	58.0	40.1	75.6
February	186.5	165.5	119.8	58.5	44.9	
March	189.1	172.4	121.6	56.8	43.2	
April	186.6	181.0	109.2	43.9	47.5	
May	187.8	170.5	98.0	39.8	62.9	
June	190.7	152.8	95.1	34.0	74.9	
July	207.3	149.3	98.2	35.9	80.4	
August	218.1	147.6	95.5	53.3	75.1	
September	225.2	148.8	81.7	58.2	74.8	
October	201.7	127.6	69.7	49.9	69.5	
November	151.1	116.7	71.7	47.5	69.1	
December	158.8	109.4	57.7	47.4	70.4	

The fluctuation of common-stock prices according to the index numbers of the Standard Statistics Co.—Continued

1921	55.2
1922	67.7
1923	69.0
1924	72.8
1925	89.7
1926	100.0
1927	118.3
1928	149.9

EXHIBIT C

The total market values of all stocks (in billions) listed on the New York Stock Exchange, showing the changes which took place from January 1925 to February 1934

Month	1929	1930	1931	1932	1933	1934
January	67.5	64.7	49.0	26.7	22.8	33.1
February	71.1	60.0	52.1	26.4	23.1	37.4
March	71.9	70.8	57.1	27.6	19.7	
April	69.8	76.1	53.3	26.5	19.9	
May	73.7	75.3	48.6	20.3	26.8	
June	70.9	75.0	42.5	16.1	32.5	
July	77.3	63.9	47.4	15.6	36.3	
August	81.6	67.2	44.4	20.5	32.8	
September	89.7	67.7	44.6	27.8	36.7	
October	87.1	60.1	32.3	26.7	32.7	
November	71.8	55.0	34.2	23.4	30.1	
December	63.6	53.3	31.1	22.3	32.5	

January 1925	27.1
January 1926	34.5
January 1927	38.4
January 1928	49.7

EXHIBIT D (PART I)

FEDERAL RESERVE BOARD,
Washington, March 31, 1934.

Hon. ROBERT L. OWEN,
Wardman Park Hotel, Washington, D.C.

DEAR MR. OWEN: Pursuant to your request, I am enclosing a table containing available figures of deposits of all banks in the United States. The figures in the first column include total deposits, exclusive of interbank deposits, for all banks as compiled by the Federal Reserve Board from reports received from the Comptroller of the Currency and from the State banking departments in each State. The figures in the three remaining columns were compiled by the savings division of the American Bankers' Association, and apparently exclude not only interbank deposits but also certified and cashiers' checks, cash letters of credit, travelers' checks outstanding, and deposits of States, counties, municipalities, and of the Federal Government.

It is estimated that total deposits, exclusive of interbank deposits, of all banks in the United States were turned over about 22 or 23 times in 1929, and that at present they are being turned over at the rate of about 11 times per annum.

Very truly yours,

CARL E. PARRY,
Assistant Director of Research and Statistics.

EXHIBIT D (PART II)

Deposits of all banks in the United States

[In millions of dollars]

June 30, or nearest date	Total, exclusive of interbank deposits[1]	Individual deposits[2]		
		Total	Savings deposits	Demand deposits
1920	37,721	32,381	15,190	17,172
1921	35,742	34,233	16,501	17,732
1922	37,615	36,336	17,579	18,757
1923	40,688	40,491	19,727	20,764
1924	43,406	41,064	21,189	19,875
1925	47,612	45,464	23,134	22,330
1926	49,733	47,472	24,696	22,776
1927	51,662	49,062	26,091	22,971
1928	53,396	51,199	28,413	22,786
1929	53,852	50,789	28,218	22,571
1930	54,954	50,554	28,485	22,069
1931	51,782	47,593	28,215	19,378
1932	41,953	39,308	24,281	15,025
1933	38,011	35,513	21,424	14,089

[1] Compiled by the Federal Reserve Board.
[2] Compiled by Savings Division, American Bankers' Association.
NOTE.—Inclusive of mutual savings banks.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SCHUETZ, for 1 week, on account of official business.

To Mr. SCHAEFER, indefinitely, on account of illness.

To Mr. KRAMER, for 2 days, on account of official business.

To Mr. FADDIS, for 1 week, on account of important business.

To Mr. EAGLE, indefinitely, on account of illness in family.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 3900. An act authorizing the Secretary of the Treasury to pay subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 285. An act to authorize the addition of certain lands to the Ochoco National Forest, Oreg.;

S. 618. An act to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes";

S. 1506. An act to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon;

S. 1810. An act to amend the act authorizing the issuance of the Spanish War Service Medal;

S. 2681. An act authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport;*

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union;

S. 3099. An act authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va.; and

S. 3355. An act to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 12 minutes p.m.) the House adjourned until tomorrow, Wednesday, May 9, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, May 9, 10 a.m.)

Continuation of the hearings on H.R. 8301, communications bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

453. A letter from the Chairman of the United States Tariff Commission, transmitting a copy of the report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to food choppers; to the Committee on Ways and Means.

454. A letter from the Chairman of the United States Tariff Commission, transmitting a copy of the report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to cotton fishing nets and nettings; to the Committee on Ways and Means.

455. A letter from the Chairman of the United States Tariff Commission, transmitting a copy of the report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to cut flowers; to the Committee on Ways and Means.

456. A letter from the Chairman of the United States Tariff Commission, transmitting a copy of the report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to grass and straw rugs; to the Committee on Ways and Means.

457. A letter from the Chairman of the United States Tariff Commission, transmitting a copy of the report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to laminated products; to the Committee on Ways and Means.

458. A letter from the Chairman of United States Tariff Commission, transmitting a copy of the report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to fruits, candied, crystallized, or glace; to the Committee on Ways and Means.

459. A letter from the Chairman of United States Tariff Commission, transmitting a copy of a report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to pins; to the Committee on Ways and Means.

460. A letter from the Chairman of United States Tariff Commission, transmitting a copy of a report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to cotton ties; to the Committee on Ways and Means.

461. A letter from the Chairman of United States Tariff Commission, transmitting a copy of a report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to tooth and other toilet brushes and backs and handles therefor; to the Committee on Ways and Means.

462. A letter from the Secretary of Near East Relief, transmitting, in accordance with the act of incorporation of Near East Relief, approved by the President August 6, 1919, a report for the year ending December 31, 1933; to the Committee on the Judiciary.

463. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the District of Columbia for the fiscal year 1933 and prior fiscal years, amounting to $26,192.23, and supplemental estimates of appropriations for the fiscal year 1934, amounting to $268,319.65, in all $294,511.88; to the Committee on Appropriations and ordered to be printed.

464. A letter from the Chairman of the United States Tariff Commission, transmitting a copy of a report sent to the President by the Tariff Commission in an investigation, for the purposes of section 3 (e) of the National Industrial Recovery Act, with respect to wool-felt hat bodies; to the Committee on Ways and Means.

465. A letter from the Chairman of the United States Tariff Commission, transmitting a copy of a report sent to the President by the Tariff Commission in an investigation, for the purposes of section 3 (e) of the National Industrial Recovery Act, with respect to quicksilver; to the Committee on Ways and Means.

466. A letter from the Chairman of the United States Tariff Commission, transmitting a copy of a report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to canned clams; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KENNEDY of Maryland: Committee on Disposition of Useless Executive Papers. A report on the disposition of useless papers in the General Accounting Office (Rept. No. 1507). Ordered to be printed.

Mrs. NORTON: Committee on the District of Columbia. H.R. 9143. A bill providing educational opportunities for the children of soldiers, sailors, and marines who were killed in action or died during the World War; without amendment (Rept. No. 1508). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. S. 3404. An act authorizing loans from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes; without amendment (Rept. No. 1509). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. S. 195. An act respecting contracts of industrial life insurance in the District of Columbia; without amendment (Rept. No. 1510). Referred to the House Calendar.

Mr. McREYNOLDS: Committee on Foreign Affairs. House Joint Resolution 336. Joint resolution to authorize the return of a Speaker's mace to the Dominion of Canada; without amendment (Rept. No. 1520). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE RULES AND REGULATIONS

Under clause 2 of rule XIII,

Mrs. NORTON: Committee on the District of Columbia. H.R. 9400. A bill to exempt from taxation certain property of the American Legion in the District of Columbia; with amendment (Rept. No. 1511). Referred to the Committee of the Whole House.

Mr. CALDWELL: Committee on Foreign Affairs. S. 380. An act for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature; without amendment (Rept. No. 1512). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. S. 1200. An act for the relief of Elizabeth Millicent Trammell; without amendment (Rept. No. 1513). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. S. 2367. An act for the relief of Emilie C. Davis; without amendment (Rept. No. 1514). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. H.R. 2369. A bill for the relief of Dee Erick Treat; without amendment (Rept. No. 1515). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. S. 2875. An act for the relief of Margoth Olsen von Struve; Without amendment (Rept. No. 1516). Referred to the Committee of the Whole House.

Mr. RUDD: Committee on Foreign Affairs. H.R. 2644. A bill for the relief of Sophie de Sota; without amendment (Rept. No. 1517). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. S. 2919. An act for the relief of Cornelia Claiborne; without amendment (Rept. No. 1518). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. S. 3161. An act for the relief of Mary Seeley Watson; without amendment (Rept. No. 1519). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Ways and Means was discharged from the consideration of the bill (H.R. 6430) for the relief of the estate of George Evert Wever, and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGLASS: A bill (H.R. 9544) to provide for the cooperation by the Federal Government with the several States and Territories and the District of Columbia in meeting the crisis in education; to the Committee on Education.

By Mrs. NORTON: A bill (H.R. 9545) to amend section 824 of the Code of Laws for the District of Columbia; to the Committee on the District of Columbia.

By Mr. McSWAIN (by request): A bill (H.R. 9546) to authorize the Secretary of War to abandon or evactuate real estate no longer required for cemeterial purposes in Europe, and for other purposes; to the Committee on Military Affairs.

By Mr. HEALEY: A bill (H.R. 9547) to amend section 766 of the Revised Statutes as amended; to the Committee on the Judiciary.

By Mr. BURKE of Nebraska: A bill (H.R. 9548) creating the Florence Bridge Commission and authorizing said commission to construct, maintain, and operate a toll bridge across the Missouri River at or near Florence, Douglas County, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mrs. GREENWAY: A bill (H.R. 9549) to protect the interests of the Federal Government in the San Carlos project and in the region comprising the watershed of the Gila River and its tributaries above the Coolidge Dam; to the Committee on the Public Lands.

By Mr. KENNEDY of Maryland: Resolution (H.Res. 378) for the consideration of S. 3272, a bill for the relief of the city of Baltimore; to the Committee on Rules.

MEMORIAL

Under clause 3 of rule XXII, a memorial was presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Ohio, memorializing Congress relative to the passage of the Frazier bill, providing for the liquidation and refinancing of agricultural indebtedness; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYERS of Montana: A bill (H.R. 9550) for the relief of Thomas Enchoff; to the Committee on Claims.

By Mr. BLOOM: A bill (H.R. 9551) to confer jurisdiction upon the United States District Court for the Southern District of New York to determine the claim of Harriet Ziegler; to the Committee on Claims.

By Mr. COCHRAN of Missouri: A bill (H.R. 9552) to authorize the Comptroller General of the United States to settle and adjust the claim of the Hegeman-Harris Co.; to the Committee on Public Buildings and Grounds.

By Mr. DARDEN: A bill (H.R. 9553) for the relief of Henry Bess, otherwise known as "Lewis Russ" and as "Francis Smith"; to the Committee on Military Affairs.

Also, a bill (H.R. 9554) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Mary Cato; to the Committee on Claims.

By Mr. JOHNSON of West Virginia: A bill (H.R. 9555) for the relief of Gill I. Wilson and Mrs. Gill I. Wilson; to the Committee on Military Affairs.

By Mr. LOZIER: A bill (H.R. 9556) granting a pension to Hattie Wilson; to the Committee on Invalid Pensions.

By Mr. McSWAIN (by request): A bill (H.R. 9557) authorizing the President to present the Distinguished Flying Cross to Air Marshall Italo Balbo and Gen. Aldo Pellegrini, of the Royal Italian Air Force; to the Committee on Military Affairs.

By Mrs. ROGERS of Massachusetts: A bill (H.R. 9558) for the relief of the estate of Edward G. Donnelly; to the Committee on Claims.

By Mr. SWANK: A bill (H.R. 9559) granting a pension to Hugh B. Furman; to the Committee on Pensions.

By Mr. THURSTON: A bill (H.R. 9560) granting a pension to Harriet H. Dutton; to the Committee on Invalid Pensions.

By Mr. TRAEGER: A bill (H.R. 9561) to authorize the award of a decoration for distinguished service to Col. John A. Lockwood, United States Army, retired; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4556. By Mr. ANDREW of Massachusetts: Petition from the One Hundred and Fourth United States Infantry Veterans' Association, American Expeditionary Forces, protesting against the wide-spread circulation of certain seditious propaganda among the youth of the country and requesting investigation and action by the Federal authorities for its suppression; to the Committee on the Judiciary.

4557. Also, petition urging prompt action on the Crosser bill (H.R. 7430) to provide for a 6-hour day for railroad employees; to the Committee on Interstate and Foreign Commerce.

4558. By Mr. BLANTON: Petition of M. M. Jones, secretary of Abilene Typographical Union, No. 494, and D. P. Russey, and 73 others, requesting the passage of the Wagner-Connery bill; to the Committee on Labor.

4559. By Mr. COCHRAN of Pennsylvania: Petition of some 1,700 citizens of Oil City, Pa., and vicinity, in protest of the policy of the Post Office Department in curtailing service at the expense of increased unemployment, stating that this policy is directly contradictory to the Government's reemployment drive; to the Committee on the Post Office and Post Roads.

4560. By Mr. COLDEN: Resolution adopted by the city council of the city of Hermosa Beach, Calif., at a meeting held May 1, 1934, regarding unemployment conditions since the discontinuance of C.W.A. activities, and asking immediate resumption of a program comparable to the C.W.A. program, inasmuch as it is the belief that S.E.R.A. has failed to meet the local unemployment situation; and that funds be allocated to Los Angeles County for needed work and the relief of want by the furnishing of employment; to the Committee on Appropriations.

4561. Also, resolution adopted by the Board of Supervisors of Los Angeles County, Calif., on April 30, 1934, relating to unemployment relief; to the Committee on Labor.

4562. Also, resolution adopted by the Gardena Democratic Club, Gardena, Calif., on April 27, 1934, relating to unemployment relief, and urging resumption of a program comparable to the Civil Works Administration program, for such relief; to the Committee on Appropriations.

4563. By Mr. DE PRIEST: House Joint Resolution No. 10, Illinois General Assembly, asking favorable consideration of the Wagner-Costigan and Oscar De Priest antilynching bills; to the Committee on the Judiciary.

4564. By Mr. DOBBINS: Petition of the General Assembly of the State of Illinois, urging favorable action on antilynching legislation; to the Committee on the Judiciary.

4565. By Mr. DOWELL: Petition of citizens of Pella, Iowa, on the Capper, Hope, and Wearin bills; to the Committee on Agriculture.

4566. By Mr. FORD: Resolution of the Los Angeles Chamber of Commerce, urging immediate allocation of necessary money from the Public Works Administration for completion of the approved War Department project for the strengthening of harbor defenses on the west coast; to the Committee on Naval Affairs.

4567. By Mr. JAMES: Resolution of the Woman's Home Missionary Society, of Hancock, Mich., through Mrs. John R. Roberts, president, and Mrs. D. MacDonald, secretary, favoring early and favorable action on H.R. 6097; to the Committee on Interstate and Foreign Commerce.

4568. By Mr. LEHR: Petition of Riga Local, No. 69, Farmers' Cooperative and Educational Union of America, urging passage of the Frazier bill (S. 457); to the Committee on Agriculture.

4569. By Mr. PLUMLEY: Petition of Council No. 15, Sons and Daughters of Liberty, Plainfield, Vt., urging the defeat of efforts of political leaders and exploiters of labor to defeat the spirit of restricted immigration; to the Committee on Immigration and Naturalization.

4570. By Mrs. ROGERS of Massachusetts: Petition of the City Council of the City of Woburn, Mass., endorsing the movement to perpetuate the name of the late Rev. William J. Farrell by renaming the United States veterans' hospital at Bedford, Mass.; to the Committee on World War Veterans' Legislation.

4571. By Mr. STRONG of Pennsylvania: Petition of the Woman's Home Missionary Society, of Falls Creek, Pa., favoring the Patman bill (H.R. 6087), relating to the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

4572. By Mr. WIGGLESWORTH: Petition of the One hundred and fourth United States Infantry Veterans' Association, American Expeditionary Forces, protesting against the circulation of certain seditious propaganda tending toward the undermining of historical, traditional, and hereditary patriotism, and demanding an investigation and the suppression by the Federal authorities of this propaganda; to the Committee on the Judiciary.

4573. By the SPEAKER: Petition of Century Council, No. 543, Knights of Columbus, urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4574. Also, petition of St. Michael's Parish, Delta, Colo., urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4575. Also, petition of the Association Canado-Americaine, urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4576. Also, petition of the Ladies' Auxiliary, Order of Hibernians in America, Ellis Division, No. 1, urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4577. Also, petition of St. Wenceslaus Parish, of Baltimore, Md., urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4578. Also, petition of the Tulsa Unemployed Association; to the Committee on Ways and Means.

4579. Also, petition of the city of Chelsea, Mass., supporting a bill for the payment of unemployment insurance; to the Committee on Labor.

4580. Also, petition of the Police Jury Association of Louisiana; to the committee on Banking and Currency.

SENATE

WEDNESDAY, MAY 9, 1934

(Legislative day of Thursday, Apr. 26, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, May 8, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, requested the Senate to return to the House the engrossed bill (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bulkley	Couzens	Gibson
Ashurst	Bulow	Cutting	Glass
Austin	Byrd	Davis	Goldsborough
Bachman	Byrnes	Dickinson	Gore
Bailey	Capper	Dieterich	Hale
Bankhead	Caraway	Dill	Harrison
Barbour	Carey	Duffy	Hastings
Barkley	Clark	Erickson	Hatch
Black	Connally	Fess	Hayden
Bone	Coolidge	Fletcher	Hebert
Borah	Copeland	Frazier	Johnson
Brown	Costigan	George	Kean

Keyes	Metcalf	Reynolds	Thompson
King	Murphy	Robinson, Ark.	Townsend
La Follette	Neely	Russell	Tydings
Lewis	Norbeck	Schall	Vandenberg
Logan	Norris	Sheppard	Van Nuys
Lonergan	Nye	Shipstead	Wagner
Long	O'Mahoney	Smith	Walcott
McCarran	Overton	Steiwer	Walsh
McGill	Patterson	Stephens	Wheeler
McKellar	Pittman	Thomas, Okla.	White
McNary	Pope	Thomas, Utah	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. McADOO] is absent because of illness, and that the Senator from Florida [Mr. TRAMMELL] is necessarily detained from the Senate.

Mr. HEBERT. I wish to announce that the Senator from Indiana [Mr. ROBINSON], the Senator from Pennsylvania [Mr. REED], and the Senator from West Virginia [Mr. HATFIELD] are necessarily absent from the Senate. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present.

RETURN OF AN ENGROSSED BILL TO THE HOUSE

The VICE PRESIDENT laid before the Senate a resolution of the House of Representatives, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,
May 8, 1934.

Resolved, That the Clerk of the House be directed to request the Senate to return to the House the engrossed bill of the Senate (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

Mr. ROBINSON of Arkansas. I move that, in compliance with the request of the House, the bill be returned to that body.

The motion was agreed to.

FEBRUARY REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, a report of the activities and expenditures of the Corporation for February 1934, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

REGULATION OF FOODS AND DRUGS

Mr. GOLDSBOROUGH. I ask unanimous consent to have printed in the RECORD and to lie on the table resolutions adopted by the American Newspaper Publishers Association, suggesting certain amendments to the pending Senate bill, No. 2800, providing for the regulation of foods and drugs.

There being no objection, the resolutions were ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas the American Newspaper Publishers Association approves of a constructive revision of the present Food and Drugs Act to strengthen its protection of the consumer public, but records its belief that the proper method of effectuating this objective would be by amendment to the existing Pure Food and Drugs Act of 1906; and

Whereas industries most vitally affected by the drastic legislation proposed in Senate bills nos. 1944 and 2000, having submitted amendments to the present proposed Senate bill no. 2800: Be it

Resolved, That the American Newspaper Publishers Association, in convention assembled, hereby goes on record as endorsing the following proposed amendments to Senate bill no. 2800:

Definition of "advertising": Section 2 (j), page 3, lines 16 to 18, revise this paragraph to read (the amendment is printed in italic):

"The term 'advertisement' includes *all advertisements and* all representations of fact or opinion *therein or commercially* disseminated in any manner or by any means other than by the labeling."

Definition of "false advertising": Section 9 (a), pages 15 to 16, add at the end, in line 2 of page 16, the following new sentences:

"No representation concerning any value or effect of a food or cosmetic shall be deemed to be false under this paragraph if such representation is supported by substantial scientific opinion or by demonstrable scientific facts. This paragraph shall not be construed or applied to prohibit harmless trade claims"; and be it further

Resolved, that the American Newspaper Publishers Association approves an amendment to section 15, pages 22 to 24, by inclusion of a new paragraph in substance as follows:

"Administrative Board of Review: There shall be appointed by the President an Administrative Board of Review with power of administrative review as prescribed by the President, to which an advertiser may appeal from an administrative decision that he has violated the act when the advertiser believes such decision to be without legal sanction, before being compelled to face a criminal prosecution upon the basis of such doubtful decision."

PROCESSING TAX ON HOGS

Mr. TOWNSEND presented a letter from Max Matthes, president of the Wilmington Provision Co., of Wilmington, Del., which, with the accompanying copy of a telegram, was ordered to be printed in the RECORD, as follows:

WILMINGTON PROVISION CO.,
Wilmington, Del., May 7, 1934.

Senator J. G. TOWNSEND, Jr.,
Senate Office Building, Washington, D.C.

DEAR SENATOR TOWNSEND: In regard to the processing tax on hogs. The price of hogs is still going down. Last week good steers sold for $9.50 per hundredweight in Chicago stockyards without the help of the Department. They did not tax steers, but the steers have advanced in price. Hogs are down now to all-time low. Enclosed you will find copy of a telegram where we bought hogs from St. Joseph, Mo., for $2.95. We will pay the Government as much tax as the hogs cost. Why can't this tax be removed and let us pay the farmers more money for their hogs? I have reports from western markets that the farmers are up in arms in regard to this tax. If you have a conversation with any of the western Senators, ask them to explain why steers have advanced so much without the help of the Department, and yet with all the Department has done for the hogs they are still getting lower. Do not answer, as I know you are opposed to the tax.

Very truly yours,

MAX MATTHES, *President.*

SOUTH ST. JOSEPH, MO., *May 4, 1934.*

WILMINGTON PROVISION CO.,
Wilmington, Del.:

Can buy double one forties to fifties, cost about two ninety-five.

CORRIGAN SYMON.

REPORTS OF COMMITTEES

Mr. KING, from the Committee on Finance, to which was referred the joint resolution (H.J.Res. 325) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter, reported it with amendments and submitted a report (No. 927) thereon.

Mr. HARRISON, from the Committee on Finance, to which was referred the joint resolution (S.J.Res. 112) to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes, reported it with an amendment to the preamble and submitted a report (No. 928) thereon.

Mr. KEAN (for Mr. SMITH), from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S.J.Res. 106) authorizing loans to fruit growers for rehabilitation of orchards during the year 1934, reported it without amendment and submitted a report (No. 929) thereon.

Mr. REYNOLDS, from the Committee on the District of Columbia, to which was referred the bill (S. 3442) to dissolve the Ellen Wilson Memorial Homes, reported it without amendment.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which were referred the following bills, reported them each without amendment:

H.R. 8052. An act to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes; and

H.R. 8235. An act to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the district of Ewa, island of Oahu, Territory of Hawaii.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 8th instant that committee presented

to the President of the United States the enrolled bill (S. 2460) to limit the operation of statutes of limitations in certain cases.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 3576) for the relief of Lester D. Petteys; to the Committee on Military Affairs.

By Mr. OVERTON:

A bill (S. 3577) to establish the Chalmette National Historical Park, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. BAILEY:

A bill (S. 3578) authorizing the United States Employees' Compensation Commission to consider the claim of Martin Luther Mauney; to the Committee on Claims.

By Mr. POPE (by request):

A bill (S. 3579) providing that the proceeds from hunting and fishing permits within the Fort Hall Indian Reservation, Idaho, may be expended under the direction of the tribal council for the benefit of the Indians; to the Committee on Indian Affairs.

By Mr. FRAZIER:

A bill (S. 3580) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. COPELAND:

A bill (S. 3581) to authorize the Comptroller General of the United States to settle and adjust the claim of the Hegeman-Harris Co.; to the Committee on Claims.

By Mr. KING:

A bill (S. 3582) to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah; to the Committee on Indian Affairs.

AGRICULTURAL ADJUSTMENT ACT—AMENDMENT RELATIVE TO ANTI-TRUST LAWS

Mr. BORAH submitted an amendment intended to be proposed by him to the bill (S. 3326) to amend the Agricultural Adjustment Act, and for other purposes, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

REGULATION OF COMMUNICATIONS—AMENDMENT

Mr. DILL submitted an amendment intended to be proposed by him to the bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes, which was referred to the Committee on Interstate Commerce and ordered to be printed.

NUMBER OF FAMILIES ON RELIEF ROLLS

Mr. SCHALL. Mr. President, the statement of the Commerce Department, made today, that the number of families on the relief rolls "is greater than it was a year ago", demonstrates quite clearly that we are "on our way" to Russia.

The Roosevelt experiments are quite in keeping with the Russian experiments. According to S. W. Utley, of Detroit, in the winter of 1933 more than 5,000,000 persons died in Russia of starvation. This, he said, was 60 percent of the number of persons killed in 52 months of the World War.

We went into the World War and killed 8,000,000 persons to make the world safe for democracy. We have come out by destroying democracy in Russia, in Italy, in Austria, and in Germany, and are now threatened with the loss of our own freedom of government. Woodrow Wilson fooled us into the war on the promise of perpetuated freedom. Franklin Roosevelt is attempting to fool us into a dictatorship on the promise of recovery.

Have not all the people been fooled long enough?

I ask leave to have printed in the RECORD the statement of the Department of Commerce as it appears in an article in the Washington News of May 9.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MORE FAMILIES ON RELIEF ROLLS NOW THAN 1 YEAR AGO—COMMERCE DEPARTMENT BLAMES DEMOBILIZATION OF C.W.A. AND END OF INDIVIDUAL RESOURCES

Despite continued gains in business activity, the number of families on relief rolls is greater than it was a year ago, the Commerce Department reported today in its monthly survey of current business.

The report blamed "exhaustion of individual resources", together with "demobilization of C.W.A. workers", for a "substantial" increase in the number seeking relief.

However, it was reported that expanding productive activity has been accompanied by an increase in employment and pay rolls, a gain in retail sales, higher foreign-trade totals, and an advance in primary distribution.

MANUFACTURING UP

Manufacturing production increased during March by more than the usual seasonal amount, with the auto industry showing a "pronounced" expansion. Other production increases were reported in iron and steel, lumber, and plate glass. Textile output was slightly increased after allowance for seasonal trends.

The construction industry was reported the "outstanding" exception to the general business gains.

"The seasonally adjusted index of construction has receded to 35 percent of the 1923–25 average, which is 23 points below the index for last December", the report said.

FARM SURPLUSES—ARTICLE BY SAM J. SHELTON

Mr. BORAH. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Sam J. Shelton, of the staff of the St. Louis Post-Dispatch, entitled "Is Surplus of Farm Products Due to Overproduction or Underconsumption?" This article is exceedingly interesting and most instructive, not only by reason of the general argument presented but by reason of the mass of facts and figures which have been gathered by the writer. It is a distinct contribution to this vital problem.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the St. Louis Post-Dispatch, May 6, 1934]

IS SURPLUS OF FARM PRODUCTS DUE TO OVERPRODUCTION OR UNDERCONSUMPTION?—STATISTICS OF PRODUCTION INDICATE THAT, WITH EVERYONE GETTING PROPER NOURISHMENT, THIS COUNTRY ALONE WOULD CONSUME ALMOST ALL FOODSTUFFS RAISED ON AMERICAN FARMS, WHILE THERE WOULD BE ACTUALLY A SHORTAGE OF MILK, DAIRY PRODUCTS, POULTRY, AND EGGS

By Sam J. Shelton, of the Post-Dispatch Staff

Frequent critical references in Congress and elsewhere to the policy of limitation of production—a policy most dramatically brought home to the country in the deliberate destruction of growing crops and livestock—have recently focused attention on this phase of the administration's recovery program.

The policy was designed chiefly to benefit the farmer. It was reasoned prices he was getting for his product were too low, because he was producing too much and the obvious remedy was to reduce production. The thesis of this new-deal policy seemed to be that if this was a "panic of plenty", as it has been described, the cure would be found in creating an artificial scarcity.

The culmination of the policy is found in the compulsory limitation of cotton production by act of Congress and in the various schemes for paying Government bonuses to farmers for reducing acreage of wheat, corn, and other commodities, with threats of further enforced limitation.

Critics have raised the question: Is there too much? Too much food, too much clothing, too much of any useful commodity while millions of American citizens are hungry and inadequately clothed and sheltered? They answer—and Senator BORAH in a recent address stated the proposition very clearly—that the system of distribution is at fault and that if every person in the United States had plenty of good, wholesome food and was comfortably clothed and sheltered, there would not be too much but actually not enough of some of our principal agricultural products.

SCARCITY OF FOOD FOR PROPER SUSTENANCE

An examination of the production statistics of the country, matched against the consumptive needs of a well-sustained population, shows that they are correct; that the country could consume nearly all the wheat it grows; that to produce enough milk for the population 5,000,000,000 more dairy cows would be needed; that there should be an increase of at least 12 percent in number of cattle and hogs slaughtered for meat; that the barnyard hen needs help to produce enough eggs.

The American potato crop in a good year just about balances the needs of a well-fed population; the production of dried beans and peas is far less than standard diet requirements.

The Department of Agriculture, in a publication issued under the present administration, said:

"Among foods which are consumed in far less than desirable amounts, milk, certain fruits, and many of the leafy vegetables

stand out prominently. The consumption of milk per capita indicated in the adequate diet at moderate cost and the liberal diet is nearly twice the present consumption, while from the standpoint of health the use of certain fruits and vegetables should be increased several fold."

The same Department of Agriculture publication, issued last November, lists the average quantities of important food articles required annually per capita for the population of the United States, on four standards of diet: (1) Restricted diet for emergency use; (2) adequate diet at minimum cost; (3) adequate diet at moderate cost, and (4) liberal diet. The composition of these four diets except the emergency diet, is shown in a box elsewhere. The emergency diet cannot be considered as adequate.

MILK SUPPLY DEFICIENT FOR PROPER CONSUMPTION

The minimum cost adequate diet requires 260 quarts of milk per capita annually, and the moderate cost and liberal diets 305 quarts annually.

Production of milk in 1932 was 11,744,000,000 gallons.

The amount used up for manufacturing butter and cheeses was 4,520,813,000 gallons; for making butter on farms and for feeding to calves, 1,667,674,000; total of 6,188,487,000 gallons not available for human consumption as milk.

The remainder, 5,555,513,000 gallons, is the amount available for consumption in fluid form, in condensed form, in food preparation, and as ice cream.

The population, 124,800,000 (Census Bureau estimate as of 1932), requires 8,112,000,000 gallons a year on the minimum adequate diet and 9,516,000,000 gallons on the moderate cost and liberal diets.

MAN'S ANNUAL NEEDS FOR NOURISHMENT

Average per capita consumption annually of important food products necessary to sustain the population on a well-nourished, healthy basis is listed in a bulletin published last November by the Department of Agriculture's Bureau of Home Economics. It is based on varied diets, ranging in terms of cost from one to meet emergency to one of liberal cost.

The three diets, which are described as adequate (not including the emergency ration) are as follows:

Item	Annual requirements		
	Adequate diet at minimum cost	Adequate diet at moderate cost	Liberal diet
Flour, cereals ..... pounds	224	160	100
Milk ..... quarts	260	305	305
Potatoes ..... pounds	165	165	135
Dried beans, peas, nuts ..... do	30	20	7
Tomatoes, citrus fruits ..... do	50	90	110
Vegetables (leafy) ..... do	80	100	135
Dried fruits ..... do	20	25	20
Other vegetables, fruits ..... do	85	210	325
Fats, including butter, bacon ..... do	49	52	52
Sugars ..... do	35	60	60
Lean meat, poultry, fish ..... do	60	100	165
Eggs	180	180	360

NOTE.—In the accompanying article, these diets are used for comparing potential consumption of a well-fed population with production of certain important food items.

The situation as to milk supply for human food may be summarized as follows:

	Minimum diet	Moderate and liberal diet
	Gallons	*Gallons*
Required	8,112,000,000	9,516,000,000
Available	5,555,513,000	5,555,513,000
Deficiency	2,556,487,000	3,960,487,000

Average production per milk cow in 1932 (Department of Agriculture) was 501 gallons. To make up the deficiency under the mimimum-cost diet would require 5,102,000 additional milk cows; under the moderate-cost and liberal diets, 7,905,000 more. In the one case it is an increase of 22 percent and in the other 34 percent over the number of milk cows in the country (23,000,000) estimated by the Department of Agriculture as of 1932.

So large an increase in cows and milk production would, of course, call for an increase in production of feed—hay and grains—and for additional employment.

In a recent statement protesting against the Agricultural Adjustment Administration's plan to curtail milk production, M. D. Munn, president of the National Dairy Council, said there is potential consumptive market for approximately 50 percent more dairy products, including butter and cheese, than is now being produced. So large a market, which presumably would be available if all persons could be fed on a desirable standard, would mean an increase of 11,000,000 or 12,000,000 cows.

WHAT THE POPULATION SHOULD CONSUME IN WHEAT

Applied to wheat—one of the great export crops of the United States—the yardstick of minimum-cost adequate diet indicates home consumption should be increased by about 85,000,000 bushels a year, which would go a long way toward wiping out surpluses even with exports at the present low point.

The minimum-cost adequate diet calls for 224 pounds of flour and cereals per capita annually. About 166 pounds of this should be in the form of wheat flour (156.8 pounds) and other wheat products. This calls for approximately 500,000,000 bushels of wheat a year.

Other domestic uses of wheat are for seed, average about 82,500,000 bushels, and feed for livestock, from 50,000,000 to 160,000,000 bushels in recent years. Assuming an average use of 100,000,000 bushels a year for feeding livestock, the domestic consumption of wheat on a minimum adequate-diet basis should be about as follows:

	Bushels
Human food	500,000,000
Feeding livestock	100,000,000
Seed	82,500,000
Total required	682,500,000
Average production last 4 years	753,000,000
Surplus for export	70,500,000

Production in 1933, however, was only 537,413,000 bushels and in 1932, 726,831,000 bushels. Domestic consumption in recent years has averaged about 597,000,000 bushels, or 85,000,000 less than the total requirements in the foregoing table.

Exports for the 5 years, 1927 to 1931, averaged 174,000,000 bushels a year; 1922 to 1926, 207,000,000 bushels; 1917 to 1921 241,000,000 bushels.

FOREIGN NATIONS EAT MORE GRAIN THAN AMERICA

The Government's moderate cost and liberal diets reduce the amount of flour and cereals per capita to 160 and 100 pounds, respectively, which, of course, would materially reduce the amount of wheat required for human food. Both diets, however, require much larger amounts of milk and meats than in the minimum diet and undoubtedly would call for greater quantity of wheat for feeding livestock.

Per capita consumption of wheat in the United States is low as compared with leading European countries. France leads with an average of 7.5 bushels; then Belgium, 6.7 bushels; Italy, 6.6, and Great Britain and Ireland, 5.7. The United States average for 1932, which is the so-called "disappearance" of wheat for food, feed, and waste, but not including seed, is 4.8 bushels. Disappearance here at the same rate as in France would require 936,000,000 bushels a year, and seed requirements would bring the total to more than 1,000,000,000 bushels, equaling our largest crops.

Potatoes are a stand-by of the American diet. The Department of Agriculture gives the per capita requirement as 165 pounds a year for both the minimum and moderate cost adequate diets. This includes sweetpotatoes and means that at least 343,200,000 bushels should be consumed for food. About 29,000,000 bushels are required for seed, and there is large waste in the potato crop due to rotting after harvesting. A reliable estimate of the amount of waste is not available.

Production in 1932 was 356,000,000 bushels of Irish potatoes and 78,000,000 bushels, an unusually large crop, of sweetpotatoes, a total of 434,000,000 bushels. The apparent surplus was 64,000,000 bushels before allowing for the uncertain quantity of waste.

EGG A DAY WOULD EXHAUST THE SUPPLY

If every American demanded an egg for his daily breakfast there would not be enough to go around. Our flock of laying hens would have to be increased 40 percent. Egg production in 1932 was 32,000,000,000 and an egg a day for breakfast for the whole population would require 45,000,000,000. The liberal diet prescribed by the Department of Agriculture requires practically an egg a day, 360 per capita a year. In the minimum and moderate cost diets, however, this is reduced to 180 per capita and the nutritive elements supplied otherwise. At the lower figure the annual requirement of eggs for food is 22,400,000,000, and it is obvious that after allowing for eggs for hatching and for other commercial uses there would be little if any surplus.

If the population had the means to afford the Department of Agriculture's liberal diet, the per capita allowance of lean meat would be 165 pounds. In the moderate-cost diet this is reduced to 100 pounds and in the minimum diet to 60 pounds. It includes, in the liberal diet, 56 pounds of beef, 65 pounds of pork, 18 pounds of poultry, 13 pounds of fish, 8 pounds of veal, and 5 pounds of lamb and mutton. In addition, an allowance of 2 pounds of bacon and salt pork is made.

The diet allowances are in terms of retail cuts, making difficult a comparison with figures on slaughter of meat animals, given in gross carcass weights. Figures of the Department of Agriculture, however, show a material decline in per capita consumption of meats in recent years. The average for beef, pork, veal, lamb, and mutton, for 1923 was 149 pounds, but for 1931 it decreased to 133.2 pounds.

To go back to the consumption of 1923 would require an increase of 12 percent in the number of meat animals slaughtered, which means 1,400,000 more beef cattle, 960,000 more calves, and 8,400,000 more hogs. In the Government's first hog-reduction program last year approximately 5,000,000 animals were purchased and killed and many of the carcasses destroyed. Hog products, particularly lard, have been one of our largest exports.

Dried beans, peas, and nuts are recognized by the Department of Agriculture as an important food item. The annual allowance is 20 pounds per capita in the moderate-cost diet and 30 pounds in the minimum-cost diet. In the liberal diet it is only 7 pounds, assuming that larger quantities of meat and other foods will be

used. This food item includes dried peas and peanuts as well as dried beans.

The production in 1932 was 2,000,000,000 pounds. At 20 pounds per capita the annual requirement is 2,500,000,000 pounds and at 30 pounds per capita it is 3,700,000,000 pounds. In either case there is a large deficiency in production.

In a speech vigorously condemning restriction of production, United States Senator WILLIAM E. BORAH recently gave an estimate that 40,000,000 persons in the United States, or nearly one third of the population, are living below the poverty line, and a far greater proportion of the world's total population is in that state.

"Our able Secretary of State", he said, "has recently declared that 80 percent of the world's population of 2,000,000,000 persons are today living below the poverty line. Stated in another way, 1,600,000,000 people are living in poverty—a startling, a menacing, but, unfortunately, a true statement. Does not this present the problem of distribution rather than overproduction?

"SENATOR BORAH'S SUMMARY OF THE FARM QUESTION

"In our own country there are no less than 40,000,000 people living below the poverty line. Shall we destroy food and the stuff of which clothes are made until we have taken care of our 40,000,000? And shall the world engage in such a program with 1,600,000,000 living on the verge of destitution? Is it sound to say there are millions and millions of people in our country and in the world in want of food and ill-clad, so let's destroy food, let's destroy the stuff of which clothes are made?

"Our task is not that of destruction but of distribution. Even in normal times we had in this country over 75,000,000 people living on an income of less than $600 a year. Like creeping paralysis this fall of purchasing power has long indicated an economic cataclysm. The average workman with his family of five in normal times must live on an income of $1,200 to $1,800 a year. There are 1,000,000 children in the United States out of school because of want of food and clothing.

"I repeat, there is no overproduction unless you are going on the theory that a large portion of the people of the world and in our own country are to go through life under the circumstances of cruel privation."

Senator BORAH declared that crop reduction of 43,000,000 acres, as planned by the Agricultural Adjustment Administration, would take 3,250,000 persons off the farms.

"The plan will inevitably give us more idle and dependent people, more people to feed and clothe," he said. This was borne out a few days ago by the statement of Relief Administrator Hopkins that the cotton reduction plan in the South is constantly putting more families on the dole.

Restoration of purchasing power is the answer to the crop reduction plans, Senator BORAH said, adding: "If our millions were eating and being clothed in accord with their actual wants, of good healthy citizens, there would be no occasion for such a policy."

REPUBLICAN ATTITUDE ON RECIPROCAL TARIFF AGREEMENTS BILL

Mr. AUSTIN. Mr. President, I ask unanimous consent to have printed in the RECORD a news item from the New York Times of May 9 referring to proposals by the Senator from New Jersey [Mr. BARBOUR] and the Senator from Michigan [Mr. VANDENBERG] relating to the reciprocal tariff agreements bill, which is now pending before the Senate.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, May 9, 1934]

REPUBLICANS PLAN TARIFF BILL FIGHT—SENATORS TALK OF LIMITING ROOSEVELT'S TRADE BARGAINING TO FREE LIST—MEETING TAKES NO STAND—HEARS PROPOSALS BY BARBOUR AND VANDENBERG ON CONFINING THE PRESIDENT'S POWERS

WASHINGTON, May 8.—A conference of Republican Senators, which was called today to plan party strategy in the coming fight over President Roosevelt's reciprocal tariff bill, confined itself largely to discussing two Senators' proposals to limit the Executive to agreements centering about the free list.

These Senators, VANDENBERG and BARBOUR, did not recommend the proposals they submitted, but contended that if a system of reciprocal trading were to be set up, it should be based upon trade favors already enjoyed by foreign countries with the United States.

Under their suggestion the President would be confined in his proposed new authority to taking articles off the free list or putting them back on and to increasing tariffs or leaving them where they were.

The conference took no stand on the Vandenberg-Barbour suggestions, but merely discussed them as one of the means suggested for restricting the President's authority under the tariff bill, which the party leaders concede will become law.

STATEMENT OF THE PLAN

Senators VANDENBERG and BARBOUR, in a statement after the conference, outlined their suggested plan as follows:

"For purposes only of discussion, we submitted to the Republican conference this morning the idea that if there are to be tariff bargains undertaken by the President, they should first be based upon the existing trade favors which foreign countries already enjoy in the United States.

"In other words, if we are to abandon our existing protective system, which recognizes the difference in cost of production at home and abroad, and enter the dubious field of international barter, we should charge the Old World for its existing American privileges before we ever contemplate the reduction of any protective duties which are necessary to protect American industry and agriculture.

"Under the administration proposal, the President cannot transfer articles from the free list to the dutiable list. Yet the free list brings us $906,000,000 of imports, while the dutiable list only brings us $529,000,000 of imports.

"We raise the question that if tariff bargains are to be undertaken at all—which we oppose—it is far more logical to ask for reciprocal advantages in return for a continuation of this enormous free-list trade than to deal only in the extension of new and additional trade advantages in the United States at the expense of some protected American commodity.

WOULD SEEK TRADE ADVANTAGES

"It is far more logical to contemplate agreements which would bring us new export privileges in return for the continuing maintenance of existing free-list privileges or existing tariff rates than it is to think only in terms of offering aliens new and additional privileges in the American market.

"Many of these Old World countries owe us enormous war debts which they are making no serious effort to liquidate. In addition, they already enjoy the privileges of selling $1,430,000,000 of their goods in our American market.

"It occurs to us that these existing privileges and advantages should be the basis of negotiations for additional American export advantages rather than to talk only of new and additional privileges, if they are to bargain at all.

"Therefore, we have suggested, for discussion only, the question whether the President's tariff bargaining power, if granted at all, should not be confined to authority to (1) take articles off the free list or agree to leave them on the free list and (2) increase tariffs or agree to leave them where they are.

"We do not recommend any such system. It has its obvious and notorious faults. Republican policy never has and never will approve tariffs on raw materials traditionally on the free list.

"We simply illustrate by this discussion in the Republican conference, first, the inequity of the particular tariff-bargaining program which the administration appears to have in mind and, second, the utter hazards in any attempt at bargaining power at all."

ADDRESS BY HON. JAMES HUGHES

Mr. DUFFY. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. James Hughes before the conference of American Foundry Supplymen's Association at Pittsburgh, Pa., April 17, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It was granted to us as Americans of this day and generation to be part of and party to a development and expansion of national industry, commerce, and agriculture which reached peaks never before attained by a nation or a people in the history of time and civilization; and, after having gained that position of preeminence in world affairs, we were put to the trying experience of seeing it collapse, as a house of cards, before an onrushing tidal wave of world depression which leveled the highest peaks to the lowest levels within the memory of any living man. The rush of the swift current brought with it destruction and disaster and threatened to carry away the most permanent institutions of our society and Government.

No picture is needed to recall to mind the chaos of little more than 1 year ago. A financial structure that had stood through 150 years of national building—war, peace, depression, and prosperity—had crumbled into an absolute state of collapse. Faith in banks and bankers crumbled with it. Agriculture, the basic industry of the country, was struggling under a crushing burden of debt and tax; its markets demoralized; its commodities selling at prices far below the actual cost of production. Thousands of farms were abandoned, their owners standing in the city bread lines, seeking the shelter of charity. In many quarters their despair was translated into open revolt. The fires of industry had been washed out. Workers who had not been turned away were subject to tremendous reductions in wage. Fourteen million workers, skilled and unskilled, were without means of providing their families with the barest necessities of life. Thousands walked the streets and highways. Public and private charity was keeping alive the fires of life in millions of our people. Of those who had work opportunity, the great majority were subject to salary and wage reductions up to 40 percent. One year ago the whisper of discontent from this direction had grown to a rumble of rebellion. America stood at the crossroads.

The national election of 1932 placed the reins of leadership in the hands of Franklin D. Roosevelt at the moment when the crisis was reached, and in accepting them he directed a message to the people of the Nation that will ever remain one of the truly great documents in our Nation's history. He pointed to the state of the Nation with words that were unmistakable and clearly understandable, and at once set to the task of restoration. His plan unfolded rapidly. His spirit and enthusiasm spread like a grass fire over the whole country. In 10 short days a spirit of national faith and confidence was beginning to rise up from the depths of despair to which 4 long years of hard times had carried it.

Plans for knitting together the loose ends of industry, agriculture, finance, and commerce moved rapidly. The bank moratorium extended to the financial leadership full opportunity to reestablish and stabilize the credit structure. The wisdom of that move, after a 12-month period, is contained in a recent statement by Francis Law, financial expert and president of the American Bankers Association. The occasion was the first anniversary of the moratorium:

"The banking structure of the country is strong and liquid. Banks have never been better. Conditions have improved to the point where it is no longer necessary to be superliquid."

This authority speaks with knowledge and understanding, and daily, increasing deposits, over the whole country, bear out the truth of his statement.

Agriculture, which had long suffered and endured, finds new hope in the marked improvement of commodity markets. It is sufficient to say that the value of American farm products has jumped up $1,500,000,000 in the last year. It is to be appreciated, too, that an understanding and sympathetic leadership has served the farmer with the means of saving his property from foreclosure. In these and other facts, the farmer finds justification for his hope that the future will bring that profit to the farm which is so necessary to the general economic welfare of the Nation and its people.

You men associated with the iron and steel industry feel, too, that recovery is at hand. Your industries are making daily gains on wide fronts. Every survey reveals that the business of the Nation is vigorously moving forward. These gains are noted in production, sales, prices, employment, and pay rolls.

The National Recovery Act has served for 12 months. At the hour of its introduction to American business chaos reigned. The records of a year ago show all-time lows. What little business activity there was to be noted was fast lapsing into stagnation. Profit was a consideration long since surrendered, and the dominating thought of all was only to survive; the struggle to survive had brought a practice of destructive competition which had the competitors at each other's throats. The leadership of industry was bewildered and confused, and while the screws of competition were turned ever tighter ugly abuses of labor and capital grew by leaps and bounds. The sweatshop practice had invaded every major industry and minor industry in every section of every State in the Union. Workers were submitted to unbelievably low wages and intolerable working conditions in many cases, and in most instances the hours were long. The worker was not only threatened by serfdom and wage slavery, but he was subject to it. Sweatshop practices involved the youth and the womanhood of the land, exhausted their strength, limited their opportunity, and brought to reality social conditions which this twentieth century of civilization had thought passed with the later days of Old World serfdom. That was not sweated labor's only evil. Those leaders of industry who attempted to maintain high levels of wage and decent conditions for working men were faced with choosing between the sweatshop and bankruptcy. Competition—vicious, almost barbarous—was forcing a choice between business profit and moral decency. N.R.A. called for recognition of the fact that if the unholy systems of sweated labor and child labor are to exist the higher standards of American labor are doomed to destruction, and American industry in competition with those forces may as well stop the wheels and close the doors today as to suffer through the pain of slow but certain stagnation.

Such conditions were staggering industrial America when the President laid down his plans for national industrial recovery. It proposed an association of the strong arm of government with business and commerce—to associate government in a partnership not for profit or gain but for regulated control and restraint, planned for the greatest service and good to the greatest number. It sought to eliminate from industry the curse of destructive competition, and to write a code of ethics and fair practice that would outlaw vicious competitive practices and extend to American business full opportunity to police and control its affairs in keeping with a spirit of national welfare and security. N.R.A. establishes maximum hours of work to spread employment to greater numbers and fixes the minimum wage. That is commonplace recognition of the absurd contrast between overproduction, or overequipment to produce, almost every necessity and luxury of life and the fact that many persons have been in want. It seeks, in effect, to create spending power among those whose power to spend is essential to the markets for products of industry and farm. The provision for maximum hours and minimum wage is a double-edged sword that strikes at and destroys the sweatshop, child labor, and their related evils.

The plan for national industrial recovery presents a problem, but its proper execution leads only to normal prosperity for all. The task is a challenge to the best efforts of all leaderships, putting on them a responsibility and a duty to work out this solution with vision, wisdom, and courage. It can be obtained only by unselfish and energetic effort. Success must be the first concern of all. The teachings of the last few years have erased the question of whether profits are to be considered before human welfare.

I am convinced that in the ability and vision of management, and the skill and energy of the worker, we will find leadership that will work out a permanent solution of our problem. I am strongly of the opinion that the marked advances in business conditions in the last year justify our faith in this plan. The first quarter of this year shows a striking increase in sales, production, profits, and pay rolls. Private industry has absorbed in excess of 3,000,000 of the unemployed. Public employment has brought that figure to 6,000,000. The purchasing and spending power of the Nation has increased 25 percent, jumping from a low of $41,760,000,000 to $52,157,000,000. This upward trend is registered throughout all of the producing groups of the Nation and in all sections and all States. More important than that, faith and confidence in men and in government has reached war-time proportions. It is justified by this indisputable evidence of national recovery, and it is the result of strong leadership and a spirit of good will and cooperation among all the people. It is a time for high faith and earnest effort. There is no place in this scheme of things for the defeatist or the fault-finder. This is no time for the politician or the partisan. It still is a time of emergency and ours is the duty and responsibility of forgetting material and selfish things and working and serving only with the single thought that America be made strong and healthy, economically and socially.

It has been my thought, and it is my practice and purpose, as a Member of the United States Congress, to support and fortify the efforts of our great President to keep the pledge and the promise he has made to restore America to normal prosperity, peace, and happiness. That I know as my duty and obligation, and under Roosevelt's leadership I feel that we are marching from the valley of despair and despondency back to the high road of national welfare and security. It is with these thoughts in mind that I commend to you the most careful consideration of another thought: Under the brave and courageous leadership of a great man we have succeeded in recapturing more than a small degree of what great things have been essentially American—we are on firm ground, and we are beginning to feel a return of strength. Let us not lose sight of the fact that continued support and cooperation of the recovery plan is essential to permanent security. We have come a long way, but a long way to go still is ahead. I make this appeal not as a partisan or with a thought of partisan victory or power but as an American who holds it his first duty to provide for the general welfare of America and all her people.

APPORTIONMENT OF COTTON IN ARIZONA

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed by me to the Secretary of Agriculture relative to the apportionment of cotton exempt from tax in Arizona.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
May 8, 1934.

Hon. HENRY A. WALLACE,
Secretary of Agriculture, Washington, D.C.

DEAR MR. SECRETARY: I have your letter of May 7 and have read the legal opinion by Mr. Francis M. Shea of the office of the general counsel of the Agricultural Adjustment Administration.

I wholly disagree with his interpretation that the Bankhead Act of April 21, 1934, excludes long-staple cotton in making the computations under section 5 (a).

The terms of that act are so clear that, as stated in my letter to you of April 28, I must insist that you have no choice but to apportion to the State of Arizona 87,000 bales of tax-exempt cotton as originally announced by your Department. In my opinion, this decision should be favorable to Arizona, and you should make the decision yourself, thus ending the delay which is now seriously embarrassing those in my State whom the season requires shall know just what they may do.

The facts are, first, the cotton farmers of Arizona relied upon the announcement that they could plant 87,000 bales of tax-exempt cotton; and second, it is now proposed to take 14,000 bales away from that allotment.

The 14,000 bales amount to so little when viewed as a part of a 10,000,000-bale crop that no one can say that the major object which the Bankhead Act seeks to accomplish will be affected.

But 14,000 bales is a 16-percent reduction in addition to the normal reduction in Arizona cotton production required by the act.

Such a drastic cut not only means disaster to individual farmers who have paid out their money for water to wet their lands prior to planting but also will seriously affect the revenues of irrigation districts which cannot collect water charges from idle lands.

Three months ago, I would have said that your offer to ask for an opinion from the Attorney General was proper because I have every confidence that any opinion which he would ultimately write would be favorable to Arizona. Now I hope you will not find it necessary to follow that course. It has taken nearly 2 weeks for the office of the general counsel to write an opinion. This matter must be decided at once; the situation does not admit of delay, as it will be too late to plant long-staple cotton in Arizona this year.

I therefore urge you immediately to resolve whatever doubts you may have, in favor of the Arizona cotton growers so that the suspense may be ended.

With high regard,
Sincerely yours,

HENRY F. ASHURST.

CONSUMER INTERESTS IN THE N.R.A.—ADDRESS BY FRANK P. GRAHAM

Mr. BAILEY. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Dr. Frank P.

Graham, vice chairman of the consumers' advisory board and president of the University of North Carolina, to the assembly of code authorities, Washington, March 5, 1934, on the subject of consumer interests in the N.R.A. In my judgment, it is a very valuable address.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

AN ANALYSIS OF THE POSITION AND VALUES OF THE CONSUMER INTERESTS IN THE N.R.A. AND IN OUR SOCIETY AS NECESSARY TO THE ECONOMIC AND SOCIAL BALANCE OF AMERICA AND THE WORLD

In another critical period in our history delegates from the original American States, assembled in Philadelphia, for their work of political-code revision. They came as representatives of the geographical groups who founded democratic government on this continent, revised, and saved in a dark time the political structure of the United States. The stakes of their work were the security and fortunes of over 3,000,000 of people. Today representatives of industrial and trade groups involving the industrial and commercial life of 120,000,000 of people meet in Constitution Hall, Washington, for their work of industrial-code revision. They have had, and still have, the responsibility of restoring work to the unemployed, spreading real purchasing power among all people, reviving industry, and helping to save democratic government in the modern world.

INDUSTRIAL BALANCE ONLY THROUGH RECOGNITION OF BUSINESS MANAGEMENT, LABOR, AND CONSUMER INTEREST

Within the controlling constitutional framework of our political government is rising the structure of a more balanced industrial self-government with its possibilities of increasing recognition of the workers and consumers. Our political government achieved balance by a recognition of the three departments functionally necessary to democratic government. Our industrial government can achieve the necessary balance and security only by a fair recognition of the rights and values of the three groups of interests, functionally necessary to industry, namely, capital, the workers, and the consumers. To see the place of the consumer we must see the place and function of all three in the whole structure of industry.

THE POSITION OF BUSINESS MEN

The management of business men and the functions of capitalism are recognized in the National Recovery Act and in the structure of this assembly. As a decisive factor in the overthrow of feudalism and in the liberation of the individual, land, labor, industry, and commerce from the local control of the lords of the land, capitalism is historically recognized as one of the main pivots in the transition from the medieval to the modern world. These liberated individuals of the rising middle class moved from victory to victory in ideas, church, state, commerce, and industry. With initiative, inventive genius, and far-flung enterprise they developed industry on a scale which required gigantic corporations for gigantic national and international trade. These corporations gathered the savings of the people anywhere to meet, in a world-wide service, the wants of people everywhere. Geared to vast reservoirs of capital and to steam, electric, and gas-power engines, they have flung around the earth a mechanical framework, which, with all its economic weaknesses and social strains, still holds up the structure of the modern world. The purpose of the N.R.A., conceived with social imagination and carried forward with relentless energy and courage, is nothing less than to prevent this stupendous but tottering structure from crashing down upon mankind. It is an effort to work out some sort of economic and social control of the mechanisms and forces haphazardly let loose upon the earth with their power to destroy or rebuild our civilization.

The National Industrial Recovery Act does not pretend to take industry away from business men but gives the associations of business men the chance to revive American industry under public control. Thus it is that trade associations have the privilege of submitting codes of fair competition. This privilege and opportunity carry with them a high moral and social responsibility, which should be shared with the representatives of the workers, who invest their lives, and the consumers, who provide the broad base of purchasing power upon which the whole structure stands or falls.

THE POSITION OF THE WORKERS

The position and function of laborers as basic producers and as human beings with spiritual claims above machines and profits, are recognized more and more with the growth of the labor organizations. The labor movement is largely responsible for the founding of our public schools and for much enlightened social legislation; is the dynamic of modern democracy; and, through collective bargaining, is a check upon the potential autocracy of the giant industrial corporation. Section 7 (a) of the act guarantees labor's right of collective bargaining through the representatives of the workers' own choosing. Millions of American working people, formerly without work or threatened with a loss of work, have a growing sense of their right to a representative participation in making the terms under which they live, work, and hope for a better day. Woe be the day of the return of the haphazard economic policies, social drift, and national breakdown, which would send them out into the bread lines of despair and dash to the ground their new aspirations, and their children's hopes in this Republic. In the event of the return of that day, the place and power of the working people will be not only recognized but may tragically be felt in ways as desperate as the times.

THE POSITION OF THE CONSUMERS' INTERESTS

By the momentum of history, by reason of organization and by the provisions of the act of Congress the position of the trade associations and labor organizations are recognized. The position of the consumers is not defined in the act. The place of the consumer as expressing a particular interest of the many interests of human beings is still in the making. In the administrative set-up of the N.R.A. the consumer for the first time in our history is even partially recognized as one of the groups of interests with a basic stake in industry.

This long failure of recognition is the natural result of the fact that consumers live in a society long dominated by producers and the economics of production. For consumers only a beginning has been made. The scattered cooperative societies of consumers; the Consumers' League expressing the consumers' conscience against human degradation by ruthless competitive production; consumer studies by women's organizations; the Department of Agriculture's extension service in rural homes, and the United States Bureau of Home Economics; the American Home Economics Association; the American Standards Association and its publications; Consumers' Research by a voluntary group of economists and publicists; the emergency conference of consumer organizations; the consumers' national conference; a few pioneer courses in the economics of consumption; the statement in behalf of the establishment of a consumer standards board by the Lynd committee of the advisory board; the division of which Mr. Paul Douglas is chief, for the economic education of consumers through consumers' councils in all the States as proposed and staunchly championed by the chairman of the advisory board; the consumers' council of the A.A.A., and the Consumers' Guide; and last, the advisory board and resident staff, with its sections of women's interests, complaints, fair price, standards, research and recommendations, and consumer organizations and education—all these and cooperating agencies are working toward the development of information, standards, and techniques as the basis for consumer consciousness, intelligence, and action.

UNORGANIZED CONSUMERS IN A WORLD OF ORGANIZED PRODUCERS

Yet all these combined have not changed the fundamental fact that consumers in general are unorganized and uninformed in a society of strongly organized and highly technical producers. The inequality of the positions of producer and consumer interests, by reason of historic developments, legal sanctions, organization, and information places upon the code authorities an economic, social, and ethical responsibility. Let us make clear this inequality of position of consumer interests in a world of corporations, trade associations, federations of labor, and departments of government and bureaus expressing the needs and interests of producers. Producers over a long period have been organized by particular trades and industries, can mobilize quickly and focus on the interest of a particular industry. Consumers are scattered here and there over the far reaches of the continent and their interests are diffused over a wide range of goods upon each one of which is concentrated the interest and power of a producer or combination of producers.

Furthermore, in every town or county there are local chambers of commerce and labor unions. In the States are State trade associations and federations of labor. In the Nation are national trade associations and national federations of organizations of labor. It is not so of the consumers in the localities or the States or the Nation. Departments of government represent the organized predominance of the producer interests. In all the States are departments of agriculture and labor, and in the Federal Government are Departments of Agriculture, Commerce, and Labor, but there is no department of consumption in the States or Nation. There is a Bureau of Standards for manufacturers but no bureau of standards for consumers. The producers have complete information about the product sold and the consumers often have little or no information about the product bought. In addition to all this, the interests of the general body of consumers are mixed by the fact that consumers are, for example, also laborers and investors. Their organized interests as producers of a particular product are more controlling than their interests as consumers and are likely to be more powerful than the unorganized power of all consumers.

FAILURE OF FREE COMPETITION TO PROTECT CONSUMERS

But it has been suggested that the trade associations do not need to worry about the interests of the consumers. The free competition of producers, it is said, will automatically protect the consumers. It is not necessary to emphasize the fact that unrestrained competition and rugged individualism, valuable and heroic in pioneer days, is unadapted to the life of an industrialized society of great corporations. You know what some of these powerful corporations did with and to competitive freedom, and what corporate industrialism and financial power recently did and can do to the freedom and lives of human beings.

As the consumer recently looked about in his world of competing producers, he, and more generally she, found little social protection against unscrupulous competitors. They found themselves uninformed against shoddy, harmful, and even degrading products; high quality prices for low quality goods, artificial freight charges, padded costs, overcapitalization, tributes to monopoly and privilege, inefficiency, waste, misrepresentation and an organized manipulation of his desires and tastes wherever his eyes looked or his ears listened in this world where still live

some unscrupulous competitors, false advertisers, and high-pressure salesmen. Recently he saw despair on the farms, long lines of panic at bank windows, and longer and longer lines of hunger stalking the city streets. It was forced in upon him that the competition of producers does not automatically protect producers or consumers from either inferior goods or an inferior life.

CODES OF FAIR COMPETITION SHOULD NOT FAIL TO RECOGNIZE CONSUMER INTERESTS

The talk of free competition, in either the old competitive society or in the later industrialized and more corporate society, protecting the consumer leaves the people cold. They turned away from that talk in a dark time to the N.R.A. with its proposals, not for the free competition dominated and degraded by the unrepresentative and unscrupulous chiselers, but with its proposals for fair competition based on minimum wages and maximum hours as the bottom conditions of a decent life to which the fair-minded business men can subscribe without having their throats cut. But the codes of fair competition must be revised against the possibility of any trade association betraying the N.R.A. by a more powerful manipulation of the unorganized consumers in the interests of the organized producers. With the new powers given the trade associations under the N.R.A., the consumers now look to the code authorities in their work of revision and relief.

With this assembly called by the national administrator as a part of his honest and open courage in a high public service, N.R.A. enters into its second significant phase. As it moves logically forward from emergency code making to thoughtful code revision, the economic position and social values of the consumer must be more definitely and clearly recognized by those who make, revise, and supervise codes. In the crusade to put millions of human beings back to work we must not forget that excessive prices cut the heart out of wages and purchasing power; and that the failure of purchasing power slows down investments, industry, and trade.

If dividends fail, investments drop and industry suffers. If wages are cut, consumer purchasing power is cut and business lags. But also, mark you, men and women of the code authorities, if prices outrun wages, if the prices are out of proportion to necessary economic and fair social costs, then these excessive prices nullify increased purchasing power, undermine the recovery program, and may again start the depression on a more cruel and vicious spiral downward, cutting more and more deeply into wages, dividends, purchasing power, and the daily lives of millions of human beings. The lowest economic prices increase real purchasing power, widen the market, multiply turn-over, and decrease costs with returns to capital, labor, and the consumer.

The consumers are, excepting the consumer slacker, willing to pay the costs for the abolition of child labor and sweatshops, for shorter hours, decent wages, a fair return on capital, and other necessary economic and social costs. The consumers are everlastingly unwilling to pay for excessive profits based on padded costs and dishonest prices wearing a social cloak over their economic hypocrisy. The consumers, workers, the investors, and the managers must stand together against the financial profiteers, labor racketeers, and consumer slackers. We must not, however, confuse a chiseler with an honest business man who without unfair practice or violation of the code refuses to be intimidated by any combine or collusion to charge above what he has found in his concern to be an economically fair price. We must all stand together against the chiseler who would try to make of N.R.A. a game of greed and grab. We will stand with those who would make of N.R.A. a great experiment for the economic recovery and the social advance of a stricken but dauntless people.

CONSUMER REPRESENTATION ON CODE AUTHORITIES

To this end business men, workers, and consumers more and more can play the game together. Labor representatives need to emphasize to business men the relation of wages to purchasing power. Consumer representatives need to emphasize to business men the relation of purchasing power to commerce and industry and that prices are making excessive inroads on that purchasing power on which hangs much of the story of the N.R.A. Business representatives need to emphasize to labor the relation of efficiency to costs, and to consumers the part that higher wages and shorter hours play in costs. The code authority is one logical center for such a cooperative interchange of views and interest. The value of such an interchange would reach back from the code authority to the trade association, the labor organization, the consumers, and the public. Competent consumer and labor representatives should not only be advisers to the public representative but should, for all matters affecting their interests, be on the code authority. The business man needs the consumer and labor representatives as allies against the unfair practices of unscrupulous competitors. The workers need the moral weight of the alliance of the fair-minded business men and consumer representative in behalf of fair wages and conditions of work. The consumers need the consumer representative at strategic points to particularize the general demand that decent wages and real purchasing power shall not be unjustly cut down by inferior goods and indecent prices. The public needs the consumer representative to be on guard against any possible combination of capital and labor to hold up the public. Industry and the public need the labor and consumer representatives to give the workers, who make the goods, and the consumers, who pay the bills, some voice with the trade association which control the industry. All need the labor and consumer points of view for a more balanced industry.

CONSUMER STUDIES FOR CODE REVISION

This assembly of code authorities, following a week of forthright criticisms and suggestions, is a significant event in the recovery program. The winds of criticism which have strongly blown in upon the N.R.A. will help, we trust, to clean out many wrongs, defects, and abuses and to bring in constructive improvement all along the line.

For the present work of code revision the Consumers' Advisory Board, of which Mrs. Mary H. Rumsey is chairman, and Mr. Dexter N. Keezer is Director and chief of staff, presents a number of consumer propositions for the consideration of the code authorities. By force of circumstances, I can speak with detachment of the work of the Advisory Board and the resident staff who have drawn much of their inspiration from the chairman of the Board. They knew that their work would be misunderstood, sometimes by labor representatives, often by business representatives, and all the time by the consumers in whose interests the staff members tirelessly and ably directed by Mr. Keezer worked long hours at small pay through days and nights of unrelieved public devotion.

The Consumers' Advisory Board, overnight in the midst of the great push to get people back to work, found back of them no organization of consumers with trained staff, information, and technics such as organized labor and more especially organized business had in all fields for the code making that was at hand. It takes time to develop information, technics, and a competent staff. An inquiry made for the Board indicated that there were 100,000 important commodities and that the Tariff Commission considered $25,000 as the cost of a study of the price of one commodity. With a modest budget, a limited personnel, and no pretensions, the Director, with the enthusiastic backing of the chairman and the Board, plunged into work in the wide and almost unoccupied fields of consumer interests, whether the consumers be housewives, grocery stores, wholesalers, factories, farmers, coal operators, oil producers, or what not in the wide range of consumer interests.

Meantime, codes were coming by scores and hundreds. Here came, for example, the oil code, reaching into almost every American home, and with it came the question, who knows about oil and at the same time would represent the consumer and public point of view? The chairman and director called upon Prof. George Stocking, of the University of Texas, who knows his oil. Day and night he worked to catch up with the job and emerged with studies and figures which showed that a price-fixing schedule proposed under the code would raise the annual consumer bill about a billion dollars more than the bill would have been had the spring prices continued to prevail while the wages had been increased not more than $100,000,000. That price-fixing schedule was abandoned with the backing of an important part of the industry.

On the basis of such studies and the experiences of the last 6 months, the Consumers' Advisory Board has presented for your consideration a summary statement prepared by Mr. Keezer, Mr. Corwin Edwards, and the Board as suggestions for the work of code revision. The new powers of the trade associations, the rise of prices out of proportion to wages, and the threat to real purchasing power make necessary in your present work of code revision a reconsideration of any provisions or factors which tend unjustly to pile up profits, where needed least, and to spread thin the purchasing power, where needed most. The Consumers' Advisory Board ask for drastic code revisions on the basis of the effects of open-price associations, price fixing, restriction of output, allocation of output, basing-point systems and other systems for market divisions, fixed-price differentials between classes of consumers, provisions for resale price maintenance, costs computed as average costs, defective cost-accounting systems, lack of informative labeling of goods, and lack of consumer representation on code authorities.

The inequality of the position of producer and consumer interests by reason of the momentum of history, business, and industrial organizations, law, information, and representation places upon the code authorities a moral imperative to consider the studies and recommendations of the Board.

Twelve propositions vital to consumer interests, set forth in the statement of the Board, were submitted and published as necessary to the economic strength and social balance of the N.R.A. The N.R.A. is necessary to the economic strength and the social balance of the United States. The United States is necessary to the economic strength and social balance of the world.

RECOVERY AND RECONSTRUCTION

If recovery means merely the recovery of the old false prosperity then recovery is but the prelude of a crash vaster and more terrible. The new deal means not less emphasis on machines but more emphasis on human beings, not less emphasis on production but more emphasis on distribution as a way of balance, and consumption as a way of life. With a fairer deal to the farmers, decent wages, hours and conditions for the workers, more security in the work and homes of the people, and a bit of leisure for the creative imagination and longings of the human spirit, what an economically productive, socially balanced, and spiritually beautiful America our people can plan to build in our time.

Ladies and gentlemen of the code authorities, your work of code making, revision, and administration is a basic part of the

work of the restoration and building of a happier America. In your hands is a great public trust. N.R.A., with all its faults and failures, is our American way of meeting the crisis of a world catastrophe that still involves our recovery and way of life. We cannot now run out on the N.R.A. without running out on America and the world.

THE AMERICAN WAY

There are other ways than this American way. South America resorts to revolution at almost every turn of the economic cycle. Continental Europe shows the way of dictatorships. Communism and fascism both have their appeals to the bewildered peoples in a world of social injustice, cataclysmic changes, and revolutions. Instead of regimenting marching armies of red shirts or black shirts, or brown shirts, the N.R.A. has been organizing work for men and women in blue overalls, or white collars, or white aprons in the unregimented lines of work and peace. With all her old and new subversions of democracy, America still stands for the freedom of the individual and the equality of opportunity of the people in a political democracy.

AMERICA IS CHOOSING

Within the framework of this political democracy, by reason of the convergence of the mighty forces of incorporated capital and harnessed power-engines, there arose new autocracies of corporate industrial power, kingdoms within themselves, which unconsciously and irresistibly encroached on the freedom and security of the individual in his working life and the equality of opportunity for millions of the people. A few hundred men, as revealed by the studies of Berle and Means, came to dominate half of the incorporated industrial wealth of America. By corporate finance and privilege, they controlled the billions of savings of hundreds of thousands of investors and, by the power-machine technology, they controlled the work and lives of millions of human beings.

America must choose either the corporate control and regimentation of its people in the interests of concentrated wealth or the public control and regulation of corporate industrialism in the interests of a larger freedom of the individual and equality of opportunity for all. There can be as much freedom, initiative, and daring enterprise in putting people back to work under the N.R.A. as there was before N.R.A. in exploiting human beings on the indecent terms of cutthroat competition, corporate or free. Freedom is certainly not less secure under the N.R.A. than it was in the old slums, sweatshops, mines, factories, mills, and the long night shifts of human beings subject to ceaseless and tyrannical machines.

Under the N.R.A. we still have some of the lords of economic might who acquired the attitude in their corporate feudalities that they are above the law. Feudal, royal, and corporate autocracies in historical and tragic succession denied the rights of the representatives of the people. Kings of England, in the seventeenth century, said they were, by divine right, above the law. They were deposed, and another king accepted the Bill of Rights as the collective bargain of the representatives of the people's own choosing. At a time of social crisis and impending national bankruptcy, the lords and notables of France were asked by leaders of the people to give up some of their customary unfair practices and feudal privileges. They refused. They were above the needs of the people. In a short time the revolution of violence and blood was on. Today the modern industrial and merchant prince should not, in his historic turn, fail to hear and understand the representatives of the workers' own choosing.

A year ago yesterday another leader of the people stood in the presence of social crisis and an impending national break-down. On all sides were desolate farms, prostrate industries, bankrupt towns, and counties. States staggered under the increasing social loads of the millions of unemployed. In late winter a great fear seized the people against which the banks could but collapse across the continent, and set in motion yet another economic spiral plunge downward. The cruel shadows of a wide despair fell across the homes of the people where children looked into the desperate faces of defeated men.

Came March the 4th. The President of the United States walked out from the Capitol steps upon a platform and stood in the center of a shaking world. He smiled. Out of his own victorious life, he spoke to the people those words whose tones of faith and courage still sustain the hopes of America for a fairer day for all people. Let us of this assembly, commissioned to carry on that hope, go back to that other March day and stand with him, as in the midst of a shattered world, he looked beyond the wreckage of the hour, and saw the America that is to come.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

REVIEW OF THE NEW DEAL

Mr. PATTERSON. Mr. President, a little more than 14 months in time has passed since the present administration assumed control of the Government. It seems to me it would be well to take partial stock and ascertain what progress, if any, has been made under extraordinary measures adopted.

Mr. President, no more pernicious and false doctrine was ever preached to any people than that it suits the necessities and purposes of our time to forget the past and disregard the lessons of history.

Upon the cumulative wisdom of the ages have been builded the fairest structures of national existence the world has known; and through disregard of the warnings of history have been wrought their distruction.

We disregarded the lessons of the past and the warnings of history when we embarked upon the thrilling adventure we were pleased to call the "new era" and which we thought spelled easy money. When the bubble burst, we were taken up into the mountain and shown what we are told is a new heaven and a new earth conceived of a new deal.

Over 3,000 years ago the author of Ecclesiastes wrote:

> Is there anything whereof it may be said, "See, this is new"?—there is no new thing under the sun.

We point to science and inventions and hold this statement false, forgetting that even they are based upon what went before. We eagerly accept what sounds pleasing as new if, perchance, we have not before known of its existence and neglect to turn the pages of history that we may profit from the experiences of the past ages.

If we doubt the statement of the author of Ecclesiastes, let us turn the pages of history back to the time of Diocletian, where we find not only the counterpart of the new deal but also the record of its result. Wehn in the year 285 A.D., Diocletian became head of the Roman state, it was at what was termed a "low tide" in its political affairs. The election cry was Novae Tabulae. A literal translation is "new accounts"; a liberal one today might be "new deal."

Diocletian believed that the time had come for society to be remodeled, and from his assumptoin of the reins of government we meet with the undisguised assertion that the will of the emperor, in whatever form expressed, is the sole fountain head of law. History records that while "the image of the ancient constitution was religiously preserved in the senate", its authority became moribund in consequence of a lack of defenders.

Let us follow the various steps in his Novae Tabulae—new accounts, new deal—as recorded by various writers. Lactantius, a contemporary of Diocletian, wrote:

> He was an inveterate organizer of governmental bodies. Many administrations and a multitude of inferior officers lay heavy on each territory and almost each city. There were also many conservators of different degrees, and deputy administrators.
>
> To this there was added an endless passion for building, and on that account there were endless exactions. Here he builded public halls, there a circus, here a mint, and there a factory for making weapons of war.

Larger military forces—the equivalent of our revenue service—were established to provide properly for his appointees and collect the larger revenues his economy demanded.

To make the task easier, he conceived the idea of debasement of the Roman currency; and whereas the aurei coined from a pound of gold were 50, Diocletian declared there should be 60, and later a successor fixed the number at 72, thereby reducing the content of the unit of value by more than 30 percent. A parallel coinage of silver was introduced which one historian—Finley—records as seemingly "to have been established at a ratio to gold of 14.27 to 1."

When currency manipulation failed to produce the desired results, Diocletian resorted to pegging prices for commodities.

Colonel Leake unearthed an inscription at Stratoniceia which might well have been written today. After insisting in its preamble with great vehemence upon the greed and inhumanity of merchants and money changers, it proceeds to fix prices throughout the empire for all the necessaries and commodities of life and to regulate the wages of laborers, artisans, and school teachers. One historian records the fact that during this period Diocletian devised a novel method of restricting the overproduction of grapes by decreeing the plowing up of one third of the vineyards of

Italy. The restrictions placed upon commercial freedom brought about a disturbance of the food supply. This brings to mind the wise observation of Thomas Jefferson, when he said:

Were we directed from Washington when to sow and when to reap, we should soon want for bread.

To quote another historian:

The bureaucratic system which Diocletian inaugurated failed altogether to remove the existing evils and aggravated others. The already overburdened financial resources of the Empire were strained still further by the increasing expenditures for building. The gigantic bureaucracy of the fourth century proved an intolerable waste in the end upon the energies of the Empire.

Lactantius further wrote:

So great were the deficits and so huge the taxes that there began to be fewer men who paid taxes than there were who received wages; so that, the means of the husbandmen being exhausted by enormous impositions, farms were abandoned, cultivated ground became woodland, and universal dismay prevailed.

In his Rise and Fall of the Roman Empire, Gibbon says:

From this period to the extinction of the Empire it would be easy to deduce an uninterrupted series of clamors and complaints.

Diocletian became more and more the dictator. He assumed the diadem, and access to him was rendered daily more difficult by various "scholae", as they called themselves, of domestic officials. Thus, it will be seen, even Diocletian had his "brain trust."

In 303 A.D. Diocletian held a triumph to celebrate a victory over the Persians, which Gibbon recounts as—

Remarkable for a distinction of a less honorable kind. It was the last triumph that Rome ever beheld. Ever after this period the emperors ceased to vanquish and Rome ceased to be the capital of the empire.

Diocletian abdicated in 320 A.D. In Rome today can be seen the ruins of his colossal public baths. And in the pages of history are written the record of his administrative blunders in a mistaken attempt to control by governmental edicts the uncontrollable forces of nature and the incorrigible virtues of individual human beings.

The period of civil war which followed and which led to Constantine's victory over the avaricious son-in-law of Diocletian, Galerius, and the moving of the Roman capital to Constantinople in 330 A.D., placed heavy tax burdens on all Romans.

Truly the new deal is an old deal. The confidence of the Roman people in their government was shaken. The credit of the government was impaired. Rome never recovered. The empire fell.

Mr. President, I do not expect the American Republic to fall. We will survive the present plague of mistaken remedies for our ills. The American people are awakening to the danger of the un-American program of this administration and soon will effectively stop its destructive course.

Cicero said that confidence and credit had done more to enrich nations than all of the mines of the world. This statement is as true today as it was when first uttered 2,000 years ago. I am one of those who firmly believe that recovery will only come from restored confidence in national economic forces and not through wild speculative and socialistic experiments that destroy confidence and bewilder and frighten the American people, whether they be investors or producers.

Since the 4th day of March 1933 we have traveled far upon what we were told were "new and untrod paths"—new in America but old in the history of the world. The administration has conducted many ancient experiments, most if not all of them failures, which will leave a legacy of debt for this and future generations. It has abandoned many of the old landmarks; it has treated the lessons of experience as worthless.

We have heard, from those high in official authority, doctrines that sound strange to American ears. Much of the legislation enacted into law has suggested every "ism" except Americanism. Many of the major proposals and acts have gone far beyond any power previously believed to be possessed by the Federal Government. It is becoming more apparent every day that we are directly headed for collectivism in government, with regimentation and regulation of finance, industry, agriculture, and commerce.

The administration is traveling fast into state socialism and is abandoning what we have been pleased to call the American system of individual initiative and effort which has been the greatest success in self-government the world has ever known. Under the pretense of meeting an emergency, Congress has delegated power vested in it by the Constitution to the Chief Executive at such a rapid rate that it will soon be denuded of power. In this connection, it is well to remember that while Congress may delegate powers belonging to it to another branch of the Government by a majority vote, it requires a two-thirds vote to regain such powers over a Presidential veto.

Mr. President, many of our people who still believe in the American system of government shuddered when they were told by the President, on January 3, 1934, that we were now engaged in building "on the ruins of the past a new structure." The utterance brought to patriotic American citizens with stunning force the realization that if President Roosevelt is to have his way, we have definitely scrapped the theories, the ideals, and the principles of the America of the past, and have turned to new and as yet untried theories of government, and are being plunged into a socialism different from any preached before.

The administration's program abandons the principles of democracy in favor of a system that partakes of the fascism of Italy, the communism of Russia, the ancient feudal system of England that was discarded 400 years ago, and the planned economy of Diocletian that resulted in such disaster to the Roman people. It is not a progressive program. It is reactionary. It turns the clock of progress back thousands of years. It is an assault on human liberty.

Patriotic people who believe in the American system of government, with its three coordinate and co-equal branches of government, each serving as a check upon the other, were further shocked at the declaration of the President in the same address to Congress, when in speaking of the constitutional relationship between the executive and legislative branches of the Government, he stated that—

The letter of the Constitution wisely declared a separation, but the impulse of common purpose declares a union.

Mr. President, there was little applause for these statements among patriotic American citizens. One does not cheer in a moment so solemn, nor when confronted with a future so serious. Patriotic citizens are not ready to concede that the America founded by our forefathers, and builded in a comparatively few years to the greatest nation in the world, has collapsed and crumbled. The Nation has known depressions before, some as serious as the present one, but the country each time has risen to new prosperity, without destroying the foundations of our Government.

THE PROMISE AND THE PERFORMANCE

Mr. President, the program followed by the administration has never been submitted to the American people. It has no mandate to follow the course it has pursued since coming into power. The program now being forced upon the American people was neither mentioned in the Democratic platform of 1932, nor did President Roosevelt while a candidate even intimate he believed in such a program. On the contrary, both candidate and platform advocated a course directly opposite to that now being followed. Except for the plank relating to the eighteenth amendment, not a single major pledge of the Democratic candidate or the Democratic platform of 1932 has been kept.

Let us review the record so far made, and compare the performance of this administration with its promises to the American people in 1932.

The Democratic platform asserted that—

A party platform is a covenant with the people, to be faithfully kept by the party when intrusted with power.

Mr. Roosevelt, in his speech of acceptance at Chicago, said:

I accept it 100 percent.

Perhaps the outstanding pledge of both the Democratic candidate and the platform was that relating to economy in government and reduction in governmental expenditures. From the Democratic platform I quote:

> We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.
>
> We favor maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues.

In connection with these planks, permit me to quote Mr. Roosevelt himself.

At Sioux City, Iowa, on September 29, 1932, he stated:

> On my part I ask you to assign to me the task of reducing the annual operating expenses of the National Government. * * * I accuse the present administration of being the greatest spending administration in peace times in all our history—one which has piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs of reduced earning power of the people. Bureaus and bureaucrats have been retained at the expense of the people.

On October 21, 1932, at St. Louis, Mo., Mr. Roosevelt stated:

> Rigid governmental economy shall be forced by a stern and unremitting administration policy of living within our income.

Mr. President, there is the promise from both platform and candidate. Let us look at the performance.

Immediately after his inauguration, President Roosevelt made what appeared to be a gesture toward an economy program. On March 10, 1933, he sent a message to Congress urging the passage of the so-called "Economy Act", stating that if given the power requested therein—

> There is reasonable prospect that within a year the income of the Government will be sufficient to cover the expenditures.

President Roosevelt was granted the authority requested, but the ink on that act was scarcely dry when he started a spending program never before equaled in this or any other country in peace time.

While this squandering was going on, the administration forces were regularly issuing Budget-balancing claims, and through tricky bookkeeping the administration was for the time being able to mislead the public. This situation, however, could not continue indefinitely; and when President Roosevelt sent his Budget message to Congress on January 4, 1934, he had to confess that instead of balancing the Federal Budget for the present fiscal year, as indicated in his Economy Act message, he expected that there would be a deficit of over $7,309,000,000. In this connection, permit me to say that although every other message President Roosevelt has sent to Congress can be had in pamphlet form for general distribution, his Budget message, admitting the failure of his Budget-balancing claims and predicting the greatest deficit in our peace-time history, has not been printed in pamphlet form.

President Roosevelt's prediction of a deficit of over $7,309,000,000 came as such a shock to the American people and caused such a tremendously unfavorable reaction that for the time being certain administration activities are being curtailed or delayed. As a result, the deficit for this year will likely be between four and five billions of dollars. While postponement or curtailment of any administration activities may reduce the deficit the President expected for the current year, this will only add to the size of the deficit in the coming year. So much for the Budget-balancing claims of this administration.

The Democratic Party in 1932 promised a reduction of not less than 25 percent in the cost of the Federal Government. That was the promise. Let us look at the performance.

On April 30, the deficit for this fiscal year had already reached $3,334,444,000, with indications it will amount to between four and five billions by June 30, the end of the present fiscal year. Up to that time governmental expenditures had reached $5,822,000,000, compared with $4,217,000,000 during a similar period of the previous year. This results in an increase under the present administration of $1,605,000,000 over the corresponding period of the previous year. Thus, instead of reducing the cost of government 25 percent as promised, this administration has increased its cost by over 38 percent, with expenditures steadily mounting. So much for the economy promises of the Roosevelt administration.

Let us now look at its public-debt record. In his campaign speech delivered in Albany, N.Y., on July 30, 1932, Mr. Roosevelt said: "Let us have the courage to stop borrowing to meet continuing deficits." What is the record in this connection?

When Mr. Roosevelt became President our public debt amounted to $21,362,000,000. By March 31, 1934, this debt had increased to $26,157,000,000, an increase of $4,795,000,000, or over 22 percent since Mr. Roosevelt became President.

In his Budget message of January 4, 1934, President Roosevelt estimated the public debt would reach the sum of $31,834,000,000 by the end of his second fiscal year. This would represent an increase of almost $10,500,000,000 since he became President. It would be $5,000,000,000 greater than our public debt at its peak during the previous Democratic administration. How does this compare with President Roosevelt's declaration, while a candidate, that we must stop borrowing to meet deficits?

There is the historical record. No administration in history has failed more miserably in carrying out its pledges than has the Roosevelt administration with reference to economy in government, balancing the Budget, or to end the increase in our public debt.

What has been the result of the administration's spending activities so far? Notwithstanding the expenditure of billions of the taxpayers' money on its various projects and schemes, we were told by Hon. Harry L. Hopkins, Federal Relief Administrator, on April 14 of this year that there were 4,700,000 families then on the public relief rolls, this being an increase of 100,000 families over the same period a year ago. At this rate how long will it take to restore the Nation to normal conditions?

Let me now refer to a few of the other major pledges this administration made to the American people during the 1932 campaign. The following plank on the tariff is taken from the Democratic platform of 1932:

> We condemn the Hawley-Smoot tariff law, the prohibitive rates of which have resulted in retaliatory action by more than 40 countries, created economic international hostility, destroyed international trade, driven our factories into foreign countries, robbed the farmer of the American markets, and increased the cost of production.

The foregoing is a severe indictment. If the leadership of the Democratic Party believed the statements in this plank, then they were in honor bound to take immediate steps to repeal this act and thus relieve the country from its alleged destructive effects. Although this administration has been in office 14 months, although it is in complete control of both branches of Congress, and in position to enact any legislation it desires, not a single step has been taken by Congress to repeal the Hawley-Smoot tariff law, which the Democratic Party declared in its platform was having such a destructive effect on our own country. This administration has not brought about a single decrease in a single schedule of the Hawley-Smoot Tariff Act which it so severely condemned, but a number of increases have been made.

The tariff plank in the Democratic platform of 1932 is similar to the statements regularly made by Democratic partisans on the tariff question. The action of the present Democratic Congress with reference to the existing tariff law indicates clearly the tariff plank was made only to deceive the people on election day. The Democratic Party condemned the Hawley-Smoot tariff law in the most severe language of which it is capable, but has not dared to repeal it. It has denounced its provisions, but has lacked the courage to correct them. It has charged it with ruining the country, yet has permitted the alleged ruinous act to continue.

Mr. President, there is another reference to the tariff in the Democratic platform of 1932. It reads as follows:

> We advocate a competitive tariff for revenue, with a fact-finding tariff commission free from Executive interference.

There is the promise. What about the performance?

There is now pending in the Senate a bill introduced at the instance of the President delegating to him authority to negotiate certain tariff treaties without submitting such treaties to the Senate for ratification, as is required by the Constitution. Under this act Congress would ratify any treaty under its provisions in advance without knowing its actual conditions, without review of the treaty by any tribunal, and without the right of appeal on the part of any industry affected. This act is entirely contrary to the plank in the Democratic platform I have just quoted.

Mr. President, the Democratic platform pledged "abolishing useless commissions and offices, consolidating departments and bureaus." Notwithstanding this pledge, President Roosevelt has added 37 new bureaus during the first year of his administration, and the end is not yet. And how about reducing the number of Government employees? When President Roosevelt came into office there were 563,487 Federal civil-service employees. On March 31 of this year, just 13 months later, there were 623,559 employees in the Federal civil service. This is an increase of 60,072 employees, or almost 11 percent, since Mr. Roosevelt became President. This is exclusive of the millions employed in the Civilian Conservation Corps, the Civil Works Administration, the Emergency Works Administration, and the Public Works Administration. The Roosevelt pledge to reduce bureaus and the number of Federal employees has worked in the same manner as the pledge to reduce the cost of government—in the opposite direction.

The Democratic platform advocated "strengthening and impartial enforcement of the antitrust laws." No measure has even been proposed by any administration spokesman to strengthen such laws in accordance with the Democratic platform pledge, but as a result of a so-called "National Industrial Recovery Act" the antitrust laws have been virtually suspended. This action has resulted in an unfair advantage to the large corporations. The small independent business man and industrialist has been placed at the mercy of the great monopolies and trusts. As evidence that this is not a partisan view, I quote from a statement made by Hon. Charles W. Bryan, Democratic Governor of the State of Nebraska, on October 19, 1933, who stated that as a result of the suspension of the antitrust laws under the Roosevelt administration "the people are now being plundered through collusion of organized business groups on a scale never heretofore dreamed of." Thus another pledge of this administration has been kept by ignoring it completely and acting entirely contrary to the party and platform promises.

Mr. President, both the Democratic candidate and the platform in 1932 declared in favor of "a sound currency to be preserved at all hazards." In his St. Louis address on October 21, 1932, Mr. Roosevelt spoke as follows:

> At the very top of the credit structure of the country, surpassing all other groups in moral and material importance, stand the obligations of the Federal Government. These are paramount. * * * When they go everything goes. Happily these obligations are secure.

Notwithstanding these solemn pledges, the sound financial policies that have been followed from the birth of the Nation have been abandoned in direct violation of the solemn pledge of the Democratic Party and its Presidential candidate. The American dollar has been debased. Forty percent of the gold belonging to the people has been confiscated and the administration has shamelessly boasted of a profit to the Government by the process amounting to over $2,810,000,000. The Government under the new deal has sold Government obligations upon the false representation that such obligations were payable in gold, and within 30 days thereafter Congress, at the behest of the President, enacted legislation repudiating the gold clause in such obligations, thereby changing the terms of the contract. By legislative enactment Congress has repudiated contracts, both public and private, and under this administration for the first time in our history we have sunk to the low level of a repudiating nation.

We have recently enacted a law to penalize other nations that have defaulted in their obligations to us, and yet under this administration for the first and only time in our history we have failed to fully honor the provisions of our own obligations, thus putting us in the same class as those nations we have stamped and penalized as defaulters.

Mr. President, the Democratic platform, which President Roosevelt approved 100 percent, contained this plank:

> The removal of Government from all fields of private enterprise, except where necessary to develop public works and natural resources in the common interest.

This solemn pledge has been flagrantly disregarded. Under the new deal the Government has injected itself into every line of private enterprise. There is no industry and no business in this country that has not felt the weight of the Government's interference.

Mr. President, the Democratic platform of 1932 contained the following plank relating to farm relief:

> We condemn the extravagance of the Farm Board, its disastrous action which made the Government a speculator in farm products, and the unsound policy of restricting agricultural production to domestic needs.

President Roosevelt in his farm speech delivered at Topeka, Kans., on September 14, 1932, made the following statement:

> When the futility of maintaining prices of wheat and cotton through the so-called "stabilizing process" became apparent, the President's Farm Board, of which the Secretary of Agriculture was a member, invented the cruel joke of advising farmers to allow 20 percent of their wheat lands to lie idle, to plow up every third row of cotton, and to shoot every tenth cow. Surely he knew this advice would not, and indeed could not, be followed. It was probably offered as the foundation of an alibi.

If ever a pledge of both party and candidate has been completely repudiated and reversed, it is the one made by President Roosevelt and his party on the subject of farm relief. Denouncing an alleged extravagance in previous years, this administration has squandered money, right and left, on agricultural ventures it not only failed to indicate it favored, but which it denounced and ridiculed during the 1932 campaign. Hundreds of millions of dollars have been spent by this administration to destroy and reduce crop production on the one hand, and additional hundreds of millions of dollars have been spent to increase crop production on the other hand. More money has been loaned by this administration on certain crops than the crops could have been sold for in the open market.

President Roosevelt while a candidate referred to an alleged scheme of "shooting every tenth cow" as a "cruel joke." As no one else ever made such proposal, the idea was evidently the product of President Roosevelt's own mind, and he thought so well of it that he put it into effect as soon as he became President. Under the guise of a relief measure 5,000,000 hogs were slaughtered by this administration; a large number of them being dumped into the Mississippi River, due to the lack of proper storage facilities, thus becoming a total loss—a useless squandering of public funds. This hog-killing venture may have been looked upon by this administration as a cruel joke, but not so by the taxpayer, who must pay the bill, for the pork actually realized thereunder cost on the average of 34 cents a pound, when the Government could have gone into the retail stores and purchased the same for less than one half that amount.

The policy of restricting agricultural products to domestic needs was denounced in the Democratic platform as unsound and by President Roosevelt as a cruel joke. But Mr. Roosevelt was no sooner inaugurated as President than he adopted the unsound and cruel joke as an administration policy and spent hundreds of millions of dollars of the taxpayers' money in a futile endeavor to restrict agricultural products to our domestic needs—the same policy that he and his party denounced in 1932. This scheme, like others undertaken under the new deal, has failed, and so the administration is now inaugurating a new policy of forc-

ing restriction of crop production under threat of confiscatory taxation and imprisonment for any farmer who may undertake to enjoy the full fruits of his toil.

THE NEW DEAL MOVES IN OPPOSITE DIRECTIONS

Mr. President, on farm relief we find the "new dealers" traveling in opposite directions. We find the Secretary of Agriculture spending hundreds of millions of the taxpayers' money to induce the farmer to take 41,000,000 acres out of cultivation so that consumption will equal farm production. On the other hand we find the Public Works Administrator approving an initial expenditure of $86,000,000 on new irrigation projects that will add approximately 1,600,000,000 acres of land to that already in cultivation.

The Federal Relief Administration is now inaugurating a program of placing 600,000 city dwellers on self-supporting farms. This will not only reduce the number of consumers for the products of those already engaged in the farming industry, but, more important, will increase the farm production which the administration is trying to decrease. The new-deal method of solving our farming problem is indeed a novel one.

CONGRESS ABDICATES ITS LEGISLATIVE POWER

Mr. President, the Seventy-third Congress has been marked for its surrender of legislative power reposed in it by the Constitution, and its delegation of that power to the executive branch of the Government, thereby breaking down the fine checks and balances in our system of government. The Emergency Banking Act conferred upon the President an extension of authority over banking and finance. Under it the President is given authority to regulate credit, currency, gold, silver, and foreign-exchange transactions. Under that act he ordered all gold and gold certificates belonging to the citizens to be surrendered to the United States Treasury. He placed an embargo on gold and fixed restrictions on the banking business of the Federal Reserve members. Under that and other acts delegating to him the power, he confiscated 40 percent of the gold belonging to the people. By the so-called "National Economy Act" the Congress delegated to the President the legislative power vested in Congress to remake the entire structure of veterans' benefits. Happily some of the injustices perpetrated under this act have been corrected by Congress.

Under the Agricultural Adjustment Act the Congress virtually made the Secretary of Agriculture a dictator for the agricultural interests of the country, with power to establish rules and regulations not only governing the American farmer but all those who process farm products. Under the provisions of this act he is given authority to license processors of farm products. He is empowered to suspend or revoke such licenses and to exclude any processor not licensed, under the penalty of $100 a day. He is authorized to fix prices for farm products equivalent to prices during the pre-war period from July 1909 to July 1914. Congress delegated to him the power to levy, assess, and collect a tax to be paid by the processor, to change the tax at will, and to rebate or refund taxes. He is empowered to levy, assess, and collect tariff duties upon imports into the United States, upon commodities within the United States that are subject to the processing tax. The duties so assessed are in addition to other duties imposed by law. This program has cost the American taxpayers and consumers hundreds of millions of dollars, and is detrimental to the interests of the farmer in the long run.

The administration and Congress sugar-coated the pill given to the farmer under the original Agricultural Adjustment Act by paying him money for not producing; but now that the administration has the farmer's foot in a hobble, it is threatening a reversal of the policy of paying him for not producing and for leaving his land idle by compelling him to do so by law.

The cotton compulsory control bill, passed by the Senate on March 29, 1934, is the first legislative act designed to bring coercion directly upon the farmer. It compels cotton reduction. In general terms, the bill attempts to place a definite limitation upon the volume of cotton that can be marketed. The limitation is fixed at 10,000,000 bales. Any excess above this amount is subject to a confiscatory tax. The 10,000,000-bales limit is distributed on the basis of past production as determined by ginning records. Should a farmer produce in excess of his quota, which he may do even with the best of intention, because of weather conditions, the tax will be imposed upon him should he attempt to market the cotton. What is proposed then is simply in effect to license every cotton raiser in the United States. He will be told by a Washington bureaucrat exactly how many bales he can raise. If he exceeds that amount it will be impossible for him to sell the product at a price that will cover expenses. If he attempts to sell his surplus production, he will be subject to a fine and imprisonment of 2 years in the penitentiary.

This is the opening wedge of the movement to control the farmer by force. If the philosophy of the bill is pursued to its logical conclusion, it will be followed by the same character of legislation to cover every commodity produced by agriculture. The chief result will be to gouge that portion of consumers who are still able to buy. We are traveling fast toward one of the possible goals suggested by the Secretary of Agriculture that will require the previously free and independent farmer to have a permit from a Washington bureaucrat for the cultivation of every 40-acre tract of land that he thought belonged to him.

The farmer will be unhappy, indeed, to learn that, instead of the Government paying him to allow his land to lie idle, in the future compulsory methods will be used. This measure will visit untold hardship and suffering upon the small share croppers. If the Government can tell the farmer what to plant, where to plant, how much to plant, where not to plant, then what becomes of private property? If this law is valid, then the Constitution is a dead letter. If this power can be exercised by the Government, then a bureau in Washington, by economic pressure, can compel the movement of people from one section of the country to another; they can "crack down" on them; they can pronounce economic death, not only on individuals, but on whole communities.

If the Federal Government can do the things provided in this measure, then, to use the vernacular into which General Johnson, one of our bureaucratic masters, lapsed a short while ago, "You ain't seen nothin' yet."

Under the provisions of the National Recovery Act, we placed the control and direction of private business of every kind and character under a Federal administrator. The theory of this act is that a bureaucracy in Washington is more capable of directing the private business of the country than are those who own the business and have had years of experience in it.

While some good has been accomplished by the administration of the act, such as the elimination of child labor and the sweatshops through the N.R.A. codes and the prevention of unfair trade practices, taken as a whole it is pernicious legislation.

It has resulted in monopolistic practices to the detriment of the small independent business and industry. It has enabled the large business and industry of the country to get together and gouge the consumer, as a result of the suspension of the antitrust laws. The diverse conditions of living in different sections of this country are such that it is impossible to formulate any code for business that will be just to all interests affected. This is true even of sections lying in close proximity to each other. The standards of living are so diverse, costs of living are so different in the various sections of the country, that it is impossible for any bureau in Washington to act intelligently and wisely in regard to the problems of each community. As a result of the National Recovery Act, the big industries, Nation-wide in their scope, have been able to indulge in monopolistic practices to the injury of the consuming public as well as the small business man and industrialist.

I have already stated that both the Agricultural Adjustment Act and the National Recovery Act are bad measures. Anything the farmer may have gained by the Agricultural Adjustment Act, he has lost in the higher prices caused by the operation of the National Recovery Act. The higher

wages brought about by the operation of the National Recovery Act are counterbalanced by the higher cost of living produced by the operations of the Agricultural Adjustment Act and of the National Recovery Act. The increased employment brought about by the codes is counterbalanced by decreased demands of consumers due to higher prices.

The plan cannot work, and it is retarding and delaying recovery. That this conclusion is correct is verified by the reports of the Agricultural Department, the bulletin of the Federal Reserve Board, and the public survey of the American Federation of Labor. The October 1933 Federal Reserve Bulletin states that the decline in industrial activity "has been marked in industries in which processing taxes or codes have been effective recently." The finding of the Reserve Board has been confirmed by the Survey of Current Business issued by the Department of Commerce, of which Secretary Roper, Chairman of the National Recovery Board, is the head. The November 1933 number of the Monthly Survey of Business issued by the American Federation of Labor states:

N.R.A. wages have not brought higher living standards to the average worker. A 6-percent increase in wages has been eaten up in an 8.5-percent increase in living costs, and the laborer finds his real monthly income in September actually below that of March 1933 by 2.3 percent.

The official Bulletin of the Agricultural Adjustment Administration on October 29 states:

The spread between the prices received by the farmer for his products and the price paid by the consumer has increased gradually but steadily since May of this year.

The whole program rests upon a fallacious foundation. It rests upon the presumption that a huge bureaucracy in Washington can direct and control agriculture, business, and industry better than can the people themselves. The administration, through its control of Congress, has set up a colossal bureaucracy in Washington, the magnitude and complexity of which bewilders the American people—a bureaucracy whose tentacles penetrate every nook and corner of the Republic, and the end is not yet. The legislative incubator is filled with measures reaching out for more power for bureaucracy.

The Food and Drug Act, now pending before Congress, would place the power of life and death over all those engaged in the food, drug, and cosmetic business in the hands of a bureau of the Department of Agriculture. A bill is pending in Congress providing for the establishment of control in Washington over all lines of communication, including the radio, the telegraph, and the telephone lines. If this bill shall be passed—and it apparently has the President's support—the fight made by the daily newspapers for a provision in their code guaranteeing the freedom of the press will have been in vain.

The pending stock exchange bill provides not merely for the supervision over stock exchanges but for Government supervision over virtually every incorporated business in the country, and directly and specifically over every concern whose stock is listed on any exchange and indirectly over every other concern whose stock is not listed. Again the administration is reaching out for further bureaucratic control over the organized business of the country.

SUPPOSE

Mr. President, one might ask what would have been the result on election day in 1932 if Mr. Roosevelt had told the American people that he favored and would put into effect the policies that have been inaugurated since he became President.

Suppose that Mr. Roosevelt had told the American people during the campaign of 1932 that, if elected, he would force through Congress a measure taking away from the veterans of our various wars hundreds of millions of dollars' compensation that they were then receiving.

Suppose he had told the American people that, if elected, he would force a measure through Congress reducing the salaries of all Government employees, while at the same time insisting that private industry should increase the salaries paid by them.

Suppose he had told the American people that, if elected, he would sponsor a measure repudiating the Nation's just obligations and thus, for the first time in our history, reduce us to the low level of a repudiating nation.

Suppose he had told the American people that, if elected, he would sponsor a measure nullifying clauses in public and private contracts previously entered into, thus robbing investors of their just dues.

Suppose he had told the American people that, if elected, he would sponsor a measure devaluing the dollar by 40 percent, thus permitting the Government to confiscate through legalized robbery and without recompense over $2,800,000,000 of other people's property.

Suppose he had told the American people that, if elected, he would sponsor a measure stamping any citizen as a criminal who refused to turn over to this administration certain moneys, rightfully and lawfully belonging to such citizen, and to accept in lieu thereof money of a greatly reduced value.

Suppose he had told them that, instead of keeping the pledge to reduce Government expenses not less than 25 percent, he would actually increase such expenses over 38 percent.

Suppose he had told the American people that, instead of balancing the Budget, the fiscal policies he would follow would result in a deficit of approximately five billions during the first fiscal year of his administration.

Suppose he had told the people that, if elected, he would violate the campaign pledge to keep Government expenditures within Government receipts by spending public moneys so lavishly and recklessly that during the first 2 years of his administration our public debt would be increased by $10,900,000,000, making an aggregate Federal debt of approximately $32,000,000,000—the greatest debt with which this Government has ever been burdened.

Suppose he had told the American people that, instead of abolishing bureaus, it was his purpose to create 37 new bureaus during the first year of his tenure, adding thousands upon thousands to the Government pay roll.

Suppose he had told the American people that, instead of keeping the campaign promise to reduce the number of Federal employees, he would add 60,072 in 13 months.

Suppose he had told the American people that, if elected, he would, in the face of the campaign pledge to uphold the antitrust laws, sponsor a measure suspending such laws and thus permitting organized big business to prey on the public and destroy its smaller competitors.

Suppose he had told the American people that, if elected, he would spend hundreds of millions of the taxpayers' money to destroy and reduce crops on the one hand, and then spend hundreds of millions more to increase the production of such crops.

Suppose he had told the American people in 1932 that, if elected, he would bring about a system of collectivism and regimentation of all agriculture and industry, to supplant the rugged individualism under which we advanced to the greatest nation in the world.

Suppose he had told the people that, instead of taking the Government out of business, he would advocate putting it into every business.

If he had told the people all of these things, what would have been the result?

WE CANNOT SQUANDER OURSELVES INTO PROSPERITY

Mr. President, there is no doubt that the vast governmental expenditures running into billions of dollars, which will remain as a legacy of debt for this and future generations to pay, have resulted temporarily in increased industrial and business activity in some lines, but they have brought no permanent recovery. The activities will cease when the Government stops shoveling money out of the National Treasury, and we will be in an infinitely worse condition than we were before. We cannot spend ourselves into prosperity, nor borrow ourselves out of debt. The further we travel on the road of loans and extravagance, the further we will be from the path that leads to prosperity.

The history of all the ages has demonstrated that to spend and continue to spend more than one's income leads to bankruptcy.

In the language of Mr. Roosevelt, "a family can spend more than it makes for a year or so, but to continue to do so leads to the poorhouse." This principle applies with the same unerring certainty to states and nations as to families and individuals.

THERE ARE NO SHORT CUTS OUT OF A DEPRESSION

There are no short cuts out of a depression. With nations as with individuals, the road is laborious and hard. It involves labor, self-denial, and self-sacrifice. It is the only honest way out. We are not going to come out of this depression until we shall have put our financial affairs in order. We may build up a false and temporary prosperity by continued extravagant spending and borrowing, but we are only putting off the evil day and inviting more disastrous results in the future.

THE DEMOCRATIC PROPOSAL WAS DIRECTLY OPPOSITE TO ITS PRESENT PROGRAM

Mr. President, no political party could have gained the ascendency in this country if it had frankly told the American people of the revolutionary program that is now being carried into effect. If the people had been told that a new structure was to be built, that collectiveism and regimentation were to supplant individualism, that a bureaucracy was to be set up to control every line of human endeavor, the result doubtless would have been very different. The present administration received its vote of confidence upon an entirely different program. The American people were assured that if the Democratic Party were given control of the Government, it would carry into effect:

First, "an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices * * * and eliminating extravagance";

Second, "maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues";

Third, "a sound currency to be preserved at all hazards";

Fourth, "a fact-finding tariff commission free from Executive interference";

Fifth, "strengthening and impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices * * * for the better protection of labor and the small producer and distributor";

Sixth, "the removal of Government from all fields of private enterprise."

There was no suggestion that there was to be a change in our form of government or that an attempt would be made to build a new structure upon the ruins of the old. Few people would have claimed during the last campaign that our Republic was in ruins. We were suffering from a great and world-wide depression. The people were anxious for relief. They voted for a change in administration, but they did not vote for a revolution—peaceful or otherwise. They had the right to assume that the Democratic Party, if intrusted with power, would make an honest effort to carry out the solemn pledges of the Democratic platform, which were approved 100 percent by Mr. Roosevelt. There was not the remotest suggestion that there would be any retreat from constitutional government in the event of Democratic success. There was no intimation of a dictatorship or the extension of bureaucracy. Never has an administration been so faithless to its campaign pledges.

WHAT IS THE REMEDY?

Mr. President, the more the program of the present administration is understood the more it is criticized and condemned by the American people. Not being able successfully to defend this program which violates all American traditions and is the most costly peace-time program known, the apologists for the administration resort to the cry, "What have you to offer?" They assert that no one is justified in presenting criticism unless in position to offer a cure for existing ills. This was the attitude of the President when he recently addressed an N.R.A. gathering in Washington, and it is being echoed everywhere by the abject administration followers. These followers persistently claim that the Roosevelt program is the only solution for present-day problems, and that should it fail there is no hope for real recovery.

I cannot subscribe to the doctrine that one must have a solution for a problem before he should oppose unsound and dangerous remedies. I do not believe one should be estopped from protesting the administering of poison to either the physical or political body because he may not have a cure for the existing ailment. I believe restoration can be had without the destruction of constitutional government, without sacrificing American ideals, and without creating the largest tax and debt burden known in our history.

The suggestion is a simple one. It is to return to those sound fundamentals of both business and government which have served us so well through practically all the years of our history, under which our Nation made its matchless progress, and under which our people as a whole enjoyed more of the comforts, necessities, and luxuries of life than any other people on the face of the globe. Under such policies business recovery was definitely underway in 1932, until the Democratic victory in that year stopped the upward trend and turned it the other way. Before presenting proof in support of this statement, let me briefly review conditions confronting the last administration.

While Democratic partisans endeavored to lay on the Hoover administration the blame for the depression which struck this country in 1929, any fair and informed person knows this charge was without merit. The depression was world-wide in scope, being almost wholly the aftermath of the World War, affecting nations in every part of the globe, irrespective of what form of government existed in such country. When I speak of the depression being the aftermath of the World War, I refer to that war out of which the Democratic Party promised to keep us during the campaign of 1916, but into which they plunged us when the campaign was over.

This furnishes one of the concrete examples of the irony of politics. President Wilson received a vote of confidence and the plaudits of the people because he kept us out of war. President Hoover was given a severe rebuke because of the depression brought upon the world by that war out of which Wilson did not keep us.

Not only did the Hoover administration have to contend with conditions created by the world-wide depression, an enemy from without, but it had to fight an equally dangerous enemy from within, namely, the Democratic National Committee, under the leadership of John J. Raskob. At an enormous expense this organization maintained a highly organized press bureau, whose sole purpose was to undermine and destroy every effort made by the Hoover administration to serve the Nation and to bring about business recovery. As authority for this statement, I quote from an article by Mr. Frank Kent, Washington correspondent for the Baltimore Sun, and published in Scribner's Magazine. Mr. Kent is among the foremost of Washington correspondents; and as he is rated as a Democrat, no charge of partisanship can be laid at his door.

Mr. Kent, in his article, points out that after the inauguration of President Hoover the Democratic National Committee established a press bureau in Washington to be maintained between campaigns, a policy that committee had not previously followed. One fourth of a million dollars was set aside for that purpose and a high-priced publicity agent placed in charge. Mr. Kent states that this bureau was "beyond question the most elaborate, expensive, efficient, and effective political-propaganda machine ever operated in the country by any party, organization, association, or league." This bureau, when finally uncovered, became known as the "smear and smut" division of the Democratic Party.

Mr. Kent, in his article, pointed out that the sole duty of the agent in charge of this bureau was to "smear" President Hoover and the Hoover administration. This was what he was there for, and all he was there for. The pub-

licity agent was to "minimize every Hoover asset and magnify all his liabilities." He was to "take Hoover's little mistakes and make them big." He was to "obscure every Hoover virtue and achievement and turn an exaggerated light on all his personal and political shortcomings."

Mr. Kent pointed out that while this propaganda bureau issued millions of words of publicity, there was not included a single commendatory word of the President of the United States. Mr. Kent further pointed out in his article that the "smear" bureau did not work under its own banner, but that its undermining material was largely issued under the names of various Members of the Senate and House of Representatives, thereby avoiding appearances of being campaign propaganda.

When the "smear and smut" bureau waged its incessant undermining campaign, it struck not only at the occupant of the White House, but at the well-being of our own country, at our own wage earners, at our own industry, and at our own general welfare. The persistent underhanded attacks on the Hoover administration, the continuous ridicule and belittling of its work, and the continued exaggeration of any unfavorable condition finally all but destroyed the confidence of the American people in their own Government and warped their own judgment. They were led to believe that only by a change of administration could betterment come. They looked at the alluring promise of the future rather than to the improvement then present.

But, Mr. President, notwithstanding the world-wide depression with which the last administration had to contend, notwithstanding the continuous sniping and guerilla warfare waged by the Democratic National Committee, our Nation was emerging from the depression and on the way to recovery when the Democratic victory in 1932 stopped that progress.

In support of this statement I shall refer, first, to the business index as published by The Annalist, a business magazine of recognized authority. This index shows that the depression reached bottom in July 1932. Following this, the months of August, September, and October each showed a business increase over the preceding month. But the month of November, in the early part of which occurred the Democratic victory, showed a decline. This decline continued each month thereafter until the month of April 1933, when, in anticipation of the N.R.A. codes going into effect, with their higher manufacturing costs, manufacturers produced heavily. This caused a temporary increase in business activity which continued until the month of July 1933. The expected increase in the demand for goods, however, failed to develop and to absorb the increased production. With the codes and their higher production costs generally coming into force, the business trend again turned downward.

What I desire to make clear, however, is that for the months preceding the election of 1932 the business index showed an upward trend which ended with the election of Mr. Roosevelt.

As a second point to prove that the country was on the way to business recovery in 1932, I refer to the columns of the daily newspapers. I have before me exactly 183 clippings taken from the St. Louis newspapers from August 16, 1932, to November 1932. They all tell the same story of increased employment, increased wages, increased pay rolls, and increased and revived business. I ask unanimous consent to have printed at the close of my remarks the newspaper clippings referred to.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Without objection, it is so ordered.

(The newspaper items referred to appear at the end of Mr. PATTERSON's remarks.)

Mr. PATTERSON. These news items come from practically every part of the United States, and include virtually every industry with the exception of agriculture. With the continued improvement in all other lines, however, agricultural recovery would naturally follow. If Associated Press and United Press news items can be accepted as reliable, the clippings before me present convincing and irrefutable support of the business index already quoted, to the effect that in the months preceding the 1932 election we were definitely on the road to recovery.

The third authority I offer in support of my claim that we were on the road to business recovery before the election of 1932 is none other than President Roosevelt. While a candidate for the Presidency he delivered an address in St. Louis, Mo., on October 31. In this address he not only admitted that business recovery was prevalent, but it was so much in evidence that he apparently deemed it necessary to offer an explanation. In his address, Mr. Roosevelt stated that there had been an "appreciable improvement and confidence in the past 3 months." He asserted this was not due to anything the Republican Party had done or had promised to do, but was due to—

> a growing confidence on the part of the people of this country that on November 8 there is but one thing to be expected, and that is the overwhelming election of the Democratic ticket.

The foregoing furnishes ample proof that business recovery was on its way and the depression was being overcome in the months preceding the 1932 election: First, the business index; second, the news items gathered by the great news agencies; and, third, the statement of the Democratic candidate for President. I respectfully submit the foregoing offers convincing proof that under the Hoover administration, by following safe and sane policies and avoiding any radical experiments, we were on the way to recovery.

What, then, has since happened, and what stands in the way of sound recovery today?

As pointed out, President Roosevelt while a candidate claimed that the business recovery previous to the election of 1932 was due to the fact that the American people hoped for and expected a Democratic victory. If President Roosevelt was correct in his reasoning then, when the hope of a Democratic victory became an accomplished fact the business improvement already under way should not only have continued but increased heavily in volume. If the mere hope for a Democratic victory could start a fair measure of business recovery in 1932, the overwhelming victory won by that party in that year should have had the effect by this time of wiping out the last vestige of business adversity.

But, Mr. President, what actually happened when the news went abroad that Mr. Roosevelt had been elected President, and with him an overwhelmingly Democratic Congress?

Instead of the business revival continuing and increasing in volume, it not only ceased its upward swing but started again on the downward grade. With the prospect of another Democratic administration at Washington, doubt and uncertainty in industry again reigned. With the sad recollections of the regular failures of such administrations in the past, with the well-known inability or lack of desire to keep their pledges to solve public problems, to balance our Budget, and the well-known aptitude of every Democratic administration to plunge the Nation deeply into debt, the American people saw the approach of another such administration with fear and misgivings. As a result, business conditions steadily grew from bad to worse. The nearer the inaugural date of the new administration approached, the worse became the business plight, and by the time the present administration was inaugurated it had reached such low depths that the first act of the incoming administration was to close every bank in the country—a step never before found necessary in the history of our Nation.

Compare the results following the huge Democratic victory in 1932, with the claim of President Roosevelt that business recovery previous to that election was due to the fact that the American people anticipated a Democratic victory in that year, and then draw your own conclusions. It would be interesting to have Mr. Roosevelt explain to the American people why a business recovery which he claimed was due to the hope for a Democratic victory ended when the hope for that victory became a reality.

To the question, "What have you to offer?" I answer, "Return to those sound fundamentals of business and government that have served us so well through practically all

the years of our history, and under which we were emerging from the depression before the election of 1932."

No greater impetus could be given to business than for the President to clean out the whole aggregation of "new dealers", "brain trusters", bullying Army sergeants, alphabetical soupiers, baloney dollarites, money jugglers, and evangelistic crack-pots, none of whom ever successfully conducted a business of their own but who now essay forth to take over the management of the entire business of the country, including industry, agriculture, finance, commerce, communications, and, if they can bring it about, even the public press.

Other nations have made more rapid advance toward recovery than we have made, without costly experiments, without changing their government or surrendering their liberty. If this administration had not indulged in one continual round of experimental legislation; if it had not trifled with the national credit and the national honor; if it had made an honest effort to balance the Budget; if it had sent forth the word that legislation would be based on sound principles, tested by experience, and that all who contributed to industry, whether in the field of finance or of labor, would be protected in the legitimate fruits of their toil; if it had proclaimed that not only would the American Government respect its own contracts but that, so far as lay within its power, it would compel all citizens to do likewise; if, instead of engaging in a wild orgy of spending and borrowing, it had practiced actual economy, and had refrained from engaging in experimental policies so disquieting to our people, we should now be on a sound road to recovery.

If the American people had been convinced that this administration would follow only safe and sound policies, the enterprise of the American people would have asserted itself; money would have sought investment; industry would have revived; labor would have been employed; the farmer would have found a profitable market for his products; and the improvement so evident before the election of 1932 would have continued.

But the administration listened to the voice of those who would destroy the integrity of our dollar; it listened to the views of those who set up the false claim that we did not have sufficient money to transact the Nation's business; and yet at that very time we had more money in circulation than we had during the World War—more money than we had during the boom days of 1929. There was ample money in the United States to take care of every legitimate need, with existing machinery to increase the supply, on our then sound basis, should the occasion demand.

What, then, was the difficulty? The trouble was due to a loss of confidence. Much of the money in circulation had gone into hiding and had ceased to work. Idle money, like an idle individual, does not contribute to the welfare or prosperity of any community. What was needed, then, was the restoration of that confidence, which would induce the return of the money then in hiding again to enter the channels of industry. The administration, instead of doing those things which would have inspired confidence, announced a program of wild experimental legislation, thereby destroying what remained of confidence.

We have had too much loose talk about the redistribution of wealth by means of taxation; too much talk about the redistribution of wealth by legislative enactment. There is only one honest way to transfer wealth and that is by labor and service performed. Wealth can be destroyed by legislation, but it cannot be created in that way. Wealth can be created only by honest sweat. Some back must bend; some brain must work. Any other system attempted, whether practiced by the Government or by the individual, is a racket and nothing less.

Let us return to those old fundamentals of honesty and square dealing, and let the Government itself set the example. Let us again declare that we regard our obligations as sacred and wipe out the disgraceful repudiation policy of the present administration. Let us stand for the inviolability of contracts, both public and private. Let us guarantee, as far as the Government can do so, to any citizen the legitimate results of his toil and his industry. Let us return to real economy in government. Let us stop the profligate waste of public funds and have our income match our outgo. Let us return to these things which are nothing more than common honesty, common decency, and common square dealing. When we do so, we will soon be on the road to business recovery and to a national prosperity under which the American people as a whole will enjoy more happiness, have more of the comforts, necessities, and luxuries of life than can be had under any other system yet devised by man.

Mr. President, for more than a year President Roosevelt has been developing policies under the plea of a national emergency which have become increasingly at variance with his campaign assurances as well as constitutional limitations. It is becoming more apparent every day that he is not engaged in a program of the recreation of a nation of freemen but is steering closer to a system of collectivism and regimentation of finance, commerce, industry, and agriculture, directed and controlled by a colossal bureaucracy. The legislation enacted, as well as that now on the administration's program, furnishes overwhelming evidence that it is the purpose of the administration to make permanent the change in the character of government we have known for 145 years.

Congress and the country were assured by the President that the departures were temporary in character and to meet an emergency only, but now we are boldly told that many of them are to be permanent. The movement is a real conflict between the two ancient enemies—individualism versus collectivism—which have contended for mastery through the centuries, and which have resulted in some of the most desperate struggles recorded in the pages of history.

It is not a new struggle. It has raged down the entire highway of progress. The English-speaking people fought for a thousand years and shed their blood to throw off the shackles of state control. Our forefathers fought, bled, and died to establish the principle that governments were created for men, and not men for governments; to establish the right to live and plan their own lives, and pursue their own happiness in their own way—in a word, for liberty. These changes are being wrought by the party in power without submitting to the American people for their decision the question whether they want such a change.

Mr. President, if President Roosevelt's program is right in principle, then we have been wrong for 145 years; every statesman, regardless of party affiliation, from the time of Washington to the present has been wrong. If the present program is right, then both the great political parties have been wrong throughout their history. If it is right, then the Democratic Party was wrong in its platform in 1932, and Mr. Roosevelt was wrong in all of his public utterances before he became President of the United States and took upon himself a solemn oath to preserve and defend the Constitution of the United States against all enemies, foreign and domestic.

Mr. President, we have had entirely too much loose talk on the part of those high in authority about relegating those who believe in a rugged individualism to the museum. At the birth of our independence we declared in plain words:

> We hold these truths to be self-evident, that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness. That to secure these rights governments are instituted among men, deriving their just powers from the consent of the governed.

By that statement we founded a government based upon individual effort and rugged individualism, as distinguished from collectivism and regimentation of men. We established a government of the people, by the people, and for the people. We established the principle that the Government was for the individual and not the individual for the Government.

What is rugged individualism? It is the right to plan and pursue one's life in one's own way so long as he does not intrude upon the rights of others. It is his right to work,

to toil, and to keep the fruits of his labor. It is nothing more than individual self-reliance, self-initiative, and self-help. It is synonymous with liberty. If individualism needs a defense, then that defense is best presented by the history of the United States, where it reached its greatest triumph and where it attained its greatest freedom.

I do not claim that our system is perfect. I do not contend that there have not been abuses. I do not maintain that all of the people have at all times been happy and prosperous under that system. But I do claim that during the greater part of our national existence there have been more happy, more prosperous people living under our flag than under any other flag in the entire history of the world. Under our system of constitutional government, with its fine guarantees of individual liberty, we have weathered many major business and industrial depressions and come out of each stronger, better, and more prosperous than before. It is my firm conviction that the ills from which we suffer today are caused, not by adhering to the time-honored principles upon which the Government rests but by a departure from those principles. Things will never be well in America until we get back to those simple purposes for which governments are established among men, until we get back to a government that devotes its energies to the protection of life, liberty, and the pursuit of happiness of its citizens. Most of our ills can be traced to the usurpation by the Government of the proper functions of its citizens. Our enormous and ever-increasing debts, our burdersome and ever-increasing taxation are largely occasioned by departures from the true purposes of government. When the Government gets back into the governing business and takes its hand out of every line of private enterprise, the cost of government will be in line with what people should pay for its protection.

Mr. President, I do not believe that the American people desire to exchange a government of the people, by the people, and for the people for a government by inquisition, by restriction, and by compulsion. While the American people have been patient as their individual rights have been invaded by the Government, they have been too long used to liberty to surrender them. Our liberty did not fall like manna from heaven, but came through years of sacrifice, suffering, bloodshed, and death. It is too precious to surrender without a struggle.

Mr. President, I am not an apologist for the Constitution. I believe in it. In my judgment, it is the greatest instrument of free government that ever emanated from the experience of man. We have had all of our prosperity under it, as well as this depression. The Constitution has not been repealed, but only disregarded and abandoned by those who have taken upon themselves a solemn oath to support and defend it.

Under the claim that an emergency exists, constitutional powers belonging to Congress have been delegated to the President, with the understanding at the time that it was for an emergency only. One after another of such powers have been given under this pretense, and now that the executive branch of the Government has them, the emergency pretense is audaciously abandoned with the avowed intention of making such delegations of power permanent.

I do not entertain the thought that the people have no right to modify or change their Constitution. It belongs to the people. It is their instrument of government, beyond which Congress has no right to go without their consent. They have a perfect right to change it in any respect or abandon it altogether. The people have the right to adopt any system of government they see fit to adopt—paternalistic, socialistic, communistic, or any system that suits them—providing they do it in accordance with the procedure prescribed by the Constitution. They have the right to repeal the Bill of Rights, with its fine guaranties of individual liberty. But I deny the right of Congress to abrogate it or any part of it by legislative enactment. I deny the right of the President to destroy it to meet an emergency. Let the people vote upon the question of whether they want to follow the professors into sovietism or facism or desire the maintenance of constitutional government with its guaranty of human liberty.

Let me say, before concluding, that no man is good enough and wise enough to exercise dictatorial powers over a free people. No man who believes in American institutions and reveres American traditions desires to exercise such powers.

In this day of unrest every liberty-loving citizen should ponder this passage from Daniel Webster's speech at the centennial anniversary of Washington's birth:

> Other misfortunes may be borne, or their effects overcome. If disastrous war should sweep our commerce from the ocean, another generation may renew it; if it exhaust our Treasury, future industry may replenish it; if it desolate and lay waste our fields, still, under a new cultivation, they will grow green again and ripen to future harvests. It were but a trifle even if the walls of yonder Capitol were to crumble, if its lofty pillars should fall, and its gorgeous decorations be all covered by the dust of the valley. All these might be rebuilt. But who shall reconstruct the fabric of demolished government? Who shall rear again the well-proportioned columns of constitutional liberty? Who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity? No; if these columns fall, they will be raised not again. Like the Coliseum and the Parthenon, they will be destined to a mournful, a melancholy immortality. Bitterer tears, however, will flow over them than were ever shed over the monuments of Roman or Grecian art, for they will be the remnants of a more glorious edifice than Greece or Rome ever saw, the edifice of constitutional American liberty.

---

183 NEWSPAPER CLIPPINGS FROM AUGUST 16, 1932, TO NOVEMBER 8, 1932, SHOWING CONCLUSIVELY THAT BUSINESS RECOVERY WAS DEFINITELY UNDER WAY BEFORE THE ELECTION OF 1932

MORE PLANTS REPORT INCREASE IN WAGES; OTHERS FEEL BOOM—OPTIMISTIC TRENDS NOTED IN MANY LINES OF INDUSTRY—COMMODITY PRICES OF NEARLY 1 PERCENT, PRODUCE RISES 4.75

WASHINGTON, August 16.—An increase of nearly 1 percent in the index number of wholesale commodity prices from June to July was reported today by the Labor Department.

Based on average 1926 prices, the index advanced to 64.5 in July, as compared with 63.9 in June. The farm-products group was outstanding, climbing upward 4¾ percent.

Among foods prices, increases were reported for butter, cheese, bananas, fresh and cured beef, lamb, mutton, fresh and cured pork, veal, beverages, copra, lard, raw and granulated sugar, tea, and vegetable oils.

CHARLOTTE, N.C., August 16.—At least three mills in the Carolinas have voluntarily increased wages and others are running full time or building additions to their plants.

The Durham Hosiery Mills have ordered a blanket increase of 10 percent in wages. Silk mills at Greensboro and Kernersville, with enough orders booked to run them until October 1, have increased wages from 10 to 12 percent.

In Rock Hill, S.C., six of the largest mills reported that 2,300 employees are working on a full night and day schedule. With orders enough to keep it busy on full time for 8 months, the High Shoals Cotton Mills at Lincolnton has reopened after running spasmodically for the last year.

Mills in the vicinity of Anderson, S.C., announced last week additional orders would enable them to operate full time for several months.

BRIGHT TEXTILE OUTLOOK

WARREN, MASS., August 16.—The outlook of the textile industries for this town is brighter than for many years. Ohio Carpet Co., West Warren, is soon to operate full capacity; Warren Woolen Co. is on day and night schedule, and Maryland Silk Mills is soon to add a night force.

FURNITURE PLANT BUSY

HAGERSTOWN, MD., August 16.—On the strength of new orders, the Statton Furniture Factory of Hagerstown has resumed its 10-hour working day after operating for several months on a part-time schedule.

Company officials said they expect to use a complete force of about 100 men to work within a week or 10 days.

LUMBER MILL REOPENS

EVERETT, WASH., August 16.—The Jamison lumber mill, closed for several months, opened here yesterday, giving employment to 85 men for one shift daily. The Jamison is the fourth mill to resume operations here in the past 60 days, approximately 700 men having been given work.

MILLS RESUME WORK

GAINESVILLE, GA., August 16.—Two textile mills, with weekly pay rolls of approximately $9,000, have resumed operation here. The mills have been shut down since June 9.

CEMENT WORKERS RECALLED

HAMMOND, IND., August 16.—The Universal Atlas Portland Cement Co. today recalled 100 men to work to fill an order for five barge loads of cement.

The Inland Steel Co. will raise its finished steel output by 5,000 tons this month, a large commercial gas plant is nearing completion, the five oil refineries are holding normal levels, and several other projects in the Calumet district are being constructed or are contemplated.

RECORD BEET CROP FORECAST

KIMBALL, NEBR., August 16.—Frank Kemp, State manager for the Great Western Sugar Co., forecast a sugar-beet crop for the State this year ranking with the best in Nebraska history.

TWELVE PAY ROLLS TO INCREASE

CLEVELAND, OHIO, August 16.—Twelve industrial plants announced pay rolls would be increased next week.

NEW ENGLAND IMPROVEMENTS

BOSTON, MASS., August 16.—The New England Council, in reports from commerce associations of six States, noted industry improved in the shoe, textile, watch, fiber board, stove, office-equipment, and hat trades.

IRON COMPANY SPEEDS UP

BLOOMSBURG, PA., August 16.—The Reading Iron Co. announced today it had recalled about 110 men to work and at the same time put the workers in the puddle mill on double shift.

The 18-inch rolling mill starts Wednesday and the 12-inch rolling mill on Thursday, officials said.

CLOCK FIRM REEMPLOYS 400

WATERBURY, CONN., August 17.—Four hundred employees of the Waterbury Clock Co. were called back to work this morning, bringing the total on the pay roll to 1,500. The management announced a new schedule by which all employees will work 5½ days a week instead of 2 or 3. Officers said they expected to add about 1,000 men to the pay roll within a month.

ST. JOSEPH, MO., August 17.—Seventy-five employees of the John S. Britain Dry Goods Co. have been recalled for the reopening of the company overall plant. The factory has been closed several weeks. Within a few days 25 more workers will be taken back.

MORE SIGNS OF PROGRESS IN BUSINESS RECOVERY

DETROIT.—The Chevrolet Motor Co. today reported a 10 percent increase in sales of trucks and other lines of new cars in the first 10 days of August, compared with the same period last month.

NEW YORK.—Rawhide futures values for the week ended August 19 showed gains on the New York Hide Exchange from 10 to 30 points on a moderately active market.

WASHINGTON.—The American Railways Association today announced an increase of 16,398 cars in loadings for the week ended August 13, compared with the previous week.

CHICAGO.—The United Airlines said use of air mail and express service was on the increase, a result of improved banking and security activities.

PORTLAND, OREG.—For the week ended August 13, current new business jumped 15 percent in western pine producing areas, compared with the previous week, the Western Pine Association said. Unfilled orders increased 1,765,000 feet.

ST. JOSEPH, MO.—The Chase Candy Co. has added 50 persons to its pay roll the last week and will add 50 more next Monday. The Douglas Candy Co. has increased its number of employees 25 percent. The Mueller-Keller Candy Co. also has added considerably to its number of employees.

CHANUTE, KANS.—The Ashgrove Lime & Portland Cement Co. today called 100 men back to work. The plant has been shut down since February.

---

175 REEMPLOYED BY FACTORY—SHIRT CORPORATION AT HAMMOND, IND., PLANS CAPACITY OPERATION

HAMMOND, IND., August 24.—The Hirsch Shirt Corporation has recalled 175 employees preparatory to capacity operations during the next 3 months or more.

HOLYOKE, MASS., August 24.—The Holyoke and Brattleboro, Vt., factories of the C. F. Church Manufacturing Co., subsidiary of the American Radiator & Standard Sanitary Corporation, have been placed on a full-time basis for several months on limited schedule.

MANY PLANTS REPORT INCREASED ORDERS—INDUSTRIES RECALLING EMPLOYEES TO SPEED UP PRODUCTION

NEW YORK, August 25.—Dow, Jones & Co. said today that orders booked by the American Writing Paper Co. in the first 20 days of August showed a 50 percent increase over those in the like period of July, amounting to 2,700,000 pounds against 1,800,000 pounds.

This big gain in August business, it was said, promised to put the company's operations on a profitable basis after operating at a loss for a year or more.

PLANT ON 24-HOUR SCHEDULE

ST. JOSEPH, MO., August 25.—The Aunt Jemima branch of the Quaker Oats Co. today went on a 24-hour basis of three shifts to maintain increased production. Orders have piled up to keep the mill operating day and night until January 1, officials of the company said.

CEMENT PLANT SPEEDS UP

INDEPENDENCE, KANS., August 25.—C. M. Carman, manager, announced today the Universal Atlas Cement plant here will begin operations in all departments September 1, furnishing employment to 110 men.

The company hopes to operate steadily until January 1 and perhaps throughout the winter.

---

200 EMPLOYEES RETURN

OREGON CITY, OREG., August 25.—Two hundred employees of the Oregon City Woolen Mills, idle since the plant was shut down early this year, returned to their jobs today. Others will return next week.

A. R. Jacobs, president of the company, said two divisions of the mill will be kept steadily at work manufacturing men's suits, overcoats, and topcoats.

BROWN SHOE CO. SPEEDS UP PRODUCTION

MOBERLY, MO., August 26.—The Brown Shoe Co. plant here has increased production from 4,500 pairs daily to 9,500, and has boosted its working force from 700 to 900, only 200 under the peak. Officials state that the outlook is for steady work at this rate at least until November. The factory is also now operating 5 days a week instead of 3½ days and 9-hour days instead of 8.

GENERAL ELECTRIC RECALLS 300

SCHENECTADY, N.Y., August 26.—The General Electric Co. has recalled 300 employees, who will augment the staff of its air-conditioning department, the company announced today. Operations in this department are on an increased scale because of larger orders, the company states.

TEXTILE HOUSES IN EAST SWAMPED WITH BUYING ORDERS

NEW YORK, August 26.—Sharp gains in cotton this week, coupled with price advances in other basic textile commodities, have caused the most wide-spread buying movement the textile industries have witnessed since the depression began swamping the selling houses with orders, a survey of these markets revealed today.

Commitments were so heavy numerous cotton and woolen mills were compelled to withdraw quotations on finished goods and place them on at-value basis.

TEXTILE MILLS CALL 1,350 WORKERS BACK—ORDERS RECEIVED END SHUTDOWN OF 2 MONTHS AT PLANTS

LYNCHBURG, VA., August 27.—After 2 months shutdown, sufficient orders have been received by the Consolidated Textile Corporation to presage steady full-time operation and 750 employees have been called back to work next Monday. At the company's plants in Burlington and Shelby, N.C., and at La Fayette, Ga., 600 more will resume work.

BEST SELLING WEEK SINCE 1929 REPORTED BY BROWN SHOE CO.—PRESIDENT JOHN A. BUSH OBSERVES GENERAL PICK-UP AMONG ST. LOUIS INDUSTRIES

John A. Bush, president of the Brown Shoe Co., said yesterday that production in the company's factories had been stepped up for the second time since May. The week closed yesterday was the best selling week since 1929, he said.

Attributing what he termed a general pick-up among St. Louis industries to improved agricultural conditions, Bush said the 3-way advance of wheat, cotton, and livestock promised general betterment.

Incoming buyers at the home plant of the Brown Shoe Co. here have been more numerous the last 3 weeks than for several years, he said. Reports from salesmen throughout the South and West bear similar indications of business activity.

MAJESTIC MANUFACTURING CO. TO WORK FULL TIME 5½ DAYS A WEEK

The Majestic Manufacturing Co., with general offices and three factories in St. Louis, yesterday announced that they will work

full time 5½ days each week for several months on account of large orders which they have recently received.

---

600 EMPLOYEES RECALLED

BRIDGEPORT, CONN., August 29.—McKesson & Robbins recalled 600 employees and increased operating hours from 3 to 5 days a week here.

PLANT CLOSED 2 YEARS, OPEN

PHILADELPHIA, PA., August 29.—Gotham Silk Hosiery Co. announced immediate opening of its plant here, providing employment for approximately 2,000. The plant has been closed for 2 years. Two other factories here, and others in Dover, Del., and New York City, will be reopened within 2 weeks.

UNIT SALES IMPROVE

AKRON, OHIO, August 29.—Unit sales of the General Tire and Rubber Co. for the first 6 months of 1932 were greater than for any previous like period in the history of the company, W. O'Neil, president of the company announced.

RUSH OF ORDERS AT AMERICAN STEEL CO. REOPENS BIG PLANT—BUSINESS IS BETTER THAN FOR YEAR—500 MEN EMPLOYED

The American Steel Co. opened its plant at Granite City yesterday to fill the largest amount of orders that it has had in over a year.

The plant has been running on a part-time schedule, and has only opened when enough orders were procured to keep the plant operating for 2 days. Formerly it required from 3 to 4 weeks to get enough orders to run 2 days. The present orders which are now being filled were procured in 3 weeks' time, and it will be necessary to operate the plant for 4 days to fill the orders. About 500 men have been employed.

ZINC COMPANY TO REOPEN MINES

WASHINGTON, August 29.—President Hoover today made public a telegram from the Illinois Zinc Co. saying that as a result of his recent business and industrial conference the concern was reopening its Hanover, N.Mex., mines to full capacity about September 15.

Signed by Leland E. Wemple, president of the company, the telegram said the mines had been closed for 18 months, but that with the reopening 300 men would be reemployed and added tonnage provided for railroads and business for other concerns.

B. & O. RECALLS 1,000 MEN

BALTIMORE, MD., August 29.—Return of 1,000 men Thursday to work in the main repair shops of the Baltimore & Ohio Railroad was announced today at the office of Charles W. Galloway, vice president in charge of operations.

Two thirds of the men will report at the Mount Clare shops in Baltimore and the remainder at the repair shops at Cumberland, Md., and Glenwood and Du Bois, Pa.

Most of the men were placed on a furlough August 16. The shopmen will continue on a 40-hour-week basis, 5 days a week.

FREIGHT TRAFFIC INCREASES

CHICAGO, ILL., August 29.—The Chicago; Milwaukee, St. Paul & Pacific Railroad reported freight traffic on its lines soared nearly 9 percent over the preceding week, cars handled numbering 22,939, a gain of 1,927.

TRUCK DEMAND IMPROVES

CHICAGO, ILL., August 29.—Dow, Jones & Co., business news publishers, said improved demand for motor trucks has brought an August upturn for the truck industry in advance of the normal September seasonal rise.

PLANS $1,000,000 AD EXPENDITURE—PAINT COMPANY ALSO TO SPEND LARGE SUM FOR MATERIAL

CHICAGO, ILL., August 31.—The Sherwin-Williams Paint Co. is preparing to launch a $1,000,000 advertising campaign, George A. Martin, president, announced. He said the firm would also expend several million dollars on raw materials.

ANOTHER BANK REOPENS

CHAMPAIGN, ILL., August 31.—With deposits of $1,990,919, the First National Bank here, a reorganization of the institution of the same name which closed last January, opened for business today.

WIRE COMPANY RECALLS 400 MEN

CLEVELAND, September 1.—Officials of the American Steel & Wire Co. today announced its Newburgh works, closed since July 1, will resume operations Tuesday. About 400 employees will be recalled.

BUSINESS GAINS IN SOUTH

BIRMINGHAM, ALA., September 1.—A stepped-up business tempo was reported today by wholesalers as a result of the upturn in cotton prices.

The Age-Herald said a survey showed a definite upward trend in virtually all lines of trade. Business increases were largely due to orders from rural merchants, the survey indicated.

TO RECALL 1,100 MEN

BELLAIRE, OHIO, September 1.—The Rail & River Coal Co. here announced today that it will recall about 1,100 men within 2 weeks when it resumes operations in its mine here. The company supplies several Canadian railways. Another mine, employing about 500 men, will be reopened later, officials reported.

INCREASED BUYING OF SHOES REPORTED—HAMILTON-BROWN SHIPMENTS FOR AUGUST SHOW DECIDED GAIN

Officials of the Hamilton-Brown Shoe Co. announced yesterday that the volume of orders received from retail merchants during the week ending last Saturday was the largest of any time during the year. As a result, the announcement stated, net shipments of the company for August will show a decided gain over the total shipped in August 1931.

A marked rise in orders for shoes in wholesale quantities has been reported by St. Louis shoe manufacturers, and there has been an increase in employment in a number of St. Louis factories. Better commodity prices, including the prices on hides, have influenced the situation, officials of shoe companies pointed out, and retail stocks are running low. These conditions are reflected in increased buying by retail merchants.

READING RAILROAD RECALLS 2,000 MEN TO ITS SHOPS

PHILADELPHIA, September 1.—More than 2,000 employees in the locomotive- and car-repair shops of the Reading Co. will resume work in September for a period of several months, it was announced yesterday by Charles H. Ewing, president of the railroad. President Ewing gave gradual improvement in business conditions, with the attendant necessity for the highest possible maintenance of equipment, as the reason for starting repairs on 3,800 cars and 78 locomotives. The expense involved amounts to more than $1,200,000, it was stated.

NEW YORK, September 1.—A 2,500,000 improvement program designated to increase employment has been approved by the Sinclair Refining Co., subsidiary of Consolidated Oil Corporation. The program is to be carried out at refineries in Argentine and at Coffeyville, Kans., East Chicago, Ill., Houston, Tex., and Marcus Hook, N.J.

---

475 EMPLOYEES RECALLED

NEW YORK, September 1.—Approximately 475 employees of the Delaware, Lackawanna & Western Railroad will resume work in the road's shops on September 6.

JEWEL TEA SALES

CHICAGO, ILL., September 1.—The Jewel Tea Co., Inc., today reported sales for the 4 weeks ending August 13 were $755,629.69, compared with $961,983.05 for the same period in 1931. Sales for the first 32 weeks of 1932 were $6,820,115.95, compared with $8,551,-221.91 for the same period last year.

GENERAL FOODS RECALLS 200

LE ROY, N.Y., September 1.—Two hundred men and women employees have been called back to work at the division plant of the General Foods Corporation here, its officials said today. For several months up to this week the plant has been open with a minimum number of employees. A night and a day shift have been arranged in order to speed up production.

SHOPS TO HAVE NORMAL FORCE

AURORA, ILL., September 1.—The Aurora shops of the Chicago, Burlington & Quincy Railroad, the city's largest single industry, reopened Tuesday with a normal pay roll. Five hundred and fifty men will return to work.

The shops have been operating with a decreased pay roll for the last 8 months.

PLANT TO RESUME TUESDAY

CLEVELAND, OHIO, September 1.—Officials of the American Steel & Wire Co. today announced its Newburgh Works, closed since July 1, will resume operations Tuesday. Approximately 400 employees will be recalled. Officials said new orders caused the company, a subsidiary of the United States Steel Corporation, to resume operations.

FORD MOTOR PLANT TO REOPEN SEPTEMBER 6—EMPLOYEES AT WORK TIME OF CLOSING TO BE RECALLED

DETROIT, MICH., September 2.—Officials of the Ford Motor Co. today announced that the plant, closed 3 weeks ago, would reopen September 6.

The officials added that only those employees who were working at the time of the shut-down are expected to return to work.

RAYON PLANTS BUSY

CLEVELAND, OHIO, September 2.—Orders pouring in so fast that inventories of goods were exhausted were reported today by Industrial Rayon Corporation. Plants in Cleveland and at Covington, Va., are operating at 100-percent capacity.

FIVE THOUSAND HOSIERY WORKERS ON JOB

PHILADELPHIA, PA., September 2.—Employment of about 5,000 idle hosiery workers over the country because of increases in business was predicted by Emil Rieve, president of the American Federation of Full-Fashioned Hosiery Workers.

SCRAP STEEL SOARS

YOUNGSTOWN, OHIO, September 2.—The price of steel scrap, increases in which generally are regarded as a better business indication, soared $1.50 a ton today, bringing no. 1 heavy melting steel to $10.50. Steel manufacturers use the old metal as primary raw material.

ICE CREAM ADVANCES

CHICAGO, ILL., September 2.—Ice cream manufacturers reported sales up 11 percent for August over July, the first sizable advance in more than a year.

SEVEN HUNDRED AND FIFTY EMPLOYEES RECALLED

PETERSBURG, VA., September 2.—American Supplies, Inc., tobacco stemmery today recalled 750 employees and announced operations for several months probably would be on a full-time basis.

COTTON BELT RECALLS 500

PINE BLUFF, ARK., September 5.—Five hundred employees of the locomotive department of the Cotton Belt Railroad shops here today were called back to work beginning next Wednesday. The department has been idle 2 months.

TEN-PERCENT WAGE INCREASE

WILMINGTON, N.C., September 6.—Ten-percent increase in wages, effective September 12 and affecting 296 men now working on a full-time schedule, was announced today by officials of the Spofford Mills, Inc., here.

SIX THOUSAND WORKERS RECALLED

TOLEDO, OHIO, September 6.—About 6,000 workers returned to work this morning in plants here which have been virtually closed for the past 2 or 3 weeks.

A force of 4,300 workers resumed their tasks in the Willys-Overland plant and additional hundreds returned to the Electric Auto-Lite Co. and to other smaller plants.

STEEL SCHEDULES ADVANCE

PITTSBURGH, PA., September 6.—The Carnegie Steel Co., leading subsidiary of the United States Steel Corporation in this district, today reported its output is 16 percent of capacity.

A week ago Carnegie mills began work at 11 percent and increased their schedules to 15 percent by the end of the week.

The National Steel Co. also reported a slight advance in operations.

BRICK PLANT RECALLS MEN

EAST LIVERPOOL, OHIO, September 6.—The Globe Brick Co. today recalled 100 men to full-time jobs at its Newell (W.Va.) plant, which has been idle 2 months.

INCREASES IN BUYING FROM RETAIL STORES REPORTED BY BANKERS—GROUP OF COUNTY FINANCIERS TELL OF IMPROVED CONDITIONS

Increased buying from retail stores on the part of the consuming public throughout the agricultural sections of the State was reported yesterday by a group of county bankers who met at Hotel Statler. The meeting was called by M. E. Holderness, vice president of the First National Bank and president of the Missouri Bankers' Association.

WILLYS FACTORY REOPENS; GIVES JOBS TO 4,300 MEN—HAMILTON (OHIO) FORD PLANT RESUMES OPERATIONS; OTHER BUSINESS IMPROVEMENTS

TOLEDO, OHIO, September 7.—The Willys-Overland plant reopened yesterday, giving work to 4,300 men.

RUSSELLVILLE, ARK., September 7.—More than 200 men went back to work yesterday in the Bernice anthracite coal mine near here, after a lay-off of nearly a year.

HAMILTON, OHIO, September 7.—After a month's shutdown, the Hamilton plant of the Ford Motor Co. resumed operations yesterday, recalling 1,110 men.

PITTSBURGH, PA., September 7.—The Carnegie Steel Co. reported yesterday it was operating at 16 percent of capacity, compared with 11 percent at the first of last week and 15 percent at the end of the week.

PASSAIC, N.J., September 7.—The Portsmann Woolen Co. announced yesterday it would inaugurate a 5-day work week in all its mills, starting next Monday.

EAST LIVERPOOL, OHIO, September 7.—The Globe Brick Co. yesterday recalled 100 men to full-time jobs at its Newell (W.Va.) plant, which has been idle 2 months.

TO ADD 1,000 EMPLOYEES

NEW YORK, September 8.—The Celanese Corporation of America today telegraphed Secretary of Commerce Chapin, Secretary of Labor Doak, and Governor Ritchie of Maryland that, due to an increased demand for celanese yarns and fabrics, approximately 1,000 additional employees had been put at full-time work at the company's Cumberland (Md.) plants.

"Many more will be added forthwith", the message asserted.

SHOE FACTORY RUSHED

MEXICO, MO., September 8.—The International Shoe Co. factory here has stepped up production until it is running at capacity in order to meet increased orders. It has employed 400 men, the largest number in several years.

SILK MILL TO EXPAND

CHARLOTTESVILLE, VA., September 8.—The new unit being planned for a silk mill here will increase capacity of the plant approximately 50 percent. Construction will begin soon.

$112,000,000 TO BE SPENT BY SOUTH

BALTIMORE, MD., September 8.—The South made arrangements last month to award construction contracts totaling $112,000,000, the highest monthly total since the building boom of 1929, a compilation of reports published today by the Manufacturers Record Daily Construction Bulletin shows.

Preliminary work has been done for award of these contracts, which cover construction of buildings, sewers, and highways in 16 southern States.

Contracts to be awarded include $51,094,000 for roads and bridges, $26,861,000 for city, county, and State projects, $4,074,000 for school buildings, and $4,810,000 for drainage projects.

The South is maintaining existing highway systems "on a scale never before practiced", the record says, "thereby assisting unemployment relief and for utilizing quantities of locally produced materials."

Farm and textile products are notable examples, the farm-products index advancing from 64 to 76.6 and the textile-products index advancing from 65.5 to 78.

LOWEST WEEK'S TOTAL OF BANK CLOSINGS SINCE LAST MARCH—12 FINANCIAL INSTITUTIONS HAVE SUSPENDED IN SEPTEMBER

NEW YORK, September 9.—The lowest weekly total since March in bank failures was reported today by the American Banker, which stated that 9 had suspended operations against 15 last week.

"It is significant", said the publication, "that March is the low month of the year for banking casualties, and that the first 2 weeks of that month had 29 suspensions as compared with 24 which have taken place the past 2 weeks. Twelve banks have suspended to date in September."

Bank closings for the year to date total 1,081, and there have 185 reopenings, 6 having recommenced in the past week.

LOUISVILLE & NASHVILLE RECALLS 500

LOUISVILLE, KY., September 9.—About 500 members of its car-repair force in Louisville and other points in the South will be put back to work immediately by the Louisville & Nashville Railroad. The announcement was made today by John M. Scott, secretary. He said increased business has been gradual and made necessary reemployment. If the improvement continues, he indicated, other workers will be reemployed.

THIRTY-TWO PERCENT SALES INCREASE

NEW YORK, September 9.—The Underwood-Elliott-Fisher Co. reported today that sales orders received for August showed a 32-percent increase over July. This includes both foreign and domestic business. In August 1931 the company's orders ran 17 percent below the preceding month. The company manufactures office machines and equipment.

SEVEN PLANTS TO RESUME

GOODMAN, MISS., September 9.—E. R. Berkley, manager of the Allen-Cooperage Stave Mills, announced today that on September 15 seven plants of the company will resume operations, employing a total of 350 men. The mills have been idle since May.

TEXTILE INDUSTRY GAINS

BOSTON, MASS., September 9.—The New England Council reported today brighter prospects for the textile industry in New England.

In Rochester, N.H., the Gonio Mfg. Co. has increased wages 10 percent.

A manufacturer of cotton textiles at Taunton has resumed operations after a 3 months' shutdown, and the Hub Hosiery Mills at Lowell have increased production from a 3- to a 5-day week.

The Woonsocket (R.I.) Chamber of Commerce reported to the council that business for the textile manufacturers in that city "is showing a marked improvement."

ALTON 700-PERCENT GAIN

CHICAGO, ILL., September 9.—A net operating income of more than 700 percent above that of July was reported today by the Alton Railroad for the month of August. The net was $54,161.

FARM-PRODUCT GAINS

CHICAGO, ILL., September 9.—Daniel Seltzer, president of the National Association of Farm Equipment Manufacturers, reported today upturns of from 16 to 75 percent in the prices of six major farm products recently give hope that farmers and the equipment manufacturers face "considerable improvement in the near future."

HEAVY PAPER ORDERS

GREEN BAY, WIS., September 9.—So heavy has been the inrush of orders on Green Bay paper mills during the last 30 days that some of them are actually behind, a survey today revealed. As a result, employment has been increased, stocks of finished goods greatly diminished, and a very optimistic feeling prevails.

PACKING PLANTS SPEED UP

OMAHA, NEBR., September 9.—The four big packing plants at South Omaha have added 450 men to their forces this week because of increased livestock receipts.

TREND OF BUSINESS DECIDEDLY UPWARD, ASSERTS R.F.C. HEAD—POMERENE SAYS REPORTS FROM ALL SECTIONS INDICATE CHANGE

WASHINGTON, September 10.—Atlee Pomerene, chairman of the Reconstruction Finance Corporation, said tonight that economic conditions apparently are improving and that "though at times they will be fluctuating, the trend is decidedly upward."

He spoke over the Columbia Broadcasting System.

"If we can credit the information that comes to the Reconstruction Finance Corporation from every section of the country", said an advance text made public by the R.F.C., "conditions are materially changing for the better. This improvement began in June."

CONTINENTAL CAN REPORT

NEW YORK, September 14.—Pay rolls of Continental Can Co., Inc., rose to the highest level of the year during August, when sales showed a substantial increase over July. During August the company employed 6,800 workers, with 200 employees being recalled at the Camden, N.J., plant and 291 at the two Chicago units.

AIR LINE PASSENGER GAIN 89 PERCENT—AUGUST CLAIMED AS RECORD FOR 30-DAY PERIOD

CHICAGO, ILL., September 12.—United Air Lines carried 11,888 passengers in August, an increase of 89 percent over August 1931, officials reported today. The company claimed the figure set a record for a 30-day period.

FIVE MINES OPERATING

TERRE HAUTE, IND., September 12.—Five mines hoisted coal under the new wage-scale agreement, which ended 5 months of idleness. More than 700 men were at work. Hundreds of additional workers were expected daily as mines were cleaned and inspected.

STREET-CAR REVENUE GAINS

SEATTLE, WASH., September 12.—Passenger revenue receipts of the Municipal Street Railway went up during August for the first time in months. They were $301,500, or $14,000 more than in July.

BETTER SMALL HOME DEMAND

CHICAGO, ILL., September 12.—The Indiana Limestone Co. reported quickening construction of small homes in the South and Southwest and that new construction in the country since January totaled $1,000,000,000.

REPORTS FLOOD OF UNFILLED ORDERS FOR COTTON CLOTH—TEXTILE ASSOCIATION SAYS MILLS COULD NOT MEET AUGUST DEMANDS

NEW YORK, September 12.—Further marked improvement in the country's cotton-textile industry was revealed today in figures issued by the Association of Cotton Textile Merchants.

Records were smashed during August, when sales of cotton cloth ran up a huge total of 510,531,000 yards, the largest monthly amount since comparative figures became available in January 1928.

Cotton mills were unable to turn out goods fast enough to keep up with the pace of the demand during August, and the month's sales, according to the association, were 282.4 percent of production, or 182.4 percent over the output.

As a result of the scramble by merchants to snap up all the cotton goods in sight, needing to replace stocks depleted by 3 years of business depression, a large backlog of unfilled orders developed.

EIGHT HUNDRED MEN RECALLED BY RUBBER COMPANY—5-DAY-WEEK SCHEDULE RESUMED BECAUSE OF BETTER BUSINESS

NEW YORK, September 13.—The Kleinert Rubber Co. has called 800 former employees back to work on a resumed 5-day-a-week schedule because of increased business.

THREE HUNDRED MINERS RETURN

NASHWAUK, MINN., September 13.—Three hundred former employees of the iron-ore mine of Butler Bros. have resumed work after a lay-off over the summer. Both a day and a night shift are to be operated for a month or 6 weeks. Mine officials said the increased operations have been undertaken as a relief measure and not because of increased business.

DEFINITE BETTERMENT SIGNS

HALIFAX, NOVA SCOTIA, September 13.—American, Canadian, and British representatives at the opening of the Seventh Annual Convention of the Canadian Chamber of Commerce agreed that the upturn in business has been reached and that there are definite signs for increased activities.

UPTURN IN ILLINOIS

CENTRALIA, ILL., September 13.—A survey of this southern Illinois area showed today a rapid upturn in general business since resumption of coal mining under a new wage scale a month ago. Merchants reported their stores of merchandise at the lowest point in months. Centralia business leaders estimated 1,000 persons here have been added to pay rolls of mines, factories, shops, and smaller industries.

ADD 100 EMPLOYEES

ST. PAUL, MINN., September 13.—Addition of 100 employees was announced by Griggs, Cooper & Co., food producers and wholesalers. Increased business was responsible.

RECORD ORDERS ON EIGHTIETH ANNIVERSARY—MEYER BROS. DRUG CO. FINDS INDICATIONS OF BETTERMENT

Observance yesterday of the eightieth anniversary of the Meyer Bros. Drug Co. was marked by the largest number of city orders ever recorded during a single day within the history of the house, Carl F. G. Meyer, president, stated last night.

While this instance of business activity could hardly be taken as a criterion of an economic upturn, Meyer explained, because of the anniversary activity, he expressed optimism concerning business in general.

"During the last 30 days", he said, "there has been a marked improvement in both the wholesale and retail drug business. I honestly believe things are on the mend."

BUSINESS IN AUGUST SHOWS SHARP UPTURN—ANNALIST'S INDEX OF ACTIVITY MAKES FIRST ADVANCE SINCE DECEMBER

NEW YORK, September 15.—The Annalist announced today that its index of business activity for August "shows an upturn for the first time since last December and the first advance of any magnitude since April 1931."

The preliminary index for last month is 54, against 51.7 for July and 73.5 for August 1931.

"A rise of 17.9 points in the adjusted index of cotton consumption", said the publication, "was the principal factor in the upturn. The adjusted indices of bituminous coal production and freight car loadings showed small increases, but all the other components of the index for which August figures or estimates are available declined. With the exception of the adjusted index of automobile production, which dropped to a new low record for the present depression, the declines were of comparatively small extent, so that the large increase in the adjusted index of cotton consumption easily turned the combined index upward."

TERMINAL FREIGHT INTERCHANGE GAINS; FIRST IN 3 YEARS—PRESIDENT MILLER REPORTS TRAFFIC INCREASE IN SEPTEMBER OVER AUGUST

Railroad freight-car interchanges by the Terminal Railroad Association are beginning to show an upturn after having declined steadily for 3 years, Henry Miller, president of the association, announced yesterday.

Interchanges for the first 2 weeks of September showed a gain of 970 cars over the first 2 weeks in August, despite the intervention of Labor Day holidays, which tended to hold traffic down.

The upturn has not been sharp nor prolonged enough for Miller to base a conclusion on it, but he was nevertheless greatly cheered by it.

The importance of the upswing as a barometer cannot be overestimated, since the moving of goods through the terminal here is the most reliable local index of business conditions. It is also a true measurement of the national business pulse, as the terminal handles interchanges for 28 connecting railroads whose aggregate mileage totals half that of the United States.

BOTH PAY ROLLS AND EMPLOYMENT BETTER, ILLINOIS CHECK SHOWS—BUSINESS BETTER IN AUGUST FOR 1,002 FACTORIES REPORTING

CHICAGO, ILL., September 17.—Both employment and the size of pay rolls are on the increase in Illinois.

A report released today by the division of statistics and research of the Illinois department of labor showed in a survey of 1,002 factories in the State that employment increased 2.3 percent in August compared with July and that pay rolls were boosted 6.8 percent over the previous month.

RETAIL TRADE BETTER, WHOLESALERS ACTIVE—TEXTILE INDUSTRY HOLDS LEAD IN INDUSTRIAL IMPROVEMENT

NEW YORK, September 17.—Higher levels of activity were reported in every one of the leading Federal Reserve centers last week.

MISSOURI PACIFIC NOTES BETTERMENT IN AUGUST TRAFFIC—FIRST MONTH IN YEAR SERVICE NOT WITHDRAWN BUT INCREASED

The Missouri Pacific Railroad Co. reported yesterday that August was the first month since the turn of the year 1932 in which it not only refrained from withdrawing any of its freight or passenger service, but moreover, replaced or inaugurated additional service, with the result of taking back 200 employees at an increase of $44,000 monthly in the pay roll. The increased service has to do entirely with freight movement.

It also was announced that traffic handled by the Missouri Pacific on Friday set a new record for the year, when revenue freight cars handled aggregated 3,699, while the previous 1932 record was 3,644 cars on January 9.

Friday's traffic also exceeded the business for any preceding day since November 20, 1931, when the road handled 3,768 cars.

EDITORS OF TRADE PAPERS REPORT BUSINESS BETTER—SLOW UPWARD MOVEMENT IN MANY LINES, WITH TEXTILES SETTING THE PACE

NEW YORK, September 19.—Business and industrial magazine editors throughout the country, reporting trade trends during the early part of this month to the Associated Business Papers, Inc., observed a slow upturn movement in many lines.

It was reported building contracts increased substantially, midsummer advances in cement prices were holding steady, car loadings showed a better than seasonal rise, credit was more readily available for railway improvements, and labor troubles showed a tendency to decrease.

MILL OPERATES DAY AND NIGHT

SPRINGFIELD, MO., September 19.—For the first time in 3 years the Meyer Milling Co. here is operating day and night to supply a strong demand for flour from wholesalers in the Southern States. The milling company's force has been increased a third.

TEN MORE MILLS START PRODUCING AT FARRELL WORKS—OPERATION LARGEST IN 2 YEARS ANNOUNCED BY OFFICIALS

SHARON, PA., September 19.—Thirty mills of the Farrell works of the American Sheet & Tin Plate Co. were operating today, the largest number operating in 2 years, company officials announced. Twenty mills previously had been running.

SHEET SALES GAIN

NEW YORK, September 19.—The Association of Flat Rolled Steel Manufacturers said sheet-steel sales in August were 66,132 tons, exceeding sales of the previous month by 9,000 tons.

LUMBER DEMAND UP

PORTLAND, OREG., September 19.—The National Lumber Manufacturers' Association reported lumber orders for the week ended September 10 at 627 mills totaled 166,562,000 feet, or 58 percent above production.

TO ADD 400 MEN

CHICAGO, ILL., September 19.—Max McGraw, president of the McGraw Electric Co., said his firm and its subsidiary, the Waters-Genter Co., were putting at least 400 men to work by October 1.

MISSOURI, KANSAS & TEXAS SEPTEMBER CARLOADINGS BIGGEST SINCE LAST NOVEMBER—PRESIDENT CAHILL STATES ADVERTISING WAS MATERIAL FACTOR IN GAIN

NEW YORK, September 20.—Carloadings of the Missouri, Kansas & Texas Railroad thus far in September show the biggest increase since last November, M. H. Cahill, president and chairman of the board, told directors today at their monthly meeting.

Loadings and receipts from connections for September average 1,242 cars daily, an improvement of 170 cars over the average for the same period last month and only 180 cars under the daily average for the same period last year. August also showed a substantial improvement.

EMPLOYMENT BETTER HERE, BUREAU FINDS—260 GIVEN JOBS IN WEEK AS DOMESTIC PLACES INCREASE

Employment conditions are on the upgrade here, according to indications received by the Citizens' Free Employment Bureau, which last week set a new high record in the number of persons placed in jobs.

GULF REFINING CO. TO SPEND $800,000—TO CONSTRUCT $300,000 TERMINAL AND $500,000 REFINERY

PITTSBURGH, PA., September 21.—The Gulf Refining Co. today announced a program for $800,000 worth of construction at Washington, D.C., and Staten Island. A $300,000 terminal and a $500,000 refinery comprise the projects.

SOUTH REPORTS GAINS

ATLANTA, GA., September 21.—Business leaders of Georgia, Louisiana, Mississippi, South Carolina, Virginia, and Arkansas today reported improvement in public sentiment. A survey indicated the South's fall-marketing season, an increase in public construction, upward trends in tobacco and cotton prices, and activity in the textile industry was responsible.

EMPLOYMENT INCREASE

CHICAGO, ILL., September 21.—R. G. Dun & Co. reported Illinois factories gained 2.3 percent in employment and 6.8 percent in pay rolls for August. A pick-up in retail clothing sales, mail-order trade, and the meat-packing industry was reported.

RIVER IMPROVEMENT

SIOUX CITY, IOWA, September 21.—Three hundred thousand dollars will be spent this fall on dikes and revetment work on the Missouri River here in the Government's program to make the river navigable, it was announced today by A. J. Schwartz, Chief Clerk of the War Department's Engineering Office.

SALARIES RAISED 20 PERCENT AT AJAX HOSIERY MILLS—INCREASE REPRESENTS AMOUNT OF PAY CUT YEAR AGO—KATY TRAFFIC GAINS

PHOENIXVILLE, PA., September 21.—A 20 percent increase in salaries for employees of the Ajax Hosiery Mills was announced today, due to a decided upturn in the company's business. The increase represents the amount salaries were reduced a year ago. At present the company is operating day-and-night shifts with 600 workers.

KATY TRAFFIC GAINS

NEW YORK, September 21.—Traffic on the Missouri, Kansas & Texas Railroad is showing a decided improvement this month, M. H. Cahill, president of the road, declared here yesterday.

"If September loadings continue at the present rate of increase", Cahill said, "the daily average will be the highest since last November; a definite sign that the downward tendency has been checked."

100 MEN REEMPLOYED BY MISSOURI PACIFIC IN SHOPS—INCREASE IN ADDITION TO 60 IN SOUTH AND 200 ON TRAINS

Increased traffic on the Missouri Pacific lines has made possible reemployment of 100 men in its car shops, President L. W. Baldwin announced last night. Points at which these men will be reemployed are Kansas City, Little Rock, Paragould, and Van Buren, Ark., and Osawatomie and Coffeyville, Kans. This will mean an additional expenditure of $30,000 a month, divided almost equally between labor and material, Baldwin said.

He, too, attributed the improvement to the wide-spread return of confidence, which has been reflected recently in various markets of the country.

BANK LOAN DEMANDS OF R.F.C. DECREASE—OFFICERS INTERPRET DROP AS INDICATION OF BETTER CONDITIONS

WASHINGTON, D.C., September 22.—A conspicuous drop in applications for loans by banks, insurance companies, and similar organizations since July 15 was interpreted at the Reconstruction Corporation offices today as indication of much improved bank conditions.

BANKERS AND INDUSTRIALISTS GET OPTIMISTIC REPORTS ON BUSINESS AND ECONOMIC RECOVERY—MORE CREDIT AND JOBS

CLEVELAND, OHIO, September 22.—Optimistic reports, bulwarked by an impressive array of statistics, came before the banking and industrial committee of the Fourth District Federal Reserve bank today as guideposts along the path of business and economic recovery.

Indices of major items in the economic and financial structure of the country showed a 3 months' advance over a range of 4 to 200 percent.

"These recoveries", declared Col. Leonard P. Ayres, economic adviser to the committee, "make definitely the end of the financial panic. That is over.

"The business depression is still with us. But the best evidence that the corner is being turned is the fall increases now being reported in many kinds of business. There was no fall increase in 1930 or 1931."

ST. LOUIS DEPARTMENT STORE SALES BETTER THAN SEASONAL GAIN—CHECKS CASHED CLOSER TO TOTAL THIS PERIOD LAST YEAR

Department store sales in St. Louis have increased more than seasonally during the past 2 weeks, the improvement being reported in nearly all lines.

The St. Louis Clearing House Association yesterday also disclosed the volume of funds cashed through checks at its member banks has been making a closer approach during the past week or 10 days to the corresponding period of 1931. The last 8 business days reported, which include checks cashed up to and including last Saturday, total $100,000,000, a decline of only 9 percent under the 8 corresponding days of 1931, whereas the decrease had ranged from 25 to 50 percent during the greater part of the summer.

Bank clearings have been making a relatively better showing also, although the comparison here is vitiated by virtue of the Franklin-American clearings being included last fall. This bank has since been merged with the First National Bank.

Approaches last year

The increase in department store sales yesterday was described by Leo C. Fuller, vice president of Stix, Baer & Fuller, as the most genuine approach to the previous year's volume he has yet observed.

"It may be due in part to the general return of confidence, which has been evident since midsummer, and in part to some real improvement in fundamental conditions", he said. "At any rate, there is no mistake about the fact people are buying more freely.

"The actual number of units sold are equal to, if not above, a year ago, and we are confident the volume in dollars and cents will be above the corresponding period of last year by late fall. The reason why the dollar volume is behind now, of course, is due to the lower prevailing prices."

CIGAR BUSINESS UP 100 PERCENT

QUINCY, FLA., September 22.—An announcement that August business increased 100 percent over the same month in 1931 was made by the Habana Florida Cigar Co. Officials said production is being speeded up and a night shift added.

MORE WORK AT FALL RIVER, MASS.

FALL RIVER, MASS., September 22.—The Kerr Thread Mill announced it has placed its 1,400 employees—formerly working on a 3- or 4-day basis—on full 6-day-week shifts.

NEW FREIGHT RECORD FOR 1932

NEW YORK, September 22.—The Chesapeake & Ohio Railroad, a leading Eastern coal carrier, reported freight traffic last week set a new record for 1932. Carloadings of 28,540 cars were reported as 9 percent better than the former high of the year last March.

CIGARETTE SALES GAIN IN JULY

CHICAGO, ILL., September 22.—The Internal Revenue Department released figures showing consumption of cigarettes showed a gain during July—the first advance in 16 months. Cigar and tobacco sales were reported about steady. There were 9,558,921,908 cigarettes sold in August, a gain of 38,743,310 over the same month in 1931, the Revenue Department said.

[From the Kansas City Star, 1932]

LABOR SAYS TREND IS UP—WAGES SHOULD BE INCREASED, FEDERATION BELIEVES—WITH SIGNS OF REAL BUSINESS IMPROVEMENT COMING IN, EMPLOYEES' PAY SHOULD NOT REMAIN AT SAME LEVEL, SURVEY NOTES

WASHINGTON, September 25, 1932.—The American Federation of Labor, in its monthly survey of business issued today, said: "Signs of real business improvement are coming in slowly."

The federation said the unemployment rise was checked in August but that 11,400,000 still are out of work.

Indications of business gains noted were improved production in textiles, shoes, and clothing; more activity in coal mines; increased carloadings; rising commodity prices; steel activity; and a slight increase in motor-car production.

[From the Kansas City Star, Sept. 28, 1932]

STEEL PLANT SPEEDS UP—KANSAS CITY FIRM HAS ADDED 80 MEN TO PAY ROLL—STRUCTURAL ORDERS THE LARGEST IN 8 OR 10 MONTHS—COMMERCIAL WORK COMING IN

With unfilled orders larger than at any time in the last 8 or 10 months, the Kansas City Structural Steel Co. has been able to provide work for 80 additional men since September 1.

Until recently most of the company's business has come from public works, such as bridges in connection with road construction. Commercial work now is beginning to come in, Mr. Fitch said.

BALTIMORE & OHIO INCREASES SHOP FORCE 1,800, EFFECTIVE OCTOBER 3—MEN TO WORK FOUR 7½-HOUR DAYS WEEKLY

BALTIMORE, MD., September 27.—A program for increasing the Baltimore & Ohio R.R. shop forces by approximately 1,800 men was announced today by C. W. Galloway, vice president in charge of operation and maintenance.

BUSINESS INCREASE REFLECTED IN HOTEL TRADE GAIN HERE—HOSTELRIES REPORT MORE SALES REPRESENTATIVES ARE COMING TO ST. LOUIS AND OPTIMISM IS FELT BY TRAVELING PUBLIC

If an increase in hotel business is a criterion of improved economic conditions, St. Louis and neighboring territory show indications of a better trade situation than has been apparent during the last year or more, it was learned yesterday from a canvass of some of the city's leading hostelries.

All managers reported an increase in business during the last 5 or 6 weeks. Part of the new volume was declared seasonal, but it was generally stated sales representatives of all types of industry have been coming to the city in greater numbers than have been noted in the last 6 months or year.

The majority of these salesmen have reported a slow but definite resuscitation of business. Managers universally remarked a feeling of optimism among their salesmen guests which was not in evidence last year. Conventions were said to be better attended than last year, due to less anxiety over immediate business changes.

EGG PRICES SOAR

CHICAGO, ILL., September 22.—A heavy rush of speculative buying carried egg prices higher on the Chicago Mercantile Exchange today. An advance of five eighths of a cent a dozen brought the October delivery to 23⅛ cents and the November to 23¾ cents, the highest levels reached in more than a year. The volume of trading was the heaviest since May 13, 1930, sales totaling 467 carloads, or 5,604,000 dozen.

Dwindling supplies in storage and higher prices of stocks and grains gave the market its upward impetus.

THIRTY-FOUR PERCENT GAIN IN SALES

NEW YORK, N.Y., September 28.—Sales of the L. C. Smith and Corona Typewriters, Inc., in August showed an increase of 34 percent over July, it was announced today by Huribut W. Smith, chairman of the executive committee.

"There is still a greater improvement in the volume of business for September, for sales to date are 25 percent above those in August", he added. "Our records show that this improvement concerns domestic sales almost entirely. There is an indication, however, that the foreign market also is improving."

Production at the company's plant has doubled in September and in August was three times July's output.

SHARP GAIN SHOWN IN PRODUCTION OF ELECTRICAL POWER—CONSIDERED ONE OF MOST RELIABLE BAROMETERS OF BUSINESS ACTIVITY

NEW YORK, September 28.—Production of electrical energy, one of the most reliable barometers of business activity, in the week ended September 24 showed a sharp gain over the preceding week. In the corresponding period of 1931 and 1930 production showed a decline from the preceding week.

Production in the past week was 1,490,863,000 kilowatt-hours, the highest since the week ended March 26, when output was 1,514,553,000 kilowatt-hours.

GAIN IN CAR LOADINGS

CHICAGO, September 28.—For the first time since 1925, September car loadings are exceeding those of August on the Burlington Railroad. It is estimated that the total loadings for this month will be 91,000 cars, a gain of 4,000 over August.

Officials of the International Harvester Co. have confirmed reports that contracts had been signed for approximately 1,000,000 yards of cotton duck, enough for a year's supply at present rate of use. The fabric is used to form aprons and belts on binders and combines for carrying sheaves of grain.

COAL SHIPMENTS INCREASE

WHITESBURG, KY., September 28.—Daily coal loadings reached a 12-month peak here Monday, when 741 cars were shipped on the Louisville & Nashville Railroad.

SLOAN REPORTS BETTER BUSINESS

WASHINGTON, September 28.—Alfred P. Sloan, president of the General Motors Corporation, reported an encouraging uplift in his end of the business last month, in the course of a White House conference yesterday.

"Our sales", Sloan declared, "show the first acceleration that has been noticed since the start of the depression, and it was sustained through the first 10 days of September."

TWENTY-FIVE PERCENT PAY-ROLL INCREASE

GRAND RAPIDS, MICH., September 28.—The pay rolls of the furniture industry have increased 25 percent during the last 2 months. Orders booked during August were 28 percent greater than in July.

IMPROVEMENT IN PHILADELPHIA

PHILADELPHIA, September 28.—The Philadelphia Chamber of Commerce today noted further improvement in manufacturing in this area. All hosiery mills and 75 percent of all clothing workers in the city were reported working.

SHARP BUSINESS GAIN NOTED BY EXPERTS—BRADSTREET SAYS TRADE IMPROVEMENTS ARE BEST OF YEAR

CHICAGO, ILL., September 28.—Bradstreet's today said: "Reports covering all line of trade and manufacturing are the best of the year."

The R. G. Dun & Co. report was less enthusiastic but emphasized the improvement in the wholesale field.

BANK CLOSINGS DECREASE

CHICAGO, ILL., September 28.—Rand McNally & Co. reports that, with 2 days remaining, bank closings for September show a decrease of 83 percent compared to September 1931. Six new and reopened banks bring the total for the year to 293, 9 more than for the same period in 1931.

ONE MILLION DOLLARS IN ORDERS

CHICAGO, ILL., September 28.—Charles G. Munn, president of the Reynolds Spring Co., announced today that the company now has more than $1,000,000 worth of orders on hand. He added that large-scale orders aggregating between $2,000,000 and $3,000,000 were pending, with prospects that a good portion would be closed within 30 days.

STORE TO INCREASE ADVERTISING 25 PERCENT—EXECUTIVE OF THE FAIR SAYS RETAIL TRADE IS DEFINITELY ON UPTURN

CHICAGO, ILL., September 29.—The Fair, large department store, will spend 25 percent more for advertising in October this year than it did in October last year, D. F. Kelly, president, said today, because retail trade is definitely and decidedly on the upward trend.

[From the St. Louis Star, 1932]

A. F. OF L. SEES MILLION JOBS IN R.F.C. PROJECTS—243 APPLICATIONS FOR SELF-LIQUIDATING CONSTRUCTION LOANS TOTALING $807,355,677 RECEIVED IN PAST 2 MONTHS—NEARLY EVERY STATE IN UNION REQUESTS FUNDS—$40,000,000 IS BIGGEST SUM GRANTED—BOARD FAVORS SMALL PROJECTS IN BELIEF THEY WILL PROVIDE MOST EMPLOYMENT

WASHINGTON, September 29.—The Reconstruction Finance Corporation has received 243 applications for self-liquidating construction loans totaling $807,355,677 during the past 2 months.

In most cases these loans are only supplementary to other sums that will be spent by the borrowers on the various projects. The estimated construction costs of these projects are approximately $4,000,000,000.

The undertakings would provide direct work for more than 1,000,000 men and women and 3,000,000 men indirectly for 1 year, according to American Federation of Labor statistics.

The requests for Federal aid come from practically every State in the Nation.

NEW YORK CENTRAL PLANS 4,000 REEMPLOYED

The New York Central Railroad, because of an improvement in traffic, today announced a tentative program of expanded operations in its car and locomotive shops beginning October 1. The plan calls for the employment of about 4,000 men.

RAIL TRAFFIC GAIN CREATES 15,000 JOBS—MOST OF WORKMEN TO BE RECALLED ARE FOR LOCOMOTIVE AND CAR REPAIRS—INCREASE FELT PRINCIPALLY IN NORTHWEST

NEW YORK, September 30.—Seasonal increases in railroad traffic on some lines and better than seasonal increases on others have resulted in improved earnings reports for the last 2 months and will produce jobs for at least 15,000 workmen before October 15, a survey showed today.

The Nation's freight traffic declined in the corresponding period of 1930 and 1931.

Most of the workmen to be recalled are locomotive and car repairmen, but in the Northwest there has been such an increase in traffic that many train crews are being added. In one district alone there the traffic is expected to be 300 percent more than for last year.

UTICA, N.Y., TEXTILE MILL INCREASES PAY ROLLS

UTICA, N.Y., September 30.—Pay rolls of the New York Mills Corporation, manufacturers of cotton goods, will be four times larger this month than they were in the summer, executives said today. About 2,000 persons are employed, and plants are working day and night.

ONE THOUSAND TO BE RECALLED

NEW YORK, September 29.—American Sheet & Tin Plate Co., a subsidiary of United States Steel Corporation, will resume operations Monday at the American Works, Elwood, Ind., an announcement here today said. More than 1,000 men who have been idle since last spring will get jobs.

FORTY-EIGHT-HOUR WEEK RESUMED IN RAILWAY SHOPS

BILLERICA, MASS., September 30.—George A. Silva, superintendent of the Boston & Maine car shops, said today a 48-hour weekly schedule of employment will be resumed next Monday, affecting 700 workers.

For several months employees have been on a stagger system, giving them only 11 days' employment each month.

STEEL PLANT REOPENS

PITTSBURGH, PA., October 2.—Officials of the A. M. Byers Co. tonight announced its steel plant at Ambridge will reopen Monday with a force of 500 men.

BUSINESS INCREASE IN ST. LOUIS AREA REPORTED BY RESERVE BANK; SHOE SALES UP 75 PERCENT IN MONTH—GAINS IN SOME LINES FOR AUGUST ARE MORE THAN SEASONAL, IT IS STATED—DECLINE IN BUILDING PERMITS

The trend of business activity in the Eighth Federal Reserve District during August was distinctly upward, according to the current monthly review of the Federal Reserve Bank of St. Louis, issued today. Last month's review, covering July, reported business at the lowest ebb reached in the depression.

CAR LOADINGS GAIN 8,444 IN WEEK TO SET YEAR'S RECORD—REVENUE FREIGHT TOTALS 595,746 FOR 7 DAYS ENDING SEPTEMBER 25, 1932

WASHINGTON, October 1.—Car loadings of revenue freight for the week ended September 25 established a new record for the year with a total of 595,746, an increase of 8,444 cars over the preceding week, the car-service division of the American Railway Association announced today.

The figure was 142,290 cars under the same week last year and 354,917 cars under the corresponding week in 1930.

TOY INDUSTRY HIRES 25,000

NEW YORK, October 1.—Twenty-five thousand additional workers have been taken on by the toy industry as a result of a September rush of orders, the Toy Association announced today.

Fewer banks were closed during September than in any month this year except March, the American Banker reported, with a September total of 56 suspensions. In March there were 55.

Business throughout the country, insofar as reflected in telegraph and cable receipts of the Postal Telegraph & Cable Co. has shown consistent upward trend in the last 11 weeks, officials said.

HAMILTON-BROWN CONTINUES RECENT GAINS

Hamilton-Brown Shoe Co. reported September shipments showed a larger gain over the corresponding month of 1931 than did its August shipments. Orders received so far, it was stated, indicated the early part of October, at least, will exceed the corresponding period of 1931 also.

This company recently reported a substantial gain in employment and pay roll over August and September of 1931.

CHILD LEADS PRAYER AS FACTORY REOPENS

CONNELLSVILLE, PA., October 2.—Husky workmen knelt while a child led them in a prayer of thanksgiving before she applied the torch which renews operations at a Dunbar glass plant here.

With bowed heads they followed the words lisped by Lulu Mancini, 12:

"We thank God for His goodness in presenting such a means of relief, and we pray Him to cause continuance of orders which will provide long production."

Then she applied the flame to one of the large tanks.

Dunbar has been hard hit, but the mill of the Pennsylvania Wire Glass Co. will resume October 17 and 150 men will have jobs.

WEEKLY PAY ROLLS IN ARKANSAS SHOW MARKED INCREASE—AUTO DEALERS, GRAIN MILLS, AND GLASS FACTORIES REPORT IMPROVEMENT

LITTLE ROCK, ARK., October 3.—The largest increase in total weekly pay rolls of Arkansas industries since 1930 was shown during September, according to figures compiled by the State labor department.

Compared with September of last year, the average weekly pay check showed an increase of $3.

Improvement was shown by automobile dealers, confectioneries, cotton compresses, grain mills, glass factories, lumber mills, petroleum products, and retail trade. Another upward improvement, although not shown in the labor department report, was in coal mines, which recently reopened.

MISSOURI PACIFIC TREND UPWARD

Revenue freight traffic handled by Missouri Pacific during September established a new high record for 1932, and was greater than any month since November 1931; 64,568 cars were loaded locally and 29,077 received from connections, a total of 93,665. This is an increase over August of 9,333 in local loadings and 2,343 in receipts from connections, a total increase of 11,681 cars, notwithstanding there were 2 less loading days in September than in the previous month.

The trend of Missouri Pacific traffic is indicated by the fact that September shows an increase over August of over 14 percent, while in September last year there was a decrease of nearly 10 percent, compared with the previous month.

TIN-PLATE PLANT REOPENS

PITTSBURGH, October 3.—The Creighton plant of the Pittsburgh Plate Glass Co. reopened today, giving employment to approximately 1,000 men and women. H. S. Wherrett, president, said $350,000 has been made available for plant improvements and deferred maintenance.

BUSINESS IMPROVING, CHARLES SKOURAS SAYS—SAYS THEATERS WILL SEE PROSPERITY IN 6 WEEKS WITH PRESENT TREND

LOS ANGELES, CALIF., October 5.—Charles P. Skouras, operator of one of the world's largest chain of theaters, said today there has been "an increase" in theater attendance in the last 6 weeks.

"With another 6 months, if business continues to gain at the present rate, the theater business will again enjoy prosperity", he said. "When people forget their fears and worries, they seek entertainment and amusement, and the theater business has picked up remarkably well."

BANK DEPOSITS GAIN FIRST TIME SINCE 1930—WALL STREET IMPROVEMENT DUE TO RETURN OF FRIGHTENED CURRENCY

NEW YORK, October 7.—The current crop of condition statements of leading Wall Street banks, which have correspondents in every large city of the country, are showing, with scarcely an exception, a gain in deposits.

Not since June 30, 1930, when deposits reached their peak levels in most banks, had the down trend been broken until the present. The statements which are now appearing cover the quarter ended September 30. They show that the banks have further strengthened their liquid condition. Moreover, the gains in deposits have resulted not from an expansion of loans, because there has not been any material change in these, but from what one banker described as "the return of frightened currency now that people are regaining their courage and confidence."

CLOTHING COMPANY TO RAISE WAGES 5 PERCENT—J. GREENSPOON ALSO TO AUGMENT FORCE DUE TO INCREASE IN BUSINESS

The Greenspoon Clothing Co., manufacturers of topcoats and overcoats, 1136 Washington Avenue, will increase wages 5 percent in the pay roll of October 10, and meanwhile will add about 10 persons to its staff, it was announced yesterday by J. Greenspoon, president.

The firm's September business, Greenspoon said, was approximately 25 percent in excess of that of the corresponding month a year ago.

TWENTY SIX THOUSAND THREE HUNDRED TWENTY-NINE INCREASE IN CAR LOADINGS, RECORD FOR 1932—FIGURE FOR WEEK ENDED OCTOBER 1 IS 622,075—THIRD CONSECUTIVE WEEKLY GAIN

WASHINGTON, D.C., October 8.—Revenue railroad freight loadings for the week ended October 1 established a new record for the year with a total of 622,075 cars, the car-service division of the American Railway Association reported today.

The figure represented an increase of 26,329 cars over the preceding week and was the third consecutive week to show a new record for the year. The figure was 155,637 cars under the corresponding week in 1931, and 349,180 cars under the corresponding week in 1930.

COTTON MILLS RECALL 50,000

NEW YORK, October 8.—At least 50,000 mill hands have been recalled to work by cotton-goods manufacturers on account of greater than seasonal activity in textile production, a report by Frazier Jelke & Co., said.

WORK FOR 2,000 PERSONS

FLINT, MICH., October 8.—Approximately 2,000 employees of the AC Spark Plug Co., division of General Motors, are being returned to their jobs.

TWO THOUSAND GET SUGAR-BEET JOBS

SCOTTSBLUFF, NEBR., October 8.—Two thousand men were put to work by the six North Platte Valley sugar-beet refineries, which opened for a 70-day period.

COLLIERIES REEMPLOY MEN

WEST SHENANDOAH, PA., October 8.—Nine hundred anthracite workers have been reemployed by the local colliery of the Philadelphia & Reading Coal & Iron Co. Earlier this week 1,300 went back to work at the Bast & Gilbertson collieries.

SEPTEMBER UPTURN IN STEEL EXCEEDED ALL EXPECTATIONS—INDICATIONS POINT TO SUBSTANTIAL GAINS DURING OCTOBER

CLEVELAND, OHIO, October 9.—Improvement in the steel industry exceeded all expectations in September and there are indications October also will record substantial gains, said Steel today.

NEW YORK FACTORY JOBS INCREASE 6.5 PERCENT

NEW YORK, October 10.—A distinct improvement in factory employment in New York State was reported today by State Industrial Commissioner Frances Perkins.

Her figures showed about 40,000 factory workers, or 6.5 percent, in the State were reemployed between August 15 and September 15.

The report, based on information provided by 1,571 industrial establishments, is the first to indicate an improvement in factory employment since September of last year. Factory pay rolls increased 9.3 percent in the month.

BUSINESS FAILURES DECREASE

Business failures in September dropped nearly 20 percent from August to the lowest number in more than a year, Bradstreet reports. Also, it was the first time in nearly a year that the number of failures was less than in the corresponding month a year ago. The total number of insolvencies was 1,262, compared with 1,645 in August and 1,347 in September 1931.

SEVEN HUNDRED AND FIFTY MEN RECALLED

PHILADELPHIA, PA., October 14.—The Philadelphia & Reading Coal & Iron Co. today ordered Alaska colliery, employing 750 men, to resume operations tomorrow morning.

Officials said because the company's central breakers at Locust Summit and St. Nicholas had reached peak production, orders had been issued to resume operations at the following mines: Bast, Reliance, Shenandoah City, West Shenandoah, and Gilberton. More than 4,500 anthracite workers resumed employment at these collieries.

BETTER THAN SEASONAL PICK-UP IN BUSINESS REPORTED LAST WEEK—FACTORY STEP-UP BRINGS EMPLOYMENT INCREASE IN SEVERAL LINES

NEW YORK, October 15.—A slightly better than seasonal improvement in business conditions occurred in most sections of the United States last week, with buying of clothing and articles for the home showing increased retail activity and stepping up factory operations and employment in many lines, denoting further gains in manufacturing, according to reports from all sections to the New York Times.

Textile, leather, building materials, ceramics, metal products, and wood-working industries showed the principal advances, reflecting the fundamental character of the recovery so far established.

AMERICAN RADIATOR PLANT TO START

The American Radiator Co will resume operations at its largest plant, at Bayonne, N.J., next Monday, giving employment to between 1,000 and 1,500 men, it was announced today. The plant has been idle for several months.

REHIRING 1,200 EMPLOYEES

DETROIT, MICH., October 19.—C. David Widman, secretary and treasurer of the Murray Corporation of America, manufacturers of automobile bodies, announced today that the company this week is rehiring 1,200 employees, mostly toolmakers, and increasing its pay roll about $50,000 a week in preparation for the production of 1933 models by automobile factories.

"As soon as the preliminary details are completed, which means perhaps several months, we expect to be entering direct production", Widman said. "How many more employees that will mean, of course, is still uncertain."

GLASS PLANT TO REOPEN

CHARLEROI, PA., October 19.—N. L. Niece, superintendent of the Belle Vernon plant of the American Window Glass Co., announced today that the plant will reopen Monday, giving employment to 350 men. The works have been idle 8 months.

SPINDLES IN SEPTEMBER OPERATE AT 94.6-PERCENT CAPACITY

WASHINGTON, October 20.—The cotton spinning industry was reported today by the Census Bureau to have operated during September at 94.6-percent capacity, on a single-shift basis, compared with 72.4 in August this year and 88.1 percent in September last year.

Spinning spindles in place September 30 totaled 31,545,832, of which 23,883,948 were active at some time during the month, with the average on a single-shift basis being 29,856,205, compared with 31,643,898, 22,022,490, and 22,896,024 in August this year and 32,586,880, 25,236,916, and 28,722,069 in September last year.

Active spindle hours for September totaled 6,866,031,482, or an average of 213 hours per spindle in place, compared with 5,539,006,107 and 175 for August this year and 6,540,450,573 and 201 for September last year.

BUSINESS FAILURES OFF

Business insolvencies last week, as reported by Bradstreet's, fell to the lowest total since November 1931. They numbered 438, compared with 467 in the preceding week and 514 in the corresponding period of 1931.

SEPTEMBER INCREASE IN SHOE PRODUCTION—QUANTITY RECORD SINCE OCTOBER 1929 ESTABLISHED BY INDUSTRY

WASHINGTON, November 6.—September production of 33,688,461 pairs of boots and shoes, other than rubber, represented an increase of 9.4 percent over August 1932 (30,784,991 pairs), and 7.7 percent over September 1931, and was the quantity record since October 1929, when 37,191,000 pairs were manufactured, according to the Commerce Department's shoe division.

SHOE PRODUCTION UP

WASHINGTON, November 2.—Shoe production, with 33,688,461 pairs in September, showed a sizeable increase over both the preceding month and the same month for 1931, the Department of Commerce announced today.

GENERAL ELECTRIC INCREASES FORCE

SCHENECTADY, N.Y., November 2.—Production, sale, and installation of the new General Electric oil furnace and other air-conditioning products of the company have resulted in the employment of 2,500 men, officials announced today.

FEWER BANK SUSPENSIONS

CHICAGO, ILL., November 2.—Rand McNally & Co. report deposit tie-ups of closed banks show a big decrease. The amount tied up by suspensions in the week ended today is the lowest of any week since September 1929. The number of new suspensions is 22, whereas the corresponding week last year 79 banks suspended, with average deposits seven times as much as the current week.

EMPLOYS MORE MEN

CORNING, N.Y., November 29.—The Corning Glass Works announced today that due to an increase in orders 170 men had been called back to work. A reduction in prices resulted in more than 7,000 additional hours of labor during the second week.

PAPER PLANT RESUMES

SANDUSKY, OHIO, November 2.—The Hinde & Dauch Paper Co. today announced its no. 3 plant here will be placed in operation within 3 weeks, for the first time in 5 years. Its other two Sandusky plants are now in operation.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. ADAMS. I suggest the absence of a quorum, and ask for a roll call.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Pope
Ashurst	Couzens	Kean	Reynolds
Austin	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norbeck	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pittman	

Mr. LEWIS. Mr. President, I wish to announce the absence of the Senator from California [Mr. MCADOO], occasioned by illness, and the absence of the Senator from Florida [Mr. TRAMMELL], on official business, and ask to have that announcement stand for the day.

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present.

The bill is open to amendment.

Mr. BULKLEY. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 14, beginning with line 11, it is proposed to strike out through line 24, page 17, and to insert in lieu thereof the following:

RESTRICTIONS ON LOANS BY MEMBERS, BROKERS, AND DEALERS

SEC. 7. It shall be unlawful for any member of a national-securities exchange or any broker or dealer who transacts a business in securities through the medium of any such member, directly or indirectly, to extend or maintain credit or arrange for the extension or maintenance of credit to or for any customer for the purpose of carrying securities on margin.

Mr. BULKLEY. Mr. President, the effect of the amendment which I have just offered would be to strike from the bill that section which undertakes to regulate trading on margin account and substitute therefor a provision prohibiting margin trading.

One of the most difficult and controversial questions which the respective Senate and House committees have had to face in the drafting of the proposed Federal Securities Exchange Act of 1934 was the question of regulating so-called "margin accounts." The margin account is the technical name of that transaction by which the stock broker, having received from his customer a deposit in cash or securities known as a "margin", makes available to the customer credit for the purchase of stock-market securities. Ordinarily the customer signs an agreement authorizing the broker to rehypothecate whatever securities he may deposit and whatever may be purchased for his account, but he signs no note evidencing his obligation to the broker for that which is loaned to him. The account remains an open one, the customer's debit balance varying from day to day.

It follows from this simple arrangement that, on a rising market, when the value of securities goes up, the customer's equity is increased and he is able, if he so desires, to obtain additional credit for the purchase of more securities without being obligated to deposit any additional cash or securities. If, however, the market goes down, the broker calls upon the customer to put up more margin; that is, more cash or more securities, and if the customer permits his margin to be so nearly exhausted as to imperil the broker's security for the amount loaned, the broker has authority to sell the securities to protect himself, thus wiping out the customer's equity.

Of course, stock brokers do not have their own funds in sufficient amount to supply the vast volume of credit which is ordinarily loaned on margin, and, consequently, they become heavy borrowers from banks, rehypothecating the customers' collateral with banking institutions to obtain the funds to loan to the customers.

Margin trading is essentially a very impersonal transaction. It is not necessary that the broker have any personal acquaintance with the customer, or with his circumstances, nor is there any need for him to ask whether the customer can afford to take the risks which he necessarily assumes in purchasing stock-exchange securities. All that is necessary is that the customer shall deposit a margin, and the margin alone is the broker's protection. The bank from which the broker borrows is similarly protected because it knows the market price of the collateral deposited and knows that the broker is bound, in case of shrinkage of prices, to deposit additional collateral, or to force sales and pay off the loan. The broker, being under that obligation to the bank, is obliged to treat the customer's account with cold-blooded impersonality, and, in case of a falling market, must either exact from the customer additional cash or collateral, or, in the alternative, sell him out, whatever the loss may be.

The supplying of credit by a broker to a customer for the purpose of carrying speculative or investment securities creates a relationship which is fundamentally wrong, and

that is the reason why the committees have found it difficult to regulate that relationship.

This bill is founded upon the theory that in some way an injury is inflicted on our business and financial life by the too easy flow of credit into the stock market. The bill frankly attempts to correct that evil by various devices. One is to limit the loans which brokers may make to their customers on each individual transaction. Another is an attempt to control the flow of funds into the stock market when such flow tends to become excessive, regardless of margins.

This attempt to regulate the extent to which brokers may lend to their clients, and the conditions under which they may borrow from banks or others for the purpose of effecting such credit extensions, is a recognition by the committees in charge of this legislation that margin trading in the stock markets is an element of danger. Yet the committees have both reported bills under which margin trading is to be permitted and protected. As a matter of fact, there is no sound reason which can be advanced why speculation on margins should be encouraged or protected by the Government at all, or even permitted.

What do the committee reports say about margin accounts and speculation? The Senate committee says:

> By the development of the margin account, a great many people have been induced to embark upon speculative ventures in which they were doomed to certain loss.

And again:

> Margin transactions involve speculation in securities with borrowed money.

The House committee, referring to the arrangements by which loans are made on margin, says:

> A magnificently organized lending machinery which operates by wire, can, with an offer of call-loan safety and 1 percent higher interest, draw funds from local banks which would otherwise seek moderate investment in local business enterprise, to finance the pool of a far-away metropolitan speculator distributing through the stock exchanges the securities of a huge corporate merger designed ultimately to swallow and destroy local enterprise. And there is a demonstrable direct relationship between easy credit for the purchase of new securities in the stock market and the trend toward industrial monopolies so accentuated since the war.

Of the speculation made possible by this magnificently organized lending machinery, the Senate committee says:

> Excessive speculation has caused acute suffering and demoralization. It has brought in its train social and economic evils which have affected the security and prosperity of the entire country.

And again:

> There can be little question that stock-market speculation is among the most potent of the factors which have contributed to the prolonged depression.

And again:

> When the crash finally came, brokers' loans were called, causing greater depreciation in the value of securities, including those held in bank portfolios.

Mr. President, we ought to be clear as to what we mean by speculation in securities. The word is used very loosely. The gentlemen from the stock exchanges have come down to Washington and told us that this country was built by speculation. That is true, in a sense. But certainly it was not built by the kind of speculation which went on in Wall Street, and, for that matter, in plenty of little Wall Streets all over the country in 1929 and again, in a small way, in July of last year.

Certainly no one wants to discourage the pioneer who is ready to risk his time, his money, long years of his life and the possibility of failure to launch another industry, a new enterprise which will add to our standards of living, our material comforts and give employment to large numbers of men. That is not the speculation which is aimed at in this bill. There is a difference between the man who builds a railroad, gives his fortune and his talents to the construction of new enterprise, and the man who goes into a broker's office in the morning to buy a hundred shares of railroad stock at one price on borrowed money in the hope that he may be able to sell it at a little higher price in the afternoon or on the next day.

This bill is aimed at speculation in securities. And by speculation in securities is meant the buying of securities, and chiefly common stocks, with the aim of making a profit out of fluctuations in the market price of those stocks. That is gambling. And that ought not to be carried on, under any circumstances, with borrowed money.

Men may differ about the ethical and economic and social effects of gambling. But there is at least one point on which there is no difference of opinion. And that is that no man should ever gamble with borrowed funds.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. LONG. The Senator is not objecting to a man's gambling with his own money, as I understand?

Mr. BULKLEY. That is precisely the point. I realize that when a man wants to gamble with his own money, that is beyond our province.

Mr. LONG. But he is gambling.

Mr. BULKLEY. What I am objecting to is the providing of these exceptional facilities for gambling with other people's money.

Mr. LONG. There is many a little man today who has lost his bank account because his money was gambled on margin on the stock exchange. The man whose money was taken did not even have a chance to make a gain. They are gambling with the little people's money; that is what they are doing.

Mr. BULKLEY. That is exactly what is going on.

Security speculation is practically the only gambling game which can be carried on on credit, and with bank credit at that. You cannot go to a race track and make a bet on a horse race unless you have your money in your hand. There is no money desk in the betting ring where loans can be negotiated for betting purposes. And there ought not be a money desk on the floor of the stock exchange where any man, without any reference to whether he can afford it or not, whether he knows what he is doing or not, can borrow up to the hilt to take a flyer in any stock on the board.

Mr. DILL. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. DILL. How much does the margin trading amount to in 1 year in this country?

Mr. BULKLEY. I do not know of any way of determining how many shares are dealt in in that way, but I can give the Senator information which will be helpful on that point. At the peak of the boom in 1929 there were approximately 1,300,000 active trading accounts on the books of members of the New York Stock Exchange. Of that number, approximately 550,000, or something less than 50 percent, were margin accounts.

Mr. DILL. I thought, perhaps, the Senator had found an estimate or some figures as to the total amount of money involved in margin trading.

Mr. BULKLEY. It is said that it would be impossible to compile such statistics, because trades on margin accounts are not separately recorded, but there is no reason to presume that the margin accounts are any more or less active than other accounts, and, therefore, we may say roughly that margin trading is between 40 and 50 percent of the amount of trading on the stock exchange. Of course that may vary according to the activities of the market.

Mr. DILL. Would the amendment, if adopted, go into effect in 1938?

Mr. BULKLEY. I was going to discuss that point a little later. If adopted in the exact form suggested, it would go into effect on October 1 of this year.

Mr. DILL. Does not the Senator think there ought to be more time than that to work it out?

Mr. BULKLEY. I have no firm opinion on that point. I would be perfectly willing to make it effective at a later date. I do not think that is so material as it is to make the regulation itself.

As a matter of sober fact, the form of credit speculation to which I have referred is far worse than playing the horses on credit. A man goes to a race track and makes bets of a dollar or two, or five or ten, and manages to lose, if he is foolish, his week's earnings. But, on the stock exchanges, he throws away the savings of a lifetime.

Now this bill undertakes to control this dangerous practice by limiting the loans which brokers may make. A far better way would be to take the business out of the hands of brokers altogether.

There is a great deal of difference in the mere technique of making loans between the broker and the bank.

This difference is well stated by Mr. Woodlief Thomas, of the research staff of the Federal Reserve Board, in the hearings before the House Committee on Interstate and Foreign Commerce. I quote from Mr. Thomas:

In the case of a bank loan the trader gives a note for certain specified amount. He signs the note. It is turned over to the bank. If he increases his commitments, he signs another note. As he makes payments on these loans, his note is credited by corresponding amounts and the debt is reduced. In the case of a trader operating through the brokerage house, all debits and credits are made on an open book account, under certain agreed-upon provisions, or rather certain requirements by the brokerage house as to what the customer shall do.

The customer may sign a slip covering these requirements, but he signs nothing showing the size of monetary obligation.

There is also a difference between a bank loan and a brokerage account in respect to title of the securities. In the case of a bank loan the individual borrower generally retains title in the security and simply pledges it as collateral for the note. In the case of a brokerage account the broker generally holds title to the security and has the right to hypothecate it in turn as security for his own loans at a bank. Generally, that right is given expressly by a little statement, which the customer must sign and which also appears in the broker's monthly statement, to the effect that the broker retains that right to hypothecate securities held on margin.

There is another distinction between bank loans and brokerage accounts, one which is rather important. In general, it may be stated that banks are a little more particular about whom they make loans to than a brokerage house. A bank will ordinarily make some credit investigation and find out about the credit standing of the individual. As a matter of fact, a bank will generally not make a loan to anyone who is not a customer of the bank, maintaining a deposit.

In the past, certainly in case of some brokerage houses and perhaps to a certain extent at present, it has been relatively simple to open up an account with a broker. The chief requirement was that the account should be adequately margined. If a man came in with $10,000 worth of securities and an order to buy or to sell, he generally found it relatively easy to open up an account.

Mr. President, we all know that the bank will not make a loan without requiring some credit information about the applicant. It does not make any difference whether the collateral offered is sound or not. A bank wants to know who is making the loan, something of the purpose of the loan, and whether the borrower is a good risk fundamentally.

The broker asks no questions. Anybody is a good risk who has the minimum margin required by settled market practice. In fact, brokerage firms have offices all over the country, issue market letters, carry on an incessant campaign of enticement to bring customers in. Their willingness to gamble is the first and chief requisite. If they have that, then the supplies of credit are practically inexhaustible.

Certainly if loans are going to be made for speculative purposes, the loans ought to be made by some agency which will be guided by sound lending principles and by sound banking practice, and it is certain that a stockbroker is not such an agency.

The subject of the technical operation of the margin account is so well discussed in a letter I have recently received from a constituent living in Cincinnati, that I am going to digress for a moment or two to read from that letter:

Now, extravagant speculation can only be fostered through the use of tremendous sums of borrowed money. First, millions of gamblers buy stock on margin. Then the brokers lend them the balance of the purchase price. The next operation is that the brokers borrow this money from the banks to cover their extension of credit to their customers, and thus brokers' loans are created. Now Congress is attempting to regulate the margin, whereas the margin is not the dangerous factor, except that 98 percent of the public lose their margins. The dangerous fact is the creation of brokers' loans that can never be liquidated except through the forced sale of the stocks in a panic, that always wipe out the margin.

This is too important a subject to gloss over, or to compromise.

I know that the brokers are bringing great pressure on Congress to continue marginal accounts, but the danger is not in the margins, it is in the brokers' loans that are created by the margins. Congress must understand that brokers' loans are the most unusual class of loan. Unlike any other commercial credit, brokers' loans have no element of self-liquidation. A non-self-liquidating loan is a permanent loan that can only be paid off through the forced sale of assets. Now brokers' loans can only be paid off at the end of a speculative era through the forced sale of the collateral stocks, which causes or accentuates a stock-market panic. Now, the stock-market panic on October 23, 1929: The first spasm ended on November 13 of the same year, but periodically, through a period to June of 1932, these brokers' loans were continually under forced liquidation until stocks were forced to 0.1 of their former prices. These loans were liquidated from eight and one half billion dollars down to $250,000,000.

Now you can see that the forced liquidation of brokers' loans caused everybody that had stocks on margin to lose their margin, and in this case the public took losses estimated between nine and ten billion dollars. There were no original margins big enough to withstand the shrinkage. No country can take these staggering losses without feeling the effect, and the effect was a terrific curtailment of the buying power of the public through these staggering losses, plus fear and the loss of confidence. The next effect was the terrific curtailment of business. We know this happened, and we know that this curtailment of business threw 12,000,000 people out of work, whose buying power was destroyed to the tune of $60,000,000,000 in the past 4 years. Nobody can dispute this fact.

But the disasters did not stop here, because with the curtailment of business to 25 percent of normal, the profits which normally used to pay interest charges disappeared, and thus there were billions of defaults in bank loans, mortgages, and bonds. This destroyed confidence in most credit and froze billions of credit. Now you begin to understand why the banks were affected, because they had much of the credit that was involved, either because it was in default or frozen. But in addition, since confidence in credit was destroyed, it demoralized the bond market, so that the bonds held by the banks had terrifically declined. Thus confidence in banks was shaken, and hoarding came in waves. Deposits declined from fifty-six billions to under forty billions, which caused the banks to liquidate their assets. But this was impossible to do, so 5,000 or 6,000 of them failed, many through no fault of their own. Thus confidence in the remaining banks was destroyed until President Roosevelt declared the bank holiday. England and Canada do not have wholesale bank failures, because they do not permit marginal accounts and brokers loans as we do.

In recounting the above I want to bring out the fact it was not the margins that caused the trouble in the first place. It was the liquidation of these brokers loans, which was the result of margins. Of course, the loss of margins started the lack of buying power. Therefore, don't you see, as a counselor, it is very dangerous for Congress to recognise margin accounts. You are legalizing the biggest gambling game in the world, of which the public know nothing, wherein 98 percent of them always lose.

Why should Congress get into hot water by recognizing marginal accounts and try to standardize them. You are simply standardizing the borrowing capacity of millions of gamblers who are not entitled to credit, who are able to put up their life savings as margin, thus they are gambling on a shoe string.

The economic conditions call for a discontinuance of margin accounts. Prevent the brokers from accepting marginal accounts wherein they have to borrow money on brokers' loans with their customers' stock as collateral. Prevent the banks from making these dangerous brokers' loans that have no element of self-liquidation. When a panic starts the banks and brokers liquidate brokers' loans by selling the collateral; that accentuates and continues the panic until it spreads to all lines where all values are liquidated, because economic pressure is exerted in every direction. This is too dangerous a subject to temporize with. It has always caused the period of distress to millions of people that starts a chain of disastrous events.

If Congress would adopt the process that I have suggested, it would force everyone desiring to gamble in stocks to go to their local banks for their speculative accommodations.

The banks would not lend money to their local customers unless they disclosed their financial statement, which would show that 80 percent of those desiring speculative accommodations were not entitled to them. It would establish an educational campaign against speculation where there is no possibility to win, because of brokers' loans, whereas the brokers always encourage the worst type and never look into the financial status of anyone.

Don't you see that the brokers should not be considered in this law, because the havoc they wrought in commerce, in banking, was terrific? The public and the United States should be given first consideration.

The proposed law is good in everything except the recognition of marginal accounts; and if you recognize marginal accounts, you have not corrected the weakness in our speculative system and the same conditions we had in 1927 to 1929 will be reenacted. It does not matter whether the Federal Reserve Board or the Federal Trade Commission is given authority to regulate margins; public

pressure will be brought to bear against them when they endeavor to raise margin requirements, but, no matter what percentage of margin they establish, it will be too late to stop the public when they become overconfident and when the easy facilities of gambling in stocks are ever present to them from every angle.

It is foolish to regulate margins. You must regulate the public, and this regulation can only be done by forcing them to go to their local banks for speculative accommodations, where they can be advised and cautioned against this hasardous game, where they can be refused speculative accommodations when they are not entitled to them. Think of the ribbon clerks, the janitors, the workingmen, small business men, and millions of employees who got into the market in 1929 because they had enough margin to buy two or three times the amount of stock they should have purchased, through the ease with which they borrowed the remainder of the purchase price, whereas if they had had to go to their local bank they would have been refused and thus they could not have speculated, which would have saved the United States of America from our present debacle.

The marginal system is all wrong wherein the individual who is not entitled to this class of credit borrows the remainder from the broker. Then he goes to the bank and borrows money without disclosing the fact that he has borrowed on stocks, but still considers his margins as cash or stocks, and so states it at the bank.

Furthermore, he goes to his merchandiser and gets credit for goods purchased. The merchandiser thinks he is O.K. In all cases his margin eventually will be lost, because 98 percent of those who buy stocks on margin lose their money. As a matter of fact, the granting of credit on securities should be concentrated in banks. Then the banks would actually know the financial condition of each individual. Take the case of the big men in New York City. Their company borrows money, they personally borrow money at the bank, in addition to which they borrow money on margin at the brokers, but they do not disclose this last fact. As a matter of fact, the individual very rarely knows he borrowed money from the brokers, because he thinks his margin is his only commitment. He does not have to sign notes with the broker for this borrowed money, and hence is not impressed with this fact, and eight and one half billion was borrowed this way in 1929.

If you compromise, the old speculative system is still as bad as ever.

Mr. President, the lending of money is the proper business of the banker and not of the stock broker, and it is important to keep all phases of the banking business in the banks. It is true that banks have been criticized for having in the past loaned excessively to support speculation, and it is true that the Congress felt impelled to write into the Banking Act of 1933 additional safeguards to prevent the excessive use of bank funds for speculative purposes. These safeguards are already in the law, regardless of what is written in the bill we are now about to pass.

But, after all, experience does show that the banker is much more to be trusted than the broker in the matter of loans on speculative securities. Back in the 1920's we saw the rise of the bootleg loan market, and we saw also the terrible consequences visited on us by that. In September 1926, $3,219,000,000 was loaned in the stock market on loans to brokers. Three years later, in September 1929, this had grown to the enormous total of $8,549,000,000. But the significant thing about this is that these loans, while handled largely through New York banks, were not all made with New York bank money. In September 1926, the New York banks had loaned $1,010,000,000 to brokers. That was only one third of the whole total. By September 1929, when the market was at its height, the total of loans by the New York banks of their own funds was practically the same—only $1,071,000,000.

It will perhaps surprise many to be told that these vast lendings in the stock market were not made by the New York bands, which we have grown to think are so wicked. Is it not plain that, if the banks had been in control of this situation, the extreme expansion of bank credit in the stock market would not have taken place?

In 1926 the New York banks' street loans were only one third of the total. In 1929 they were less than one eighth of the total. The reason why we had this expansion was that the brokers could go to all sorts of people for money, and that all sorts of persons and agencies could lend their money in the stock market.

We had before the Senate Banking and Currency Committee reports from corporations which used the stock market as a convenient and profitable place to lend their surplus cash reserves. For instance, there is in the record of the committee's hearings a report from one corporation—the Standard Oil Co. of New Jersey—that it made loans every day ranging from $75,000,000 to over $97,000,000 in the month of September 1929. (See part 14, Senate hearings, p. 6365.) Another corporation, the Cities Service Co., made loans every month in the market, on one day as high as $40,000,000, and not one dollar of this money went through a bank. It was loaned directly to brokers and to customers. The Electric Bond & Share Co. in 1929 loaned one hundred millions daily.

Corporations, foreign lenders, institutions, investment trusts, wealthy persons, placed their funds in the market. A great deal of this money was loaned through the banks. That is to say, the banks were directed by the depositor to lend so many dollars in the call market. The bank had no discretion. If the bank refused, the depositor would take his deposits over to another bank. In 1929, $3,907,000,000 was loaned in the market by such lenders through their banks, and another $1,472,000,000 was loaned by them without the interposition of any bank—a total of $5,379,000,000 flooding into the stock market from corporations, institutions, and so forth, which are not in the banking business at all and have no business engaging in that kind of credit activity.

The way to put an end to this sort of thing is to prohibit the broker from making loans to his customers or from getting loans for speculative purposes on customers' stocks from banks. Then the man who wants to speculate will have to have something with which to speculate. There is no use trying to stop people from speculating or gambling. The pending bill does not attempt to do this. We have a right to say to people, however, "Speculate as much as you wish; but if you do so, you will have to do it with your own money."

Then, if a citizen wishes to try his luck in the stock market, he will have to use his own resources. Of course, if he has credit and can satisfy sound credit requirements, he will be able to borrow money to speculate; but we may be sure that he will have to have the basic requisites of bank credit before he can get money. He will not be able to go into a broker's office and get a thousand, ten thousand, a hundred thousand dollars without so much as making out a note. He will have to go to a bank to do his borrowing, and there he will be subject to the scrutiny which a bank gives to any loan. Now, we may say as much as we please about the foolishness of the banks in 1929, but here is the plain fact that the New York banks, which are supposed to extend this credit in Wall Street, called a halt on their own loans in 1926 and thereafter never expanded them until after the crash, when they attempted to save the situation. The banks that restricted market loans in that mad era can be depended on to do it again, and the brokers who expanded loans to the bursting point in that era can be depended on to do that again. They should be kept out of the banking business.

The loan which the broker makes to the customer for carrying a speculative account is in its nature not a legitimate loan, because it is not motivated primarily by the desire to receive a reasonable return on the amount loaned, although it is usual that the broker does charge the borrowing customer a higher rate of interest that he in turn pays to the bank from which he borrows the funds. The real motive of the loan is the stimulation of speculation, to the end that the broker may earn his commissions on the operations in the customer's trading account.

The great facility with which the lenders of money for speculative purposes may be protected by promptly closing out the borrower's accounts creates a situation of minimum risk for the lender and maximum risk for the borrower. It is at least impolitic, if not unconscionable, that we should protect a system by which the lender is induced by other reasons than the merit of the loan to extend credit in the first place and then is induced by self-interest and even compelled, for self-preservation, to use this extraordinary facility for collecting the loan by selling out the borrower's securities, even though it be to the great loss, or even the destruction, of the borrower.

An entirely different situation is created if the customer is required to bring in his own funds for speculative purposes.

If he must borrow he should be required to borrow from someone interested only in the loan and not in some other profit, and without such a one-sided advantage with respect to being able to destroy the equity of the borrower.

There is another aspect to this problem which ought not to be overlooked. When a broker buys stock for a client, he usually has the stock transferred to his own name on the books of the corporation. The result is that a large percent of the shares of many corporations will be found registered in brokers' names. The clients care nothing about this, but the brokers do. Back in 1929 it was common to see as high as 30 to 60 percent of all the common shares of a large corporation standing in the name of stockbrokers. The reports submitted to the Senate committee by corporations in response to our questionnaire give the facts. In the case of one of our big automobile corporations—Chrysler—64.52 percent of all the shares were registered in brokers' names in 1929. In the case of American Can, 39.49 percent of all shares were in the possession of brokers. We cannot overlook the seriousness of these facts. We have to ask ourselves whether it is a wise thing for American industry to have so immense a part of control over its affairs in the hands of men who make a living out of stock-market gambling and speculation. Is it any wonder that American corporations lent themselves to so many curious devices for the purpose of whipping up speculation?

The Senate committee has evidence in its reports from brokers that in 1929, throughout the whole year, the number of persons who operated on Wall Street on margin accounts was only a little over 550,000. It is difficult for many to believe this, in view of all we have heard about the millions of people who speculated in securities. Some five to seven million people bought securities and owned them, invested their savings in them, paid cash for them, and put them away because they were told these were the safest repositories for their life's earnings; but only a little over half a million people did the wild speculating we have heard about. But they visited their evil effects upon the five to seven million American investors who took no part in this wild game.

The investor comes into the market when he has surplus earnings to place. Obviously, he has surplus savings only in periods of prosperity. At such times these half million gamblers, big and little, professional and amateur, playing their game with stocks, instead of with dice or cards, and doing it with the money of the people which they borrow from brokers, but much of which comes out of banks and institutions belonging to investors, drive the prices of shares up to unreasonable heights. Uninformed and trusting investors are lured into buying shares at 2 and 3 and 5 times their true value; and when the bubble breaks, and the game blows up, it is these investors who are left with their losses. Such people have not shown that they can protect themselves.

We need not worry about protecting the speculators from each other; but we do have the duty of guarding the great mass of thrifty people who are made the victims of this game. The surest way to do it is to stop brokers from lending money to customers.

I quote from the committee report:

> It is estimated that more than 10,000,000 individual men and women in the United States are the direct possessors of stocks and bonds; that over one fifth of all the corporate stock outstanding in the country is held by individuals with net incomes of less than $5,000 a year. Over 15,000,000 individuals hold insurance policies, the value of which is dependent upon the security holdings of insurance companies. Over 13,000,000 men and women have savings accounts in mutual savings banks, and at least 25,000,000 have deposits in National and State banks and trust companies—which are in turn large holders of corporate stocks and bonds.

These are the investors who are maintaining the stability of American investments and of American business. These are the investors who are making possible the growth and development of our commerce, industry, and transportation. These investors need protection against a recurrence of the disastrous effect of the wild speculation engaged in by some half million margin traders; and it is far more important that these legitimate investors have that protection than that the gamblers on margin accounts should be protected against themselves.

In view of the importance of the elimination of margin trading, the committee's reason for failing to put such a provision in the bill seems wholly inadequate.

What is that reason? I quote from the report:

> The committee has deemed it unwise at this juncture to adopt a measure calculated to abolish margin trading because of the deflationary consequences which might follow. Nevertheless, it feels that the time has arrived to remove the control of credit in margin transactions from the hands of those who, by reason of their self-interest, are least qualified to administer such control—the stock exchanges and their members.

If the pending amendment should be adopted, it would, according to the terms of the bill, become effective on October 1, 1934, thus allowing more than 4 months for adjustments to be made, and to mitigate whatever of deflationary effect it might have. If it be seriously contended that this period is not sufficient, we may adopt another amendment to give this provision a later effective date. But we should not, through fear of a temporary effect upon stock-exchange prices, fail to take this opportunity to write into law a reform so much needed as the elimination of margin trading. There is always pressure for legislation coming from many different interests. It is not often that Congress gives its attention to the stock exchange, and while we are giving that attention, we should make our reform completely effective. The opportunity to do so may not soon come again.

There is another aspect to the question of legislation with respect to margin trading. This is the first time that Congress has undertaken any regulation of stock-exchange practices. Margin trading has therefore grown up and been tolerated, but has never been definitely sanctioned by act of Congress. Section 7 in the bill, as reported by the committee, is an official sanction to margin trading under regulation. It gives Federal protection to a device which experience has shown as not justified by any economic need, and which has been an important factor in bringing about the most disastrous consequences ever known in our financial history.

Mr. President, I hope the Senate will not approve writing into the law an official recognition and sanction of a provision protecting the device of margin trading.

Mr. FLETCHER. Mr. President, I have listened with pleasure to the admirable address of the Senator from Ohio, who has presented his case quite impressively. I must say, however, that I do not think we have reached the point when we can do away with marginal trading.

The Senator from Washington [Mr. DILL] asked what is the annual volume of marginal trading. I do not believe the figures have been segregated, but on page 50 of the very excellent report entitled "Stock Market Control", by the Century Fund, Inc., there appear statistics as to the amount of business done on the New York Stock Exchange.

It is shown that on January 1, 1934, the date of the statement, there were outstanding 1,209 issues of stock, and 1,293,299,937 shares had been traded in the year previous, having a market value of $33,094,757,244. That was the extent of the trading in stocks. During the same year bonds were traded in of the market value of $34,861,000,000.

The testimony before our committee was to the effect that about 40 percent of the business done on the New York Stock Exchange is marginal trading. Therefore, an amendment such as that pending would have a very drastic and a very serious effect.

Mr. DILL. The margin trading amounts to probably $25,000,000,000 annually.

Mr. FLETCHER. Yes; something like that annually, the total being $33,000,000,000 of stocks in market value, and about $34,000,000,000 of bonds.

Mr. BULKLEY. Mr. President, I take it the Senator will admit that the adoption of my amendment would not necessarily put to an end all of the business which is now done on margin, because some of the customers who trade on margin would be entitled to credit and might borrow the money from their banks; so that it is impossible to say

exactly how much business might be prevented if this amendment were the law.

Mr. FLETCHER. I cannot favor the amendment.

Mr. GLASS. Mr. President, I am reminded by the Senator from Ohio [Mr. BULKLEY] that in the committee I voted for the proposal contained in his amendment, or a kindred proposal; which may be so. Unhappily, however, I did not vote for it with any expectation that it would be adopted. Congress is not opposed to stock gambling. That has been demonstrated over and over again. The Senate was not even interested in one of the most impressive speeches I have ever heard on the floor of this Chamber, the one just delivered by the Senator from Ohio [Mr. BULKLEY]. At a liberal estimate, he had not a dozen Senators hearing what he was saying.

If I voted for the proposal in committee, it was with little expectation or hope that it might prevail but merely to emphasize my consistent attitude toward stock gambling. I do not think Monte Carlo is comparable with the New York Stock Exchange when it comes to outright gambling.

Mr. BULKLEY. Mr. President, will the Senator permit me to suggest the absence of a quorum?

Mr. GLASS. Oh, no.

The PRESIDING OFFICER. The Senator declines to yield for that purpose.

Mr. GLASS. Mr. President, it would be futile to suggest the absence of a quorum for me, just as it would have been had I suggested the absence of a quorum for the Senator from Ohio, and not more Senators would listen to me on this problem than listened to the Senator from Ohio, if as many.

Four years ago I undertook in some measure to correct this frightful evil. I presented an amendment to a revenue bill which came over from the House, in which I undertook to define the difference between an investment and a plain, outright gamble on the stock exchange. I had one of the most competent actuaries in this country prepare for me the statistics and make a chart, from which it was shown that 12 years theretofore the average period a stock on the New York Stock Exchange was held was 67 days, and at the time the chart was prepared the average already had been reduced to 22 days. Yet they called that investment.

The only way to define the difference between a gamble and an investment is to introduce the time element. Nobody invests his money and then stands at a ticker to learn what the price of the stock will be 10 minutes, or 2 hours, or 2 weeks thereafter. Nobody invests his money for a month or for 2 months. He speculates, and in 95 percent of the cases, he gambles with the money.

I proposed, therefore, to impose a tax on all transfers of stock on the stock exchanges generally where the seller of the stock had not held the property for at least 60 days, and I could not get a member of the Finance Committee, even of my own party, to begin to sanction the proposal to assess a tax against these gamblers who periodically destroy the business of this country. Therefore I did not press the amendment. I attempted thereafter in some measure through banking legislation to abate the evil.

Had a tax of that sort prevailed in 1929 it would have put $6,000,000,000 into the Federal Treasury. We could have afforded to have abolished all other forms of taxation. Either that, or it would have tremendously abated this miserable gambling on stocks.

The Senator from Washington [Mr. DILL] a while ago asked the Senator from Ohio [Mr. BULKLEY] a question as to the extent of this form of stock gambling. One of the great New York newspapers which prides itself—yes, actually prides itself, and perhaps properly so—upon being an organ of the vested interests, stated in 1929, when brokers' loans exceeded eight and one half billions of dollars, that 90 percent of the transactions on the stock exchange for that week had been as much gambling as betting on the arrow at a roulette table. And that is true. It is not anything but gambling.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Louisiana?

Mr. GLASS. I yield.

Mr. LONG. I have always understood that the results from roulette betting are a little less drastic; that, at least, a man does not lose any more money than he puts up; in other words, he does not have a deficiency judgment against him.

Mr. GLASS. I have no doubt that the distinguished Senator from Louisiana can enlighten the Senate better upon that subject than I can. [Laughter.]

Mr. President, we have made some progress in trying to control this evil. In the first place, the Banking Act of 1933 penalizes the use of Federal Reserve banking facilities and member banking facilities for this purpose. The prohibition had been in the law since it was first enacted, but no penalty attached, and therefore little attention was paid to the prohibition; so little attention, indeed, that when the Federal Reserve authorities here in Washington undertook a mild admonition against the use of Federal Reserve facilities in New York for stock speculative purposes, the president of the then greatest bank in America practically told the Board to go to hell, and announced that on the next day, despite the textual prohibition of the law, he intended to rediscount at the Federal Reserve bank in New York to the extent of $25,000,000 and loan the amount to brokers at a specified interest rate. He ought to have been put off the executive board of the Federal Reserve bank before the lunch hour the next day, and yet he was permitted to serve out his term—and came pretty near serving another term.

On the New York Stock Exchange, as pointed out by the distinguished Senator from Ohio, the loans were not all made by the New York banks, as most people suspect. There were more loans—yes; three times the amount of loans—made on account "for others", meaning out-of-town banks, country banks, and, particularly, corporations, than were made by the New York banks to stockbrokers. I wish that the amendment offered by the Senator from Ohio might receive serious and favorable attention.

An hour ago in a session of the subcommittee of the Committee on Banking and Currency a business man was complaining bitterly about the great tax upon industry under the Securities Act; that a corporation in his State of Kentucky had been compelled to expend $75,000 in order to make the report required under one of the provisions of the Securities Act.

Thereupon ensued a brief discussion of investment securities, as they are called—some call them speculative securities; I call them outright gambling—and I asked this gentleman if he would indicate, in his judgment, what percentage of persons who engaged in stock speculation on the exchanges had the remotest idea of the condition of the companies there represented by their stocks, as to whether they were paying dividends, or losing money, or anything about them, and it will surprise the Senate to have me state that his answer was that less than 5 percent, outside the professional speculators and brokers, had the remotest idea of the condition of the companies in whose stock they were buying and speculating.

That being so, it made me wonder how much good is to be accomplished by the provision in the pending bill to require detailed reports, and how many people who speculate in stocks, as the more polite call it, or who gamble in stocks, as I insist upon calling it, will know the meaning conveyed by such reports, or how many of them will take the time to look at one of the reports. Speculating in stocks is going on from one end of the country to the other.

One of my colleagues not now here present took the liberty of indicating to the gentleman I just mentioned that I was in favor of abolishing gambling on margin, and asked what effect it would have. His answer was that it would create chaos. I said, "My heavens, could it create any more chaos than was created in 1929, and that exists today in consequence of the chaos which was created in 1929 on account of marginal gambling?"

I have yet to receive his answer to that inquiry.

But I shall not longer detain the Senate. It is futile to try to convince Congress that a stop ought to be put to stock gambling.

Mr. NORRIS obtained the floor.

Mr. BULKLEY. Mr. President, will the Senator permit me to suggest the absence of a quorum?

Mr. NORRIS. I prefer not.

Mr. President, in my judgment, we are about to vote on the most important provision in this bill, one which is more important than the bill itself. We have now an opportunity, by the adoption of this amendment, to do for the business world something which we have not had an opportunity to do for years, and which we will probably, as the Senator from Ohio says, not have another opportunity to do for years to come.

I have followed the activities of the Banking and Currency Committee as well as I could during the many months it has toiled on this question, and I want to say, Mr. President, that I think that committee are entitled to an unlimited amount of credit for the good work they have accomplished. They had a very difficult task, technical somewhat in its nature, one in which the country was vitally interested. As a partial result of that committee's work, we have this bill before us. However, what surprises me more than anything else is that the committee, laboring as it has for these many months, and having brought forth this bill, have left out of it what, in my judgment, is the most vital thing of all. We can entirely rectify that omission by adopting the amendment offered by the Senator from Ohio [Mr. BULKLEY]. I wish every Member of the Senate, without anything else to bother him or to think about, could sit down quietly and read the speech just delivered by the Senator from Ohio, as well as the speech delivered by the Senator from Virginia [Mr. GLASS]. It seems to me that every student who wants to help bring our country out of the dilemma in which it now is cannot help but reach the conclusion that this amendment is one of the most just and is the fairest of any proposition of legislation that has come before the Congress in many a year.

It deals with a subject of which the whole country has knowledge. In every hamlet in the United States men are buying on margin on the stock market in New York City; every man, woman, and child in the country knows that practice is going on daily and has been going on for years.

Mr. GLASS. Mr. President, may I say to the Senator that they are not buying at all; they are betting on margin.

Mr. NORRIS. Yes; that is a great deal better. Everyone knows the evil which is involved in that practice; we all understand it; but when the report of this great committee comes before us the chairman, in his brief opposition to the adoption of the amendment, says it is not time to do it now; that the wisdom of adopting this amendment at the particular moment is doubted. Nobody denies that it is right; no question is raised about its being just; no question is raised about its being aimed at the greatest gambling institution on earth; and yet it is said, "Do not do it now; let them gamble awhile longer and then we will remedy it." The Senator stated that a witness told him that chaos would come if such an amendment were adopted. Chaos did come in 1929, and chaos is yet with us. One of the reasons why it came—perhaps not the only one, but one of the reasons—is conceded by everybody to have been the gambling that was going on on the New York Stock Exchange on margin. Why should stockbrokers loan money to keep the institution going? If it be right to gamble on the stock exchange, then one ought to be able to play poker for money and still remain in good standing in the church.

Mr. BARKLEY. Should not one also have a right to borrow in order to play poker?

Mr. NORRIS. Yes.

Mr. President, if this amendment shall be adopted, the man who wants to gamble on the stock exchange will have to go to his bank or some other place to borrow his money. He cannot borrow through the instrumentality of the stockbrokers, who require him to put up a security and who look into nothing except the margin, who make no investigation of his character or of his financial standing.

Mr. LONG rose.

Mr. NORRIS. In just a moment I will yield to the Senator from Louisiana. If he goes to his banker to borrow the money, if it is for a legitimate purpose and he has got a good cause for borrowing, he may get it, but otherwise he could not do so. Suppose one were to go to this banker to borrow $10,000, and the banker asks, "What do you want the money for?" and the borrower replies, "There is a great poker game going on across the street and I am going over to play poker with the money", unless one were perfectly sound otherwise, and probably not even then, he would not get the money of any banker under those circumstances. If one should go to his banker and say, "I want to borrow $10,000 to gamble on margin on the stock exchange of New York", he would not get anything; the banker would not lend it to him. It would not be a legitimate loan; it would not be respectable, because it would be gambling.

I have no objection, if a man wants to gamble, to his taking his own money and going out and gambling, but a poker game is respectable compared to betting on margin; and, as I said awhile ago, when one engages in a poker game he uses his own money or he puts up his own security right on the table in the presence of everybody and they can see what it is.

Now I yield to the Senator from Louisiana.

Mr. LONG. I should like to suggest to the Senator from Nebraska that this amendment does not purport to do the terrible thing of stopping gambling. It merely applies the same ethics that obtain in a colored crap game or a poker game. It does not stop gambling; it simply prevents it from wrecking the other man who is not even sitting in the game.

Mr. NORRIS. The effect will be to stop gambling; at any rate, it will decrease it very much, because people will not be able to obtain the money with which to gamble on margin.

Mr. GLASS. Mr. President, may I suggest to the Senator that it is not even the broker's money which they borrow? The broker borrows from the bank.

Mr. NORRIS. Yes.

Mr. GLASS. And the whole banking system of the country is involved in the vicious practice.

Mr. NORRIS. Absolutely. I thank the Senator for that suggestion. It is our money with which they are gambling—the depositors' money.

Mr. GLASS. Not much of it is mine. [Laughter.] But, at any rate, it is not the brokers' money. The brokers themselves borrowed $8,500,000,000 in 1929 from the banks and from the corporations to loan to people with which to gamble on margins. It was not even the brokers' money.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. NORRIS. I yield.

Mr. BARKLEY. This amendment does not prevent a bank from loaning money on a security. Therefore, if a man had enough money to put up a thousand dollars with a broker with which to buy a hundred shares of some stock upon which a thousand dollars was the margin requirement, the broker would take that stock and borrow from a bank the additional amount of money necessary to pay for it. That same man could take his thousand dollars and go to a bank and put up the thousand dollars with the bank, and the bank would buy the stock and loan him the balance sufficient to pay for the stock on the New York Stock Exchange.

Mr. NORRIS. To pay the margin?

Mr. BARKLEY. No; the difference.

Mr. NORRIS. If he is buying the stock, that is a different proposition.

Mr. BARKLEY. The difference between the margin that he puts up with the broker or the banker and the total cost of the stock he would borrow from the banker, just as the broker borrows it from the banker and lends it to the investor or the speculator or the gambler, whichever he may be. I am wondering, therefore, so long as the banks are allowed to loan money upon collateral to an individual who, instead of going to his broker, goes to his bank and borrows the money, whether the amendment which is now under consideration would very largely curtail the speculation of individuals who had enough money to put up for margin either with a bank or with a broker.

Mr. GLASS. May I say to the Senator from Kentucky, although it is not particularly informing to him because he is well aware of the fact, but to the Senate, that we have gone a long way in the Banking Act of 1933 to prevent a bank from loaning its funds on speculative securities.

Mr. BARKLEY. That is true, but in the very bill we are now considering, we provide that a broker may not borrow any money on a listed security except from a member bank of the Federal Reserve System, so as to concentrate all their borrowings on securities with the Federal Reserve System.

Mr. GLASS. Yes; but, as if to apprehend that some such thing as that would be done, fortunately in the Banking Act of 1933 we gave the Federal Reserve authorities for the first time complete supervision over bank loans for investment and speculative purposes, and we denied, under penalty the Federal Reserve banks the right to make speculative loans.

Mr. NORRIS. Mr. President, as I understand it, the suggestion of the Senator from Kentucky affords no reason why we should vote against this amendment. If the suggestion means anything it means that when we adopt this amendment there is still an opportunity to gamble on stocks. I admit that, but that it will very materially cut down the opportunity is admitted by everyone.

If I have money of my own, or if the Senator has money and he wants to buy on margin, he or I can put up the margin and buy. This will only prohibit the common practice of the stockbroker when the price goes down and more margin is required from borrowing it from a bank.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. BARKLEY. I am not very expert in these matters, and I know less about speculating in commodities than I do about speculating in securities, because I am not on the committee that deals with that subject, but suppose that a similar amendment were offered and adopted preventing the purchase of wheat or corn, or any other commodity, upon an exchange except for cash, what effect would that have on the price? I am asking the question purely for information.

Mr. NORRIS. Very well; I think I can answer the Senator's question. When we come to wheat there are two sides to the question. The same thing is true with reference to any commodity similar to wheat, such as corn or oats or any other product sold for future delivery. There we have what is known as hedging. A great many dealers and millers claim that it is necessary for their own protection to have the right to hedge. If they want to operate their mill they buy 50,000 bushels of wheat to be delivered 3 months from the date of purchase, when they think they will need it. If they did nothing else but buy at a certain price, and wheat went down and they had to pay the stipulated price, they would have to sell the flour made from the wheat in a lower market, and hence they would lose lots of money. To protect himself, the miller, the day he buys the 50,000 bushels of wheat, goes on the board of trade and sells 50,000 bushels of wheat, so one hand washes the other. If wheat goes up he loses on one purchase and gains on the other, and vice versa.

But there is no such element involved here. Let us take the stock of an automobile company. It is bought on margin. The stock goes down. The broker borrows the money or arranges so that the buyer can borrow the money to get some more of the stock, and it goes further down. The result of such practices is that thousands of clerks, workmen, business men, professional men, are started on the road to ruin by virtue of the fact that they think they know the stock is going up. They borrow some money and lose it. A bank clerk takes money out of the bank and gambles with it, with the honest intention of putting it back, and believing that he will, but he does not, because the stock goes down and he does not get the money he expected. He either commits suicide or goes to the penitentiary. The gambling goes on just the same.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. I did not have in mind in my question the practice of hedging in the purchase of wheat or corn or cotton. I realize where a man makes large commitments for cotton or corn or wheat or any other commodity traded in on the commodity exchange for future delivery he must protect himself against an adverse market at the time when he would be required to fulfill his contract. I had in mind especially, not the man who is engaged in business of that sort but the man who speculates in cotton or wheat or corn, just as a man goes to some broker's office and speculates in stocks.

It is a fact that the securities of the country represent about one half of our total wealth. I was amazed the other night, reading an authoritative book on the subject, to learn that one half of our total wealth is represented by securities. Those securities are held by banks, insurance companies, endowed colleges and universities of all kinds.

Mr. NORRIS. Yes; and everyone of them suffers by reason of the fact that somebody else is gambling in their stocks.

Mr. BARKLEY. Perhaps so, and perhaps not always. What I have in mind is that they have invested in those stocks and bonds because they regard them as safe investments and because in an emergency they have a market for obtaining immediate cash because of the liquid condition of the stocks and bonds in the stock market. Admitting all the evils, which I do admit, in the promiscuous gambling or speculation in stocks just on a hunch that a stock is going up or its sale on a hunch that it is going down—admitting all that, the question that bothers me is, if we curtail transactions in stocks and bonds rather suddenly so as to destroy the liquidity of the market for those stocks and bonds which are held to the extent of hundreds of millions of dollars by the banks, the insurance companies, colleges, and hospitals, and private individuals in the country, whether we have not created a greater evil for the time being than the one we are trying to correct.

Mr. NORRIS. I think I finally get the idea at which the Senator is driving. There are some evils on the board of trade which this measure will not remedy. Various committees of Congress and various State legislatures have for years been wrestling with some of those evils, but they have not yet solved them. That is no reason why we should not solve the riddle while we have it before us. The colleges and other organizations to which the Senator refers are not gambling in stocks. They are not buying stocks on margin. If they have to sell, they sell their stock. They can do that even though there is not a gambler who is buying on margin.

Mr. BARKLEY. I appreciate that they have invested their money, but if something is done that drives down the price of the stock they hold as a part of their investment, because we have crippled the liquidity of the market for it, they have been injured, although they, themselves, are not gambling.

Mr. NORRIS. That may occur, but we must remember if the value of any stock has been raised above its real worth—I do not admit that it has been, but just assuming that it has been—and if gambling in a stock has lowered its price on the market below its real worth and a dealer has to sell as a result of that fact, or if he has bought when it was forced up by virtue of gambling and sells on a lower market, he will lose money, of course. That is probably true at any time, no matter when we should put the provisions of the bill into effect. But that is no reason why we should not stop stock gambling if we can. That is no defense against our protecting millions of our people who are being robbed daily and yearly by gambling in futures and on margin. It is no defense against that protection to say that if we afford such protection stock may go down. If some stock has been artificially raised in price by virtue of gambling and we stop stock gambling, the stock will go down where it ought to be, and where it ought to have been all the time. If a man buys on a rising market and sells in a lower market, he may lose money, of course.

Mr. GLASS. Mr. President——

Mr. NORRIS. I yield to the Senator from Virginia.

Mr. GLASS. May I suggest to the Senator that we did not interfere with the liquidity of the market in 1928 and 1929. We did not curtail market operations in 1928 and 1929. The insurance companies, the estates, the banks, the business institutions are suffering today for the very reason that we did not do it.

Mr. NORRIS. Exactly.

Mr. GLASS. Insurance companies and railroads and thousands of banks are coming here to Washington every day borrowing the taxpayers' money from the United States Government because we did not interfere with the liquidity and curtail the activities of the stock gamblers at that time.

Mr. NORRIS. Exactly. Let me go a little further with that thought. By virtue of the gambling and manipulation that went on, every one knows that stocks and bonds in 1929 were higher than they should have been. There were artificial prices brought about in those years. Stocks and bonds had an artificial value far beyond their real value. That was brought on by virtue of this gambling. There came a time, as it will always come, when the bubble bursts. When the bubble bursts then the honest man and the honest investor, who have the stocks and bonds commented on by the Senator from Kentucky [Mr. BARKLEY], lose money.

Stocks and bonds went probably away below what they were really worth. But no man has a right to ask that the stock market be kept above what it really should be, and kept there by artificial means, merely in order to save his money. No man has a right to ask that it be crushed and put down below what it ought to be under normal business conditions, in order that he may make money.

Take away the gambling and to a very great extent we have found a remedy. I think the amendment on which we are about to vote has more essence in it and more good in it for the country and the people of the United States than the entire bill has without it, although I am going to vote for the bill whether the amendment is adopted or not, because I think it contains many valuable provisions.

Mr. LONG. Mr. President, I shall detain the Senate for only a few minutes.

I know of many communities that have been wrecked as a result of loans made upon margins. I know of a bank or two that was wrecked as a result of loans made upon margins.

As I said the other day, we had in New Orleans a splendid bank known as the "Canal Bank & Trust Co." The stock of the bank was worth perhaps about 100 cents on the dollar. A rumor got around the community that the Canal Bank was to be taken over by the Giannini syndicate. The rumor was started by stock manipulators. Margins began to be played against the bank's stock until it was run up to some $397 per share when it ought to have been valued at $100. The bank was not participating in the manipulation, but as a result an inflated value was created for the stock of the bank; and when the bubble burst, as it was bound to do, and the bank stock began to come down to somewhere near its normal value the community was excited, because it thought there must be something wrong with a bank whose stock would fall off 295 points out of 397 points. A run was begun on the bank, and very soon the bank was in such a condition that it could not go any further, because no bank's loans can be liquid.

Mr. President, this amendment is worth a great deal more than the whole bill. In all kindness to the Senator from Florida, I predict that he will be disappointed in the bill. I predict that within a year's time it will be circumvented or certain parts of it perhaps will be found to be unworkable, so that between the two he will be very much disappointed in the result of the enactment of the bill.

We might as well stop right now if we are not willing to prevent this measure from being used as a bucketshop and a market-rigging gambling contact. Then no other legislation that we enact here will amount to anything. A way will be found to get around it.

I have looked at some of the provisions of the bill. I guess they are as well written as they could be unless we prevent loans being made so that marginal gambling may be prohibited on the exchange.

Nothing is purchased in marginal trading. The man who goes in and buys 10 points on United States Steel does not buy any stock. He does not intend to buy any stock. He is gambling that the stock may go up, as against the other man who is gambling that the stock may go down, each paying a certain percentage of his gambling to some broker and to the stock exchange. Stopping marginal trading does not mean that we are stopping the sale of stock. If a man wants to buy 10 shares of United States Steel, under this amendment he can still borrow the money from the broker and buy it. This amendment does not prevent a man from buying any amount of stock and borrowing the money with which to do it; but it does prevent him from engaging in a marginal gambling transaction and using the money of the people with which to do it.

Mr. BULKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MURPHY in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Pope
Ashurst	Couzens	Keyes	Reynolds
Austin	Cutting	King	Robinson, Ark.
Bachman	Davis	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dill	Logan	Shipstead
Barbour	Duffy	Lonergan	Smith
Barkley	Erickson	Long	Steiwer
Black	Fess	McCarran	Stephens
Bone	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Vandenberg
Byrnes	Goldsborough	Neely	Van Nuys
Capper	Gore	Norris	Wagner
Caraway	Hale	Nye	Walcott
Carey	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	
Copeland	Hebert	Pittman	

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present. The question is on the amendment offered by the Senator from Ohio [Mr. BULKLEY].

Mr. BULKLEY. Mr. President, before the Senate votes on this amendment I desire to call attention to the fact that not a single word has been said in opposition to the merits of the amendment. Not a single reason has been advanced why it should be voted down, except the fear that it may have some adverse effect on prices on the stock market.

Mr. COSTIGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Colorado?

Mr. BULKLEY. I do.

Mr. COSTIGAN. Is it not further true that when the subject came before the Committee on Banking and Currency, the vote was taken without any thorough discussion such as the Senate has heard today?

Mr. BULKLEY. Of course, that is true.

Even under the bill as drafted and reported by the committee, if the Commission shall do its duty, there will be some restriction and some diminution of margin trading; and so part of that alleged deflationary effect will come anyway, whether or not this amendment shall be adopted.

It is a question whether the adoption of this amendment will cause any very great amount of deflation; but in response to requests which I have had from friends of the amendment who have suggested that perhaps the effective date is a little too early, I now ask to modify the amendment so as to insert, after the word "unlawful", the words "after April 1, 1935." That will allow nearly a year in which to adjust matters to the situation which will exist.

The VICE PRESIDENT. Without objection, the amendment is modified as requested by the Senator from Ohio.

Mr. LONG. Let us have the yeas and nays on the amendment.

Mr. BARKLEY. Mr. President, I have no desire to take more than a very few moments, and I have no personal interest in this subject one way or the other so far as it

affects me; but I do wish to call the attention of the Senate to the fact that this question was very carefully considered by both the House and the Senate Committees on Banking and Currency.

As the Senate knows and as the country knows, the Senate Committee on Banking and Currency has been engaged for more than 2 years in an investigation of the practices of the stock market. The investigation was inaugurated by a resolution offered, I believe, by the junior Senator from Delaware [Mr. TOWNSEND], and his colleague, the senior Senator from Delaware [Mr. HASTINGS], primarily for the purpose of investigating short sales on the stock market. The investigation went from one phase of the stock market to another, until within the 2 years since the adoption of the resolution we have gone intimately into every phase and every practice of dealing in stocks on the stock exchanges of the country.

After 2 years of investigation of the general subject of stock exchanges, and after several weeks or even months of hearings and consideration of this particular measure, both Committees on Banking and Currency decided that it was not wise at this time, at least, if at all, to prohibit the purchase of stocks on the exchanges of the country by what is known as the margin process. By that, of course, is meant part payment for a stock that is bought, whether it is bought for speculation or for investment, and borrowing on the New York Stock Exchange the balance of the amount necessary to pay for the stock.

I concede that there is a difference between the use of credit for the purchase of stocks for speculative purposes and the purchase of real estate by putting up a part payment and paying so much a month, or the purchase of consumers' goods generally on the installment plan.

There may be a line of demarcation, and there is a legitimate difference, between the purchase of stock on part payment and the purchase of a piece of real estate on part payment, or the purchase of an automobile on part payment, or the purchase of any other piece of physical property by putting up a portion of the amount required and obtaining credit for the balance; but in some respects the difference is more in the imagination than in reality.

One half of all the wealth of our country is represented by securities.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. NORRIS. The Senator does not mean to imply by his argument that stocks could not be purchased on margin even if this amendment should be adopted?

Mr. BARKLEY. Oh, no; not at all.

Mr. NORRIS. That would still be permissible; but the money could not be borrowed in this particular way.

Mr. BARKLEY. I indicated a moment ago, in an interruption of the Senator from Nebraska, that even though this amendment should be adopted, anyone who had any money to put up as part payment on a given number of shares of stock might go to a bank and have the bank buy the stock, and put up his partial payment and borrow the balance from the bank, provided the bank was willing to loan it, and that the bank, of course, would hold the stock until the balance was paid.

Mr. NORRIS. The purchaser could do that without the intervention of a bank.

Mr. BARKLEY. I do not know how a purchaser would be able to do it. If he could not buy on the stock exchange by putting up a partial payment, and could not get the money from a bank, the only other place to which he could go would be the home office of the company where the stock was issued. He could go there and say that he wanted to buy some stock.

Mr. NORRIS. But could not the purchaser go directly to a broker and buy the stock in the same way, without the intervention of a bank or anyone else?

Mr. BARKLEY. He could buy it if he had the cash with which to pay for it.

Mr. NORRIS. The amendment merely provides that the broker shall not loan the speculator money on margin, and shall not help him to get the money on margin.

Mr. BARKLEY. Of course that means that the broker cannot sell any stock unless the purchaser has the cash with which to pay for it in full.

Mr. NORRIS. Oh, no.

Mr. BARKLEY. Oh, yes. If I wanted to buy a hundred shares of stock and had $2,000 in cash which I wanted to use to make a partial payment, under this amendment I could not go to any broker and buy that hundred shares of stock and put up my $2,000, and have the broker lend me the difference between my $2,000 and the price of the stock. I could not do that.

Mr. NORRIS. I admit that; but the Senator must concede that if I wanted to buy stock, or, as in the case the Senator puts, if the Senator wanted to buy it on a margin, he would put up the margin with the broker. If another margin became necessary, he would have to put that up with the broker.

Mr. BARKLEY. Under the amendment I could not buy it on margin. I could not buy it from the broker by having him lend me a single dollar in order to enable me to pay for it.

Mr. NORRIS. That is true.

Mr. BARKLEY. So that I could not even buy it from him unless I had the cash to pay the entire amount.

Mr. GLASS. Mr. President, will the Senator permit an interruption?

Mr. BARKLEY. Certainly.

Mr. GLASS. There is no use undertaking to fool ourselves. The Senator knows perfectly well that in most cases, I would not say in nine cases out of ten, but in pretty nearly that proportion, the Senator would not want to buy the stock.

Mr. BARKLEY. I admit that in nine cases out of ten I would not want to buy it, but in the one case out of the ten, if I wanted to buy the stock, I could not buy it as an investment through a broker, although he might be willing to lend me the difference between what I had and what the stock might cost.

Mr. GLASS. That might be a hardship on the Senator, but to permit nine other fellows to gamble in the same stock, and bring disaster to the country as they did in 1928 and 1929 certainly would not be for the benefit of the country.

Mr. BARKLEY. Mr. President, I do not intend to go into a lengthy discussion of this matter. I did not intend to discuss it at all. But I think it might be well for the Senate to consider the conclusions reached by a very distinguished organization known as the Twentieth Century Fund, Inc., the trustees of which are Mr. Edward A. Filene, of Boston; Hon. Newton D. Baker, of Cleveland; Mr. Bruce Bliven, who is a regulator contributor, and has been, to the New Republic, a rather progressive magazine of this country; Mr. Henry S. Dennison; Mr. John H. Fahey, who is now the head of the Home Owners' Loan Corporation, and was before us this morning on some legislation; Mr. John G. McDonald; Mr. Roscoe Pound, who is dean of the law school of Harvard University; and Mr. Owen D. Young.

Their conclusions, which are contained in the book I hold in my hand, present an impartial, detached, viewpoint of the whole stock-exchange situation and its control. After discussing the question of margin transactions on stock exchanges, this distinguished committee has reached the conclusion which I am going to read it to the Senate, because it expresses the views which I entertain at this time even more forcefully than I myself could express them:

> We are opposed to measures designed to eliminate margin trading, and our reasons for this, briefly stated, are as follows:
>
> 1. Speculators would borrow on collateral directly from banks and other financial institutions if they were forbidden to borrow from brokers. This might be advantageous from some points of view, but it could scarcely be expected to reduce the volume of speculation materially.
>
> 2. If, in an extreme effort to stop speculation on borrowed funds, all collateral loans were made illegal, there would be grave danger, in our opinion, that a bootleg loan market of tremendous proportions would come into being. This would aggravate whatever evils now exist in the system of granting loans against security collateral and of buying and selling securities on margin.
>
> 3. Furthermore, if all collateral loans were forbidden, injury would result to many owners of securities, both individuals and

institutions, who at times find it necessary or advantageous to make collateral loans for purposes other than speculating in the security markets. Lenders could scarcely be expected to exert effective control over the use borrowers made of the funds advanced to them.

4. It does not seem economically sound or wise to prohibit the purchase of securities on credit as long as credit is permitted in the purchase of commodities and real estate, and in connection with ordinary business transactions of all kinds, including installment buying by consumers. This statement is made with the full realization that the purchase of securities on margin presents several fundamental differences from transactions involving the use of credit in other fields.

5. Corporate financing would be impeded if corporate securities were made ineligible for loans.

6. Above all, perhaps, the elimination of an overwhelming proportion of speculative activity would seriously hamper the important functions of security markets.

It seems to me that the six conclusions outlined in this little publication afford sufficient reason to cause us to hesitate at this time to adopt the pending amendment, which I believe and fear would materially, without warning, reduce the liquidity of stocks which are listed on the stock exchanges, to the great damage and injury of legitimate institutions and legitimate business in the United States.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BULKLEY. As I heard those reasons advanced, most of them relate to a proposition to limit loans on collateral security, which is not at all the proposal contained in my amendment. But if the able committee from whom the Senator is quoting do not appreciate the difference between a loan by a banker and a loan by a broker to establish a margin account, I suggest one very fundamental difference. I do not think the Senator ever heard of a banker calling up a customer and suggesting to him to go and gamble on the stock market, and that he would lend him the money with which to do it, whereas the customer's man in the broker's office is engaged today—in this year 1934—in calling up on the telephone to ask domestic servants, and others who should not be engaged in stock-market transactions, to go in and make investments.

Mr. BARKLEY. It would be much easier, and I think much wiser, probably, to adopt an amendment preventing any customer's man from calling anybody up on the telephone to suggest that he buy a stock.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio.

Mr. LA FOLLETTE. I ask for the yeas and nays

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from West Virginia [Mr. HATFIELD], which I transfer to the Senator from Georgia [Mr. RUSSELL], and vote "nay."

Mr. McGILL (when his name was called). On this vote I am paired with the Senator from Missouri [Mr. CLARK], who is unavoidably absent. If he were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. STEPHENS (when his name was called). I have a general pair with the senior Senator from Indiana [Mr. ROBINSON]. I transfer that pair to the junior Senator from Florida [Mr. TRAMMELL], who is necessarily detained, and vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO], who is detained from the Chamber on account of illness. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. LEWIS. I beg to reannounce the absence of certain Senators as previously announced, and add the absence of my colleague [Mr. DIETERICH]. If he were present and voting, he would vote "nay."

I also beg to announce that the senior Senator from Mississippi [Mr. HARRISON] and the senior Senator from Maryland [Mr. TYDINGS] are detained from the Senate on official business. I further beg to announce that the junior Senator from Georgia [Mr. RUSSELL] is detained on account of a death in his family.

Mr. COPELAND. I have a general pair with the junior Senator from Maine [Mr. WHITE]. Not knowing how he would vote, I withhold my vote.

Mr. METCALF. I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT. The senior Senator from Idaho [Mr. BORAH] has a pair on this question with the senior Senator from Mississippi [Mr. HARRISON]. I am advised that if the Senator from Idaho were present he would vote "yea", and that the Senator from Mississippi, if present, would vote "nay."

Mr. ROBINSON of Arkansas (after having voted in the negative). I have a general pair with the senior Senator from Pennsylvania [Mr. REED]. Not knowing how he would vote, I transfer my pair to the junior Senator from Illinois [Mr. DIETERICH], and let my vote stand.

The result was announced—yeas 30, nays 48, as follows:

YEAS—30

Ashurst	Costigan	Hatch	O'Mahoney
Black	Couzens	Hayden	Pope
Bone	Cutting	La Follette	Shipstead
Bulkley	Davis	Logan	Thompson
Bulow	Dill	Long	Van Nuys
Capper	Frazier	McCarran	Wheeler
Caraway	George	Norris	
Connally	Glass	Nye	

NAYS—48

Adams	Dickinson	Keyes	Robinson, Ark.
Austin	Duffy	King	Schall
Bachman	Erickson	Lewis	Sheppard
Bailey	Fess	Lonergan	Smith
Bankhead	Fletcher	McKellar	Steiwer
Barbour	Gibson	McNary	Stephens
Barkley	Goldsborough	Murphy	Thomas, Okla.
Brown	Gore	Neely	Thomas, Utah
Byrd	Hale	Overton	Townsend
Byrnes	Hastings	Patterson	Vandenberg
Carey	Hebert	Pittman	Wagner
Coolidge	Kean	Reynolds	Walsh

NOT VOTING—18

Borah	Hatfield	Norbeck	Tydings
Clark	Johnson	Reed	Walcott
Copeland	McAdoo	Robinson, Ind.	White
Dieterich	McGill	Russell	
Harrison	Metcalf	Trammell	

So Mr. BULKLEY's amendment as modified was rejected.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. COSTIGAN. Mr. President, I offer certain amendments, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendments will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 8, to strike out lines 1 to 3, both inclusive, and to insert in lieu thereof the following:

(15) The term "Commission" means the Federal Trade Commission.

On page 8, beginning with line 21, to strike out through line 21, on page 9, and to insert in lieu thereof:

PROVISIONS RELATING TO FEDERAL TRADE COMMISSION

On page 9, line 22, to strike out "(b)" and insert in lieu thereof "SEC. 4. (a)".

On page 10, line 5, to strike out "(c) The Commission" and insert in lieu thereof "(b) For the purposes of this act and of the Securities Act of 1933, the Commission".

On page 10, line 8, to strike out "this act" and insert in lieu thereof "such acts".

On page 10, line 11, to strike out "(d)" and insert in lieu thereof "(c)".

On page 11, after line 4, to insert the following new paragraph:

(d) The Commission shall hereafter be composed of seven commissioners who shall be appointed by the President, by and with the advice and consent of the Senate, and not more than four of whom shall be members of the same political party. The two additional commissioners who shall be appointed pursuant to this act shall continue in office through September 25, 1936, and September 25, 1937, respectively, the term of each to be designated by the President; but their successors shall be appointed for terms of 7 years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed. No commissioner shall engage in any other business, vocation, or employment, or hereafter effect any transaction in any security (other than an exempted security) unless 10 days prior to such transaction he shall notify in writing the other members of the Commission of his intention to effect such transaction, and shall also notify in writing the Commission that such transaction has been effected, which later notice shall immediately be made a matter of public record by the Commission.

Mr. COSTIGAN. Mr. President, the purpose of this group of amendments is to substitute the Federal Trade Commission for the special commission planned in the Senate bill. The amendments would add to the present Federal Trade Commission two new commissioners to be appointed by the President and confirmed by the Senate. In so doing the theory of the House bill is adopted.

May I say before speaking on the merits of the amendments, that they all relate to the same subject, and, if practicable, I should like to have the consent of Members of the Senate to vote on them en bloc.

The PRESIDING OFFICER (Mr. MURPHY in the chair). Without objection, the request of the Senator will be granted.

Mr. COSTIGAN. For the information of Senators who have a copy before them, I perhaps should add that lines 11 and 12, on page 2, of the Senate print have been stricken from the proposed amendments. It is believed that the question there presented may properly go to conference and be determined hereafter. The elimination of those lines serves to simplify the end in view in offering the amendments.

Mr. President, I desire to say that, so far as I am aware, this is the only important remaining proposed change in the stock-exchange regulation bill which now needs the attentive consideration of the Senate. Other subjects in dispute, including the highly significant question whether the control of credit, as distinguished from the supervision of stock exchanges, is to be regulated by the Commission specified in the bill or by the Federal Reserve Board, will, or at least can, be determined in conference, as the administration may desire.

Here, however, is a chance—and perhaps a last chance—for the Senate to express its independent judgment on a vital feature of the pending legislation, thus declaring its convictions or preferences.

The House definitely favored the Federal Trade Commission as the body to administer this act.

The Committee on Banking and Currency, when it came to pass on this question, was closely divided, as stated by the able chairman in his opening address 2 days ago. Indeed, the chairman of the committee, as he frankly declared, was one of those who preferred the Federal Trade Commission to a separate commission.

There are only a few phases of the subject which call for discussion at this time. Perhaps I should emphasize at the outset that the Federal Trade Commission, as all Senators know, during the last year has been charged with the administration of the securities law. The Federal Trade Commission, which was created to curb unfair practices, for some years has had jurisdiction over, and has been conducting an exhaustive investigation, particularly of electric-power and gas-utility companies in the United States. During that time it has acquired, deservedly, a high reputation for its efficient analysis of financial management and various problems connected with corporate structures and practices of many leading corporations of this country. It is therefore safe to say that there is in the Government at this hour no Federal agency so well equipped as the Federal Trade Commission to assume the public responsibilities with which the bill now before us deals.

It may further be asserted with confidence that if a new commission be now created that commission will start handicapped by the lack of the important facilities already available in the Federal Trade Commission. Indeed, a reasonable estimate of the period which must elapse before a new commission could begin to function efficiently would probably be about 6 months. In contrast, the Federal Trade Commission could instantly be effective if entrusted with the administration of this bill.

One merit, then, of these amendments springs from the fact that under them command may at once be taken of a situation which, if postponed, and left to the handling of a commission not now in existence, may develop dangerous results. It is entirely conceivable that within the next few months before a new Federal agency could begin to operate effectively there might be stimulated an otherwise preventable return of one or more of those forced stock inflations or depressions which in recent years have so seriously affected the business life of America.

The second point I wish to make with respect to the value of the use of the Federal Trade Commission is that it represents a more economical method of meeting our legislative issues. I publicly mentioned this feature the other day, and subsequently the distinguished Senator from Virginia [Mr. GLASS], referring to the discussion then had, stressed the fact that the cost of the administration of this proposed law under provisions both of the House bill and the Senate bill is to be imposed upon the stock exchanges, not the Treasury, of the country. That is true. However, regardless of the wisdom or unwisdom of such a legislative provision or practice, the clause does not impair the fact that the Federal Trade Commission will be a more economical agency, whether judged from the viewpoint of taxpayers or from the angle of the cost to stock exchanges.

A conservative estimate of the cost of setting up a new Federal agency, as proposed in the Senate bill, with five commissioners, each with a salary of $12,000 a year, required to equip itself with office staffs, including experts, shows approximately $500,000 annually in excess of the cost of utilizing, with the additions provided in the pending amendments, the present facilities of the Federal Trade Commission. Members of the Senate are, therefore, earnestly urged to weigh this aspect of the value of amendments which reasonably correspond to similar provisions of the bill as it passed the House of Representatives.

Turning from economy to efficiency, the Senate will surely take into account the fact that the Federal Trade Commission has for years in notable investigations built up such an expert organization that the Commission is prepared to move immediately into the efficient performance of its tasks if authorized to act and this bill becomes law.

How different will the situation be if a new commission is created. How long will it take the members of such an untried agency to orient themselves in relation to problems already familiar to the Federal Trade Commission and its staff? On each of these grounds, therefore, the argument for these amendments may well be thought unanswerable.

Another feature of the Senate bill deserves attention. The history of the development of the proposal of a new and independent commission is worth noting. So far as I know—and I trust that nothing I shall say will be misunderstood or regarded as a reflection on anyone here—the first suggestion of an independent commission came to the Banking and Currency Committee from Mr. Richard Whitney, president of the New York Stock Exchange, on February 28, 1934. On that day, long after he first appeared before the Banking and Currency Committee and was subjected to searching cross-examination, during which he endeavored to paint a picture of innocence with respect to stock-exchange practices, Mr. Whitney suddenly advanced his new proposal, somewhat different, to be sure, from the proposal incorporated in the Senate draft, but, nevertheless, so similar in some respects that it deserves attention.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield to the Senator with pleasure.

Mr. BARKLEY. I think it ought to be stated that when Mr. Whitney appeared as a witness before the committee in the early stage of its hearings on this particular bill he suggested an independent commission, but he suggested an entirely different kind of independent commission from that which we have set up in the bill. He wanted a commission composed, in part, at least, of men who had had experience on the stock exchange, and he went so far as to suggest that the stock exchange be allowed to submit a list of names from which the President might make the appointments. Of course, we have nothing of that kind in this bill.

Mr. COSTIGAN. The Senator from Kentucky has correctly stated the facts. I was about to read Mr. Whitney's proposal.

Mr. GLASS. Mr. President, will the Senator permit an interruption?

Mr. COSTIGAN. Certainly.

Mr. GLASS. In addition to what the Senator from Kentucky [Mr. BARKLEY] has said, I assume that the Senator from Colorado knows perfectly well that Mr. Whitney did not stand hitched to his own proposition, which he made in February, because he came down here with an entirely different proposition, submitted on the 27th of March, in which he proposed to commit the whole matter to the Federal Reserve Board.

Mr. COSTIGAN. To follow the figure of speech of the able Senator from Virginia, Mr. Whitney was always running away from the traces; he stood hitched to nothing, so far as I was able to discover.

Mr. GLASS. That being so, it does not seem exactly appropriate for the Senator from Colorado to keep him hitched to the traces out of which he has broken. [Laughter.]

Mr. COSTIGAN. My sole purpose in referring to the origin of the independent-commission proposal was to bring clearly home to the Senate the fact that behind that original proposal was a sinister purpose, not, of course, reflected in any action taken by the Banking and Currency Committee.

Mr. GLASS. Mr. President, may I say that owing to illness I did not hear a word of Mr. Whitney's testimony nor have I read a word of it since, so when the Senator speaks of the origin of the proposal, which was made by me in committee after conference with the President and with the Federal Reserve authorities, and which was drafted by the expert draftsmen of the Federal Reserve authorities, I reply that I offered the proposal without knowing or caring what Mr. Whitney's attitude was on the subject. Consequently there is nothing sinister in the proposal submitted by me.

Mr. COSTIGAN. Mr. President, the Senator from Virginia evidently misunderstood my statement, which was definitely to the effect that there was nothing sinister in the action of the Committee on Banking and Currency. No one in the Senate entertains higher respect for the independence, ability, and integrity of the able Senator from Virginia than do I. I am sure that anyone who has listened to me with care will acquit me of any charge of the slightest suggestion which could be taken as reflecting on the Senator from Virginia.

Mr. GLASS. I had not supposed the Senator intended any reflection upon me, but it is quite evident that the Senator wants to prejudice this particular provision of the bill by assuming that only Mr. Whitney, of the New York Stock Exchange, had sense enough to originate a proposal of the sort. As a matter of fact, as pointed out by the Senator from Kentucky [Mr. BARKLEY], Mr. Whitney's proposed independent commission was to contain at least two members of the New York Stock Exchange in its membership. It was to contain the Secretary of the Treasury and one other ex-officio Cabinet member. It was entirely a different proposition from the one which the committee embodied in the bill.

Mr. FLETCHER. Mr. President, may I correct the Senator from Virginia?

Mr. COSTIGAN. I yield to the Senator from Florida.

Mr. FLETCHER. My recollection is that Mr. Whitney's proposal was that there should be one member of the commission named by the New York Stock Exchange——

Mr. GLASS. No; two.

Mr. FLETCHER. And one member named by the other exchanges of the country.

Mr. GLASS. Two stock-exchange members.

Mr. FLETCHER. One from the New York Stock Exchange and one from the other exchanges, and three Cabinet members.

Mr. GLASS. And Mr. Whitney did not adhere to that proposition. He came down a month later and proposed something else.

Mr. BARKLEY. Mr. President, will the Senator from Colorado yield?

Mr. COSTIGAN. I yield to the Senator with the understanding that I expect to place in the RECORD Mr. Whitney's statement so there cannot be any doubt about his proposal.

Mr. BARKLEY. I wish to call attention to the fact that the interdepartmental committee, which was appointed by the President to inquire into and make recommendations with reference to control of the stock market, on January 23, 1934, made its report to the President, in which it suggested an independent commission for the purpose of administering any law Congress might enact on the subject.

Mr. GLASS. The only point I wanted to make was that Mr. Whitney was not solely responsible for the suggestion.

Mr. COSTIGAN. With utmost respect for members of the Banking and Currency Committee, with which I am associated, I now venture to proceed to say that the proposal of an independent commission was dramatized by the president of the New York Stock Exchange when he appeared before the committee in February of this year. I ought to add that about the time of his statement, to the best of my recollection, a petition was sent to Congress by employees of stock-exchange houses urging the same sort of legislative supervision.

I am now particularly anxious to refer to what Mr. Whitney had to say on February 28, so there can be no misunderstanding. The Senate proposal is an independent commission, appointed by the President and confirmed by the Senate, consisting of five members, with salaries of $12,000 per year.

Mr. Whitney's proposal was somewhat different. This is what he said, and at the conclusion of his remarks he indicated that what he spoke was considered the view of the New York Stock Exchange, adopted by its governing committee, which had given him authority to present it to the Banking and Currency Committee. I quote Mr. Whitney:

> It is the purpose of the New York Stock Exchange to assist in every possible way in the prevention of fraudulent practices affecting stock-exchange transactions, excessive speculation, and manipulation of security prices. We should be glad to see a regulatory body, constituted under Federal law, supervise the solution of these grave problems. We suggest in principle, and subject to the requirements of law and the constitutional power of Congress, an authority or board to consist of 7 members, 2 of whom are to be appointed by the President, 2 to be Cabinet members—who may well be the Secretary of the Treasury and the Secretary of Commerce—and 1 to be appointed by the open-market committee of the Federal Reserve System. The two remaining members—

This is the language to which the Senators from Kentucky [Mr. BARKLEY] and Florida [Mr. FLETCHER] and Virginia [Mr. GLASS] expressly called attention—

> The two remaining members to be representatives of the stock exchanges, one to be designated by the New York Stock Exchange and the other to be elected by members of the exchanges in the United States other than the New York Stock Exchange.

Reverting to what I said a moment ago——

Mr. CLARK. Mr. President, will the Senator yield at that point?

Mr. COSTIGAN. I am glad to yield to the able Senator from Missouri.

Mr. CLARK. The Senator does not mean to leave the impression, I am sure, that the Committee on Banking and Currency reported the bill embodying the suggestion of the president of the New York Stock Exchange?

Mr. COSTIGAN. On the contrary, I think I have twice disclaimed any such intention, and I repeat the disclaimer lest there be any remaining doubt in anyone's mind. What I am endeavoring to do, I will say to the able Senator from Missouri, is to indicate part of the history of the development of the suggestion of an independent commission—that, and that alone.

Mr. President, I return to my earlier suggestion, which is that there was something sinister about the proposal by the New York Stock Exchange of a commission to regulate the business of the stock exchanges of this country, in the face of an investigation of stock exchanges which shook the country from shore to shore. No taint, of course, attaches to the proposal of the committee responsible for the pending bill. I speak of these developments to emphasize the great gravity as well as the history of the problem which is presented to the Senate in the amendments I have tendered and to emphasize the importance of utilizing the most efficient agency now serving our Federal Government available for this highly important purpose.

It is a fair inference, I think, that in recommending the use of technically equipped representatives of the stock exchanges of the country in a Federal supervising body it was the purpose of the New York Stock Exchange to go as far as it could to gain a firm foothold to regulate the official regulators to be established by law.

No one here needs to be told that there are hundreds of millions of dollars involved in refunding issues due to be offered by public-utility companies during the next 12 months; and the desire to have the registration of these offerings under other supervision than that of the Federal Trade Commission, with its voluminous records of the financial practices of power companies and with its staff of experts intimately informed on these and allied matters is easy to be understood.

For these among many unassigned reasons I urge the adoption of the amendments which I have sent to the desk. Perhaps it will be serviceable briefly to restate some major specifications.

First. There will be hazardous delay and substantial organization difficulties if we adopt the proposal in the Senate bill.

Second. Economy and efficiency will be promoted by using the Federal Trade Commission, which has an expert staff, already experienced in matters closely related to many of the duties that will inevitably devolve on the administrative agency to be provided.

Third. The registration of new issues under the Securities Act of 1933 and the pending legislation would involve much duplication of work which would be eliminated if we use the Federal Trade Commission as the agency for both.

Fourth. If we employ the Federal Trade Commission's assistance, there will be cooperation in other divisions of that Commission's work of experts who have gained familiarity with many aspects of corporation finance relating to the security business in connection with such duties as the enforcement of the antitrust laws, and the investigation of many important corporate structures; notably, those of the electric power and gas utilities.

Mr. President, from the beginning of the discussion of this bill until the present moment nothing has been said on this floor with respect to the Federal Trade Commission except in praise. It is unnecessary at this hour or in this body to enumerate the remarkable services that governmental agency has performed during certain periods of its existence. Ten or more years ago that Commission effectively demonstrated in services of the most noteworthy character the legislative needs of the meat-packing industry. In more recent days, the investigation of the utility corporations has justly attracted the attention of public-spirited people everywhere.

It certainly now seems in the interest of the proper handling of the public business of the country to use the Federal Trade Commission in the present emergency; and if there be those here who believe that additions to its membership should be made, in the amendments, which correspond in substance to the House bill, will be found provision for the selection of two additional members of the Federal Trade Commission, who can help lighten the multiplied burdens now resting on that body. To mention a minor matter, in view of the circumstances that members of the Federal Trade Commission have salaries of $10,000 a year, while the proposal in the Senate bill is to appoint commissioners with salaries of $12,000 a year, it will be seen under the amendments now offered we are, so far as expense goes, in effect merely adding the equivalent of one commissioner with a salary of $10,000 a year.

Mr. HASTINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from Colorado yield to the Senator from Delaware?

Mr. COSTIGAN. I yield.

Mr. HASTINGS. Is there not this difference in the two bills? As I understand the bill now before the Senate, reported by the Banking and Currency Committee, the expense involved is borne entirely by the stock exchanges through a tax levied by the Commission, and therefore the new commission will not be an expense upon the Federal Government. Is that correct, and does the Senator take that into consideration in discussing the subject?

Mr. COSTIGAN. The provision of the House bill as passed—section 30, on page 56 of the draft, which I have here—reads as follows:

> Every national securities exchange shall pay to the Commission on or before March 15 of each calendar year a registration fee for the privilege of doing business as a national securities exchange during the preceding calendar year or any part thereof. Such fee shall be in an amount equal to one five hundredths of 1 percent of the aggregate dollar amount of the sales of securities transacted on such national securities exchange during the preceding calendar year.

Mr. HASTINGS. Does the Senator's amendment substitute any of that language in the Senate bill?

Mr. COSTIGAN. Let me say in answer to the able Senator from Delaware that what I have read is the language of the House bill. The language of the Senate bill differs somewhat, and I shall now read its provisions, to be found on page 10, subdivision (d) of section 4 of the bill. That language is:

> The amount of all expenses incurred by the Commission in connection with the administration of this act shall be assessed by the Commission against exchanges subject to regulation under this act in such manner and in such amounts as the Commission deems to be fair and equitable. The Commission shall levy semiannually upon such exchanges an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

In other words, the House bill calls for a definite assessment. The Senate bill calls for an assessment based upon estimated expenses. That language is not touched by the amendment I have offered.

Mr. HASTINGS. That is what I wished to inquire.

Mr. COSTIGAN. I will further say to the Senator from Delaware that one reason it was not touched was that this subject can perhaps be dealt with in conference as well as if handled by amendment on the floor. Perhaps I am in error about this conclusion, but that is the judgment I formed.

TARIFF ON SUGAR

Mr. VANDENBERG. Mr. President, we are advised in the afternoon newspapers that the President, exercising his existing flexible tariff powers, has reduced by one half cent the tariff on Cuban sugar, and upon other sugars in proportion. I desire to read his precise language:

> Acting upon the unanimous recommendations of the United States Tariff Commission, I have today signed a proclamation, under the so-called "flexible tariff provisions" of the Tariff Act of 1930, reducing the rate of duty on sugar.
>
> Using 96-degree Cuban sugar as the unit of measure, this results in a reduction of the duty from 2 cents to 1½ cents a pound on that sugar.

Mr. President, today is the first time that any of us have been able to see the report of the Tariff Commission upon

which this action is based. Today is the first moment that any of us who are interested in the problem of the maintenance of the domestic-sugar industry and the tariff on sugar, and particularly the Cuban phase of it, have been able to know what it is that the Tariff Commission has been recommending to the President in this connection. We were left to guess regarding the contents of this significant document all through the recent debates on the sugar control bill, although the report of the Commission is dated February 8, the day the President sent us his original sugar message.

I have had the report for a few hours, I repeat, for the first time; and I assert without fear of successful contradiction that the report does not justify any reduction whatsoever in the sugar tariff. I think that becomes textually plain on the face of the report of the Commission. I assert that the President's action is not justified by the exhibit upon which it is based.

I refer first to page 1 of the Commission's report, which clearly indicates that in ascertaining the differences in cost of production at home and abroad in respect to sugar the Tariff Commission has depended upon the 3-year period 1929–30 to 1931–32. In other words, its survey of the cost of producing sugar stopped with 1932. That becomes a controlling fact, as I shall presently indicate.

Mr. President, let us turn over now to page 7 of the report, which indicates the costs and the differentials in costs of production at home and abroad which were found in this period preceding 1933.

We find a calculation which shows that the average differential between the cost of producing sugar in the United States and in Cuba is reported at 1.495 cents per pound of raw sugar. That is the weighted average. It is an average cost which is secured by averaging not only the cane costs in the United States and the beet costs in the United States, but also the cane costs in Hawaii. In other words, it would be impossible to bring this figure down to approximately 1½ cents—that being the figure which is used to justify the tariff reduction—except as the Hawaiian costs of production are joined with the domestic costs. I do not believe it is fair to include Hawaiian costs in a computation which is presumed to reflect production costs in continental United States, where practically all conditions are substantially different and substantially higher. This inevitably jeopardizes the protective rights of American industry and agriculture. But this is not in any sense the major basis of my protest. My real protest rests upon incontrovertible grounds which do not admit of argument.

But I particularly call attention, in passing, to the fact that when this average differential is brought down to 1½ cents, it is nearly 1 cent less than the admitted differential in respect to the cost of producing Louisiana cane sugar. The Commission admits that the differential between Louisiana cane and Cuban cane sugar is 2.723 cents per pound. Yet the tariff is reduced on the theory that the differential is only 1.495 cents per pound.

Mr. LONG. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. LONG. From what page is the Senator reading?

Mr. VANDENBERG. From page 7.

Mr. LONG. That is where they have our Louisiana cost at 2.7 cents?

Mr. VANDENBERG. That is correct.

Mr. LONG. As I understand, they have added in Hawaii and Louisiana?

Mr. VANDENBERG. That is correct.

Mr. LONG. I wonder why they did not get the Fiji Islands and bring it down three eighths of a cent more. They might as well have done that.

Mr. VANDENBERG. They might as well have included the Philippine costs and decrease the tariff to 1 cent.

Mr. HASTINGS. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield.

Mr. HASTINGS. I might call the Senator's attention to the record made in the Finance Committee on the question of a tariff by the Chairman of the Tariff Commission, who stated boldly, and to the world, that the Tariff Commission in these matters did what the President wanted done, and did not exercise any independent judgment. Bearing that in mind, it seems to me there is some explanation as to why the Senator did not know about it before.

Mr. VANDENBERG. I thank the Senator for his observation. I read the report of the Senate committee hearing today very carefully, to see whether or not the Chairman of the Tariff Commission had been direct and categorical in that quoted statement. If he had been direct and categorical, I would have been in favor of impeaching him. It would have been a violation of his responsibility under the law. He was not categorical and he was not direct, but he left the obvious inference that the Commission is quite willing to do anything the President wants it to do. The able Senator from Delaware is justified in his interpretation. It is an amazing thing. But I revert to the sugar report.

Mr. President, the worst vice in respect to the use of this report of the Tariff Commission to justify this reduction today in a tariff on sugar is not the matter of the average. That is incidental. I remind the Senate again that the Commission admits, on page 1 of its report, that its study of production costs is based on a 3-year average, which ends in 1932, and that there is not a single production cost surveyed or canvassed or contemplated after 1932.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Arkansas. What inference does the Senator draw from that?

Mr. VANDENBERG. I am proceeding not to an inference from it but to a direct conclusion which I think even the Senator from Arkansas will gladly concede proves an unfair deduction on the part of the President.

Mr. ROBINSON of Arkansas. I thank the Senator for putting me in the class that even I may be able to understand a statement made by himself.

Mr. VANDENBERG. I did not say that, but I will make that concession to the Senator from Arkansas.

Let me state again that these production-cost surveys ended in 1932, and every penny of the differential which the Tariff Commission found at the end of 1932 on the basis of those costs has been used to justify this reduction in the tariff on sugar. There is no margin of safety left even on these 1930–32 figures. But what has happened to sugar-production costs since this survey ended? What has happened since 1932? That is the important point which I am bringing to the floor of the Senate to justify the initial statement which I made this afternoon, namely, that the report does not warrant a reduction in the sugar tariff.

Since 1932 all sugar processing has gone under the N.R.A. That is exhibit A. I have seen the certified accountant's analysis of the result of the N.R.A. upon sugar-processing costs, and the average increased cost of processing is 40 percent. There is an increased processing cost of 40 percent, which must be added to the figures upon which the Tariff Commission bases its report. But that is not all.

Under the sugar control bill, a minimum-wage provision is provided, which we are told is calculated to increase the labor costs per sugar-beet acre from $13 to $20. That is an increase of 54 percent in labor costs.

There is a 40-percent increase in processing costs as a result of the N.R.A. We face a contemplated labor increase of 54 percent. I do not complain. I simply state a fact. Those are rather staggering percentages. Yet not one single penny of those already existing and immediately contemplated increased costs of production is included within the base which the United States Tariff Commission has submitted to the President as a justification for this reduction in the tariff on sugar. It is against this unfairness, this distortion, that I complain.

I think the exhibit upon its face demonstrates the justification for the statement which I made, that the report of the Commission itself does not justify the proclamation which the President has issued. The report goes back entirely to precode days and is as antiquated as if it were

50 years old. It is utterly irrevelant. But even that is not all.

In this report, at page 25, I find a rather ominous further communication from the chairman of the Tariff Commission to the President, dated April 11, 1933, in which he says:

> In view of the possibility of early action by our Government in regard to tariff bargaining, I venture to send you certain conclusions that have been reached by the Tariff Commission from our study of the sugar industry.

This would indicate clearly that the preliminary discussion of the use of the tariff bargaining power has related directly and specifically to the possible further reduction of the tariff on sugar, in spite of this challenging exhibit which is contained in the report of the Commission. In other words, our jeopardy has only just started. There may be more of it if and when the President gets the bargaining powers for which he is reaching in the new tariff bill.

Mr. President, all I want to say is that I think the report of the Commission clearly demonstrates that the President's proclamation is not justified, that the reduction in the sugar tariff is not justified, and I desire to state that this type of tariff thinking and this type of tariff tinkering will ruin what is left of American agriculture if it is persisted in. I wish to take my stand with the President, not on May 9, 1934, but on October 25, 1932, when he was speaking in Baltimore 1 month before his election, when he said:

> It is absurd to talk of lowering tariff duties on farm products.

It continues to be absurd, and especially when based on an outmoded report of the Tariff Commission.

Mr. LONG. Mr. President, I hope the leaders of both parties will at least deal with us along honest lines of fact, not only in Congress but in the departments. If they cannot juggle us out of a tariff on honest figures, at least I hope we will not sit here and be a party to a dishonest calculation. I do not mean by that to intimate an ill motive on the part of the Commission, but it is a farcical statement which has been used as a justification for reducing the tariff on sugar by one half cent a pound, to the detriment of the people of Louisiana.

It is only a few lines contained on page 7 of this report that have been used as a basis of computing the cost of producing sugar in Louisiana as compared with the cost in Cuba. Let me read these three lines to the Senate found in paragraph 13:

> Combined average excess of domestic costs.

Listen to this:

> The three figures of the excess of domestic over foreign costs shown in paragraphs 11 and 12, namely, 2.723 cents for Louisiana sugar, 1.363 cents for Hawaiian sugar, and 1.407 cents (raw basis) for beet sugar, taken together, give a weighted average excess of domestic over Cuban costs amounting to 1.495 cents per pound of raw sugar.

Mr. President, on its face that is a fraud on the law, that is a positive forgery in the face of the facts. Computing the cost of producing Louisiana sugar under the law, and comparing it with Cuban sugar, making the Louisiana cost 2.7 cents plus, and then weighting it down by loading in the cost of producing sugar in Hawaii, and reaching a common average, is a fraud against the people of the State of Louisiana, and the people of Florida, and the domestic sugar interests of the United States in General.

What we were entitled to was a consideration of the difference in costs, under the law, of producing sugar in Cuba and producing sugar in the State of Louisiana. On the facts contained in the report the cost in Louisiana is given as 2.7 cents a pound, and instead of giving us anything like what the law calls for, we are given what our average is when compared with sugar produced by the slave labor of Hawaii.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. The cost of producing sugar in Louisiana, I believe, is higher than it is anywhere else in the United States.

Mr. LONG. It is a little higher.

Mr. ROBINSON of Arkansas. Can the Senator state how much higher?

Mr. LONG. According to this report, it is about a cent and a quarter a pound higher.

Mr. ROBINSON of Arkansas. Does the Senator understand that in arriving at the cost of production of an American commodity the Tariff Commission necessarily takes the highest cost?

Mr. LONG. I think we are entitled to our Louisiana cost.

Mr. ROBINSON of Arkansas. I merely wanted to point out to both Senators that the logic of the position they take, as I understand it, is to contend that it is the obligation of the Commission in ascertaining the cost of production to fix the figure at the highest cost in any part of the United States.

Mr. LONG. Unless the sugar business is going to be put out of Louisiana.

Mr. ROBINSON of Arkansas. I am not talking about what is going to be done with the sugar business, if the Senator will pardon me. I am speaking about the standard or the tests prescribed in the flexible-tariff provision and in other provisions of the tariff law which authorize and require the Commission in certain cases to find the cost of production. There have been a good many different methods resorted to, but I do not know of a single instance in which it has been held that the highest cost is the true standard. Of course, it is necessary to find some kind of an average. For instance, let us say an inefficient concern operating to produce a commodity will produce it at a much higher cost than the well-managed and well-operated competitor; manifestly it is not the intention of the law to put a premium upon inefficiency and incompetency. So, necessarily, there arises the duty on the part of the Commission to find a standard with respect to the cost of production that would be fairly reflective of some average.

Mr. LONG. Let me ask the Senator a question. If we are going to reach that sort of average—I do not agree with that—but let us say that we take the basis which the Senator suggests; is it, then, fair to put Hawaii in with Louisiana?

Mr. ROBINSON of Arkansas. I am not certain that if I were a tariff commissioner charged with this responsibility, I should proceed in that way, but certainly we should take the cost of producing beet sugar——

Mr. LONG. We will take that.

Mr. ROBINSON of Arkansas. And the cost of producing cane sugar, and I am not certain that under the statute the Commission was not entirely authorized to put in Hawaii, being a part of the United States. The quotas limit the amount of sugar that may be imported.

Mr. LONG. If they can put in Hawaii they can put in the Philippines and bring the cost down to 1 cent.

Mr. ROBINSON of Arkansas. I do not think they would be prohibited from putting in Hawaii. I do not understand that the law prohibits that. I think there must be, necessarily, some method of arriving at the average cost of production.

Mr. LONG. I know, but the Senator will admit that we should not put in the Philippine Islands, and I know that we should not put in the colonial possessions, because if we do, we would have no tariff on sugar. The cost of raising sugar in the Philippine Islands is probably less than the cost of raising sugar in Cuba.

Mr. ROBINSON of Arkansas. I think there is some force in the Senator's statement, because we have assumed from the beginning that the costs of production there—the labor charges particularly—are much less than in the United States.

Mr. LONG. Much less. And if they had followed, as the Senator from Arkansas very graciously says, the average cost of production of beet sugar and cane sugar, Mr. President, the average of the two being 2.5 cents plus above the cost of Cuban sugar—on that basis referred to by my friend from Arkansas they had no right to issue this order. They have gone in the teeth of their own findings with respect to this—and God knows they have never been too liberal in their fact findings, so far as we are concerned—but on the basis

of the facts which they have been able to find for themselves, they have given the average cost of production of beet and cane sugar in this country as 2.1 cents above the cost of Cuban sugar, and now they put Hawaii in and slice off a half a cent.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. VANDENBERG. I desire to call the attention of the Senator from Arkansas to the fact that I was complaining less about the use of an average cost. I quite concur that some sort of average is necessary. I was complaining less about that than I was about the fact that the entire survey of the cost of production ended in 1932, and that the cost of production in the United States, under the N.R.A., and under the contemplated increased wage scales required by the sugar control, is an added factor to the extent of an average of 50-percent increase in cost of production, which is totally excluded from contemplation in the Tariff Commission's report upon which the President has acted.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. In connection with the statement just made by the Senator from Michigan, it is well known that the investigation of the cost of production of sugar is a very difficult and complicated subject matter.

Mr. VANDENBERG. That is correct.

Mr. ROBINSON of Arkansas. I recall that some years ago, when an investigation was made, it extended over so long a period that I felt justified in doubting the value of the information, because it seemed to me that much of it might have in the meantime become obsolete.

Mr. VANDENBERG. Which is what happened here.

Mr. ROBINSON of Arkansas. That may be worthy of consideration. I merely wish to point out that it is difficult, almost impossible, to have cost-of-production data up to date or to keep it up to date. The reduction in this tariff offsets the processing tax and thus prevents increase of cost to consumers.

Mr. LONG. Mr. President, I agree with what the Senator from Michigan says, and we would be perfectly willing to be penalized and be brought down to the average cost of the domestic beet-sugar crop and the domestic cane-sugar crop. Of course, there would be no sugar business in the United States today if were not for the cane-sugar industry. Cane sugar, Mr. President, was the pioneer sugar industry in this country. Sugarcane was planted in this country long before there was ever any thought of such a thing as a beet-sugar industry. If we had not been faced with the necessity of taking care of foreign investments which have been made in Cuba—or rather the domestic investments made in a foreign country—we would never have had this question raised to trouble us. But now they begin talking about tinkering with the tariff.

We had a commitment from the President of the United States that he did not intend to reduce the tariffs on any agricultural commodities. That was the declaration made by President Roosevelt in the last campaign. I remember when Mr. Hyde, a member of Mr. Hoover's Cabinet, attacked Mr. Roosevelt for having made that statement, claiming it was inconsistent with the previous statements made by him, that Mr. Roosevelt made the statement that he had thoroughly made up his mind, and that all agriculturists might know that there was no intention on his part at any time to interfere with the tariffs which were being maintained on agricultural products.

We in the State of Louisiana have tried to comply with the law. Though it has discriminated against us at every turn, we have tried to place ourselves in keeping with the law. We had a law which we did not want, which permitted flexible tariff rates to be made with regard to sugar. The Tariff Commission investigated and finally found that the cost of producing the Louisiana sugar is 2.7 cents, and then they said—

> We have got to average that with the balance of the sugar which is being produced in the United States, which brings the difference in the cost of production down to 2.1 cents a pound.

Then they said—

> No; that is not low enough. We will go out 3,000 miles away from this country, and we will bring in Hawaii, and add the cost of producing sugar in Hawaii, and divide the cost of producing domestic cane and beet sugar and Hawaiian sugar, which brings the cost down to 1.4 cents, and therefore we will lop off one half a cent.

There is no reason on God's earth why they did not put in the Philippine Islands. The next thing they will do is to bring in the Philippine Islands. Then the next thing they will do, if that is not enough, is to bring in Puerto Rico; and when they bring in the Philippine Islands and when they bring in Puerto Rico, they will find out that the Cubans have been penalized, because it costs more to produce sugar in the island of Cuba than it costs to produce it in the colonial possessions of the United States of America.

Is that the kind of political and bureaucratic situation we have gotten ourselves into? Are we going to permit such chicanery? Is the Senate going to stand for that sort of manipulation against the interests of the people who are born under this country's flag, and who are just as much citizens of this country as anyone else? Are we going to stand for actions which are said to be taken under the law as a result of which the Louisianian will be brought down to the same status as the Hawaiian? Is that what this tariff-tinkering process means to our country? Are we planning to extend this process in order to negotiate some trade agreement with Cuba?

If that is what we are going to do, then the next thing we will do will be to have a trade agreement with Cuba by which we will give Cuba the same advantage with respect to importations into the United States as the Philippine Islands have.

I do not care whether my friend from Michigan agrees with the Senator from Arkansas or not. According to the Senator from Arkansas and according to the Senator from Michigan, the authorities have cheated the people of Louisiana, on their own figures, out of six tenths of 1 cent a pound on sugar which is raised in this country. That is what has been done.

Up to the year 1898, before we got into a war which we never had any business to get into, following which time the National City Bank and the financiers of the East became interested in Hawaii and in Cuba, there never had been any thought of imposing anything like this on the people of Louisiana or on the people of the West; but now, on the admitted facts, if the Tariff Commission cannot find one thing which will bring down the average cost, they will find something else to bring it down. That is why the people of this country have lost all confidence in boards and commissions. That is why the people have lost all respect for Congress because of its abdicating its functions and placing them in the hands of bureaucrats. That is why the people of Louisiana and the other people of the country are insisting on a legislative form of government; that the taxing be done by Congress; that laws be enacted in the ordinary way, in a constitutional manner, rather than to delegate authority to boards to ascertain differences in costs, and so forth. Especially is that true in view of the fact that this particular board, when it cannot find, according to its own tabulations and statistics, that there is sufficient difference in cost to justify its recommendation, will go 3,000 miles away and bring in costs under coolie labor in order to average the people of Louisiana and the people of the West with that coolie labor so as to bring down the price sufficiently to justify such a proclamation as the one in question.

This is just what is wrong with agriculture in the United States today. In order to take care of the Cubans, in order to take care of the Filipinos, we constantly neglect the agriculture of this country. If we shall go forward with the flexible tariff bill and shall not at least except agricultural commodities, we will commit an absolute violation of the promises and of the party pledges that were made by Mr. Roosevelt to the farmers of the country. This report goes to show the necessity for protecting the farmers in line with what has been the constitutional law with reference to tariff making.

Mr. ROBINSON of Arkansas. Mr. President, I do not wish to prolong the discussion. The President today issued a statement for the press when he signed the so-called "sugar bill", H.R. 8861. I shall ask that the statement be printed in the RECORD. There is a paragraph in the statement as follows:

Under the terms of the act, the rate of the processing tax shall not exceed the amount of the reduction on a pound of sugar, raw value, of the rate of duty in effect on January 1, 1934, as adjusted, by our commercial treaty with Cuba.

I ask that the statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT MADE BY PRESIDENT UPON SIGNING H.R. 8861 PERTAINING TO THE SUGAR INDUSTRY

MAY 9, 1934.

On February 8 last, I sent to the Congress a message setting forth certain facts and problems pertaining to the sugar industry. I said then that "the problem is difficult but can be solved if met squarely and if small temporary gains are sacrificed to the ultimate general advantage."

I have today signed H.R. 8861, which I am advised will permit a rapid approach to the solution of the many vexing and difficult problems within the industry. I hope that this act will contribute to the economic improvement in Hawaii, Puerto Rico, the Virgin Islands, the Philippines, Cuba, and among continental sugar producers. These are the objectives outlined in my message to the Congress last February.

Under the terms of the act, the rate of the processing tax shall not exceed the amount of the reduction on a pound of sugar, raw value, of the rate of duty in effect on January 1, 1934, as adjusted, by our commercial treaty with Cuba.

Acting upon the unanimous recommendations of the United States Tariff Commission, I have today signed a proclamation, under the so-called "flexible tariff provisions" of the Tariff Act of 1930, reducing the rate of duty on sugar. Using 96° Cuban sugar as the unit of measure, this results in a reduction of the duty from 2 cents to 1½ cents a pound on that sugar. The rate of the processing tax must not exceed the amount of the reduction as adjusted to this unit of measure.

This means that the processing or compensatory taxes will not increase, in themselves, the price to be paid by the ultimate consumers and at the same time our own sugar producers will have the opportunity to obtain in the form of benefit payments, a fairer return from their product.

To cooperate with the Secretary of Agriculture in carrying out the provisions of this act, I have designated an informal committee from the Cabinet. This committee includes the Secretary of Agriculture; the Secretary of the Interior, who is charged with the administration of Hawaii and the Virgin Islands; the Secretary of War, who is charged with the administration of Puerto Rico and the Philippine Islands; and the Secretary of State, who is charged with the conduct of our negotiations with Cuba.

Those engaged in this industry have an opportunity to improve their economic status through operation of this act. I urge their cooperation in carrying out its provisions.

Mr. ROBINSON of Arkansas. There was released also a statement by the United States Tariff Commission on the subject of sugar which supplies some information pertinent to the discussion that has just been in progress in the Senate. It appears from that statement that the sugar-cane production of the State of Louisiana is 4 percent of the total consumption of sugar in the United States. I ask that the press release of the Tariff Commission be also printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

SUGAR

The Tariff Commission announces today that the President has approved the findings of the Commission with respect to sugar, and has reduced the rate on 96° raw sugar from Cuba to 1.5 cents per pound, and on sugar from other countries to 1.875 cents per pound. Rates on other degrees are changed in proportion. The new duties become effective June 8. Today's action marks the close of a comprehensive and careful study by the Tariff Commission. The President at the same time signed the Jones-Costigan Sugar Bill which makes sugar a basic commodity under control of the Agricultural Adjustment Administration and subject to a processing tax "not greater than" the reductions in the tariff rates.

Sugar, under the Tariff Act of 1930, paragraph 501, is dutiable at 2½ cents per pound for 96° raw sugar full duty, and 2 cents per pound for Cuban.

The action reducing those rates is based on a comparison of the costs of production of cane and beet sugar in continental United States and of cane sugar in Hawaii with the costs of production of cane sugar in Cuba, the principal competing country. This means a reduction in the rate on Cuban sugar, testing not over 75°, from 1.37 to 1.0275 cents per pound, and in the differential for each additional sugar degree from 0.03 to 0.0225 cent per pound. The rate on 96° sugar from Cuba will thus be reduced from 2.0 to 1.5 cents per pound. Since the United States imports of Cuban sugar are entitled (under the Cuban convention of 1902) to a reduction of 20 percent from the general rate on sugar, the general or world rate under this proclamation will be 25 percent higher than those specified above on Cuban sugar.

The findings of the Commission, with respect to refined sugar, state that the differences in cost of production between that produced in the United States and that produced in Cuba, during the cost period 1929–31, do not warrant any change in the relationship in the duty on refined (100°) sugar to the duty on raw sugar prescribed in the act of 1930, and that, consequently, any reduction in the duty on raw sugar should be accompanied by the same percentage reduction in the rate on refined sugar. The rate on 109° sugar imported from Cuba, therefore, by the proclamation, is reduced from 2.12 to 1.59 cents per pound. The Commission, however, calls attention to a new situation which is developing during later years which may call for a new relationship. This is the building of refining facilities in connection with raw-sugar mills.

The Commission, in connection with its investigation of the difference of costs between domestic and Cuban sugar conducted for the purpose of section 336, made a general investigation under section 332, and its report to the President calls attention to certain facts ascertained therein which have a major bearing on public policy with respect to sugar. These include a comparison of the costs of production of raw sugar in Puerto Rico and the Philippines with costs in Cuba, together with an analysis of data concerning the supply and demand for sugar, the trend of prices, and other pertinent facts.

It finds, in this connection, that a change in duty rates alone would not settle the chaotic condition in the sugar industry since the supply of sugar available for the American market is so great, and the competition to supply the American market is so keen as to depress the market price far below costs. Thus, while the 3-year-average costs of 96° raw sugar in Cuba delivered to Atlantic and Gulf seaport refineries was 1.923 cents per pound, the average price delivered at New York was only 1.49 cents per pound in 1930, 1.38 cents per pound in 1931, and 0.925 cent per pound in 1932.

And, further, that the most effective way, based on the information ascertained by investigations of the Commission, to improve the situation, both in Cuba and in the United States, is to lower the Cuban duty and at the same time adjust to market demand deliveries of sugar, not only from Cuba but from all other areas contributing to the American supply.

The consumption of sugar in continental United States is supplied almost entirely from three major sources, namely, the continental United States itself, shipments from the insular areas of Hawaii, Puerto Rico, and the Philippine Islands, and imports from Cuba at a duty of 20 percent below the general rate prescribed by statute. Of the continental production the great bulk has for many years consisted of beet sugar, which is produced chiefly in the Western States, with a limited output in certain North Central States. The remainder of the domestic production is cane sugar produced chiefly in Louisiana, which in no year since 1923 has represented as much as 4 percent of the total consumption. In the last few years Hawaii, Puerto Rico, and the Philippine Islands have been not far from equal to each other in importance as sources of supply of sugar to continental United States.

The relative importance of the three major sources of supply above specified remained roughly unchanged from about 1910 to about 1925. Since that time the share supplied by Cuba has fallen greatly, and the share furnished by the insular areas has risen greatly. The proportion furnished by the production in continental United States averaged about 23.5 percent of the total for 1912 to 1921, but declined to about 18.5 percent for the period 1927–30, and again increased to slightly above 23.5 percent for 1931–32.

Of the total quantity of domestic sugar consumed in 1932, 1,232,000 tons was beet sugar and 150,000 tons chiefly Louisiana cane sugar. Of the total quantity supplied by the insular areas that year 957,000 tons came from Hawaii, 851,000 tons from Puerto Rico, and 974,000 tons from the Philippines. Imports from Cuba in that year amounted to 1,647,000 tons, over 30 percent less than that imported during the 3 years immediately preceding.

The total cost of production and of transportation and other delivery charges to the principal market regions for the period 1929–30 to 1931–32 as reported by the Commission was 4.424 cents per pound for domestic beet sugar and 2.918 cents per pound for refined sugar produced from Cuban raw sugar, the excess of domestic over foreign costs thus being 1.506 cents per pound of refined sugar. This is equal to 1.407 cents per pound of raw sugar, 107 pounds of raw sugar being required to produce 100 pounds of refined sugar. The total delivered costs for raw cane sugar produced in Louisiana was 4.646 cents per pound, 3.286 cents per pound for that produced in Hawaii, and 1.923 cents per pound for that produced in Cuba. The excess of the domestic over the Cuban costs was 2.723 cents per pound for sugar produced in Louisiana and 1.363 cents per pound for sugar produced in Hawaii. The weighted average excess of the cost of the two domestic cane areas and the beet costs, raw basis, over Cuban costs amounted to 1.495 cents per pound of raw sugar.

A supplemental statement submitted by Commissioner Edgar B. Brossard is included in the report. He approves a limitation of imports by quotas to bring about a reasonable price for sugar and shows by cost comparisons calculated by three different methods that the difference between United States and Cuban costs ranges

from less than 1½ cents to more than 2 cents a pound for raw sugar, depending upon the method of cost comparison chosen.

MOLASSES AND SUGAR SIRUPS DUTIABLE UNDER PARAGRAPH 502

The Commission made no findings with respect to the costs of molasses and sugar sirups under paragraph 502 of the Tariff Act of 1930 in its report to the President. Subsequently, he requested further information on the relationship of the duty on sugar to the duty on molasses and sugar sirups.

In response to this request the Commission reported that in view of the different types of molasses and sirups imported and the great variety of domestically produced sirup it would not only be difficult to select imported and domestic molasses and sirups which were comparable but any cost differences which could be determined would not be significant in determining the proper relation between the duty on sugar and the one upon molasses and sirups.

Of the imports in 1933, about 9,600,000 gallons, or 85 percent, were imported from Cuba. Of the Cuban imports, about 3,150,000 gallons were molasses used for the extraction of sugar in refineries of the United States, and the remainder, about 5,822,000 gallons, was invert cane sirup made from raw sugar in Cuba and imported under the provisions of paragraph 502.

Imports of edible molasses and sirups from countries other than Cuba were 1,687,157 gallons in 1933. Of this amount, about 770,000 gallons were invert sirups made from raw sugars similar to the product imported from Cuba, and the remainder, about 918,000 gallons, was a highly colored and flavored edible product of the type known as Barbados molasses.

The Barbados type of molasses is used largely for blending purposes in the making of table sirups. The relatively large imports of the inverted cane sirups made from sugar are utilized in this country principally as a sweetening material in industry.

Mr. LONG. Mr. President, as the Senator from Arkansas well knows, the penalties which are prescribed against domestic peoples of all kinds, particularly the agriculturists, do not apply against the foreigners who are producing sugar. Therefore they do not have to take into account, in computing their cost of producing sugar, the same things the American farmer has to take into account in computing his cost of production, which the Senator from Michigan [Mr. VANDENBERG] said in some instances run as high as 50 percent.

Mr. ROBINSON of Arkansas. Of course, the processing tax was added to the Philippines.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The question is on the adoption of the amendments offered by the Senator from Colorado [Mr. COSTIGAN].

Mr. FLETCHER. Mr. President, with regard to the pending amendments submitted by the Senator from Colorado [Mr. COSTIGAN], I do not disagree at all with all the Senator from Colorado has so well said on the subject. I cannot, however, follow him and vote for his amendments because the Committee on Banking and Currency, by a vote, as I recall, of 11 to 8, voted for the provision for the establishment of a special commission. Of course, I am standing by the bill as reported by the committee.

I am all the more inclined to do that because if the Senate shall accept the Senate bill and create the special commission of five, which will have jurisdiction of the administration of the measure, the matter will go to conference.

The adoption of the amendment of the Senator from Colorado would mean that the Senate agrees to the proposal of the House bill, which provides for the administration of the measure through the Federal Trade Commission, and there would be nothing in conference on the subject. The Senate bill now provides for the establishment of a special commission. The House bill provides for jurisdiction to be lodged in the Federal Trade Commission. If the Senate agrees to the committee provision and disagrees to the amendment offered by the Senator from Colorado, our purpose is to move to substitute the Senate bill for the House bill, and therefore the whole matter will be in conference, the provisions of the Senate bill and the provisions of the House bill, too, and then we may thrash out the question and determine which is more desirable, whether to have the measure administered by the Federal Trade Commission or by a special commission. The conferees no doubt can get together on the matter.

There are many people who think there ought to be a special commission, and there are various arguments submitted in favor of that plan. In the first place, it would be an independent commission appointed by the President, who will have in mind the particular qualifications for service in connection with the work involved. Members of the commission will be confirmed by the Senate. I think we would get a good commission, beyond all question.

Many people, Members of Congress and others elsewhere, feel that a special commission ought to be provided to administer the measure because the provisions are largely technical, and we ought to have men experienced in business of the kind involved. We can find them, I am sure. Some feel that the Federal Trade Commission has not had the kind of experience that would be required for an efficient administration of the provisions of the measure. It is felt that we would get better results at the hands of a special commission.

There is one thing about which I am quite clear, and that is that whether we place the work in the hands of the Federal Trade Commission or in the hands of a special commission, the Securities Act and this measure ought to be administered by the same authority, because they are so intimately related and the provisions of the one correspond so closely to the provisions of the other, particularly those provisions with reference to reports and that sort of thing required of issuers and corporations. It will prevent much duplication of work and save some burden on the industries if we require only the one report in each instance. That report would be made to whichever authority has charge of both of the measures. I think that is highly desirable.

In an amendment which I have had printed and which I shall offer I propose to amend the Securities Act and then to transfer all the functions of the Federal Trade Commission in reference to that act to the special commission provided for in this bill, so as to carry out the ideas of the committee with reference to the establishment of a new commission. That amendment will be submitted at a later time.

If the Senate shall vote down the Costigan amendment and then shall agree to the Senate provision for a special commission, the question will go to conference, because the provision of the House bill is along the lines of the amendment of the Senator from Colorado. If we should adopt the amendment of the Senator from Colorado, we would practically agree to the House provision with reference to the Federal Trade Commission having jurisdiction over the administration of the bill, and then there would be nothing in conference on that subject. If we shall pass the Senate bill, disagreeing to the pending amendment of the Senator from Colorado, the whole question will be in conference, because the House bill gives jurisdiction to the Federal Trade Commission, while the Senate bill provides for a special commission. So, my judgment is that it would be wiser for us to leave this question to be settled in conference between the House and the Senate.

While agreeing entirely with what the Senator from Colorado [Mr. COSTIGAN] has so well said about the Federal Trade Commission and its work up to this time, and other features of his amendment, I think it wiser for us to pass the Senate bill, and thereby have the whole matter go to conference. If we should agree to his amendment, there would be nothing in conference with regard to the administration of the act. For that reason I feel that we should stand by the Senate bill as it is, and reject the amendment.

It is getting late, Mr. President, and there are other Senators who desire to discuss this matter before we vote upon it, and who cannot do so this afternoon. I think, therefore, that at this time we had better lay aside the bill until tomorrow.

ORDER FOR CONSIDERATION OF CALENDAR TOMORROW

Mr. ROBINSON of Arkansas. Mr. President, during the present session the Senate has been able to give such consideration to its calendar that comparatively few bills remain on it; and many of those bills have been called so often as to indicate that they cannot be acted upon under the usual agreement for the consideration of bills by unanimous consent.

Since we last considered the calendar, quite a number of bills have been reported from the various standing committees of the Senate, and a number of Senators have expressed a desire for an opportunity to consider the calendar for unobjected bills.

I, therefore, desire to submit a unanimous-consent request, which, I understand, is agreeable to the Senator from Oregon [Mr. McNARY], and to the Senator from Florida [Mr. FLETCHER], the latter being in charge of the unfinished business. I ask unanimous consent that when the Senate completes its labors today, it adjourn until 11 o'clock tomorrow morning, and that at the conclusion of the routine morning business, the Senate proceed to the consideration of unobjected bills on the calendar.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

RECONSTRUCTION FINANCE CORPORATION LOANS TO INDUSTRY

Mr. BLACK. Mr. President, I send to the desk and ask to have read an amendment, which I shall offer whenever Senate bill 3520, authorizing the Reconstruction Finance Corporation to make loans to industry, may be brought up in the Senate.

The amendment is only seven or eight lines long, and I ask that it be read at this time.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. At the proper place in the bill, it is proposed to insert the following:

Provided, That it shall be unlawful for any Federal, State, county, or municipal official, any member of any national, State, or county committee of any political party, or any other person except a bona fide and regularly employed officer, agent, or employee of the person or corporation seeking a loan under the provisions of this section, to seek to influence in any way any agent, officer, or employee of the Reconstruction Finance Corporation in connection with a loan or any application therefor, under the provisions of this section; and if such unlawful influence is used, the person or corporation seeking such loan shall be disqualified.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the calendar.

WILLIAM A. ROBERTS

The PRESIDING OFFICER. The calendar is in order.

Mr. McCARRAN. Mr. President, with reference to the nomination of Mr. William A. Roberts to be additional people's counsel for the District of Columbia, in fairness to the nominee I desire to say that on several occasions I asked that the nomination go over for the purpose of making a thorough investigation to satisfy myself as to certain records. I now withdraw all objections that I had to the nominee. I desire to speak in the very highest terms of the nomination, and ask that it be confirmed.

The PRESIDING OFFICER. The nomination will be read.

The legislative clerk read the nomination of William A. Roberts to be additional counsel of the Public Utilities Commission of the District of Columbia, to be known as the "people's counsel."

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DANIEL D. MOORE

The legislative clerk read the nomination of Daniel D. Moore to the collector of internal revenue, district of Louisiana.

Mr. ROBINSON of Arkansas. Let that go over.

The PRESIDING OFFICER. The nomination will be passed over.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. ROBINSON of Arkansas. I ask that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

ADJOURNMENT

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate, under the unanimous-consent agreement, adjourn.

The motion was agreed to; and (at 5 o'clock and 20 minutes p.m.) the Senate adjourned, the adjournment being, under the order previously entered, until tomorrow, Thursday, May 10, 1934, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 9 (legislative day of Apr. 26), 1934

COAST GUARD

The following-named officers in the Coast Guard of the United States, to rank as such from the dates set opposite their names:

TO BE LIEUTENANTS (JUNIOR GRADE)

Ensign Harold A. T. Bernson, May 15, 1933.
Ensign George W. Dick, May 15, 1933.
Ensign Russell J. Roberts, June 7, 1933.

The above-named officers have passed the examinations for the promotions for which they are recommended.

POSTMASTERS

ARKANSAS

Nannie L. Connevey to be postmaster at Bauxite, Ark., in place of N. L. Connevey. Incumbent's commission expired May 9, 1934.

Frank B. Ortman to be postmaster at Cotter, Ark., in place of H. H. Goodman. Incumbent's commission expired April 28, 1934.

CALIFORNIA

John G. Carroll to be postmaster at Calexico, Calif., in place of C. A. Ritter, transferred.

Harry A. Hall to be postmaster at Bigpine, Calif., in place of H. A. Hall. Incumbent's commission expired April 2, 1934.

Frank Emerson to be postmaster at Corona, Calif., in place of R. J. Johnson, transferred.

Lewis J. Renshaw to be postmaster at Hilmar, Calif. Office became Presidential July 1, 1932.

DELAWARE

George I. Bendler to be postmaster at Delaware City, Del., in place of S. S. Stevens, retired.

FLORIDA

William D. Jones to be postmaster at Jacksonville, Fla., in place of H. E. Ross, transferred.

Robert B. Terrell to be postmaster at North Miami, Fla., in place of Henriette Lynott, removed.

GEORGIA

Burgess Y. Dickey to be postmaster at Calhoun, Ga., in place of E. B. Miller, removed.

Ralph W. Baker to be postmaster at Chickamauga, Ga., in place of J. H. Hicks, removed.

William M. Denton to be postmaster at Dalton, Ga., in place of J. M. Crawford. Incumbent's commission expired February 9, 1933.

Nathaniel M. Hawley to be postmaster at Douglasville, Ga., in place of J. L. Dorris. Incumbent's commission expired February 28, 1933.

William E. Wimberly to be postmaster at Rome, Ga., in place of M. W. Barclay, removed.

James S. Alsobrook to be postmaster at Rossville, Ga., in place of G. W. Bryan, removed.

Robert R. Lee to be postmaster at Dallas, Ga., in place of M. W. Hudson, retired.

Joseph T. Bohannon to be postmaster at Grantville, Ga., in place of R. L. O'Kelley. Incumbent's commission expired September 30, 1933.

Charles D. Bruce to be postmaster at Sea Island Beach, Ga. Office became Presidential July 1, 1930.

IDAHO

George P. Smith to be postmaster at Wendell, Idaho, in place of A. N. MacQuivey. Incumbent's commission expired December 10, 1932.

ILLINOIS

Joseph D. Cotter to be postmaster at Stockton, Ill., in place of A. M. Smith, resigned.

Rose H. Jennings to be postmaster at Beecher City, Ill., in place of Raymond Phillips, removed.

Juanita H. Greene to be postmaster at Coffeen, Ill., in place of H. D. Short, removed.

Richard L. Lauwerens to be postmaster at Kincaid, Ill., in place of J. L. Sullivan. Incumbent's commission expired May 27, 1933.

Mary Reardon to be postmaster at La Salle, Ill., in place of W. T. Bedford, removed.

Walter D. Wacaser to be postmaster at Mount Pulaski, Ill., in place of R. F. Tribbett, resigned.

John R. Sheehan to be postmaster at Ohio, Ill., in place of M. A. Hannan. Incumbent's commission expired June 7, 1933.

Helen G. McCarthy to be postmaster at St. Charles, Ill., in place of L. S. Paschal, removed.

Leon J. Walsh to be postmaster at South Beloit, Ill. Office became Presidential October 1, 1932.

John W. Foster to be postmaster at Toluca, Ill., in place of P. J. Aimone. Incumbent's commission expired January 11, 1933.

George L. Hausmann to be postmaster at Vandalia, Ill., in place of L. D. Lakin, removed.

INDIANA

Orville R. Nethercutt to be postmaster at Logansport, Ind., in place of W. H. Jones, transferred.

Willis E. Payne to be postmaster at Borden, Ind., in place of Carl McKinley. Incumbent's commission expired December 18, 1933.

Ervin Sell to be postmaster at Columbia City, Ind., in place of J. C. Burnworth. Incumbent's commission expired January 10, 1932.

Ellis B. Cates to be postmaster at Greentown, Ind., in place of J. J. Speck. Incumbent's commission expired January 19, 1933.

Maurice L. Cory to be postmaster at Kingman, Ind., in place of Lenna Robinson. Incumbent's commission expired December 19, 1933.

Lyman Thomas to be postmaster at Pennville, Ind., in place of A. R. Horn. Incumbent's commission expired December 13, 1932.

IOWA

John A. Davis to be postmaster at Colfax, Iowa, in place of B. A. Brown, resigned.

Auzman H. Blackmore to be postmaster at Alden, Iowa, in place of C. C. Sheaffer. Incumbent's commission expired May 14, 1932.

Willard L. Street to be postmaster at Center Point, Iowa, in place of E. E. Silver. Incumbent's commission expired December 13, 1932.

Mary Doris Carroll to be postmaster at Clear Lake, Iowa, in place of Matt Olson. Incumbent's commission expired February 8, 1933.

Gordon J. Mosby to be postmaster at Elgin, Iowa, in place of G. H. Falb. Incumbent's commission expired January 21, 1933.

Jacob A. Schwartz to be postmaster at Fenton, Iowa, in place of E. C. Weisbrod. Incumbent's commission expired January 16, 1934.

Vestie L. O'Connor to be postmaster at Graettinger, Iowa, in place of O. H. Raleigh. Incumbent's commission expired January 31, 1934.

Benjamin Roy Bogenrief to be postmaster at Hinton, Iowa, in place of F. D. Winter, removed.

Russell E. Whipple to be postmaster at Lehigh, Iowa, in place of Irene Goodrich. Incumbent's commission expired December 18, 1933.

Paul M. Molleston to be postmaster at Lineville, Iowa, in place of C. G. Austin. Incumbent's commission expired January 31, 1934.

James B. Bellamy to be postmaster at Nashua, Iowa, in place of E. E. Simpson, resigned.

Edna Pearl Feuling to be postmaster at New Hampton, Iowa, in place of H. W. Tank. Incumbent's commission expired January 19, 1933.

Harry E. Chichester to be postmaster at New London, Iowa, in place of J. M. Crawford, removed.

Alice A. Higgins to be postmaster at Orient, Iowa, in place of J. T. Bargenholt. Incumbent's commission expired December 20, 1932.

Oscar C. Watts to be postmaster at Pisgah, Iowa, in place of F. H. Seabury. Incumbent's commission expired December 18, 1933.

Charles E. Horning to be postmaster at Richland, Iowa, in place of P. H. Harlan. Incumbent's commission expired January 31, 1934.

Joseph C. Kinney to be postmaster at Stacyville, Iowa, in place of G. H. Kinney, deceased.

Leander A. Klisart to be postmaster at Strawberry Point, Iowa, in place of C. B. Moser. Incumbent's commission expired February 28, 1933.

Dudley A. Reid to be postmaster at Valley Junction, Iowa, in place of C. C. Clardy. Incumbent's commission expired December 18, 1933.

KANSAS

Cyrus H. Wadsworth to be postmaster at Cottonwood Falls, Kans., in place of M. T. Breese, removed.

Ralph L. Hinnen to be postmaster at Potwin, Kans., in place of E. M. Hosman. Incumbent's commission expired December 16, 1933.

Harold Goble to be postmaster at Riley, Kans., in place of J. R. Robison. Incumbent's commission expired December 18, 1933.

Leigh D. Dowling to be postmaster at St. Francis, Kans., in place of W. F. Greer. Incumbent's commission expired April 16, 1934.

James M. Michaels to be postmaster at Scranton, Kans., in place of O. G. Canfield, resigned.

KENTUCKY

Gertrude Owens to be postmaster at Brodhead, Ky., in place of Walter Robins, removed.

Donald B. Hughes to be postmaster at Hardin, Ky., in place of L. C. Starks, removed.

Vego E. Barnes to be postmaster at Hopkinsville, Ky., in place of Edgar Renshaw, resigned.

MAINE

Thomas L. Pineau to be postmaster at Chisholm, Maine, in place of Anatole L'Heureux. Incumbent's commission expired January 31, 1934.

Adelard J. Dumais to be postmaster at Livermore Falls, Maine, in place of E. A. Fogg. Incumbent's commission expired January 15, 1933.

Hildred M. Rider to be postmaster at Rockport, Maine, in place of L. T. Spear. Incumbent's commission expired April 2, 1934.

Wesley E. Spear to be postmaster at Warren, Maine, in place of H. M. Robinson, deceased.

MARYLAND

Charles T. Kreigh to be postmaster at Clear Spring, Md., in place of C. G. Tedrick. Incumbent's commission expired March 18, 1934.

Henry J. Paul to be postmaster at Linthicum Heights, Md. Office became Presidential July 1, 1932.

Howard Griffith to be postmaster at Silver Spring, Md., in place of P. M. Coughlan. Incumbent's commission expired February 17, 1934.

MASSACHUSETTS

William F. O'Toole to be postmaster at South Barre, Mass., in place of W. F. O'Toole. Incumbent's commission expired May 2, 1934.

John H. Fletcher to be postmaster at Westford, Mass., in place of J. H. Fletcher. Incumbent's commission expires June 17, 1934.

MICHIGAN

Clayton J. Hart to be postmaster at Gwinn, Mich., in place of John Anderson. Incumbent's commission expired December 8, 1932.

William J. Field to be postmaster at Hastings, Mich., in place of W. L. Shulters, transferred.

John M. Maloney to be postmaster at Hopkins, Mich., in place of C. B. Hoffmaster. Incumbent's commission expired January 31, 1933.

Sidney Reynolds to be postmaster at Howard City, Mich., in place of J. B. Haskins, removed.

Patrick J. Scanlan to be postmaster at Hubbell, Mich., in place of Frank Leonard. Incumbent's commission expired February 9, 1933.

Eugene E. Hubbard to be postmaster at Hudsonville, Mich., in place of E. E. Hubbard. Incumbent's commission expires May 9, 1934.

Charles M. Dillon to be postmaster at Iron Mountain, Mich., in place of Charles Hallman. Incumbent's commission expired December 16, 1933.

Harry A. Saur to be postmaster at Kent City, Mich., in place of N. E. Weston. Incumbent's commission expired December 8, 1932.

John E. Hogan to be postmaster at Linden, Mich., in place of C. E. Hyatt. Incumbent's commission expired March 22, 1934.

Frederick J. Erwin to be postmaster at Marlette, Mich., in place of D. J. Doherty. Incumbent's commission expired December 8, 1932.

Floyd T. King to be postmaster at Marysville, Mich., in place of M. W. Mills. Incumbent's commission expired October 10, 1933.

Edwin Boyle to be postmaster at Milford, Mich., in place of C. L. Kenney. Incumbent's commission expired December 12, 1932.

Anna C. Kulish to be postmaster at Minden City, Mich., in place of G. E. Meredith. Incumbent's commission expired December 16, 1933.

William D. Leach to be postmaster at Montrose, Mich., in place of A. H. Stevens. Incumbent's commission expired March 8, 1934.

John G. Buerker to be postmaster at Pigeon, Mich., in place of H. B. Harder. Incumbent's commission expired September 18, 1933.

George A. Ruddy to be postmaster at Plainwell, Mich., in place of F. E. Heath, resigned.

George Arthur Blanchard to be postmaster at Sand Lake, Mich., in place of A. D. Thorp, resigned.

Robert Miller, Sr. to be postmaster at Sawyer, Mich., in place of J. H. Wester. Incumbent's commission expired December 7, 1932.

James W. Henry to be postmaster at Sturgis, Mich., in place of H. L. Allard, removed.

Joseph R. Haferkorn to be postmaster at Vulcan, Mich., in place of Fred Alford, Sr. Incumbent's commission expired December 8, 1932.

Samuel J. Davison to be postmaster at Alpena, Mich., in place of W. H. Reynolds, deceased.

Thomas Earl Barry to be postmaster at Baraga, Mich., in place of H. W. Raymond. Incumbent's commission expired January 31, 1933.

Alice M. Woldohan to be postmaster at Birch Run, Mich., in place of Thomas Watson. Incumbent's commission expired December 11, 1932.

Eva A. Starback to be postmaster at Breedsville, Mich., in place of C. G. Chamberlain, deceased.

Robert J. McCormick to be postmaster Carleton, Mich., in place of H. G. Buck. Incumbent's commission expired January 15, 1933.

Robert C. Jacoby to be postmaster at Caro, Mich., in place of H. S. Myers. Incumbent's commission expired January 22, 1934.

Frank D. McCaren to be postmaster at Carsonville, Mich., in place of A. B. Ruttle. Incumbent's commission expired January 8, 1933.

Mortimer W. Olds to be postmaster at Coldwater, Mich., in place of James Swain. Incumbent's commission expired December 16, 1933.

Charles S. Carland to be postmaster at Corunna, Mich., in place of J. Y. Martin. Incumbent's commission expired March 2, 1933.

John P. Kelley to be postmaster at Deckerville, Mich., in place of A. P. Decker. Incumbent's commission expired December 8, 1932.

Charles L. Burns to be postmaster at Eau Claire, Mich., in place of Reva Runnels. Incumbent's commission expired December 11, 1933.

Lea M. Griffith to be postmaster at Flat Rock, Mich., in place of Henry Bristow, deceased.

Ray J. Halfmann to be postmaster at Fowler, Mich., in place of E. M. Meyer. Incumbent's commission expired January 22, 1934.

Philip O. Embury to be postmaster at Grand Blanc, Mich., in place of L. R. Perry, removed.

John E. Rengo to be postmaster at Kaleva, Mich., in place of Edgar Hilliard. Incumbent's commission expired December 16, 1933.

Lyle M. Wheeler to be postmaster at Mackinaw, Mich., in place of T. I. Barrett, removed.

Earl M. LaFreniere to be postmaster at Norway, Mich., in place of Samuel Perkins. Incumbent's commission expired December 14, 1932.

Merrill Hillock to be postmaster at Pickford, Mich., in place of F. J. Smith, removed.

Fred Cavill to be postmaster at Rapid River, Mich., in place of F. J. Gravelle, resigned.

William F. Cunningham to be postmaster at Rockwood, Mich., in place of Napoleon Valrance, removed.

Percy Cecil Carr to be postmaster at Rudyard, Mich., in place of E. C. Edgerly, removed.

Mary A. Ripley to be postmaster at Sault Sainte Marie, Mich., in place of W. M. Snell, deceased.

MINNESOTA

Elmer L. Berg to be postmaster at Kennedy, Minn., in place of C. F. Peterson, removed.

George A. Boyd to be postmaster at Le Roy, Minn., in place of G. E. Van Buren, resigned.

Joseph Smuk, Jr., to be postmaster at Marble, Minn., in place of J. L. Scalise. Incumbent's commission expired December 20, 1932.

James H. Pelham to be postmaster at Menahga, Minn., in place of J. H. Pelham. Incumbent's commission expired December 20, 1932.

Joseph W. Kreuzer to be postmaster at New Richland, Minn., in place of W. E. Johnson, removed.

Nicholas D. Schons to be postmaster at Nicollet, Minn., in place of L. E. Olson. Incumbent's commission expired January 22, 1934.

Oliver W. Alvin to be postmaster at North Branch, Minn., in place of L. E. Holmberg, removed.

Rosyne M. Gosch to be postmaster at Randall, Minn., in place of Anna Barnes, resigned.

George Glotzbach to be postmaster at Sleepy Eye, Minn., in place of H. C. E. Rasmussen. Incumbent's commission expired December 20, 1932.

Hjalmer A. Johnson to be postmaster at Soudan, Minn., in place of Adele Arola. Incumbent's commission expired September 30, 1933.

Andrew T. Sanvik to be postmaster at Starbuck, Minn., in place of B. H. Holte, removed.

Paul F. Preice to be postmaster at Calumet, Minn., in place of W. B. Heick, resigned.

Howard H. Gunz to be postmaster at Center City, Minn., in place of J. A. Johnson, resigned.

John M. Augustin to be postmaster at Comfrey, Minn., in place of F. H. Nichols, retired.

William J. Conner to be postmaster at Dunnell, Minn., in place of F. A. Sandin, removed.

Aloysius I. Donahue to be postmaster at Elk River, Minn., in place of C. A. Morse. Incumbent's commission expired March 29, 1932.

Edward C. Feely to be postmaster at Farmington, Minn., in place of C. A. Qvale, removed.

Gladys M. Freeman to be postmaster at Franklin, Minn., in place of R. P. Erickson, resigned.

Flora P. Lowry to be postmaster at Hollandale, Minn., in place of O. C. Hall, resigned.

MISSISSIPPI

Henry R. Park to be postmaster at Merigold, Miss., in place of W. L. Malley. Incumbent's commission expired October 2, 1933.

MISSOURI

Mary E. Chambers to be postmaster at Appleton City, Mo., in place of W. N. Langford, removed.

Pearl Herndon to be postmaster at Blackburn, Mo., in place of S. F. Wegener. Incumbent's commission expired December 18, 1933.

Robert E. Chaffin to be postmaster at Breckenridge, Mo., in place of G. C. Blackwell. Incumbent's commission expired December 10, 1932.

Lee Dickson to be postmaster at Carrollton, Mo., in place of J. T. Garner, retired.

Gideon W. Miller to be postmaster at Edgerton, Mo., in place of Charles Gustin, deceased.

Parker G. Wingo to be postmaster at Ellsinore, Mo., in place of H. D. Condray. Incumbent's commission expired March 18, 1934.

Opal C. Ray to be postmaster at Gilman City, Mo., in place of H. A. Scott. Incumbent's commission expired December 18, 1933.

Robert E. McCue to be postmaster at Jamesport, Mo., in place of Hugh Terry, removed.

Harold F. Hopkins to be postmaster at Polo, Mo., in place of C. A. Bathgate, resigned.

Almon A. Gracey to be postmaster at Reeds Spring, Mo., in place of R. E. McCormick. Incumbent's commission expired February 6, 1934.

Charles F. Halligan to be postmaster at Union, Mo., in place of Hattie Stierberger, removed.

Sadocia B. Herndon to be postmaster at Fulton, Mo., in place of F. D. Williams, resigned.

Leslie L. Travis to be postmaster at Joplin, Mo., in place of C. L. Martin, removed.

Thomas C. Vaughan to be postmaster at Linn, Mo., in place of Edward Baumgartner, deceased.

James E. Ferguson to be postmaster at Williamsville, Mo., in place of W. N. Osborne. Incumbent's commission expired April 16, 1934.

MONTANA

Oscar L. Henry to be postmaster at Belfry, Mont., in place of E. A. Anderson, resigned.

Eugene T. Kirchner to be postmaster at Circle, Mont., in place of Joseph Rorvik. Incumbent's commission expired October 31, 1933.

J. Charles Johnson to be postmaster at Fairview, Mont., in place of R. D. Collins. Incumbent's commission expired June 19, 1933.

Roy W. Dorwin to be postmaster at Flaxville, Mont., in place of M. J. Tasa, deceased.

Francis P. Bartley to be postmaster at Fort Benton, Mont., in place of W. H. Jenkinson. Incumbent's commission expired December 18, 1933.

Frederick L. Coughlin to be postmaster at Geyser, Mont., in place of N. M. Kelley. Incumbent's commission expired January 8, 1933.

Edward F. O'Neil to be postmaster at Glendive, Mont., in place of C. E. Griffin. Incumbent's commission expired January 31, 1934.

Joseph M. Astle to be postmaster at Hardin, Mont., in place of S. A. Yergey. Incumbent's commission expired January 8, 1933.

Myrtle C. DeMers to be postmaster at Hot Springs, Mont., in place of M. C. DeMers. Incumbent's commission expired December 12, 1932.

Jessie G. Rolph to be postmaster at Joplin, Mont., in place of C. B. Wymond. Incumbent's commission expired September 30, 1933.

Cletus J. Walsh to be postmaster at Polytechnic, Mont., in place of A. O. Kline, resigned.

Halsey E. Brickley to be postmaster at Rapelje, Mont., in place of H. J. Waters, removed.

Lucile D. Knight to be postmaster at Twin Bridges, Mont., in place of L. D. Knight. Incumbent's commission expired May 14, 1932.

Sterling C. West to be postmaster at Jordan, Mont., in place of P. E. Winfield, resigned.

NEBRASKA

Arthur G. Miller to be postmaster at Atkinson, Nebr., in place of E. V. Hickok, resigned.

Urv V. Dobbs to be postmaster at Grant, Nebr., in place of E. G. Hall. Incumbent's commission expired February 6, 1934.

Henry T. Dunn to be postmaster at Harrison, Nebr., in place of Maude Pontius. Incumbent's commission expired December 13, 1932.

Tim N. Cannon to be postmaster at Juniata, Nebr., in place of H. L. Sergeant. Incumbent's commission expired April 16, 1934.

Charles L. Schunk to be postmaster at Kenesaw, Nebr., in place of F. C. Armitage. Incumbent's commission expired December 16, 1933.

Asa H. Homer to be postmaster at Madrid, Nebr., in place of B. C. Pifer. Incumbent's commission expired October 31, 1933.

John Monahon to be postmaster at Valley, Nebr., in place of H. P. Cato, removed.

Alfred E. Watkins to be postmaster at Venango, Nebr., in place of E. A. Broughton. Incumbent's commission expired December 16, 1933.

Mary May Holley to be postmaster at Waverly, Nebr., in place of M. K. Holley, resigned.

Floyd A. Garrett to be postmaster at Whitman, Nebr., in place of C. E. Waite. Incumbent's commission expired December 17, 1932.

Tobie H. Wilken to be postmaster at Bruning, Nebr., in place of W. L. Hallman. Incumbent's commission expired December 16, 1933.

Earl B. Hardeman to be postmaster at Crete, Nebr., in place of C. E. Beals. Incumbent's commission expired April 2, 1934.

Amos Frieden to be postmaster at Shickley, Nebr., in place of O. H. Larson. Incumbent's commission expired January 9, 1933.

Walter P. Flynn to be postmaster at Ulysses, Nebr., in place of M. E. Bigelow. Incumbent's commission expired December 17, 1932.

NEVADA

Mary C. McNamara to be postmaster at Elko, Nev., in place of H. L. Brown. Incumbent's commission expired December 16, 1933.

Pauline H. Hjul to be postmaster at Eureka, Nev., in place L. A. Gates, deceased.

Juanita M. Johnson to be postmaster at Gardnerville, Nev., in place of F. R. Howard. Incumbent's commission expired September 30, 1933.

Karl C. Berg to be poastmaster at Round Mountain, Nev. Office became Presidential July 1, 1932.

Edward D. Gladding to be postmaster at Virginia City, Nev., in place of Katie O'Connor. Incumbent's commission expired February 9, 1933.

NEW HAMPSHIRE

Willis E. Herbert to be postmaster at Franconia, N.H., in place of A. W. Sawyer. Incumbent's commission expired December 16, 1933.

Jeremiah D. Hallisey to be postmaster at Nashua, N.H., in place of G. E. Danforth, retired.

Edward S. Perkins to be postmaster at Sunapee, N.H., in place of H. C. Young. Incumbent's commission expired December 11, 1932.

NEW JERSEY

Frank Mastrangelo to be postmaster at Iselin, N.J., in place of A. L. Hassey. Incumbent's commission expired December 13, 1932.

Edith B. Brooks to be postmaster at Kingston, N.J. Office became Presidential July 1, 1932.

Martin E. Carroll to be postmaster at Lawrenceville, N.J., in place of Frank Pierson, removed.

Harry F. Reder to be postmaster at Lincoln Park, N.J., in place of A. J. Crane. Incumbent's commission expired January 26, 1933.

Katherine A. Cooney to be postmaster at Pedricktown, N.J., in place of Preston Pedrick. Incumbent's commission expired January 19, 1933.

Frederick G. Brochu to be postmaster at Pompton Plains, N.J., in place of R. J. Stell. Incumbent's commission expired December 13, 1932.

Allen J. Thomas to be postmaster at Scotch Plains, N.J., in place of E. A. Clawson, deceased.

Anna A. Mullen to be postmaster at Sewaren, N.J., in place of M. M. Giroud. Incumbent's commission expired December 14, 1932.

Andrew D. Wilson to be postmaster at Stockton, N. J., in place of P. E. Rockafellow, removed.

Helen S. Elbert to be postmaster at Vincentown, N.J., in place of H. K. Colkitt, removed.

Rose B. Sokolowski to be postmaster at Alpha, N.J., in place of Edna Rhen. Incumbent's commission expired January 19, 1933.

William A. Lambert to be postmaster at Bivalve, N.J., in place of J. R. Yates. Incumbent's commission expired January 10, 1933.

Daniel T. Hagans to be postmaster at Blackwood, N.J., in place of C. E. Glover, removed.

Frank F. Burd to be postmaster at Califon, N.J., in place of E. L. Regan. Incumbent's commission expired June 19, 1933.

Thomas R. Boyle to be postmaster at Florence, N.J., in place of W. G. Wallis. Incumbent's commission expired February 14, 1933.

Arthur B. Williams to be postmaster at Grenloch, N.J., in place of C. W. Foster, deceased.

Charles Orth to be postmaster at Hackensack, N.J., in place of William Jeffers, removed.

NEW MEXICO

Beatrice C. Melton to be postmaster at Mountainair, N.Mex., in place of J. H. Doyle, Jr. Incumbent's commission expired February 16, 1931.

NEW YORK

Edward J. Seagert to be postmaster at Attica, N.Y., in place of F. W. Hettler, removed.

Luke E. Burns to be postmaster at Black River, N.Y., in place of W. J. Scott, resigned.

Charles Bruno to be postmaster at East Williamson, N.Y. Office became Presidential July 1, 1932.

Jennie W. Jewell to be postmaster at Fishkill, N.Y., in place of C. D. White, removed.

George S. Hart to be postmaster at Freeville, N.Y., in place of V. M. Simons. Incumbent's commission expired December 16, 1933.

Flora A. M. Humes to be postmaster at Great Bend, N.Y., in place of M. J. Pfister. Incumbent's commission expired May 26, 1932.

Katherine A. Colligan to be postmaster at Halesite, N.Y., in place of H. A. Roselle. Incumbent's commission expired December 12, 1932.

Frederick B. Pulling to be postmaster at Lagrangeville, N.Y. Office became Presidential July 1, 1932.

John W. Clark to be postmaster at Mahopac, N.Y., in place of H. M. Barrett, resigned.

Marion A. Carroll to be postmaster at Montrose, N.Y. Office became Presidential July 1, 1932.

Joseph J. Cruse to be postmaster at Poland, N.Y., in place of J. B. Read, deceased.

George Eaton Dean to be postmaster at Highland, N.Y., in place of A. B. Merritt. Incumbent's commission expired September 19, 1933.

Joseph N. Peck to be postmaster at Honeoye Falls, N.Y., in place of G. A. Case, deceased.

Frank J. Baltzel to be postmaster at Newark, N.Y., in place of A. N. Christy. Incumbent's commission expired December 16, 1933.

Henry H. Gaff to be postmaster at Niagara University, N.Y., in place of D. J. Duggan, resigned.

William F. McNichol to be postmaster at Nyack, N.Y., in place of James Kilby. Incumbent's commission expired January 8, 1934.

Clarence A. Chamberlain to be postmaster at Orangeburg, N.Y., in place of Matthew McManus, Jr. Incumbent's commission expired December 16, 1933.

John F. Maher to be postmaster at Woodridge, N.Y., in place of August Abt. Incumbent's commission expired February 14, 1934.

NORTH CAROLINA

Wilburn E. Berry to be postmaster at Drexel, N.C., in place of F. L. Smith, resigned.

Robert S. Doak to be poastmaster at Guilford College, N.C., in place of R. E. Hodgin. Incumbent's commission expired February 28, 1933.

NORTH DAKOTA

Francis Oscar Johnson to be postmaster at Hillsboro, N.Dak., in place of T. S. Farr. Incumbent's commission expired December 16, 1933.

Clinton C. Howell to be postmaster at Sheldon, N.Dak., in place of W. M. Shaw. Incumbent's commission expired December 16, 1933.

OHIO

Joseph Davidson to be postmaster at Chagrin Falls, Ohio, in place of H. E. Foster, transferred.

John B. Neth to be postmaster at Covington, Ohio, in place of G. M. Simes. Incumbent's commission expired April 15, 1934.

Henry D. Coate to be postmaster at Coldwater, Ohio, in place of C. E. Schindler. Incumbent's commission expired March 8, 1934.

OKLAHOMA

Pearle F. Yates to be postmaster at Avant, Okla., in place of Zeb King. Incumbent's commission expired June 7, 1933.

Beulah Brown to be postmaster at Red Oak, Okla., in place of J. D. Morrison. Incumbent's commission expired March 22, 1934.

Charles F. Rogers to be postmaster at Wagoner, Okla., in place of E. B. Foster. Incumbent's commission expired February 10, 1931.

PENNSYLVANIA

Katharine Olive McCoy to be postmaster at Grove City, Pa., in place of O. H. Firm, removed.

Lawrence B. Fink to be postmaster at Littlestown, Pa., in place of R. H. Wilson. Incumbent's commission expired May 10, 1932.

Harry E. Trout to be postmaster at Mercersburg, Pa., in place of L. L. Steiger. Incumbent's commission expired March 18, 1934.

John W. Klepper to be postmaster at Montoursville, Pa., in place of J. M. Hayes, removed.

Orie A. Nary to be postmaster at Biglerville, Pa., in place of H. U. Walter, removed.

Rosanna McGee to be postmaster at Towanda, Pa., in place of H. M. Turner. Incumbent's commission expired February 28, 1933.

RHODE ISLAND

William H. Follett to be postmaster at Howard, R.I., in place of W. H. Follett. Incumbent's commission expired January 22, 1934.

John J. Ahern to be postmaster at Jamestown, R.I., in place of W. F. Caswell. Incumbent's commission expired December 13, 1932.

Elton L. Clark to be postmaster at North Scituate, R.I., in place of A. W. Bartlett. Incumbent's commission expired January 16, 1933.

SOUTH CAROLINA

Paul F. W. Waller to be postmaster at Myers, S.C., in place of P. F. W. Waller. Incumbent's commission expired May 9, 1934.

Edward O. Reynolds to be postmaster at Summerville, S.C., in place of J. C. Luke. Incumbent's commission expired January 8, 1933.

SOUTH DAKOTA

John Evans to be postmaster at Agar, S.Dak., in place of C. F. Barber, removed.

Mary A. Hornstra to be postmaster at Avon, S.Dak., in place of E. J. F. Lamkee. Incumbent's commission expired December 12, 1932.

George B. Brown to be postmaster at Clark, S.Dak., in place of A. H. Siem. Incumbent's commission expired April 28, 1934.

Edward L. Fisher to be postmaster at Eureka, S.Dak., in place of I. H. Olsen. Incumbent's commission expired February 9, 1933.

Edwin H. Bruemmer to be postmaster at Huron, S.Dak., in place of A. B. Blake. Incumbent's commission expired June 8, 1933.

Ena C. Erling to be postmaster at Raymond, S.Dak., in place of F. W. Hink. Incumbent's commission expired December 12, 1932.

Philip McMahon to be postmaster at Salem, S.Dak., in place of J. W. Gibson. Incumbent's commission expired December 12, 1932.

William P. Smith to be postmaster at Stickney, S.Dak., in place of A. P. Monell, deceased.

Joseph S. Petrik to be postmaster at Tabor, S.Dak., in place of J. J. Kostel, Jr., resigned.

Matt McCormick to be postmaster at Tyndall, S.Dak., in place of A. A. Bryan. Incumbent's commission expired April 28, 1934.

TEXAS

John M. Diggs to be postmaster at Haskell, Tex., in place of H. C. Foote, removed.

Oscar J. Halm to be postmaster at Kingsbury, Tex., in place of A. O. Fricke. Incumbent's commission expired January 8, 1933.

George T. Elliott to be postmaster at Kress, Tex., in place of E. G. Wright. Incumbent's commission expired October 10, 1933.

William D. T. Storey to be postmaster at Littlefield, Tex., in place of J. E. Brannen, resigned.

Mamie Milam to be postmaster at Prairie View, Tex., in place of Mamie Milam. Incumbent's commission expires May 9, 1934.

Alva Spencer to be postmaster at Crowell, Tex., in place of R. G. Gribble. Incumbent's commission expired December 7, 1932.

Thomas A. Bynum to be postmaster at Texas City, Tex., in place of A. E. Newman, removed.

VERMONT

Daniel P. Healy to be postmaster at White River Junction, Vt., in place of C. W. Cameron. Incumbent's commission expired December 16, 1933.

Albert S. Juneau to be postmaster at St. Johnsbury, Vt., in place of J. H. Brooks, resigned.

VIRGINIA

John T. Trevey to be postmaster at Big Island, Va., in place of O. L. Mason. Incumbent's commission expired January 16, 1934.

Elijah S. Slate to be postmaster at South Boston, Va., in place of L. S. Wolfe, deceased.

William A. Miller, to be postmaster at Washington, Va., in place of J. H. Cox. Incumbent's commission expired April 28, 1934.

WEST VIRGINIA

Whiting C. Faulkner to be postmaster at Martinsburg, W.Va., in place of J. W. Kastle, Jr., removed.

WISCONSIN

Walter J. Hyland to be postmaster at Madison, Wis., in place of W. A. Devine, retired.

Raymond A. Whitehead to be postmaster at Phelps, Wis., in place of E. W. Zimmerman, removed.

Solon A. McCollow to be postmaster at River Falls, Wis., in place of S. R. Morse, removed.

George A. Harding to be postmaster at Cornell, Wis., in place of S. L. Prentice, removed.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 9 (legislative day of Apr. 26), 1934

ADDITIONAL COUNSEL, PUBLIC UTILITIES COMMISSION, DISTRICT OF COLUMBIA

William A. Roberts to be additional counsel, Public Utilities Commission, District of Columbia.

POSTMASTERS

ARKANSAS

Joseph Edward Pittman, Marked Tree.
William L. Patterson, Rogers.

CALIFORNIA

Gilbert G. Vann, Arbuckle.
Olive G. Nance, Arvin.
Maybel Lewis, Atwater.
Charles E. Day, Avenal.
Frederick A. Dickinson, Ben Lomond.
Harry B. Hooper, Capitola.
John M. Gondring, Jr., Ceres.
Edgar G. Eckels, Chino.
Julius G. Dennert, Downey.
Bert R. Hild, Fair Oaks.
Charles H. Hood, Fresno.
Nelson C. Fowler, Kelseyville.
Charles M. Jones, Lodi.
Floyd L. Turner, Lower Lake.
John T. Ireland, Pico.
Thomas M. Day, San Rafael.
Charles S. Catlin, Saticoy.
Wesley L. Benepe, Sebastopol.
Arne M. Madsen, Solvang.
William Clyde Brite, Tehachapi.
Earl P. Thurston, Ukiah.
Harry Bridgewater, Watsonville.

FLORIDA

John B. McGill, Lake Helen.
Ralph S. Barnes, Penney Farms.
John Justin Schumann, Vero Beach.
Oliver B. Carr, West Palm Beach.

IDAHO

Thomas B. Hargis, Ashton.

MAINE

Nelson A. Harnden, Belgrade Lakes.
Louis N. Redonnett, Mount Vernon.
Mary E. Donnelly, North Vassalboro.

MICHIGAN

Blanche L. Verplanck, Edmore.
David L. Treat, Flint.

MISSOURI

Thomas A. Breen, Brookfield.
Otis D. Kirkman, Cabool.
Cecil G. McDaniel, Cainsville.
William P. Clarkson, Callao.
Max H. Dreyer, Festus.
Roy V. Coffman, Flat River.
John M. Moss, Nevada.
Andrew Earl Duley, Newtown.
Donald H. Sosey, Palmyra.
Flora E. Scott, Summersville.
William P. Bradley, Windsor.

NORTH DAKOTA

Eugene H. Mattingly, Jamestown.
Louis J. Allmaras, New Rockford.

OREGON

Oscar L. Groves, Monmouth.

TENNESSEE

Katherine P. Hale, Rogersville.

TEXAS

Robert A. Lyons, Jr., Galveston.
Gober Gibson, Kerrville.
Emilie K. Dew, Ysleta.

UTAH

Ewell C. Bowen, Hiawatha.

WITHDRAWALS

Executive nominations withdrawn from the Senate May 9 (legislative day of Apr. 26), 1934

UNITED STATES ATTORNEY

Rene A. Viosca, Esq., of Louisiana, to be United States attorney for the eastern district of Louisiana.

DIRECTOR, BUREAU OF FOREIGN AND DOMESTIC COMMERCE

Willard L. Thorp, of Massachusetts, to be Director, Bureau of Foreign and Domestic Commerce.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 9, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Most gracious Lord, we rejoice that Thy glory fills the heavens and the earth; Thy righteousness standeth like the strong mountains; Thy judgments are like the great deep. We praise Thee for Him who is the light for the world's dark, and where He abides gloom cannot tarry. Heavenly Father, sometimes our zeal takes the place of our judgment; sometimes our desire displaces our better understanding; sometimes our egotism causes us to be unmindful of our need, and we wander aside. Blessed Lord God, may we see ourselves. Do Thou broaden our moral culture, and may we be truth-loving and full of honor. Inspire us with the very best intuitions, and may we be prompted by the noblest purposes to engage ourselves, with the utmost enthusiasm, in the wisest course for our people, whom we serve. We pray in the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska;

S. 2566. An act authorizing the conveyance of certain lands to the State of Nebraska; and

S. 2825. An act to provide for an appropriation of $50,000 with which to make a survey of the old Indian trail, known as the "Natchez Trace", with a view to constructing a national road on this route to be known as the "Natchez Trace Parkway."

The message also announced that the Senate had agreed to the following resolution:

Resolved, That the Secretary be directed to return to the House of Representatives, in compliance with its request, the engrossed bill of the Senate (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On May 4, 1934:

H.R. 3843. An act to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912;

H.R. 7793. An act authorizing a preliminary examination of the Ogeechee River in the State of Georgia with a view to controlling of floods;

H.R. 2828. An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation;

H.R. 5038. An act authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same;

H.R. 5397. An act to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein;

H.R. 6676. An act to require postmasters to account for money collected on mail delivered at their respective offices;

H.R. 7200. An act to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia;

H.R. 7551. An act authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La.; and

H.R. 7744. An act to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation.

On May 7, 1934:

H.R. 408. An act for the relief of William J. Nowinski;

H.R. 2321. An act for the relief of Capt. J. O. Faria;

H.R. 2689. An act for the relief of Edward Shabel, son of Joseph Shabel;

H.R. 3345. An act to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost;

H.R. 3542. An act to authorize the Secretary of the Navy to dedicate to the city of Philadelphia, for street purposes, a tract of land situated in the city of Philadelphia and State of Pennsylvania;

H.R. 3845. An act to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916;

H.R. 3851. An act for the relief of Henry A. Richmond;

H.R. 4792. An act to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries;

H.R. 4808. An act granting citizenship to the Metlakahtla Indians of Alaska;

H.R. 5936. An act for the relief of Gale A. Lee;

H.R. 6690. An act for the relief of certain officers of the Dental Corps of the United States Navy;

H.R. 8889. An act to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof;

H.J.Res. 332. Joint resolution to provide appropriations to meet urgent needs in certain public services, and for other purposes;

H.J.Res. 61. Joint resolution granting compensation to George Charles Walther;

H.R. 191. An act for the relief of William K. Lovett;

H.R. 264. An act for the relief of Marguerite Ciscoe;

H.R. 526. An act for the relief of Arthur K. Finney;

H.R. 768. An act for the relief of William E. Bosworth;

H.R. 879. An act for the relief of John H. Mehrle;

H.R. 880. An act for the relief of Daisy M. Avery;

H.R. 1362. An act for the relief of Edna B. Wylie;

H.R. 1418. An act for the relief of W. C. Garber;

H.R. 2026. An act for the relief of George Jeffcoat;

H.R. 2541. An act for the relief of Robert B. James;

H.R. 2561. An act for the relief of G. Elias & Bro., Inc.;

H.R. 3579. An act for the relief of O. S. Cordon;

H.R. 3580. An act for the relief of Paul Bulfinch;

H.R. 3611. An act for the relief of Frances E. Eller;

H.R. 3952. An act for the relief of Grace P. Stark;

H.R. 4013. An act to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926;

H.R. 4269. An act for the relief of Edward J. Devine;

H.R. 4519. An act for the relief of C. W. Mooney;

H.R. 4611. An act for the relief of Barney Rieke;

H.R. 4779. An act for the relief of the estate of Oscar F. Lackey;

H.R. 4784. An act to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H.R. 4846. An act for the relief of Joseph Dumas;

H.R. 4959. An act for the relief of Mary Josephine Lobert;

H.R. 6386. An act for the relief of Lucien M. Grant;

H.R. 6638. An act for the relief of the Monumental Stevedore Co.;

H.R. 6862. An act for the relief of Martha Edwards;

H.R. 909. An act for the relief of Elbert L. Grove;

H.R. 1404. An act for the relief of John C McCann;

HR. 2074. An act for the relief of Harvey Collins; and

H.R. 6166. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States.

On May 9, 1934:

H.R. 8861. An act to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes;

H.R. 4423. An act for the relief of Wilbur Rogers;

H.R. 472. An act for the relief of Phyllis Pratt and Harold Louis Pratt, a minor;

H.R. 719. An act for the relief of Willard B. Hall;

H.R. 2339. An act for the relief of Karim Joseph Mery;

H.R. 2682. An act for the relief of Bonnie S Baker;

H.R. 3463. An act for the relief of Walter E. Switzer;

H.R. 3551. An act for the relief of T. J. Morrison; and

H.R. 4847. An act for the relief of Galen E. Lichty.

THE PRIVATE CALENDAR

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that it may be in order tomorrow to move to take a recess until 7:30 p.m. for the consideration only of bills on the Private Calendar unobjected to, beginning with the star.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Would it not be possible to assign a day for the consideration of the Private Calendar, instead of coming here nights? It does not appear that we will have very much essential business for the early part of next week.

Mr. BYRNS. I am hoping that that can be done, but there are more than 400 bills on the Private Calendar that have not been called, and I think if we could have a session tomorrow night for the consideration of private bills perhaps we could work in a day next week and consider most of those bills. I think Members are entitled to have them called.

Mr. MARTIN of Massachusetts. I agree with the gentleman and I will not object to tomorrow night being set aside for that purpose, but, when business is slack, I think we might take up these bills in the daytime. Everyone is interested in them and we should get them through.

Mr. BYRNS. I hope that will be possible.

Mr. GOSS. Would the gentleman be willing to make it Friday night?

Mr. BYRNS. There are a great many Members who leave here on Friday and who are gone over Saturday. They may have bills pending upon the calendar and will want to be here. I think Thursday night would come nearer meeting with the wishes of the House than any other night that could be selected.

Mr. MARTIN of Massachusetts. Personally, I think Thursday night would be more agreeable.

Mr. GOSS. Would the gentleman not be agreeable to letting it go over until next week? I have taken some interest in these calendars—not that I want to hold the House up, but in our particular subcommittees on Military Affairs we have been sitting morning and afternoon for 9 weeks. Some of us are way behind in our work. I wish the gentleman would let it go over until early next week and agree on it day to day—say, Thursday night.

Mr. BYRNS. I endeavored to have a meeting last Tuesday night.

Mr. GOSS. If the gentleman made the announcement today I am sure the House would be willing to cooperate.

Mr. BYRNS. No. I told so many Members that I was going to ask for Thursday night that I would rather make the request. Of course, it is a unanimous-consent request, but I do hope the gentleman will not object, because we should dispose of these bills.

Mr. MILLARD. Mr. Speaker, I am constrained to object. There are many people who are interested in private bills who cannot be here tomorrow night, and I object.

Mr. BYRNS. Well, the gentleman does not necessarily have to be here.

Mr. MILLARD. I can be here any night except Thursday night.

Mr. BYRNS. Of course, if the gentleman wishes to take that responsibility, it is his privilege. I do not have a single bill on the Private Calendar, but I am willing to come here and stay until 12 o'clock, if necessary, to get these bills passed.

Mr. MILLARD. Any day or any time except tomorrow night, and I will not object.

Mr. BYRNS. The gentleman does not have to be here necessarily. I hope the gentleman will not insist upon his objection.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLANTON. Is it not a fact that the gentleman asked for Thursday night, in preference to some other night, in order to accommodate some of the gentleman's Republican colleagues over there?

Mr. BYRNS. Absolutely.

Mr. BLANCHARD. No. The gentleman asked for Tuesday night and the gentleman from Texas [Mr. BLANTON] objected to it.

Mr. BLANTON. But agreed that we could meet on Wednesday or Thursday or Friday or Saturday night.

Mr. MILLARD. Mr. Speaker, I object.

Mr. RICH. I have heard some conversation, and I feel almost confident that the reason they are asking for next Tuesday night is to accommodate men on the Democratic side of the House.

Mr. BLANTON. We are willing to have tonight, or Thursday or Friday or Saturday night.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

Mr. MILLARD. Mr. Speaker, I object.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent that on Tuesday, the 15th, immediately after the reading of the Journal and disposition of matters on the Speaker's desk, I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. HOEPPEL]?

Mr. MARTIN of Massachusetts. Reserving the right to object, what was the request?

Mr. HOEPPEL. To address the House for 15 minutes on next Tuesday, the 15th.

Mr. BLANTON. On what subject?

Mr. HOEPPEL. On the question of temperance and its relation to liquor control.

Mr. BLANTON. Has the gentleman turned from an extreme wet to an extreme dry?

Mr. HOEPPEL. If the gentleman will be present on Tuesday, if I am authorized to speak, that will be evident.

Mr. BLANTON. I am glad the gentleman has had a change of heart.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

IMPORTANCE OF HIGHWAY LEGISLATION

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on road legislation.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker and fellow Members, some may inquire why an authorization for further highway work is proposed separately in H.R. 8781 and not made an item in a bill to cover a broad program of various types of public works such as was contained in the National Recovery Act of 1933. I should like to remind those who offer this suggestion that highway work is different from other types of public works and it is proper that it should be considered in a different category from the general public works.

In the first place, highway construction is a continuing responsibility upon the Government. The Federal Government since 1916, until last year, made provision for annual appropriations for highways, and, of course, the emergency appropriation of last year took the place of the routine Federal highway allotment. That fund of $400,000,000 was allotted to the States in June of last year. A number of conditions which were new to the States were prescribed by the Public Works Administration. These required that the States should submit a plan showing the use which the State proposed to make of its funds, divided among different classifications of projects. Not less than 25 percent of the State allotment was required to be spent within municipalities, not more than 50 percent on the Federal-aid system, and not more than 25 percent upon secondary roads outside of the Federal-aid system. Before any other progress was made the State was required to await Federal approval of its entire program under its allotment. Since the activity within municipalities and upon secondary roads was a departure from previous Federal-aid practice, there was an initial delay in getting work under way. This was overcome in a remarkably short time, for by an early date in August contracts on highway work were beginning to be awarded in the various States.

From August to this date 87 percent of the $400,000,000 has been obligated or actually placed under contract. Today definite knowledge is in hand which enables the Bureau of Public Roads to plot the activity which will be carried on by the entire highway appropriation. Such a chart in terms of employment was submitted to the Roads Committee by Chief MacDonald. It has been printed as part of the hearings. This chart shows that employment—which was the impelling motive behind the entire Public Works program of the National Recovery Act—will reach a peak during June, July, and August of this year, and that following August employment will drop off very rapidly, reaching a vanishing point by the end of this calendar year. No other type of projects authorized under the National Recovery Act has reached a similar stage of development. It is not yet possible to prepare similar charts with any degree of accuracy for the great bulk of projects other than roads, which will be paid for by the funds of the National Recovery Act of 1933.

Without additional Federal funds highway work, then, unlike other Federal works projects now authorized, would rapidly approach a premature shut-down after September of this year. With no additional funds in sight all plans by the United States Bureau of Public Roads and the States for 1935 road work would come to a halt. This must not occur. It is, therefore, urgent that Congress make provision for additional funds to continue this participation of the Federal Government with the States in road work.

This bill—H.R. 8781—for which a special rule has been granted, is the only measure pending before the House which would authorize the additional Federal highway funds which are so important and necessary to extend the Federal highway activity within the States. This bill was reported favorably to the House on March 21 by the unanimous vote of the Roads Committee. I now ask your favorable consideration in order that this measure may be passed to the Senate for its consideration and action.

The bill deserves to rank with the important measures which are to be scheduled for our attention in the few remaining weeks of this session of Congress.

CHICAGO WORLD'S FAIR

Mr. BRITTEN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes at this time.

The SPEAKER. Is there objection?

There was no objection.

Mr. BRITTEN. Mr. Speaker, I should like to call to the attention of the House at this time the fact that nearly 2 months ago the President of the United States sent a special message to Congress requesting action on an appropriation so that the Federal Government might continue its exhibit at the Chicago World's Fair this year. The bill was passed in the Senate making the appropriation. It is a very, very important piece of legislation, not only to the World's Fair people but to the Government itself, which has an enormous exhibit in Chicago. We have invited foreign governments to exhibit there this year. The buildings are in a dilapidated condition.

The fair will open in 2 weeks, and nothing has been done by this House, because, forsooth, a Member of the House is carrying in his pocket a rule to bring this legislation up at any time, and because no jobs, no petty jobs, went into his district, he is more or less attacking the World's Fair in that way.

Mr. BYRNS. I want to say——

Mr. BRITTEN. If the gentleman will wait just a moment, the $405,000 to be appropriated for the fair is for use and expenditure by the Government itself, for the Government's own exhibit. Nearly 2 weeks ago today the Committee on Rules reported out a rule. A Member of the House is carrying that rule in his pocket, and I think it is a shame, Mr. Speaker, that of all the great exhibitors at the fair last year, the only recalcitrant one is the Federal Government itself.

The situation that will present itself will be that when the other buildings are completed, when the other exhibits are completed, the Federal Government will be lagging behind, because some Member of the House has not received a few jobs for his district from the World's Fair people.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. I may say in response to the statement of the gentleman from Illinois [Mr. BRITTEN] that the gentleman to whom he refers as having this rule for the purpose of reporting it to the House, has been most persistent ever since the rule was adopted in his effort to get time to present that rule. I want to say in all kindness to him, and I do not mean any offense when I say it, but he has pestered me nearly to death in his effort to get that rule before this House. And I assured him it would be considered at the very first opportunity.

Its nonconsideration has not been due to him in any sense of the word; he has been most diligent in his efforts to get that rule considered. If the gentleman from Illinois [Mr. BRITTEN] will assist those of us who are trying to get the pending bill through at an early hour this afternoon, I think I can assure the gentleman from Illinois [Mr. BRITTEN] that the gentleman from Illinois who has the rule, has been given assurance that he can call it up for consideration this afternoon.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. O'CONNOR. Mr. Speaker, the gentleman from Illinois [Mr. BRITTEN] said that the other gentleman from Illinois [Mr. SABATH] was carrying this rule around in his pocket.

Mr. BRITTEN. Mr. Speaker, I did not say the gentleman from Illinois; I said the Member of the House.

Mr. O'CONNOR. But the gentleman meant the gentleman from Illinois [Mr. SABATH] was carrying this rule around in his pocket. The fact is, that immediately after the rule was reported from the Rules Committee, Mr. SABATH reported it to the House, and it is now on the calendar.

Mr. BRITTEN. Then why does he not call it up?

Mr. O'CONNOR. That is quite a different question from the unwarranted charge that he is carrying the rule around in his pocket. The distinguished gentleman from Illinois [Mr. SABATH] has not been able to call up the rule because it has not been on the program as set by our leaders; but he has been trying every hour of every day to bring the rule to the floor of the House. Because it was not in the program, however, he could not call it up. Why, Mr. Speaker, if the distinguished gentleman from Illinois had not pressed for the rule it would not have come out of the Rules Committee. The gentleman has been the sole champion of the measure and is more entitled to credit for it than any other Member of the House. The other gentleman from Illinois [Mr. BRITTEN] has done nothing, to my knowledge, to bring this measure before the House.

Mr. BRITTEN. Then why does not the gentleman call it up?

Mr. BYRNS. The gentleman has tried many times to have the rule considered.

Mr. BRITTEN. Will the majority leader promise that the rule will be taken up this afternoon?

Mr. BYRNS. It can come up this afternoon if the gentleman will help dispose of the pending bill.

Mr. BRITTEN. I will help dispose of it.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, the charges made by my colleague are willful, deliberate, coldly calculated, and are made for the sole purposes of discrediting, creating prejudice, and to promote unfair attacks upon me by the Chicago newspapers, and at the same time to get some publicity for himself.

Only 15 minutes ago I talked with the Speaker of the House and with the majority leader urging and pleading that I be allowed to call up this rule. I have sought an opportunity to call up the rule from the moment it was reported. Upon my earnest pleading the Rules Committee accommodatingly granted the rule. The very next day I was charged with delay because I had not reported the rule, whereas the next day we held memorial exercises and there was no chance to report this rule. Four other rules have been reported. The agreement was that the Chairman of the Rules Committee would report his rule only, which would make in order the stock exchange regulation bill.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I gladly yield.

Mr. BLANTON. And the gentleman from Illinois yesterday got a bill passed to aid the fair by getting exhibits released, did he not?

Mr. SABATH. Yes; I did; but my colleague [Mr. BRITTEN] was not here.

Mr. BLANTON. The gentleman's Republican colleague, however, gave the gentleman no credit for that whatever.

Mr. SABATH. I do not want any credit from him; but I do naturally resent these unfair and unjust charges; and I could properly say that they are false, because I have done everything within my power to effect consideration of this special rule to make in order the bill authorizing the small appropriation the President has kindly recommended.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Yes; I yield to the gentleman from Alabama.

Mr. BANKHEAD. I do not think it is necessary to add anything to the assurance already given by my associate on the committee, the gentleman from New York [Mr. O'CONNOR], as to the extreme diligence exercised by the gentleman from Illinois [Mr. SABATH] in reference to this matter in the Committee on Rules for several weeks. He has been most persistent in securing the adoption of this resolution. The gentleman brought it in in the regular way, and it was placed on the calendar.

Under our system of procedure, there were matters of major importance that the majority leader and the Speaker put on the party program for consideration. I may say in reply to the gentleman from Illinois [Mr. BRITTEN] that there is no justification on earth for the statement the gentleman made which sought to reflect in any way upon the diligence with which the gentleman from Illinois [Mr. SABATH] has pursued this matter. The gentleman from Illinois [Mr. SABATH] is deeply interested in securing this authorization for the Government's participation in the fair. The gentleman is just as much interested in it as is the gentleman from Illinois [Mr. BRITTEN]; and the gentleman from Illinois [Mr. SABATH] has not slept upon his rights in connection with this matter but has pursued it with extreme diligence.

PERMISSION TO ADDRESS THE HOUSE

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, in my desire to give way to the message from the President I failed to say that I have talked to the Speaker and the majority leader only a few moments ago, and they assured me that I will have a chance to call up this afternoon the resolution referred to a few moments ago, and they informed me further that they believed that the Johnson bill, which is now pending, would be completed and passed by the House by 3 or half past 3 and that I would then have a chance to present my request and get action thereon.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman agree to call up the resolution tomorrow if the bill now under consideration is not finished this afternoon?

Mr. SABATH. Yes, I will; and the gentleman from Massachusetts [Mr. MARTIN] knows that I have been trying to get this rule through for the last week. May I say that that was the assurance given to me 5 minutes before my colleague from Illinois [Mr. BRITTEN] made the charges against me; in fact, he must have observed me while I was talking to the Speaker and Mr. BYRNS at the Speaker's desk.

PROCEDURE OF PUBLIC-UTILITY COMMISSIONS

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 752), to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrator boards.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 752, with Mr. HANCOCK of North Carolina in the chair.

The Clerk read the title of the bill.

Mr. LEWIS of Colorado. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CLAIBORNE].

Mr. CLAIBORNE. Mr. Chairman, it is indeed a pleasure to address the House on a subject devoid of politics and of which I have intimate acquaintanceship. As a member of the State and Federal bar of Missouri for the past 30 years, I know something of the procedure in the State and Federal courts of Missouri.

I was rather shocked to hear the inferential charges of delaying trial leveled at Federal judges in cases where Federal injunction was sought to hold up rates fixed by rate-making bodies. I say, frankly, that the Federal judges of Missouri, the 2 at St. Louis and the 2 at Kansas City, have at no time been under the influence of any utility corporation, or, for that matter, of any corporation or person. I would also point out to the gentlemen who criticize the Federal judiciary that at this time it stands out in bold relief when contrasted with the State judiciary in the field of criminal prosecutions. If it had not been for a Federal court in Chicago I dare say that Al Capone would still be at large. I would much prefer to defend a man charged with crime in a State court than in a Federal court, and that for the obvious reason that the chances for an acquittal is greater in the State court than in the Federal.

It has been argued that time can be saved by forcing the utility companies, when applying for injunctions to restrain the putting into effect rates, to file their suit in a State court. That is not so in Missouri. My experience teaches that litigation moves faster in the Federal courts than in the State courts—I do not know about the Federal dockets of other States—I do know that in St. Louis, Mo., you may file your complaint in a Federal court, have a hearing, win or lose, go to the United States court of appeals, argue and get a decision all within a year if both sides wish it. I have done it. If you lodge your case in a State court you are a year in getting to trial; and if you take an appeal, you are from 2 to 3 years in getting a decision in the Supreme Court, even though both parties are ready at all times. A utility case taken before a Federal court in Missouri proceeds more rapidly than if taken before a State court.

Then, in connection with this matter of speed, bear in mind if you try a utility case before a three-judge Federal court you have a hearing, the appeal goes direct to the United States Supreme Court. You jump over the United States Court of Appeals. But if you lodge the same case in the State court, you have a trial, then you go to the State supreme court, and then to the United States Supreme Court. So your record gets to the United States Supreme Court quicker by the Federal route than it does by the State route.

I should like to ask the Members if they would have less difficulty in serving their country were they elected for life than they have in serving it when elected every 2 years. Taking this as a rule by which to measure the conduct of a trial judge, do you feel that a trial judge could hear a case better if chosen for life, with no regard to renomination and reelection, than a trial judge who sits on the bench for 6 years and must necessarily listen to the voice of his constituents if he wishes to sit on the bench for more than one term?

The reason ofttimes for going to the Federal court is to get away from local prejudice, and local prejudice is not confined to corporations.

[Here the gavel fell.]

Mr. LEWIS of Colorado. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CLAIBORNE. In closing let me make this point: One day a number of truck drivers retained me to bring an injunction suit to restrain the putting into effect of an act of the Missouri Legislature. The legislature had passed the bus and truck act. It delegated to the public service commission the duty of putting that act into effect. These little, humble truck drivers thought that the act was taking their property without due process. I filed my case in the Federal court at Jefferson City. I asked to restrain the Missouri Public Service Commission, the Governor, the attorney general, and so forth, from enforcing the act. I got a three-judge hearing in Kansas City. The whole matter was disposed of in less than 6 months.

Now, why did I go to a Federal court? I went there with these little truck drivers for the reason that I felt three Federal judges would be more likely to hold an act of the Missouri Legislature unconstitutional than a State judge would be likely to so hold when he, in turn, had to run for office. If a State judge declared a rate unlawful, it might beat him in the next election, regardless of merit, but not so with a Federal judge.

If you carefully read the Lewis amendment, I believe you will find that it remedies present evils complained of without being harmful to the interests of the public or utilities. Under the amendment a utility company seeking an injunction from a three-judge Federal court would bring before the court the transcript of the record of the proceedings, including evidence taken before such administrative board or commission with respect to such order, prepared at the expense of the complainant, with the proviso that upon the application of any party the court may take additional evidence if it is material and competent and the court is satisfied that such party was by the board or commission denied an opportunity to adduce it.

However, in case no record was kept or the board or commission failed to certify such record, the court may take such evidence as it deems necessary. To me this seems eminently fair and proper. I cannot understand how any American lawyer could object to such reasonable conditions.

The Lewis amendment further provides that a Federal court shall not have jurisdiction if the complainant has theretofore commenced suit in a State court having jurisdiction thereof to contest the validity of such order on any ground whatsoever. This prevents a utility company from asking an injunction in a State court and, during the course of trial, dismissing suit and then seeking an injunction in a Federal court.

In conclusion, let me remind the House that the stocks and bonds of the great utility companies of America are largely owned by financial institutions, insurance companies, trust estates, widows, and others dependent upon income from public-utility investments.

Are we to deny such a large number of alien citizens the right to have their property protected against confiscation resulting from unjust rate?

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed out of order for 8 minutes on a nonpartisan issue.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FISH. In fact, it is not only a nonpartisan matter, but a little unusual for me, because it upholds the present administration. [Applause.]

I must again call public attention to the shocking and terrifying activities of the Communist Party, this time operating under the euphonious title "All-America Anti-Imperialist League." With headquarters in New York City, it is

creating disorders, and strikes in Cuba, our friendly neighbor.

The Cuban Government is making a great struggle under the leadership of President Mendieta to bring about a recovery from the economic depression and the misrule and corruption of the Machado regime. But it finds itself beset on all sides with Communist foreign labor agitators, who are attempting to overthrow the present government of Cuba, which is well on its way to restore economic and political stability.

It is our duty to oppose the All-America Anti-Imperialist League, or any other like organization of Communists, and expose their campaign of terror and destruction in Latin America. We see in Cuba what damage it can perpetrate and the seeds of poison and hatred that it can plant in Latin American countries against the United States.

We have extended the hand of friendship to Cuba. She lies close to our shores, and we owe it to her to drive out a common enemy, especially when that enemy is operating in Cuba from headquarters within our own boundaries. It is in our own interest to see Cuba restored to the great economic position she once held. She was our third largest buyer of American goods, purchasing from us in normal years approximately $200,000,000 of our commodities. Under the Machado regime she dropped to a low point of about $30,000,000 of American purchases. We want that purchasing power restored. Cuba, under its new administration, is eager to enter into friendly, reciprocal relations with us.

Cuba at last has a leader selected by popular acclaim. All parties united in the choice of President Mendieta. He is a man of the highest ideals, a veteran of the Spanish War, who has devoted his life for the welfare of his country. Possessed of a most intimate knowledge of Cuba's many problems, President Mendieta has patiently and courageously gone forward with progressive reforms, despite all obstacles. Our State Department, under the able guidance and advice of Assistant Secretary of State Sumner Welles, who, in my judgment, is the best-informed American on Cuban affairs, was quick to recognize the Mendieta administration. I had the pleasure of knowing President Mendieta when he was in exile in our country during the Machado regime, and I am pleased to state as a Republican and as ranking minority member of the Committee on Foreign Affairs that Mr. Welles displayed wise and excellent judgment in recommending prompt recognition of President Mendieta's government.

Since President Mendieta has been in office he has made rapid strides toward recovery for Cuba. It is, indeed, deplorable that the difficult task which he is performing so well is being made so much more difficult by the bombings and shootings which occur almost daily in various parts of the island. These outrages are traceable to professional Communist agitators and to an irresponsible group of Communist students who have been supplied with arms and bombs to kill and maim innocent people.

Notwithstanding, President Mendieta has acted with indomitable courage and perseverance. Supported by an overwhelming majority of the Cuban people, who seek peace and an opportunity to earn a livelihood, he has in the short span of 6 months introduced reforms in the public interest. For the first time in years all government employees are receiving a living wage, and they have even received their back pay. The pay of the sugar workers under the present administration has increased materially—in some instances more than doubled. No longer will cheap contract labor be permitted to be imported into Cuba. Now, by government decree, 75 percent of people employed must be Cubans.

Already its import duties have increased from about $500,000 per month to approximately $2,000,000 for the month of April 1934.

When the present administration came into power there were only 23 sugar mills in operation. More than a hundred additional mills have been opened up under the new order. All strikes have virtually ended, and complete protection has been afforded to foreigners and foreign property.

President Mendieta opened up the great National University of Havana under its own Government after its doors had been closed by Machado. Its professors have now returned from exile, and several thousand students are now back at their studies.

A civil service has been created for public employees, a homestead law has been established, and legislation has been enacted for the establishment of agricultural credit banks. A council of state has been created, under the able leadership of Dr. de la Torre, former chancellor of Habana University, to advise on constitutional reforms to be submitted to the people at the next election.

These constructive measures have already begun to show beneficial results for the country, both politically and economically. Already many of the commodity prices have moved upward, including sugar, its principal product.

Cuba can and will recover and become again a great market for our manufactured products, if she can rid herself of the Communist agitators and trouble makers, who are nothing more than political opportunists seeking to take advantage of the deplorable economic conditions in that country.

Our Departments of Justice and State should combine in making a thorough investigation of the activities of the All-America Anti-Imperialist League, which is using the United States as a base of operations to spread its creed of class hatred, strikes, and industrial unrest among the Cuban laboring people. We owe it to ourselves and to the Cuban people to put an end to these revolutionary Communist activities. [Applause.]

Mr. KURTZ. Mr. Chairman, I ask unanimous consent that all Members who speak may be granted 5 legislative days in which to extend their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KURTZ. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, this is no time for anyone to engage in baiting public utilities. They have their troubles; they have their uses; they bring into our lives useful things that lessen our labors and add to our enjoyment and make our lives more complete and more wholesome.

So I decry anything that may be said on this floor that will tend to make their burdens greater or to affect their good standing before the public.

But, Mr. Chairman, the question before us is simple. It is not a question of corporations or of utilities, but a question of court procedure only.

We have heard the eminent gentleman from Pennsylvania [Mr. BECK] say that this is an attempt to defeat the whole structure and processes of the Federal courts and to tear them up by the roots. The gentleman is one for whom I have the highest respect on account of his wisdom, his learning, his ripe experience, his beautiful rhetoric, his forceful logic and eloquence, and his charms of speech and person. But he is mistaken in this instance.

He it was who spoke about going to some foreign State and putting a nickel in the slot and then bringing home a charter to do business as a corporation in the home State. That is exactly what is done. They get their charter, their corporate existence from some foreign State—possibly Delaware—and then they come back to their home State and ask for valuable franchises so that they can go out and use your streets, your highways, your air, your water, your streams rolling down to the sea to engage in some sort of public-utility business. They come back to their home State for the purpose of exercising the people's right of eminent domain. They come back to condemn private property and appropriate it to their own uses and purposes. They come back home for police protection and for franchise rights, and for all the thousands of good things that the State confers upon them.

Why should they not submit themselves to the jurisdiction of the State courts? Who rises here to say that the State courts shall not be trusted? They have been the bulwark of our liberties. Property rights and human rights, principles as well as dollars, are intrusted to their keeping, and

they have always kept the faith. It ill becomes a citizen to go into a foreign State and accomplish his incorporation and then come back to his home State to ask for franchises, rights, and privileges which the home State alone can give him and then turn around and say that he does not want the State court to protect the very rights that he has received from that same State. If the State grants him a franchise, why should he object to testing his rights in a State court? If a State gives him the only valuable thing that he expected to get when he joined a company incorporated in a foreign community, then why should he stand here to argue that he must be given the right to ignore State jurisdiction? And this appears all the more when we know that the most humble citizen as well as the richest corporation is bound always to receive the protection of the Federal Constitution. No tribunal, no rate-fixing body, no State officer can take away from the most humble citizen or the most arrogant corporation the rights which the Constitution of the United States confers. The Governor of a State cannot do it; the lower courts of the State cannot do it; the supreme court of the State cannot do it. Always and overshadowing all these persons and things and institutions stands the Constitution of the United States of America. There is no process or practice under the heavens by which a man or a utility can be prevented from having his constitutional rights and having them protected in and by the Supreme Court of the United States of America. The Johnson bill fully protects them. It little matters what court originally may try a case so far as they are concerned, because the Supreme Court here in Washington has jurisdiction and will always have jurisdiction to take and try and hear and determine any case which affects such rights and to grant relief upon appeal such as the facts and the law will warrant. Knowing then that wherever the case may originate or whenever it may be tried, whether in the local courts or State courts or elsewhere, the Supreme Court of the United States will protect the most humble as well as the most powerful utility, what fear can there be on the part of the gentlemen who ask for these important franchises and grants, which are in nature monopolies and must of necessity be monopolies, as against the improper acts of State rate-regulatory and rate-fixing bodies.

Neither does the Johnson bill put any stigma upon Federal courts. The very statute that it amends has within it 28 subdivisions, and each subdivision grants jurisdiction to United States courts. Some of these subdivisions are long and involved and contain many grants of jurisdictional matters. The Johnson bill amends only the first of these subdivisions, and it does not even amend that subdivision except in a slight way. I have not seen any figures, but I dare say that the Johnson bill will not affect the jurisdiction of Federal courts except in a small fraction of 1 percent of the cases. While we must not go bear baiting the utilities, neither must we cry, "Wolf! wolf!" There is no wolf. The structure of the Federal courts and their jurisdictional prerogatives are affected to a small extent only. Let no one mistake the issue or be deceived. The application of the Johnson bill, when enacted into law, will be rare and attenuated.

But, gentlemen say that a State can, without the enactment of the Johnson bill, and at this time and under existing statutes, protect itself from being forced into the Federal courts. At best this will be found to be a very peculiar provision and to be a poor weapon for defense of the State-utility order, because the State is compelled to stultify itself by applying for a stay order against putting into force its own acts and regulations. It must get an order staying the operation of the very regulations which it asserts are fair and lawful. It seems to me that the procedure should require that the other party to the litigation should apply for and get the stay order. But the State utility commission is bound, under the rule, to get an order staying itself from enforcing its own regulations. In the meantime, the public is left unprotected by any supersedeas bond. This seems to me to be a trick with a hole in it.

You make an order which you believe is just and right, and then you apply to the court to stay your own order, and thus your adversary avoids the necessity of giving any bond or supersedeas, and the utility proceeds to go on charging and collecting rates and dues that are believed to be unfair and that lie at the very bottom of the litigation. This is an illogical method. When that statute was generated, if the man who prepared it did not laugh aloud he certainly must have allowed some slight and fleeting smile of satisfaction to mar for a moment the serenity of a calm and quiet imperturbation.

But if this really grants what is claimed for it, if it really protects the orders of the State commission, if it really takes away the rights of the utilities to enter into Federal courts, then, certainly it does what the Johnson bill does; and those who speak for such an illogical method of procedure and those who claim that such procedure is wholesome and correct are in logic bound to agree that the jurisdiction of the Federal courts in such cases is not requisite or even desirable. How can any man believe that the Johnson bill is wrong because of taking jurisdiction away from the Federal courts and still say that the regulations in section 266 of the Judicial Code, which do the same thing, are correct and wholesome?

Now, the fact is that trials in Federal courts are attended with great expense, with much delay, with hearings held oftentimes at great distances, and with great inconveniences to common people. On the other hand, certain utilities are ubiquitous and have their offices and attorneys spread throughout the land; oftentimes their arms and their arts are not limited by space. Like the sailor, they have friends and perhaps sweethearts in every port, and they can try these cases as well in one place as another. Likewise they are oftentimes not limited by time. They have an artificial duration and, like the brook, they run on and on forever.

My distinguished friend, Mr. CLAIBORNE, the gentleman from Missouri, about half an hour ago assured us that the Federal courts were expeditious down there in his State. I have not found it so. In one little case that I was interested in, involving utility rates, we went to his great city of St. Louis and argued the case and it took the Circuit Court of Appeals for the Eighth Circuit almost 2 years—not quite—after the case was submitted before it made its decision and handed down its opinion; and the opinion, when finally made up, was one which could well have been written within 1 day, and surely inside of 1 week. Indeed, that case took almost 4 years from the time it was started until it went through the weary processes of Federal procedure and was finally decided.

I do not impugn the integrity or good faith of the courts. But I say that Federal courts are human institutions and are not always infallible. Why, just the other day the Supreme Court of the United States finally passed upon a utility case from Chicago which has been pending in Federal courts for more than 10 years, and it was finally decided against the utility. Justice delayed is justice denied.

The Johnson bill is not hostile to utility companies. It is fair to them, as well as to rate-making bodies and to the people. [Applause.]

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. KURTZ. Mr. Chairman, the 5 minutes which were just allotted to the gentleman from Iowa were to come out of the time of the gentleman from Kansas [Mr. GUYER]. I have been requested to allot the remainder of that time, which is 13 minutes, to the gentleman from New Hampshire [Mr. TOBEY].

Mr. TOBEY. Mr. Chairman, the issue before us today is between the Johnson bill as it passed the Senate, and which is sponsored by the minority of the Judiciary Committee, and the substitute or Lewis bill reported by the majority of 1.

I speak in favor of the Senate Johnson bill, as reported by the minority.

Both minority and majority reports recognize existing evils which make legislation imperative. Each seeks to remedy these evils, but by different methods.

The minority, through the Johnson bill, offer a remedy that is definite and clean cut. It will end once and for all the jurisdiction of the lower Federal courts to enjoin the orders of State regulatory commissions.

It compels the utility to confine its appeals to the courts of the State involved, with the final right to appeal to the United States Supreme Court.

And to me this is but common sense and justice.

Manifestly if a utility comes into your or my State and does business there under regulation of the State public-service commission or similar body, its recourse on appeal should be in the courts of that State.

The present right to appeal from the decision of a State regulatory body to the Federal district courts, seeking to enjoin the order of the commission has resulted in the evils of great expense and ridiculous delays which we are now seeking to correct.

On the other hand, the Lewis bill allows the utility to choose by which path it will take its appeal, the State courts or the Federal district courts. Inasmuch as the path through the Federal courts has allowed the utilities to delay their case they will still choose the Federal courts.

The language of the Lewis bill may be construed to allow introduction of additional exhibits such as accounting and valuation evidence by the utility claiming it was not afforded sufficient time before the commission, and so as the language of the Lewis bill reads was "denied an opportunity to adduce."

In such cases the existing evils of expense and delays would still continue.

The old cry of constitutionality was raised yesterday against the Johnson bill. Beyond question, the Congress has the right to decide the latitude of the jurisdiction of all Federal courts except the United States Supreme Court, which is the only constitutional court.

Now let me cite an anomaly which exists where the right is given utilities to leave the State courts and enjoin through Federal district courts. Thereby we place property rights above human rights.

For example: If a citizen of New Hampshire commits a capital crime in the State of Massachusetts and flees back into his own State, he is arrested by Massachusetts authorities and extradited to Massachusetts to stand trial. He cannot then plea in court that he is a nonresident of Massachusetts, where he is to be tried. He is tried in the State courts and his appeal is to the higher State courts with possible Federal appeal to the United States Supreme Court. This individual cannot elect where he will take his appeal, cannot then plead in court that he is a nonresident of Massa- thereby delaying the administration of justice in his case; yet a utility, in contrast, after the hearing before the State regulatory body, can elect to leave the State's jurisdiction and go into the Federal courts.

In the case of the man charged with murder only human life is at stake, and his case cannot transfer to Federal courts, but in rights of property, as in the case of the utility, this privilege is given, which has resulted in the undue expense and outrageous delays in the administration of justice. These evils the Johnson bill will eliminate.

The gentleman from Pennsylvania, a proponent of the Lewis bill, claimed yesterday that the United States Supreme Court will only pass on questions of law and will take the facts as found by the State court of last resort. Then he quoted from an opinion of Mr. Justice Holmes, written more than 20 years ago.

As against this the Supreme Court, through Justice Hughes, said in the Crowell against Benson case:

> In cases brought to enforce constitutional rights, the judicial power of the United States necessarily extends to the independent determination of all questions, both of facts and law, necessary to the performance of that supreme function. The case of confiscation is illustrative, the ultimate conclusion almost invariably depending upon the decisions of questions of fact. This Court has held the owner to be entitled to "a fair opportunity for submitting that issue to a judicial tribunal for determination upon its own independent judgment as to both law and facts."

Let me also cite the Dayton Power & Light case, on which an opinion was rendered by Justice Cardozo 1 week ago. In this opinion fact after fact was considered and commented on so that the opinion of the Supreme Court is based on the facts as well as law.

Some exponents of the Lewis bill will tell you that the American Bar Association is opposed to the Johnson bill. Had I the time I could demonstrate some inconsistencies in that statement; it will not stand up under careful examination of the facts, but in this connection I should like to read into the RECORD from a letter written by Charles E. Clark, of the Yale University school of law to Hon. Paul Holland, chairman of the committee on law reform of the the American Bar Association, in which he says:

> The American Bar Association and its members can hope to have little influence in public life if it and they consistently and, as I believe, without careful and impartial consideration of the opposing views, strike out against judicial reform believed to be necessary by large groups of our citizens.

The Senate report well says:

> The congestion of our Federal courts is acknowledged by all.

That itself is the cause of delays which often constitute a denial of justice. The President himself has communicated with Congress about this congestion. Manifestly the passage of the Johnson bill would contribute relief to this situation, for it is estimated that the work of the Federal Judiciary would decrease from 25 to 40 percent if this Johnson bill becomes law.

Who wants this Johnson bill?

The State public-service commissions or similar bodies of 45 States earnestly ask for passage of the bill for the taxpayers.

If the average citizen of this Nation understood the entire matter, there is no question in my opinion about their getting behind this legislation.

President Roosevelt, while Governor of New York in 1930, sent a special message to the legislature calling attention to the evils accruing from the rights of the utilities to go into the Federal district courts. He pointed out that the State regulatory body is laughed at by the utility seeking refuge with a special master to be appointed by the Federal court. He says the special master becomes the ratemaker. The public-service commission becomes a mere legal fantasy. He referred to the interference by Federal courts with regulatory powers by public-service commission from his experience as Governor of the State of New York. Former Governor Johnson, of California, gives similar testimony, and in my own administration as Governor of New Hampshire I had similar experiences.

There will be no denial of justice to any utility if the Johnson bill becomes law. It simply compels them to keep their case on appeals in the State courts and then to be carried to the Federal Supreme Court. It estops the utility corporations from wearing down their opponents through delays of long litigation.

Let State courts settle State difficulties, and place individuals and utility corporations on the same basis as they seek justice.

Each of us is here representing a sovereign State. We have faith in that State and its institutions. When you and I are urged to vote against the Johnson bill we are asked, in effect, to reflect upon the justice and integrity of our own State's judicial system. By such action we imply that our higher State courts are not tribunals free from local bias. Is there one amongst us who will allow himself to be placed in the position of yielding to the suggestion that the path to justice lies through the Federal courts in a greater degree than through the courts of his own State?

I close with this statement from the now President of the United States, who, when Governor of New York, in referring to the evils which the Johnson bill seeks to overcome, said:

This power of the Federal court must be abrogated. Only the Congress can give the remedy. Legislation has been introduced in the Congress to carry out this purpose.

Mr. Chairman, fellow Members, such legislation is before us today. Let us adopt the minority report and pass the Senate or Johnson bill and put an end once and for all to the recognized evils.

Mr. HOIDALE. Mr. Chairman, will the gentleman yield?

Mr. TOBEY. Yes.

Mr. HOIDALE. I do not want to interrupt in any spirit of hostility or controversy. I am sitting here, like a good many other Members, listening to these debates with the idea of determining what is best to do in the situation. This question occurs to me: Assuming that the Lewis bill is adopted, and assuming that there are in the gentleman's State or in my State two utilities, that both of those utilities go before the local State commission upon the same controversy, upon the same state of facts. The decision of the commission is identical in the two cases. One of those utilities companies elects to go the State way and the other elects to go the Federal way. The decision in one case is favorable to one utility and to the other case is unfavorable to the utility, and all upon the same state of facts. Where does that leave the State or the utility?

Mr. TOBEY. I think it leaves them hanging between nothing and something. The only way to handle that is for the gentleman to vote for the Johnson bill and put them in the State courts once and for all.

Mr. HOIDALE. It looks that way to me.

Mr. LEWIS of Colorado. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. I have no intention of discussing further the merits of this bill. I only rise to deny the intimation contained in the speech made by my esteemed colleague on the Committee on the Judiciary, the gentleman from Georgia [Mr. TARVER], and later, in a more pointed way, by the gentleman from Washington [Mr. LLOYD]. Both seemed to intimate that my advocacy of the Lewis bill was insincere and that I did not desire any legislation. Such is not the fact. On the contrary, I believe the Lewis bill is a wise and constructive piece of legislation. Sooner or later it should be enacted. I tried to indicate that as my opinion in the speech that I made to the House yesterday. The only possible justification for the imputations of my motives is this: Before the Committee on Rules I did bring to its attention the grave question whether it was wise in this critical industrial situation to give this measure a preferential status. I did so because it seemed to me unquestioned that the holders of utility investments are profoundly concerned about the Johnson bill. I may believe in a major operation, but I do not want a major operation at a time when it may be fatal.

Mr. RANKIN. Will the gentleman yield?

Mr. BECK. No. Pardon me. My time is short. I feel that this country is now trembling on the uncertainty whether it will have a relapse or whether it will continue in its convalescence. Ten million investors, whose aggregate holdings are estimated at $28,000,000,000, are affected by this legislation. I thought the Lewis bill could more profitably come up early in the next Congress, when the country was in a less critical condition, and I saw no such urgency as to require its immediate passage, when millions of investors are likely to take fright by even the discussion of the question.

I do want my friend from Georgia [Mr. TARVER], and my friend from Washington [Mr. LLOYD], with whom I am pleased to collaborate in the Committee on the Judiciary, to acquit me in their generous hearts of playing the double part of pretending to favor the Lewis bill, in the preparation of which I collaborated, when, according to their suggestions, I am opposed to any remedial legislation. Such is not the fact. The Lewis bill sooner or later should become law. [Applause.]

Mr. KURTZ. Mr. Chairman, I have been requested by the gentleman from Kansas [Mr. GUYER] to yield the remainder of his time to the gentleman from Texas [Mr. SUMNERS], amounting to 30 minutes, I believe.

Mr. SUMNERS of Texas. Mr. Chairman, may I say there are two additional speakers on this side at this time. I understand, of course, the gentleman from Colorado [Mr. LEWIS] has the right to close. I do not know how many additional speakers he has or what is the arrangement on the part of the gentleman from Pennsylvania [Mr. KURTZ]. My colleague, Mr. OLIVER of New York, and myself, are the only remaining speakers on our side.

Mr. KURTZ. Mr. Chairman, I desire to yield 5 minutes to the gentleman from New York [Mr. HANCOCK].

Mr. HANCOCK of New York. Mr. Chairman, a few years ago I was corporation counsel of the city of Syracuse, and I have had some experience with public-utility rate cases. I know from that experience that such a case is a protracted, tedious, technical, and costly piece of litigation, even when the matter never gets beyond the public-service commission. If it is taken into the State court or the Federal court, or both, the expense and the delay in reaching a final determination are, of course, vastly increased. The municipalities of the country justly complain against the extravagance of our present legal machinery and the slowness with which it moves in rate cases. The public-service commissions of the various States are practically unanimous in their demands for relief from these two things—delay and expense.

Let me quote a few typical statements made by public-service commissioners in behalf of the Johnson bill, before the Lewis bill was drafted, so you may know the grounds on which they support it:

Out of our experience we know it is urgently needed for the speeding up and fair determination of important rate controversies. (K. P. Clardy, chairman Michigan Public Utilities Commission and chairman National Association Railroad and Utilities Commissioners committee on legislation.)

The passage of this bill would remove complaint of long delays in matters of rate adjustments before commissions. (Tennessee Railroad and Public Utilities Commission.)

If the Johnson bill should be adopted and utilities should be required to test the validity of the commissions' orders in the State court, much time and expense would be saved. (Lon A. Smith, chairman Railroad Commission of Texas.)

The department favors the proposed act for the reason that it believes the same will be a great step forward in regulation, and that it will result in a considerable saving, both in time and money. (E. K. Butler, director Department of Public Works, State of Washington.)

We believe that the business of the commission could be greatly expedited if the utilities were compelled to go to the State courts, and we know that the expense incident to this kind of litigation would be greatly reduced, both to the utilities themselves and the commission. (George L. Goode, commissioner, Georgia Public Service Commission.)

That is enough, I think, to let you know the evils that are complained of and which ought to be cured by proper legislation. The Johnson bill is widely supported because it is designed to save both time and money in the class of cases under discussion. There is not a man on the Judiciary Committee, and probably not one in Congress, who does not favor the accomplishment of those objectives.

But the Johnson bill seeks to attain them by divesting the Federal courts of all jurisdiction in public-utility cases except the right of appeal to the Supreme Court of the United States after the final decision of the State court of last resort. Let me say, parenthetically, that the right of appeal in a rate case is an empty thing. The Supreme Court has repeatedly held itself to be bound by the findings of fact of the State courts. If there can be no review of the facts, an appeal to the Supreme Court is a vain and futile proceeding, because the rates are based on valuations. If the Supreme Court cannot pass on the valuations, it cannot pass on the rates.

The present practice has been explained here a number of times. If a rate case is of some importance, it is necessary for the municipality involved to employ special counsel and expert accountants to fight its case before the public-service commission. Sometimes months are consumed in the taking of testimony and a voluminous record is made. If the utility is dissatisfied with the commission's ruling, it may appeal to the State court, where the case is reviewed on the record made before the commission. It may also obtain

a review in the Federal court by alleging that the rates fixed by the commission are confiscatory and constitute a taking of property without due process of law, and suing for a restraining order. In the latter instance the record of the proceedings before the commission is not in evidence; the case is tried de novo and the evidence as well as the expense of the original proceeding must be duplicated. By denying jurisdiction of the Federal courts the Johnson bill saves the expense and the delay caused by such duplication of effort and it is for that reason alone that the bill has popular backing.

The majority of the Judiciary Committee believe that the ends sought can be reached without doing violence to the constitutional rights of a large and important class of American citizens. The result of that conviction is the Lewis bill which we are considering today. The gentleman from Washingon in his remarks on the bill saw fit to question its parenthood. He suspects that its father is the gentleman from Pennsylvania [Mr. BECK] rather than the gentleman from Colorado [Mr. LEWIS], and he implies that if such is the case the bill ought to be killed.

The provisions of the Lewis bill were suggested by one of the lawyers who appeared before the committee. Doubtless others have made similar suggestions. Whoever the father of the bill may be, he has reason to be proud of his child. The gentleman's implication that Mr. BECK'S advocacy of the bill, of his possible authorship, in any way discredits it will not be accepted here or elsewhere.

Under the Lewis bill, the rulings of a State regulatory body may be judicially reviewed either in a State court or a Federal court, but not in both. The company must make an election and be bound by it. If the case is brought in Federal court, it shall be determined on a transcript of the record of the proceedings before the State commission, except that additional competent and material evidence may be taken upon the application of any party to the action if that party was improperly denied an opportunity to present it to the commission.

That is all there is to the Lewis bill and it is enough to prevent effectively the annoying delays and extravagances which are possible and sometimes occasioned under the present law. No one can logically defend a bill that goes any further.

Let me call your attention to these words of the Johnson bill:

> No district court shall have jurisdiction of any suit to enjoin the enforcement of any order of a commission of a State where jurisdiction is based solely upon the ground of diversity of citizenship, or the repugnance of such order to the Constitution of the United States where such order affects rates chargeable by a public utility.

That is but a partial quotation, but it contains the language I wish to emphasize. The diversity-of-citizenship provision is not important in this discussion. Any State may require a utility company to obtain a State charter and become a citizen of the State in order to do business there. Rate cases are taken into the United States courts on constitutional questions.

The Johnson bill would take away from one class of citizens the rights all others enjoy. It would deny to public-service corporations all access to the Federal courts for protection against orders of State bodies repugnant to the Federal Constitution. That proposition is shocking to Americans, and there are still many millions of them, who have a deep and abiding respect for the Constitution and the rights and safeguards of American citizens under it.

As Members of the Congress of the United States it is our duty, and should be our pride, to preserve the integrity of the Constitution of the United States and to uphold the dignity and authority of the Federal courts which were created by Congress to protect the constitutional rights of the citizens of the United States.

I will not impose on you by discussing the constitutional aspects of the Johnson bill. Others have done so more ably than I can hope to do. Permit me simply to point out that the Johnson bill deprives a class of citizens of the equal protection of the law, that it denies them the refuge of the Federal courts when deprived of property without due process of law; that it violates the universally accepted doctrine that the jurisdiction of the United States courts must be as broad as the rights and duties created under the Federal Constitution and the Federal laws.

People ask, "Are not the State courts as capable of enforcing constitutional guarantees as the United States district courts?" That is begging the question. The real question is, Shall the Federal courts be divested of their propery functions, shall they be deprived of jurisdiction which has been theirs since their creation, almost as long established as the Constitution itself?

I may say that I do not regard the judiciary of my own State as inferior in character or ability to the Federal judges. Neither do I believe from any observation I have been able to make that public utilities need to fear harsh, arbitrary or unjust treatment at the hands of the Public Service Commission of New York. I think their rights are fully protected by that body.

Why do we have a written Constitution? What is its purpose? Is it not to protect the people of the country from hasty, capricious, unconsidered acts of governmental bodies in times when waves of popular emotion or hysteria throw us temporarily off balance?

There is a steadily growing feeling of animosity toward public utilities. The executives of many large companies have been amazingly stupid in their public relations, in their failure to make the slightest effort to cultivate the good will of the people they serve. There is great public irritation because of the fortunes that have been made by rigging the securities market and juggling stocks. The Johnson bill will not reach those men. It is hoped to control their manipulations through the Securities Act, the Securities Exchange Act, the income-tax laws, and certain penal statutes.

The overwhelming majority of officers and employees of public utilities are honest, law-abiding citizens of a high type who are devoting their lives to useful and necessary service of the public. The Johnson bill hits them.

One gentleman who appeared before our committee testified that 10,000,000 American citizens are investors in public-utility stocks and bonds. They have put $28,000,000 of savings into them. If you add the numbers who are policyholders in insurance companies, members of fraternal organizations, depositors in banks, beneficiaries of thousands of educational and charitable institutions, all of which are large buyers of public-utility securities, you have an army of interested people, after allowing for duplications, that includes a substantial proportion of the people of this country. These are the people who own the public-utility companies. For the most part they are thrifty, hard-working, honest folk. Are you going to penalize this army of investors? Are you willing to say to them "The security holders in companies engaged in other types of business are entitled to the shelter of the Federal courts; you are not"?

Permit me to touch on one other point I have in mind. I spoke a moment ago of the necessity of constitutional safeguards as a defense against sudden outbursts of strong popular feeling. One witness who testified before the committee offered to put in the record a dozen newspaper accounts of speeches of a certain Governor directed against public utilities and calculated to arouse feeling and prejudice against them. They were excluded upon the objection of a member of the committee. However, an article purporting to be an Associated Press dispatch was printed in the RECORD during the discussion of the Johnson bill in the other body. I will not mention the Governor or the State, because I do not wish to offend my friend from that State, who objects to it and questions its accuracy. In substance the article stated that the Governor was determined to reduce utility rates. He removed from the State buildings the telephones of eight telephone companies opposing rate reductions and threatened others; he ousted his entire public-service commission and replaced them with men of his own selection.

He announced that he would personally campaign against any judges seeking reelection who had granted injunctions against the orders of his commission.

Perhaps that story is not true. Perhaps the rates in that particular State were outrageously high. But the story illustrates one of the dangers which must be guarded against. It is easy to imagine a political candidate for high office in some State at some time waging a campaign against utilities for his own selfish purposes. Rate cases always have political aspects. Every family pays for the services of public-utility companies, and popular sympathy is always with the public official who fights for lower rates, whether they are justified or not. Arousing popular sentiment against the gas, light, heat, power, and water companies and the trolleys and railroads is the principal stock in trade of many a demagogue. A situation might easily be developed, particularly in those States where judges are elected for short terms, in which a public utility could not obtain justice. The constitutional provisions, which the Johnson bill violates, provide a refuge from the political persecution I have described.

Frequently during the present Congress legislation has been enacted that creates problems more difficult than those the legislation is designed to solve, that produces evils more serious than those under attack. If our political doctors today became medical men and surgeons and followed their principles, they would scalp a man to free him from dandruff and amputate his arm to get rid of a hangnail.

The Lewis bill is a temperate, moderate, intelligent piece of legislation. It will accomplish the purposes which are universally desired. The Johnson bill will also accomplish those purposes, but in doing so it will weaken and in part destroy constitutional guaranties and safeguards. No sound reason or justification has been advanced or can be advanced in defense of its drastic provisions.

If the roof leaks, repair it, but do not tear the house down.

Mr. SUMNERS of Texas. Mr. Chairman, I yield to the gentleman from Oregon [Mr. PIERCE] such time as he may desire.

Mr. PIERCE. Mr. Chairman, during the last half century there have grown up in this country two systems of court procedure: The State courts, generally used by ordinary people, where legal disputes are tried, facts weighed, and the causes settled; and the Federal courts, with almost coordinate jurisdiction. Their powers have been greatly extended since the passing of the fourteenth amendment. These Federal courts are chosen in preference to State courts by powerful litigants, especially by the utilities. The gulf between the two methods of court procedure has constanty widened.

Greatly do I admire our brilliant colleague from Pennsylvania. I listened with rapt attention to his encomium on members of the Federal courts. I do not share in his worship of the Federal bench. To me they are just ordinary men; not necessarily supermen, who, often through pull, political intrigue, and the influence of entrenched wealth have been able to secure appointments to this bench. Too often, all too often, the judges are men who have been attorneys for utilities, being temperamentally and habitually for the favored few when they don the judicial ermine. These Federal judges are appointed for life. They are often forgetful of the masses and not in sympathy with advancing social development. Even the Supreme Court of the United States, functioning for 145 years, has been, partially at least, on every side of many questions. Repeatedly have the courts held that net earnings of 6 percent on utility stock is confiscatory, even when the stock has been watered many times. These courts have repeatedly held that franchises, the gifts of the people to the utilities, have a value upon which the stockholders are allowed to earn excessive dividends. These franchise values often amount to millions of dollars. Our Federal courts have produced very few liberals like Justices Holmes and Brandeis. The unjust and inequitable railroad rate structure has been repeatedly upheld by the Federal courts.

I notice those speaking for the so-called "Lewis amendment" state that the original bill is an entering wedge to break down the jurisdiction of the Federal courts. I sincerely hope this is true. I need no stronger argument to convince me that I should vote for the Johnson bill. I would favor, right now, an amendment to the Constitution limiting the term of judges to a reasonable number of years. The Lewis bill is a mighty weak substitute for a reform long overdue. The Johnson bill will do more to restore the confidence of our people in the Congress and in the courts than any other act of the Seventy-third Congress.

There is nothing the ordinary citizen dreads more than to be dragged into the Federal courts. First, the cost, usually beyond his means; second, the long distance from home; third, the unthinkable delays running into years preclude the ordinary citizens from appealing to these courts.

The finely spun decisions are often quite impossible for the ordinary mind to comprehend. The almost total indifference to personal rights, when in conflict with property rights, has produced the condition in our country which makes the passage of the Johnson bill an imperative duty of representatives of the people. Had it not been for the activities of the Federal courts in acquiring jurisdiction over the utilities, men like Insull would never have been able to build up holding companies, pyramided one upon the other. The financing of these companies made it necessary to extort from the people excessive rates for electric power far beyond the value of the services rendered. I am a great believer in public ownership of all utilities. The greatest hindrance to the advancement of public ownership is found in the Federal courts.

We, Members of this House, have today the opportunity to use our influence and our votes to curtail this rising menace to justice and right. Property rights have their place in the scheme of things, but they should be subordinated to personal rights and the good of the entire people. Practically every utility commission in the United States has felt the tyrannical hand of the Federal courts when attempting to revise rates in accordance with the investments and the ability of the people to pay. The utility commissions of the country ask us to pass the Johnson bill. In my State—Oregon—we have a very able utility commissioner in the person of Judge Charles Thomas. He has held hearings, caused evidence to be produced that has materially justified reducing rates on the railroads and rates charged by electric-power companies. When attempting to make effective his orders rendered in the interests of justice, he has often found his work thwarted by the Federal courts.

Throughout this Nation, from ocean to ocean, the Federal courts are the great reliance of the specially privileged interests, who are bearing down so heavily in this hour of distress upon the masses of people. This is the most clear-cut issue I have faced since I have been a Member of this House. The friends of the common people and of public interest are on one side and the friends of the special interests are on the other. Many Members will perhaps vote today under a misapprehension for the Lewis bill. All Members in this House who desire to vote in the public interest will be found voting for the Johnson bill. [Applause.]

Mr. KURTZ. Mr. Chairman, I yield the remainder of my time to myself.

Mr. Chairman, as I listened to the arguments for and against the Johnson bill I thought of an article written by a literary genius who lived in the early part of the nineteenth century, which is one of the gems of English literature. It is entitled "The Dissertation Upon a Roast Pig."

The scene is laid in China, far back in those distant days when the people of that ancient land were just emerging from the mists of barbarism. The son of Hoti, being a careless lad, set fire to the house in which were not only the articles of household furniture, but likewise the pigs belonging to the family. The building was burned to the ground and the culprit, frantic with grief, tried to save some of the things that were not completely consumed by the fire. In

stirring around among the ashes he found a young pig and burnt his fingers when he touched it. Immediately applying his fingers to his lips, he for the first time tasted the delicious flavor of roast pig. This was so savory that from that time on in every community surrounding his home there were fires whenever there were litters of pigs. He burned down houses and sties in order to have roast pig, little dreaming that it was not necessary to destroy the structure and that more splendid roast pig could be secured by roasting in the proper and approved style of today.

When I thought of that story by Charles Lamb, I felt that a good many of those who are interested in this Johnson bill are like the son of Hoti of old. They are in the act, perhaps unconsciously, of destroying the Federal courts of the United States in order to secure justice which we all desire and which could best be secured by taking care of the courts as they exist at the present time.

May I say that so far as the members of this committee are concerned those favoring the Johnson bill and those opposing it are all guided by the highest and noblest motives. It is only a question of procedure. There are two schools of thought. One school of thought believes in the Federal courts and feels they should not be limited in their jurisdiction. The other school would destroy the Federal courts, or at least insert an entering wedge that would split and in my opinion ultimately destroy them.

May I further state that in my opinion the great trouble that has heretofore characterized many utility cases was brought about by the enormous delays in their determination. These delays are traceable to the fact that there was no possibility of using the testimony taken before a public-service commission in a Federal court. The testimony taken before a public-service commission could always be legally used in State courts but never in Federal courts. By reason of this fact, the Federal courts had to start anew, and the trouble was not with the Federal courts themselves but with the Congress of the United States, which never gave to the Federal courts the power to use, under any circumstances, testimony taken before a court not of record. A public-service commission is not a court of record.

The Lewis bill, which some of us favor, attempts at this time to permit the use in Federal courts, and provides for use in the Federal courts, the testimony taken before public-service commissions. So far as delay is concerned there would then be no delay whatsoever. The jurisdiction of the Federal courts would then not be limited and all cases would be proceeded with to the end just as speedily as can be done in any State court. It was our fault, the fault of Congress, in not giving the United States Federal courts heretofore the power which we intend to give them in the Lewis bill. I cannot understand why there should be serious objection to the Lewis bill if you will examine into the question carefully and note the permission to use the testimony taken before a public-service commission in the Federal court.

Mr. MAY. Will the gentleman yield?

Mr. KURTZ. I yield to the gentleman from Kentucky.

Mr. MAY. Is it not a fact that the question as to the reasonableness or unreasonableness of rates always depends upon a state of facts which can appear only generally from the record made before the commission that hears the case?

Mr. KURTZ. Largely so. That is why the Lewis bill provides that the state of facts developed before the public-service commission of the State shall be used in the Federal courts.

Mr. MAY. Is there not a lot of economy and savings brought about in the case of litigation under the Lewis bill which authorizes the use of the commission records in the Federal courts?

Mr. KURTZ. I think so, unquestionably.

Mr. MAY. Should not these matters be heard if an injunction is brought in the Federal court on the facts developed before the State commission?

Mr. KURTZ. I think so, and that is the intent of the Lewis bill, to permit the Federal courts to decide the matter on the testimony that has been had before the public-service commission of the State.

Mr. DONDERO. Will the gentleman yield?

Mr. KURTZ. I yield to the gentleman from Michigan.

Mr. DONDERO. Might not the objection to the taking of the testimony before a public-service commission be the fact that the testimony there taken would not be taken under the rules of evidence of a State court?

Mr. KURTZ. That is always the case, but this is obviated by the fact that whatever testimony is taken before the public-service commission under the Lewis bill can then be used in the Federal court, whether it is taken under the rules of evidence or not.

Mr. DONDERO. I am in favor of shortening up the time and making it easier for litigants to obtain a decision in such cases.

Mr. KURTZ. That is what every member of the Judiciary Committee is anxious to do, and I may say I believe that if there had been any member of the committee who did not favor, conscientiously, the shortening of time and the saving of expense, he would have attempted to kill the Johnson bill in committee. There was no attempt to do this. They could have possibly killed it there and not permitted it to come to the floor of the House, but they wanted to see the wrongs that had been placed upon litigants righted, and therefore a majority of the committee, both Democrats and Republicans, came to the conclusion that the Lewis bill is the proper bill to shorten the time and also to save expense. Therefore they reported it upon the floor of this House, believing that an injustice had been done heretofore, not only to the Federal courts of the United States of America but the litigants before them in cases of this kind.

I may say further that when the question comes up as to whether or not the Lewis bill can be enacted into law at this late date in the session, which seems to me to be another point that has been raised here, that just day before yesterday there was a conference committee appointed to meet with a conference committee of the Senate on bills that were as contradictory as are the Johnson and the Lewis bills. We expect to get those particular bills ironed out and have them become law before the Congress adjourns. If we pass the Lewis bill I am sure we could appoint a conference committee, and the Senate could appoint conferees, and we could have the Lewis bill become law before this session of Congress adjourns. Every member of the committee wants to have some kind of law placed upon the statute books of the United States so that the Federal courts, when they act, can act expeditiously.

I desire to say further the thought with me and with a good many other members of the committee is that State courts may be more amenable to political propaganda and political passions than the Federal courts. The courts of England are noted for their justice and impartiality, and the judges of the courts of England, as I understand, are appointed for life. They are taken away from the maelstrom of political activities and political passions and, therefore, justice is more certainly had. In some States of the Union we have the same rule, particularly in the State of New Jersey, and every lawyer in this body knows that when a man is appointed to the bench for life and is removed from political activity he gives his days and nights to the deciding of the causes of litigants who come before him, free from influences. Therefore, we find in the equity books of New Jersey the most splendid and just and equitable decisions conceivable. They are quoted approvingly, not only in all the States of the United States of America but they are likewise quoted approvingly in the courts of Great Britain. There are other States where the judges are elected possibly every 4 or 5 or 10 years, where they are amenable to the passions of political strife. Our Federal judges are appointed for life on good behavior and are, therefore, free from political influences.

We want all courts to be thus free. We want untrammeled justice and we want a court that is not affected by the politics of any particular side.

Our whole system of jurisprudence is founded upon impartiality. In selecting a jury in any State of the Union no person can be placed upon the jury if he is related to a

litigant. He dare not be prejudiced in any way. Our whole theory of jurisprudence is a theory of impartiality to the litigants. This can always be had in a Federal court.

I do not say that the State courts are always amenable to political passions, but I do say that they are more likely to be amenable to political influences. Only a few years ago you heard a cry going over this land asking for the recall of judicial decisions by popular vote. The American people decided this should not be done and that it was not a proper policy for a free people, because in cases of that kind the man who had the most relatives or the man who had the greatest political pull would be the one who would be likely to win his lawsuit.

So I believe there will be just as much expedition in the Federal courts as in the State courts, and they will likely be freer from political passions and political prejudices than the State courts.

The question of the congestion of the Federal courts has also come up. I may say that the congestion of the Federal courts has been brought about largely by the prohibition question. Thousands and tens of thousands of such cases have been brought and have clogged the wheels of justice, but this is a question of the past. We do not have to contend with such cases now and therefore the Federal court, freed from the passions and prejudices of the community, set apart in an attempt to do what is right, seem to me to be the proper place to decide questions of public interest such as utility questions.

Therefore, as a member of this committee, and as one who has studied these questions for a considerable time and with some degree of interest, I feel that greater justice can be brought about by giving litigants the privilege of going into the Federal courts in case they desire to do so; but, mark you, when they once get into the Federal courts they must stay there until the litigation is finished, and when they once get into the State courts they cannot get out of the State courts under the provisions of the Lewis bill. They elect the court in which they wish to try their cause and remain there until a decision is reached. A change for delay or other cause is not permitted.

So, taking all these matters into consideration, I wish to say that we who favor the Lewis bill over the Johnson bill do so after careful thought. We do so because we think it is right. We do so because we feel that ultimate justice would be more nearly attained in most cases through the Federal courts than in any other way, because these courts are removed from the passions and prejudices of the community. I not only favor the Lewis bill in contradistinction to the Johnson bill, but I shall vote that way.

Mr. ADAMS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. ADAMS. It has not been my privilege to have been in the Chamber during all the debate, which I presume has been very interesting, nor have I made a close study of the bill, but I want to ask the gentleman if I am correct in the thought that all the doors of the Federal courts will be closed to public-utility companies under the Johnson bill?

Mr. KURTZ. They will.

Mr. ADAMS. And under the Lewis bill the litigants will have an election—that is, the doors of both courts will be open, and they can elect to which one they will go for justice.

Mr. KURTZ. Yes; and furthermore I want to say that the municipality, before the utility company attempts to make the election, if the municipality desires to proceed in the State court can do so and the Federal court will be ousted from its jurisdiction.

Mr. DOBBINS. Will the gentleman yield?

Mr. KURTZ. I yield to the gentleman.

Mr. DOBBINS. The gentleman has stated that the litigant could go into the Federal court in case he so elects. The gentleman is referring only to the complainant, and it is the public-utility company that generally complains. If the utility company elects to go into the Federal court, then the State or municipality is bound to follow whether they wish to or not.

Mr. KURTZ. Yes; but the State can forestall that by going into the State court before the utility company goes into the Federal court.

Mr. DOBBINS. But suppose the State or the municipality is satisfied with the decision?

Mr. KURTZ. If it desires to remain in the State court, and wants to forestall the utilities going into the Federal court, it can go into the State court, although it is satisfied with the decision.

Mr. DOBBINS. Would it not be rather devious and farcical for it to go into court appealing from a decision with which it is satisfied?

Mr. KURTZ. Nevertheless such right would obtain.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, the question we are about to decide comes rather close home to anyone coming from Lexington, Ky. For 9 years we have had pending in the Federal court and before the railroad commission the Lexington gas-rate case. On yesterday the City Commissioners of Lexington voted to put through a compromise that deprived the people of Lexington of an opportunity for reasonable gas rates that this law would have given them if they had had it 9 years ago.

With your permission, I want to give a statement of one of the commissioners who introduced the compromise, as to why he thought it ought to be adopted.

He said that the reduction agreed upon by the compromise would give the people the money now, that it would save further costly litigation, and that they needed it more now than they would 4 or 5 years from now.

All he could see ahead was 4 or 5 years more of litigation, with its expense to the taxpayers. I regret to see our city commission weaken in the people's fight. The rate agreed on is not fair to the small user of gas. It is not truly a compromise, but is in reality a surrender to the gas company. With every other commodity depressed in the past 5 years the company is to be allowed a rate in excess of that charged prior to 1927. This so-called "compromise" is yet to be submitted to a referendum and will be corrected when the people voice their opinions on it.

The city of Lexington is paying 60 cents a thousand for gas. One hundred and thirty miles away, at Ashland, Ky., they are paying 32 cents a thousand for gas. There is no sense in that. The city of Lexington went into court to correct it. Our State railroad commission ruled that 45 cents is a reasonable rate. The gas company took it into the Federal court, and for 9 years they played around, and we are no further along now than we were when we started, and our city commission, seeing no hope in the future, agreed to a settlement that is worse than no settlement at all. I do not want to be misconstrued. The city commissioners of Lexington are high-class men. All five of them are friends of mine and I respect them, but it is a good illustration of honest men being hoodwinked by powerful utilities, because they have no recourse at home where they can get justice for their cause. They cannot see any hope, because endless litigation is all they can look forward to, and it is expensive litigation, and so the people of Lexington are going to have to give back to the gas companies almost half of the impounded fund collected during the past 9 years and submit to a rate that is higher on the low user of gas than the old rate was. It is an illustration of powerful interests being able to force down the throat of the city commission something that the people of that town, I know, cannot approve; and while those men are my friends, as a friend of theirs I know that they have made a mistake, and they, too, I am sure, will realize it before the controversy is over.

We have had a lot of experience in Kentucky with utilities and with the influences they can bring to bear. Two years ago in the State legislature we passed a bill allowing cities and towns to buy their light plants. Utilities were powerful enough to have the Governor veto that bill. This year they were powerful enough to bring it out and kill it on the floor of the House. They were powerful enough down

there to pass a utilities-commission bill with a specific provision written into it to regulate municipal plants over the protest of all municipally owned plants in Kentucky. They have been powerful enough to do everything there that they want to do; and now, with the Lexington gas case settled, our people will be compelled to pay almost twice as much as the people of Ashland, a town smaller than Lexington, and they are subjected to that because 10 years ago Congress had not passed this very bill that we are now about to enact into law. I say to you gentlemen who are honestly going to support the Lewis bill, do not be misled by the pleas that the Johnson bill will work any injustice. On the contrary, they have their high-powered lobbyists and their lawyers to plead their cause, and all that the people have to depend on are you gentlemen, their Representatives.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. LEE].

Mr. LEE of Missouri. Mr. Chairman, I am reminded by the majority report of this committee of the old story told in 1896 about the fellows who talked on the money question and the gold standard. It is said that it would be a fine thing to let the foxes in this country build the hen houses so that we might protect the poultry industry in this country. This Johnson bill ought to be passed, and this amendment ought to be voted down and I will tell you why. I come from over in Joplin, Mo., where there is as honest a bunch of Republicans as you have ever known. They are nearly all Republicans, but a good many of them have got a little sense, and they will watch you fellows over on this side today. All of them voted for Roosevelt except those who were running for office, and he is just as strong now as he was when he was elected last election.

In my town we have the Empire District Electric Co. The old company that the Empire District took over were charging the people of my town 18 cents per kilowatt-hour for electric-light juice. They had the city charged with six hundred and some odd lights at $120 a year per light. When we finally voted bonds and built a municipal light plant and went around and counted the lights, we found they did not have a third of the lights that the taxpayers were paying for. We built a city light plant. They went into the Federal court before Federal Judge John S. Phillips. He has been dead a number of years. He was considered the greatest Federal judge that ever sat on a bench, and my father thought he would go to heaven when he died, but I had a different opinion of him, and I think he ought to have died when he was young. I knew him well, too. They went in there and they got an injunction before Phillips to keep us from opening our city light plant. He issued an injunction. He said they had a perpetual franchise, notwithstanding that the constitution of my State provided that no perpetual agreement can be entered into with any company, that it cannot be that it could have a perpetual franchise from my State. They went in there and he issued an injunction. Judge Phillips let them give a fraudulent and fake bond. It was not worth 10 cents. They brought us to the Federal Court. I thank God we had an honest man on that Court, Judge Charles Evans Hughes, and he is sitting there now, and you radicals don't like him, but, thank God, we have got him. You do not like him, but the people love him, and thank God for it, and men like Justice Hughes and Justice Brandeis and the beloved Judge Holmes.

Some of you when you are at home take up more time defending corporations than you do the rights of the people. I know some of you. [Applause and laughter.] I know what business you have been engaged in. I think this is the greatest Congress that was ever convened in the United States. If this Congress follows Mr. Roosevelt and the American people today and follows HIRAM JOHNSON—and, thank God, he supported Roosevelt, too, he knows an honest man when he sees him—I thank God for GEORGE W. NORRIS, of Nebraska. I thank God for LA FOLLETTE, of Wisconsin; but I don't think so much of some of the Republican leaders of Indiana and Ohio. [Laughter and applause.] I hope and expect them to be replaced by Democratic Senators who are in sympathy with the new deal.

Mrs. KAHN. How about HUEY LONG?

Mr. LEE of Missouri. He is a credit to both of them. [Laughter.] The primary vote in Indiana indicated that we will have a progressive Democrat from that State in the next Senate, and I have faith and confidence, Mr. Speaker, that Ohio will also send a progressive Democrat to the next Senate.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. LEE] has expired.

Mr. LEWIS of Colorado. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. LEHR].

Mr. LEHR. Mr. Chairman, in the closing moments of this debate I feel it is very important to the members of this committee that they have a correct and true understanding of the situation as it existed in our committee, particularly in view of the statements which were made on the floor yesterday and which I wish to quote from yesterday's RECORD. I just want to preface that statement by saying to you that in my humble opinion every single man on the Judiciary Committee feels with reference to the situation just exactly as does the gentleman from Kentucky. His argument made on the floor today is an argument absolutely in favor of the Lewis bill just as much as it is an argument in favor of the Johnson bill.

We were all united on this proposition—that we all appreciate what the objections are. We all appreciate what the objections are that have grown up in this country during the last few years with reference to public utilities going into the Federal courts. What we are concerned about is how to apply the remedy. As members of the bar we feel we owe a solemn duty to the people of America to protect the judicial system of this country and not see it dragged down. I have no sympathy with a great many of the judges of the Federal courts. The experiences some of us have had only recently in the city of Chicago in investigating Federal judges have convinced us that it is not the the judicial system that is wrong, but it is the men who have been appointed to those posts, and the arrogance they have taken unto themselves, that is subject to just criticism. But I want you to know that not a man on this committee has attempted in any way to defeat the Johnson bill.

Yesterday the gentleman from Washington, a distinguished member of this committee, made this statement on the floor, speaking of the gentleman from Pennsylvania:

He—

Referring to the gentleman from Pennsylvania—

suggested the able member of the committee who should write the substitute amendment.

And he further said the gentleman from Pennsylvania has never been in favor of this amendment.

Let me say that after 3 days of serious hearings, in which we listened to some of the leading members of the bar of this Nation and representatives of the public utilities, our only thought was, How can this be done without affecting the Federal Courts?

Mr. LLOYD. Will the gentleman yield?

Mr. LEHR. In our meetings the gentleman from Colorado [Mr. LEWIS] was suggested, possibly by the gentleman from Pennsylvania, but he was designated by the chairman of the committee to draft an amendment.

Then the gentleman from Washington [Mr. LLOYD] further said, at page 8341 of yesterday's RECORD:

As a matter of fact, I may say in passing that the Lewis substitute was never seriously considered by the committee. It was never read in committee; it was never discussed in committee; it was never open for amendment in committee. It is simply an attempt to defeat the Johnson bill.

Oh, I hope the gentleman from Washington [Mr. LLOYD] will take the floor and correct those misstatements, because that amendment was considered in the committee. It was read in the committee by Mr. LEWIS. It was open for amendment if anybody wanted to make any amendment.

It was duly considered, and after seriously considering this matter a majority of the committee, from a legal standpoint, voted in favor of that amendment. The gentleman from Washington said, "It is simply an attempt to defeat the Johnson bill." Had there been a desire on the part of a single member of the Judiciary Committee to defeat the Johnson bill, a motion would have been made to lay that bill on the table, and undoubtedly, by the vote here, if we who favored this majority report were in favor of defeating the Johnson bill, we would have voted to lay the Johnson bill on the table.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. LEHR] has expired.

Mr. LEWIS of Colorado. I yield the gentleman from Michigan 1 additional minute.

Mr. LEHR. But we did not do that. We voted to support the Lewis bill. We brought that out in good faith. Then the gentleman from Washington [Mr. LLOYD] says:

> Here is what they expect to happen, here is what will happen, if you adopt the substitute. It will go over to the Senate, the Senate will refuse to concur, and the result will be that no legislation will pass, and that is exactly what they want and what they expect.

I say to you that if it does go to the Senate and they do not concur, then some of us may think that the proponents of this original Johnson bill in the other end of the Capitol may be hiding behind the prejudice and passion against public utilities, in an attempt to tear down the Federal courts of this Nation, which, as lawyers on this committee, we are opposed to. If they want to destroy the Federal judiciary, let them bring in a bill for that purpose. We of the majority of the committee know that the Lewis bill will correct every fault that now exists and will at the same time safeguard the Federal jurisdiction. This bill will safeguard the interests of the people and the jurisdiction of the Federal judiciary.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself the remainder of the time.

Mr. Chairman, I hope not to take all the time allotted to me.

This is one of the most important items of legislation upon which Congress has been asked to pass judgment in a long time.

The gentleman from Pennsylvania [Mr. BECK] made a wonderful address yesterday. I listened to it with much interest. The gentleman discussed the legal questions involved and made some reference to constitutional questions. The gentleman introduced mythology and Shakespeare—and I like to hear him do it for he does it so well—but I am going to ask those witnesses to stand aside and shall talk to you a few minutes with regard to this bill and the situation in which we find ourselves.

For one, I have no desire to get even with the corporations. I recognize that public utilities are necessary in this country. I recognize that public policy has got to be such as to induce people to put the necessary money into public utilities to afford the conveniences and the necessities required by the people. If there are any legislative or judicial determinations which harass utilities and make investments in them dangerous, people have to pay for them as sort of an insurance policy.

There is no question but that we used to have a dual system of government. We of each State used to have two constitutions; but we have grown together at the points of governmental contact until at last we are a Nation. We have but one Constitution. In the sense that it is written it is in part the Federal Constitution, and in part the State constitutions; but, as a matter of fact, the constitution of a living government is not written, never was written, and never can be written; it is rooted in the governmental concepts of the people or it is a dead thing, merely some document put away in a library.

What are we going to do about this? What is the present legal status? Let us see where we are, and let us see what is involved. I am going to talk in just a plain, conversational sort of way. The gentleman from Pennsylvania said yesterday that if a State desires to avoid adjudication of a rate in a Federal court, existing law provides the method and the remedy. If this statement be true—and I do not challenge it, although, of course, it has not yet been determined by the Supreme Court—if this be so, then the issue before the House is not whether these matters may be determined in the Federal court or in the State court insofar as the determination of the State itself is concerned. The gentleman from Pennsylvania stated that if a State desires to have these rates determined by its own courts it can bring an action in its State court to enforce the rate fixed by its own regulatory body, stay those rates, and have the matters determined in the State courts with the right of appeal to the Supreme Court of the United States. This is the statement of the gentleman from Pennsylvania with reference to existing law. I am not prepared to agree fully with the gentleman that this is existing law, because the section of the code upon which this opinion is based is written in very involved language. If it be true, however, and the gentleman made the legal argument in major part for those supporting the Lewis amendment, then the differences here would seem to be more as to form than substance.

The section of the Federal code referred to—section 266—provides—I do not want to read it; I think I can state the substance of it—that in the event an interlocutory injunction of a rate is sought, the State may go into its own courts to enforce the determination of its regulatory body and ask that the rates of that body be stayed until the matter is finally determined. One of the questions is whether or not, after a matter has been concluded in the State courts, resort by the corporation may not be had to the Federal courts. I may say to the gentleman from Pennsylvania that I am inclined to think this would be held res adjudicata, but I am not sure.

Then there is another question as to whether or not, in the event a temporary restraining order is granted by one judge prior to the convening of the three-judge court, the State may thereafter go into the State courts. One of the Federal courts in a Kentucky case held that a State could not go into the State courts after the temporary restraining order had been granted by one judge prior to the convening of the three-judge court.

What does this Johnson bill propose? This Johnson bill proposes to make clear and definite, in substance, the procedure which it is claimed may be had now in a roundabout, confused, irritating way. I do not think I am incorrectly stating that fact.

I believe fully, Mr. Chairman, that we must choose between subjecting these public utilities to the control of the States where they operate and the socialization of the industry of this country. I do not believe we can drift on as we are going now. Clearly we are drifting rapidly toward socialization. I do not believe it is possible under our system of government with the universal ballot for anybody, any organization, any corporation, to escape public vengeance once it is aroused. They have too many ways of getting at them. When any corporation flees from the regulatory agency of a State to the jurisdiction of the Federal courts and seeks refuge in the Federal courts against the necessity to obey the voice of the State where it is located, it is simply building the dam a little higher, a little higher against the time when it breaks under the accumulated pressure and the deluge comes. These corporations have got to arrange to get along with the people in the State where they are doing business. It is impossible under our system of government to escape absolute dependence upon the sense of fairness of the people. That is all there is to it; and the quicker these corporations find it out, the better it is going to be for them and for the people whose money is invested in these corporations.

The people, on the other hand, must learn that they have got to treat these corporations fairly. God Almighty has some natural laws which operate to control what human beings may do to other human beings. In my State the railroad companies were given every privilege. Then the

promoters got in charge of the situation. They would develop a town site 20 miles from another town, make a preferential rate and starve those people out, and do all sorts of things. Later on when they began to crowd them, the railroads began to buy up legislatures, to have their paid men in the legislatures.

If there are any utilities engaged in that sort of practice, the quicker they take their hired men out of the legislatures of this country and begin to trust the people the better it is going to be for them. [Applause.]

I believe a bill like the Johnson bill is the only sort of governmental arrangement which gives any hope of security to the industry of this country. This is a government of the people. There is not any other government.

Take the State of Texas, for instance. We were for a while an independent nation. Do you mean to tell me that we would not have had public utilities in Texas if we had remained an independent nation because there was no other court that the utilities could resort to outside of Texas? That is perfectly ridiculous. Take a State like Virginia. Suppose the Union had not been formed. Do you mean to say that Virginia would not have had electric lights down there because there would not have been some sort of tribunal outside of Virginia that the utilities could have resorted to? Talk about the Constitution. The Constitution of the people and of this Government is not written in a document. The safety of invested capital is not in a court. It is in the people.

The people have to treat these corporations right, and I want to see that too. After we let the railroads have everything and the railroads did everything they could, when anyone ran for the legislature promising to do something against a railroad they were elected. What happened? We ran railroad investments out of the State of Texas. We had some streaks of rust across Texas. Then we had to pay higher freight rates and passenger rates than we would otherwise have had to pay. But we learned our lesson. The railroads learned their lesson and the people learned their lesson. God Almighty has not any other plan of educating the people except by experience, either our own or somebody else's.

When you take the American people, who are the source of power and who have the final word and say, and undertake to separate them from responsibility, you violate the very plan of nature provided for the development of nature. How are you going to have a dependable people unless you make them responsible? That is what we need in this country, and that is what we have got to have in this country. Responsibility sobers judgment. You take one of these wild-eyed boys and move him in here. He will raise Cain for a year or two, then he will begin to feel responsibility. The same thing is true of human nature everywhere. Give the American people responsibility and they will govern correctly. What we have been trying to do is to build up a wall between the people and political power, violating everything that has been taught to us in connection with the history of government.

I have not anything against the utilities, and I am not afraid of the people. What should be done in this country, if there are any people in responsibility with real good old-fashioned horse sense in these utilities, and there are—I know some of them—instead of permitting the utilities to be put in the attitude of showing every time the question comes up that they are afraid of the people and unwilling to trust the people, let them remove these economic brigands who have been holding high places as captains of industry and put some people with good old-fashioned common sense into managerial responsibility. Let them go down to the folks and say, "Look here, we are going to trust you; give us a square deal and we will come in here and build the right sort of utility. We will take care of you folks, and when we get into dispute we will thresh the question out with you, and not put it up to some Federal judge and get an injunction."

People do not like to be enjoined. Free people do not like to have some court or some human being undertake to deny to them the right of effectuating their governmental will. The quicker these corporations find it out the better it is going to be for everyone. We can get along with these corporations. These courts that have been the havens of refuge for some of these utility corporations have done more to create enmity and prejudice for which these utilities have to pay a tremendous price than all the other influences in this country. Let the people connected with these public-utility corporations go around and mingle with the people and walk shoulder to shoulder with the ordinary people and the situation will be different. When the people come to the conclusion that they will be treated fairly they will get along better and the utilities will get along better.

Whenever we reach a situation where the majority of the sentiment and purposes on the part of the people of a State is not honest and fair, that is the end of the road. A public utility comes into my State and says, "We want a franchise." They make that request to a State that has a right to determine the question. These rate-making agencies do not have to sit up on a bench like a bunch of judges and determine what the rate ought to be. That is not the way to figure it out. It is less formal. It is not a lawsuit. They go out and secure any sort of sensible information that will help everyone in arriving at a correct conclusion. I find in my committee that if we just get down and casually talk around with the witnesses we learn a whole lot more about the matter than if we sit up like a bunch of Supreme Court justices and have a lot of fellows out in front making hot-air speeches. Let them talk to the witnesses and get all the information that they want, just as you do when you want to find out something. That is necessary in these rate determinations. That is why it is arranged that neither the legislature nor the courts should have first responsibility. The people through their regulatory agency may say, "This seems to be a fair rate"; and the utility may say, "We hardly think that is a fair rate."

All right. The courts of the State are open. Why should not that question be sent to the courts of a sovereign State which gives them the right to live?

Do you think I would do business in a State where I do not trust the integrity of its courts? That is what this means. Right square down to its essence it means just that. Now, I respect these other gentlemen, but there is not any getting around the point. This is a domestic question, a question between the people and the public utilities, created by them to serve the people of the State. When they say, "We are not willing to go into the courts of your State and have the question litigated", what does it mean? It means that they declare "We do not trust their honesty or their judgment", that is all. Did you ever run away from a thing you trusted?

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself the remainder of the time.

Does anybody think that the American people do not understand what this means? How good would you feel toward a fellow who said, "I do not trust you, and I do not trust your agencies to give me a square deal"? Suppose something comes up later and he has to go into the State courts. He has a damage suit against him, for instance, or there is some other reason to resort to them, and day before yesterday he was not willing to trust them. Do you think it may be expected of human nature that he would as probably get a square deal as if he had not slapped them in the face day before yesterday?

The quicker these utilities get right down to doing business with the people of the States and the courts of the States, the better it is going to be for the people who have their money invested in these utilities. Do not have any question about that. This fellow who has been taking a vacation over in Greece would be afraid of a State court. He would rather try his matter before the courts in Greece. That is where he has been litigating, anyhow. You take the kind of people we know connected with our public utilities and in my State, and as a rule they are all right. It is some of the big fellows who are at the head of things in places like

New York and Chicago that cause the trouble. If you would turn the men loose who are their representatives in Texas, there would not be any danger about their getting justice in the courts of my State. The people like them. It is when they want to put on the screws, it is when they do these slick things, and build up prejudice against themselves that they are afraid to go back to the courts of the people they have been robbing. That is what is the matter with them, and the quicker we get these crooks out of power the quicker the people in the States will insure justice. That is all there is to it. I am not overlooking the fact that when wrongdoing has aroused opposition and antagonism that in a given case injustice may occur. Retribution does not recognise fine distinction or discrimination. This resort to Federal courts may postpone, but only for a later date, when principal and accumulated interest must be paid. Only those can be depended upon to protect us whom we trust. Only the people can protect, therefore the people must be trusted. A failure to trust the people deprives of the people's protection.

We all want to do what is right. I do not think there is anybody who has higher regard for another person than I have for my dear friend, Judge Lewis, whose amendment prevailed in the committee. Oh, the boys have been jawing at each other, you know. They have had to appoint a lot of postmasters lately, and it is along about election time. That is not good for the nerves. We have been sitting up late nights reading letters from our constituents and the boys have been sort of fussing with each other, but they are all right. They are the best-behaved lot of fellows under normal conditions you ever saw. They get messed up a little every now and then; but every man on the committee has been trying to do what he thinks right about this matter. They have different notions about it. My friend CONDON is an awfully good boy in a bad cause, but he lines up usually on the right side, and I am very fond of him.

I am not going to take any more of your time, because I know what you are going to do. I have talked to juries before. I have been around with folks a good deal in my life. I do not aim to send this speech out, anyhow, so I am going to quit. [Laughter and applause.]

Mr. LEWIS of Colorado. Mr. Chairman, I yield the balance of my time to the gentleman from Rhode Island [Mr. CONDON].

Mr. CONDON. Mr. Chairman, we are about to close this debate, and I know there is not anything I can say that would change the mind of any Member of the House, and if I did have any such chance prior to the speech of our distinguished chairman, that chance has long since disappeared.

I pay this House the compliment that it can and it will rise above appeals to passion and prejudice. I know that in the heat of debate Members have said some things that, perhaps if they had time to reflect, they might not have said in just the way they did, but I do not think this is going to affect the vote of any Member of this House. I know that every Member here on both sides of the aisle respects the opinions and the motives of each Member who does his duty when he is called upon to discuss the great public questions that come before us and, finally, to cast his vote as the Representative of the constituents who have sent him here.

It is true, as the distinguished Chairman of the Judiciary Committee said just a few moments ago, that on many occasions I have been with him and have gladly followed him, and I want to emphasize, if I may, and ask the House to indulge me for a moment in a few brief personal references.

I want to emphasize that on every vote that has come before this House when it has been a question of the utilities as against the public, the record will show I have voted in the public interest. I had not been in this House but a few months when I was called upon to cast my vote on that great controversial question of Muscle Shoals. There were probably few people in my district and few people in my State who cared one way or the other about that question. I could have voted against the proposition or voted for it without any political effect whatever, but I believed in that proposition and I voted for Muscle Shoals, and on every other vote that came before the House on that question—and you men who have been here for a number of years know that it recurred frequently—I was recorded in favor of the proposition.

Then when the anti-injunction bill came before the Judiciary Committee it was referred to my subcommittee, and at that particular time there was much being said in the Congress and in the city here that the committee would delay the consideration of the bill which had passed the Senate, but on that subcommittee I cooperated with my distinguished colleague, Major LaGuardia, now the mayor of New York, and, along with the chairman of the subcommittee, Mr. MCKEOWN, we reported the bill promptly to the full committee, and the full committee reported it to the House and it became a law. I was happy to support that legislation not only in committee but on this floor by my voice and vote.

In that particular instance we were called upon to deal with the abuse of injunction procedure by Federal judges; we did not, as is attempted here in the Johnson bill, cut down and destroy the equitable jurisdiction of the Federal courts because of these abuses. No; but, like sound and reasonable men, like men who understand the law and the necessity for the law, and who understand also that there are times when popular prejudice and clamor does not wish to see any law enforced, we so amended the code as to prohibit Federal judges from committing the abuses complained of and which were bringing the Federal courts into disrepute in labor disputes.

When this bill came before the Judiciary Committee, in spite of appeals for haste, in spite of appeals to pass the bill without the crossing of a "t" or the dotting of an "i", I am proud to say here that the committee refused to be hurried, to act hastily, but in the calm and thoughtful deliberation in executive session we considered every argument that had been made in favor of the Johnson bill, and likewise considered every argument made in favor of the Lewis substitute.

As a result of the deliberation of the committee, the gentleman from Colorado [Mr. LEWIS] was designated to act as the agent of the majority of the Judiciary Committee to draw a substitute, and that substitute was submitted to the Members who voted for it, and who approved of it as a proper solution of the abuses of existing procedure, pointed out during the hearings.

Now, my friends, I had an open mind on the question. I am not a lawyer familiar with the utility rate cases. I have never tried a case for a utility company. I have never been offered a brief, and do not hold one now for any utility company.

But when the question came up on the hearing, I maintained an open mind, as the records of the hearings will show. I wanted to know why it was necessary to pass the Johnson bill. There are several places in the hearings which will show that questions were asked by me seeking to find the necessity for legislation as proposed in the Johnson bill.

Now, it has been said that the Lewis bill does not meet the objections made to the committee by those who appeared there in favor of the Johnson bill.

If you will permit me, I want to read a few excerpts from the testimony of the witnesses who appeared before the committee.

We had before us several members of public-utility commissions from several States. One of them was the gentleman from Virginia, H. Lester Hooker, chairman of the public-service commission of that State. He said:

> The utility at present has two bites at the cherry, entailing much delay and greatly added expense, before an ultimate decision is reached—the burden of all of which is loaded onto the rate-paying public.

He made two points—the great delay and the expense.

Then, again, a little further down, he said:

> It is a procedure to which there is certainly a meritorious objection.

Note that it is the procedure to which he says there is meritorious objection. He was not objecting, apparently, to the jurisdiction of the court, but to the procedure. I submit that the Lewis amendment fully corrects the abuse of procedure that the gentleman from Virginia referred to and complained so strongly against.

We had also before the committee a gentleman from Maryland, Hon. Harold E. West, chairman of the Maryland Public Service Commission. I quote him, page 37 of the hearings:

> Our commission cannot complain, as they have complained, of unusual delays. * * *
>
> Our objection is not to the Federal court at all. Any court is all right with us so long as it is composed of square men who know the law. But our objection is to what might be termed "the rules of the game." Under the present system the utility has the case tried before a small commission and appeals to the Federal courts and changes the rules of the game while the game is in progress.

I submit to you that the Lewis bill takes care of that objection. It provides that when the record is made up before the commission that record shall be the record upon which the three-judge Federal court shall determine the issue, and that does away with this great objection of expense. That does away also with the one thing that makes possible the interminable and unjustifiable delay in the New York Telephone case, which went on for 10 or 11 years because of the opportunity afforded by the court to the telephone company to try its case de novo before the Federal master without any regard to the voluminous and expensive record already made before the New York Public Service Commission. That cannot happen under the Lewis bill, because when the question goes on appeal from the commission to the court, the Federal court must accept the record made before the commission. Some of our friends say that we are going to get a speedier decision of the question if we pass the Johnson bill. I am not so sure of that, because the Johnson bill will confine these questions solely and exclusively to the State courts.

Do you know that in some States it is possible to start the proceeding in the circuit court and to appeal it to the supreme court of that State, and then ultimately the question would have to go to the United States Supreme Court? You have an intervening court between the court of last resort in the State and the utility commission. Take the State of New York. It was testified, and it appears in the hearings, in a colloquy between the gentleman from New York [Mr. OLIVER] and Mr. Maltbie, of the New York commission, that the practice there is to appeal the case from the commission to the appellate division, and then there may be a final appeal from the appellate division to the New York Court of Appeals, and from there the case goes from the court of appeals to the United States Supreme Court, if the losing party is not satisfied with the decision in the final State court. I submit that in every case that would arise in New York it would be possible, and it would probably occur, for appeals to be taken to each one of the judicial tribunals, so that instead of having an appeal only from one Federal court to the United States Supreme Court, you would have, under the Johnson bill, an appeal through at least two State courts and finally an appeal to the Supreme Court of the United States. That is possible in a great many of our States, and you will find in the back of the printed hearings, on page 227, a list of the States, showing the procedure in appeals from rate decisions of the rate-making body of each State.

Do you want really to hasten the decisions of these cases? Do you want to overcome the two great objections raised through present procedure—delay, undue and unnecessary delay, and undue and unnecessary expense?

Then, my friends, if you really want to do that, laying all passion and prejudice aside, forgetting the shadow of Samuel Insull as he came from the ship in New York, forgetting about the public disrepute in which the utilities of the country are held at present, and I think justly so, you should support the Lewis bill, because it gives you, without question, a prompt and speedy remedy for the trial and disposition of these cases, with the possibility of but one court proceeding standing between the holding of the rate-making body and the final decision of the court of last resort. Do not fall into the error of voting for the Johnson bill to eliminate court delays because that bill in some States will have the opposite effect of increasing the delay. The Johnson bill will confine these cases exclusively to the State court procedure. To avoid delays in some of these States the legislatures must change that procedure, and, according to the testimony of our distinguished friend the chairman of our committee, it is your State legislatures that are amenable to the corrupt practices of these public utilities. What chance, then, will you have of getting these corporation-controlled legislatures to change the State court procedure to promote a prompt decision and avoid a mutiplicity of court actions?

I know that I cannot add anything to this debate. I have taken the floor more to justify the position that I held in the committee and which I want to publicly hold here on the floor of the House. I do not intend to go any further into the legal phases of this matter. Most of you are lawyers, and I am frank to confess that most, if not all, of you know more about Federal procedure than I do, but I call to your attention in these last few minutes the fact that the people of the United States adopted the Federal Constitution, among other things, "in order to form a more perfect Union, establish justice, and insure domestic tranquillity." There was a reason for the framers of the Constitution putting those words into the solemn preamble of that great document. We had a Union before the Constitution, but that Union was a rope of sand. We had a Union without an Executive, we had a Union without a Federal judiciary, and the only thing that made the Union under the Constitution superior to the Union under the Articles of Confederation was the establishment of this Federal judiciary.

Writing into the Constitution that article which said that the judicial power of these United States shall be vested in one Supreme Court and such inferior courts as Congress from time to time shall ordain and establish was the salvation of our Federal system. Oh, yes; Congress does not have to establish these inferior courts. There is no compulsion upon Congress. There is no outside force within our Government that can make this Congress set up district courts and circuit courts of appeals, but I want to remind you that there has never been a day since the first Congress convened in the city of Philadelphia when they passed the Judiciary Act of 1789, when there was not a minor Federal judiciary. There has never been a day when there were not Federal district courts and Federal circuit courts to try justiciable questions that arose between citizens of the different States, and the questions which had to do with the confiscation of property.

You know the conditions that brought about the Constitutional Convention. You know of the jealousy and hatred that existed between the States, lately engaged in a rebellion, fighting for their independence against the mother country. You know one of the strongest reasons that compelled members of the Constitutional Convention to suppress their prejudices and vote for the Constitution was their hope that as a result of their actions there would come to exist here in America a government that would be a strong government, that could enforce its will, a government that would have a judiciary to compel respect for its laws. That is what has resulted.

My friends, if there is one thing that establishes the fame of the great dominion State of Virginia, it is that she produced the men who fought hardest for this great judicial system. It was Madison, if you please, the Father of the Constitution, who fought for the Judiciary Act in the First Congress of 1789; and it was John Marshall, of Virginia, the wise expounder of that great charter of government, who defended the Federal judiciary and marked out in his celebrated opinions the boundaries of its power.

We are today engaging in a task that is but the beginning of a mighty attack upon the integrity of the Federal courts

and their jurisdiction. This bill in itself is but a minor matter. True, we are only taking away from the Federal courts jurisdiction in utility rate cases; but, my friends, that is chiseling; and that word was used by Judge Storey a hundred years ago in commenting upon the attempt to withdraw or withhold or undermine the jurisdiction of Federal courts.

It is chiseling. It is sapping at the foundations of American Government. I warn you who come from States that are not fully developed and that have to go beyond the borders of your State to look for capital to assist in the development of that State, there may arise in the minds of people who have money to loan upon the passage of the Johnson bill a fear that will deter them from investing their capital in States where their investments may not be safeguarded by the Federal judiciary. I do not believe, personally, that any man has anything to fear from any State in this Union with respect to the conduct of its judiciary, but we must be practical. We must face conditions as they are, and we must recognize the fact that there are people in our country who do entertain those fears. Do you want to dam up the resources of investment capital? Read the record again, my friends. Even after you vote today, no matter how you vote, read the record and consider the testimony that was presented to the members of the Judiciary Committee.

I have the highest respect for the courts of every State in this Union. I would be willing to submit my life and my property to the jurisdiction of any one of these courts, but again I say we must be practical in this matter. We are not legislating even for the great State of Texas alone. We are not legislating alone for the little State of Rhode Island, which I have the honor to represent, but we are legislating for the greatest Government of the greatest country in the world. We are legislating for a country that stretches over a half continent; a country that is as varied as any 20 or 30 countries in Europe or Asia, because the conditions of life in our country are as widely varied as life in the far north and in the subtropics. There are all sorts and conditions of life that confront the people of our country throughout its far-flung territory. It is important, in my judgment, that we should have in the Capital of our country a government that is supported by a strong Federal judiciary, which reaches out into all States where there are district courts of that judiciary established.

By way of digressing for a moment, what are the Federal district courts of our land? Are they not the people's courts? Are not the men who have been appointed to those Federal courts citizens of the Republic like ourselves? Are not many of them former Members of this House and former Members of the Senate?

Mr. ZIONCHECK. Will the gentleman yield?

Mr. CONDON. I yield.

Mr. ZIONCHECK. You must have a $3,000 case before you can get into the Federal court.

Mr. CONDON. I well know that; but, after all, those judges cannot be the hobgoblins that they have been described to be. They have the weaknesses and frailties that are inherent in human nature, but you cannot condemn the entire Federal judiciary because of a few horrible examples. In all my experience at the bar of my State I have never heard one word of criticism of the Federal judges in my section of the country. Frankly, if I had a case to submit to them as far as the reasonableness or fairness of a rate established by a utilities commission was concerned, I would as soon and as confidently submit that case to a three-judge court of the Federal judiciary than to the judiciary of my own State. But that is only my opinion with reference to a special local situation with which I am more familiar than you are. There are similar local situations in your State with which, of course, you are more familiar than I am. But I come back again to the fact and the argument that we are legislating as a Congress of the United States, and we must ever keep in mind the welfare of the whole country; not the welfare of any one particular section of the country, but the welfare of the whole country, and all of our people.

Now, before I conclude, I just want to read, if I may, the answer by the chairman of the Massachusetts Public Utilities Commission, given to Mr. Benton, of the National Association of Railway and Utilities Commissioners, as throwing some light on the question of the importance of the Johnson bill, at least in the eastern section of the country.

The chairman said that he was not opposed to this Johnson bill, but he went on to say this further—I am quoting now from page 224 of the record:

> As to my letter in relation to the so-called "Johnson bill", you are at liberty to use it in any way you see fit. You are quite right in your understanding that this department has no objection to the Johnson bill. On the other hand, we feel that it would accomplish little or nothing so far as Massachusetts is concerned.
>
> In a period of very nearly 50 years of the regulation of gas and electric companies, where commissions were given the power to make orders, there has been, to my knowledge, resort to the Federal courts in three instances only, namely, the Haverhill Gas & Electric Co., some twenty-odd years ago, contested an order of the board of gas and electric light commissioners, our predecessors in the regulation of gas and electric companies. Perhaps this case could be considered two cases, as there were two petitions, but I have always viewed them as one case. Both terminated in favor of the Commonwealth. There was no resort to the Federal court by any company under the regulation in Massachusetts subsequent to the Haverhill Gas & Electric case until the Worcester Electric Light case, instituted in July 1927, and the Cambridge Electric Light Case, instituted February 20, 1928. In the Worcester Electric Light case a temporary restraining order was issued and an injunction followed. In the Cambridge Electric Light case a temporary restraining order was issued on February 20, 1928, which was revoked on March 11, 1928. The Cambridge case was dismissed by agreement on February 11, 1929, resulting in the department's order being sustained. In the Worcester case the master found, on February 11, 1929, that the department's order was not confiscatory, and by agreement later, on June 5, 1929, the injunction was dissolved and the case later dismissed, leaving the department's order in full force and effect. These are the only cases that have arisen in the Federal courts attacking an order of the commission as to rates.

Now, Mr. Chairman, it is not true, as I see the record—and I care nothing for the passionate, prejudiced statements that have been made outside the record—it is not true that a large number of these cases have gone to the Federal courts and that justice has been denied because there has been great delay. On the contrary, hundreds of cases have been submitted to the State courts throughout the country without any appeal being taken to the Federal courts. But I agree with the gentleman who preceded me on the floor that some of the cases that came before the Federal courts in which there was great delay were such nationally known cases, involving such large sums of money, in which the abuse of the power of taking evidence by the master was so flagrant that the attention of the whole country was directed to them; and because of these isolated abuses we have before us the Johnson bill.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. CONDON. I yield.

Mr. MAY. I am very much interested in having the gentleman's reaction as to the effect certainty of tenure of office has on the judges. For instance, Federal judges are appointed for life subject to good behavior and are, therefore, free from political and local influences, whereas judges of the State courts are elected by popular vote and are not free from political influence.

Mr. CONDON. Answering the gentleman's question, I may say I believe one of the troubles with our Federal judiciary is that the Federal judges are appointed for life; and there is no power to remove them except by impeachment which, as I said on the floor of the House in the Louderback case, is almost a practical impossibility.

I favor the appointment of Federal judges, their tenure of office being based on good behavior. In my State and in the great neighboring Commonwealth of Massachusetts the judges are appointed. Judges are not elected in New England, to my knowledge, but they are appointed to serve during good behavior; and I am frank to say that I hear no great criticism of judges appointed by the Governors of our

States to serve during good behavior. Have I answered the gentleman's question?

Mr. MAY. Are not Federal district judges liable to removal for misbehavior?

Mr. CONDON. I do not understand that to be so. I understand there is no way in which to remove a Federal judge except by impeaching him on the floor of the House.

Mr. MAY. Of course, that is the method of removing him.

Mr. CONDON. But it is such a difficult method of removal that I do not approve of it. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I wish to submit a unanimous-consent request. I do not mean to have anything more to say on the bill, but I ask unanimous consent that I may make a statement for the benefit of the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SUMNERS of Texas. Mr. Chairman, I assume that you understand what the vote will be on. As soon as the parliamentary situation makes it possible, what is known as "the Lewis amendment" will be offered to the Johnson bill. The vote will be on the Lewis amendment.

Some of the Members who understand parliamentary usage were in doubt this morning as to just how we might get a clear-cut expression of the attitude of the Members with regard to each of these propositions. Insofar as the members of the Judiciary Committee are concerned, I understand that they want to cooperate. We want to cooperate in making it possible to record the judgment of the House with reference to these propositions.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. DOWELL. I suggest to the chairman of the committee that the vote in the Committee of the Whole will be on the Lewis amendment to the Johnson bill. If the Lewis amendment fails, and I hope it will, the Johnson bill will then be before the House for passage, and I hope the Johnson bill will pass? The only way the Lewis bill could then come before the House would be upon a motion to recommit.

Mr. SUMNERS of Texas. There was some question this morning as to whether that motion could be made under the rule.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. O'CONNOR. I feel quite confident, after having discussed the matter with the Chairman of the Rules Committee and others, that the spirit and intent of the amendment made to the rule yesterday will be carried out and that a motion to recommit with instructions to substitute the Lewis bill may be made so there may be a vote in the House upon both propositions.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. GOSS. On the other hand, if the substitute, or the Lewis amendment, is agreed to in committee, when we get back into the House a separate vote can be had upon it. Is not this equally true?

Mr. O'CONNOR. I stated the alternative to that. So, whether the Lewis amendment is voted up or down in the committee a roll call can be had on the Lewis amendment in the House.

Mr. GOSS. In the one instance by a separate vote on the committee amendment, if the committee adopts the amendment, and in the other instance on a motion to recommit.

Mr. O'CONNOR. Exactly.

Mr. SUMNERS of Texas. May I make one further statement so the matter will be clear? I am sure I speak for both the majority and the minority of the Committee on the Judiciary when I say I hope all the Members of the House will cooperate in making the desire for a clear-cut test of the attitude of the House toward these two propositions possible.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the first paragraph of section 24 of the Judicial Code, as amended, is amended by adding at the end thereof the following: "Notwithstanding the foregoing provisions of this paragraph, no district court shall have jurisdiction of any suit to enjoin, suspend, or restrain the enforcement, operation, or execution of any order of an administrative board or commission of a State, or to enjoin, suspend, or restrain any action in compliance with any such order, where jurisdiction is based solely upon the ground of diversity of citizenship, or the repugnance of such order to the Constitution of the United States, where such order (1) affects rates chargeable by a public utility, (2) does not interfere with interstate commerce, and (3) has been made after reasonable notice and hearing, and where a plain, speedy, and efficient remedy may be had at law or in equity in the courts of such State."

With the following committee amendment:

Strike out all after the enacting clause, page 1, line 3, down to and including line 10 on page 2 and insert the following:

"That the Judicial Code, as amended, is amended by adding after section 266 thereof a new section to read as follows:

"'SEC. 266A. In the case of any suit brought in a United States District Court to enjoin, suspend, or restrain the enforcement, operation, or execution of any order of an administrative board or commission of any State or any political subdivision thereof, or to enjoin, suspend, or restrain any action in compliance with such order, where (1) such order affects rates chargeable by a public utility, does not interfere with interstate commerce, and was made after reasonable notice and hearing, and (2) jurisdiction of such suit is based solely upon the ground of diversity of citizenship, or of the repugnance of such order, or of the law or ordinance under which such order was made, to the Constitution of the United States, or solely upon any combination of such grounds—

"'(a) The provisions of section 266, as amended, which relate to hearings and determinations by three judges, to the right of direct appeal to the Supreme Court of the United States, to a stay of proceedings, and to precedence and expedition of hearings, shall apply, whether or not an interlocutory injunction is sought in such suit; and, when an interlocutory injunction is sought, the provisions of such section relating to notice of hearing and to temporary restraining orders shall apply;

"'(b) The hearings and determinations shall be on a transcript of the record of the proceedings, including evidence taken, before such administrative board or commission with respect to such order, prepared at the expense of the complainant, and certified to the court by the board or commission in accordance with the law or practice of the State, except that (1) upon application of any party the court may take additional evidence if it is material and competent and the court is satisfied that such party was by the board or commission denied an opportunity to adduce it, and (2) in case no record was kept or the board or commission fails or refuses to certify such record, the court may take such evidence as it deems necessary;

"'(c) The court shall not have jurisdiction if the complainant (or, in case the complainant is a partnership, association, or corporation, if the complainant or a member or stockholder of the complainant) has theretofore commenced suit in a State court have jurisdiction thereof to contest the validity of such order on any ground whatsoever.'

"SEC. 2. The provisions of this act shall not affect suits commenced in the district courts, either originally or by removal, prior to its passage; and all such suits shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effects as if this act had not been passed."

Mr. TARVER (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the reading of the committee amendment, which is merely the Lewis substitute bill, with which we are familiar, be dispensed with and the substitute printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. RANKIN. Mr. Chairman, I rise in opposition to the Lewis amendment.

I have listened with a great deal of interest to the distinguished gentleman from Pennsylvania [Mr. BECK]. I am unable to understand his attitude today after all the years I have listened to his appeals for State rights. The passage of this Johnson bill without the so-called Lewis amend-

ment" will be one of the greatest steps back toward State rights that Congress has taken in decades.

We are being driven, under the present system, to State socialism or governmental ownership of public utilities. I have been one of those men who did not favor governmental ownership, but we are being driven to it, and the attitude of the gentleman from Pennsylvania [Mr. BECK] and the attitude of the other gentlemen who are sponsoring this Lewis amendment represent a school of thought that is driving us to that extremity.

I am going to show you in a moment some of the concrete results. When we speak of utilities, the one outstanding utility that bobs into the mind of every individual is the Power Trust, the great power interest with its multiplied ramifications. It reaches into every home and runs its fingers into every light bulb in America. We have been forced to resort to governmental ownership at Muscle Shoals. In doing so we have established a policy of producing and distributing power, not based upon the people's ability to pay, not based upon watered stock and overhead charges that are unreasonable and unconscionable, but based upon the cost of production and distribution. I am going to read you just a few of the concrete results of that work.

Our people were paying the same exorbitant rates that were being paid in Pennsylvania, Michigan, Texas, Colorado, and other States. Our contract between the Tennessee Valley Authority and the city of Tupelo, Miss., went into effect on the 7th day of February, and I hold in my hand copies of light bills showing the amounts paid in January and March by a citizen of Tupelo. In January, under the old rates, he paid $3.50. In March he paid 84 cents under the T.V.A. rates.

Here is another one who paid $10.66 in January and $5.98 in March. Another one paid $4.10 in January and $1.32 in March. Another one paid $6.98 in January and $1.72 in March. This is bringing electricity down to something like what it costs to produce.

I know the statement is being made that we are robbing the commercial and the industrial users of power for the benefit of the householder or domestic consumer. Let me give you just a few illustrations to refute that argument.

I suppose you would call a filling station a commercial user. Here is one that paid $62.85 for power and light in January. In March he paid $21.23. Here is a wholesale groceryman who in January paid $94.36; in March he paid $39.42. Here is a manufacturer of ice cream. In January he paid $92.19 and in March he paid $56.23. Here is a small manufacturer. In January he paid $210.25 and in March he paid $145.38.

I also hold in my hand the duplicate receipt of the operator of a cotton mill. Here is the answer to the charge that we are robbing the industrial users of electricity for the benefit of the domestic users.

In January they paid $3,181.33 for electricity. In March they paid $1,896.40. In January they used 204,803 kilowatt-hours; in March they used 258,000 kilowatt-hours, or 26 percent more. If they had paid the January rate in March the bill would have been $4,008, or $2,112 more than they did pay, a saving of $25,000 a year for one small manufacturing establishment, simply because we have been able to bring the rates down and base them on the cost of production and distribution. Every item of cost was considered in fixing these rates, even to the cost of the dam itself.

I know the power interests have gone all over this country and sold watered stock—what they call "preferred stock"—in order to build up political strength in order to defeat legislation of this kind.

Unless this Congress passes legislation such as this Johnson bill, reestablishes the confidence of the American people, and gives them proper protection we are going to be swept into governmental ownership of all public utilities. The people are sick and tired of being plundered by unreasonable utility rates. If you want the utilities to run the country, vote for the Lewis amendment. If you want the American people to receive justice at the hands of the utilities, vote down the Lewis amendment and vote for the Johnson bill as it came from the Senate. [Applause.]

[Here the gavel fell.]

Mr. GOSS. A parliamentary inquiry, Mr. Chairman. Does the vote now come on the committee amendment?

The CHAIRMAN. It does.

Mr. SUMNERS of Texas. Mr. Chairman, in order that we may understand, a vote of "aye" is in favor of the Lewis bill and against the Johnson bill. That is correct, is it not?

The CHAIRMAN. That is correct.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts and Mr. LEWIS of Colorado) there were—ayes 27, noes 112.

So the committee amendment was rejected.

Mr. MILLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER: Page 2, line 1, after the word "State", insert "or any rate-making body of any political subdivision thereof."

Mr. MILLER. Mr. Chairman, I should like to have your attention just a moment because this amendment means a great deal to some of the States.

In many of the States in this country, and this is true in Arkansas, the rate-making body in most cases is the town council or the city council. We have had many laws in Arkansas relative to rate-making bodies, and at various times in our history the rate-making power has been lodged in different boards or commissions. Your State may have today a rate-making commission or a rate-making board, which is a State-wide board and the next legislature may change the law and place this authority in your town councils, or in some board of a political subdivision of your State.

There is no one any more strongly in favor of the Johnson bill than myself, but when the bill becomes a law I want it to function and to accomplish the purposes for which it is intended; and, very frankly, unless this amendment is adopted, it will mean practically nothing to the States that are situated like Arkansas. We have not had much rate trouble down there, but we do not want to have any trouble; and I ask you, in all earnestness, to adopt this amendment in order that we may have the benefit of this law.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. MILLER. I yield.

Mr. BANKHEAD. Is this offered as a committee amendment?

Mr. MILLER. No. I will say to the gentleman that when we had the Johnson bill under consideration I offered this amendment in the committee and it was adopted by the committee, but it was not reported because the Lewis bill was reported as a substitute. I am now offering the amendment for adoption.

Mr. O'MALLEY. In other words, it was not in the Lewis bill which came out of the committee?

Mr. MILLER. That is true.

Mr. CARPENTER of Nebraska. Is the chairman of the committee in favor of the gentleman's amendment?

Mr. MILLER. I think he is.

Mr. TERRY of Arkansas. Mr. Chairman, I had not intended to speak on this subject because it was very fully discussed by the members of the Judiciary Committee, but this amendment which is proposed by my colleague from Arkansas is very essential to my State.

I am in favor of the Johnson bill. I want to obtain the benefit of that bill for our State, but it so happens that under existing law of my State the rate-making power for municipal rates is in the municipalities. We have a State commission, a fact-finding tribunal, that ascertains what is a fair and reasonable rate, but that is merely advisory, and it is up to the municipality to make the rate. I therefore ask you to vote in favor of this amendment. It will not hurt the bill.

Mr. O'MALLEY. Will the gentleman yield?

Mr. TERRY of Arkansas. I yield.

Mr. O'MALLEY. The only fear I have is this: I do not think it will hurt the bill, but it may send it to conference, and it may not get out before Congress adjourns.

Mr. TERRY of Arkansas. The gentleman need not worry about that.

Mr. KELLER. I should like to ask the chairman of the committee a question. Is this acceptable to him?

Mr. SUMNERS of Texas. It is the opinion of gentlemen of the committee with whom I have talked, that it would be a good idea to put this language in the bill.

Mr. GOSS. As I heard the amendment read, it seemed to me that it would take in any rate-making body of the municipality. I think that would be going a little farther than does the Johnson bill.

Mr. SUMNERS of Texas. Here is the reason: In many States the State rate-making agency does not make the utility rate for municipalities.

Mr. GOSS. A board of aldermen in a town might not be the rate-making body for a municipally owned plant. Now, if this amendment is adopted, the board of aldermen as such could make the rate.

Mr. SUMNERS of Texas. All right. Let us understand the situation. In a good many States the central rate-making agency does not make the rate for the utilities in municipalities. These rates are made—possibly by a board of aldermen or some agency of the municipality. The gentleman from Arkansas believes, and that belief is shared by most members of the committee I think, that as a matter of precaution the language suggested ought to be incorporated in the bill.

Mr. OLIVER of New York. Is it not a fact that when this was offered in the committee it was unanimously adopted, but it was lost in the Lewis amendment voted to the Johnson bill?

Mr. GOSS. Let us take an example. Suppose we have a municipal board of aldermen as the rate-making body, and they make a rate for a municipal plant. But here is a privately owned plant being located in the same town, and the rate would be made by the public-utility commission of the State. Therefore you would have a municipal plant operating under one rate, and a private plant operating under another.

And, if there was a break-down, and they were forced to run parallel, which rate would control?

Mr. SUMNERS of Texas. Where you have a State rate-making agency with jurisdiction, then no other agency or subdivision of the State makes the rate.

Mr. GOSS. Could not the board of aldermen make a rate for a municipal plant?

Mr. SUMNERS of Texas. I do not know.

Mr. OLIVER of New York. Mr. Chairman, I rise in favor of the amendment. This has nothing whatever to do with making rates. This is merely a proposition that if a rate be tested, it shall be tested in a State court. It does not make a particle of difference whether it is made by the State commission or by the board of aldermen. This does not grant any right to anybody to make a rate.

Mr. GOSS. But it would it reviewed.

Mr. OLIVER of New York. Reviewed merely by the State courts, instead of by the Federal courts.

Mr. O'CONNOR. Will the gentleman yield?

Mr. OLIVER of New York. Yes.

Mr. O'CONNOR. Take a concrete case. I think it is the transit commission in the city of New York that controls the subway.

Mr. OLIVER of New York. Yes.

Mr. O'CONNOR. If they did or could fix a rate, there is no reason why this utility company should go into the Federal court any more than if a State agency fixed a rate.

Mr. OLIVER of New York. Not at all. The question is not who fixed the rates, but in what court shall the rate be tested, prior to its going to the Supreme Court of the United States, if a confiscatory question is raised.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word. It is admitted that this amendment ought to be in the bill even by those who are opposed to it, because in some of these States the right to fix rates is granted to municipalities by the constitution, the organic law of the State. These are the ones who suffer most, because the record shows that it is in the cases of municipalities trying to get reduced rates that are worn out by litigation. They have no money to carry on the litigation, and as for anybody stopping this bill in conference, that is a bugaboo. Nobody is afraid of the "big bad wolf" at this stage of the game. We want to put this amendment in because these small municipalities in these States are distressingly in need of this relief.

Mr. McCORMACK. If this amendment is not adopted, and the rates are established by a local body in a city or town where, in case of local controversy, would that case—what courts would determine it?

Mr. McKEOWN. They would get you in the Federal court.

Mr. McCORMACK. Yes. In other words, if this bill passes without this amendment, those cases affected by the decision or action of a State commission would go to the State courts, and the local problems which this amendment covers would then be compelled to go into the Federal court.

Mr. McKEOWN. Yes; and they would be wiped out before they would get started. They cannot afford it.

Mr. GLOVER. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. GLOVER. Is it not true also that these municipalities have been the ones which have been fighting for the principle that is involved in the Johnson bill all the time?

Mr. McKEOWN. Yes; always, because they are more easily whipped than the States.

Mr. O'MALLEY. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. O'MALLEY. If this amendment is not adopted, the municipalities will be in no worse position than they are right now?

Mr. McKEOWN. Why?

Mr. O'MALLEY. Because they will have the right to appeal to either the State courts or the Federal courts.

Mr. McKEOWN. That is right. Then there is no use to pass the bill.

Mr. O'MALLEY. But the State legislatures can change their own laws to protect the municipalities under this.

Mr. McKEOWN. Not where the power to fix rates is granted in the organic law.

Mr. SABATH. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. SABATH. It will give municipalities the same right and the same privilege that it gives to the States?

Mr. McKEOWN. Exactly. That is what we want to do.

Mr. SABATH. It is the gentleman's contention that those municipalities need that protection even to a greater extent than most of the States?

Mr. McKEOWN. Absolutely.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. BROWN of Kentucky. With the aggressive leadership of the Senator who sponsored this bill in the Senate and our own leader in the House, is there any danger that this could get tied up and not become a law at this session?

Mr. McKEOWN. No.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. MILLER].

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. The provisions of this act shall not affect suits commenced in the district courts, either originally or by removal, prior to its passage; and all such suits shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effect as if this act had not been passed.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. HANCOCK of North Carolina, Chairman of the Committee of the Whole House on the state of

the Union, reported that the Committee had had under consideration the bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, and pursuant to House Resolution 350, he reported the same back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. TOBEY. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. TARVER) there were—ayes 201, noes 19.

So the bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS—S. 752

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that Members of the House may have 5 legislative days in which to extend their own remarks on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I feel confident that the United States Supreme Court will uphold the constitutionality of the Johnson bill.

Whenever salutary Federal legislation has been proposed, whenever some great national reform has been enacted into law by Congress, it has immediately been assailed by those who declared it to be in violation of the Constitution of the United States—"unconstitutional." This has been a matter of such frequent occurrence during our entire history as a Nation that today a wide-spread distrust of the Constitution exists on the part of those who are unfamiliar with the modern progressive tendency of the decisions of the United States Supreme Court. Unfortunately, instead of bearing only reverence and affection for that great document, many have come to view it as an instrument of oppression; for, does it not prevent our securing those measures of relief which we need, and, in justice, should have?

The most cursory sort of an investigation of the United States Supreme Court Reports will reveal the fact that this opinion of the Federal Constitution as construed by our highest judicial tribunal is not justified. The prevention of corporate aggression and the protection of the life, health, and happiness of the multitudes against the greed and cupidity of the few can be realized under our Constitution, the Supreme Court has repeatedly held in recent years. It is within the power of Congress to act in accordance with *State Bank* v. *Haskell* (219 U.S. 111), as—

> Held by the prevailing morality or strong and preponderant opinion to be greatly and immediately necessary to the public welfare.

I shall not on this occasion attempt any discussion of the commerce clause, what constitutes interstate and intrastate commerce, distinctions between the sovereignty of the State and Federal Governments, the fifth and fourteenth amendments, or any particular one article of provision contained in the Federal Constitution, but shall rather confine myself to a consideration of the broad outlines and dimensions of the Constitution as a whole and endeavor to catch something of its real spirit, if possible, in order to correctly answer this question, into which sooner or later all constitutional questions resolve themselves, to wit, Was the Constitution made for the people or are the people made for the Constitution?

The Constitution of the United States emanated from the people. It is "of the people, by the people, and for the people."

As was said by Mr. Justice Matthews, speaking for the Court in *Hurtago* v. *California* (110 U.S. 516):

> The Constitution of the United States was ordained, it is true, by descendants of Englishmen, who inherited the traditions of English law and history; but it was made for an undefined and expanding future and for a people gathered and to be gathered from many nations and of many tongues.

A constitution, from its nature, deals in generals, not in details. Its framers cannot perceive minute distinctions which arise in the progress of the nation, and therefore confine it to the establishment of broad and general principles—Chief Justice Marshall in *The Bank of the United States* v. *Deveaux et al.* (5 Cr. 87).

> Constitutions of government are not to be framed upon a calculation of existing exigencies; but on a combination of these with the probable exigencies of ages, according to the natural and tried course of human affairs. They ought to be a capacity to provide for future contingencies as they may happen. (Federalist no. 34.)

The Government of the American Nation is, then, "emphatically and truly a government of the people. In form and in substance it emanates from them. Its powers are granted by them, and are to be exercised directly on them and for their benefit" (Chief Justice Marshall in *McCulloch* v. *Maryland* 4 Wheat. 405)—a statement, the grandeur of which was to be enhanced 44 years later, when, standing on the battlefield of Gettysburg, Abraham Lincoln said that "a government of the people, by the people, for the people, shall not perish from the earth."

Beveridge says:

> The nationalist ideas of Marshall and Lincoln are identical; and their language is so similar that it seems not unlikely that Lincoln paraphrased this noble passage of Marshall and thus made it immortal. This probability is increased by the fact that Lincoln was a profound student of Marshall's constitutional opinions and committed a great many of them to memory.
>
> The famous sentence of Lincoln's Gettysburg address was, however, almost exactly given by Webster in his reply to Hayne. "It is * * * the people's Government; made for the people; and answerable to the people." But both Lincoln and Webster merely stated in condensed and simpler form Marshall's immortal utterance in *McCulloch* v. *Maryland*. (The Life of John Marshall, by Albert J. Beveridge, vol. IV, p. 293. Note.)

The Constitution was written in the spirit of the Declaration of Independence, the greatest exposition of the rights of the people which has ever been given expression by the heart and mind of man. The Constitution is to be interpreted and construed in the light of its preamble:

> We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic transquillity, provide for the comon defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

It is worth while to recall the words of James Wilson, who said in reply to the objection that the Federal Constitution had no bill of rights:

> Here the fee-simple remains in the people, and by this Constitution they do not part with it. The preamble of the proposed Constitution, "We, the people of the United States * * * do establish" contains the essence of all the bills of rights that have been or can be devised.

The Constitution is not a creature of circumstances, and, in order to meet the necessities of the people, should always be treated as an enunciation of fundamental principles rather than as declaratory of cramped and cabined rules of law, which latter canon of interpretation would make it an instrument of oppression instead of one of beneficence.

The Supreme Court of the United States has not lost sight of this fact. If there ever was a time when the truth of the words of Chief Justice Marshall in the celebrated case of Gibbons against Ogden was apparent, that time is now, when

our great, constructive emergency recovery legislation is under attack. Chief Justice Marshall said—what we are again witnessing:

> Powerful and ingenious minds, taking, as postulates, that the powers expressly granted to the Government of the Union are to be contracted by construction into the narrowest possible compass, and that the original powers of the State are retained, if any possible construction will retain them, may, by a course of well-digested but refined and metaphysical reasoning founded on these premises, explain away the Constitution of our country and leave it a magnificent structure, indeed, to look at but totally unfit for use.
>
> They may so entangle and perplex the understanding as to obscure principles which were before thought quite plain, and induce doubts where, if the mind were to pursue its own course, none would be perceived.

This is the very thing that eminent lawyers, some of them distinguished Members of this body, are doing—seeking to explain away the people's Constitution by arguing that the Federal Government does not possess the power to save the commerce and lives and institutions of the people in what everyone, even they, themselves, admit to be the most serious crisis and national emergency in our history.

What did Chief Justice Marshall mean when he said that "The Government proceeds directly from the people" and "Its powers are granted by them and are to be exercised on them and for their benefit"? Are not the courts a part of the Government? If not, why not? Shall only the executive and legislative departments be responsive to the will of the people? Should the judicial department nullify the will of the people and render our republican government a sham and a pretense?

Is the Federal Government helpless and impotent to act in a great national emergency? The Selective Service, Espionage, War Industries Board, Food Administration, Control of Railroads, Industrial Mobilization Acts passed by Congress during the World War and upheld by the United States Supreme Court furnish the negative answer. Justice Brandeis in the recent case of *The New State Ice Co.* v. *Leibmann* (285 U.S. 262, 76 L. ed. 769) has correctly said:

> The people of the United States are now confronted with an emergency more serious than war.

Henry Upson Sims, one of the leaders of the American Bar and president of the American Bar Association in 1929–30, has well said:

> It is gratifying to realize that there have been statesmen enough among the judiciary of this country to prevent the legal framework of the Constitution, which the early political statesmen drew for us, from being laid aside like the garments of childhood. The courts of the early days of our history may not have foreseen the proportions of the present industrial and commercial age. Of course, Marshall did not see it. But they did see that the constitutional provisions are rules of social order rather than mere laws to be interpreted in the light of the limited environment of the draughtsmen—

In its classical decision in *Gibbons* v. *Ogden* (1824), the Supreme Court inaugurated its interpretation of the so-called "commerce clause" of the Constitution and held that Congress possesses the right to regulate commerce and navigation, domestic and foreign—gave Congress exclusive power over interstate commerce—and yet almost 100 years elapsed before Congress passed the Interstate Commerce Act. Equally remarkable is it that the "general welfare" clause did not receive judicial construction until 1896.

In a decision rendered by the Supreme Court more than 50 years later—1877—Pensacola Telegraph Co. against Western Union Telegraph Co., it is said that—

> The powers thus granted are not confined to the instrumentalities of commerce or the postal system known or in use when the Constitution was adopted, but they keep pace with the progress of the country and adapt themselves to the new developments of times and circumstances. They extend from the horse with its rider to the stagecoach, from the sailing vessel to the steamboat, from the coach and the steamboat to the railroad, and from the railroad to the telegraph. * * *

And we may now add, to the airship, the radio, as well as to any future means of communication.

Mr. Speaker, the meaning of the power to regulate commerce must keep pace with the development of modern conditions, for with changes in conditions the meaning of words change, and this also necessarily reflects itself in the process of interpretation.

Thus, Munro—The Government of the United States, Macmillan, New York, 1930, page 311—speaking of the commerce clause, says that the elasticity of the written word finds more ample illustration here than in any other field of American constitutional development; that a definition of the commerce power today would be out of date tomorrow, and an exact definition cannot be given of anything that changes its form and scope so frequently as the commerce power does.

Speaking of the Constitution, Mr. Justice Story said:

> It is not intended to provide merely for the emergencies of a few years, but was to endure through a long lapse of ages, the events of which were locked up in the inscrutable purposes of Providence.

In the case of *South Carolina* v. *United States* (199 U.S. 448), Mr. Justice Brewer said, in delivering the opinion of the Court:

> The Constitution is a written instrument. As such, its meaning does not alter. That which it meant when adopted it means now. Being a grant of powers to a Government, its language is general, and as changes come in social and political life it embraces in its grasp all new conditions which are within the scope of the powers in terms conferred. In other words, while its powers granted do not change, they apply from generation to generation to all things to which they are in their nature applicable.

Cooley says:

> The principles of republican government are not a set of inflexible rules, vital and active in the Constitution, though unexpressed, but they are subject to variation and modification from motives of policy and public necessity.

I believe that those who are inveighing against the constitutionality of the National Recovery Act, the Agricultural Adjustment Act, and the series of acts of Congress designed to aid the people and the country in the present national emergency would do well to read and ponder the address of Hon. John J. Parker, judge of the United States Circuit Court of Appeals for the Fourth Circuit, delivered last summer before the annual convention of the American Bar Association of Grand Rapids, Mich. I should like to read just two paragraphs from the masterful address of this learned jurist and student of constitutional law. His logic and reasoning seem to me to be unanswerable. Judge Parker said:

> It is no sign of the abandonment of our constitutional theory that the activities of the Federal Government should have increased greatly with the passage of time; for this increase has been in accord with the Constitution and not contrary to it. The Federal Government must necessarily control interstate and foreign commerce; and it is manifest that the scope of this control must have been enlarged as interstate and foreign commerce became more and more important with the development of transportation and interstate communication. The Sherman Act passed in 1890 was no departure from constitutional theory, but arose out of the necessity of curbing monopolies, which were growing up in interstate commerce and the realization that, because of the control vested in Congress over such commerce, the States were powerless to deal with the problem. The same was true of the Clayton Act and the acts creating the Federal Trade Commission and the Interstate Commerce Commission. For this reason I am not excited over the passage of acts further regulating interstate commerce. Certainly, if Congress may legislate for the purpose of preserving free competition, it may, when this free competition is on the verge of destroying industry itself, legislate to eliminate its destructive features and in the interest of controlled cooperation.
>
> And I have the same feeling about increased activities of the Government under the general welfare clause. The people of the United States constitute a great nation. There is no reason why their National Government should not foster the healthy growth and development of that nation by encouragement to agriculture, industry, education, road building, and other activities essential to the national welfare. And in time of national distress, when the industry of the country is prostrate as a result in large measure of the collapse of interstate and foreign commerce, there is nothing in our constitutional theory which prevents the National Government using its powers for the relief of suffering and to place industry again on its feet. It is the only agency which the people have of sufficient size and power to approach the problem presented with any hope of success, and I see no reason why it should be precluded from exercising the power.

Thus we find that the people possess plenary power under the Constitution and that such power was to be enjoyed by them for all time. The Constitution was made for the peo-

ple, not the people for the Constitution. Further evidence of this is found in the fact that ours is a republican form of Government.

Our forefathers discarded the old Articles of Confederation and adopted the Constitution during a time of extreme distress and emergency.

The whole document, indeed, was not so much a declaration of faith as of fears, for it was put together in an atmosphere of restlessness, at a time when business conditions in the thirteen States were about as bad as they could be. Independence had been gained by war, but not prosperity, says W. B. Munro, in The Makers of the Unwritten Constitution.

The conditions of the Colonies are hard to realize in our day. Mr. Lawson has referred to them in his exhaustive work on the general-welfare clause. I quote:

Dark as was the foreign outlook for America, her domestic situation was worse. Mutual jealousy and antagonism dictated the policy of the States toward each other. Commercial rivalries and unfriendly imposts irritated the feelings of all. They quarreled over their lands, over payment of their debts, and over the apportionment of expense. All Government was threatened with dissolution.

It was imperative to adopt the Constitution to prevent national anarchy, Washington declared. He said:

We are descending into the vale of confusion and darkness. The confederation appears to me to be little more than a shadow and Congress a nugatory body. To me, it is a solecism in politics—that we should confederate as a Nation and yet be afraid to give the rulers of the Nation who are the creatures of our own making—sufficient powers to order and direct the affairs of the same.

In a letter to Carter he wrote that it was his—

Decided opinion that there is no alternative between the adoption of it (the Constitution) and anarchy.

The wings of Washington's wrath carried him far.

Good God—

Cried he—

who, besides a Tory, could have foreseen, or a Briton predicted, "the things that were going on." The disorders which have arisen in these States, the present prospect of our affairs * * * seems to me to be like the vision of a dream. My mind can scarcely realize it as a thing in actual existence. * * * There are combustibles in every State, which a spark might set fire to. (Washington to Knox, Dec. 26, 1786.)

In other words, the Constitution is not a fair-weather state paper, intended only for days of sunshine and calm. It came into being during the days of adversity and distress of panic and storm, of darkness and despair, a period not at all unlike that in which we are living today. Yet there are those who would contend that that same Constitution is an absolute barrier to a fulfillment of the people's needs and desires, that Congress is a "nugatory body" and does not possess "sufficient powers to order and direct the affairs of the Nation", that we must look exclusively to the bankrupt State governments to restore commerce, industry, and agriculture in these United States, and that the Constitution forbids the Federal Government to do so.

Mr. Speaker, let it be said to the everlasting credit and honor of the members of the United States Supreme Court, as more recently indicated in their decisions in the Minnesota Mortgage Moratorium and New York Milk Control Board cases, that they have never taken this view of the Constitution and have never nullified Federal legislation which was meritorious and needed to meet the demands of the national emergency. There are mirrored in their decisions the ever changing and progressing economic and social conditions of the American people. Our republican form of government would become a mere fiction today if the constitutional obstructionists had their way, but they will not. The Supreme Court has never construed the Constitution to consist merely of dead letters of faded ink upon a crumbling parchment. On the contrary, they have, by their decisions, rendered the charter of our fundamental laws a living, breathing, vital, growing document, with a soul and a spirit, expressing eloquently the hopes, the desires, the aspirations, the longings, the yearnings of the great heart of America for truth, for justice, for progress, for the welfare, and the happiness of all her children. The Constitution was made for the people, not the people for the Constitution.

Mr. YOUNG. Mr. Speaker, public utilities in rate cases invoke the jurisdiction of the Federal courts to defeat the will of the people in the States where these utilities are engaged in business. Jurisdiction of Federal courts in rate cases is not dependent upon diversity of citizenship. It is based on the claim that rates are confiscatory, and the Federal courts have jurisdiction regardless of whether the utility is a foreign or domestic corporation. Upon the allegation that the rate for telephone or other utility users fixed by State authority is confiscatory, then it becomes the duty of the Federal court to grant an injunction. Delay results to the injury of the taxpayer. Justice delayed is all too frequently justice denied.

I favor passage of the Johnson bill. I oppose the Judiciary Committee amendment. States should be permitted to supervise and fix rates of public utilities without interference by Federal courts. Congress should before now have enacted this remedial measure making it impossible for public utility companies to thwart the will of the people in States where such companies choose to do business. As a Representative of the people of a sovereign State, I protest against the continued and unfair practice of public utilities in invoking the jurisdiction of the United States judges. We are putting an end to that. In fact, I should like to do away altogether with the inferior Federal courts.

Public utilities in rate cases are accorded full and complete hearings before a State commission; in Ohio, before the Public Utilities Commission of Ohio. Then the corporation, if dissatisfied with the rate fixed, may apply either to the State or to the Federal courts for an injunction to restrain the rate-making authority from making its order effective. Of course, shrewd public utility lawyers invariably bring such action in the United States district court. These courts try the entire case de novo, and the judgment of the Federal judge, who is not responsible to the people of the State and who frequently owes his position to the favor of the State political boss, is then substituted both as to the law and the facts for the decision of the State public utilities commission or legislature. The Federal courts thereby perform a legislative function. These inferior Federal judges overcome by the stroke of a pen the carefully considered decision of the State rate-fixing authority. Great expense is thereby involved and years of delay have been occasioned in many cases of utmost importance.

President Roosevelt, as Governor of New York, in a message to the legislature of that State, said—

The special master becomes the rate maker; the public service commission becomes a mere legal fantasy. This power of the Federal court must be abrogated.

Let us pass the bill as introduced by Senator HIRAM JOHNSON and as passed in the other body. Let us proceed to divest the district courts of the United States of jurisdiction in public-utility rate cases of a purely intrastate character.

The resort to the Federal courts against the rates fixed tends to develop bad feeling between the people of the State and the public utilities; also it develops a feud between the State and Federal authorities. An example is the recent threat by the Governor of Georgia to call out the National Guard of that State to resist the enforcement of an injunction issued by the Federal court.

Public utilities have heretofore enjoyed the preferential status and special privilege of going to the Federal courts for injunctions against State authority. We should pass this bill taking away this special privilege, then public-utility officials will be less interested in the personnel of the Federal courts. Public utilities should be compelled to confine their appeals to the courts of the States involved, with the final right of appeal to the United States Supreme Court.

An individual in Ohio cannot elect to appeal from the State courts to the United States district courts. Heretofore property rights have been placed above human rights. Public utilities doing business in Ohio have been enjoying rights denied our citizens. Certainly any public utility after a full and fair hearing before the Public Utilities Commission of Ohio cannot justly complain when it is afforded a review in the courts of the State and an appeal to the United

States Supreme Court. We should no longer tolerate a situation which permits public utilities to wear down those seeking fair rates, through delays by long and expensive litigation in the Federal courts.

Public utility companies seeking business in my State or in any State should deal in a manner entirely fair to the people. If they do they will have no difficulty in securing justice in State courts. My vote is in support of the Johnson bill to abrogate entirely this power of the Federal courts to interfere in the fixing of rates for the public utility corporations. After this has been accomplished, I look forward to the time when we may further strip the United States district judges of power and authority now exercised in such courts. United States district judges are, as a rule, domineering, dictatorial, arbitrary, and tyrannical, and without responsibility to the people.

WORLD'S FAIR, CHICAGO, ILL.

Mr. SABATH. Mr. Speaker, I call up a privileged report from the Committee on Rules (H.Res. 360).

The Clerk read as follows:

House Resolution 360

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 3235. After general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Library, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SABATH. Does the gentleman from Massachusetts desire any time on the rule?

Mr. MARTIN of Massachusetts. I should like the usual 30 minutes.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. SABATH. I gladly yield to my friend.

Mr. BLANTON. Do I understand the gentleman from Illinois, when we reach the 5-minute rule, will offer an amendment to eliminate as much as $205,000 from this bill?

Mr. SABATH. I do not know yet, but I have assured the gentleman that I am willing to go as far as I can and practically as far as I will be obliged to go to meet any opposition.

Mr. BLANTON. I think the gentleman would get a great deal of opposition out of the way and he would have a much better chance to get his bill passed if he would agree to eliminate as much as $205,000 from the amount, because undoubtedly $200,000 would cover all the expense necessary, and the balance of it would be wasted.

Mr. SABATH. If the gentleman will allow me to go on now, I will take the matter up later. I want to be fair.

Mr. Speaker, I yield 30 minutes of my time to the gentleman from Massachusetts [Mr. MARTIN].

Mr. Speaker, this resolution makes in order Senate bill 3235, which has been unanimously passed by the Senate upon special request of the President. The rule provides for 1 hour of general debate upon the bill, and thereafter the resolution shall be taken up under the 5-minute rule.

President Roosevelt some 6 weeks ago sent a letter to the Senate recommending this appropriation so that the Government may again participate in the great Chicago World's Fair. Most of you remember that 2 years ago an appropriation of $1,000,000 was made by the Congress for participation in this great undertaking in the city of Chicago. I am satisfied that the people of America recognize that, notwithstanding the unfortunate economic conditions that prevailed last year, Chicago gave to the Nation a great fair.

I am sure that the millions who attended returned to their homes pleased with and benefited by the wonderful exhibits and with their treatment by the good people of Chicago.

The amount asked for and recommended is $405,000.

Mr. McDUFFIE. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I gladly yield.

Mr. McDUFFIE. Will the gentleman inform the House how much money Congress has already contributed to the Chicago fair? What is the total sum?

Mr. SABATH. The total sum is $1,000,000. Of this amount there was a balance of $77,000, but a portion of this has now been expended.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to my good friend.

Mr. O'CONNOR. I think the word "contributed" is a little unfortunate. As I understand the situation, the Federal Government did not contribute anything. They paid for their own exhibits. That is the purpose for which the money was appropriated. The different departments of the Government have exhibits there. That is the purpose for which the original $1,000,000 was appropriated, and that is the purpose for which this additional $400,000 is requested.

Mr. SABATH. The gentleman is correct.

Mr. McDUFFIE. How much longer are we going to be called upon to maintain these exhibits at the expense of the taxpayers at this exposition in the gentleman's city? I understood at the time the gentleman got his first resolution through that there would be no expense incident to Federal participation in the fair.

Mr. SABATH. There was no expense. The amount originally appropriated was spent by the Government for its own exhibits, and the fair did not receive and has not asked for any contribution from the Government.

Mr. McDUFFIE. The Government's exhibit has been of very material benefit to the Fair.

Mr. SABATH. In former years Congress has appropriated large sums of money for such purposes.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. O'CONNOR. As far as concerns this $1,000,000 for the good Democratic city of Chicago, we appropriated nearly $3,000,000 for the good Republican city of Philadelphia for the same purpose.

Mr. McDUFFIE. Of course I do not want the good Democratic city of Chicago to be treated differently than the good Republican city of Philadelphia, but I am interested in the taxpayer; and, furthermore, I am interested in the proposition that there are other needs of the Government for which this nearly half-million dollars could be spent with better results.

Mr. SABATH. I would not ask for this appropriation were I not thoroughly and conscientiously satisfied in my own heart that the appropriation is absolutely required for the best interests not only of the good city of Chicago but of the entire Nation.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. BLANTON. When we appropriated $3,000,000 for the exhibition held by the Republican city of Philadelphia, we had plenty of Republicans, rich ones, all over the United States to tax to yield the money; but now the people all over the United States are Democrats and when we raised that $1,000,000 last year we had to raise it from Democratic taxpayers. This $405,000 also will come largely from the pockets of the Democrats of the Nation.

Mr. SABATH. And they are patriotically willing to contribute their fair share of the necessary cost of a really great fair.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. BLOOM. Is not the situation in Chicago at the present time such that the Government has a very large building there housing all these exhibits; that these things have cost the Government a lot of money; and that the money asked for in this appropriation is merely to open the doors of this building and continue the exhibits that were out there during the past year? If we do not appropriate enough money to continue the exhibitions of the different departments of the Government, the Government building will remain closed for the 6 months the exposition is open this year.

Mr. SABATH. That is true

Mr. BLOOM. There will be no further expense as regards the building; the only expense will be in connection with the exhibits.

Mr. SABATH. The gentleman is correct.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield with pleasure.

Mr. TRUAX. I do not think we ought to be too hard on the Republican taxpayers because they seem to be hard up the same as the Democrats have been. Even Andrew Mellon, that great refunder of income taxes, is asking for a refund of the taxes that he paid last year.

Mr. SABATH. I concede that even the Republicans have been hard up; but economic conditions are improving, I may say to the gentleman from Ohio, and I feel that within a short time, with the usual and loyal cooperation of our splendid citizens, we will get back to the old-time prosperity.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. DONDERO. Can the gentleman cite any precedent in the history of the Nation where a world's fair has been continued into the second year?

Mr. SABATH. I do not know that the world has ever had such a great exhibition as the present one in Chicago. In addition, the gentleman must know that the city of Chicago has gone forward under adverse conditions; and it was the same adverse condition which deprived millions of worthy persons of the privilege of visiting Chicago. Chicago desires to give these good people who were unable to attend last year the opportunity and privilege of visiting the city and the fair this year.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. RICH. Does the gentleman think that the taxpayers of the United States outside of the city of Chicago would vote to spend $405,000 to keep this exhibit open?

Mr. SABATH. Yes; and I will tell you why.

Mr. BLOOM. It would cost more to keep it closed.

Mr. SABATH. If we do not appropriate this money, it will cost the Government a large sum to take care of the exhibits that are already there.

Mr. RICH. For $405,000 you can put on a whole show.

Mr. SABATH. I venture to say that this fair has done more good to the railroads of the United States than anything else that the gentleman can possibly mention.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Kansas.

Mr. LAMBERTSON. Is there any assurance that the city of Chicago, after another very successful year, might not ask us for a third appropriation?

Mr. SABATH. I am satisfied that the city of Chicago will not ask for an additional appropriation. I want you to realize that though this fair has been beneficial to Chicago the same as it has been to the United States at large, it was brought about by its citizens who spent millions of dollars, this money being contributed by the citizens of the city of Chicago originally, in order to make this great fair possible.

Mr. TREADWAY. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. Will it not be possible to get around the fair grounds by the same methods of transportation as were invoked last summer, namely, busses, trolley lines, and so forth?

Mr. SABATH. Yes.

Mr. TREADWAY. Then why ask for $2,500 for an automobile for the Commissioner?

Mr. SABATH. I am going to move to strike that provision from the bill. Of course, the gentleman understands that this is not my bill.

Mr. TREADWAY. That is the first sensible thing I have heard in connection with this bill.

Mr. SABATH. May I say to the gentleman that I was instrumental in eliminating this appropriation last year when it appeared in that bill.

Mr. TREADWAY. I think the gentleman is showing good judgment. Why not take out the other $400,000 and only leave $2,500 in the appropriation?

Mr. SABATH. If that were enough and if the gentleman were serious in his statement, I would consider the matter; but I know he is not serious. I feel that the gentleman from Massachusetts recognizes the need for this appropriation, and may I say that when the time comes there will not be a great deal of difference between us as to the amount.

Mr. TREADWAY. May I interrupt the gentleman to say that the words he is putting in my mouth are inaccurate? I do not recognize that we need an appropriation of $400,000 for a Government exhibit which last year cost a million dollars for the whole thing, including buildings and everything else. Now, the gentleman is asking for almost half as much and states that everything is there. I do not agree to that kind of an expenditure of the taxpayers' money.

Mr. SABATH. When we consider the bill I want to make it plain that I am not going to insist on any appropriation which I feel is unfair or not justified.

Mr. BLOOM. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. Answering the gentleman from Massachusetts, may I say that the expenditure for that automobile was a Republican Commissioner. That was for former Postmaster General New.

Mr. TREADWAY. That is immaterial. Will the gentleman tell us how many Democrats are riding in official automobiles in Washington today?

Mr. BLOOM. None.

Mr. TRUAX. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Ohio.

Mr. TRUAX. Was not this automobile bought for Charles Dawes?

Mr. SABATH. No. It was for former Postmaster General New, who is the Commissioner.

Mr. TRUAX. Is he a Republican?

Mr. SABATH. He is a Republican.

Mr. BOYLAN. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York.

Mr. BOYLAN. May I ask the gentleman this question? If we agree to appropriate this $405,000 that he wants, will the gentleman guarantee us safe custody while in the city of Chicago?

Mr. SABATH. May I say to the gentleman from New York that we have demonstrated to the people of America that the city of Chicago is the safest place in the world to visit. If each and every one of you Members of the House and friends will visit us and will avail yourselves of the opportunity, you will find Chicago to be the most law-abiding and the cleanest city in the United States.

Mr. PATMAN. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman said something about Chicago being the safest place in the world. Dillinger has found it to be the safest place in America?

Mr. SABATH. No. He found it pretty hard there and did not remain long. He soon became uncomfortably conscious that Chicago's peace officers were alert, able, fearless.

Mr. Speaker, I reserve the balance of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, it is rarely the case that our good friend from Illinois [Mr. SABATH] ever brings on this floor any legislation that we all cannot support without hesitation. He is an able, zealous, dependable Member of this House, and his service is always most valuable to the country.

But he is so very loyal to his city of Chicago, and is always anxious to do so much in behalf of the people of Chicago, that when his home city has a measure here up for discussion, he is a partisan, and we always cannot follow him on Government bills that grant money to Chicago.

And ADOLPH SABATH has so many friends on this floor that it is a hard matter to stop him when he is trying to put something across. So I realize today that we here who are not willing to spend another $405,000 out of the Treasury, after granting $1,000,000 for the Chicago Fair last year, will have to put on our best fighting clothes if we defeat him.

I am not unfriendly to Chicago, and I am not unfriendly to the Chicago people. I want to see them all enjoy the very best that is to be had, and to succeed in all worthy undertakings. But they must not look to the Government for all of their help. The Government helped them immensely last year. The Government's exhibits were great drawing cards for this exposition. They were worth much to this project. The Government's cooperation brought millions of profits for Chicago. Now, it is asking entirely too much for the Government to furnish a $2,500 automobile for the fair commissioner, and to appropriate another $405,000 in cash. I am not willing to do it. It calls for entirely too much drain upon the taxpayers of this Nation.

All of us were very kind to Chicago last year. We went there last year and took our families. And all of us paid our own expenses, and we all left a good deal of money in Chicago. Every place I went into I had to pay an entrance fee and before I got out I had to pay more entrance fees to the subsidiary attractions after I got inside. It was pay, pay, pay, and pay. Oh, there was plenty of entertainment there. Dr. Tugwell had his chamber of horrors there, and we had to make him take some things out of it.

Mr. SIROVICH. What was it?

Mr. BLANTON. Some most valuable mineral crystals. I think the time has come when we should call a halt to this foolish expenditure of money. If Chicago wants to carry on the fair, all right. It is a money-making institution. It is good for the city of Chicago. They made lots of profit last year. The Government helped them make the profit. We are all friends of Chicago. But we must protect the Treasury and the interests of the taxpayers of this Nation. It is all right to spend our own money, but it is wrong to spend the money of the people wastefully. Let us not go down into the pockets of the tax-burdened people and take from the Treasury this $405,000 more.

Before this bill was called up I understood the amount was going to be reduced. I understood the amount was going to be cut, and that they were not going to ask for more than $200,000; but here they are asking for $405,000 and an extra $2,500 for an automobile, and I do not think it appeals to a single Representative on this floor who does not live in Chicago, and if it does not appeal to us, why are we going to vote for it? Why are we going to pass it if it does not appeal to us? Can you go home and justify your action to your constituents? I cannot do it, and I am not going to vote for it. I am going to vote against both the rule and the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, I am always quite surprised when I find myself in agreement with the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. I must be mistaken in my position. [Laughter and applause.]

Mr. TREADWAY. No; I am extremely pleased that today we are in hearty agreement.

If my memory serves me rightly, when this exposition was first suggested in Congress, the advocates came before the Ways and Means Committee and assured the Committee it would not ask for an appropriation to help carry on the Chicago Fair. Then in order to provide a Government exhibit, $1,000,000 was appropriated last year. Wherever this exhibition was housed, the buildings must still be there. Why is it necessary today to ask the Government to appropriate the sum of $400,000 from the money of the taxpayers to again exhibit the same features that were there a year ago?

This simply shows, Mr. Speaker, how reckless we are in appropriating and spending the people's money. We have no right to do this under the circumstances. We are tax-burdened to death now and, occasionally, when there is an opportunity to show that we have a little sense, rather than too much generosity, why not economize?

I do not blame the people of Chicago for wanting this exposition again. It was a good one, and I enjoyed going to it, and probably I shall go there again, but I did not suspect that I would help to pay for it out of the money of the taxpayers. I am willing to go out there at my own expense and see the Government exhibit, because it was a fine one, but I think the greater part of the people who had any interest in attending the fair went there last year. I do not believe it is going to add to the knowledge of the American people one dollar's worth to provide an automobile for somebody to ride up and down the fair grounds.

If it is desirable to secure an automobile for this purpose, borrow some of the useless ones here in Washington today. I do not think Mr. Tugwell, for instance, can use two automobiles here at one time. Send out one of those that Tugwell has today and let the commissioner, if you are going to have a new commissioner, a man by the name of New, I believe—I do not care what his name is—let him use one that has already been paid for out of Government money.

What assurance have we from the advocates of this appropriation that another year they will not be back here saying that as long as Chicago made money in 1933 and 1934, let us have it again in 1935 and have the Government put up several hundred thousand dollars more.

I am opposed to this and shall vote with the gentleman from Texas [Mr. BLANTON]. [Laughter and applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 15 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, the question before the House is becoming confused. The President of the United States, in collaboration with the Secretary of State, the Secretary of Commerce, and the Secretary of Agriculture, has importuned Congress to make this appropriation of $405,000. It is an appropriation not one penny of which will go to anybody on the fair grounds who is not associated directly with Government exhibits.

Much has been said about this amount of money being wasted. The truth of the matter is the amount is very carefully detailed in the report on the bill by the Senate Committee on Commerce. The bill has passed the Senate. The amount is divided among 18 different departments, running as low as $463 for 1 department.

The world's fair last year accommodated fifteen and a half million visitors, not for what some people think was a sort of fly-by-night pleasure fair, but a great industrial exposition, an exposition of learning and an exposition that was to show the progress in nearly every line of industry in the world. The Bureau of Standards, for instance, has one of the most important exhibits that has ever been made by the Federal Government in its history; and this exhibit, with your consent, if this bill is passed, and you go along with your President, as I think you will, is going to be improved this year. It should be improved and can be improved.

Mr. McFARLANE. Will the gentleman yield for a question?

Mr. BRITTEN. Let me proceed, please. I do not want to get into the confusion of my colleague of a few moments ago. I would rather treat this matter seriously, because it is a serious subject, and it is going to put Uncle Sam in a very humiliating position if Congress should vote this appropriation down.

The Federal Government has invited foreign governments from all parts of the world to participate in the exposition this year. Several governments that did not participate last year are putting up costly buildings there today.

There will be more exhibitors this year than last year, because times are more prosperous than they were a year ago. It is presumed there will be more travel this year than a year ago. They are laying great plans to entertain at least 15,000,000 visitors to the fair this year. Surely no reasonable man—and I am not thinking of dollars and cents—no reasonable man will want to see the most im-

portant exhibitor in this fair left out this year. No one wants that.

It is very late now. The fair will open in a little more than 2 weeks. The buildings have to be renovated, the exhibits have to be restored, there is an immense amount of work to be done, and I predict that much of it will be done while the visitors are on the grounds, entailing much confusion and dirt. That will be unfortunate, but it will be made necessary by the long delay in passing this resolution.

The President of the United States took the matter under consideration more than 2 months ago. He is certainly not a spendthrift, and the item for the car for the commissioner is negligible. You can vote that out of the bill, as far as I am concerned.

But I will tell you what the commissioner's car could be used for. We have many important official visitors from all over the world. Last year Governors from the various States came to see the fair, and they were met at the railroad station by the commissioner or his representative, and they were given a reception—it made them think they were an important part of the United States, and they appreciated that greatly. Two thousand five hundred dollars for a car is not an unreasonable expenditure.

Mr. BOYLAN. Will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman from New York.

Mr. BOYLAN. And it will not cost nearly as much as it cost to take the fleet to Montauk.

Mr. BRITTEN. Let me say to the gentleman that did not cost a dime. That fleet was already down on the coast, and they were being socially entertained in Newport society. Admiral Pratt determined to take the fleet back to one of its former maneuvering places in New York State, and I hope the gentleman from New York does not object to that.

Mr. BOYLAN. The gentleman from Illinois wishes they would bring it back again?

Mr. BRITTEN. I do, I want the people of New York State to see the fleet, and I hope it will come back there again. I do not like to hear that fine effort referred to lightly. No; I will not tell you about Montauk. That would remind you of that old California story. A typical Californian at a funeral said he would say a few words about California so long as "nobody else wanted to eulogize the dead man." [Laughter.]

Mr. UMSTEAD. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. UMSTEAD. Did the commission have a car last year?

Mr. BRITTEN. I am not certain about that, but as far as I am concerned it might be taken out of the bill, although I think he ought to have a Government-owned car.

Mr. UMSTEAD. If he had one last year, he ought not to require a new one now.

Mr. BRITTEN. I will ask the gentleman from Illinois [Mr. KELLER] to explain the facts about that matter.

Mr. KELLER. The facts are these: Last year the Packard Automobile Co. loaned a car to the commissioner. The Packard Co. has already agreed to loan another car this year, and we are not going to ask for a car.

Mr. UMSTEAD. Then, why is it in the bill?

Mr. KELLER. When the matter came up I made inquiry, and the Packard Co. stepped forward and agreed to do that, and the car does not have to be appropriated for.

Mr. BRITTEN. Mr. Speaker, I should like to say this to a lot of my good friends on the Democratic side of the aisle, and I have learned to appreciate them highly, particularly the younger members. Unless you vote with your President, you are likely to be put on that now famous black list. [Laughter.]

Mr. TRUAX. You cannot throw a man out of bed when he is already on the floor. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. TRUAX. The gentleman said that this was a party car.

Mr. BRITTEN. I said what? I did not say anything about it being a party car.

Mr. TRUAX. Yes, the gentleman did. He said that parties come there and that they are entertained, and that they have to have a car. Who does the party-ing?

Mr. BRITTEN. Oh, I yield to other gentlemen.

Mr. TRUAX. One other question I want to ask.

Mr. BRITTEN. Let me explain. When any visiting potentates, as they are called, come to the World's Fair, they are entertained. There is a reception committee. The American troops which are in camp in the fairgrounds act as their body guard, and the thing is done up in real Chicago manner. The Middle West is known the world over for its genuine hospitality and fine spirit. That had a lot to do with the success of the exposition.

Mr. RANDOLPH. Mr. Speaker, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. RANDOLPH. I attended the fair last year. It was an education to me, and I am certain it was to a great many Members of this House. I ask this question simply for information. What is the financial status of the exposition as it begins the second year?

Mr. BRITTEN. My impression is that the bonds subscribed for by the railroads and the business people of Chicago and other public-spirited men and women have been paid back to the extent of 50 percent. What the state of the other finances is I have not the slightest idea.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. O'CONNOR. I understand this car is for the use of ex-Postmaster General New; is that correct?

Mr. BRITTEN. Yes; if he remains commissioner for this year.

Mr. O'CONNOR. I am wondering whether the car will have a hole in the top for a high hat, like that of the former Postmaster General, Mr. Brown.

Mr. BRITTEN. If the present Postmaster General gets into that car, they will have to have a special deck on it, because he is so tall.

Mr. BOYLAN. Mr. Speaker, the gentleman made the statement that the guests were going to be done up beautifully. What does he mean by that?

Mr. BRITTEN. I did not say that. The gentleman evidently has visited the fair and spent most of his time in the Streets of Paris. There are other important elements at the exposition besides the Streets of Paris.

Mr. McFARLANE. When this matter came up originally the record shows that there was not any appropriation going to be asked for.

Mr. BRITTEN. That is right.

Mr. McFARLANE. Why this one?

Mr. BRITTEN. And no appropriation was asked for.

Mr. McFARLANE. But the gentleman is asking for it now.

Mr. BRITTEN. No; the Government wants this to present its own exhibit. In days gone by for various expositions, like the one in Philadelphia or the one in St. Louis, appropriations were made to boost the fair. That is not the case in this instance. General Dawes came down here and told a certain committee that not $1 would be requested as an appropriation from the Government to the exposition, and not $1 has been requested.

Mr. McFARLANE. The only exhibits that are there that are free are the Government exhibits.

Mr. BRITTEN. Oh, the gentleman is entirely mistaken. The greatest exhibits on the ground are free, all of them.

Mr. TRUAX. How about the fan dancers?

Mr. BRITTEN. The only ones not free are the fan dancers, the amusement places, and hundreds of concessions where you have to pay to get in and pay to get out, and you have a good time while you are in there. I hope the gentlemen will take this bill seriously and vote for it. Your Government wants it, your Government exhibits need it, your Government exhibits cannot prevail unless you do vote the appropriation.

Mr. BRENNAN. Mr. Speaker, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. BRENNAN. Is it not true that while this is an Illinois exhibit, while the fair is being conducted in the State of Illinois, it gives employment to people from every State in the Union?

Mr. BRITTEN. That is true.

Mr. BRENNAN. And the trains are bringing people from every State in the Union daily?

Mr. BRITTEN. Yes.

Mr. BRENNAN. Is it not true that not only the people in the State of Illinois but the people from every State are granted concessions? It is not an Illinois exposition, it is an American exposition.

Mr. BRITTEN. It is an international exposition.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. BROWN of Kentucky. Since they started this fair, has not the State of Illinois put a 2 percent sales tax on all visitors so that they can collect enough money to pay off the bonds?

Mr. BRITTEN. No; it has not.

Mr. BLANTON. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. BLANTON. It is at least national, because the $70,000,000 Charley Dawes took back from the R.F.C. to Chicago made it national.

Mr. BRITTEN. Oh, the gentleman is wide of the mark.

Mr. BLANTON. But he did take $70,000,000, did he not? No; I believe it was $90,000,000, and it was in cash from the Treasury.

Mr. BRITTEN. His bank has paid back more than 40 percent of that already.

Mr. BLANTON. What has become of the other 60 percent?

Mr. BRITTEN. It is being paid off gradually and will all be paid back. The Government will not lose a penny on that loan which saved the banking situation of the entire Midwest.

Mr. BLANTON. Will the gentleman underwrite it?

Mr. BRITTEN. The gentleman does that every once in a while.

Mr. BLANTON. The gentleman from Illinois underwrites it, so of course it is good.

Mr. TRUAX. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. TRUAX. Would not the gentleman be willing to accept as one of the Government exhibits "the little red house" that he is forever talking about?

Mr. BRITTEN. That is already an outstanding exhibit. The Nation knows all about that.

Mr. TRUAX. The Nation does not know only what the gentleman has said about it. Why not take it out there and let the Nation see it?

Mr. BRITTEN. If we took that out there, with its scarlet-fever occupants, it would be the greatest attraction at the fair grounds.

Mr. TRUAX. Outside of Sam Insull, I agree with the gentleman.

Mr. RANDOLPH. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. RANDOLPH. I have listened to the figures of millions of persons who would attend the fair this year. I want to ask if it is not a fact that it is only possible through improved business conditions under the present administration that those people will be able to attend such an exposition?

Mr. BRITTEN. Unquestionably, the people are in a better mood to attend fairs this year. They are taking the little family and getting in the automobile and going to the fair for 2 or 3 days. Everybody along the right-of-way leading to Chicago will benefit by the exposition this year just as they did last year. The people in Missouri, the people in Minnesota, in Iowa, Michigan, Wisconsin, and practically every State in the Union will benefit by this exposition. It is your exposition, gentlemen. Protect it and be proud of it.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, this is an old friend. It has been with us now a long time. At first, it was not going to cost anything, and then it cost $1,000,000 for the Government exhibits and items connected with it, and I want to read two or three of them to you.

Commissioner's office spent $493,000; the Agricultural Department put on some exhibits that our friend from Texas stopped, $101,000. The Commerce Department, $80,000.

Mr. BRITTEN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BRITTEN. I should like to know what the gentleman is reading from?

Mr. TABER. From a Senate document, Report No. 583.

Mr. BRITTEN. Is the gentleman reading the expenditures of last year?

Mr. TABER. Yes.

Mr. BRITTEN. Well, we are not voting on that today.

Mr. TABER. Oh, no; but I want the folks to know about it. You see, when you know something about how things have been done and how it is proposed to be done, because I am going to tell a little about that, you can form some kind of judgment as to what you should do. They propose to spend for the commissioner's office next year $172,000. They propose to spend for the Agriculture Department $45,000, and for the Commerce Department $43,000. The Smithsonian Institution——

Mr. BRITTEN. Mr. Speaker, the gentleman is completely mistaken; he is not reading the right column.

Mr. TABER. Oh, I do not know where the gentleman would get the total if it is not what I am reading. Perhaps I cannot read, but this report is here and anybody can send and get it. It is Report No. 583.

Mr. McFARLANE. Will the gentleman yield?

Mr. TABER. I yield.

Mr. McFARLANE. Will the gentleman put that in the RECORD?

Mr. TABER. Certainly, I will put it in the RECORD.

Mr. Speaker, I ask unanimous consent at this time to extend my remarks in the RECORD by including this table showing what was appropriated, what has been spent, and what is estimated will be spent.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. TABER]?

There was no objection.

The table referred to is as follows:

Exhibitors	Allotments, 1933	Expenditures and estimated obligations to June 1, 1934	Estimated unexpended balances as of June 1	Estimated requirements, 1934
State Department	$10,000	49,090.00	$1,000.00	$6,000.00
Treasury Department	30,000	29,157.63	842.37	24,277.00
War Department:				
U.S. Army	60,000	54,000.00	6,000.00	29,400.00
Corps of Engineers	4,000	3,680.94	319.06	1,850.00
Justice Department	7,500	7,009.39	490.61	2,523.00
Post Office Department	15,000	5,182.42	9,817.58	14,818.00
Navy Department	47,500	28,856.51	18,643.49	36,967.00
Interior Department	54,100	45,790.36	8,309.64	33,810.00
Agriculture Department	101,750	101,750.00		45,000.00
Commerce Department	86,790	80,499.87	6,290.13	43,812.00
Labor Department	24,600	24,576.65	23.35	50,000.00
Smithsonian Institution	12,500	6,697.43	3,802.57	2,803.00
National Advisory Committee for Aeronautics	10,800	10,747.55	52.45	7,414.00
National Capital Park and Planning Commission	7,000	6,726.10	273.90	1,300.00
Government Printing Office	5,000	3,072.47	1,927.53	1,000.00
Veterans' Administration	4,500	3,892.25	607.75	2,508.00
Library of Congress	600	454.47	145.53	463.00
Shipping Board	7,000	5,115.91	1,884.09	3,500.00
Panama Canal	1,500	797.62	702.38	702.00
Commissioner's office	500,860	493,618.05	16,241.95	172,954.00
Total	1,000,000	922,625.62	77,374.38	482,101.00
Unexpended balance to be reappropriated				77,374.38
New funds to be reappropriated				404,726.62

Mr. TABER. Mr. Speaker, it is proposed to spend $482,000, and they want to reappropriate $77,000, and ap-

propriate $405,000 to provide a continuance of this exhibit. Now, this is the first time in my recollection—and I am getting old—that an exhibit has been held over. This is a hold-over to the second year. It does seem as if we should show a little sense in the House of Representatives and vote down this rule and stop such things as this coming up. It will cost the country practically a half million dollars. It was a nice exhibit. It did good work, but it has been done, and we should not encourage the expenditure of more money any longer.

Mr. BLANTON. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BLANTON. By voting down this rule now we will save reappropriating $77,000, and we will save $2,500 for the limousine, and also we will save $405,000 more?

Mr. TABER. Practically a half million dollars, but we may have a deficit to look after next year.

Mr. BLANTON. Let us vote down the rule and stop the matter now, and save this $484,500.

Mr. TABER. Is it not time we did something in the nature of economy and stop spending money?

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. McFARLANE. Did the gentleman say a hold-over or a hold-up?

Mr. TABER. A hold-over; maybe you might say a hang-over. [Laughter.]

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. TRUAX. What were the exhibits of the Department of Agriculture which cost some $80,000?

Mr. TABER. They were exhibits telling how certain things were not fit for human consumption or were not proper medicines, although it was demonstrated in some cases that they were.

Mr. TRUAX. I may say to the gentleman from New York that if they would send the Secretary and the Assistant Secretary of Agriculture to the fair and exhibit them there I would vote for this expenditure.

Mr. TABER. If they would take them there and keep them there I would vote for the appropriation; but I would not vote for it unless the bill absolutely provided that they should be taken there and kept there where folks could look at them. I do not think that they ought to be turned loose anywhere else.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the balance of my time to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, the debate on the pending rule has been conducted in a spirit of jest. Obviously, $405,000 is not going to bankrupt the American people. If they are not already bankrupted by governmental expenditures, another $405,000 will not finish the job. But this is beside the question. The principle of right and wrong is involved, and right and wrong are not to be measured by amounts of money.

Four hundred thousand dollars represents $950 for each congressional district. Now, reaching down into the pockets of the people of your district for $950 will not, of course, impoverish them, but have you and I any moral right here to vote to take $950 away from our respective constituencies and give it to this fair at Chicago?

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. No; I cannot yield.

Mr. BRITTEN. I should like to ask how much that is per person?

Mr. McGUGIN. Mr. Speaker, I decline to yield.

We had the fair for 1 year. Why is it being held over for another year? Obviously because it was a paying proposition and Chicago wants to hold it over again. I say that if Chicago wants to hold the fair over let the city go ahead and take care of the expense of this Government exhibit or not have it, just as they like. Chicago is a fine town. I am glad to see her hotels prosper and I am glad to see them getting out of bankruptcy, but I can see no occasion for you and I voting today to take $950 away from our respective constituencies to carry on this fair for another year.

There is no merit involved in it. If there were some real merit for this appropriation, they would itemize what it was to be spent for; but here is the report, and all it carries is the recommendation that the bill do pass. Not one item for which this money is to be spent is itemized, none at all.

Mr. SABATH. A Senate report accompanies the bill; this is a Senate bill.

Mr. McGUGIN. I am talking about the House report. When we get right down to it there is just one reason for you on the Democratic side to pass this bill, and that is because you want to do a little political favor for your colleague, the gentleman from Illinois [Mr. SABATH]; and there is but one reason which would justify Members on the minority side in voting for this bill, and that is because they want to do a little political favor for their colleague, the gentleman from Illinois [Mr. BRITTEN]. We have, however, no business carrying on that kind of log-rolling and pork-barrelling with the people's money.

If we are going to make this appropriation today, then there can be no objection to any appropriation that could come before this House. If this appropriation is justified, then the Congress would be justified in making an appropriation of $5,000 to every county fair, pumpkin show, cotton carnival, and rodeo in the United States which will be held this year.

This fair is being held the second year primarily for the commercial benefit of Chicago. Why should they not pay the cost of this exhibit out of the gate receipts instead of asking the taxpayers of this country to pay for it? The principle is not right; and the wrong in taking $950 from our respective constituencies is just as great as if we took $950,000 away from each of them.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Speaker, at the beginning of this debate I had not intended to participate in it, because my section of the country has no particular interest.

Mr. Speaker, I shall not proceed until the House is in order. Once already today a speaker left the floor of the House because the Members did not maintain order. I have no disposition to do that, because I have only a few words to say with reference to this matter, but I do want to say in passing, Mr. Speaker, that I regard it as a matter of supreme importance when matters are being debated upon the floor of the House that we should have such a show of attention and order in the Chamber that a man may be heard.

Now, getting back to this proposition, as I say, I have no personal interest in it. My section of the country is not interested in it, although a great many people from my district visited the fair and reported that they had a very enjoyable, a very instructive visit. I do not, however, want this issue before the House at this time to be beclouded by triviality and the introduction of humorous remarks. I regard this as a serious proposition.

The Chicago fair is not only a matter of national interest to our people but it is a great international exposition. Our Government invited our neighbors from abroad to participate in it. It is a matter that has involved the expenditure of tremendous sums of money to prepare, to inaugurate and run. I am informed that it met with great success during the period last year when it was running.

Here is a proposition that is presented to the House today. The Rules Committee has brought in this resolution to consider the bill. The gentleman from Texas asks you to vote down the rule and dispose of the matter, but I do not believe that it is going to be the disposition of this House to take that sort of summary action on a matter of this importance. I may say that primarily I have no personal or sectional interest in the continuation of this fair, and the reason that I voted to bring out this rule is because the President of the United States, and I presume he acted advisedly in making this recommendation to the Congress of the United

States after a full consideration of all the factors involved in the continuation of this fair, has earnestly and seriously recommended to this Congress that the Government continue its exhibits there. The fair is going to be opened shortly. May I say to the proponents of this proposition that in my opinion they are asking for too large a sum of money.

Mr. BLANTON. Since the gentleman mentioned me, will he yield?

Mr. BANKHEAD. I yield to the gentleman from Texas.

Mr. BLANTON. Is the appropriation of $405,000 a legislative function or an executive function of government?

Mr. BANKHEAD. That question answers itself.

Mr. BLANTON. It is a legislative function. It is for us to decide, not for the President to decide.

Mr. BANKHEAD. Absolutely; but I think the gentleman from Texas, under the circumstances, should be willing to trust the legislative judgment upon the merits of the bill itself. This is a matter of great interest to a number of Members on the floor of the House. I may say to the gentleman from Texas that I am going to support his amendment to cut this appropriation in half.

Mr. BLANTON. If it could be assured that that would be done I think it would have quite an effect on the action of a great many Members here, for that would save over $200,000.

Mr. BANKHEAD. I cannot say how this appeals to other gentlemen. I am simply expressing my own views.

Mr. BLANTON. I understood from the gentleman from Illinois that that was going to be done.

Mr. BANKHEAD. Personally, I trust that it will be done. I particularly appeal to my associates upon the Democratic side of the House, in view of the way in which this matter has been presented, coming here at the direct request of the President of the United States, who is interested, not personally but on behalf of all the people of this country, in this great educational exhibition. Surely the Members can vote for the rule and then give the Committee of the Whole an opportunity to pass judgment upon the amount involved or defeat the bill entirely.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from New York.

Mr. O'CONNOR. This is not an appropriation. It is only an authorization for an appropriation.

Mr. BANKHEAD. That is true.

Mr. O'CONNOR. This goes to the Appropriations Committee.

Mr. BANKHEAD. And we will subsequently have to pass on whether or not we will appropriate the money.

Mr. RICH. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Pennsylvania.

Mr. RICH. In the Commissioner's office last year they spent $493,618.05. For the Commissioner's office this year they are asking $172,954. Can the gentleman imagine what the Commissioner wants that amount of money for in the conduct of his office?

Mr. BANKHEAD. I could imagine what they want it for, but I have not been to the exposition. I went to the great World's Fair in 1893, a gawky, green, country boy at that time. I saw enough there then to last me a lifetime, so I have not been back to this exposition.

Mr. BLANCHARD. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. I prepared an amendment cutting this down to $200,000, but, with the amount that was left over from last year, perhaps the amendment does not go far enough.

Mr. BANKHEAD. I think, when we get into the committee, we can thrash that whole matter out, but I do appeal to the Members to adopt this rule and give the House an opportunity to consider this matter on its merits. If you decide it is not worthy of your support, you can then vote against the bill.

Mr. ELTSE of California. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from California.

Mr. ELTSE of California. It has come to our attention over here that the gentleman from Illinois has stated that this might be cut down to $200,000. From what I hear over here we might be inclined to support such a move.

Mr. BANKHEAD. I do not want to put the gentleman from Illinois in the arbitrary attitude now of answering the question, but, as far as I am concerned, I shall endeavor to reduce the appropriation to the figure suggested by the gentleman from Texas [Mr. BLANTON].

Mr. TRUAX. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Ohio for a question only.

Mr. TRUAX. Something was mentioned about the fact that our State fairs get no assistance from the Government. Having been connected with the State fair of my State for 6 years, may I say that each year we had Government exhibits, and the State of Ohio had to pay all the expenses in connection with those exhibits, including transportation and insurance.

Mr. BANKHEAD. Will the gentleman now ask a question?

Mr. TRUAX. Does not the gentleman think if we adopt this as a sort of a permanent policy that our State fairs, of which there is a great one in the gentleman's own State, ought to be likewise helped?

Mr. BANKHEAD. I cannot agree with the gentleman's conclusion at all, because it presents an entirely different proposition. This is a great national enterprise in which we have already participated.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, may I call the attention of the House to the fact that many foreign nations have their exhibits at Chicago?

I understand they are going to continue them this year, and I want to ask the House in what attitude it would put the Government of the United States if we failed to continue our exhibit at Chicago during this summer. Other nations will be represented there with exhibits, and yet the great Government of the United States, which asked these nations to bring their exhibits here and take part in this exposition, it is stated, should decline to make an appropriation sufficient to take care of an exhibit of its own.

Of course, this going to take some money. I think the attitude of the House is such that it will possibly feel inclined to cut this authorization, and I will favor it. This is not an appropriation but an authorization, simply permitting the Committee on Appropriations to recommend to the House whatever sum is needed for the maintenance of the Government exhibit at Chicago.

I think it would be humiliating, if I may use that word, for the United States Government, which invited the other nations to send their exhibits here to take part in this great exhibit, if our own Government failed, under such circumstances, to make the necessary appropriation to maintain its own exhibits. [Applause.]

I may say, further, in addition to what the gentleman from Alabama [Mr. BANKHEAD] has said, that I received a communication from the State Department this morning evidently actuated by the same reasons which I have expressed here, in which the earnest hope was expressed that Congress would make this authorization now in the interest of our own country.

I trust the House will adopt this rule and consider and pass the bill and let the Committee on Appropriations, after proper hearings, determine what amount it will recommend to this House by way of an appropriation for the purposes indicated; and then let me say to my friend from Pennsylvania and other gentlemen who have raised the question, the amount that may be used by the Commissioner or the amount that may be spent for this purpose or that purpose, can properly come before the House after due and proper hearings with the facts before us.

Mr. RICH. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Pennsylvania.

Mr. RICH. The State Department has only requested $6,000, while various other Departments have made requests as high as $172,000. It seems to me the request of the State Department is quite nominal and probably there would not be much objection to that item, but we gave this fair of the people of Chicago $1,000,000 last year and we thought the fair was over. Why should we tax our people again for another show out there? It is wrong.

Mr. BYRNS. The Secretary of State was not speaking with reference to the small sum that will be needed by his Department. He was speaking of the entire amount that will be needed by every department of this Government, and I may say to my friend from Pennsylvania that certainly the gentleman does not want this Government to be placed in the attitude of failing to maintain an exhibit at Chicago, such as it maintained there last year, in view of the fact that other nations will doubtless have their exhibits again.

Mr. RICH. There might be some merit in continuing this exhibit on account of asking foreign governments to do so, but for the life of me I cannot see why they want so much money to continue this matter when everything is already out there.

Mr. BYRNS. I have just stated to the House that that is a matter for future consideration. This bill does not appropriate one dollar out of the Treasury. It simply authorizes the Committee on Appropriations to have a hearing and investigation, and then the gentleman and other gentlemen will have the right to pass upon the amount of the appropriation. As has been stated, the Congress gave Philadelphia for the Sesquicentennial $3,000,000, while it has only appropriated $1,000,000 for Chicago.

[Here the gavel fell.]

The SPEAKER. The question is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. BLANTON), there were—ayes 80, noes 29.

Mr. BOILEAU. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The gentleman from Wisconsin makes the point that no quorum is present. The Chair will count.

Mr. BOILEAU. Mr. Speaker, I withdraw my point of no quorum.

So the motion was agreed to.

A motion to reconsider was laid on the table.

Mr. BYRNS. Mr. Speaker, if adjournment is taken now, will this bill be the order of business tomorrow?

The SPEAKER. It will.

CORINNE BLACKBURN GALE

The SPEAKER laid before the House the following message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, House bill no. 1870, entitled "An act for the relief of Corinne Blackburn Gale."

This bill authorizes and directs the Secretary of the Treasury to pay to Corrine Blackburn Gale, widow of William Holt Gale, late American Foreign Service officer, retired, the sum of $8,000, being 1 year's salary of her deceased husband at the rate of pay received by him at the time of his retirement in 1929.

This bill is objectionable because it provides for the payment of a gratuity to the widow of a retired Foreign Service officer who, after his retirement and until his death in April 1932, received retirement pay at the rate of $3,596.77 yearly from the Government. While Congress has in some instances authorized payment to the widow of a Foreign Service officer who died while in active service of 1 year's salary of her deceased husband, no payment of this kind has been authorized to the widow of a Foreign Service officer who died after being retired, and I deem it inadvisable to establish a precedent of approving payments of this character.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 9, 1934.*

The SPEAKER. The objections of the President will be spread upon the Journal.

Mr. BYRNS. Mr. Speaker, I move that the message and bill be referred to the Committee on Claims and ordered printed.

The motion was agreed to.

JOHN THOMAS SIMPKIN

The Speaker laid before the House the following message from the President of the United States:

To the House of Representatives:

I return herewith, without approval, House bill no. 507, entitled "An act for the relief of John Thomas Simpkin."

The bill provides that Simpkin shall hereafter be held and considered to have received a full, honorable discharge from the naval service of the United States on February 14, 1921, the purpose being to give him, as to the future, the rights, privileges, and benefits conferred by any law upon honorably discharged soldiers.

The records of the Navy Department show that this man was enrolled in the Naval Reserve for a period of 4 years on May 10, 1918, and served until November 26, 1919, when he was transferred to the regular Navy. On March 15, 1920, he was tried and convicted by general courtmartial of "absence from station and duty after leave had expired" and was sentenced to 6 months' confinement and to be dishonorably discharged from the naval service. The period of confinement was mitigated to restriction to ship and station, and the dishonorable discharge was remitted on condition that he maintain a conduct satisfactory to his commanding officer for a period of 6 months. On September 28, 1920, Simpkin was again tried and convicted by general courtmartial for a similar offense and in accordance with the sentence of the court was dishonorably discharged from the naval service on February 14, 1921.

Simply because the man, nearly 5 years after his dishonorable discharge, developed mental incompetency which caused his commitment to a State hospital for the insane for a period of some 17 months, it is now proposed that he be viewed as having been mentally incompetent at the time of the committing of the offense which caused his dishonorable discharge. It is solely on this presumptive ground that this bill proposes now to change the character of his service from dishonorable to honorable. To this I cannot agree.

Where a man violates the obligations of his enlistment and thereby debars himself from the rights belonging to those who faithfully and honorably served their country according to the terms of their enlistment, I feel that something more definite than the presumption of mental incompetency shown in this case is demanded to support a change in the record.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 9, 1934.*

The SPEAKER. The objections of the President will be spread upon the Journal.

Mr. BYRNS. Mr. Speaker, I move that the message and bill be referred to the Committee on Naval Affairs and ordered printed.

The motion was agreed to.

GENERAL PULASKI, A MARTYR IN THE CAUSE OF AMERICAN INDEPENDENCE

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker, I have noted the appropriateness of our colleague Hon. CHARLES A. WOLVERTON'S address in the House on Monday, May 7, with reference to the resolution now before us, to authorize the President of the United States to issue a proclamation calling upon officials of the Government to display the flag of the United States on all governmental buildings on October 11 next, and inviting the people of the United States to observe the day in schools and churches or other suitable places, with appropriate ceremonies commemorating the death of Gen. Casimir Pulaski,

a Polish patriot, who fought and died in the cause of American independence.

Truly there has been amazing evidence that the people of the United States realize to the full it was General Pulaski who saved his unhappy fatherland; it was he who redeemed the glorious name of Poland and restored her moral forces; he suffered his glorious martyrdom in the defense of Savannah, which brought to a dramatic close a career matchless in its sincerity and zeal in the cause of human liberty.

In observance and commemoration of the death of Casimer Pulaski, the distinguished representative of Poland, Mr. Wladyslaw Sokolowski, Chargé d'Affaires ad interim of Poland during the absence of His Excellency, Mr. Tytus Filipowicz, Ambassador of Poland, delivered a radio address over the National Broadcasting System.

The program was given in Washington, D.C., October 11, 1932. It was broadcast by short wave to Europe, and part of the address was delivered in the native language of the Polish people. He said in part:

> Poland unites today with America in giving honor to the hero of these two great nations. Millions of our people in America take part in paying tribute to the memory of Pulaski. Even though it is the anniversary of his death, it is a blessed one because both causes for which Pulaski lived, fought and died, conquered and triumphed.
>
> Sacrificing the life of Pulaski on the American soil brought the honor of the sons of Poland to the heights to which the sons of nations reach, having such spirit and tradition like Poland. We received from her a priceless gem, and to you, the sons of Poland—Americans today—the guarding of this gem is given.
>
> The long-standing ties between Poland and America can be tightened only by the love and care for the good name of Poland from which you come.

Well, may we say, in the words of Mr. Wladyslaw Sokolowski, Chargé d'Affaires ad interim, that General Pulaski has gone to his reward:

> Worshipping him as her own hero, Poland is proud that Pulaski gave his life for the independence of America. We rejoice that in the glorious edifice of the American Republic there are stones laid by Polish hands and cemented by Polish blood. As a hero of two nations, as an outstanding example of patriotism and noble efforts in both countries, Pulaski has always been and will always remain a symbol of Polish-American friendship.

An examination of the pages of history readily establishes that all of the world's difficult problems have not been crowded into our own times. We have heard on many occasions of the difficulties and vicissitudes encountered by Washington in his earlier years, which did not cease even after he was unanimously elected as our first President.

Washington's hopes were based on the loyalty of his collaborators and on his confidence in his fellow citizens, in whose future he believed, and in this belief he was rewarded by witnessing some measure of realization during the closing years of his life.

In those troublesome times there came to America several gallant gentlemen to assist his country in its struggles, and among those were two gallant Polish gentlemen, who, with their fellow countrymen, earned the gratitude of the United States Government for the loyal assistance rendered in the Revolutionary War.

Kosciusko arrived in America in 1776 with a letter of recommendation from Benjamin Franklin, then at Paris. Washington asked him what he wished, believing that like many other foreigners he had come to ask for some favor. Kosciusko replied that the had come to fight as a soldier for American independence. He was commissioned a colonel of engineers, and the facts of his distinguished career and the building of the West Point fortifications, now the site of the United States Military Academy, are very well known. There is an increasing appreciation of the worth-while service performed by this brave and courageous soldier for liberty and freedom.

But, Mr. Speaker, we may search the pages of history in vain for a more heroic, adventurous, and patriotic spirit than that of Casimir Pulaski, whose memory we desire to honor by the approval of this resolution.

This great Polish hero, glowing with enthusiasm for liberty, came from his own distressed land to fight upon our shores for those ideals of freedom that, for the time being, were crushed in his beloved Poland.

Many brave and colorful foreign soldiers were enlisted under the banner of George Washington. Also, many of these were inspired with a passion for the ideals for which the Colonists fought. Some of these men of foreign birth contributed important services to our cause and helped to mold out of the untrained, undisciplined, but determined men of George Washington's army a fighting force which carried on a struggle that was the admiration of the world.

Against the very pick of Great Britain's veteran troops and veteran German mercenaries these men of America were fitted to contend on grounds of equality, and it was due in large measure to the experienced military experts from other European countries that George Washington was enabled to marshal his forces with effectiveness.

Brig. Gen. Casimir Pulaski was a dashing and romantic soldier, who had already achieved a reputation for patriotism, heroism, and strategy that made him an outstanding figure in Europe. After having seen his father and his brothers treacherously made victims of that conspiracy of Russia, Austria, and Prussia to crush and dismember Poland, Pulaski fought upon his native soil, until, having exhausted the last remnant of his strength, he was forced to flee, as Poland lay helpless at the feet of the three conspiring sovereigns.

It was not surprising that the noble Pulaski should be fired with new enthusiasm for freedom in a nation that symbolized something of Poland's heroic struggle. And so he came to us and immediately his devotion of the cause of the Colonies, his reckless heroism, his superb horsemanship, and his magnetic personality appealed to the imagination of our own America. Time does not permit a review of the important services which he performed under Washington's leadership. That is all a matter of history.

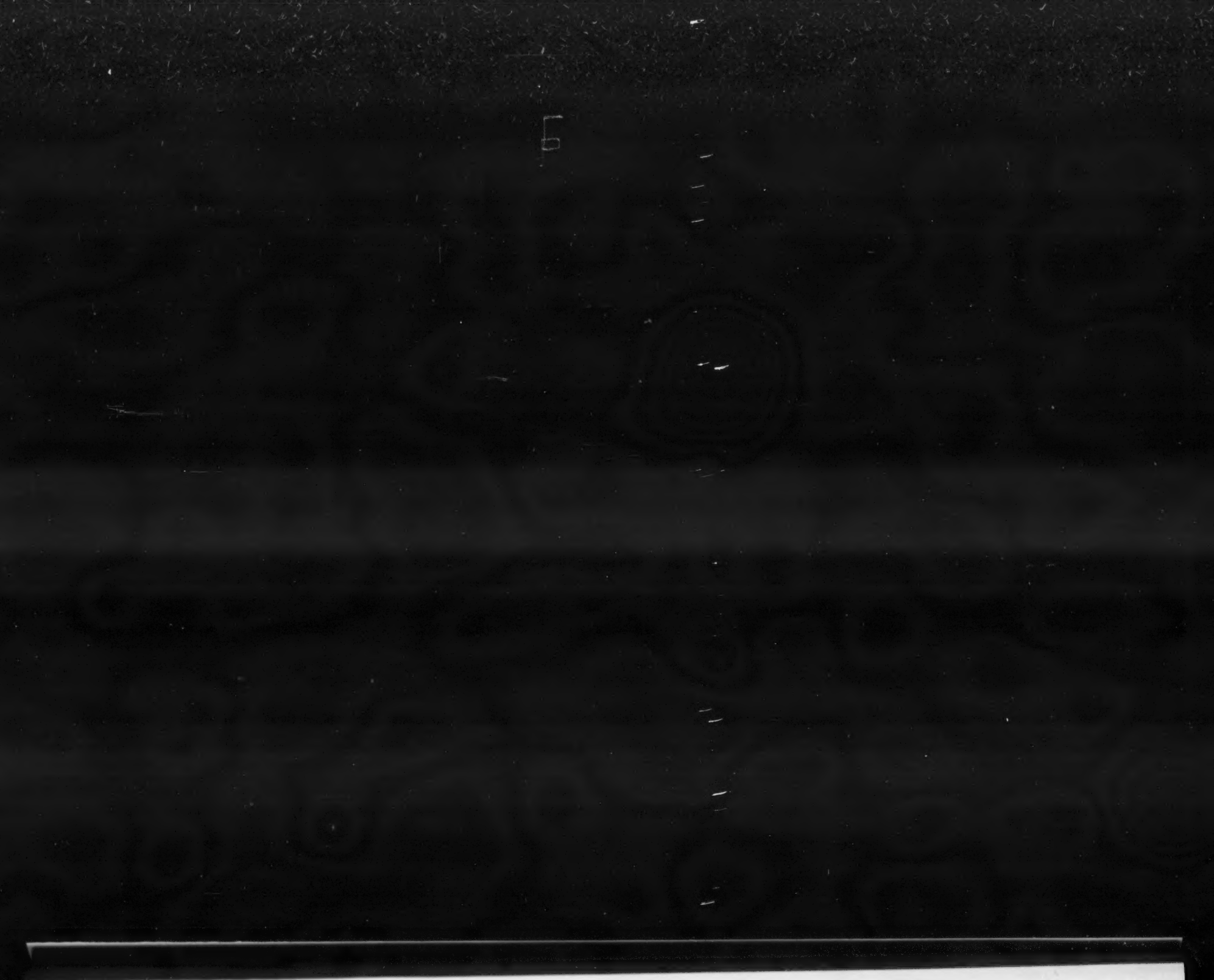
He was not a soldier of fortune. His love of liberty alone kindled his devotion. He saw in the struggle for American independence an opportunity to pursue that bright vision which had so animated him in his career as a Polish patriot, and he transferred to Washington's service those remarkable qualities of military genius which everywhere aroused admiration and confidence.

Pulaski joined the Revolutionary Army as a volunteer in the summer of 1777. From that time on he progressively demonstrated his value and became one of the outstanding commanders of our forces.

Trusted by George Washington, admired by him, and inspiring a devotion that only the comradeship of war can bring about, Pulaski went to his death, dauntless and unafraid. Under direction of Congress, he was sent to Charleston, S.C., where the British had taken a sudden and defensive position. The arrival of Pulaski baffled the British. The governor and the council of Charleston had already agreed upon terms of capitulation, but General Pulaski went to the council chamber to protest against this measure, declaring that as a Continental officer he would defend the city for the United States.

Accordingly, the defense of the city fell upon Pulaski, and so effective was that defense that the British forces retreated from their attempt to capture Charleston and retired to Savannah. Pulaski pursued the enemy with relentless courage. In the ill-fated assault on that city, October 9, 1779, Pulaski was wounded in the thigh by a grapeshot when trying to arrest the retreat of French soldiers. Two days later, October 11, 1779, after more than 2 years of service under our flag, Pulaski died on board the ship *Wasp*, where he had been taken after being wounded. His body was buried at sea with simple but impressive ceremony, and his death was lamented universally by the patriots of the Revolution.

He has gone to that world of which he carried in his own breast so rich an earnest pledge, to a world of peace. But he is not wholly gone; not gone in heart, for we are sure that a better world has heightened, not extinguished, his affection for his race; and not gone in influence, for his memory is laid up as a sacred treasure in many minds. A



spirit so beautiful ought to multiply itself in those to whom it is made known. May we all be incited by it to a more grateful, cheerful love of God, and a serener, gentler, and nobler love of our fellow creatures, and may future generations be reminded of the debt which they owe to those that came before them.

DIRECT LOANS TO INDUSTRY—A BILLION-DOLLAR MONOPOLY—CHISELING AMENDMENTS—UNCLE SAM PAYS INTEREST ON OWN CREDIT

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks on direct loans to industry and to insert a letter I have received upon that subject from former Senator Robert L. Owen.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, an investigation has disclosed that there is a need of $650,000,000 in credit to be extended to industry at this time. Who is going to supply this credit? The banks have plenty of reserves to supply it. The Federal Reserve banks have plenty of power and authority to support their member banks in the extension of this credit. That is nothing new. They have been in an excellent condition the past 12 months to supply this credit; but the fact remains the credit is not extended, the circulating medium continues contracted to that amount, tens of thousands of employees remain without a job, and many idle factories are rusting and deteriorating on account of the failure of the credit machinery of the banks to properly function.

WHO HAS CREDIT MACHINERY IN CHARGE?

The Constitution of the United States, article 1, section 8, paragraph 5, says, "Congress shall coin money and regulate its value." Congress has farmed that great privilege out to private banks and the private bankers have not even agreed to supply a sufficient circulating media of exchange for the people. In truth and in fact it has been manipulated in the interest of a few to the detriment of the many.

The banks of the country are loaded to the brim with Government bonds. They are not paying interest on their demand deposits, which are used to purchase Government bonds, and the banks get the interest on the bonds. They are not functioning as banks should function. They are retarding the whole recovery program, and if something is not done to compel action by them in the direction of extending loans to commerce, industry, and agriculture there is danger of the program being completely destroyed. The small bankers say they are not responsible, the large bankers say they are not responsible, the Federal Reserve Board says the Federal Reserve banks are not responsible. The fact remains credit is not being extended and regardless of who is responsible something must be done.

UNCLE SAM PAYS INTEREST ON OWN CREDIT

The Federal Reserve banks are loaded down with Government bonds purchased on Government credit. If I were to give someone $2,500 to pay the remainder due on the mortgage on my home and that person paid the $2,500, kept the mortgage and at the end of the year should come to me and ask that I pay interest on the $2,500 mortgage the same as if I had never furnished him the money to pay it, I would think that he was foolish. That is what the Federal Reserve banks do every day. They buy Uncle Sam's bonds with Uncle Sam's credit, get the bonds transferred to them, and continue to collect interest from Uncle Sam on the bonds. They collected $10,000,000 more this way last year than the total cost of their operating expenses, dividends, losses, and so forth. They pay high salaries to their officers and employees; it would shock you to know the high salaries they pay. The Government is in effect furnishing the money and they are spending it. Congress has no control over their activities. Congress has heretofore farmed out the great privilege of issuing money and credit to the 12 Federal Reserve banks. If Congress allows them to keep that privilege, Congress is to be blamed. A Member of the House has no right to blame the Senate, the judiciary, or the President. Congress is to be blamed, because the Constitution imposes upon it the duty of issuing money and regulating its value, and every Member of Congress takes an oath that he will support the Constitution.

CHISELING AMENDMENTS FOR THE FEDERAL RESERVE

No private corporation on earth and no corporation owned by corporations on earth has ever had so many chiseling amendments adopted in its favor as the Federal Reserve banks of this country have. They were first intended to supply credit to commerce, industry, and agriculture; they were not supposed to make a profit; if they did make a profit over 6 percent on their capital stock, they were supposed to pay that profit into the Treasury of the United States, because they were using the credit of the Nation free and all excess profits should go into the Treasury for the benefit of the people; they were not supposed to issue money on gold or Government securities; they were supposed to furnish an elastic currency in the interest of the people. One so-called "perfecting amendment" after another has completely changed the whole set-up. Not only have they become profit-making institutions, but legislation in their favor has been so manipulated that they can make and keep all the profits they make; the sky is the limit; they pay no taxes, except the very small amount on the real estate they own. They have a nontaxable monopoly on the use of the Government's credit; they have so far arranged to use the people's credit, which they use without charge, in the interest of the private banks that own them. They have an exclusive franchise that is worth billions of dollars. Congress has given it to them; Congress is allowing them to keep it.

A NEW BONUS FOR THE FEDERAL RESERVE

When the Federal Deposit Insurance Corporation bill was enacted last year Congress appropriated about $140,000,000 of the people's money from the reserve funds of the Federal Reserve banks to the insurance fund. These banks did not like that; they wanted to keep that money. Now it is proposed to give this money to these banks if they will promise to consider loans to industry to that amount. It is nothing but a grab; I have heard about raids on the Treasury; this is one of the worst I have ever known. It is also proposed to let these banks build a new million-dollar building here in Washington for the Federal Reserve Board. It looks like an effort to get away from the Government entirely; they do not even want their officials housed in Government buildings. However, they insist on keeping the privilege of issuing money on the credit of the Nation, which is a mortgage on your home, my home, all the property and incomes of all the people, and not pay one penny on earth for it, and, in addition, have their transactions exempt for the payment of taxes to the Federal Government, the State governments, the county governments, the city governments, or any other kind of a government as they are now.

THE RECONSTRUCTION FINANCE CORPORATION BILL

I much prefer the Reconstruction Finance Corporation proposal for direct loans to industry. Three quarters of a billion dollars should be provided for that purpose. Whatever is done, the $140,000,000 bonus and bribe to Federal Reserve banks should be stopped. It should not get a single vote in the House.

THE BEST PLAN OF ALL

The best way to get credit extended to commerce, industry, and agriculture is for the Government to immediately take over and operate the 12 Federal Reserve banks. Then credit can be extended to all banks—not just the member banks—to all industries, and for every purpose for which credit is needed.

FRAMER OF FEDERAL RESERVE LAW ADMITS GOVERNMENT SHOULD NOW TAKE THEM OVER

The Honorable Robert L. Owen, ex-United States Senator from Oklahoma and framer of the Federal Reserve Act, has become disgusted with the way it has been operated against the public interest. He has written an interesting letter to me in support of the proposal that these banks should be

taken over by the Government and operated in the interest of the people. Permission having been granted, it is inserted herewith:

SOUTHERN BUILDING,
Washington, D.C., May 5, 1934.

Hon. WRIGHT PATMAN,
Member of Congress, Washington, D.C.

MY DEAR MR. PATMAN: Answering your request as to my views on the suggestion that the United States should acquire the stock of the Federal Reserve banks, I respectfully reply.

On May 18, 1920, when the representatives of the Reserve banks met in Washington with certain members of the Reserve Board and declared in favor of contracting bank credit and currency (see S.Doc. No. 310, February 1923), I denounced this policy on the floor of the United States Senate and stated that in my opinion if the Federal Reserve banks were used against the public interests to contract credit and currency and cause depression, they should not be surprised if the people of the United States should take over these banks and make them strictly public banks. The Federal Reserve banks were intended to operate in the public interest. But in 1921 they deliberately caused drastic contraction of bank credit and United States currency, resulting immediately in a loss of national production of $15,000,000,000. It caused the unemployment of 5,000,000 people and bankrupted 5,000 banks. They led the way in contracting credit in 1929. It was the contraction of bank credit, bank loans, bank deposits, and bank-deposit check money, beginning October 1929, which resulted finally in the bank holiday of March 1933, when every bank in the United States suspended for a brief period. This second panic caused a loss of $41,000,000,000 of national production in 1932, and 13,000,000 people were thrown out of employment and a much larger number were put on short time and cut wages.

The second depression bankrupted 10,000 banks and caused a shrinkage of market value in stocks and bonds of over $100,000,000,000 and a shrinkage in other property values of $100,000,000,000 more. It caused a shrinkage of the market value of the stocks listed on the New York Stock Exchange from $89,000,000,000 in September 1929 to $15,000,000,000 in June 1932. It bankrupted millions of men, and others are still going through bankruptcy. Such unwise management of the banking system of the United States is indefensible, and no man has attempted to defend it.

Twenty or thirty explanations have been given by orthodox economists which were entirely unsound. There is but one adequate cause of this depression, and it stands up as clearly visible as the Washington Monument from the White House. It is the same cause which produced the depression of 1921, the contraction of bank credit and currency. No man can deny that the Republican platform of June 10, 1920, deliberately proposed as a policy the contraction of credit and currency for the purpose of lowering the value of commodities (the products of human labor) and to raise correspondingly the purchasing power of money. The platform said so. Mr. Harding in his speech of acceptance in July 1920 emphasized the declaration of this policy, and when he was elected bank credits were immediately contracted $6,000,000,000 and United States currency was contracted $1,500,000,000. The immediate result was that the dollar index rose from 60 to 107 in June 1921, an increase of nearly 80 percent, and the commodity index fell from 166 to 93. No honest, informed man can deny these facts or that the immediate depression of 1921 was caused by the deliberate contraction of credit and currency in a crusade led by the Reserve banks and certain conservative members of the Federal Reserve Board. In 1924 the Democratic National Convention in New York denounced this action of the Harding administration in creating a depression by contracting bank credit and United States currency.

The national convention of the Democratic Party in Chicago recited as a cause for depression of 1929–32 was the uncontrolled expansion and contraction of credit for private profit at public expense and the Republican platform stated the case still more clearly.

Of course, the only thing which can contract the market values of all forms of property in terms of dollars is the contraction of the supply of dollars with which to buy such property.

It is a sound monetary axiom that the value of money depends upon the supply of money in relation to the demand for money. The value of anything depends upon the law of supply and demand. You can raise the value of pigs by diminishing the supply without affecting the general value of money. The value of anything in terms of dollars depends upon the supply of and demand for the thing bought and the supply of and demand for dollars or money.

WHAT IS MONEY?

Money is the medium of exchange and consists of anything which is generally acceptable as a means of payment for other things. In the United States the money consists of subsidiary coin and paper money, which is used both for a medium of exchange and for hoarding money for future use. This United States currency comprises in normal times about one tenth of the money of the country. Bank deposits on which checks are drawn comprise more than nine tenths of the money of the country, and bank checks as money transacts over nine tenths of our national business. In 1929 the bank deposits, including interbank deposits, amounted to about $55,000,000,000, while the United States currency amounted to about $5,000,000,000. The actual turn-over of check money in 1929 was $1,200,000,000,000, while the turn-over of currency was about $100,000,000,000.

In 1927–29 there was inflation of bank loans and consequent bank deposits and consequent check money for the purpose of operations on the stock exchanges. The brokers' loans rose to a total of $11,000,000,000 and as a consequence the value of money in terms of stocks went down, and the value of stocks in terms of money went up, so that stocks had an inflated value on the New York Stock Exchange alone of probably $23,000,000,000. In October and November 1929, $6,000,000,000 of these loans were called or paid out, resulting in an avalanche of stocks held on margin being thrown on a comparatively undefended market. There was an immediate loss in market value of stocks and the market loss on such stocks listed on the various exchanges of approximately $30,000,000,000. The inflated values of stocks were wiped out with colossal losses to people who bought on the higher market.

These losses of $30,000,000,000 were distributed among 20,000,000 shareholders, over three fourths of whom probably were not speculators at all. Within 90 days there was a loss in consumption, production, and employment, and building contracts of about 25 percent, establishing a vicious spiral downward which did not cease until 13,000,000 people were out of employment, 10,000 banks failed, and the complete collapse of our credit structure had taken place. During 1931 and 1932 the great liquidation took place, when it became obvious that the Hoover administration would not take the steps to end contraction by the remedy of expansion. The values of the stocks listed on the New York Stock Exchange fell from $89,000,000,000 in 1929 to $15,000,000,000 in June 1932 and our national production fell from $89,000,000,000 to $43,000,000,000 in terms of the 1926 dollar, and to a smaller amount measured in the value of dollars of 1932.

PUBLIC OWNERSHIP OF THE RESERVE BANKS

Under these terrible results of unguided mismanagement of our national banking system, your proposal for the Government of the United States to buy the stock of the Federal Reserve bank, I should think would appeal to thoughtful men everywhere, especially to those who engage in investment banking and in commercial banking on legitimate lines. It may not appeal to those who make their money by gambling on the gamblers in bull markets and on distressed debtors in bear markets.

ADVANTAGES OF PUBLIC OWNERSHIP

The first great advantage would be to put the financial powers of the United States fully and completely behind the Reserve banks. This would enable these banks to be conducted strictly in the public interest for the advancement of industry, commerce, transportation, and sound banking. It would enable the Government through these banks to help any solvent bank anywhere through a temporary difficulty. It would put a complete end to the violent fluctuation of investments and property values of all kinds. It would prevent depressions; it would prevent unemployment; it would make the savings of the people secure. Every thoughtful banker should approve Government ownership of the Reserve banks.

Second, all the Government would have to do would be to give a credit on the books of the Reserve banks for the book value of the stock owned by member banks with interest to date and perhaps a small bonus, if that be deemed necessary and just.

Third, when this should have been done these banks could be and should be directed by the Reserve Board to buy United States bonds, especially the 4-percent bonds, giving credit for the value thereof on the books of the Reserve banks. This would establish deposits against Government bonds which when transferred to others would become comparatively permanent deposits subject to check and thus provide a reservoir of check money to replace the deposits which have been canceled by the liquidation of private loans due the banks.

It should be remembered that under this depression over $20,000,000,000 of debts to the banks were liquidated by checks drawn on deposits in such banks, thus retiring about $20,000,000,000 of check-money deposits. The effect of such cancelation of deposits is demonstrated by the figures of the Reserve Board which show that there was $1,200,000,000,000 of checks cashed by all the banks in 1929 and less than $400,000,000,000 in 1933, a clean loss of about $800,000,000,000 of annual check-money turnover. In other words, two thirds of our check money vanished because of the cancelation of these deposits on which check money is drawn.

There is only $14,000,000,000 of demand deposits remaining and of this 60 percent consists of accounts of $10,000 or more which are owned by eight tenths of 1 percent of the depositors.

If the Government, therefore, were to immediately begin buying these Government bonds on a large scale, the bank deposits subject to check would immediately rise in like degree. Credit would begin to expand and would be comparatively liquid in form. Such bank deposits would have a great advantage over bank deposits based on private debts due the bank on paper of 30 to 90 days. The new deposits based on Government bonds would have stability and could not be suddenly contracted.

The banks would have the same and better advantages of accommodation than they have now. Their deposits would rise in proportion to these purchases, and rise on a permanent basis. They would be thus enabled to extend short-time and long-time loans with no fear of such deposits being retired from the banking system.

This public policy of the United States would mean that property values were going to rise because of a rising volume of check money on deposits subject to Government control. The manufacturers, merchants, and bankers would also respond because

they would all visualize a rising market in commodities, in inventories, in property, and a certain increase in income.

The most important feature is that the Government would thus be able to expand credit to whatever extent necessary on grounds of absolute safety; to stop expanding when the ends were accomplished; and to contract such deposits if the commodity index went above par or, what is precisely the same thing, if the dollar index fell below par. All the Government would have to do to stop the rise in commodity values would be to sell its bonds and withdraw deposits of a like amount into the Federal Reserve banks or into the Treasury.

THE CONSTITUTIONAL DUTY OF CONGRESS

The Constitution, article I, section 8, paragraph 5, authorizes Congress to coin money and regulate the value thereof. Under this authority and obligation Congress has authorized subsidiary coin and paper money in an amount of $5,500,000,000, of which $500,000,000 is abroad or lost. Of this currency, about two fifths is estimated to be in hoarding, but this money is only one tenth of the national requirement, because the total money of the country in normal times is 10 times the United States currency. The check money system was made compulsory by the failure of the United States to furnish currency in an adequate amount. As a consequence, citizens established banks and issued loans and established deposits 10 times the amount of the currency they could command.

The checking system has substantial advantages in many ways, preserving a record of the people's business, and safeguarding their operations against theft and robbery of currency. But by the public ownership of Reserve banks, the Government can increase the deposits of banks to the extent required to furnish check money and can diminish it when necessary to prevent inflation. Only in this way can the Congress of the United States discharge this constitutional duty. The value of money depends on supply and demand, and the Government must be able to control and regulate the supply of money, and the plan you have proposed will accomplish it.

When money in adequate amount is furnished, the value of farm property and farm products and the products of all unorganized business will receive the benefits immediately. I remind you that the census of the Agricultural Department showed a shrinkage of the property of the farms and ranches from $79,000,000,000 to $58,500,000,000, a loss of over $20,000,000,000 due to the contraction of 1921. It is far worse now. I think the attempt to advance the farmers' interest by killing pigs would be disappointing. That remedy is based on the theory of overproduction of pigs. There can be no overproduction of 784 commodities, representing all the products of human labor. When the manufacturer spends his money to manufacture a product, the money he pays for salaries, wages, rent, maintenance, interest, etc., creates a buying power exactly equal to the cost. He may not make profit; he may suffer loss of capital; but he cannot create goods without creating coincidentally the purchasing power to buy such goods. Our difficulty is underconsumption, underproduction, and unemployment. Under Woodrow Wilson's administration and an expansion of credit and currency the country reached a high degree of prosperity, bank failures fell to zero, and we were not distressed by the cry of overproduction or unemployment. Highly organized industries can fix and regulate their prices as United States Steel does. Farmers cannot do so. When money is abundant the farm products will rise, and the balance between them and steel workers will tend to balance.

When the present administration declared the object of restoring the commodity index to normal (which is precisely the same thing as reducing the purchasing power of money to normal) and Congress passed the Thomas amendment, the commodity index by July 15 went from 60 to 71, and the value of stocks listed on the New York Stock Exchange rose from $19,900,000,000 to $36,300,000,000, and when it was announced that the administration would delay expanding credit and currency, the rise of stock-market values and of the general commodity index immediately stopped and it made no substantial increase since. Of course not.

I believe the plan proposed would be of the most far-reaching importance, and would have the happy effect of overcoming the complaints and difficulties of the administration's program for restoring employment and improving the conditions of industry.

I regret that I cannot help believe that the President is being advised by those who do not fully grasp the importance of regulating the value of money. Under this depression we have seen the value of money rise even in terms of the necessaries of life to 66 percent above normal, and in terms of stocks 600 percent, and in terms of some stocks 1,000 percent.

I think the administration has the greatest opportunity for human service in the recorded annals of man. It would be most deplorable if the fullest advantage were not taken of it.

Yours very respectfully,

ROBERT L. OWEN.

LOAN EQUIPMENT FOR SIXTEENTH ANNUAL CONVENTION AMERICAN LEGION

Mr. SEARS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 9123) to authorize the Secretary of War to lend War Department equipment for use of the Sixteenth National Convention of the American Legion at Miami, Fla., during the month of October 1934, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of War is authorized to lend, at his discretion, to the American Legion 1934 Convention Corporation, for use at the Sixteenth National Convention of the American Legion to be held at Miami, Fla., in the month of October 1934, such tents, cots, blankets, and mattresses or bed sacks and other available stock out of the Army and National Guard supplies as such corporation may require to house properly Legionnaires attending such convention: *Provided*, That no expense shall be caused the United States Government by the delivery and return of such property, the same to be delivered at such time prior to the holding of such convention as may be agreed upon by the Secretary of War and the American Legion 1934 Convention Corporation, through the executive vice president of such corporation, Charles A. Mills: *Provided further*, That the Secretary of War, before delivering such property, shall take from such corporation a good and sufficient bond for the safe return of such property in good order and condition, and the whole without expense to the United States.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Is this the usual bill that provides for the loan of equipment?

Mr. SEARS. Yes.

Mr. MARTIN of Massachusetts. And the bill comes with the unanimous report of the committee?

Mr. SEARS. Yes.

The SPEAKER. Is there objection?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

UNITED STATES BOTANIC GARDEN

Mr. KELLER. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 327, authorizing the appointment of a planning committee in connection with the United States Botanic Garden, and for other purposes.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, is this the proposal that looks to transferring the Botanical Garden to the Agricultural Department?

Mr. KELLER. No. There has been a wrangle about this thing for about 20 years and we are asking for the appointment of a commission to study it and report back to the next Congress.

Mr. BLANTON. I am so unalterably opposed to transferring the Botanic Garden to the Department of Agriculture that I object to this bill, because I am afraid that such a transfer is its underlying purpose.

The SPEAKER. Objection is heard.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KNUTSON, for today, on account of illness.

To Mr. BURKE of California, for 2 days, on account of important business.

To Mr. BROOKS, for 1 week, on account of important business.

To Mr. CADY, for 3 days, on account of important business.

LAWS RELATING TO INDIANS

The SPEAKER laid before the House the following message from the Senate:

The Clerk read as follows:

Resolved, That the Secretary be directed to return to the House of Representatives, in compliance with its request, the engrossed bill of the Senate (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

The SPEAKER. The Clerk will report the Senate bill.

The Clerk read as follows:

Be it enacted, etc., That the following sections of title 25 of the Revised Code of Laws of the United States be, and they are hereby, repealed: Sections 171, 172, 173, 186, 219, 220, 221, 222, 223, 224, 225, and 226.

Mr. HOWARD. Mr. Speaker, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HOWARD: Strike out all after the enacting clause and insert the following:

"That sections 2111, 2112, 2113, 2120, 2134, 2147, 2148, 2149, 2150, 2151, 2152, and 2153 of the Revised Statutes (U.S.C., title 25, secs. 171, 172, 173, 186, 219, 220, 221, 222, 223, 224, 225, and 236), are hereby repealed."

Mr. BLANCHARD. Mr. Speaker, will the gentleman from Nebraska make a brief statement as to the purpose of the amendment?

Mr. HOWARD. Mr. Speaker, the bill we reported the other day was erroneously reported. We reported the code sections instead of the sections of the statute.

The SPEAKER. The question is on agreeing to the committee amendment.

The amendment was agreed to; and the bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A BIG ISSUE FOR RELIGION; ABOLITION OF WAR

Mr. BIERMANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and insert excerpts from an address by Dr. Stoddard Lane, of Des Moines, before the annual meeting of the Congregational Christian Conference of Iowa at Cedar Rapids a few days ago.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BIERMANN. Mr. Speaker, under unanimous consent to extend my remarks in the RECORD, I include excerpts from an address by Dr. Stoddard Lane, of Des Moines, before the annual meeting of the Congregational-Christian Conference of Iowa at Cedar Rapids a few days ago. Dr. Lane states in an able manner the duty of Christian churches and of professing Christians to devote themselves seriously and zealously to the prevention of war and to the promotion of enduring peace:

A BIG ISSUE FOR RELIGION; ABOLITION OF WAR

All of us recognize the fact that religion has to do with international relations. However you define religion, it must be concerned with the question of war and peace. The abolishment of war and the creation of peace is, to my mind, the main religious issue of the day.

Dr. Fosdick has said that "the essence of the Christian religion is reverence for human personality." There is nothing that degrades human personality so deeply and destroys human personality so effectually as war. It kills not only the bodies but the souls of men. War is the arch enemy of religion. It denies all that religion stands for.

MUST CARE ABOUT WAR

The Christian church must take this thing in earnest. If we care about the future of religion, or the future of the church, or the future of humanity, we have to care about war. How much in earnest are we in this matter? The recent questionnaire sent out by Kirby Page, to which 20,870 Protestant ministers and Jewish rabbis replied, clearly shows that there is a large group of clergymen in this Nation who are taking this issue in earnest.

Nearly 13,000 declared their determination not to sanction or participate in any future war. About 14,000 declared that the churches should now go on record as refusing to sanction or support any future war. About 16,000 favor substantial reduction in armaments even if the United States is forced to take the initiative and make proportionately greater reduction than other nations are willing to do. This is a significant expression of opinion and shows a large body of ministers who are vitally concerned with these issues.

WHERE DO LAYMEN STAND

But what about the laymen? What about the Congregational-Christian laymen of Iowa? The recent referendum on international affairs sent out to all Congregational-Christian churches of Iowa brought in some very interesting returns. The main trouble with these returns was their numerical inadequacy.

There are 181 Congregational-Christian churches in Iowa with active ministers. Only about 30 churches took action on the referendum with only about 1,200 people voting. I know that this is not a real index of the interest of Iowa Congregationalists in these vital questions.

I have been trying to analyze the replies and to see the trend of our thinking in these matters. We seem to be surest on the question of war materials. By a vote of 1,138 to 108, we believe that the greed of armament makers for private profit has much to do with the production of war scares and with the starting and continuation of armament races.

WOULD NATIONALIZE MUNITIONS

It is significant that by a vote of 1,065 to 98 we also believe that war-material industries of all kinds should be nationalized. This means that we are waking up to the power and peril of private munition makers.

The next point on which we are most nearly agreed is that of military training. By a vote of 878 to 342, we are opposed to compulsory military training in tax-supported schools. We are, however, not nearly so sure that our churches should urge the boys to refuse to take military training. By a small majority of 622 to 522 we are in favor of this move. I presume that with some the issue of military training is not a moral issue at all; they regard it simply as a waste of time. Probably with some others, the idea is that we must not encourage the boys in disobedience of the law. There is no State or Federal law making military training compulsory. It is simply a university ruling or a regulation laid down by a board of education. But apparently there are some who feel that in any case it must be obeyed.

AGAINST A BIG NAVY

We are against the big-navy policy by a vote of 830 to 369. We do not believe that you get peace by preparing for war. We are convinced that armaments are a primary cause of war and that they had much to do with producing the world catastrophe in 1914. We are doing today just what Europe was doing then. The world is spending $4,500,000,000 a year on armaments, with the United States leading the way. And now we have our Vinson bill making possible the building of $1,000,000,000 worth of ships. And so another armament race is on, and armament races always wind up in war.

The last two questions of the referendum had to do with acts of good will. With a comparatively small vote we are in favor of the repeal of the Platt amendment. Much to my surprise, we voted against the repeal of the Japanese Exclusion Act by a vote of 595 to 505. I am convinced that some of this voting is due to a misunderstanding. I am sure that many people do not realize that the admission of the Japanese to the United States on a quota basis on a par with European nations would mean the admission of not more than 200 Japanese a year. Perhaps also they do not realize what a thorn in Japanese flesh this Exclusion Act has been.

A DIFFERENT BASIS USED

We have excluded orientals on a different basis from anybody else, on a basis solely of race, which has been a sore blow to Japanese pride. Perhaps some of this vote is an expression of resentment. Doubtless some people feel resentful against the Japanese because of their disregard for treaty obligations in Manchuria and their recent pronouncement of a "hands-off policy." They may feel that Japan is an outlaw nation which deserves no consideration. My own feeling is that you cannot promote good will through resentment.

The results of the referendum convince me that there is a large number of people who are taking these questions in earnest and trying to think them through on a Christian basis. We must keep on thinking and we must keep on devising ways of constructive action. We must find ways of strengthening the peace machinery of the world; we must find ways of dramatizing the peace movement; we must find ways of capturing patriotism for peace; we must be definite and positive.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills and an enrolled joint resolution of the Senate of the following titles:

S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska;

S. 2566. An act authorizing the conveyance of certain lands in the State of Nebraska;

S. 2825. An act to provide for an appropriation of $50,000 with which to make a survey of the old Indian trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway"; and

S.J.Res. 36. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on May 8, 1934, present to the President, for his approval, a bill of the House of the following title:

H.R. 3900. An act authorizing the Secretary of the Treasury to pay subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 8 minutes p.m.) the House adjourned until tomorrow, Thursday, May 10, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, May 10, 10 a.m.)

Continuation of the hearings on H.R. 8301, communications bill.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Thursday, May 10, 10 a.m.)

Hearings on H.R. 9223.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CULLEN: Committee on Ways and Means. H.R. 9322. A bill to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes; with amendment (Rept. No. 1521). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES: Committee on Agriculture. H.R. 9471. A bill to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity future exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges, by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes; without amendment (Rept. No. 1522). Referred to the Committee of the Whole House on the state of the Union.

Mr. DIMOND: Committee on the Territories. H.R. 9402. A bill to authorize the incorporated town of Fairbanks, Alaska, to undertake certain municipal public works, including construction, reconstruction, and extension of sidewalks; construction, reconstruction, and extension of sewers, and construction of a combined city hall and fire-department building, and for such purposes to issue bonds in any sum not exceeding $50,000; without amendment (Rept. No. 1523). Referred to the House Calendar.

Mr. DIMOND: Committee on the Territories. H.R. 9468. A bill to authorize the incorporated town of Seward, Alaska, to issue bonds in any sum not exceeding $60,000 for the purpose of constructing and installing a municipal light and power plant in the town of Seward, Alaska; without amendment (Rept. No. 1524). Referred to the House Calendar.

Mrs. GREENWAY: Committee on Indian Affairs. H.R. 8982. A bill to define the exterior boundaries of the Navajo Indian Reservation in New Mexico, and for other purposes; with amendment (Rept. No. 1525). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARLAN: Committee on the District of Columbia. H.R. 9178. A bill to regulate the business of life insurance in the District of Columbia; without amendment (Rept. No. 1526). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ROBINSON: A bill (H.R. 9562) granting certain lands to the University of Utah in Salt Lake County, Utah; to the Committee on Military Affairs.

By Mr. SMITH of Washington: A bill (H.R. 9563) authorizing the county of Wahkiakum, a legal political subdivision of the State of Washington, to construct, maintain, and operate a bridge and approaches thereto across the Columbia River between Puget Island and the mainland, Cathlamet, State of Washington; to the Committee on Interstate and Foreign Commerce.

By Mr. BOYLAN: A bill (H.R. 9564) to reclassify salaries of employees in the custodial service of the Treasury and Post Office Departments of the United States; to the Committee on the Civil Service.

By Mr. McCORMACK: A bill (H.R. 9565) to authorize and empower the Federal Emergency Administration of Public Works to make loans to veterans' organizations for the construction or repair of quarters for local posts or units; to the Committee on Ways and Means.

By Mr. LEMKE: A bill (H.R. 9566) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. MOREHEAD: A bill (H.R. 9567) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. McCANDLESS: A bill (H.R. 9568) to withdraw and restore to their previous status under the control of the Territory of Hawaii certain Hawaiian homes lands now in use as an airplane landing field; to the Committee on the Territories.

By Mr. COCHRAN of Missouri: A bill (H.R. 9569) authorizing the Comptroller General of the United States to allow credit in the accounts of disbursing officers for overpayments of wages on Civil Works Administration projects and waiving recovery of such overpayments; to the Committee on Expenditures in the Executive Departments.

By Mr. LANZETTA: A bill (H.R. 9570) to amend the act of May 9, 1934, entitled "An act to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes"; to the Committee on Agriculture.

By Mr. CONNERY: A bill (H.R. 9571) granting the consent of Congress to the county commissioners of Essex County, in the State of Massachusetts, to construct, maintain, and operate a free highway bridge across the Merrimack River in the city of Lawrence, Mass.; to the Committee on Interstate and Foreign Commerce.

By Mr. DELANEY: Resolution (H.Res. 379) requesting the Navy Department to submit to the House Naval Affairs Committee on or before December 31, 1934, figures showing the estimated cost to construct at Floyd Bennett Field, Brooklyn, N.Y., suitable facilities to house dirigibles, airplanes, and seaplanes; to the Committee on Naval Affairs.

By Mr. PALMISANO: Resolution (H.Res. 380) for the consideration of S. 3272, a bill for the relief of the city of Baltimore; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DICKINSON: A bill (H.R. 9572) granting a pension to Eliza James; to the Committee on Invalid Pensions.

By Mr. DUFFEY: A bill (H.R. 9573) for the relief of Justin G. Ballou; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 9574) for the relief of Jacob Santavy; to the Committee on Claims.

By Mr. HANCOCK of New York: A bill (H.R. 9575) granting a pension to Mary Metzger; to the Committee on Invalid Pensions.

By Mr. HILL of Alabama: A bill (H.R. 9576) for the relief of the State of Alabama; to the Committee on Military Affairs.

By Mr. LLOYD: A bill (H.R. 9577) for the relief of Raymond H. Weller; to the Committee on Military Affairs.

By Mr. McCORMACK: A bill (H.R. 9578) for the relief of Joseph Thomas Croke; to the Committee on Naval Affairs.

Also, a bill (H.R. 9579) for the relief of Thomas J. Duffy; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4581. By Mr. CONNERY: Petition of New England Section of National Association of Amusement Parks, relative to the

responsibility of publicly owned parks, pools, and beaches under national industrial codes; to the Committee on Banking and Currency.

4582. By Mr. LINDSAY: Petition of the New York Mercantile Exchange, New York City, objecting to certain features of S. 3326; to the Committee on Interstate and Foreign Commerce.

4583. Also, telegram from Adelaide J. Huff, Brooklyn, N.Y., opposing the passage of the Vinson bill (H.R. 9068); to the Committee on Naval Affairs.

4584. Also, petition of the Associated General Contractors of America, Inc., Washington, D.C., endorsing the Cartwright bill (H.R. 8781) for highway funds; to the Committee on Roads.

4585. Also, petition of the New York State Association of Highway Engineers, Rochester, N.Y., urging support and passage of the Cartwright bill (H.R. 8781); to the Committee on Roads.

4586. Also, petition of Joseph Byrne, New York City, opposing the stock exchange regulatory bill as passed by the House; to the Committee on Interstate and Foreign Commerce.

4587. By Mr. McLEOD: Petition of approximately 95 citizens of Grayville, Ill., urging the immediate enactment of the McLeod bank depositors pay-off bill; to the Committee on Rules.

4588. Also, petition of approximately 8,000 citizens of Detroit, Mich., forwarded by the Detroit Times, urging the immediate enactment of the McLeod bank depositors pay-off bill; to the Committee on Rules.

4589. Also, petition of approximately 25,000 citizens of the State of Ohio, forwarded by the Cleveland News, Cleveland, Ohio, urging the immediate enactment of the McLeod bank depositors pay-off bill; to the Committee on Rules.

4590. By Mr. SMITH of Washington: Petition containing approximately 550 names of residents in southwestern section of State of Washington in support of the Townsend old-age revolving pension fund; to the Committee on Labor.

4591. By Mr. RUDD: Petition of Catholic Central Verein of America, New Jersey branch, Union City, N.J., favoring the passage of the Rudd bill (H.R. 8977) to amend the Radio Act of 1927, approved February 23, 1927; to the Committee on Merchant Marine, Radio, and Fisheries.

4592. Also, petition of the Associated General Contractors of America, Inc., favoring the passage of the Cartwright bill (H.R. 8781); to the Committee on Roads.

4593. Also, petition of New York Mercantile Exchange, New York City, opposing certain features of Senate bill 3326; to the Committee on Interstate and Foreign Commerce.

4594. Also, petition of the New York State Association of Highway Engineers, Rochester chapter, favoring the passage of the Cartwright bill (H.R. 8781); to the Committee on Roads.

4595. By the SPEAKER: Petition of Henry C. Carr and others, urging the adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4596. Also, petition of the Altar Sodality of St. Edmunds Parish, Watseka, Ill., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4597. Also, petition of St. Edmunds Parish, Watseka, Ill., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4598. Also, petition of Catholic Daughters of America, Beloit, Kans., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4599. Also, petition of Catholic Chinese Social Center, San Francisco, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

THURSDAY, MAY 10, 1934

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

O God, the King of Glory, who, though enshrined in mystery, dost ever reveal Thyself in the wondrous sacrament of love: Vouchsafe unto us at this morning hour a glimpse of the invisible which hovers like a consecration over the gross world of sense, touching its homely nature with the unearthly gleam of a divine beauty, that our work may be transfigured as we pursue the quest of Thy eternal purpose.

Implant in us the spirit of reverence for that order whereby past is knit to present, and give us each day a deeper sense of fellowship, that we may become a united people, a holy nation crowned with righteousness and courage, and march breast forward to the city of our God. We ask it in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar day of Wednesday, May 9, when, on motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hebert	Pittman
Ashurst	Couzens	Johnson	Pope
Austin	Cutting	Kean	Reynolds
Bachman	Davis	Keyes	Robinson, Ark.
Bailey	Dickinson	King	Schall
Bankhead	Dill	La Follette	Sheppard
Barbour	Duffy	Lewis	Shipstead
Barkley	Erickson	Logan	Smith
Black	Fess	Lonergan	Steiwer
Bone	Fletcher	McCarran	Stephens
Borah	Frazier	McGill	Thomas, Okla.
Brown	George	McKellar	Thomas, Utah
Bulkley	Gibson	McNary	Thompson
Byrd	Glass	Metcalf	Townsend
Byrnes	Goldsborough	Murphy	Trammell
Capper	Gore	Neely	Tydings
Caraway	Hale	Norbeck	Vandenberg
Carey	Harrison	Norris	Van Nuys
Clark	Hastings	Nye	Walcott
Connally	Hatch	O'Mahoney	Walsh
Coolidge	Hatfield	Overton	Wheeler
Copeland	Hayden	Patterson	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. McADOO] is absent because of illness; that the Senator from Georgia [Mr. RUSSELL] is absent on account of a death in his family, and that the Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate.

Mr. HEBERT. I wish to announce the unavoidable absence of the Senator from Pennsylvania [Mr. REED], the Senator from Indiana [Mr. ROBINSON], and the Senator from Maine [Mr. WHITE]. I ask that this announcement shall stand for the day.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 752. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; and

S. 2671. An act repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

The message also announced that the House had passed a bill (H.R. 9123) to authorize the Secretary of War to lend War Department equipment for use at the Sixteenth National Convention of the American Legion at Miami, Fla., during the month of October 1934, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska;

S. 2566. An act authorizing the conveyance of certain lands to the State of Nebraska;

S. 2825. An act to provide for an appropriation of $50,000 with which to make a survey of the Old Indian Trail, known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway"; and

S.J.Res. 36. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.

PURCHASE OF VEHICLES FROM EMERGENCY RECOVERY FUNDS

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, in response to Senate Resolution 217 (submitted by Mr. DICKINSON and agreed to Apr. 25, 1934), a report concerning purchases of passenger-carrying vehicles out of emergency recovery funds, which, with the accompanying papers, was ordered to lie on the table.

GASOLINE PRICES (S.DOC. NO. 178)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, transmitting, pursuant to Senate Resolution 166 (submitted by Mr. BORAH and agreed to Feb. 2, 1934), directing the Federal Trade Commission to investigate price fixing in the steel industry and increases in gasoline prices, a report relative to increase in the price of gasoline during the last 6 months, and what the increase of price means to the users of gasoline throughout the country in the way of additional cost, which, with the accompanying report, was ordered to lie on the table and to be printed.

SUGAR REPORT OF TARIFF COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting printed copy of a report sent to the President by the Commission in an investigation for the purposes of section 336 of the Tariff Act of 1930 with respect to sugar (with supplemental report on molasses and sugar sirups), instituted upon applications from interested parties, together with copy of notice issued by the Commission concerning the action of the President thereon, which, with the accompanying papers, was referred to the Committee on Finance.

PETITIONS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Howard W. Raines, of Baltimore, Md., praying for the prompt passage of the bill (H.R. 1) to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates, which was referred to the Committee on Finance.

Mr. ROBINSON of Arkansas presented a letter from James L. Cooke, chairman of the Territorial Democratic convention, Honolulu, Hawaii, enclosing a resolution adopted by that convention favoring full extension to the Territory of Hawaii of the operations of the Federal Deposit Insurance Corporation, guaranteeing bank deposits up to $2,500, which, with the accompanying paper, was referred to the Committee on Territories and Insular Affairs.

REPORTS OF COMMITTEES

Mr. THOMAS of Oklahoma, from the Committee on Appropriations, to which was referred the bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes, reported it with amendments and submitted a report (No. 930) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 3491) authorizing the State Highway Departments of the States of Minnesota and North Dakota to construct, maintain, and operate certain free highway bridges across the Red River from Moorhead, Minn., to Fargo, N.Dak., reported it with an amendment and submitted a report (No. 964) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3493. An act to revive and reenact the act entitled "An act authorizing H. C. Brenner Realty & Finance Corporation, its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near a point between Cherokee and Osage Streets, St. Louis, Mo.", approved February 13, 1931 (Rept. No. 965);

H.R. 8241. An act to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, and Youghiogheny Rivers, in the county of Allegheny, Pa. (Rept. No. 931);

H.R. 8714. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C. (Rept. No. 932);

H.R. 8937. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River at or near Delphi, Ind. (Rept. No. 933);

H.R. 8951. An act authorizing the city of Shawneetown, Ill., to construct, maintain, and operate a toll bridge across the Ohio River at or near a point between Washington Avenue and Monroe Street, in said city of Shawneetown, and a point opposite thereto in the county of Union and State of Kentucky (Rept. No. 934);

H.R. 9000. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Holtwood, Lancaster County (Rept. No. 935);

H.R. 9065. An act granting the consent of Congress to the Department of Public Works of the Commonwealth of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at Turners Falls, Mass. (Rept. No. 936);

H.R. 9257. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County (Rept. No. 937); and

H.R. 9271. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Millersburg, Dauphin County, Pa. (Rept. No. 938).

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1947) to provide for the creation of the St. Croix Island National Monument located near the mouth of the St. Croix River in the State of Maine, and for other purposes, reported it with amendments and submitted a report (No. 939) thereon.

Mr. BAILEY, from the Committee on Claims, to which was referred the bill (S. 3096) for the relief of John T. Garity, reported it without amendment and submitted a report (No. 940) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 2619) for the relief of E. Clarence Ice, reported it with amendments and submitted a report (No. 941) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 2272) for the relief of Bert Moore, reported it with amendments and submitted a report (No. 942) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3366. An act for the relief of C. O. Meyer (Rept. No. 943); and

H.R. 3056. An act for the relief of James B. Conner (Rept. No. 944).

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 1158. An act for the relief of Annie I. Hissey (Rept. No. 945);

H.R. 1933. An act for the relief of Philip F. Hambsch (Rept. No. 946);

H.R. 2322. An act for the relief of C. K. Morris (Rept. No. 947);

H.R. 2438. An act for the relief of Ruby F. Voiles (Rept. No. 948);

H.R. 3161. An act for the relief of Henry Harrison Griffith (Rept. No. 949); and

H.R. 7289. An act for the relief of H. A. Soderberg (Rept. No. 950).

Mr. CAPPER also, from the Committee on Claims, to which was referred the bill (H.R. 2418) for the relief of certain claimants at Leavenworth, Kans., occasioned through damage to property inflicted by escaping prisoners, reported it with an amendment and submitted a report (No. 951) thereon.

He also, from the same committee, to which was referred the bill (H.R. 2414) for the relief of Emerson C. Salisbury, reported it with amendments and submitted a report (No. 952) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 3486) for the relief of George L. Rulison, reported it with an amendment and submitted a report (No. 953) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 1977. An act for the relief of R. A. Hunsinger (Rept. No. 954);

H.R. 3295. An act for the relief of the estate of White B. Miller (Rept. No. 955);

H.R. 3300. An act for the relief of George B. Beaver (Rept. No. 956);

H.R. 3302. An act for the relief of John Merrill (Rept. No. 957); and

H.R. 4690. An act for the relief of Eula K. Lee (Rept. No. 958).

Mr. GIBSON, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 2433. An act for the relief of Anna H. Jones (Rept. No. 959); and

H.R. 7168. An act for making compensation to the estate of Nellie Lamson (Rept. No. 960).

Mr. TOWNSEND, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3307. An act for the relief of W. H. Le Duc (Rept. No. 961);

H.R. 1943. An act for the relief of A. H. Powell (Rept. No. 962); and

H.R. 2054. An act for the relief of John S. Cathcart (Rept. No. 963).

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which were referred the following bills, reported them each without amendment and submitted a report, as indicated:

S. 2868. An act to remove inequities in the law governing eligibility for promotion to the position of chief clerk in the Railway Mail Service; and

H.R. 5477. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight (Rept. No. 966).

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 3544) to extend further the operation of an act of Congress approved January 26, 1933 (47 Stat. 776) entitled "An act relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects", reported it without amendment and submitted a report (No. 967) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 9th instant that committee presented to the President of the United States the following enrolled bills:

S. 285. An act to authorize the addition of certain lands to the Ochoco National Forest, Oreg.;

S. 618. An act to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes";

S. 1506. An act to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon;

S. 1810. An act to amend the act authorizing the issuance of the Spanish War Service Medal;

S. 2681. An act authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport;*

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union;

S. 3099. An act authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River, at Wheeling, W.Va.; and

S. 3355. An act to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 3583) for the relief of Roy Alvey Jones; to the Committee on Military Affairs.

By Mr. SMITH:

A bill (S. 3584) to amend the Agricultural Adjustment Act, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. LEWIS:

A bill (S. 3585) for the relief of Josephine Matson; to the Committee on Claims.

By Mr. ROBINSON of Arkansas:

A bill (S. 3586) for the relief of George A. Fox; to the Committee on Naval Affairs.

By Mr. WHEELER:

A bill (S. 3587) to provide funds for cooperation with public-school districts in Glacier County, Mont., in the improvement and extension of school buildings to be available to both Indian and white children; to the Committee on Indian Affairs.

By Mr. NORRIS:

A joint resolution (S.J.Res. 115) to provide for the continuation of the investigation authorized by Senate Resolution 83, Seventieth Congress, first session; to the Committee on Interstate Commerce.

HOUSE BILL REFERRED

The bill (H.R. 9123) to authorize the Secretary of War to lend War Department equipment for use at the Sixteenth National Convention of the American Legion, at Miami, Fla., during the month of October 1934, was read twice by its title and referred to the Committee on Military Affairs.

REGULATION OF SECURITIES EXCHANGES—AMENDMENTS

Mr. KEAN and Mr. STEIWER each submitted an amendment and Mr. HEBERT submitted 14 amendments, intended to be proposed by them, respectively, to the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, which were severally ordered to lie on the table and to be printed.

ALLEGED PRICE FIXING AND MONOPOLISTIC PRACTICES IN THE CEMENT INDUSTRY

Mr. SHIPSTEAD submitted a resolution (S.Res. 238), which was ordered to lie on the table, as follows:

Whereas certain public officials, Federal and State, and others have complained of certain practices generally prevailing in the cement industry and their inability to purchase cement for purposes of governmentally financed and other construction at other than identical delivered prices quoted by all cement producers, and such officials and others have questioned the reasonableness, fairness, and legality of such practices; and

Whereas the cement industry has adopted a code governing trade practices in such industry: Now, therefore, be it

Resolved, That the Federal Trade Commission be, and the same is hereby, directed to make an investigation concerning alleged price-fixing and monopolistic practices within the cement industry with a view to determining particularly:

1. Whether and to what extent the industry is indulging in price-fixing and monopolistic practices as a result of or in connection with its code of fair competition.

2. The reasons for and the results of the practice of making all sales of cement at delivered prices only.

3. The reasons for and the results of the general practice of arriving at such delivered prices by the use of all-rail transportation although other and cheaper means of transportation exists.

4. The factors which make up such delivered prices, including (a) actual transportation costs; (b) fictitious delivery charges, if any; (c) actual prices received and the relation between them and the cost of producing and selling cement.

5. Whether and to what extent price discrimination is practiced against purchasers of cement in the same or different localities.

6. The origin and development of the methods of merchandising employed in the cement industry and their actual and potential effect upon prices and competitive conditions.

7. Whether and to what extent the cement industry is interested in or is controlled by the members of any other industry.

The Commission shall report to the Senate as soon as practicable the result of its investigation, together with its recommendations. If such report shall be completed during any recess of the Congress, it shall be transmitted to the Secretary of the Senate and the Clerk of the House of Representatives and, upon its receipt by such officers, shall be printed as a document.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

TENDENCIES OF ADMINISTRATION POLICIES

Mr. DICKINSON. Mr. President, I ask unanimous consent to insert in the RECORD a resolution signed by a regent of the Daughters of the American Revolution, a commander of the Veterans of Foreign Wars, and members of other patriotic organizations based upon an editorial in the Los Angeles Times entitled "The Trek to Moscow."

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the Los Angeles Times, Apr. 20, 1934]

THE TREK TO MOSCOW

As was significantly predicted in advance by those in control of it, the "investigation" of the Wirt charges of communistic tendencies in the United States Government has been ended with a shrug of contempt for the honest if inept effort of the Gary educator to throw the spotlight on as dangerous a condition as has ever existed in this country.

The Wirt inquiry has been a farce, but not in the sense in which Speaker RAINEY and the well-named BULWINKLE so referred to it.

In spite of the best efforts of the committee minority to bring out the really significant facts, the BULWINKLE majority steamrollered everything but the superficialities which everyone knew beforehand to be of no real importance.

The real issue for determination by the inquiry was whether or not the American Government, in its policies and in the character of its administration advisers, is headed toward the left—what the press of Europe refers to as the "Yankee trek to Moscow"—on the road of radicalism, socialism, and finally communism. Not a syllable of evidence pertinent to that issue was allowed to go into the record. Not a word of the admitted socialistic and communistic sympathies, associations, writings, and beliefs of the dozen or more principals among the President's professariat of advisers—sometimes miscalled the "brain trust." Not a word of the fact that, under the guidance of these radicals, the Democratic Party's own program as set forth in its 1932 platform and pledges has been junked and that of the Socialist Party substituted and executed. Not a word of the contemptuous sneer of Prof. Rexford G. Tugwell, "brain truster" in chief and champion of communism, for Americans who still believe in the United States Constitution—a faith which Professor Tugwell designates as "unreasoning hysteria." Not a word of the picture of a communistic United States drawn in the writings of Prof. A. A. Berle, Jr., another of the "kitchen cabinet." Not a word of the membership in the American Civil Liberties Union and other radical organizations and groups of Tugwell, Assistant Secretary of Agriculture; Prof. Leo Wolman, Labor Strike Board; Prof. Paul H. Douglas of the N.R.A.; Prof. Albert Taussig, N.R.A.; Jerome Frank, general counsel for the A.A.A.; James M. Landis, Federal Trade Commission; Dr. Frederic C. Howe, A.A.A.; Clarence Darrow, N.R.A. board chairman; Henry T. Hunt, former Socialist mayor, now of the P.W.A.; Nathan R. Margold, Interior Department; Sidney Hillman, Labor Advisory Board; Robert Marshall, Bureau of Indian Affairs; William E. Dodd, Ambassador to Germany; Rose Schneiderman, noted New York radical, now of the N.R.A.; and others. Not a word of the millionaire Communist and Lenin messenger, William C. Bullitt, who engineered the recognition of Soviet Russia and is now our Ambassador to that country. Not a word of the pro-Soviet Mordecai Ezekiel, Tugwell's second-in-command. Not a word of Bullitt's sponsorship in the State Department by Prof. Raymond Moley, one of the President's nearest advisers. Not a word of the socialistic policies and dictatorship forced upon the country by these men and their associates, as radical a group as is to be found outside of Moscow.

It is high time for this country to take account of stock, to balance its ledgers, to inventory the alarming drift toward the left, which increasingly characterizes our affairs, governmental, financial, and social, under the influence of this group.

Unless remedial steps are quickly taken to control a menace more real than many understand, we will soon have traveled so far in that direction that the way back will be lost in a crazy patchwork of tangled paths.

In California we have ample evidence of the activities of a group of well-paid, well-organized agitators, fed and supported by the United States Government, at the height of their subversive efforts to destroy our agricultural and industrial systems by means of strikes and sabotage. These can be dealt with by direct force when necessity supersedes all other methods, but in Washington there has insidiously crept into camp an enemy whose operations strike far deeper and which may not be so simply rooted out because it has made itself the motive force of the very Government.

This is not a political question. The issue is not one between Republicans and Democrats or between the "ins" and the "outs." It is one of Americanism versus communism—or whatever other name the powers of radicalism see fit to give it.

A distinguished southern Democrat, prominent in the counsels of his party since 1886 and an enthusiastic supporter of the Roosevelt candidacy, was invited recently to become a member of the American Alliance, an anti-Communist organization. His reply to this invitation, not written for publication, is fairly indicative of the state of mind to which conservative members of the party and honest believers in the Roosevelt platform now find themselves.

"If the Democratic Party", says this man, "had declared for the things that our party is now doing in Washington, how many States do you suppose it would have carried? Suppose the platform had declared for the killing of pigs, the plowing under of cotton, the plowing under of wheat, the deliberate debasing of our currency, the teaching that the way to have a return to prosperity is to work as little as possible, spend more than we have, and borrow what we cannot repay; the recognition of Russia, the proposed reduction of the foreign debt, the running of all private business by various commissions and bureaus in Washington, the enormous increase in the public debt, etc., etc. It probably would not have carried one State.

"So what is the use of having any more organizations protesting against the spread of communism in the United States? Communism is not much worse than what is now being done in Washington."

The mandates upon which the President and his party were swept into power by an unprecedented vote have not only been ignored and repudiated but the very reverse of what was promised is coming to pass.

Consider briefly a few of the things that have been done during the momentous period since the present administration came into being:

A concerted plan to set up an industrial dictatorship and to break down amicable relations between employer and employee has been established. Wherever and whenever possible capital has been penalized, initiative rebuked, and private business brought under Government control. The liberty of the individual to conduct his own affairs and to direct his own finances has been arbitrarily curtailed. Currency has been destabilized, the gold standard abandoned, unlimited inflation threatened. Merchants are told what prices they may charge, how long they may keep their shops open, and upon what terms they may employ help. Farmers are told how much they may plant and of what. Private investments have been ruthlessly wiped out, private property confiscated, and private rights violated, as witness the wrecking, overnight, of the world's finest airway system of transportation, without due process of law, and with penalties provided for seeking court redress. Confidence has been undermined and the credit structure brought under Government control to such an extent that many a small business man has been wiped out. The fundamental guaranties of the Constitution and the Bill of Rights have been infringed. Economic ruin through the boycott of any business man presuming to resist universal Government regimentation is urged by the Government itself. More than $2,000,000,000 of private savings have been confiscated by the Government through the seizure of gold and the subsequent devaluation of the dollar. A system of taxation avowedly based on the socialistic theory of the redistribution of wealth has been enacted into law.

Public ownership of utilities and natural resources is being pushed as rapidly as possible. A large percentage of the people have been made directly dependent upon the Government. Nationalization has already gone far. Pension rolls are increased until they are little more than dole rolls. A great and growing debt, with its concomitant of almost confiscatory taxation, rests like a wet blanket over the country. With the recognition of Russia, Communist propaganda flooded the United States. Los Angeles is alive with it. Socialization of banks has been all but achieved. Railroads, communications, and other of our great industries upon which the wealth and prosperity of the country are largely based are earmarked for early Government control. "Controlled public opinion" is aimed at through increasing Government censorship of news.

Without realizing its danger to the full the United States today is facing the greatest emergency in all her history. We have been led very far along the road to real communism. American institutions, based upon the well-tried foundation of self-government, each standing upon its own feet, subject to the immutable law of supply and demand and going on to success or failure by reason of merit or lack of it, are in danger. It is high time to be up and doing or the coterie of little men, the professors now sitting at the right hand of the throne in Washington, will spread their red vaccine of death and destruction to all forms of national and individual progress.

It is no longer a question of partisan politics with which the people of this country are confronted; no longer a matter between Republicans and Democrats, or even among Republicans, Democrats, and Socialists. It is one to which the whole body of Americans must give their sober thought followed by concerted action so clear cut and definite in its presentation that the word will penetrate even the solid walls of class hatred which the minions of destruction have been so energetically rearing.

[Resolution]

Whereas it is evident to well-informed and thoughtful people that the present administration is tending toward radicalism in its most concrete forms and is being led by advisors having for their object fundamental changes in our constitutional form of government, and that such leadership, if continued, will result in the destruction of the Government under which our people have enjoyed freedom and prosperity for upwards of 150 years; and

Whereas the most insidious propaganda directed by advisors of the administration is permeating our educational institutions and influencing the youth of our land, inciting them to acts subversive of patriotism and the welfare of our country; and

Whereas nothing has been done by the Government of the United States to carry out the recommendations of the Fish congressional committee, unanimously adopted by the House of Representatives more than 3 years ago, but that instead encouragement appears to have been given to revolutionary activities by the recognition of the Soviet Government and the sympathetic attitude of many of our officials occupying high positions in Government: Therefore be it

Resolved, That we commend the efforts of all groups and individuals who sound a warning of danger following such radical changes in our Government and institutions, and we especially commend the editorial in the Los Angeles Times of April 20, 1934, entitled, "The Trek to Moscow", and request our Representative in Congress to read said editorial upon the floor of the House of Representatives and have the same incorporated in the CONGRESSIONAL RECORD; and we respectfully urge him to introduce at once, and endeavor to secure the passage of, legislation directed toward the carrying out of the recommendations of the said Fish report.

Be it further resolved, That a copy of this resolution be sent to Hon. GEORGE BURNHAM, our Representative in Congress.

Daughters of the American Revolution, San Diego County, Mrs. John H. Crippen, regent; Veterans of Foreign Wars, George N. Speer, county council commander; American Legion, George W. Fisher, commander twenty-second district; Disabled American Veterans, Carl W. Switters, commander Disabled American Veterans of the World War; Allen H. Woieghn, president San Diego chapter, Sons of American Revolution; Better America Federation, San Diego chapter, Henry C. Gardiner, president; League Against Communism, San Diego post, headquarters, C. Tennant Lee, chairman; The Forty and Eight, Dale D. Hurst, chef de gare, San Diego Voiture 732.

SAN DIEGO, CALIF., *April 23, 1934.*

POLICIES OF THE ADMINISTRATION

Mr. PATTERSON. Mr. President, I ask unanimous consent to have inserted in the RECORD a very able editorial entitled "Righteousness at Washington", appearing in the Springfield (Mo.) Leader, an independent newspaper in southern Missouri, dated May 5, 1934.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Springfield Leader, May 5, 1934]

RIGHTEOUSNESS AT WASHINGTON

President Roosevelt, hearing that the Chamber of Commerce of the United States was preparing a resolution criticizing certain policies of his administration, hurriedly dispatched a message to the chamber's executive declaring "It is time to stop crying 'wolf' and to cooperate in working for recovery and for the continued elimination of evil conditions of the past."

This attitude of the administration, so forcefully expressed in the President's note to the chamber of commerce, has been the cause of wide-spread resentment. Mr. Roosevelt very clearly says that to criticize him or any of his policies is treason and a deliberate attempt to hamper recovery. He draws about himself the cloak of righteousness, and proclaims that anyone who does not agree with him is wrong. He is to be permitted to lead us where he may, to any end he may wish, and we may not suggest we prefer to travel another road to another destiny without being accused of endeavoring to plunge the country into darkness.

It might have been said truthfully, when Mr. Roosevelt began his tenure of office, that to maliciously hamper him was unpatriotic. He was entitled to a fair start. But no one is going to concede that a President may pursue his 4-year term promulgating policies that constituted felonies a few months ago, turning our constitutional government upside down, without those who disagree being permitted to lift their voices in protest.

We do not deny Mr. Roosevelt's self-confessed righteousness, but we do deny that righteousness always makes right. Righteousness is a man's estimation of himself and the statement from him that he is infallible does not make him so. The simple fact that Mr. Roosevelt is endeavoring to show us the way out of a depression, as many other Presidents have been called upon to do, does not give to him the privilege of denouncing all those who do not agree with him as traitors. Invariably the issue upon which a President is chosen and upon which he retains his office is one of economics. Throughout our history it has been good times versus hard times. It is of such stuff that political campaigns are made; whether it be the tariff, farm relief, free silver, railroad or banking legislation as we have known them down the years, the essence of every political action has been the improvement of the economic conditions of the people.

It illy becomes Mr. Roosevelt or his party to upbraid their critics. Looking back a few years we find that they did not choose to remain silent when one Herbert Hoover sought to relieve a depression descending upon us and, if we remember aright, a Congress that might have given aid withheld it.

We think it wicked for any political organization to assail another's policies or to hamper recovery purely for the sake of political expediency. And we think it equally wicked for anyone to remain silent when he believes men in authority are leading our Nation toward some dark abyss. We place no halo upon the brow of Mr. Roosevelt or his "brain trusters", nor do we agree with them in their self-satisfaction that they can do no wrong. To the contrary, we feel that many of their policies will prove destructive and that it is our duty, the duty of the chamber of commerce, and of all others who believe as we do to plainly say so. The President should not seek to stifle such criticism, but he should receive it gladly and weigh it carefully. There is a possibility that he and Rexford and the rest are wrong, and that those whom he charges with crying "wolf" are right.

It might be noted that the chamber of commerce respectfully heard the President's message read and promptly adopted the resolutions prepared.

THE CALENDAR

The VICE PRESIDENT. Under the unanimous-consent agreement previously entered into the calendar is in order. The clerk will state the first order of business.

BILLS PASSED OVER

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as first in order.

Mr. ROBINSON of Arkansas. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 583) relating to the classified civil service was announced as next in order.

Mr. VANDENBERG. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 316) relating to the qualifications of practitioners of law in the District of Columbia was announced as next in order.

Mr. COPELAND. Over.

The VICE PRESIDENT. The bill will be passed over.

LICENSING OF REAL-ESTATE BROKERS IN THE DISTRICT

The bill (S. 867) to define, regulate, and license real-estate brokers and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes, was announced as next in order.

Mr. KING. Mr. President, there have been brought to the attention of the Committee on the District of Columbia many alleged abuses on the part of vendors of real estate, or at least those pretending to represent them. It was claimed that as a result of such representations, and too often misrepresentations, by persons who were real-estate agents or claimed to be real-estate agents, many innocent persons were seriously injured, if not defrauded. The matter was fully considered by the Commissioners and by reputable real-estate brokers and dealers. The bill was prepared by the Commissioners and the corporation counsel, considered by the committee, and unanimously reported. It merely provides for licensing of real-estate dealers.

Mr. ROBINSON of Arkansas. What fee are the dealers required to pay?

Mr. KING. As I recall, the fee is $15.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia with amendments, in section 5, on page 10, line 24, to strike out "$2,500" and insert "$5,000"; in line 25, to strike out "$1,000" and insert "$2,000"; and on page 11, after line 22, to insert the following:

Nothing in this act shall be construed to impose upon the surety on any such bond a greater liability than the total amount thereof or the amount remaining unextinguished by any prior recovery or recoveries as the case may be.

No suit or action against the surety on any such bond shall be brought later than 1 year from the accrual of the cause of action thereon. The surety may terminate its liability under such bond by giving 30 days' written notice thereof, served either personally or by registered mail, to the principal and to the Commission; and upon giving such notice the surety shall be discharged from all liability under such bond for any act or omission of the principal occurring after the expiration of 30 days from the date of service of such notice. Unless on or before the expiration of such period the principal shall duly file a new bond in like amount and conditioned as the original in substitution of the bond so terminated, the license of the principal shall likewise terminate upon the expiration of such period. Upon making any payment on account of its bond, the surety shall immediately notify the Commission.

So as to make the bill read:

Be it enacted, etc.,

ENACTMENT AND PROHIBITION CLAUSE

SECTION 1. That on and after 90 days from the date of enactment of this act it shall be unlawful in the District of Columbia for any person, firm, partnership, copartnership, association, or corporation to act as a real-estate broker or real-estate salesman, or to advertise or assume to act as such, without a license issued by the Real Estate Commission of the District of Columbia.

DEFINITIONS AND EXCEPTIONS

SEC. 2. Whenever used in this act, "real-estate broker" means any person, firm, association, partnership, or corporation who, for another and for a fee, commission, or other valuable consideration, lists for sale, sells, exchanges, buys, rents, or leases, or offers or attempts to negotiate a sale, exchange, purchase, lease, or rental of an estate or interest in real estate, or collects or offers or attempts to collect rent or income for the use of real estate, or negotiates or offers or attempts to negotiate a loan secured or to be secured by a mortgage, deed of trust, or other encumbrance upon or transfer of real estate: *Provided, however,* That this definition shall not apply to the sale of space for advertising of real estate in any newspaper, magazine, or other publication.

"Real-estate salesman" means a person employed by a licensed real-estate broker to list for sale, sell, or offer for sale, to buy or offer to buy, or to negotiate the purchase or sale or exchange of real estate, or to negotiate a loan on real estate, or to lease or rent, or offer to lease, rent, or place for rent any real estate, or collect or offer or attempt to collect rent or income for the use of real estate, for or in behalf of such real-estate broker.

Persons employed by a licensed real-estate broker in a clerical capacity, as collectors, or in similar subordinate and administrative positions shall not be required to obtain licenses. The Real Estate Commission created under this act shall have power to make rules and regulations governing this exemption.

One act for a compensation or valuable consideration of buying or selling real estate for or of another, or offering for another to buy, sell, or exchange real estate, or leasing, renting, or offering to lease or rent real estate, except as herein specifically excepted, shall constitute the person, firm, partnership, copartnership, association, or corporation performing, or offering or attempting to perform any of the acts enumerated herein, a real-estate broker or a real-estate salesman within the meaning of this act.

The provisions of this act shall not apply to receivers, referees, administrators, executors, guardians, or other persons appointed or acting under the judgment or order of any court; or public officers while performing their official duty, or attorneys at law in the ordinary practice of their profession.

CREATION OF COMMISSION

SEC. 3. There is hereby created the Real Estate Commission of the District of Columbia. The Commissioners of the District of Columbia within 30 days after the enactment of this act shall appoint two persons, not more than one of whom shall have been actively engaged in or closely connected with the business or vocation of real-estate broker or real-estate salesman within 5 years immediately prior to appointment, who shall serve as members of said Real Estate Commission of the District of Columbia. In addition thereto, the assessor of the District of Columbia shall serve, ex officio, as a member of said Real Estate Commission, but without added compensation for his services as such. One member of said Commission shall be appointed for a term of 1 year; one member shall be appointed for a term of 2 years, and until their successors are appointed and qualified; thereafter the term of the members of said Commission shall be for 3 years and until their successors are appointed and qualified. Members to fill vacancies shall be appointed for the unexpired term. The Commissioners of the District of Columbia may remove members of the Real Estate Commission at any time for cause.

The Real Estate Commission immediately upon the qualification of the member appointed in each year shall organize by selecting from its members a chairman, and may do all things necessary and convenient for carrying into effect the provisions of this act and may from time to time promulgate necessary rules, regulations, and forms.

Each member of the Commission, except the ex officio member, shall receive as full compensation for each day the greater part of which is actually devoted to the work of said Commission the sum of $15, but no member shall receive in any 1 year a greater sum than $2,000.

The Commissioners of the District of Columbia shall provide for the use of the Real Estate Commission such office space, furniture, stationery, fuel, light, and other proper conveniences as shall be reasonably necessary for carrying out the provisions of this act.

The Real Estate Commission shall employ, and at its discretion, discharge, a secretary and such assistants as shall be deemed necessary to discharge the duties imposed by the provisions of this act, and it shall prescribe their duties and fix their compensation.

The Commission shall adopt a seal with such design as it may prescribe engraved thereon by which it shall authenticate its proceedings. Copies of all records and papers in the office of the Commission, duly certified and authenticated by the seal of said Commission, shall be received in evidence in all courts equally and with like effect as the original. The Commission shall keep a record of all its proceedings and a complete stenographic record of all hearings authorized under this act.

All records kept in the office of the Commission under authority of this act shall be open to public inspection under reasonable rules and regulations to be prescribed by the Commission.

All fees, charges, fines, and penalties collected by the Commission under the provisions of this act shall be paid at least weekly to the collector of taxes for the District of Columbia for deposit in the Treasury of the United States to the credit of the District of Columbia: *Provided,* That the Commission may refund any

such fees or charges erroneously collected out of any undeposited collections in its possession.

The annual estimates of appropriations for the government of the District of Columbia for the fiscal year 1932 and succeeding fiscal years shall include estimates of appropriations for the operation and maintenance of such offices.

QUALIFICATIONS FOR LICENSE

SEC. 4. No license under the provisions of this act shall be issued to any person who has not attained the age of 21 years, nor to any person who cannot read, write, and understand the English language; nor until the Commission has received satisfactory proof that the applicant is trustworthy and competent to transact the business of a real-estate broker or real-estate salesman in such a manner as to safeguard the interests of the public.

In determining competency, the Commission shall require proof that the applicant for a broker's license has a fair understanding of the general purposes and general legal effect of deeds, mortgages, land contracts of sale and leases, a general and fair understanding of the obligations between principal and agent, as well as of the provisions of this act. Such proof of competency to act as broker shall not be required of any applicant who shall furnish proof of 2 years' experience as real-estate broker, real-estate salesman, or 2 years' employment in connection with the real-estate business in the District of Columbia.

No license shall be issued to any person, firm, partnership, copartnership, association, or corporation whose application has been rejected in the District of Columbia or any State within 3 months prior to date of application, or whose real-estate license has been revoked in the District of Columbia or any State within 1 year prior to date of application.

APPLICATION FOR LICENSE

SEC. 5. Every applicant for a license under the provisions of this act shall apply therefor in writing upon blanks furnished by the Real Estate Commission.

The application of every person for a real-estate broker's license or a real-estate salesman's license shall be accompanied by the recommendation of at least two residents of the District of Columbia, real-estate owners, who have owned real estate in the District of Columbia for a period of at least 1 year and who are not related to the applicant but who have personally known the applicant for a period of at least 6 months prior to the date of application, which recommendation shall certify that the applicant bears a good reputation for honesty, truthfulness, fair dealing, and competency, and recommend that a license be granted to the applicant.

The application of every firm, partnership, copartnership, association, or corporation for a real-estate broker's license shall state the location of the place or places for which said license is desired and set forth the period of time, if any, which said applicant has been engaged in the real-estate business, together with a complete list of all former places where the applicant may have been engaged in any business for a period of 30 days or more during the 5 years preceding date of application, accounting for such entire period. Such applications shall also state the name and residence of each individual member or officer of said applicant who actively participates in the brokerage business thereof.

The application of every individual member or officer of a firm, partnership, copartnership, association, or corporation for a real-estate broker's license shall state the full name and residence address of the applicant and the full name and business address of the firm, partnership, copartnership, association, or corporation with which he is or will be associated, the length of time he has been so associated, and in what capacity. Such application shall also state the period of time, if any, during which said applicant has been engaged in the real-estate business, together with a complete list of all former places where the applicant may have resided and all former places where the applicant may have been engaged in any business for a period of 30 days or more during the 5 years preceding date of application, accounting for such entire period.

The application of each person for an individual real-estate broker's license shall state the full name of the applicant, his business address, and residence address. Such application shall also state the period of time, if any, during which said applicant has been engaged in the real-estate business, together with a complete list of all former places where the applicant may have resided and all former places where the applicant may have been engaged in any business for a period of 30 days or more during the 5 years preceding the date of application, accounting for such entire period.

The application of every person for a real-estate salesman's license shall state the full name of the applicant, his residence address, and the name and business address of the real-estate broker by whom he is or will be employed. Such application shall also state the period of time, if any, during which said applicant has been engaged in the real-estate business, together with a complete list of all former places where the applicant may have resided and all former places where the applicant may have been engaged in any business for a period of 30 days or more during the 5 years preceding the date of application, accounting for such entire period. Such application shall be accompanied by a written statement by the broker by whom the applicant is employed or is about to be employed, stating that in his opinion the applicant is honest, truthful, and of good reputation, and recommending that the license be granted to the applicant.

Every application for a license under the provisions of this act shall be sworn to by the applicant and shall be accompanied by the license fee herein prescribed. In the event that the Commission does not issue the license the fee shall be returned to the applicant.

Every application for a license shall be accompanied by a bond in the sum of $5,000 in the case of a broker and $2,000 in the case of a salesman, running to the District of Columbia, executed by two good and sufficient sureties, to be approved by the Commission, or executed by a surety company duly authorized to do business in the District of Columbia: *Provided, however*, That no bond shall be required of any firm, partnership, copartnership, association, or corporation when the application of every member or officer of such firm, partnership, copartnership, association, or corporation actively participating in the brokerage business thereof is accompanied by a bond as provided for in this section. Said bond shall be in form approved by the Commission, and conditioned that the applicant shall conduct himself and his business in accordance with the requirements of this act; and for his failure so to do any person aggrieved thereby shall have, in addition to his right of action against the principal thereof, a right to bring suit against the surety on said bond either alone or jointly with the principal thereon, and to recover in an amount not exceeding the penalty of the bond any damages sustained by reason of any act, representations, transaction, or conduct of the principal which may be prohibited by this act or enumerated as one of the causes for suspension or revocation of a license granted hereunder.

Nothing in this act shall be construed to impose upon the surety on any such bond a greater liability than the total amount thereof or the amount remaining unextinguished by any prior recovery or recoveries as the case may be.

No suit or action against the surety on any such bond shall be brought later than 1 year from the accrual of the cause of action thereon. The surety may terminate its liability under such bond by giving 30 days' written notice thereof, served either personally or by registered mail, to the principal and to the Commission; and upon giving such notice the surety shall be discharged from all liability under such bond for any act or omission of the principal occurring after the expiration of 30 days from the date of service of such notice. Unless on or before the expiration of such period the principal shall duly file a new bond in like amount and conditioned as the original in substitution of the bond so terminated, the license of the principal shall likewise terminate upon the expiration of such period. Upon making any payment on account of its bond, the surety shall immediately notify the Commission.

The Commission, with due regard to the paramount interest of the public, may require other reasonable proof of the honesty, truthfulness, and integrity of the applicant.

The Commission is expressly vested with the power and authority to make and enforce any and all such reasonable rules and regulations connected with the application for any license as shall be deemed necessary to administer and enforce the provisions of this act.

PROCEDURE WHEN LICENSE IS REFUSED APPLICANT

SEC. 6. The Commission, after an application in proper form has been filed, shall, before refusing to issue a license, set the application down for a hearing and determination as hereinafter provided in section 9.

DETAILS RELATING TO LICENSE

SEC. 7. The Commission shall issue to each licensee a license in such form and size as shall be prescribed by the Commission. Every license shall show the name and address of the licensee, and if licensee is a member or officer of a firm, partnership, copartnership, association, or corporation, the full name and address of such firm, partnership, copartnership, association, or corporation shall also be shown on said license. Licenses issued to real-estate salesmen shall in addition show the name and address of the real-estate broker by whom the said salesman is or will be employed. Each license shall have imprinted thereon the seal of the Commission, and in addition to the foregoing shall contain such matter as shall be prescribed by the Commission. The license of each real-estate salesman shall be delivered or mailed to the real-estate broker by whom such real-estate salesman is employed and shall be kept in the custody and control of such broker. It shall be the duty of each real-estate broker to conspicuously display his license in his place of business.

At any time within 6 months, but not thereafter, after the issuance of an original license the Commission may, upon its own motion, and shall, upon the verified complaint, in writing, of any person, provided such complaint, or such complaint together with evidence, documentary or otherwise, presented therewith, shall make out a prima facie case that the licensee is unworthy to hold such license, notify the licensee, in writing, that the question of his honesty, competency, truthfulness, and integrity will be reopened and determined de novo. Such written notice may be served by delivery thereof personally to the licensee or by mailing same by registered mail to the last known business address of the licensee. Thereupon the Commission may require and procure further proof of the licensee's trustworthiness and competency, and if such proof shall not be satisfactory such license shall be recalled and shall thereafter be null and void. Upon the recall of any such license it shall be the duty of the licensee to surrender to the Commission such license.

The fee for an original real-estate broker's license and every renewal thereof shall be $15.

No fee shall be charged for any original license or renewal thereof issued to any firm, partnership, copartnership, association,

or corporation all of whose members or officers actively participating in the brokerage business thereof have been issued a broker's license.

The fee for an original real-estate salesman's license and every annual renewal thereof shall be $5.

Every license shall expire on the 1st day of July of each year except that the original or initial licenses, first issued under the provisions of this act, shall expire on the 1st day of July 1933, subject, however, to revocation as hereinbefore provided.

The Commission shall issue a new license for each ensuing year, in the absence of any reason or condition which might warrant the refusal of the granting of a license, upon receipt of the written request of the applicant and the annual fee therefor, as herein required. The revocation of a broker's license shall automatically suspend every real-estate salesman's license granted to any person by virtue of his employment by the broker whose license has been revoked, pending a change of employer and the issuance of a new license. Such new license shall be issued without charge, if granted during the same license year in which the original license is granted.

No person, firm, partnership, copartnership, association, or corporation engaged in the business or acting in the capacity of a real-estate broker or a real-estate salesman within the District of Columbia shall bring or maintain any action in the courts of the District of Columbia for the collection of compensation for any services performed as a real-estate broker or a real-estate salesman or enforcement of any contract relating to real estate without alleging and proving that such person, firm, partnership, copartnership, association, or corporation was a duly licensed real-estate broker or real-estate salesman at the time the alleged cause of action arose.

Every real-estate broker shall maintain a place of business in the District of Columbia. If a real-estate broker maintains more than one place of business within the District of Columbia, a duplicate license shall be issued to such broker for each branch office maintained; and there shall be no fee charged for any such duplicate license.

Notice in writing shall be given to the Commission by each licensee of any change of principal business location, whereupon the Commission shall issue a new license for the unexpired period without charge. The change of business location without notification to the Commission shall automatically cancel the license theretofore issued.

When any real-estate salesman shall be discharged or shall terminate his employment with the real-estate broker by whom he is employed, it shall be the duty of such real-estate broker to immediately deliver or mail by registered mail to the Commission such real-estate salesman's license. The real-estate broker shall, at the time of delivering or mailing such real-estate salesman's license to the Commission, address a communication by registered mail to the last known residence address of such real-estate salesman, which communication shall advise such real-estate salesman that his license has been delivered or mailed to the Commission. A copy of such communication to the real-estate salesman shall accompany the license when mailed or delivered to the Commission. It shall be unlawful for any real-estate salesman to perform any of the acts contemplated by this act, either directly or indirectly, under authority of said license from and after 3 days following such delivery or mailing of the said license by said broker to the Commission.

There shall be no additional fee for the reissuance of a salesman's license necessitated by the change of employers, nor shall such change work a revocation or require a renewal of the salesman's bond.

SUSPENSION OR REVOCATION OF LICENSE FOR CAUSES ENUMERATED

SEC. 8. The Commission may, upon its own motion, and shall, upon the verified complaint in writing of any person, provided such complaint or such complaint together with evidence, documentary or otherwise, presented in connection therewith, make out a prima facie case, investigate the conduct of any real-estate broker or real-estate salesman, or any person who shall assume to act in either such capacity within the District of Columbia, and shall have the power to suspend or to revoke any license issued under the provisions of this act, at any time where the licensee has by false or fraudulent representation obtained a license; or where the licensee, in performing or attempting to perform any of the acts mentioned herein, has—

(a) Made any substantial misrepresentation;

(b) Made any false promises of a character likely to influence, persuade, or induce;

(c) Pursued a continued and flagrant course of misrepresentation, or making of false promises through agents or salesmen, or advertising or otherwise;

(d) Acted for more than one party in a transaction without the knowledge of all parties for whom he acts;

(e) Accepted a commission or valuable consideration as a real-estate salesman for the performance of any of the acts specified in this act from any person, except an employer who is a licensed real-estate broker;

(f) Represented or attempted to represent a real-estate broker other than the employer without the express knowledge and consent of the employer;

(g) Failed, within a reasonable time, to account for or to remit any money, valuable documents, or other property coming into his possession which belong to others;

(h) Demonstrated such unworthiness or incompetency to act as a real-estate broker or salesman as to endanger the interests of the public;

(i) Paid or offered to pay a commission or valuable consideration to any person for acts or services in violation of this act, with knowledge of such violation or where reasonable diligence has not been exercised to acquire such knowledge; or

(j) Been guilty of any other conduct, whether of the same or a different character from that hereinbefore specified, which constitutes fraudulent or dishonest dealing.

PROVISION FOR HEARING BEFORE APPLICATION IS REFUSED OR LICENSE SUSPENDED OR REVOKED

SEC. 9. The Commission shall, before denying an application for license, or before suspending or revoking any license, set the matter down for a public hearing, and at least 10 days prior to the date set for the hearing it shall notify the applicant or licensee in writing of any charges made and shall afford said applicant or licensee an opportunity to be heard in person or by counsel in reference thereto. Such written notice may be served by delivery of same personally to the applicant or licensee or by mailing same by registered mail to the last-known business address of such applicant or licensee. If said applicant or licensee be a salesman, the Commission shall also notify the broker employing him, or whose employ he is about to enter, by mailing notice by registered mail to the broker's last-known address. The hearing on such charges shall be at such time and place as the Commission shall prescribe. The Commission shall have the power to subpena and bring before it any person in the District of Columbia, or take testimony of any such person by deposition in the same manner and with the same fees and mileage as prescribed by law in judicial procedure in the Supreme Court of the District of Columbia in civil cases. It shall also have the power to require the production of books, records, papers, and documents by subpena or otherwise. Any party to any hearing before the Commission shall have the right to the attendance of witnesses in his behalf at such hearing upon making request therefor to the Commission and designating the person or persons sought to be subpenaed. If the Commission shall determine that any applicant is not qualified to receive a license, a license shall not be granted to said applicant; and if the Commission shall determine that any licensee is guilty of a violation of any of the provisions of this act, his or its licenses shall be suspended or revoked. All evidence before and findings of fact made by the Commission and questions of law involved in any final decision or determination of the Commission shall be subject to review by the Supreme Court of the District of Columbia upon a writ of certiorari, mandamus, or by any other method permissible under the rules and practices of said court or the laws of the District of Columbia, and the said court may make such further orders with respect thereto as justice may require: *Provided, however,* That application is made by the aggrieved party to the court within 30 days after any determination by the Commission or within 60 days after formal request shall be made upon it for action. Such application shall operate as a stay of any action or finding of the Commission revoking or suspending a license, and until final decision by the Supreme Court of the District of Columbia such licensee shall have the right to continue in business.

An appeal may be taken from the judgment of the said court on any such appeal on the same terms and conditions as an appeal is taken in civil actions.

NONRESIDENT BROKERS AND SALESMEN

SEC. 10. A nonresident of the District of Columbia may become a real-estate broker or a real-estate salesman in the District of Columbia by conforming to all of the conditions of this act, except that the application of such person for a license need not be accompanied by the recommendation of real-estate owners in the District of Columbia prescribed in paragraph 2 of section 5 of this act, but in lieu thereof the Commission shall require the filing of like recommendations by similarly qualified real-estate owners of property in the State, Territory, or county of such applicant's residence.

(2) The Commission may recognize, in lieu of the recommendation and statements otherwise required by this act to accompany an application for a license, the valid and existing license issued to a nonresident to act as a real-estate broker or salesman by any State having a law for the licensing of such brokers and salesmen similar to this act upon payment of the license fee prescribed by this act and the filing by the applicant with the Commission of a duly authenticated copy of applicant's license issued by such State: *Provided, however,* That every nonresident applicant shall file an irrevocable consent that suits and actions may be commenced against such applicant in the proper courts of the District of Columbia by the service of any process or pleadings authorized by the laws of the United States applying to the District of Columbia on the secretary of the Commission, said consent stipulating and agreeing that such service of such process or pleadings on said secretary shall be taken and held in all courts to be as valid and binding as if due or personal service had been made upon said applicant in the District of Columbia. Said instrument containing such consent shall be duly acknowledged and if made by a corporation shall be authenticated by the seal thereof. All such applications, except from individuals, shall be accompanied by a duly certified copy of the resolution of the proper officers or managing board authorizing the proper officer to execute the same. In case any process or pleadings mentioned in the act are served upon the secretary of the Commission, it shall be by duplicate copies, one of which shall be filed in the office of the Commission and the other immediately forwarded by registered mail to the residence address given by the applicant against which said process or pleadings are directed: *And provided further,* That every nonresident of

the District of Columbia shall file a bond in form and contents the same as is required of applicants under section 5 of this act.

POWER TO OBTAIN EVIDENCE

SEC. 11. Each member of the Commission and its duly authorized representatives may administer oaths to witnesses.

In case of the refusal of any person to comply with any subpena issued hereunder or to testify to any matter regarding which he may lawfully be interrogated, the Supreme Court of the District of Columbia or any judge thereof, on application of any member of the Commission, shall issue an order requiring such person to comply with such subpena and to testify or either, and any failure to obey such order of the court may be punished by the court as a contempt thereof.

OTHERS EXEMPT

SEC. 12. It shall not be necessary for any trustee or auctioneer acting under authority of a power of sale in a mortgage, deed of trust, or similar instrument securing the payment of a bona fide debt, nor any bank, trust company, building-and-loan association, or any land-mortgage or farm-loan association, organized under the laws of the United States, when engaged in the transaction of business within the scope of its corporate powers and provided by law, to obtain a license under this act.

PUBLICATION OF LIST OF LICENSEES

SEC. 13. The Commission shall publish at least annually a list of the names and addresses of all licensees licensed by it under the provisions of this act and of all persons whose license has been suspended or revoked within 1 year, together with a succinct report of its work during the year. Such list shall be mailed by the Commission to any person in the District of Columbia upon request.

FRAUDULENT TRANSFERS OR LOANS

SEC. 14. It shall be unlawful for any person, copartnership, association, or corporation to enter into or become a party to any contract, agreement, or understanding, or in any manner whatsoever to consider, combine, conspire, or act with another or others, (a) to execute a deed conveying real property in the District of Columbia that is not a bona fide sale but is instead a simulated sale of such property, executed for the purpose and with the intent of misleading others as to the value of such property, and which in fact does so mislead and/or defraud others, to their detriment; or (b) to execute a mortgage or deed of trust upon real property situated in the District of Columbia that does not in fact represent security for a bona fide indebtedness, but which is in reality a simulated transaction, executed for the purpose and with the intent of misleading or deceiving others as to the value of the property and which does mislead, deceive, or defraud others to their detriment.

CONVICTION OF CRIME

SEC. 15. Where during the term of any license issued by the Commission the licensee shall be convicted in a court of competent jurisdiction in the District of Columbia or any State (including Federal courts) of forgery, embezzlement, obtaining money under false pretenses, extortion, criminal conspiracy to defraud, or other like offense or offenses and a duly certified or exemplified copy of the record in such proceedings shall be filed with the Commission, the Commission shall revoke forthwith the license by it theretofore issued to the licensee so convicted.

In the event that any licensee shall be indicted in the District of Columbia or any State or Territory (including Federal courts) for forgery, embezzlement, obtaining money under false pretenses, extortion, criminal conspiracy to defraud, or other like offense and a certified copy of the indictment be filed with the Commission, or other proper evidence thereof be to it given, the Commission shall have authority, in its discretion, to suspend the license issued to such licensee pending trial upon such indictment.

No license shall be issued by the Commission to any person known by it to have been, within 5 years theretofore, convicted of forgery, embezzlement, obtaining money under false pretenses, extortion criminal conspiracy to defraud, or other like offense or offenses, or to any copartnership of which such person is a member, or to any association or corporation of which said person is an officer, director, or employee, or in which as a stockholder such person has or exercises a controlling interest either directly or indirectly. In the event of the revocation or suspension of the license issued to any member of a copartnership, or to any officer of an association or corporation, the license issued to such copartnership, association, or corporation, shall be revoked by the Commission, unless, within a time fixed by the Commission, where a copartnership, the connection therewith of the member whose license has been revoked shall be severed and his interest in the copartnership and his share in its activities brought to an end, or where an association or corporation, the offending officer shall be discharged and shall have no further participation in its activity.

PENALTIES

SEC. 16. Any person or corporation violating any provision of this act shall upon conviction thereof, if a person, be punished by a fine of not more than $500, or by imprisonment for a term not to exceed 6 months, or by both such fine and imprisonment, in the discretion of the court; and, if a corporation, be punished by a fine of not more than $1,000. Any officer, director, employee, or agent of a corporation, or member, employee, or agent of a firm, partnership, copartnership, or association, who shall personally participate in or be accessory to any violation of this act by such firm, partnership, copartnership, association, or corporation, shall be subject to the penalties herein prescribed for individuals.

This act shall not be construed to release any person, partnership, association, or corporation from civil liability or criminal prosecution under the laws applying to the District of Columbia.

All prosecutions for violation of this act shall be begun in the police court of the District of Columbia in the name of the District of Columbia and under the direction and charge of the corporation counsel of the District of Columbia. The corporation counsel of the District of Columbia and his assistants shall also be counsel for the Commission in all suits to which it may be a party, and shall advise the Commission and at its request attend any and all hearings which it may hold in the performance of its duties hereunder.

SAVING CLAUSE

SEC. 17. If any section, subsection, sentence, clause, phrase, or requirement of this act is, for any reason, held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions thereof. The Congress of the United States hereby declares that it would have passed this act, and each section, subsection, sentence, clause, phrase, and requirement thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or requirements be declared unconstitutional or invalid.

REPEALING CLAUSE

SEC. 18. All laws or parts of laws in conflict with this act be, and the same are hereby, repealed.

SEC. 19. This act, except as otherwise provided herein, shall take effect on and after 90 days from the date of its enactment.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS AND JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and Vice President of the United States was announced as next in order.

Mr. McNARY. Owing to the absence of the Senator from Pennsylvania [Mr. REED], and at his request, I desire to object to the present consideration of Senate Joint Resolution 29, and the next succeeding measure, the bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks.

The VICE PRESIDENT. On objection, the joint resolution and the bill will be passed over.

The bill (S. 2500) to aid in relieving the existing national emergency through the free distribution to the needy of cotton and cotton products was announced as next in order.

Mr. VANDENBERG and Mr. FESS. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2018) relative to Members of Congress acting as attorneys in matters where the United States has an interest was announced as next in order.

Mr. VANDENBERG. Let that bill go over.

The VICE PRESIDENT. The bill will be passed over.

WILSON G. BINGHAM

The bill (H.R. 2632) for the relief of Wilson G. Bingham was announced as next in order.

Mr. KING. Let the bill go over.

Mr. BROWN. Mr. President, the Senator from Kentucky [Mr. LOGAN] reported the bill from the Committee on Military Affairs.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. KING. I asked that it go over.

Mr. LOGAN. Mr. President, will the Senator withhold his request for a moment?

Mr. KING. Certainly.

Mr. LOGAN. The bill has been on the calendar for some time. The House passed a bill authorizing the War Department to assemble a board to consider the case of this officer and report as to whether he should be reinstated. The War Department recommended against his reinstatement, but did state that he was entitled to consideration. The bill as reported by the Senate Committee on Military Affairs is in accordance with recommendation of the War Department itself, or at least it suggested the form of bill and said it would have no objection to it. We followed that recommendation.

If the Senator from New Hampshire desires the passage of the House bill without the Senate committee amendments, I

have no objection to it, and I do not think the committee will have any objection.

The VICE PRESIDENT. If the Senate should reject the amendments reported by the Senate Committee on Military Affairs, then the bill would be passed in the form in which it passed the House.

Mr. LOGAN. Then I have no objection to the rejection of the Senate committee amendments and the passage of the House bill.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. KING. I object.

The VICE PRESIDENT. The Senator from Utah objects, and the bill will be passed over.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 2411) to amend the Emergency Railroad Transportation Act, 1933, was announced as next in order.

Mr. VANDENBERG. Over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S.J.Res. 31) consenting that certain States may sue the United States and providing for trial on the merits in any suit brought hereunder by a State to recover direct taxes alleged to have been illegally collected by the United States during the fiscal years ending June 30, 1866, 1867, and 1868, and vesting the right in each State to sue in its own name, was announced as next in order.

Mr. VANDENBERG. Over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 2788) to amend section 5219 of the Revised Statutes, as amended (relating to State taxation of national-banking associations) was announced as next in order.

Mr. CAREY. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes, was announced as next in order.

Mr. COPELAND. Mr. President, I ask that the bill may go over without prejudice. There are certain amendments being considered by the committee.

The VICE PRESIDENT. The bill will be passed over.

PREVENTION OF USE OF FEDERAL PATRONAGE IN ELECTIONS

The Senate considered the bill (S. 1884) to prevent the use of Federal official patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends, which had been reported from the Committee on the Judiciary with amendments, in section 1, on page 1, line 5, to strike out the word "committeeman"; in section 2, in line 6, to strike out the words "primary, caucus, or other organization"; and in line 11, after the word "fine", to insert the words "not more than"; and, on page 2, to strike out lines 2, 3, and 4, as follows:

And shall bar him from holding any office, elective or appointive, under the Government of the United States for a period of 5 years.

So as to make the bill read:

Be it enacted, etc., That no person holding an appointive office of trust or profit under the Government of the United States shall be officer, delegate, or alternate of any political convention, having for its aim the nomination or election of any candidate, avowed or unavowed, for President or Vice President of the United States.

SEC. 2. Violations of section 1 hereof shall be punishable by a fine not more than $1,000 and by loss of the official position of such person committing such violation.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FEDERAL CREDIT UNION SYSTEM

The bill (S. 1639) to establish a Federal Credit Union System, to establish a further market for securities of the United States, and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States, was considered.

The VICE PRESIDENT. All amendments to the bill have been heretofore agreed to. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time.

The bill was read the third time and passed, as follows:

Be it enacted, etc., That this act may be cited as the "Federal Credit Union Act."

DEFINITIONS

SEC. 2. A Federal Credit Union is hereby defined as a cooperative society organized in accordance with the provisions of this act for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes. A Federal Central Credit Union is hereby defined as a central organization of credit unions formed in accordance with the provisions of this act.

PART I

FEDERAL CREDIT UNION ORGANIZATION

SEC. 3. Any seven or more persons who are actual residents of or do business or are employed within the Federal Reserve district designated in the organization certificate and who desire to form a Federal Credit Union shall subscribe before some officer competent to administer oaths an organization certificate which shall specifically state:

(1) The name of the association, which shall include the words "Federal Credit Union."

(2) The location of the proposed Federal Credit Union, including the name of the Federal Reserve district and the city or town within said district within which it proposes to do business.

(3) The names and addresses of the subscribers to the certificate and the number of shares subscribed by each.

(4) The par value of the shares which shall not exceed $10 each.

(5) The proposed field of membership, specified in detail.

(6) The term of the Federal Credit Union's existence, which may be perpetual.

POWER OF THE DIRECTORS OF BANKS FOR COOPERATIVES TO ISSUE CHARTERS HEREUNDER

SEC. 4. The organization certificate shall be presented to the board of directors of the banks for cooperatives in the Federal Reserve district indicated in the organization certificate who shall determine (1) whether or not the certificate conforms with the provisions of this act; (2) the general character and fitness of the subscribers; (3) the advisability of establishing a Federal Credit Union in the proposed field of membership. The directors of said bank for cooperatives shall within 30 days of the receipt of said certificate determine whether or not to approve it and shall thereupon notify the subscribers to said certificate of their decision.

SEC. 5. If the decision is favorable, the certificate, with the approval of said board of directors noted thereon, shall be returned to the subscribers after due record of said approval has been filed by said directors with the records of the bank for cooperatives in the Federal Reserve district within which the proposed Federal Credit Union is located, at which time a filing fee of $10 shall be paid by said subscribers to said bank for cooperatives to be deposited by said bank in the Treasury to the credit of the United States. At such time as the approved certificate is so filed and the bylaws hereinafter provided for are approved, the subscribers and their successors shall thereupon become a body corporate and as such shall, subject to the limitations herein contained, be vested with all of the powers and charged with all the liabilities conferred and imposed by this act upon corporations organized thereunder as Federal Credit Unions. If the decision of said directors should be unfavorable, an appeal may be had to the governor of the Farm Credit Administration, whose decision shall be final.

SUPERVISION BY THE COMPTROLLER OF THE CURRENCY

SEC. 6. Federal Credit Unions shall be under the supervision of the Comptroller of the Currency. They shall report to him at least once annually on or before the 1st day of February in each year on blanks supplied by said Comptroller of the Currency. Additional reports may be required. Federal Credit Unions shall be examined at least once annually by said Comptroller of the Currency, but the cost of said examination shall not exceed a basic fee of $5.03 per $1,000 of assets per annum: *Provided, however*, That if a Federal Credit Union has assets of less than $25,000, the said Comptroller of the Currency may accept the audit of a practicing public accountant in the place of such examination: *Provided further*, That within 30 days of the conclusion of each fiscal year as defined herein said Federal Credit Union shall pay a fee of $10 to said board of directors as a license fee for the subsequent year: *And provided further*, That the said directors of the said bank for cooperatives may suspend or revoke the approval of the organization certificate of any Federal Credit Union upon proof of bankruptcy or insolvency of any such Federal Credit Union or upon conviction of a violation of any provision of this act or of any law or regulation of the State within which the Federal Credit Union operates or of the United States.

POWERS

SEC. 7. A Federal Credit Union shall have succession in its corporate name during its existence and shall have power—

(1) To make contracts.

(2) To adopt a corporate name and to sue and to be sued in such name.

(3) To adopt and use a common seal and alter the same at pleasure.

(4) To purchase, hold, and dispose of property necessary to enable the Federal Credit Union to carry on its operations.

(5) To make loans to its members for provident or productive purposes upon such terms and conditions as this act and the bylaws provide and as the credit committee may approve at rates of interest not exceeding 1 percent a month on unpaid balances, inclusive of all charges incident to making the loan: *Provided*, That no loan to a director, officer, or member of a committee shall exceed the amount of his holdings in the Federal Credit Union in shares and deposits; nor shall any such director, officer, or committee member endorse for borrowers. A borrower may prior to maturity repay his loan in whole or in part on any business day.

(6) To receive from its members payments on shares and on deposits.

(7) To invest its funds (a) in loans exclusively to members; (b) in securities of the United States of America; (c) in the way and manner hereinafter indicated in the shares of a Federal Central Credit Union located in the State in which the Federal Credit Union is operating.

(8) To make deposits in national banks, in postal savings banks to the limit permitted by law, in Federal Central Credit Unions as hereinafter defined, and in State banks, trust companies, and mutual savings banks operating in accordance with the laws of the State in which the Federal Credit Union does business.

(9) To borrow (from any source) in an aggregate amount not exceeding 50 percent of its paid-in and unimpaired capital.

(10) To fine members for failure to meet promptly their obligations to the Federal Credit Union in the way and manner provided in the bylaws.

(11) To impress a lien upon the shares, deposits, and dividends of any member to the extent of any loan made to him and any dues or fines payable by him.

BYLAWS

SEC. 8. At the time of presenting the organization certificate the incorporators shall submit to the said board of directors of the said Federal Reserve bank proposed bylaws which shall be prepared on a standard form as approved for Federal Credit Unions operating under provisions of this act by the Comptroller of the Currency. In order to simplify the organization of credit unions the said Comptroller of the Currency shall, upon the passage of this act, cause to be prepared a form of certificate of organization and a form of bylaws, consistent with this act, which may be used by credit union incorporators for their guidance, and on written application of any seven residents of a district, shall supply them without charge with a blank certificate of organization and a copy of said form of suggested bylaws.

MEMBERSHIP

SEC. 9. Federal Credit Union membership shall consist of the incorporators and such other persons and organizations as may be elected to membership and subscribe to at least one share, pay the initial installment thereon and the entrance fee; except that Federal Credit Union membership shall be limited to groups having a common bond of occupation, or association, or to groups within a well-defined neighborhood, small community, or rural district.

MEMBERS' MEETINGS

SEC. 10. The fiscal year of all Federal Credit Unions shall end December 31. The annual meeting of the Federal Credit Union shall be held at such time during the month of the following January and at such place as the bylaws shall prescribe. Special meetings may be held in the manner indicated in the bylaws. No member shall be entitled to vote by proxy, but a member other than a natural person may vote through an agent delegated for the purpose. No member shall, irrespective of the number of shares held by him, have more than one vote. All offices of a Federal Credit Union shall be within the Federal Reserve district within which it is organized.

MANAGEMENT

SEC. 11. (a) The business affairs of a Federal Credit Union shall be managed by a board of not less than 5 directors, a credit committee of not less than 3 members, and a supervisory committee of 3 members, to be elected at the annual meeting and to hold office for such terms, respectively, as the bylaws may provide and until successors qualify. A record of the names and addresses of the members of the board and committees and officers shall be filed with the bank for cooperatives of the Federal Reserve district within which the Federal Credit Union operates within 10 days after their election. No member of the board or of either committee shall, as such, be compensated: *Provided*, That no person shall be elected to the board or to either committee unless he be duly elected to membership as provided in section 9 of this act.

(b) Officers.—At their first meeting after the annual meeting the directors shall elect from their own number a president, a vice president, a clerk, and a treasurer, who shall be the executive officers of the corporation. The offices of clerk and treasurer may be held by the same person. The duties of the officers shall be as determined by the bylaws, except that the treasurer shall be the general manager of the corporation.

(c) Directors.—The board of directors shall meet at least once a month and shall have the general direction of the affairs of the corporation. They shall act upon applications for membership; fix the amount of the surety bond required of any officer having custody of funds; recommend the declaration of dividends; determine interest rates on loans: *Provided, however*, That the interest rate on loans shall not be in excess of the maximum amount fixed by the provisions of this act; fill vacancies in the board and in the credit committee until successors to be elected at the next annual meeting have qualified; have charge of investments other than loans to members; determine from time to time the maximum individual share holding and the maximum individual loan which may be made with and without security, except that no loan in excess of $50 shall be made without adequate security. For the purposes of this subdivision an assignment of shares or the endorsement of a note shall be deemed security.

(d) Credit committee.—The credit committee shall hold such meetings as the business of the Federal Credit Union may require and not less frequently than once a month, of which meetings due notice shall be given to members of the committee by the treasurer, to consider applications for loans to members of the corporation, and no loan shall be made unless all of the members of the committee who are present when the application is considered and a majority of all the committee approve the loan. Applications for loans shall be made on forms prepared by such committee, which shall set forth the purpose for which the loan is desired, the security, if any, and such other data as may be required.

(e) Supervisory committee.—The supervisory committee shall make an examination of the affairs of the Federal Credit Union at least quarterly, including an audit of its books, shall make an annual audit and a report to be submitted at the annual meeting of the corporation; by a unanimous vote may suspend any officer of the corporation, or any member of the credit committee or of the board of directors until the next members' meeting, which said meeting shall, however, be held within 7 days of said suspension, at which meeting said suspension shall be acted upon by the members; and, by a majority vote, may call a special meeting of the shareholders to consider any violation of this act or of the bylaws, or any practice of the corporation deemed by the committee to be unsafe and unauthorized. The said committee shall fill vacancies in its own membership until successors to be elected at the next annual meeting have qualified: *Provided, however*, That before the treasurer shall enter upon his duties he shall give bond with good and sufficient security, in an amount and character to be determined from time to time by the board of directors conditioned upon the faithful performance of his trust, and approved by the governor of the Federal Reserve bank within the district in which the credit union operates. The supervisory committee shall cause to be verified from time to time, and not less frequently than once every 2 years, the passbooks of the members with the records of the treasurer.

RESERVES

SEC. 12. All entrance fees and fines provided by the bylaws and, before the declaration of any dividend, 20 percent of the net earnings of each year shall be set aside as a reserve fund against possible bad loans, which funds shall be kept liquid and intact and not distributed except in case of liquidation.

DIVIDENDS

SEC. 13. At the annual meeting a dividend may be declared from net earnings on recommendation of the board of directors, which dividend shall be paid on all paid-up shares outstanding at the end of the preceding fiscal year. Shares which became fully paid up during such year shall be entitled to a proportional part of said dividend calculated from the 1st day of the month following such payment in full.

EXPULSION AND WITHDRAWAL

SEC. 14. A member may be expelled by a two-thirds vote of the members of a Federal Credit Union present at a special meeting called for such purpose, but only after an opportunity has been given him to be heard. The Federal Credit Union may require 60 days' notice of intention to withdraw shares and 30 days' notice of intention to withdraw deposits, which period of notice may be extended if in the opinion of the board of directors the best interests of the Federal Credit Union require and for such longer time as the said governor of the Federal Reserve bank in the district in which the Federal Credit Union operates may permit. Expulsion or withdrawal shall not operate to relieve a member from any liability to the Federal Credit Union. All amounts paid in on shares or deposits by expelled or withdrawing members prior to their expulsion or withdrawal shall be paid to them in order of their withdrawal or expulsion, but only as funds become available and after deducting any amounts due from such members to the Federal Credit Union.

MINORS

SEC. 15. Shares may be issued and deposits received in the name of a minor or in trust in such manner as the bylaws may provide. The name of the beneficiary shall be disclosed to the Federal Credit Union.

RESTRICTION ON THE USE OF THE WORDS "FEDERAL CREDIT UNION"

SEC. 16. It shall be unlawful for any individual, partnership, association, or corporation, except corporations organized in accordance with the provisions of this act, to transact business

under any name or title containing the words in combination "Federal Credit Union" or "Federal Central Credit Union", or other words indicating that the business is transacted pursuant to the authority of this act of Congress. This section shall not, however, apply to credit unions organized and operating in accordance with the terms of State credit union laws. Any individual, partnership, association, or corporation violating this section shall, upon conviction thereof, be subject to a fine of not more than $10 for each day during which the violation continues.

PART II

FEDERAL CENTRAL CREDIT UNIONS

SEC. 17. For the purpose of forming a Federal Central Credit Union any 25 credit unions operating within a State, including Federal Credit Unions organized in accordance with the provisions of this act and State credit unions operating in accordance with the terms of State laws which permit said credit unions to have membership in a Federal Central Credit Union, may submit before some officer competent to administer oaths an organization certificate which shall state specifically:

(1) The name of the association, which shall include the words "Federal Central Credit Union" preceded by the name of the State in which the credit unions which present the certificate operate.

(2) The names and addresses of the credit unions presenting the certificate and the number of shares subscribed by each, which shall be not less than 10 shares, payable in cash on authorization to do business.

(3) The par value of the shares, which shall be $50.

(4) The term of said Federal Central Credit Union, which may be perpetual.

There shall be but one Federal Central Credit Union in each State.

All credit unions in a State which comply with the conditions herein contained shall be eligible to membership in the Federal Central Credit Union of that State.

METHODS OF ORGANIZATION

SEC. 18. The organization certificate, properly executed as aforesaid, shall be presented to the board of directors of the bank for cooperatives in the Federal Reserve district in which said Federal Central Credit Union is to be located, for approval or disapproval. The said board of directors shall, within 30 days of the receipt thereof, approve it or disapprove it, and shall notify the subscribers to the certificate of its decision. If said decision is favorable, it shall return the certificate with its approval noted thereon to the subscribers, who shall thereupon file the said approved certificate with the office of the bank for cooperatives in the Federal Reserve district in which is located the city or town in which the principal office of the said Federal Central Credit Union is to be located, at which time said subscribers shall pay a fee of $100 to the said bank for cooperatives for deposit by said bank in the Treasury to the credit of the United States. During the month of January in each year thereafter following the completion of the first full fiscal year of the said Federal Central Credit Union, a similar fee of $100 shall be paid to the said bank for cooperatives for deposit by it in the Treasury to the credit of the United States. Federal Central Credit Unions shall be examined at least once annually by the Comptroller of the Currency and shall pay the actual cost of said examination. Federal Central Credit Unions shall report at least once annually to the Comptroller of the Currency on forms supplied by him for that purpose, and more frequent reports may be required by said Comptroller.

POWERS

SEC. 19. A Federal Central Credit Union shall have succession in its corporate name during its existence and shall have power—

(1) To make contracts.

(2) To adopt a corporate name and to sue and to be sued in said name.

(3) To adopt and use a common seal and alter the same at pleasure.

(4) To purchase, hold, and dispose of property necessary to enable it to carry on its operations.

(5) To receive from its members payments on shares, including an original cash subscription from each subscribing member of not less than $500 and installments on not more than 10 additional shares per individual member, payable on such installment basis as the directors may determine.

(6) To receive deposits from its members in such fashion as the bylaws may provide.

(7) To make loans to its own members within the individual borrowing power of each borrowing credit union in each case as established by this act or by State law and to accept as security for such loans such collateral as the board of directors in the individual case may require, including the right to discount the notes of the borrowing credit union received from its members: *Provided*, That no loan shall be made unless the fair market value of the security offered or the total amount of personal notes offered for discount equal at least twice the amount of the loan: *Provided further*, That a borrowing member credit union may at any time borrow the amount of its share holdings and deposits in the Federal Central Credit Union with no other security than an assignment of said shares and deposits: *And provided further*, That the rate of interest charged on loans shall be determined from time to time by the board of directors of the Federal Central Credit Union and in no case shall exceed the prevailing rate paid on deposits in said Federal Central Credit Union by more than 1 percent per annum.

(8) To pay interest on deposits from member credit unions at a rate which shall not exceed 5 percent per annum and to pay dividends on its shares at a rate which shall not exceed 6 percent per annum.

(9) To invest its funds in the securities of the United States.

(10) To make deposits in national banks, postal savings banks, Federal Reserve banks, and in State banks, mutual savings banks and trust companies located in the State in which said Federal Central Credit Union has its principal office.

(11) To borrow from any source in an aggregate amount which shall not exceed 50 percent of its paid-in and unimpaired capital and surplus: *Provided*, That the total of rediscounts as provided in subsection (8) hereof and amounts borrowed shall at no time together exceed 50 percent of said paid-in and unimpaired capital and surplus.

(12) To impress a lien upon the shares and dividends and deposits and deposit interest of any member to the extent of any loan made it and any dues and fines payable by it.

BYLAWS

SEC. 20. At the time of presenting the organization certificate the incorporators shall submit to the board of directors of the bank for cooperatives in the Federal Reserve district in which said Federal Central Credit Union is to be located proposed bylaws which shall be prepared on a standard form as approved for Federal Central Credit Unions operating in accordance with this act by the said board of directors of said bank for cooperatives. In order to simplify the organization of Federal Central Credit Unions the said board of directors of said bank for cooperatives shall, upon the passage of this act, cause to be prepared a form of organization certificate and a form of bylaws consistent with this act which they shall supply to credit unions for their guidance in the organization of Federal Central Credit Unions.

MEMBERSHIP

SEC. 21. Membership in a Federal Central Credit Union shall consist of the credit unions within the State within which it operates which are eligible to membership and comply with the conditions of membership as herein set forth. All Federal Credit Unions in any State in which a Federal Central Credit Union is in process of organization or has been organized may join it upon compliance with the terms of this act, as may all credit unions organized in accordance with State laws in said State if said State laws permit said membership in a Federal Central Credit Union and the said State credit union has the approval of the board of directors of the bank for cooperatives in the Federal Reserve district within which it operates after said board of directors shall have determined on examination that said State credit union is in satisfactory condition.

MEMBERS' MEETINGS

SEC. 22. The fiscal year of all Federal Central Credit Unions shall end December 31 of each year. The annual meeting of the said Federal Central Credit Union shall be held at such time during the month of the following January and at such place as the bylaws shall prescribe. Special meetings shall be held in the manner indicated in the bylaws. No member credit union shall have more than one vote, which shall be cast at meetings by a delegate duly authorized by said member credit union as its representative, and there shall be no proxy voting. All offices of a Federal Central Credit Union shall be located in the State within which it is organized.

MANAGEMENT

SEC. 23. The business affairs of a Federal Central Credit Union shall be managed by a board of not less than 11 directors and a supervisory committee of 3 members, to be elected at the annual meeting and to hold office for such terms respectively as the bylaws may provide and until successors qualify, except that the subscribers to the organization certificate shall elect from the membership of the credit unions which they represent the first board which shall serve until the first annual meeting following said organization meeting. No credit union may have more than one of its members on the board of directors at any one time. Two months prior to the annual meeting in each year the clerk of the board of directors of a Federal Central Credit Union shall notify each member credit union of the date, hour, and place of the next annual meeting as determined by the board of directors and the number of vacancies to be filled, if any, on the board of directors and the supervisory committee, requesting each credit union to nominate one of its members to a vacancy on said board or committee if no one of its members is a member of said board or committee whose term does not expire at said annual meeting. Elections at the annual meetings shall be by ballot and shall be confined to nominees named in the way and manner above indicated: *Provided, however*, That if there is not a sufficient number of such nominees to fill existing vacancies, nominations completing the necessary number may be made from the floor. A record of the names and addresses of the members of the board and of the supervisory committee elected shall be filed with the bank for cooperatives in the Federal Reserve district within which said Federal Central Credit Union has its principal office within 10 days after said election. No member of said board or of said committee shall as such be compensated, but the actual expenses of a member of said board of directors or of said supervisory committee incurred in attending meetings may be refunded to said member.

The board of directors shall have the general direction of the affairs of the association, including the matter of determining

loans. They shall fix the amount of the surety bond which they shall require of any officer or employee having custody of funds; recommend the declaration of dividends within the limit herein contained; determine the interest rates on loans to members and the interest rate to be paid on deposits, both within the limits herein indicated; fill vacancies in the board until successors to be elected at the next annual meeting have qualified; elect from their own number the officers; have charge of all investments within the limitations herein set forth; determine from time to time the maximum amount which may be loaned to any one member which loans shall be made on an application form prepared by said board of directors which application shall set forth the purpose of the loan, the terms and security offered, together with a certified copy of the vote of the board of directors of the borrowing credit union authorizing acceptance of said loan and the authority required by any State law or this act as a condition precedent to the right of a credit union to borrow in the way and manner provided, together with a statement that the total amount owed by the borrowing credit union including the proposed loan does not exceed the borrowing limit of the credit union as established by State law or by this act.

At their first meeting, which shall be held within not less than 10 days after the annual meeting of the membership, the directors shall elect from their own number a president, a vice president, a clerk, and a treasurer, who shall be the executive officers of the said Federal Central Credit Union, who shall hold office for the terms indicated in the bylaws and until successors are elected and qualify. The duties of the officers shall be as provided by the bylaws, except that the treasurer shall be general manager. The officers may be compensated in such amounts as the directors may from time to time determine within the limits set each year by the members at their annual meeting. The supervisory committee shall make or cause to be made an examination of the affairs of the Federal Central Credit Union at least quarterly, including an audit of its books; shall make an annual audit and a report to be submitted at the annual meeting of the corporation; may by a unanimous vote suspend any officer of the corporation or any member of the board of directors until the next members' meeting, which said meeting shall, however, be held within 15 days of said suspension, at which meeting said suspension shall be acted upon by the members; and, by a majority vote, may call a special meeting of the members to consider any violation of this act or of the bylaws, or any practice of the corporation deemed by the committee to be unsafe or unauthorized. The said committee shall fill vacancies in its own membership until successors to be elected at the next annual meeting have qualified: *Provided, however*, That before the treasurer shall enter upon his duties he shall give a surety bond in an amount and character to be determined from time to time by the board of directors, conditioned upon the faithful performance of his trust and approved by the board of directors of the bank for cooperatives within the Federal Reserve district in which the Federal Central Credit Union operates.

REPORTS

SEC. 24. The Federal Central Credit Union shall make such reports from time to time as may be required by the Comptroller of the Treasury or by the board of directors of the bank for cooperatives in the Federal Reserve district within which it operates.

RESERVES

SEC. 25. Each credit union on joining a Federal Central Credit Union shall pay an entrance fee of $10. The entrance fees, together with all fines and, before the declaration of a dividend each year as hereinafter provided, 20 percent of the net earnings of each year, shall be set aside as a reserve fund against possible bad loans, which fund shall be kept liquid and intact and not distributed except in case of liquidation. To this fund shall also be added at the end of each fiscal year all undivided earnings.

DIVIDENDS

SEC. 26. At the annual meeting of the membership a dividend may be declared out of net earnings within the limits hereinbefore indicated. Said dividends shall be paid on all paid-up shares outstanding at the end of the preceding fiscal year. Shares which became fully paid up during such year shall be entitled to a proportional part of said dividend calculated from the 1st day of the month following such payment in full.

EXPULSION AND WITHDRAWAL

SEC. 27. A member of a Federal Central Credit Union may be expelled by a two-thirds vote of the members of the Federal Central Credit Union at a special meeting called for such purpose, but only after an opportunity has been given to be heard. The Federal Central Credit Union may require 60 days' notice of the intention of a member credit union to withdraw shares, which withdrawal may be permitted to a minimum of 10 shares per member and may require 30 days' notice of the intention of a member credit union to withdraw deposits. The period of withdrawal notice may in either case be extended by said board of directors if in their opinion the best interests of the Federal Central Credit Union require and for such longer time as the board of directors of the bank for cooperatives in the Federal Reserve district in which the said Federal Central Credit Union has its principal office may permit. Expulsion or withdrawal shall not operate to relieve a member credit union from any liability to the Federal Central Credit Union. All amounts paid in on such shares or deposits by expelled or withdrawing member credit unions prior to their expulsion or withdrawal shall be paid to them in order of their withdrawal or expulsion, but only as funds become available and after deducting any amounts due from such member credit unions to the Federal Central Credit Union.

RESERVATION OF RIGHT TO ALTER

SEC. 28. Congress reserves the right to alter, amend, or repeal this act or any part thereof, or any charter or certificate of incorporation issued pursuant to the provisions of this act.

BILLS PASSED OVER

The bill (S. 2334) authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans., was announced as next in order.

Mr. BULKLEY. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (H.R. 7581) to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with the view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon which shall not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes, was announced as next in order.

Mr. McNARY. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1978) to assure to persons within the jurisdiction of every State the equal protection of laws, and to punish the crime of lynching, was announced as next in order.

Mr. GEORGE. Over.

The VICE PRESIDENT. The bill will be passed over.

Mr. McNARY. Mr. President, may I inquire who made the objection to Senate bill 1978?

The VICE PRESIDENT. The Chair is advised that the Senator from Georgia [Mr. GEORGE] objected to the present consideration of the bill, and the bill has been passed over.

MURIEL CRICHTON

The Senate proceeded to consider the bill (S. 3264) for the relief of Muriel Crichton, which had been reported from the Committee on Claims with an amendment to insert a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Muriel Crichton, of Washington, D.C., the sum of $10,000, in full and final settlement of all claims for hospitalization and medical and other charges and expenses, and for pain, suffering, and damage to her person, resulting from an injury suffered by her as the result of being knocked down by an employee of the Senate at or near the east door of the Senate Chamber on March 28, 1933: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOINT RESOLUTION AND BILL PASSED OVER

The joint resolution (S.J.Res. 7) proposing an amendment to the Constitution of the United States relative to taxes on certain incomes was announced as next in order.

Mr. ROBINSON of Arkansas. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 493) to protect labor in its old age was announced as next in order.

Mr. GIBSON. Over.

The VICE PRESIDENT. The bill will be passed over.

CHARLES A. BROWN

The bill (H.R. 4274) for the relief of Charles A. Brown was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 2439) for the relief of the Goldsmith Metal Lath Co., Price-Evans Foundry Corporation, and R. W. Felix was announced as next in order.

Mr. BULKLEY. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes, was announced as next in order.

Mr. McNARY. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, was announced as next in order.

The VICE PRESIDENT. This bill is the unfinished business.

Mr. COUZENS. Let it go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1842) to amend sections 211, 245, and 312 of the Criminal Code, as amended, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, I should like to have an explanation of this bill. I see that it was introduced by the Senator from Delaware [Mr. HASTINGS] and reported from the Committee on the Judiciary by the Senator from Kentucky [Mr. LOGAN].

Mr. WALSH. I ask that the bill be passed over.

The VICE PRESIDENT. The bill will be passed over.

The bill (H.R. 1567) amending section 1 of the act of March 3, 1893 (27 Stat.L. 751), providing for the method of selling real estate under an order or decree of any United States court was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, I ask the Senator from Mississippi [Mr. STEPHENS], who reported the bill, to explain what changes the bill makes in existing law.

Mr. STEPHENS. Mr. President, I have just come into the Chamber.

Mr. ROBINSON of Arkansas. I ask that the bill be passed over for the present without prejudice.

The VICE PRESIDENT. The bill will be passed over without prejudice.

ELIZABETH T. CLOUD

The bill (H.R. 190) for the relief of Elizabeth T. Cloud was considered, ordered to a third reading, read the third time, and passed.

SNARE & TRIEST CO.

The bill (S. 1760) for the relief of the Snare & Triest Co., now Frederick Snare Corporation, was announced as next in order.

Mr. KING. Mr. President, let us have an explanation of this bill. It carries an appropriation of $88,000.

Mr. COPELAND. Mr. President, if the Senator will look at the long paragraph at the top of page 2 of the report on this bill, he will find a very full explanation of the bill. The plans of a breakwater, for which there was an estimated contract price of $1,705,000, exceeded the amount actually appropriated in the act, which was $1,000,000.

Mr. McKELLAR. Mr. President, did the Department recommend the bill?

Mr. COPELAND (reading):

> The Navy Department will interpose no objections to the enactment of the bill—

The Senator will find that statement on page 11—

> should the Congress see fit to authorize the readjudication of the case as proposed.

Mr. KING. May I say to the Senator that this does not seem to be a readjudication. It is a direct appropriation, as I understand.

Mr. COPELAND. There is an amendment at the end of the bill, as the Senator will see if he will read it.

Mr. KING. Mr. President, it does not seem to me that this is a readjudication. It is a direct appropriation. I have no objection to an amendment that will send the matter to the Court of Claims, or, if necessary, set up a special commission; but a direct appropriation after the bill has been adversely reported upon by the Department, or, at any rate, has not been recommended, does not seem to me proper.

Mr. COUZENS. I ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

HAROLD SORENSON

The bill (S. 1822) for the relief of Harold Sorenson was announced as next in order.

Mr. McKELLAR. Mr. President, will the Senator from Vermont explain the bill?

Mr. GIBSON. Mr. President, Harold Sorenson, the claimant, was a major in the Construction Department of the United States Army. He had to do with letting contracts for the construction of some work in connection with Camp Grafton, in North Dakota. The work was carried out, but it was claimed that he exceeded the time limit stated in his instructions. The War Department reports that—

> Notwithstanding the apparent lack of care in the observance of applicable regulations on Major Sorenson's part, it is believed that his action was taken in good faith; and it is deemed certain that the additional work performed at his direction, without proper authority, would have had to be carried out long since, at Federal expense, in any event.
>
> Favorable consideration of the bill for Major Sorenson's relief is therefore recommended.

Mr. ROBINSON of Arkansas. Mr. President, I note in the communication of the Comptroller General the following statement:

> There being no showing of any authority from the Militia Bureau, War Department, for the expenditure, nor any authority in the adjutant general of the State of North Dakota to expend Federal funds by requiring this work to be done at Camp Grafton, situated upon State land, this office disallowed credit in the settlement of the account of Disbursing Officer Sorenson for the $1,518.91 paid by him to the contractor.
>
> For the United States to pay this bill for $1,518.91 for improvements made on State land at the instance of the adjutant general of the State may establish a precedent for similar unauthorized and illegal transactions. Disbursing Officer Sorenson, who made the payment of the $1,518.91 to the contractor, and is now responsible therefor to the United States under his bond, could have protected himself by submitting to this office the voucher in advance of payment, for a decision as to its legality. In lieu of doing so he elected to make the payment and assume responsibility therefor.
>
> The price paid for the work appears to have been reasonable. Other than as indicated no objection is offered.

Under that report from the Comptroller General I do not believe this bill ought to be passed with the limited consideration that can now be given. I ask that it go over.

The VICE PRESIDENT. The bill will be passed over.

Mr. NYE subsequently said: I ask unanimous consent to recur to Senate bill 1822, Order of Business 888. The Senator from Arkansas has consented to withdraw his objection to it.

Mr. ROBINSON of Arkansas. Mr. President, I have examined the report, and find that the payment is unqualifiedly recommended by the Secretary of War. I have no objection to the consideration of the bill.

The PRESIDING OFFICER (Mr. CLARK in the chair). Is there objection to the request of the Senator from North Dakota?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

> *Be it enacted, etc.*, That the Comptroller General is authorized and directed to credit the accounts of Harold Sorenson, major,

United States property and disbursing officer, North Dakota National Guard, in the amount of $1,518.91, representing the credit disallowed in such accounts by reason of the payment of such sum by such Harold Sorenson during the year 1926, out of funds of the United States, for certain work in connection with the construction of a water-supply system near Camp Grafton, N.Dak., pursuant to obligations incurred after the termination of the authority for such obligations.

DEPOSITS OF MONEYS OF PHILIPPINE GOVERNMENT

The bill (S. 3439) relating to deposits in the United States of public moneys of the government of the Philippine Islands was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized to accept, upon such terms and conditions as he may from time to time prescribe, deposits of public moneys of the government of the Philippine Islands and to pay out of any funds in the Treasury not otherwise appropriated interest on any or all of such deposits other than demand deposits, at such rate or rates, not in excess of 2 percent per annum, as the Secretary of the Treasury may from time to time prescribe.

JOE G. M'INERNEY

The bill (H.R. 5542) for the relief of Joe G. McInerney was announced as next in order.

Mr. McKELLAR. Mr. President, will the Senator from Mississippi [Mr. STEPHENS] explain the bill? I find a report from the Secretary of the Treasury against the passage of the bill. I read from the report:

In view of the nature of the discharge of Jos. McInerney I do not feel that I can give my approval to the bill under notice.

That is signed by the Secretary of the Treasury. I am wondering why the bill was reported.

Mr. STEPHENS. Mr. President, it is true that the language read by the Senator from Tennessee was used by the Secretary of the Treasury; but there are no records available that show the cause of this discharge. Statements were made by persons who were in service with this particular man, and they gave him a very high recommendation, stating that he had been for many years a good citizen.

I recall that this little incident was brought to my notice: On one occasion 2 years ago it became necessary to reduce the personnel 30 percent, and the men were relieved from service and dishonorably discharged. There was not a thing in the world in their records to justify such action. I took up the matter with the proper department and was informed as to the reason for the discharge of this part of the personnel, and it was stated that there was nothing adverse to the records of the men. Just why that course was pursued I do not know; but one of the men interested in this particular matter stated that after this man had been discharged he had a conversation with his superior officer, who spoke of him in the highest terms. There was nothing to indicate that he had ever been charged with anything which might be regarded as dishonorable conduct.

This matter was discussed at some length in the committee, and the whole case was gone into; and after the discussion it was determined by the vote of every member present that a favorable report should be made, despite the objection of the Secretary.

So far as I am concerned, I feel that this man's record should be changed. The bill does not carry any back pay, pension, allowances, or anything of the kind. The Senator from South Carolina [Mr. SMITH] wrote a letter in regard to the matter. I see him in the Chamber now. He states in the letter that he does not have any facts other than those set out in the House of Representatives. However, a statement under oath has been made by this man. I think there is no doubt that this is a proper bill.

I have nothing further to say.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed.

CROMLINE CREEK, N.Y.

The Senate proceeded to consider the bill (S. 3408) to provide for a preliminary examination of Cromline Creek in the State of New York, with a view to the control of its floods, which had been reported from the Committee on Commerce with an amendment, on page 1, line 6, to strike out "the cost thereof to be paid from the annual appropriation of the War Department" and to insert "in accordance with the provisions of section 3 of an act entitled 'An act to provide for the control of the floods of the Mississippi River and of the Sacramento River, Calif., and for other purposes', approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors", so as to make the bill read:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of Cromline Creek in the State of New York, with a view to control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for the control of the floods of the Mississippi River and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CARLO DE LUCA

The bill (S. 2806) to confer jurisdiction on the Court of Claims to hear and determine the claim of Carlo de Luca was announced as next in order.

Mr. KING. Mr. President, may I ask the Senator from Kentucky [Mr. LOGAN] whether this alleged breach of contract, if it was a breach, occurred immediately after the war?

Mr. LOGAN. Mr. President, this case is a rather peculiar one. This man De Luca was treated differently from everyone else who had contracts with the Government at the time. The Government requisitioned his contracts under an agreement that they should pay him the amount he had actually expended in carrying out the contracts, and also that they should make fair and just compensation for incidental expenses which were mentioned. Under the plan the War Department had in effect, they paid whatever expenses the contractors had been out, and then paid 75 percent of the additional expenses claimed, and allowed them to litigate the balance. But they were very arbitrary with this claimant. He was an Italian subject, was not in this country, and for that reason he was unable to collect, or have a hearing on his claim for incidental expenses. They offered him $20,000 on each boat, arbitrarily, and told him to take that or nothing. They were about to sue him on his primary obligation for the money he used in reconditioning the boats, so he accepted. Now he simply asks to be allowed to go into the Court of Claims.

Mr. McKELLAR. I was about to ask if this bill merely proposes to let him go to the Court of Claims?

Mr. LOGAN. Yes; to litigate his claim.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Court of Claims of the United States be, and it is hereby, given jurisdiction to hear and determine the claim of Carlo de Luca, and to award him just compensation for losses and damages, if any, which he may have suffered through action of the United States Shipping Board Emergency Fleet Corporation in commandeering or requisitioning two certain contracts dated June 25, 1917, which the said Carlo de Luca owned and which he had with the Standard Shipbuilding Corporation of New York for the construction and delivery of two certain ships designated as "hulls 12 and 13"; and to enter decree or judgment against the United States for such just compensation, if any, notwithstanding the bars or defenses of any alleged settlement or adjustment heretofore made or of res judicata, lapse of time, laches, or any statute of limitation: *Provided, however*, That the United States shall be given credit for any sum heretofore paid the said Carlo de Luca by reason of said action of the United States Shipping Board and/or the United States Shipping Board Emergency Fleet Corporation.

SEC. 2. Such claim may, under section 1 of this act, be instituted at any time within 4 months from the approval of this act. Pro-

ceedings in any suit brought in the Court of Claims under this act, appeals therefrom, and payment of any judgment therein shall be had as in the case of claims over which such court has jurisdiction under section 145 of the Judicial Code, as amended.

MORSE DRYDOCK & REPAIR CO.

The bill (S. 3230) to carry out the findings of the Court of Claims in the claim of the Morse Drydock & Repair Co. was announced as next in order.

Mr. McKELLAR. Mr. President, we must have an explanation of this bill. A very large amount of money is called for.

Mr. WAGNER. Mr. President, let the bill go over temporarily. I have just come into the Chamber.

The VICE PRESIDENT. The bill will be passed over temporarily.

Mr. WAGNER subsequently said: Mr. President, may we return to Senate bill 3280, Order of Business 895, to which the Senator from Tennessee [Mr. McKELLAR] objected? He has consented to withdraw his objection.

The PRESIDING OFFICER (Mr. CLARK in the chair). The Senator from New York asks unanimous consent to return to Senate bill 3280. Is there objection?

Mr. McKELLAR. I have no objection to returning to the bill. I find that while the sum is a large one, the amount involved in the bill has already been authorized by the Court of Claims. Under those circumstances, of course the bill should be passed.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the Morse Dry Dock & Repair Co., a corporation organized and existing under the laws of the State of New York, out of any money in the Treasury not otherwise appropriated, the sum of $331,879.25, as reimbursement for repairing and reconditioning the steamships *Princess Matoika, Pocahontas, Susquehanna, Potomac, America,* and *George Washington,* as found by the Court of Claims and reported in Senate Document No. 141, Seventy-third Congress, second session.

MARIE LOUISE BELANGER

The Senate proceeded to consider the bill (S. 2872) for the relief of Marie Louise Belanger, which had been reported from the Committee on Claims with an amendment to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 in full settlement of all claims of Marie Louise Belanger against the Government on account of the death of her husband, Alfred Belanger, caused by an explosion in the meter house of the Federal Hospital for Defective Delinquents, at Springfield, Mo., on September 15, 1933: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I understand the liability that is being recognized in this bill grows out of an explosion which occurred under the responsibility of the Government. Is that correct?

Mr. GIBSON. That is correct.

Mr. ROBINSON of Arkansas. The report of the Assistant Attorney General states:

Under these circumstances, it appears there would be little doubt as to the Government's liability if it could be held answerable in tort for the acts of its agents.

I see no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

STELLA D. WICKERSHAM

The Senate proceeded to consider the bill (S. 2873) for the relief of Stella D. Wickersham, which had been reported from the Committee on Claims with an amendment to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 in full settlement of all claims of Stella D. Wickersham against the Government on account of the death of her husband, Robert L. Wickersham, caused by an explosion in the meter house of the Federal Hospital for Defective Delinquents, at Springfield, Mo., on September 15, 1933: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INDEMNITY BONDS FOR NATIONAL BANKS

The bill (S. 2915) requiring national banks to obtain indemnity bonds from State qualified bonding companies, was announced as next in order.

Mr. NcNARY. Mr. President, the senior Senator from Delaware [Mr. HASTINGS] desires to be present when this bill is presented to the Senate, and, in his absence, I ask that it go over.

Mr. BULKLEY. Mr. President, I move that the bill be referred to the Committee on Banking and Currency.

The VICE PRESIDENT. Under the rule, if objection is made, the bill must go over.

Mr. BULKLEY. I ask the Senator from Oregon to withdraw his objection.

Mr. McNARY. Mr. President, the rule would not permit such a motion anyway. We are considering unobjected bills on the calendar.

Mr. KING. The motion would be resisted.

Mr. COUZENS. Mr. President, it could be done by unanimous consent. This is a matter in which the Committee on Banking and Currency is very much interested, and I think by unanimous consent the bill should be referred to that committee. We can do it by unanimous consent.

Mr. McNARY. But not by motion.

Mr. COUZENS. I ask unanimous consent that the bill be taken from the calendar and referred to the Committee on Banking and Currency.

The VICE PRESIDENT. Is there objection to the request of the Senator from Michigan?

Mr. NEELY. Mr. President, I vigorously object. This bill is similar to one that has long been buried in the Committee on Banking and Currency. The pending measure was, without any suggestion on my part, properly referred to the Committee on the Judiciary. A subcommittee of that committee held hearings on the bill. The printed record of those hearings has been available to the Members of the Senate for more than a week. The bill is on the calendar and should be passed.

The VICE PRESIDENT. Objection is made.

Mr. GLASS. Mr. President, I may say a word about this matter. I think it will be universally conceded in the Senate that this is an unprecedented performance. The bill, as appears on the face of it, belongs within the jurisdiction of the Committee on Banking and Currency and not in any sense within the jurisdiction of the Committee on the Judiciary. Not only that, but the Banking and Currency subcommittee, of which I happen to be chairman, held preliminary hearings on the bill, and while they were engaged in its consideration a similar bill was introduced and referred to a committee which has no jurisdiction whatsoever of matters of this kind.

I did not know that had been done. We had scores of telegrams from banks all over the country protesting against the bill, and letters pointing out in detail the very severe injustice that would be done if the bill, in the form in which it is now presented, should be enacted into law. We assured the protestants that formal hearings would be held by the Committee on Banking and Currency if it should appear that the bill needed any modification.

Not only that, but a member of the subcommittee, the junior Senator from California [Mr. McADOO], made a personal investigation, and reported to the subcommittee of the Committee on Banking and Currency that, in the form in which the bill is now presented, it was doubtful whether there were more than two or three insurance companies in the United States sufficiently solvent to insure the losses from mismanagement or otherwise of national banks.

The subcommittee of the Committee on Banking and Currency, and the committee itself, to which this bill was referred, and where it is now, feel under obligation, if the bill is to be considered right away, to invite these gentlemen here, as we promised to do, in order that they may make their formal and detailed protests against the bill.

Mr. ASHURST. Mr. President, it is not necessary for me or anyone else to defend the Senate Committee on the Judiciary. Each member thereof is able to defend himself. My learned friend the Senator from Virginia [Mr. GLASS] laments that the bill now being discussed was referred to the Committee on the Judiciary.

If any other Senator had used the word "performance" as it was employed by the Senator from Virginia, I should have passed it by, but the Senator from Virginia, being a master of language, is able by one word to attach an epithet when he chooses. By his ripe and rare scholarship he is able to stigmatize a matter with a word, and I do not particularly like the way he used the word "performance." [Laughter.]

Mr. GLASS. Very well, Mr. President; I ask to have the word obliterated from my remarks. [Laughter.]

Mr. ASHURST. That would result in the obliteration of my remarks, so I would have to object. [Laughter.]

Mr. President, the last thing the Senate Committee on the Judiciary desires is more jurisdiction. I hold in my hand our committee calendar. We are not more assiduous and more industrious than the members of other committees, but I lay it down that I, as a healthy man, and members of my committee, as healthy gentlemen, are working to the point of pain and heavy pressure on the Committee on the Judiciary.

I want it understood, therefore, that the Senate Committee on the Judiciary did not seek jurisdiction of this bill. It was introduced in the regular way, openly, by the able Senator from West Virginia [Mr. NEELY] and was referred to the Committee on the Judiciary. In accordance with our rule—I suppose the rule is a hundred years old—the bill was referred to a subcommittee, with instructions to that subcommittee to employ a stenographer and to hear all persons who wished to be heard.

The record shows that there were hearings. The subcommittee consisted of Senators NEELY, VAN NUYS, and ROBINSON of Indiana. The hearings were printed. After the subcommittee made its report on the bill, there was an able discussion on it in the main committee. Therefore, with due deference to my able friend, he is not justified in catapulting over the country the idea that some "performance" took place respecting this bill.

Mr. GLASS. Mr. President——

Mr. ASHURST. Just a moment and I will yield. I want the country and the Senate to know that the Judiciary Committee treated this bill in the regular way, discussed it at length, and held hearings. If jurisdiction should not have been lodged with us in the first instance, the move should have been made promptly to have the bill referred to another committee.

Moreover, only last Monday a suggestion was made in the Judiciary Committee that we did not have jurisdiction of a claims bill, and, by unanimous vote, we sent the bill to the Committee on Claims, indicating that we are not seeking jurisdiction.

Last year a certain bill was introduced which went to the Judiciary Committee. It related, we thought, to foreign affairs, and we sent the bill back for reference to the Committee on Foreign Affairs. However, we could see no reason why the Senate Committee on the Judiciary should not take cognizance of the bill now under discussion.

I beg my worthy friend from Virginia to believe me when I say again that if any other Senator had used the word "performance" I should not have risen, because no other Senator is capable of that remarkable use of language which can attach to one word the meaning and the import that my learned friend from Virginia can attach to a word.

Mr. GLASS. I appeal to the distinguished Senator from Arizona, who so far exceeds me in the ability to use words, to tell me just what word he has in his remarkable vocabulary to describe an activity of that sort. Suppose a bill relating——

Mr. ROBINSON of Arkansas. Mr. President, I demand the regular order.

The VICE PRESIDENT. The Senator from Arkansas demands the regular order. Objection has been heard, and the bill will be passed over.

Mr. FLETCHER. Mr. President, before we pass to the next bill on the calendar, permit me to make a brief statement in connection with this matter which I think I should make now.

I introduced in the Senate a bill of similar import to the one now being discussed, and it was referred to the Committee on Banking and Currency. We have a subcommittee of the Committee on Banking and Currency dealing with national banks and legislation pertaining to national banks, of which the Senator from Virginia [Mr. GLASS] is chairman. The bill was referred to the Committee on Banking and Currency, and by that committee referred to the subcommittee I have mentioned. Afterward the bill now under discussion was introduced and referred to the Committee on the Judiciary. That was clearly a mistake. It should never have been done.

If the Banking and Currency Committee has any jurisdiction at all, it has jurisdiction of such matters as contained in this bill. The bill which I originally introduced is still before the subcommittee of the Senate Committee on Banking and Currency. I have no personal interest in the present personalities of explanations and desire to take no part in the discussion other than to show the history of the bill. Undoubtedly a mistake was made when the bill was referred to the Judiciary Committee. Now the question is whether the bill should go to the Committee on Banking and Currency as suggested by the Senator from Ohio [Mr. BULKLEY]. However, the bill has gone over. I simply wanted to make the explanation for the RECORD.

SALE OF REAL ESTATE UNDER COURT ORDER

Mr. STEPHENS. Mr. President, a moment ago the Senator from Arkansas [Mr. ROBINSON] asked that House bill 1567 go over in order that I have an opportunity to read the report. I ask unanimous consent to return to the consideration of that bill.

Mr. ROBINSON of Arkansas. I have no objection.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H.R. 1567) amending section 1 of the act of March 3, 1893 (27 Stat.L. 751), providing for the method of selling real estate under an order or decree of any United States court.

Mr. ROBINSON of Arkansas. What is the change which the bill makes in existing law?

Mr. STEPHENS. The change is simply to permit real estate to be sold at private sale. The sale is safeguarded by the first provision, which requires the court to appoint three appraisers, and provides that the price agreed upon

shall not be less than two thirds of the appraised value. It is stated in the report by several judges, and known to be a fact, I am sure, by many of us, that very frequently when property is put up at public sale it brings a very small price, and yet the sale is confirmed unless some person offers more, and unless that happens, of course, the owner of the property obtains a very small sum for his property.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. STEPHENS. I yield.

Mr. ROBINSON of Arkansas. Is not what the bill proposes in violation of the custom which at present prevails in every jurisdiction, both State and national?

Mr. STEPHENS. It is stated in a letter from a judge:

> This authority has for many years been vested in the judges of the State court.

I have not run down the statutes of the various States. I took it for granted that this judge was correct in his statement.

The bill has the approval of the Attorney General, and has passed the House. It seems to me that it might be quite helpful in many cases for negotiations to be made with reference to a private sale, and that in many instances perhaps more will be received for the real estate than if the property is offered at public sale.

Mr. McKELLAR. Mr. President, does the law of the State of Mississippi permit such sale? The law of the State of Tennessee does not. Of course, I am not familiar with the laws of all States, but I know of no State in which such a practice is permitted.

Mr. STEPHENS. I am not at all sure that it is permitted in the State of Mississippi, but I was accepting the view of the Attorney General, and I was accepting the statement of the judge I referred to, Judge F. P. Shoonmaker, of Pittsburgh, Pa., one of the Federal judges. There are letters also from two other Federal judges favoring the bill.

I have no personal interest in the bill, and I care nothing about it, but in view of the fact that the Attorney General favored it, that the House favored it, and that the arguments presented for the bill had merit, it seemed to me it might be well to pass it.

Mr. DILL. Is it proposed to give such authority to any United States court anywhere in the country?

Mr. STEPHENS. Yes; the bill relates to any Federal court.

Mr. BLACK. May I ask when the Attorney General made the report? Has the bill gone to the present Attorney General for consideration?

Mr. STEPHENS. This language is contained in the House report:

> The bill has the approval of the Attorney General.

I have not seen that report. I took it for granted, of course, that the House committee made a correct statement about the approval of the Attorney General. It is probable, however, I will say, since I have looked at the dates of the letters from the judges that it might have been the former Attorney General who made the report—Attorney General Mitchell.

Mr. BLACK. Mr. President personally, I should prefer to have the bill go over so as to get the views of the present Attorney General.

Mr. McNARY. Mr. President, this bill seems to have stirred up considerable controversy which is delaying the orderly procedure. I ask that it go over.

Mr. STEPHENS. Mr. President, if the Senator from Oregon will pardon me, I will say to him that I was going to accede to the request of the Senator from Alabama [Mr. BLACK] that the bill go over.

Mr. McNARY. Very well. My suggestion is that if there shall be further debate with reference to the bill, I shall ask for the regular order.

Mr. STEPHENS. I do not ask for further debate. I ask that the bill go over.

The PRESIDING OFFICER (Mr. CLARK in the chair). The bill will be passed over.

PUBLIC-SCHOOL FACILITIES FOR YAKIMA RESERVATION

The Senate proceeded to consider the bill (S. 2506) to provide funds for cooperation with White Swan School District No. 88, Yakima County, Wash., for extension of public school buildings to be available for Indian children of the Yakima Reservation, which had been reported from the Committee on Indian Affairs with an amendment, on page 1, line 3, after the words "to be", to strike out the words "expended, from any moneys now available for construction under provisions of the National Industrial Recovery Act, approved June 16, 1933" and to insert in lieu thereof "appropriated, from any moneys in the Treasury not otherwise appropriated", so as to make the bill read:

Be it enacted, etc., That there is hereby authorized to be appropriated, from any moneys in the Treasury not otherwise appropriated, the sum of $50,000 for the purpose of cooperating with White Swan School District, No. 88, Yakima County, Wash., for extension and improvement of public-school buildings: *Provided*, That the expenditure of any moneys so appropriated shall be subject to the condition that the schools maintained by said district shall be available to all Indian children of the district on the same terms, except as to payment of tuition, as other children of said school district: *Provided further*, That such expenditures shall be subject to such further conditions as may be prescribed by the Secretary of the Interior.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DISPOSITION OF SURPLUS REAL ESTATE OF THE WAR DEPARTMENT

The bill (S. 3457) to authorize the Secretary of War to sell or dispose of certain surplus real estate of the War Department was considered, ordered to be engrossed for a third reading, read the third time, and passed as follows:

Be it enacted, etc., That in accordance with, and under the applicable provisions and conditions of, an act entitled "An act authorizing the use for permanent construction at military posts of the proceeds from the sale of surplus War Department real property, and authorizing the sale of certain military reservations, and for other purposes", approved March 12, 1926 (44 Stat. 203), except that the net proceeds derived from any sales made under the authority contained in this act shall be covered into the Treasury as "miscellaneous receipts", the Secretary of War is hereby authorized to dispose of the several tracts or parcels of real property hereinafter designated, or portions thereof, upon determination by him that said tracts or parcels, or portions thereof, are no longer needed for military purposes:

Confederate lot, Greenlawn Cemetery, Indianapolis, Ind.; tract designated no. 2 of Confederate Cemetery, Point Lookout, Md.; Balls Bluff National Cemetery, Va.; Soldiers' lot, Camp Dennison, Ohio.

SEC. 2. That the Secretary of War is hereby authorized and directed to discontinue the national cemetery at Balls Bluff, Va., established under the provisions of section 18 of the act of Congress, approved June 17, 1862 (12 Stat. 596), and the Secretary of War is further authorized to disinter and remove to the nearest national cemetery the remains of the soldiers buried in said cemetery.

BILL PASSED OVER

The bill (S. 3487) relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of that bill?

Mr. COUZENS. Mr. President, the Senator from Virginia [Mr. GLASS] is not in the Chamber at the moment, and I think the bill should go over until he is here. I ask that the bill go over for the present.

The PRESIDING OFFICER. The bill will be passed over.

DONATION OF LAND TO THE TOWN OF BOURNE, MASS.

The bill (H.R. 503) to authorize the donation of certain land to the town of Bourne, Mass., was considered, ordered to a third reading, read the third time, and passed.

PATRICK J. SULLIVAN

The bill (S. 522) for the relief of Patrick J. Sullivan was announced as next in order.

Mr. KING. Over.

Mr. COOLIDGE. Mr. President, will the Senator withhold his objection for a moment?

Mr. KING. I may say to the Senator that on examining the report submitted by Brigadier General McKinley I find

that the soldier was charged with a number of offenses and was tried by courts martial.

After due consideration of the case by the court, including the consideration of evidence of five previous convictions by summary courts martial for absence without leave and drunkenness—

He was found guilty and was sentenced to be dishonorably discharged for the offense, and also to be confined at hard labor for 3 months.

Mr. COOLIDGE. Mr. President, Mr. Sullivan served one term of 3 years in the military service very acceptably, and was honorably discharged with character very good. Within a week he again joined the military service and served for another 3 years. Within a few days after the expiration of that enlistment he reenlisted and served in another organization of the military service for something like 2 years and 10 months. In all he was in the military service for something over 8 years and 10 months. He became involved in some trifling difficulties with the commanding officer two or three times in connection with small matters that did not seem to amount to much. I had a long letter which he sent me in which he classified these little difficulties. For instance, he was told to do a certain thing by one officer and then another officer came along and told him to do another thing. He stated that he thought he ought to go by the directions given him by the last officer. There were little things such as that.

Mr. KING. Does the Senator consider that the findings of courts martial upon five occasions of offenses such as absence without leave and drunkenness are small matters? Those may be trifling matters in the Army, but I am just calling attention to the findings of the courts martial.

Mr. COOLIDGE. The committee took this matter up. They have rather ruled, generally speaking, that if a man was in the service and was honorably discharged and later got into some difficulty such as in this case——

Mr. KING. And then was dishonorably discharged.

Mr. COOLIDGE. They would give him an honorable discharge. In connection with this bill, for which the committee voted unanimously, there was added a proviso, as follows:

And provided further, That the rights, privileges, and benefits conferred upon Patrick J. Sullivan by reason of the enactment of this act shall be limited to admission to a soldier's home under the regulations governing such admissions.

Mr. KING. If it is limited to that purpose, I shall make no objection.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 11, after the word "act", to insert an additional proviso, so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Patrick J. Sullivan, who was a member of Battery A, Third Regiment United States Field Artillery, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 13th day of November, 1910: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act: *And provided further*, That the rights, privileges, and benefits conferred upon Patrick J. Sullivan by reason of the enactment of this act shall be limited to admission to a soldiers' home under the regulations governing such admissions.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HARRY L. REAVES

The bill (S. 2938) for the relief of Harry L. Reaves was announced as next in order.

Mr. KING. Over.

Mr. SHEPPARD. Mr. President, may I say to the Senator from Utah that this bill merely gives this officer the right to make application for benefit under the Emergency Officers' Retirement Act of May 24, 1928. He had a claim pending with the Veterans' Administration and thought that claim covered the matter of benefits under the emergency officers' retirement act, and did not make his application under that act until after the prescribed time had expired. He has a splendid war record, and the committee feeling that he was not responsible for having delayed his application, felt that he should be given the right to make it at this time.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to extend the benefits of the act entitled "An act making eligible for retirement, under certain conditions, officers and former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps, who incurred physical disability in line of duty while in the service of the United States during the World War", approved May 24, 1928, to Harry L. Reaves, former captain, Eleventh Regiment United States Infantry. The application of the said Harry L. Reaves for the benefits of such act of May 24, 1928, shall be filed with the Veterans' Administration within 6 months from the date of the approval of this act.

PREVENTION OF USURY IN THE DISTRICT

The Senate proceeded to consider the bill (S. 587) to amend section 1180 of the Code of Law for the District of Columbia with respect to usury, which had been reported from the Committee on the District of Columbia, with amendments.

Mr. McKELLAR. Mr. President, will the Senator from Utah state what the bill proposes to do?

Mr. KING. Mr. President, many complaints were brought to the Commissioners and by the Commissioners and citizens to the Senate District Committee concerning the usurious charges made by the lenders of money to residents of the District of Columbia, the interest charge, in many instances, being 50 percent. This bill was prepared by the Commissioners and submitted for the consideration of the committee, and, as stated by Mr. Hazen——

Mr. McKELLAR. Mr. President, I have no objection to the bill.

The PRESIDING OFFICER. The amendments reported by the committee will be stated.

The amendments of the committee were, on page 2, line 9, after the word "interest", to insert "on loans, the face amount of which is less than $100"; in line 11, after the word "amount", to insert "not in excess of 10 percent"; in line 20, after the word "loan", to strike out "and any accelerated period or prepayment, and any bona fide rower shall be computed for the contract term and not for any accelerated period or prepayment" and insert "and any bona fide commission. In like manner, the fees, expenses, and commission actually paid or incurred and deemed to be reasonable shall not exceed 8 percent on loans in excess of $100 but not in excess of $200, and 6 percent on loans in excess of $200. In any prosecution or suit arising out of any such transaction the burden shall be upon the lender to establish the absence of knowledge of any such payment and to establish the reasonableness of any such excepted payment"; on page 3, line 9, after the word "receive", to insert "compounded interest or"; in line 12, after the word "annum", to insert "on unpaid balances for the period loaned"; in line 19, after the word "imprisonment", to insert "and prosecutions for violations of this act shall be conducted by the office of the Corporation Counsel in the police court of the District of Columbia", so as to make the bill read:

Be it enacted, etc., That section 1180 of the act entitled "An act to establish a code of law for the District of Columbia", approved March 3, 1901, as amended, is amended to read as follows:

"SEC. 1180. What is usury: If pursuant to any arrangement, understanding, or agreement whatsoever, made with the knowledge of the lender, either as a part of the contract of borrowing or collateral thereto, and whether made at, before, or after the time the loan is made, there shall be paid by or at the expense of the borrower to the lender, his or its broker, officer, director, or agent, any commission, bonus, fee, premium, penalty, or other charge, compensation, or gratuity, whatsoever, whether in money, credit, or other thing of value as consideration, compensation, or inducement for obtaining any loan or any renewal, extension, or forbearance thereof, any such payment shall be deemed a part of the interest charged on such loan: *Provided, however*, That for the pur-

poses of this section interest on loans, the face amount of which is less than $100, shall not be deemed to include such reasonable amount not in excess of 10 percent as shall be actually applied in payment of the reasonable expense of inspecting any security offered in connection with said loan, or investigation of the responsibility of the applicant, the reasonable expense of procuring or extending any abstract of title or certificate of title insurance covering such security, the amount actually paid for the examination of any such abstract or title insurance certificate, or the cost of the preparation, execution, and recording of any papers necessary in consummating such loan and any bona fide commission. In like manner, the fees, expenses, and commission actually paid or incurred and deemed to be reasonable shall not exceed 8 percent on loans in excess of $100 but not in excess of $200, and 6 percent on loans in excess of $200. In any prosecution, or suit arising out of any such transaction, the burden shall be upon the lender to establish the absence of knowledge of any such payment and to establish the reasonableness of any such excepted payment. If any person or corporation shall contract within the District of Columbia, directly or indirectly, on behalf of themselves or otherwise, either verbally, to take or receive compounded interest or a greater rate of interest than 6 percent per annum, or in writing, to take or receive a greater rate of interest than 8 percent per annum on unpaid balances for the period loaned, the creditor shall forfeit the whole of the interest so contracted to be received; and any person or corporation so contracting shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than $500 or by imprisonment of not more than 6 months, or by both such fine and imprisonment, and prosecutions for violations of this act shall be conducted by the office of the corporation counsel in the police court of the District of Columbia: *Provided*, That nothing in this chapter contained shall be held to repeal or affect the act of Congress approved February 4, 1913, relating to the business of loaning money on security."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

OIL AND GAS ON FORT MORGAN MILITARY RESERVATION, ALA.

The bill (H.R. 8208) to provide for the exploitation of oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala., was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF LAW RELATIVE TO CITIZENSHIP AND NATURALIZATION

The bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes, was announced as next in order.

Mr. THOMAS of Utah. Over.

Mr. COPELAND. Mr. President, I hope the Senator will withhold his objection for a moment. I know he desires to offer an amendment which is a friendly amendment. Personally I am very much in opposition to it, and I hope the Senate will vote it down. The Senator, I am sure, is not objecting to the passage of the bill on its merits, but simply that in form he thinks there should be an amendment. I hope the Senate will consider his amendment and vote it down.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That section 1993 of the Revised Statutes is amended to read as follows:

"SEC. 1993. Any child hereafter born out of the limits and jurisdiction of the United States, whose father or mother or both at the time of the birth of such child is a citizen of the United States, is declared to be a citizen of the United States; but the rights of citizenship shall not descend to any such child unless the citizen father or citizen mother, as the case may be, has resided in the United States previous to the birth of such child and unless the child, in cases where one of the parents is an alien, comes to the United States and resides therein for at least 5 years continuously immediately previous to his eighteenth birthday, and unless, within 6 months after the child's twenty-first birthday, he or she shall take an oath of allegiance to the United States of America as prescribed by the Bureau of Naturalization."

SEC. 2. Section 5 of the act entitled "An act in reference to the expatriation of citizens and their protection abroad", approved March 2, 1907, as amended, is amended to read as follows:

"SEC. 5. That a child born without the United States of alien parents shall be deemed a citizen of the United States by virtue of the naturalization of or resumption of American citizenship by the father or the mother: *Provided*, That such naturalization or resumption shall take place during the minority of such child: *And provided further*, That the citizenship of such minor child shall begin 5 years after the time such minor child begins to reside permanently in the United States."

SEC. 3. A citizen of the United States may upon marriage to a foreigner make a formal renunciation of his or her United States citizenship before a court having jurisdiction over naturalization of aliens, but no citizen may make such renunciation in time of war, and if war shall be declared within one year after such renunciation then such renunciation shall be void.

SEC. 4. Section 2 of the act entitled "An act relative to the naturalization and citizenship of married women", approved September 22, 1922, is amended to read as follows:

"SEC. 2. That an alien who marries a citizen of the United States, after the passage of this act, as here amended, or an alien whose husband or wife is naturalized after the passage of this act, as here amended, shall not become a citizen of the United States by reason of such marriage or naturalization; but, if eligible to citizenship, he or she may be naturalized upon full and complete compliance with all requirements of the naturalization laws, with the following exceptions:

"(a) No declaration of intention shall be required.

"(b) In lieu of the 5-year period of residence within the United States and the 1-year period of residence within the State or Territory where the naturalization court is held, he or she shall have resided continuously in the United States, Hawaii, Alaska, or Puerto Rico for at least 3 years immediately preceding the filing of the petition."

SEC. 5. The following acts and parts of acts, respectively, are repealed: The act entitled "An act providing for the naturalization of the wife and minor children of insane aliens, making homestead entries under the land laws of the United States", approved February 24, 1911; subdivision "Sixth" of section 4 of the act entitled "An act to establish a Bureau of Immigration and Naturalization, and to provide for a uniform rule for the naturalization of aliens throughout the United States", approved June 29, 1906; and section 8 of the act entitled "An act relative to the naturalization and citizenship of married women", approved September 22, 1922, as said section was added by the act approved July 3, 1930, entitled "An act to amend an act entitled 'An act relative to naturalization and citizenship of married women', approved September 22, 1922."

The repeal herein made of acts and parts of acts shall not affect any right or privilege or terminate any citizenship acquired under such acts and parts of acts before such repeal.

Mr. THOMAS of Utah. Mr. President, if we are to consider the bill now, I should like to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from Utah proposes an amendment, which the clerk will state.

The CHIEF CLERK. It is proposed to strike out, beginning on page 1, line 5, down to and including line 7, on page 2, and in lieu thereof to insert the following:

SEC. 1993. (a) Any child hereafter born out of the limits and jurisdiction of the United States, whose father and mother at the time of the birth of such child are citizens of the United States, if either of said parents has resided in the United States previous to the birth of such child, is declared to be a citizen of the United States from birth.

(b) Any child hereafter born out of the limits and jurisdiction of the United States, one of whose parents at the time of the birth of such child is a citizen of the United States and the other an alien, if the parent who is a citizen has resided in the United States previous to the birth of such child, may become a citizen of the United States by taking an oath of allegiance to the United States within 6 months after his or her twenty-first birthday, in such form and manner as shall be prescribed by the Bureau of Naturalization, provided that such child has resided within the United States for at least 5 years continuously immediately previous to his eighteenth birthday.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah.

Mr. THOMAS of Utah. Mr. President, it will be seen that the amendment is in the nature of a substitute for the first section of the bill.

Mr. President, the section in question deals with the nationality of children born abroad of American parents. The present provision of the law is found in section 1993 of the Revised Statutes, which this bill seeks to amend. The present provision of the law reads as follows:

All children heretofore born or hereafter born out of the limits and jurisdiction of the United States, whose fathers were or may be at the time of their birth citizens thereof, are declared to be citizens of the United States; but the rights of citizenship shall not descend to children whose fathers never resided in the United States.

The present law provides that a child born out of the United States is a citizen if the father was a citizen at the time of birth and if the father had resided in the United States. This section was interpreted by the Supreme Court in *Weedin* v. *Chin Bow* (1927) (274 U.S. 657), in which the Court held that the residence of the father in the United States must be prior to the birth of the child.

The bill H.R. 3673 seeks to amend the present law by providing for two categories of cases:

First. Children born out of the United States both of whose parents are American citizens.

Second. Children born outside the United States either one of whose parents is a citizen.

The obvious purpose of the bill is to provide equality for men and women, enabling an American mother as well as an American father to transmit American citizenship to their foreign-born child.

The bill retains the curious phraseology of section 1993 of the Revised States in providing that—

> The rights of citizenship shall not descend * * *.

In the Chin Bow case, above referred to, the Supreme Court had difficulty in interpreting this expression, but concluded that the transmission of the right of citizenship takes place at the birth of the child. The present bill would seem to provide that the rights of citizenship shall descend when the child reaches his twenty-first birthday. As the bill is drafted, it is rather impossible to tell with certainty whether the child during his first 21 years is an alien or a citizen; this applies to a case of a foreign-born child, only one of whose parents is a citizen.

The substitute I offer for this section of the bill retains the substance and purpose of H.R. 3673, but seeks to clarify it. This is done by dividing the section into two paragraphs, (a) and (b).

Paragraph (a) covers the case of foreign-born children both of whose parents are citizens.

Paragraph (b) covers the case of foreign-born children only one of whose parents is a citizen.

Paragraph (a) presents no difficulties. The only real change is the definite statement that such child is declared to be a citizen of the United States "from birth." These last two words are considered desirable in the interests of clarity, particularly when contrasted with paragraph (b).

Paragraph (b) clearly expresses the principle that the foreign-born child, only one of whose parents is a citizen, is born an alien but may become a citizen by fulfilling certain requirements.

It is apparent that under this paragraph (b) the child is born an alien, and this fact renders unnecessary the discussion of difficult questions regarding the application of the immigration laws of the United States to such child.

The redraft, therefore, leaves this question open, and I believe that the issue should not be raised. It should be borne in mind that an Executive commission is now considering a comprehensive revision of our nationality laws, and it may therefore be assumed that the present bill will eventually be superseded by the provisions of some comprehensive act. It is better to leave an uncertainty in the present bill than to raise the difficult question of immigration at this time.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. THOMAS of Utah. I yield.

Mr. ROBINSON of Arkansas. Will the Senator state the difference, in legal effect, between the provisions of the first section of the pending bill and the proposed substitute for that section which the Senator has offered? What is the difference?

Mr. THOMAS of Utah. Under the proposed substitute which I have suggested all persons born abroad, both of whose parents are citizens of the United States, will be such citizens from the time of birth. In cases where only one parent is a citizen of the United States the child abroad will be considered an alien from the time of birth. The present law, as suggested, has confused the matter of citizenship to such an extent that every case involves further confusion; and, in my judgment, by the pending bill, without the amendment, we are merely adding greater confusion instead of clarifying the situation with respect to our nationality laws, which as they stand today are extremely complex, as the Senator knows.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Massachusetts?

Mr. THOMAS of Utah. I yield.

Mr. WALSH. Does the Senator mean that when a child is born to American citizens abroad those citizens are prevented by virtue of their passports——

Mr. THOMAS of Utah. The question of passports does not enter into this case at all.

Mr. WALSH. As I understand the law, an American citizen who goes abroad and fails for 2 years to have his passport renewed comes within the provisions of the law. Of course, he may stay 10 or 15 years and still be an American. But does the Senator suggest that a child born of American parents who have been abroad 10 or 15 years shall be held to be an American?

Mr. THOMAS of Utah. Each case, of course, would be determined on its particular merits. So far as the birth of the child is concerned, if a child is born of parents both of whom are American citizens but live abroad, he shall be deemed a citizen of the United States.

Mr. WALSH. Does the Senator think, if an American man and an American woman move abroad and remain 20 years in Europe and then have a child, that the child should be considered to be an American citizen?

Mr. THOMAS of Utah. That question does not arise.

Mr. WALSH. I agree that while they are abroad and under passport permits, children born to them should be considered American citizens; but I think there must be some limitation of time, because they occasionally abandon their American citizenship and take up their residence abroad to avoid taxation in the United States, and for other purposes.

Mr. THOMAS of Utah. That is very true. If the Senator will read the bill or the suggested substitute, he will find that those questions do not arise at all. There is involved merely the question of determining nationality.

Mr. O'MAHONEY. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Wyoming?

Mr. THOMAS of Utah. I yield.

Mr. O'MAHONEY. What difference is there between the pending bill and the present law?

Mr. THOMAS of Utah. The principal difference is that from the time the child is born until he is 13 years of age he has the status of a stateless person in international law.

Mr. O'MAHONEY. Is that a change from the present law?

Mr. THOMAS of Utah. Yes.

Mr. O'MAHONEY. Where is the language which constitutes that change? Does the Senator have before him the language of the original law?

Mr. THOMAS of Utah. Yes.

Mr. O'MAHONEY. I should like to see it.

Mr. THOMAS of Utah. I invite the Senator's attention to it:

> All children heretofore born or hereafter born out of the limits and jurisdiction of the United States, whose fathers were or may be at the time of their birth citizens thereof, are declared to be citizens of the United States; but the rights of citizenship shall not descend to children whose fathers never resided in the United States.

The Supreme Court has interpreted that language to mean that the descent of citizenship must come at the time of the child's birth. The change suggested is that descendant citizenship shall not come until the time the child reaches 21 years of age.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. Certainly.

Mr. McKELLAR. Here is a statement with reference to which I desire to ask the Senator a question. I should like to know if, in his opinion, it is a correct statement so far as the purposes of the bill are concerned:

> Principally it would give to the mother the right to transmit nationality to the minor child born abroad of an alien father.

This right now inheres only in the father, under the doctrine of relationship of blood as opposed to the right derived from place of birth. That the right of the mother under such a doctrine should be superior to that of the father might fairly be advanced and readily maintained; that it should be at least equal is surely beyond the need of argument.

If an American father has the right that is provided in the bill, why should not an American mother have the same right?

Mr. THOMAS of Utah. That is, of course, the purpose of the bill, and that is the purpose of the proposed substitute. I am not out of harmony with the purpose of the bill. I believe in the purpose of the bill, and I hope it will become the law of the land, but I do not think a bill to bring about more confusion than we already have in our nationality and immigration laws should be enacted into law.

Mr. McKELLAR. Mr. President, the editorial from which I just quoted is such a clear exposition of the matter that I ask to have it inserted in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Evening Post, Charleston, S.C., May 8, 1934]

EQUAL NATIONALITY RIGHT

There is pending in the Senate a bill for equalizing the nationality rights of women with those of men. It has already passed the House and has the support of leaders in both parties, as it well deserves. The bill is designed to remove the last remaining discrimination against women in the nationality laws of the United States. Principally it would give to the mother the right to transmit nationality to the minor child born abroad of an alien father. This right now inheres only in the father, under the doctrine of relationship of blood as opposed to the right derived from place of birth. That is the right of an alien father. That the right of the mother under such a doctrine should be superior to that of the father might fairly be advanced and readily maintained; that it should be at least equal is surely beyond the need of argument.

By the inequality of the present laws an American woman who marries an alien loses the right to transmit American citizenship to her minor children, and in event of the death of the husband the children remain of the nationality of the deceased father, even though the mother may return with them to the United States, and they are aliens under the law of their mother's native land.

The principle involved in the measure is sound and just. It has been written into the fundamental laws of 13 nations, and it was written into the recent treaty of Montevideo, to which 21 nations, including the United States, subscribed. The bill has been carefully drawn to avoid raising any issues as to immigration or quotas of aliens. It is plain and unequivocal in its equalization of the nationality rights of the sexes, and it would remove an unjust and an archaic discrimination against women. The reasonableness of the bill was so apparent that it passed the House without a roll call. It should find like approval and sanction in the Senate.

Mr. O'MAHONEY. Mr. President, will the Senator from Utah yield further?

Mr. THOMAS of Utah. Certainly.

Mr. O'MAHONEY. Having examined the statute as it now reads, as submitted by the Senator from Utah, and having compared it with the language of the bill now pending before us, it seems to me that the only substantial difference is that the word "mother" is inserted, giving to the mother the same rights of transmitting citizenship to the child that are now given to the father; and also that it provides that the descent of citizenship shall go only to those children whose father or mother, as the case may be, has resided in the United States prior to the birth of the child. Under the present statute the right of citizenship does not descend to those children whose fathers never resided in the United States.

That would be true of the pending bill. It differs from the present law in that it requires residence in the United States by the mother.

The new provision to which the Senator objects is that which deals with children one of whose parents is an alien. In such cases the right of citizenship does not descend to the child unless he or she comes to the United States and resides here for not less than 5 years immediately preceding his eighteenth birthday and unless within 6 months after his twenty-first birthday he takes the oath of allegiance.

This, it seems to me, is not out of harmony with the Supreme Court decision which the able Senator has quoted. The child becomes a citizen at birth, but such citizenship is subject to defeasance by the omission of the child to reside in the United States or to take the oath. It will be observed that the pending bill does not provide that citizenship shall not descend but that the rights of citizenship shall not descend in certain cases.

I ask the Senator, therefore, if it is not the fact that the passage of the bill as it came to us from the House will merely preserve the present status with respect to fathers and extend it to mothers?

Mr. THOMAS of Utah. I think not. If the Senator's conclusion were correct I should have absolutely no objection to the wording of the bill, because I want to see that purpose accomplished; but when we take a particular case and analyze it, when we treat a case as the immigration authorities may treat it, we find that under the present reading of the law individuals are left in a stateless condition, greatly to their disadvantage.

Mr. COPELAND. Mr. President, I understand that the purpose of the Senator from Utah is to clarify the language, but I have taken pains to inquire of those who have administered the law in the past and those who now administer it, and I have no question at all that the bill as written will accomplish exactly what the women have been asking for, to have men and women citizens put on the same plane of equality. I hope the amendment of the Senator from Utah will be rejected.

Mr. KING. Mr. President, may I ask the Senator from New York a question?

Mr. COPELAND. Certainly.

Mr. KING. This may not be pertinent to the discussion or come within the terms of the bill. Suppose that a woman who is ineligible to citizenship, such as a Japanese or a Chinese or a woman from India, should marry a man who is a citizen of the United States and happened to be in one of those countries, and children were born. What would be the status of the children?

Mr. COPELAND. That is all fixed by necessity of the term of residence.

Mr. KING. Would they ipso facto automatically become American citizens?

Mr. COPELAND. I do not think so.

Mr. KING. I think that is the meaning and purpose of the bill.

Mr. SMITH. Mr. President, I ask that the bill go over. It is too complicated to be considered at this time.

Mr. ROBINSON of Arkansas. Mr. President, I hope the bill may be disposed of now. It has been the subject matter of discussion from time to time for quite a while, and I am sure it will be necessary to act upon it during the present session.

Mr. THOMAS of Utah. I am in favor of voting on it today, as delay will not help matters at all.

The PRESIDING OFFICER. The bill was taken up without objection and by unanimous consent. It is now too late to interpose an objection.

Mr. SMITH. I did not know it was taken up by unanimous consent.

The PRESIDING OFFICER. It was.

Mr. COPELAND. Let us have a vote on the amendment of the Senator from Utah.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah [Mr. THOMAS].

The amendment was rejected.

The VICE PRESIDENT. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

WILLIAM G. FULTON

The Senate proceeded to consider the bill (S. 740) for the relief of William G. Fulton, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the numerals "$1,528", to insert "in full settlement of all claims against the Government", and in line 11, after the numerals "1922", to strike out "and, further, to pay said William G. Fulton the sum of $800 for one ce-

ment block house which was actually sold to said William G. Fulton on July 25, 1922, but which was demolished and moved by the Camp Meade authorities and not turned over to said William G. Fulton", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to William G. Fulton, of Annapolis Junction, Md., out of any money in the Treasury not otherwise appropriated, the sum of $1,528, in full settlement of all claims against the Government, for damage to crop on the Camp Meade Reservation, Md., for which he had entered into contract with the United States Army authorities at Camp Meade on May 18, 1922.

The amendments were agreed to.

Mr. ROBINSON of Arkansas. Mr. President, why does the Government pay crop damage to this claimant? There is a long report, but the opportunity to read it has not been afforded.

Mr. KING. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. GOLDSBOROUGH subsequently said: Mr. President, I ask unanimous consent to return to Senate bill 740, Order of Business 908.

The PRESIDING OFFICER. Is there objection?

Mr. ROBINSON of Arkansas. Mr. President, I find upon examination of the record that there was a contract, notwithstanding the statement at first made by the War Department that no such contract existed, and that the claimant cultivated a crop on the land. His crop was destroyed by the United States troops at Camp Meade; and it appears, therefore, that he is entitled to reimbursement for the damage.

I have no objection to the consideration of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maryland?

There being no objection, the Senate resumed the consideration of the bill, which was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 3032) to require financial responsibility of owners and operators of vehicles for hire in the District of Columbia, and for other purposes, was announced as next in order.

Mr. McKELLAR. That seems to be an important bill, and I think it had better go over for the day. We cannot discuss it under the 5-minute rule.

The PRESIDING OFFICER. The bill will be passed over.

FRANK FERST

The bill (H.R. 889) for the relief of Frank Ferst was considered, ordered to a third reading, read the third time, and passed.

HARVEY O. WILLIS

The bill (H.R. 3553) for the relief of Harvey O. Willis was considered, ordered to a third reading, read the third time, and passed.

CHIPPEWA INDIANS OF MINNESOTA

The Senate proceeded to consider the bill (S. 1735) to amend an act approved May 14, 1926 (44 Stat. 555) entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", which had been reported from the Committee on Indian Affairs with an amendment, to insert at the end of the bill a proviso, so as to make the bill read:

Be it enacted, etc., That section 1 of an act approved May 14, 1926 (44 Stat. 555), be, and the same is hereby, amended to read as follows:

"SECTION 1. That jurisdiction be, and is hereby, conferred upon the Court of Claims, with right of appeal to the Supreme Court of the United States by either party as in other cases, notwithstanding the lapse of time or statute of limitations, to hear, examine, and adjudicate and render judgment in any and all legal and equitable claims arising under or growing out of the act of January 14, 1889 (25 Stat.L. 642), or arising under or growing out of any subsequent act of Congress in relation to Indian affairs which said Chippewa Indians of Minnesota may have against the United States, which claims have not heretofore been determined and adjudicated on their merits by the Court of Claims or the Supreme Court of the United States. In any such suit or suits the plaintiffs, the Chippewa Indians of Minnesota, shall be considered as including and representing all those entitled to share in the final distribution of the permanent fund provided for by section 7 of the act of January 14, 1889 (25 Stat.L. 642), and the agreements entered into thereunder: *Provided*, That nothing herein shall be construed to affect the powers of the Secretary of the Interior to determine the roll or rolls of the Chippewa Indians of Minnesota for the purpose of making any distribution of the permanent Chippewa fund or of the interest accruing thereon or of the proceeds of any judgments: *Provided further*, That nothing herein shall be construed to authorize the submission to the Court of Claims for determination of any individual claim or claims to enrollment with the Chippewa Indians of Minnesota or to share in the interest or principal of the permanent Chippewa fund or in any funds hereafter acquired: *Provided further*, That the qualifications necessary to such enrollment shall not be changed or affected in any manner by the provisions of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1744) enabling certain farmers and fruit growers to receive the benefits of the Federal Farm Loan Act and amendments thereto, and the Emergency Farm Mortgage Act of 1933, was announced as next in order.

Mr. KING. I should like an explanation of that measure. It is rather extraordinary.

Mr. McKELLAR. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

ACCOUNT BETWEEN UNITED STATES AND STATE OF CONNECTICUT

The joint resolution (S.J.Res. 67) directing the Comptroller General to adjust the account between the United States and the State of Connecticut was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Comptroller General is hereby authorized and directed to investigate and reexamine the account between the United States and the State of Connecticut with respect to advances and expenditures made by such State for military purposes during the War of 1812–15 with Great Britain, and, after applying to such account the rules applied to the settlement of a similar account between the United States and the State of Maryland under the act entitled "An act authorizing the payment of interest due to the State of Maryland", approved May 13, 1826, as amended by section 12 of the Civil Appropriation Act, approved March 3, 1857, to submit to the Senate a report containing a restatement of such account with interest computed according to such rules.

ELOY ALFARO AND JAIME EDUARDO ALFARO

The joint resolution (S.J.Res. 103) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Eloy Alfaro and Jaime Eduardo Alfaro, citizens of Ecuador, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Secretary of War be, and he is hereby, authorized to permit Eloy Alfaro and Jaime Eduardo Alfaro, citizens of Ecuador, to receive instruction at the United States Military Academy at West Point: *Provided*, That no expense shall be caused to the United States thereby, and that said Eloy Alfaro and Jaime Eduardo Alfaro shall each agree to comply with all regulations for the police and discipline of the academy, to be studious, and to give his utmost efforts to accomplish the courses in the various departments of instruction, and that neither shall be admitted to the academy until he shall have passed the mental and physical examinations prescribed for candidates from the United States, and that each shall be immediately withdrawn if deficient in studies or in conduct and so recommended by the academic board: *Provided further*, That in the cases of said Eloy Alfaro and Jaime Eduardo Alfaro the provisions of sections 1320 and 1321 of the Revised Statutes shall be suspended.

J. B. WALKER

The bill (S. 3248) for the relief of J. B. Walker was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Attorney General is authorized and directed to apply to the District Court for the Eastern District of South Carolina for an order to settle, for the sum of $346.64, the judgment recovered by the United States against J. B. Walker, of Bufftom, S.C., as surety upon the appeal bond given in the case of United States against Woodrow Jenkins, such bond having been forfeited because of the willful default of said Woodrow Jenkins, who was subsequently rearrested at an expense to the United States of $346.64, including the costs of suit to recover judgment on such bond.

CHIPPEWA INDIAN TREATIES

The Senate proceeded to consider the bill (S. 2980) to modify the effect of certain Chippewa Indian treaties on areas in Minnesota, which had been reported from the Committee on Indian Affairs with an amendment, on page 2, line 1, after the word "treaties" to strike out the remainder of the bill, so as to make the bill read:

Be it enacted, etc., That on and after the passage of this act lands in Minnesota ceded to the United States by the treaty of September 30, 1854 (10 Stat.L. 1109), between the United States and the Chippewa Indians of Lake Superior and the Mississippi and by the treaty of February 22, 1855 (10 Stat.L. 1165), between the United States and the Mississippi Bands of Chippewa Indians, shall no longer be considered as "Indian country" for the purposes of article 7 of said treaties.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 102) authorizing and directing the Comptroller General of the United States to certify for payment certain claims of grain elevators and grain firms to cover insurance and interest on wheat during the years 1919 and 1920 as per a certain contract authorized by the President, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, I see that there are about four pages of "whereases" attached to this joint resolution; and I think it had better go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

PUBLIC HIGH SCHOOL, FRAZER, MONT.

The bill (S. 1710) to authorize appropriations for the completion of the public high school at Frazer, Mont., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated the sum of $15,000 for the completion of the public high school at Frazer, Mont., and for necessary equipment in connection therewith for manual, laboratory, and other lines of training.

INDIAN PUBLIC SCHOOLS, BIG HORN COUNTY, MONT.

The bill (S. 2893) to provide funds for cooperation with school district no. 27, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, from any moneys in the Treasury not otherwise appropriated, the sum of $30,000 for the purpose of cooperating with school district no. 27, Big Horn County, Mont., for the extension and improvement of public-school buildings: *Provided*, That the expenditure of any money so appropriated shall be subject to the condition that the schools maintained by said district shall be available to all Indian children of the school district on the same terms, except as to payment of tuition, as other children of said school district: *Provided further*, That such expenditures shall be subject to such further conditions as may be prescribed by the Secretary of the Interior.

BILL PASSED OVER

The bill (S. 2426) to provide funds for cooperation with the public-school board at Wolf Point, Mont., in construction or improvement of a public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont., was announced as next in order.

Mr. METCALF. Let that bill go over. It carries what seems like a very large amount, and there has not been time to look into it.

The PRESIDING OFFICER. The bill will be passed over.

JAMES WILSON AND SEAMAN A. KNAPP

The joint resolution (S.J.Res. 100) authorizing suitable memorials in honor of James Wilson and Seaman A. Knapp was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the archway connecting the new building of the Department of Agriculture (commonly known as the "South Building") with the west wing of the main building of the Department of Agriculture shall be designated the "Wilson Memorial Arch" in memory of James Wilson, Secretary of the Department of Agriculture for 16 years, and shall be suitably inscribed as such.

SEC. 2. The archway connecting such new building with the east wing of the main building of the Department of Agriculture shall be designated the "Knapp Memorial Arch" in memory of Seaman A. Knapp, who rendered great service to American agriculture, and shall be suitably inscribed as such.

SEC. 3. The Grand Council of the National Honorary Extension Fraternity, Epsilon Sigma Phi, is hereby authorized to place, without expense to the United States, in each such memorial arch a suitable memorial tablet; but such tablets shall not be erected until the plans and specifications therefor have been submitted to and approved by the Commission of Fine Arts.

BILLS PASSED OVER

The bill (S. 3484) relating to the sale of cotton held for producers by the 1933 cotton producers' pool was announced as next in order.

Mr. KING. Let us have an explanation of that bill. Will the Senator from Alabama [Mr. BANKHEAD] explain it? The bill relates to the sale of cotton held for producers. We have had a great deal of cotton legislation.

Mr. VANDENBERG. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 8687) to amend the Tariff Act of 1930 was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

JESSE C. HARMON

The bill (H.R. 2021) to place Jesse C. Harmon on the retired list of the United States Marine Corps was considered, ordered to a third reading, read the third time, and passed.

ELECTRO-METALLURGICAL CO., ETC.

The Senate proceeded to consider the bill (S. 3436) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro-Metallurgical Co., New-Kanawha Power Co., and the Carbon & Carbide Co., which had been reported from the Committee on the Judiciary, with amendments.

The first amendment was, on page 2, line 10, to strike out "Electro-Metallurgical" and insert "Electro Metallurgical."

The amendment was agreed to.

Mr. McNARY. I think some explanation should be made of this bill.

Mr. McKELLAR. I think so, too.

Mr. COUZENS. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

VOCATIONAL EDUCATION

The bill (H.R. 7059) to provide for the further development of vocational education in the several States and Territories was considered, ordered to a third reading, read the third time, and passed.

HEIRS OF JAMES TAYLOR

The bill (S. 3092) to compensate the heirs of James Taylor, a deceased Cherokee Indian, for all their title, interest, or claim to certain lands in the State of North Carolina, now held by the United States as a part of the forest reserve, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims to hear, determine, and render final judgment upon, notwithstanding any statute of limitations, any rule of such court, or any provision or principle of law to the contrary, the claim of the heirs named in the last will and testament of James Taylor, deceased Cherokee Indian (as recorded in the office of the clerk of the Superior Court of Cherokee County, N.C.), for the value of certain lands (including the value of timber and other property removed, sold, or otherwise disposed of, from such lands), being the lands conveyed to the United States by one Levi Stevens and wife on March 15, 1869, in compromise settlement of an indebtedness due the United States by one E. B. Olmsted (37 Stat.L. 189), and theretofore, in 1855 and 1859, located, surveyed, and sold by the State of North Carolina to the said James Taylor (H.Doc. No. 187, 64th Cong., 1st sess.), and on July 6, 1912 (37 Stat.L. 189), transferred to the jurisdiction of the Secretary of Agriculture, to be administered as a part of the national forest reserves under the provisions of the act of March 1, 1911 (36 Stat.L. 961). The Court of Claims shall hear, determine, and render

judgment on such claim without prejudice based on the findings made by such court in Congressional Case No. 1347, James Taylor against United States (H.Doc. No. 187, 64th Cong., 1st sess.). The court shall advance the claim on its docket for hearing, but shall not take jurisdiction under this act unless the said heirs of James Taylor (or so many of them as may choose to join in the petition) file in such court a petition setting forth such claim within 6 months from the date of approval of this act. The Court of Claims shall, if it renders judgment for the said heirs, or for any of them, allow, in addition to the amount thereof, such sum as the court may deem just, in lieu of the value of the use of said lands from March 15, 1869, until the amount of the judgment is paid to said heirs, and attorneys' fees for the attorney or attorneys representing the said heirs in court in an amount not to exceed 20 percent on the amount of the judgment.

SEC. 2. There is authorized to be appropriated such sums as may be necessary to pay the amount of any judgment rendered and sum in lieu of use and attorneys' fees allowed pursuant to this act. The amount of such judgment and the sum in lieu of use and attorneys' fees allowed shall be paid by the Secretary of the Treasury upon presentation of a duly authenticated copy of the judgment of the Court of Claims, together with a certificate from the Secretary of Agriculture stating that the Secretary has accepted delivery of a conveyance to the United States of all the right, title, and interest of the said heirs in and to the lands referred to in section 1 of this act.

The title was amended so as to read: "A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of Jesse Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States."

W. P. FULLER & CO.

The bill (S. 1818) for the relief of W. P. Fuller & Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the claim of W. P. Fuller & Co., of San Francisco, Calif., against the United States for damages alleged to have been caused by a collision on or about November 29, 1912, in San Francisco Harbor, between their steamer *Sunol* and the Government tug *Angel Island*, then in the service of the Immigration Bureau of the Department of Commerce and Labor, may be sued for by the said W. P. Fuller & Co. in the District Court of the United States for the Northern District of California, sitting as a court of admiralty and acting under the rules governing such court, and said court shall have jurisdiction to hear and determine such suit and to enter a judgment or decree for the amount of such damages and costs, if any, as shall be found to be due against the United States in favor of the said W. P. Fuller & Co. or against the said W. P. Fuller & Co. in favor of the United States upon the same principles and measures of liability as in like cases in admiralty between private parties and with the same rights of appeal: *Provided*, That such notice of the said suit shall be given to the Attorney General of the United States as may be provided by order of the said court, and it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That said suit shall be brought and commenced within 4 months of the date of the passage of this act.

SEC. 2. The District Court of the United States for the Northern District of California in the adjudication of such claim is authorized in its discretion to permit the use, in addition to any evidence which may be offered in such suit, any affidavits or other written documents in the files of the United States Department of Labor, or in the files of the said W. P. Fuller & Co., relating to or bearing upon such claim.

ENOCH GRAF

The bill (H.R. 2203) for the relief of Enoch Graf was considered, ordered to a third reading, read the third time, and passed.

ADVERTISING SERVICES RENDERED TO PUBLIC HEALTH SERVICE

The bill (H.R. 2431) for the relief of certain newspapers for advertising services rendered the Public Health Service of the Treasury Department was considered, ordered to a third reading, read the third time, and passed.

WIDOW OF D. W. TANNER

The Senate proceeded to consider the bill (H.R. 4533) for the relief of the widow of D. W. Tanner for expense of purchasing an artificial limb, which had been reported from the Committee on Claims with amendments, on page 1, line 3, after the word "the", to insert "Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the"; and on line 8, after the word "War", to strike out "be reimbursed in the amount" and insert "the sum", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the widow of D. W. Tanner, of Brighton, Mass., retired after 30 years' military service, including service during Indian wars and the World War, the sum of $125, covering payment for an artificial limb supplied by the Hammer Limb Co., of Boston, Mass.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

JACOB DURRENBERGER

The Senate proceeded to consider the bill (H.R. 200) for the relief of Jacob Durrenberger, which was read.

Mr. McKELLAR. Mr. President, did the Department recommend this bill?

Mr. GIBSON. The Department recommended the bill over the signature of Patrick J. Hurley, the then Secretary of War, who said that in view of the facts disclosed by the committee of Army officers who investigated the matter—

The War Department is of the opinion that such grace as may be deemed appropriate in this case is one for the sole determination of Congress.

That, I assume, is in effect a favorable recommendation. At least, it is not an adverse report.

Mr. McKELLAR. They recommend, however, the payment of only $250, and the bill provides for $2,000. Is that correct?

Mr. GIBSON. The bill provides payment for personal injuries sustained by reason of being laid up for a considerable time. I think the claimant paid out something like $425 for a doctor's bill.

The bill was ordered to a third reading, read the third time, and passed.

HOMER C. CHAPIN

The bill (H.R. 207) for the relief of Homer C. Chapin was considered, ordered to a third reading, read the third time, and passed.

ELLEN GRANT

The bill (H.R. 4060) for the relief of Ellen Grant was considered, ordered to a third reading, read the third time, and passed.

ERIK NYLIN

The Senate proceeded to consider the bill (S. 2470) for the relief of Erik Nylin, which had been reported from the Committee on Claims with an amendment, to strike out all after the enacting clause and to insert:

That the United States Employees' Compensation Commission is hereby authorized to consider and determine, in the same manner and to the same extent as if application for the benefits of the Employees' Compensation Act had been made within the 1-year period required by sections 17 and 20 thereof, the claim of Erik Nylin, on account of disability caused by his employment in the service of the United States at Elim, Alaska: *Provided*, That no benefits shall accrue prior to the enactment of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

YVONNE HALE

The bill (S. 2712) for the relief of Yvonne Hale was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Yvonne Hale, widow of Bernard F. Hale, late American consul at Venice, Italy, the sum of $4,000, equal to 1 year's salary of her deceased husband.

KATHRYN THURSTON

The bill (H.R. 878) for the relief of Kathryn Thurston was considered, ordered to a third reading, read the third time, and passed.

H. FORSELL

The bill (H.R. 1254) for the relief of H. Forsell was considered, ordered to a third reading, read the third time, and passed.

NICOLA VALERIO

The Senate proceeded to consider the bill (H.R. 5405) for the relief of Nicola Valerio, which had been reported from

the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of", to strike out "$5,000" and insert "$2,500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Nicola Valerio, father of Joseph Valerio, deceased, the sum of $2,500 in full settlement of all claims against the Government of the United States on account of the death of the aforesaid Joseph Valerio, which was caused by his being struck by a post-office mail truck: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

C. J. HOLLIDAY

The bill (H.R. 4927) for the relief of C. J. Holliday was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. BYRNES subsequently said: Mr. President, I ask unanimous consent to return to House bill 4927, which was objected to a moment ago. It is a bill for the relief of C. J. Holliday.

The PRESIDING OFFICER. The Senator from South Carolina asks unanimous consent to return to House bill 4927. Is there objection?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

LOTTIE BRYANT STEEL

The bill (H.R. 177) for the relief of Lottie Bryant Steel was considered, ordered to a third reading, read the third time, and passed.

ORVILLE A. MURPHY

The bill (H.R. 5299) for the relief of Orville A. Murphy was considered, ordered to a third reading, read the third time, and passed.

WESTERN ELECTRIC CO., INC.

The bill (S. 2049) for the relief of the Western Electric Co., Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Western Electric Co., Inc., the sum of $7,192.35 in full satisfaction for services and materials furnished the War Department in connection with a contract dated June 5, 1920, and for completing certain work in connection with subaqueous sound-ranging equipment for seacoast defenses.

UNION IRON WORKS

The bill (S. 3322) to carry out the findings of the Court of Claims in the case of the Union Iron Works was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $165,284.53 to the Union Iron Works, being the difference between the actual cost of the construction of three torpedo-boat destroyers and the amount paid under the contract entered into for the building of said boats, as found by the Court of Claims and reported in Senate Document Numbered 78, Seventy-third Congress, first session.

SOUTHERN PRODUCTS CO.

The Senate proceeded to consider the bill (S. 1629) for the relief of the Southern Products Co., which had been reported from the Committee on Claims with amendments, on page 1, line 4, after the word "pay", to insert "out of any money in the Treasury not otherwise appropriated", and in line 6, after the words "sum of", to strike out "$31,450.16, being the reasonable value of" and insert "$13,051.19, in full settlement of all claims against the Government, for"; so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Southern Products Co., Dallas, Tex., the sum of $13,051.19 in full settlement of all claims against the Government, for the cost of removal and of the cost of reconditioning 9,097 bales of good, merchantable cotton, from its place of storage in the Bush Terminal Co. Warehouse, Brooklyn, N.Y., the damage being caused to the cotton by climatic and other causes during its enforced removal and while it was exposed to the weather after removal from the Bush Terminal Warehouse, Brooklyn, N.Y., as result of the commandeering of the entire storage warehouse on January 3, 1918, by the Secretary of War.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

G. T. FLEMING

The bill (S. 3364) for the relief of G. T. Fleming was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $500 to G. T. Fleming, of Pelzer, S.C., which sum represents the loss sustained by the said G. T. Fleming on the bail bond of Reuben G. Johnson, who was afterwards captured and returned to the United States officers by the said G. T. Fleming; record of said estreatment of bond is shown in order of Hon. H. H. Watkins, United States district judge, at Greenville, S.C., May 22, 1923.

J. B. TROTTER

The bill (H.R. 4929) for the relief of J. B. Trotter was considered, ordered to a third reading, read the third time, and passed.

ESTATE OF JOHN F. HACKFELD, DECEASED

The resolution (S.Res. 229) referring the bill (S. 3227) for the relief of the estate of John F. Hackfeld, deceased, to the Court of Claims for findings of fact was considered by the Senate and agreed to, as follows:

Resolved, That the bill (S. 3227) entitled "A bill for the relief of the estate of John F. Hackfeld, deceased", now pending in the Senate, together with all the accompanying papers, be, and the same is hereby, referred to the Court of Claims, in pursuance of the provisions of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary", approved March 3, 1911; and the said court shall proceed with the same in accordance with the provisions of such act and report to the Senate in accordance therewith.

ROBERT TURNER

The bill (H.R. 1207) for the relief of Robert Turner was considered, ordered to a third reading, read the third time, and passed.

FREDERICK W. PETER

The bill (H.R. 1208) for the relief of Frederick W. Peter was considered, ordered to a third reading, read the third time, and passed.

NELLIE REAY

The bill (H.R. 1209) for the relief of Nellie Reay was considered, ordered to a third reading, read the third time, and passed.

SCOTT C. WHITE

The bill (H.R. 2750) for the relief of Scott C. White was considered, ordered to a third reading, read the third time, and passed.

ARABELLA E. BODKIN

The Senate proceeded to consider the bill (H.R. 3868) for the relief of Arabella E. Bodkin.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. JOHNSON. Mr. President, the bill was once passed by the Congress. It went to the Court of Claims. The Court of Claims, after hearing, found the facts, but insisted that the ambiguity in the bill passed by Congress was such that they did not care finally to pass upon the claim.

Mr. McKELLAR. This bill is to carry out the findings of the Court of Claims?

Mr. JOHNSON. Yes.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

PALMETTO COTTON CO.

The bill (H.R. 4928) for the relief of the Palmetto Cotton Co. was considered, ordered to a third reading, read the third time, and passed.

DAVID A. WRIGHT

The bill (S. 2473) granting jurisdiction to the Court of Claims to hear the case of David A. Wright was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Court of Claims be, and hereby is, given jurisdiction to reinstate, reopen, and rehear the case of David A. Wright, of Winona, Mo., against the United States, no. 261–A in said court, and upon the pleadings, evidence, and other proceedings in that cause, and such other proceedings, if any, as the court may deem necessary or proper, to readjudicate the same and determine the amount of costs or expenditures, if any, which the said David A. Wright may have expended or incurred in 1918 in the rehabilitation of a manufacturing plant (commonly called the Allis-Chalmers Plant) at 1150 Washtenaw Avenue, Chicago, Ill., and in the beginning of production of heavy-duty lathes, to meet the needs, or the then-anticipated needs, of the Ordnance Department for any gun-relining or gun-manufacturing project initiated and under way in the Ordnance Department of the United States Army, in reliance in good faith upon any promise or assurance given him by Maj. Charles D. Westcott, Ordnance Department, United States Army, or Howard Abbott, an engineer in the plant section of the production division of the Ordnance Department, that the said David A. Wright would receive a contract, or contracts, for the manufacture of heavy-duty lathes that would absorb such costs or expenditures, notwithstanding such Ordnance Department projects may have been contingent upon the continuance of the war and may have been abandoned because of the signing of the armistice of November 11, 1918, and notwithstanding section 3744 of the Revised Statutes: *Provided*, That the Court of Claims shall be of opinion that the said David A. Wright made or incurred such expenditures in reliance in good faith upon the belief that Major Westcott or Mr. Abbott possessed the authority to make such promise or assurance on behalf of the Ordnance Department and that he was justified in doing so under the circumstances.

PATENTS TO NUMBERED SCHOOL SECTIONS

The bill (S. 1825) authorizing the Secretary of the Interior to issue patents to the numbered school sections in place, granted to the States by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior shall, upon the application by a State, cause patents to be issued to the numbered school sections in place, granted for the support of common schools by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress, that have been surveyed, or may hereafter be surveyed, and to which title has vested or may hereafter vest in the grantee States, and which have not been reconveyed to the United States or exchanged with the United States for other lands. Such patents shall show the date when title vested in the State and the extent to which the lands are subject to prior conditions, limitations, easements, or rights, if any. In all inquiries as to the character of the land for which patent is sought the fact shall be determined as of the date when the State's title attaches.

STUDY OF COTTON STOCKS

The joint resolution (S.J.Res. 109) authorizing a study by the Bureau of the Census with respect to the cotton stocks held in the United States was announced as next in order.

Mr. FESS. Mr. President, what is this measure? Let us have an explanation of it. How far does it go?

Mr. ROBINSON of Arkansas. Mr. President, the joint resolution, on its face, shows that it is to authorize and require "a study of the stocks of cotton now held in the United States with a view to determining what portion of such stocks is composed of gin-cut, water-packed, or perished-fiber cotton, and to report the results of such study, as soon as practicable, to the Congress."

It does not make any appropriation, or authorize any appropriation.

Mr. FESS. I have no objection.

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Director of the Census, Department of Commerce, is authorized and directed to make a study of the stocks of cotton now held in the United States with a view to determining what portion of such stocks is composed of gin-cut, water-packed, or perished-fiber cotton, and to report the results of such study, as soon as practicable, to the Congress.

FOREIGN-TRADE ZONES IN PORTS OF ENTRY

The bill (S. 2001) to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes, was announced as next in order.

Mr. FESS. Mr. President, this is a rather important bill, and I think it had better go over.

The PRESIDING OFFICER. The Senator from Ohio objects, and the bill will be passed over.

Mr. COPELAND subsequently said: Mr. President, my attention was distracted a moment ago when Order of Business 959 was reached. I think the Senator from Ohio objected.

I ask unanimous consent, if the Senator will permit, that we proceed to consider Senate bill 2001, the so-called "free zones bill."

Mr. FESS. Mr. President, my only objection was that it was too important to be considered in 5 minutes.

Mr. COPELAND. Let us see if we cannot conclude its consideration in 5 minutes.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent that the Senate return to Order of Business 959, Senate bill 2001. Is there objection?

There being no objection, the Senate proceeded to consider the bill.

Mr. COPELAND. Mr. President, this bill provides that in any port set aside for that purpose by a State legislature there may be established a free zone, which means that there may be brought into that port from a foreign country products which there may be mixed, or blended, or manufactured, not for admission to our country, unless later it is determined that they shall come in, in which event they would pay the full tariff charge. The question of tariff, in other words, is not involved; but the bill is designed to permit, for example, in my own city, imported products to be made into other articles of commerce, as, for example, mahogany logs could be brought from Central America, sawed into lumber, and then exported. The advantage is that the labor would be performed in the United States. As I have said, there would be no admission through our tariff boundaries at all, but simply permission to manufacture here.

There are 30 countries in the world where this practice prevails. I was much impressed years ago, in visiting Hamburg, in Germany, to find the free zone there a very active place, where much manufacturing was going on and great industrial activity, which benefited the city of Hamburg, and did not hurt the German Government or its treasury in the least.

I am sure that the Senator will recall that we have discussed these matters before in the Senate, and there has been no difference of opinion in times past that this would be a desirable law.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. VANDENBERG. If the Senator would point out that this bill would not provide for free ports in the sense in which the term is used in Europe, I think it would clarify the matter.

Mr. COPELAND. It would not do so at all. The articles would be brought in, manufactured or processed, and then sent out, all the labor being performed by American citizens.

Mr. FESS. Mr. President, I observe that the measure was not referred to the Committee on Finance. I had supposed it dealt with the tariff. I see that it went to the Committee on Commerce and has nothing to do with the tariff.

Mr. COPELAND. It does not relate at all to the tariff.

Mr. FESS. Was the committee unanimous in its report?

Mr. COPELAND. The committee was unanimous.

Mr. FESS. I have no objection.

The PRESIDING OFFICER. The clerk will state the amendments.

The first amendment of the committee was, on page 1, after line 5, to strike out:

The term "public corporation" means a State, a legal subdivision thereof, or a municipality, or a lawfully authorized public agency of a State or a municipality.

And to insert in lieu thereof the words:

The term "public corporation" means a State, a legal subdivision thereof, or a municipality, or a lawfully authorized public agency of a State or municipality, or a corporate municipal instrumentality of one or more States.

The term "person" includes corporations, partnerships, and associations existing under or authorized by the laws of the United States, or any State, Territory, District, or possession thereof.

The amendment was agreed to.

The next amendment of the committee was, on page 2, line 9, after the word "corporation", to insert the words "or person", and on line 12, after the word "corporation", to insert the words "or person", so as to read:

The term "grantee" means a public corporation or person applying for the right to establish, operate, and maintain a foreign-trade zone.

The term "grantee" means a public corporation or person to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted.

The amendment was agreed to.

The next amendment of the committee was, on page 2, line 17, after the numeral "2" and the period, to insert "(a)"; on line 20, after the word "corporations", to insert the words "or persons", so as to read:

SEC. 2. (a) The Secretary is hereby authorized, subject to the conditions and restrictions of this act and of the rules and regulations made thereunder, upon application as hereinafter provided, to grant to public corporations or persons the privilege of establishing, operating, and maintaining foreign-trade zones in or adjacent to ports of entry under the jurisdiction of the United States.

The amendment was agreed to.

The next amendment was, on page 3, after line 2, to insert a new paragraph as follows:

(b) In case of any State in which harbor facilities of any port of entry are owned and controlled by the State and in which State harbor facilities of any other port of entry are owned and controlled by a municipality. The Secretary shall not grant an application by any public corporation or person for the establishment of any zone in such State, unless such application has been authorized by an act of the legislature of such State (enacted after the date of enactment of this act).

Mr. BLACK. Mr. President, may I ask the Senator from New York the reason for this amendment?

Mr. COPELAND. In case the harbor facilities of any port of entry are owned and controlled by the State, and in which State harbor facilities of any other port of entry are owned and controlled by a municipality, then the Secretary shall not grant an application by any public corporation or person for the establishment of any zone in such State unless such application has been acted upon by the proper authorities.

Mr. BLACK. Mr. President, I want to be absolutely sure about this. Am I to understand from the amendment that where a State owns a port there can be no permission granted, except to the State, until the legislature has authorized it?

Mr. COPELAND. That is correct.

Mr. BLACK. Suppose the State itself, through its authority, desired such a free port?

Mr. COPELAND. They would have the right to have it.

Mr. BLACK. It is not intended to require that the State legislature act before the State itself may take advantage of the act, if it owns the port?

Mr. COPELAND. Not at all.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment of the committee was, on page 10, line 9, after the word "No", to strike out the word "person" and to insert in lieu thereof the word "individual", so as to read:

SEC. 15. No individual shall be allowed to reside within the zone except Federal, State, or municipal officers or agents whose resident presence is deemed necessary by the Secretary.

The amendment was agreed to.

The next amendment was, on page 11, line 14, after the word "repeated", to insert the word "willful", so as to read:

SEC. 18. In the event of repeated willful violations of any of the provisions of this act by the grantee, the Secretary of Commerce, the Secretary of War, and the Secretary of the Treasury, or a majority of them, may revoke the grant after 4 months' notice to the grantee and affording it an opportunity to be heard. The testimony taken before the Secretaries shall be reduced to writing and filed in the records of the Department of Commerce, together with the decision reached thereon.

The amendment was agreed to.

Mr. COPELAND. Mr. President, on page 3, line 19, the committee desires to strike out the words "but not manufactured."

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 3, line 19, after the word "manipulated" and the comma, it is proposed to strike out the words "but not manufactured."

The amendment was agreed to.

Mr. COPELAND. The committee also desires to insert after line 17, on page 5, a new provision.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 5, after line 17, it is proposed to insert the following:

Provided, however, That nothing in this act shall be construed in any manner so as to permit vessels under foreign flags to carry goods or merchandise from one foreign-trade zone to another zone or port in the protected coastwise trade of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 86) for adjustment and settlement of losses sustained by the cooperative marketing associations was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

APPOINTMENT OF ASSISTANT UNITED STATES ATTORNEYS

The bill (S. 2082) to amend the first sentence of section 8 of the act of May 28, 1896, chapter 252, relative to the appointment of assistant United States attorneys, was considered, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. McNARY subsequently said: Mr. President, when Senate bill 2082 was reached, my attention was distracted by a conversation with another Senator. I had desired to object to the consideration of the bill, in the absence of certain Senators. I ask unanimous consent that the votes by which the bill was ordered to a third reading and passed be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the votes by which the bill was ordered to a third reading and passed are reconsidered.

Mr. McNARY. I ask that the bill go over for the day.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

IRRIGATION PROJECTS ON INDIAN RESERVATIONS

The Senate proceeded to consider the bill (S. 2614) for the relief of purchasers and owners of lands on irrigation projects on Indian reservations, which had been reported from the Committee on Indian Affairs with an amendment, to strike out all after the enacting clause and to insert the following:

That the Secretary of the Interior be, and he is hereby, authorized and directed to adjust, eliminate, and suspend irrigation charges due the Government of the United States by non-Indian landowners of lands situated within any Indian irrigation project in such a way as shall be equitable and just in consideration of all the facts and circumstances under which such charges were made: *Provided*, That any suspension or deferment of collection of charges made by said Secretary by reason of the lands being temporarily unprofitable of irrigation shall not exceed periods of 5 years: *Provided further*, That a report shall be made to Congress annually on the first Monday of each regular session showing adjustments so made during the preceding year: *And provided further*, That any proceedings hereunder shall not be effective until approved by Congress unless Congress shall have failed to act favorably or unfavorably thereon by concurrent resolution within 60 legislative days after the filing of said report, in which case they shall become effective at the termination of said 60 legislative days.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize the Secretary of the Interior to adjust irrigation charges on projects on Indian reservations, and for other purposes."

SCHOOL FACILITIES ON FLATHEAD RESERVATION, MONT.

The Senate proceeded to consider the bill (S. 2286) to provide funds for cooperation with joint school district no. 28, Lake and Missoula Counties, Mont., for extension of public-school buildings to be available to Indian children of the Flathead Indian Reservation, which had been reported from the Committee on Indian Affairs with an amendment, on page 1, line 3, to strike out the words "expended from any moneys now available and applicable for construction under provisions of the National Industrial Recovery Act, approved June 16, 1933, or that may become hereafter available", and to insert in lieu thereof the words "appropriated, from any moneys in the Treasury not otherwise appropriated", so as to make the bill read:

Be it enacted, etc., That there is hereby authorized to be appropriated from any moneys in the Treasury not otherwise appropriated, the sum of $100,000 for the purpose of cooperating with joint school district no. 28, Lake and Missoula Counties, Mont., for the extension and improvement of public-school buildings, namely, at Arlee in the sum of $40,000, at Ronan in the sum of $30,000, and at St. Ignatius in the sum of $30,000: *Provided*, That the expenditure of any money so appropriated shall be subject to the condition that the schools maintained by said district shall be available to all Indian children of the Flathead Indian Reservation, Mont., on the same terms, except as to payment of tuition, as other children of said school district: *Provided further*, That such expenditures shall be subject to such further conditions as may be prescribed by the Secretary of the Interior.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

PETER GUILDAY

The bill (H.R. 371) for the relief of Peter Guilday, was considered, ordered to a third reading, read the third time, and passed.

WALES ISLAND PACKING CO.

The Senate proceeded to consider the bill (S. 1666) to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co., which had been reported from the Committee on Foreign Relations with an amendment to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $100,000 to the Wales Island Packing Co. for the injury to the business and property of said company on Wales Island on account of the decision of the Alaska boundary tribunal, under which the possession of said island has passed from the United States to the Dominion of Canada, as found by the Court of Claims and reported in Senate Document No. 61, Seventy-second Congress, first session: *Provided*, That no part of the amount appropriated in this act in excess of 20 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, or other party or parties, on account of services rendered in any way in connection with the presentation, passage, or collection of said claim, or any part thereof. It shall be unlawful for any such agent or agents, attorney or attorneys, or others as herein provided, to collect, receive, exact, or withhold a portion of the amount appropriated in this act in excess of 20 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

A. L. OSTRANDER

The bill (S. 86) for the relief of A. L. Ostrander was considered, ordered to be engrossed for a third reading, read the third time, and passed as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to A. L. Ostrander, of Yakima, Wash., the sum of $270 in full satisfaction of his claim against the United States for compensation for services rendered during the year 1931 as a member of the land designating committee for the Wapato project, Washington, in connection with the designation of irrigable lands of such project.

NORMAN BEIER

The Senate proceeded to consider the bill (S. 488) for the relief of Norman Beier, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, to strike out "$25,000" and to insert in lieu thereof "$2,500", and to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,500 to Norman Beier, Brooklyn, N.Y., in full settlement and satisfaction of injuries sustained by him when struck by a truck of the Post Office Department: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARTIN-WALSH, INC.

The Senate proceeded to consider the bill (S. 173) for the relief of Martin-Walsh, Inc., which had been reported from the Committee on Claims with amendments, on page 1, line 4, to strike out the words "Martin-Walsh (Incorporated)" and to insert in lieu thereof the words "William Martin and John E. Walsh, Jr., who have succeeded to and are the sole owners of all right, title, and interest of Martin-Walsh, Inc., in and to the within claim"; on line 9, to strike out "$4,760.50" and to insert in lieu thereof "$4,221.50 in full settlement of all claims against the United States"; and at the end of the bill to add a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to William Martin and John E. Walsh, Jr., who have succeeded to and are the sole owners of all right, title, and interest of Martin-Walsh, Inc., in and to the within claim, out of any money in the Treasury not otherwise appropriated, the sum of $4,221.50 in full settlement of all claims against the United States. Such sum is the amount of excess duties levied and collected from Martin-Walsh, Inc., by the collector of the port of New York on 31 distinct entries covering importations of kraft wrapping paper from Sweden and Norway during the years 1922 and 1923: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said

claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of William Martin and John E. Walsh, Jr."

Mr. KING. Mr. President, may I ask the Senator from Kentucky whether this bill was approved by the Treasury Department?

Mr. LOGAN. The Senator from New Jersey [Mr. KEAN] probably knows. I do not think it was. It was a refund of money which the Treasury Department had collected, and, so far as I recall, there has never been any approval by the Treasury Department of any act calling for the refunding of money which has been collected in such a way. The collection in question was made on a tariff charge. Too much was charged, the money was collected, and before the claimant could get his claim in he was told he was barred by the statute of limitations, and therefore it was not paid. The committee considered it to be a just claim and that it should be paid.

ARTHUR HANSEL

The Senate proceeded to consider the bill (S. 3192) for the relief of Arthur Hansel, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the words "the sum of", to strike out "$15,000" and to insert in lieu thereof "$2,500", and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and in full settlement against the Government, the sum of $2,500 to Arthur Hansel for injuries sustained when struck by an ambulance of the Second Motor Transport Company, Brooklyn, N.Y., on October 11, 1932: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARY ANGELA MOERT

The bill (S. 3156) for the relief of Mary Angela Moert, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mary Angela Moert the sum of $30 for service rendered in nursing one Sergeant Albert Wells, Company A, Eleventh Regiment United States Infantry, formerly stationed at Fort Knox, Ky., who was injured June 6, 1931, and admitted to Saints Mary and Elizabeth Hospital, Louisville, Ky.

COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 3524) to amend an act of Congress approved February 9, 1893, entitled "An act to establish a court of appeals for the District of Columbia, and for other purposes."

Mr. ROBINSON of Arkansas. The report states that the object in changing the name of this court?

Mr. KING. Mr. President, I was requested to introduce this bill by the judges of the court. It changes the name from the "Court of Appeals of the District of Columbia" to the "United States Court of Appeals for the District of Columbia."

Mr. ROBINSON of Arkansas. The report states that the present title "Court of Appeals of the District of Columbia" implies that the court is merely an appellate court for matters arising in the District of Columbia, whereas it exercises other jurisdiction.

Mr. KING. Exactly.

Mr. ROBINSON of Arkansas. I have no objection.

Mr. KING. Much of the business of the court comes now from outside the District, and therefore its duties are of a broader nature than implied by the name, "Court of Appeals of the District of Columbia."

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the court established by the act of February 9, 1893 (27 Stat. 434), entitled "An act to establish a court of appeals for the District of Columbia, and for other purposes", shall hereafter be known as the United States Court of Appeals for the District of Columbia.

ST. CLAIR RIVER BRIDGE, MICHIGAN

The bill (S. 3545) to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich., authorized to be built by the Great Lakes Bridge Commission by an act of Congress approved June 25, 1930, heretofore extended by acts of Congress approved February 28, 1931, June 9, 1932, and June 13, 1933, are hereby extended 1 and 3 years, respectively, from June 13, 1934.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

JOHN P. LEONARD

The Senate proceeded to consider the bill (H.R. 541) for the relief of John P. Leonard, which had been reported from the Committee on Military Affairs with an amendment, on page 2, line 2, after the word "prior", to insert the words "or subsequent", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, John P. Leonard, late of Company I, Eighteenth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of said Company I, Eighteenth Regiment United States Infantry, on the 31st day of December 1901: *Provided*, That no bounty, pension, back pay, or allowances shall be held to have accrued prior or subsequent to the passage of this act.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time, and the bill was read the third time, and passed.

BILL PASSED OVER

The bill (S. 3520) authorizing the Reconstruction Finance Corporation to make loans to industry was announced as next in order.

Mr. FESS. Over.

Mr. COUZENS. Mr. President, will the Senator from Ohio withhold his objection for a moment?

Mr. FESS. Yes.

Mr. COUZENS. The Committee on Banking and Currency has given study to this measure for more than 2 years. Since the original introduction of the bill there have been very substantial amendments made to it, and I think I can speak for the committee as a whole and say that after these amendments were suggested they were unanimously agreed upon.

The purpose of the bill is to augment the provisions of the bill which the Senator from Virginia [Mr. GLASS] introduced before we started on the stock-exchange control bill, whereby the Federal Reserve banks were authorized to make loans to industry for a 5-year period. The bill provides for the making of loans for the purpose of maintaining and encouraging employment. I think if Senators will analyze this bill they will find that it is very well surrounded by safeguards and that what is proposed to be done under its terms is a very desirable thing to do.

Mr. FESS. Mr. President, I am interested in the purposes of the bill. The bill is not exactly the one I thought

it was. It proposes to do what I should like to see done. Therefore, I withdraw my objection.

Mr. McNARY. Mr. President, I probably have no objection to the consideration of the bill, but in a colloquy a few days ago with the Senator from Kentucky [Mr. BARKLEY] reference was made to the bill to follow the Glass bill, which permits the Federal Reserve banks to loan money to private industry. Is this the bill to which reference was then made?

Mr. COUZENS. This is the bill, and it was reported out from the committee on the day after the Senator from Kentucky made the reference to which the Senator from Oregon refers.

Mr. BLACK. Mr. President, I do not intend to object to the consideration of the bill, although I expect to vote against it if a vote is had on it, but I do desire, if the bill be taken up, to offer an amendment.

Mr. COUZENS. I hope the bill will be taken up, because I do not know how many more opportunities we will have to consider it and it is a bill which will have to go through the House, and will have to go to conference. The House is also prepared to report out a bill for the same purpose.

Mr. BLACK. I shall not object to the bill if I be given the privilege of offering an amendment and having a vote thereon.

Mr. COUZENS. I hope there will be no objection to the present consideration of the bill.

Mr. BARKLEY. Mr. President, I do not believe there will be any objection to giving opportunity to amending the bill, if there be not too much time taken in its discussion.

Mr. COUZENS. Mr. President, I ask for the present consideration of the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. JOHNSON. Yes; there is objection. I am in exactly the situation of the Senator from Alabama [Mr. BLACK]. I have an amendment to this bill which I desire to present, and I desire to discuss it, and I shall ask the Senate ultimately to pass upon it. I do not want to delay the consideration of the bill, but I desire some time in which I may present the amendment. The amendment I desire to present is embodied in a separate bill now before the Committee on Banking and Currency.

Mr. COUZENS. Mr. President, I ask that the bill go over, because our time is very short, it now being only 7 minutes to the hour when the Senate will proceed to consideration of other business.

The PRESIDING OFFICER. The bill will be passed over.

JOSEPH M. THOMAS

The Senate proceeded to consider the bill (S. 3059) for the relief of Joseph M. Thomas, which had been reported from the Committee on Military Affairs with amendments, on page 1, line 6, after the name "Thomas", to insert "alias Joseph Thomas, alias Thomas O'Donnell"; on the same page, line 8, after the word "private", to strike out the word "Battery"; and on the same page, line 9, after the word "Twenty-second", to strike out the word "Regiment" and to insert in lieu thereof the word "Battery", so as to make the bill read:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Joseph M. Thomas, alias Joseph Thomas, alias Thomas O'Donnell, shall be held and considered to have been honorably discharged on September 26, 1904, as a private, Twenty-second Battery United States Field Artillery: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued by reason of this act prior to its passage.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Joseph M. Thomas, alias Joseph Thomas, alias Thomas O'Donnell."

TOURS OF DUTY IN THE TROPICS

The Senate proceeded to consider the bill (S. 3397) to amend the laws relating to the length of tours of duty in the Tropics and certain foreign stations in the case of officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes, which had been reported from the Committee on Military Affairs, with an amendment, on page 2, line 12, after the word "hostilities", to insert "and except in the discretion of the Secretary of War for temporary emergencies", so as to make the bill read:

Be it enacted, etc., That section 12 (requiring assignments of officers of the Army, Navy, or Marine Corps to permanent duty in the Tropics and at certain foreign stations to be for not less than 3 years) of the Treasury and Post Office Appropriation Act, fiscal year 1934, approved March 3, 1933 (U.S.C., supp. VII, title 10, sec. 17a), is hereby repealed.

SEC. 2. The second and third provisos in the paragraph with the heading "Barracks and Quarters, Philippine Islands" in the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1916", approved March 4, 1915 (U.S.C., supp. VII, title 10, sec. 17), are hereby amended to read as follows: "No officer or enlisted man of the Army shall, except upon his own request, be required to serve in a single tour of duty for more than 2 years in the Philippine Islands, on the Asiatic Station, or in China, Hawaii, Puerto Rico, or the Panama Canal Zone, except in case of insurrection or of actual or threatened hostilities and except in the discretion of the Secretary of War for temporary emergencies: *Provided*, That the foregoing provision shall not apply to the organization known as the 'Philippine Scouts.'"

Mr. ROBINSON of Arkansas. Hereafter what will be the tour of duty in the tropical countries of the officers and enlisted men?

Mr. DUFFY. Mr. President, the amendment provides for a 2-year tour instead of 3, but there are exceptions.

Mr. ROBINSON of Arkansas. That was the information I desired. I have no objection.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

BILL PASSED OVER

The bill (S. 1777) providing for an additional justice of the Court of Appeals of the District of Columbia was announced as next in order.

Mr. GIBSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

HOMESTEAD LAWS AND RAILROADS IN ALASKA

The Senate proceeded to consider the bill (H.R. 7306), to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes, approved May 14, 1898, as amended, which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 2, to strike out lines 1 to 20, both inclusive, and to insert in lieu thereof the following:

Provided further, That any citizen of the United States, after occupying land of the character described as a homestead or headquarters, in a habitable house, not less than 5 months each year for 3 years, may purchase such tract, not exceeding 5 acres, in a reasonable compact form, without any showing as to his employment or business, upon payment of $2.50 per acre, under rules and regulations to be prescribed by the Secretary of the Interior, and in such cases surveys may be made without expense to the applicants in like manner as the survey of settlement claims under the act of June 28, 1918 (40 Stat. 632), as amended by section 1 of the act of April 13, 1926 (44 Stat. 243): *And provided further*, That the minimum payment for any such tract shall be $10, and no person shall be permitted to purchase more than one tract except upon a showing of good faith and necessity satisfactory to the Secretary of the Interior.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (S. 3380) providing for the appointment of Richmond Pearson Hobson, formerly a captain in the United States Navy, as a rear admiral in the Navy and his retirement in that grade was announced as next in order.

Mr. CLARK. Over.

The PRESIDING OFFICER. The bill will be passed over.

SALARIES OF OFFICERS AND DIRECTORS OF CORPORATIONS

The Senate proceeded to consider the joint resolution (S.J.Res. 91) to supplement the authority of the Federal

Trade Commission to obtain information relating to the salaries of officers and directors of certain corporations whose securities are listed on the New York stock exchanges, which had been reported from the Committee on Banking and Currency with amendments, on page 2, line 6, after the word "corporation", to insert the words "whether or not"; on page 3, line 10, after the words "For the", to strike out the words "purposes of" and to insert in lieu thereof "purpose of carrying out"; and on page 3, line 17, after "1914", to strike out "with respect to the matters over which the Commission has jurisdiction under such act", so as to make the joint resolution read:

Resolved, etc., That the Federal Trade Commission is hereby authorized and directed to make inquiry and report to the Congress as soon as practicable the salaries of the executive officers and directors of each corporation whether or not engaged in interstate commerce (other than public-utility corporations) having capital and/or assets of more than $1,000,000 in book or ledger value, whose securities are either listed or dealt in on the New York Stock Exchange or the New York Curb Exchange.

SEC. 2. For the purposes of this resolution the Federal Trade Commission shall have the same right to obtain data and to inspect income-tax returns as the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate, and to submit any relevant or useful information thus obtained to the Congress or to either House thereof.

SEC. 3. For the purpose of carrying out this resolution the Federal Trade Commission, the Attorney General, and the courts of the United States shall have and may exercise all of the powers and jurisdiction severally conferred upon them by the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes", approved September 26, 1914.

SEC. 4. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $50,000, which shall be available for expenditure as the Federal Trade Commission and the Attorney General may jointly direct, for expenses and all necessary disbursements, including salaries, in carrying out this resolution and prosecuting litigation necessary in aid of the powers conferred hereunder.

Mr. FESS. Mr. President, I should like to have someone state the purposes of the bill.

Mr. COSTIGAN. Mr. President, a year ago this month the Senate requested certain agencies of the Government to investigate and report to the Senate salaries paid by certain corporations. In response to inquiries of the Federal Trade Commission several hundred corporations submitted the requested information. About 40 corporations declined for one reason or another to respond. The Federal Trade Commission thereupon indicated that there was no known justification for such refusal, and suggested its willigness to proceed and institute legal proceedings, in accordance with the Senate resolution, to secure that information. The joint resolution is designed to authorize such action.

The amendments were agreed to.

Mr. COSTIGAN. I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 3, line 19, after the word "hereby", to insert the words "authorized to be", so as to make the section read:

SEC. 4. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, the sum of $50,000, which shall be available for expenditure as the Federal Trade Commission and the Attorney General may jointly direct, for expenses and all necessary disbursements, including salaries, in carrying out this resolution and prosecuting litigation necessary in aid of the powers conferred hereunder.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The PRESIDING OFFICER. The amendments to the preamble will be stated.

The CHIEF CLERK. In the preamble, on page 1, line 9 of the first paragraph, after the word "price", it is proposed to insert the words "and volume"; in line 1 of the second paragraph, to strike out the words "the salaries aforesaid tend to diminish unduly the income taxes payable by the corporations above described" and to insert the words "high and excessive salaries, bonuses, and other compensation aforesaid paid to directors and officers of corporations whether or not engaged in interstate or foreign commerce tend to diminish unduly the income taxes payable by such corporations", so as to make the preamble read:

Whereas it is believed that high and excessive salaries, bonuses, and other compensation paid to various directors and officers of corporations engaged in interstate or foreign commerce have the effect of burdening or restraining interstate and foreign commerce, and have effects upon the value and marketability of the securities of corporations bought and sold in interstate or foreign commerce and upon the earnings available for investors in securities so bought and sold and upon the price and volume of commodities bought and sold in interstate and foreign commerce; and

Whereas it is believed that high and excessive salaries, bonuses, and other compensation aforesaid paid to directors and officers of corporations whether or not engaged in interstate or foreign commerce tend to diminish unduly the income taxes payable by such corporations, and that the rate of income taxes assessed against the directors and officers aforesaid may be too small and that by various devices certain of said directors and officers may have been avoiding the payment of a just amount of tax; and

Whereas the Congress should consider whether new legislation should be enacted or existing legislation amended on any of the subjects hereinbefore described and in aid thereof should be informed on all of such subjects; and

Whereas certain corporations have neglected or refused to supply the Federal Trade Commission with the information needed by said Commission to enable it to procure for the Senate the information required by S.Res. 75, Seventy-third Congress, first session; and

Whereas the Congress should have such information to aid it in considering the necessity for the legislation already herein described: Therefore be it

The amendments to the preamble were agreed to.

The preamble, as amended, was agreed to.

Mr. COSTIGAN subsequently said: Mr. President, during the consideration today of unobjected bills on the calendar the Senate approved Senate Joint Resolution 91, Order of Business 930, supplementing the authority of the Federal Trade Commission to obtain information relating to the salaries of officers and directors of certain corporations whose securities are listed on the New York Stock Exchange.

The reasons which led to the submission of the joint resolution were so well set out in a report by the Federal Trade Commission to the Senate on February 26, 1934, that I ask unanimous consent to have the Federal Trade Commission's report incorporated in the RECORD immediately following the RECORD's recital of the Senate's approval today of Senate Joint Resolution 91.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

REPORT OF THE FEDERAL TRADE COMMISSION ON COMPENSATION OF OFFICERS AND DIRECTORS OF CERTAIN CORPORATIONS

Senate resolution

The present inquiry was initiated by the Commission following a resolution of the United States Senate proposed by Senator COSTIGAN and agreed to May 29, 1933, calling for information regarding the salaries and other compensation of executive officers and directors of specified classes of corporations. No explanatory statements were made in the Senate, either as to its scope or purpose.

The text of the Senate resolution (No. 75, 73d Cong., 1st sess., approved May 29, 1933) was as follows:

"*Resolved*, That the Federal Reserve Board is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each Federal Reserve bank and member bank of the Federal Reserve System; be it further

"*Resolved*, That the Reconstruction Finance Corporation is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each bank not a member of the Federal Reserve System to which loans or advances have been made by the Corporation; be it further

"*Resolved*, That the Federal Power Commission is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each public-utility corporation engaged in the transportation of electrical energy in interstate commerce, and of all other corporations licensed under the Federal Water Power Act; and be it further

"*Resolved*, That the Federal Trade Commission is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each corporation engaged in interstate commerce (other than public-utility corporations) having capital and/or assets of more than a million dollars in value whose securities are listed on the New York Stock Exchange or the New York Curb Exchange.

"For the purposes of this resolution, the term 'salary' includes any compensation, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise, for personal services."

As hereinafter noted more particularly, there were instances in which the language of the resolution would have required more than one department to report on certain companies.

RESOLUTION OF THE FEDERAL TRADE COMMISSION

On receiving this direction from the Senate the Commission passed a resolution for the purpose of authorizing the undertaking of this work. The Commission's resolution, which was passed on June 2, 1933, was expressed in the following terms:

"Whereas the Senate of the United States on May 29, 1933, passed a certain resolution known as 'Senate Resolution 75, Seventy-third Congress, first session', which reads in part as follows:

"'*Resolved*, That the Federal Trade Commission is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each corporation engaged in interstate commerce (other than public-utility corporations) having capital and/or assets of more than a million dollars in value, whose securities are listed on the New York Stock Exchange or the New York Curb Exchange.

"'For the purpose of this resolution, the term "salary" includes any compensation, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise, for personal services.'

"And whereas this Commission construes said resolution to be a request by the Senate of the United States, addressed to this Commission, expressing its desire that this Commission, in the exercise of the powers vested in it by the Federal Trade Commission Act, proceed to make the investigation outlined in said resolution and to transmit a report thereof to such Senate as soon as practicable;

"And whereas this Commission does not construe said resolution as an exercise by the United States Senate of the power to direct this Commission to make such investigation and report, as such power is vested in such Senate by subdivision (d) of section 6 of the Federal Trade Commission Act;

"And whereas said Federal Trade Commission Act vests in this Commission the power in its discretion to make such an investigation and report as are so requested;

"And whereas this Commission, upon careful consideration of the terms of said resolution and the subject matter thereof, is of the opinion that it is to the public interest that this Commission do make such investigation and report at the earliest time practicable: Now, therefore, be it

"*Resolved*, That this Commission, in the exercise of the full discretionary powers vested in it by said Federal Trade Commission Act, and acting in what this Commission deems to be the interest of the public in the premises, do proceed forthwith to make such investigation as so indicated in said Senate Resolution 75, Seventy-third Congress, and to make a written report therein and thereof to the Senate of the United States as soon as practicable.

"That said resolution of the United States Senate and this resolution of the Federal Trade Commission be, and hereby are, referred to the Commission's chief economist, with instructions to proceed to make such investigation and submit such report to this Commission for its consideration and action at the earliest time at which the chief economist shall be able to make such investigation and report.

"That said chief economist be, and hereby is, authorized and directed in the performance of said duty to exercise any and all powers vested in the officers, agents, and representatives of this Commission by said Federal Trade Commission Act."

Done by the Commission this 2d day of June 1933.

LIMITATIONS OF THE PLAN

It will be noted that the plan contained several limitations as to the classes of corporations which should be inquired about by this Commission, which restricted the investigation to a comparatively small portion of the corporations within its general jurisdiction, but it also included some corporations over which the Commission has no legal jurisdiction. The four limitations were (1) that the corporations be engaged in interstate commerce, (2) that they have assets or capital of more than $1,000,000, (3) that they be listed on the New York Stock Exchange or on the New York Curb Exchange, and (4) that public utilities be excluded.

The duty of obtaining data from the electrical utilities, but no other utilities, was assigned to the Federal Power Commission, while all public utilities were excluded from the classes to be investigated by the Federal Trade Commission. As a result, operating gas utilities engaged in interstate commerce and having assets or capital of over $1,000,000 were excluded from the plan.

Public-utility holding companies, utility service companies, etc., were, however, within the range of this Commission's assignment, provided the other conditions of the Senate resolution were also applicable, except where a holding company also functioned as an operating utility. The only important instance of a listed holding company which was excluded on this ground was the United Gas Improvement Co., which operates under lease a municipal gas plant in Philadelphia.

The limitation in the resolution with respect to interstate commerce, which is also a general limitation on the powers of the Federal Trade Commission, raised a number of questions. The most important companies affected, perhaps, were four insurance companies and certain types of holding and investment companies. Some of the insurance companies declined to report on the ground that they are not engaged in interstate commerce, and the Commission did not press these companies to report except as a matter of cooperation.

In order to meet some of the difficulties of carrying out the inquiry according to the plan, considering the limitations on its powers of inquiry, the Commission invited the cooperation of the Interstate Commerce Commission and the Department of Agriculture.

The Interstate Commerce Commission has furnished to the Senate information relative to compensation paid by railroads and other common carriers which are expressly excluded from the jurisdiction of the Federal Trade Commission by its organic act. The Secretary of Agriculture has indicated his intention to report separately to the Senate regarding compensation paid by packing companies which were transferred to his jurisdiction by the Packers and Stockyards Act of 1921.

STOCK-EXCHANGE LISTS

The first step in the inquiry was to obtain from the two specified stock exchanges the names and addresses of all companies with securities listed thereon. These were promptly furnished by the respective exchanges. The New York Curb Exchange furnished two lists, one of which was denominated "companies whose securities are fully listed", and the other, "companies whose securities are admitted to unlisted trading." In accordance with the resolution this report covers companies whose securities are listed. It does not include companies whose securities are traded in on the curb but not listed. Where, however, such companies were affiliated with other companies whose securities were listed either on the New York Stock Exchange or the New York Curb Exchange, their reports were used in making consolidations. Thus the report of Electric Bond & Share Co. was used in respect to the compensation of its officers and directors insofar as they were also officers or directors of its affiliated companies, American Power & Light Co., Electric Power & Light Co., American & Foreign Power Co., or National Power & Light Co., whose securities were listed on the New York Stock Exchange.

Among the companies whose securities are traded in but not listed on the New York Curb Exchange, and from whom reports were not required by the resolution, are some very large companies such as Standard Oil Co. of Indiana, Aluminum Co. of America, Cities Service Co., the Great Atlantic & Pacific Tea Co. of America, and various others.

After the eliminations which preliminary examination showed should be made, in accordance with the provisions of the Senate resolution, there remained in the two stock-exchange lists taken together about 1,050 corporations. After the schedules were sent out, however, a number of other companies were eliminated when they reported that they were engaged in banking, were common carriers, had assets of less than $1,000,000, or were in receivership and their records not available. These further eliminations accounted for something more than 100 corporations.

REQUESTS FOR CONFIDENTIAL TREATMENT

The Commission received many inquiries asking if the information as to salaries and other compensation would be made public. All such inquiries were answered to the effect that the information would be sent to the Senate and that the Commission was not advised as to the use the Senate would make of it.

Coupled with many of these inquiries were claims as to the confidential nature of the information and assertions that neither the Senate nor the Commission had any right to ask for it. The Commission, of course, refused to promise any confidential treatment of the information received.

THE FORM OF THE SCHEDULE

In drafting its schedule the Commission decided that it would ask for the salaries, and all compensation, direct and indirect, including that from subsidiary and affiliated companies, paid to executive officers and directors for each year 1928 to 1932, inclusive, and also the rate of salary as of September 1, 1933. In addition it was necessary to ask for the total assets in order to exclude those companies with assets of less than $1,000,000, as specified in the Senate resolution. Companies were also asked to report their net sales and net income, but the Commission has not insisted on this information being furnished, as it was not within the scope of the Senate resolution.

The information as to salaries and other compensation was asked for covering the 5-year period, 1928–32, because it was believed important that a basis for comparison with changes in economic conditions should be available to the Senate. As compensation other than regular cash salary is frequently determinable only at the end of the business year, only the regular cash salary rate is shown for 1933.

TABULATION OF RETURNS

A total of 877 schedules, which were pertinent to this inquiry, was returned. Shortly after the returns began to come in it became obvious that many companies had not included indirect compensation; that is, amounts paid by subsidiary or affiliated companies. In such cases this additional information was obtained from the companies and the consolidating done by the Commission's staff.

The general rule followed in tabulating the schedules was that the information as to cash salary and other compensation for each year and the rate of cash salary as of September 1, 1933, be shown in the form reported by the company, but some variations from this rule were necessary in order that a fair degree of uniformity might be obtained. The tabulations show the total salary actually paid each executive officer and director and also the other compensation each received.

Some difficulties occurred in tabulating other compensation. Thus, options or rights to subscribe for stocks were frequently reported as "other compensation." In a number of such instances the companies failed to follow the instructions to give the value of the rights as of the date deliverable. Where the information was sufficiently definite to appear to warrant it, the Commission has computed the value of the rights from the difference between the market quotations and the option prices, with proper footnotes. Where less definite information was available, nothing has been included in the "other compensation" column, but option prices, contract terms, market prices, and the like have been shown in footnotes. In most cases, however, the reported value of such rights on date deliverable is shown in the tabulation. The amounts shown in the "other compensation" column are, in most instances, directors' fees, especially those which are small.

The annual cash salary rate as of September 1, 1933, does not indicate anything about such other compensation, as most companies would not be able to show the amounts of such compensation until the end of the fiscal year. The schedules were sent out in October 1933. Directors' fees are also excluded from the cash salary rate tabulation sheets for September 1, 1933, wherever possible, since in most instances companies could only report that such fees were at the rate of a stated amount for each meeting attended.

GENERAL PLAN OF TABULATIONS

In transcribing the data in respect to salaries and other compensation the Commission has attempted to present the information as it was reported. This, however, was not always possible, because the companies did not always conform in their answers to the questions asked. It was sometimes necessary, therefore, to rearrange the data for the sake of uniformity, but some inconsistencies could not be eliminated from the tabulations.

In tabulating salaries and other compensation the general plan has been to show only the amounts in dollars and to drop the cents. As a result many of the columns do not add exactly to the totals, less the cents, as reported by the companies, except in those cases where the Commission has consolidated returns, as described below.

A large number of companies failed to include salaries received by their officers and directors from subsidiary and affiliated companies. When attention was called to the fact that a complete report would necessarily include salary or compensation paid indirectly, through subsidiaries, many of these concerns sent in the necessary additional information in letter form, in a tabular statement, or on another copy of the schedule. The Commission has consolidated this information, and the tabulations presented herewith represent all the reported salary and compensation, direct or indirect, of the officers and directors shown therein. A few companies did not make it clear whether or not their reports included indirect compensation.

The names of the companies appearing at the top of the tabulation sheets are as reported, except that the Commission believed it necessary to add explanatory names in some cases. An example is that of Standard Brands, Inc. The return for this company covered only the Fleischmann Co. for 1928 and the first 4 months of 1929, as noted on the sheets for those years, the remaining years being headed "Standard Brands, Inc."

In some few instances predecessor companies were not reported in consolidated form, and the tabulations show the salaries and compensation for officers of the several companies separately, as illustrated by Bickford's, Inc.

Each company sheet carries a code symbol representing the particular trade or industry classification to which that company has been assigned. This classification was prepared by the Commission but is based primarily upon similar groupings which have been used by the Federal Reserve Board and the Census of Manufactures.

The code symbols and the industries to which they are assigned, respectively, are as follows:

I. Agriculture.
II. Mines, quarries, and oil wells:
  1. Bituminous coal.
  2. Anthracite.
  3. Metalliferous mines.
  4. Oil wells and gas.
  5. Quarrying and nonmetallic.
III. Electric light, power, and gas.
IV. Manufacturing:
  1. Food and kindred products.
  2. Textile and their products.
  3. Forest products.
  4. Paper and paper products.
  5. Printing, publishing, and allied industries.
  6. Chemicals and allied products.
  7. Products of petroleum and coal.
  8. Rubber products.
  9. Leather and its manufactures.
  10. Stone, clay, and glass products.
  11. Iron and steel products (excluding machinery).
  12. Nonferrous metals and their products.
  13. Machinery, not including transportation equipment.
  14. Transportation equipment.
  15. Miscellaneous industries.
V. Construction.
VI. Transportation:
  1. Railroads, including Pullman and express.
  2. Water transportation.
  3. Street railways.
  4. Motor transportation.
  5. Aviation.
  6. Pipe line.
VII. Communication.
  1. Telegraphs.
  2. Telephones.
  3. Radio.
VIII. Trade:
  1. Retail:
    a. Chain stores, including chain department stores.
    b. Department stores—individual.
    c. Mail order.
    d. Other.
  2. Wholesale.
IX. Finance:
  1. Banking:
    a. Insurance companies.
    b. Personal finance.
    c. Real estate.
    d. Banks and trust companies.
    e. Investment trusts and securities trading companies.
    f. Other finance.
X. Government:
  1. Federal.
  2. State.
  3. Municipal.
XI. Service:
  1. Amusement.
  2. Education (public, private).
  3. Business service.
  4. Professional service.
  5. Domestic and personal service.
XII. Unclassified:

The total assets shown on the tabulation sheets are as reported by the companies, except that for a few companies the Commission obtained the information from either Poor's or Moody's Manual. The Commission did not attempt to consolidate the assets of two or more companies when consolidating their salary returns. Some few companies, however, reported consolidated assets and, when known, this fact has been indicated in the tabulations.

It should be noted also that the Commission did not attempt to consolidate the net income of two or more companies when consolidating their returns. Any comparison between salaries and other compensation, which are on a consolidated basis, and assets or income, should be made with this in mind.

The names of officers and directors are given as reported in practically all cases. Some of the companies returned schedules filled in by hand which it was not always possible to decipher. In many instances the Commission was able to obtain the correct names by reference to Poor's or Moody's Manual. In a few instances the same name was spelled differently at different places in the originals, and the Commission has endeavored to correct many of these errors.

Some companies did not report the names of their directors for some years and others not for any year. This is particularly noticeable in the tabulations for the annual salary rate on September 1, 1933. In other cases the reporting companies did not clearly indicate their directors, but made a general statement to the effect that some of those named were directors as well as executive officers.

It was not practicable to transcribe in full the positions of the several officers and directors of the reporting companies because of limitations of space on the forms. Abbreviations have been used in most instances. These abbreviations, however, are not uniform throughout the tabulations because some companies reported positions in abbreviated form and there was little uniformity in this respect. The Commission did not believe it should change these abbreviations, since in many instances it was not certain that the change would be correct. The result is that numerous variations occur in the tabulations, but the following list will explain most, if not all, of the abbreviations.

Accountant, Acct.
Acting, Actg., Act.
Associate Manager, A.M.
Assistant Auditor, Asst. Aud.
Assistant Clerk, Asst. Clk.
Assistant to President, A. to P.
Assistant Secretary, A.S., Asst.S.
Assistant Treasurer, A.T., Asst.T.
Attorney, Atty.
Auditor, Au., Aud.
Board, Bd., Brd.
Charge, Cg., Chg.
Chairman, Chm., Chr., Ch., Chmn.
Chief Accountant, C.A., Ch.Acct.
Chief Engineer, C.E., Chf. Engr.
Company Official, Co. Off.
Comptroller, Cptr., Cp., Cpt., Compt.
Consulting Engineer, Con.E., Cons.E.
Counsel, Cl., Col., Counsl., Coun., Couns.

Department Head, Dept. Hd.
Director, D., Dr.
Employee, Emp.
Executive, Ex., Exec.
Executive Committee, Ex. Com., Exec. Comm.
Executive Vice President, E.V.P., Exec.V.P.
Factory, Fac.
Finance Committee, Finance Com., Fin. Com.
General Agent, G.A.
General Auditor, G.A., G.Aud.
General Counsel, G.Cl., G.Cal., G.Coun.
General Manager, Gen. Mgr., G.Mgr.
General Sales Manager, G.S.Mgr.
General Superintendent, G.Supt.
Geologist, Geol.
Local Auditor, L.Aud.
Managing Committee, Mg. Com.
Master Mechanic, M.Mech.
Member, Mbr.
Merchandise, Mdse.
Plant, Pl.
President, P., Pr., Pres.
Promotion, Pro., Prom.
Purchasing Agent, P.A., Pur.A., Pur. Agt.
Sales Engineer, S.E., Sales Engr.
Sales Executive, Sales Ex., Sales Exec.
Sales Manager, S.Mgr., Sales Mgr.
Secretary, S., Sec.
Standards, Stan.
Treasurer, T., Treas.
Vice President, V.P., V.Pres.
Works, Wks.

The schedule asked, for each year, the regular salary rate and the amount of cash salary actually paid to each officer and director, and in the tabulations presented herewith the latter amounts have been used. In many instances the salary rate and amount paid were the same, but this was by no means the rule. It was noted, especially in the later years covered, that the amounts actually paid tended to be less than the amounts reported as the rates. Where salaries were reported on a monthly basis the Commission has computed a yearly amount.

A few companies reported that they did not pay salaries to individuals, but that they employed a management organization, paying it a lump sum to run the company. The tabulation sheets show a number of lump-sum payments to affiliated organizations or interests. These are illustrated by the cases of Warner Bros. Pictures, Inc., Metro-Goldwyn Pictures Corporation, the National Investors Corporation group, Standard Gas & Electric Co. group, and, apparently, also by the Stone & Webster, Inc., group and others.

As previously explained, companies were asked to report separately all compensation other than regular cash salary and to explain the nature of such special compensation. As appears in the attached tabulations, particularly for the earlier years, many companies reported payments to officers and directors of compensation in addition to cash salaries.

This special compensation was reported as paid in many different forms and for many different reasons. The schedule asked that the value of this special compensation be stated in dollars, with appropriate explanations, and by far the larger part of the reporting companies so reported. Some companies, however, simply reported the nature of the special compensation, and in such cases the Commission either attempted to obtain the value from the reporting company or to compute the value from available sources. This failure to report value was particularly true of stock bonuses and of options to purchase stock.

A number of companies in reporting special compensation simply stated that some officer or officers were given rights to subscribe to a specified number of shares of stock at a specified price. Some of these companies further stated that the rights had not been exercised because the market value of the stock had been less than the value of the rights and in such cases, of course, no specific compensation could be reported. For a few companies, however, examination of Poor's or Moody's Manual showed that during the year in which the rights were granted the market value of the stock was such that the rights had a value and often one that was substantial. In these instances the Commission has shown the number of rights granted and the range of the market price of the stock for the year in which the grant was made.

Directors' fees were usually reported for each one receiving them, but a few companies simply reported a flat sum as having been paid during the year as directors' fees. In both cases the Commission has followed the form reported except that it has endeavored in all cases to show these fees as "other compensation paid during the year" rather than as salary. The Commission also tried to exclude directors' fees from the tabulation of the cash salary rate as of September 1, 1933. Another method of reporting directors' fees was to state that directors were paid a specified amount for each meeting attended or that a specified sum was appropriated for each meeting and divided among the directors attending.

Several companies reported that in some of the years covered by the inquiry their boards of directors had voted certain lump sums to be given their presidents for the purpose of distributing these amounts among the officers of these companies and that the presidents were not to make any record of these distributions. A brief summary of each such instance appears in the tabulations for these companies.

The schedule for the United Aircraft and Transport Corporation was received so late that it could not be consolidated and copied in the same form used for the other companies. It was, therefore, photographed as submitted.

INCOMPLETE RETURNS

Four companies made incomplete returns to the inquiries made by the Commission, but these returns have been incorporated with the others. These four companies were the following: General Electric Co., Burroughs Adding Machine Co., United Drug Co., Potrero Sugar Co.

General Electric Co. made detailed returns for salaries and other compensation of executive officers and directors for only 1 year, namely, 1932, though the total amounts of compensation were given for each of the 5 years 1928 to 1932. For 1932, the company did not report the names of the recipients of such compensation in the schedule, but in an accompanying letter signed by Owen D. Young, and Gerard Swope, chairman of the board and president, respectively, of General Electric Co., a list was furnished which identified 20 of the 41 directors or executive officers receiving the specified amounts. The writers of the letter also stated that they thought it "of the greatest importance that the information given on these sheets be treated in confidence", explaining that confidential treatment of such facts was important in order by rewarding special merit to maintain the maximum efficiency of the executive staff without arousing jealousy among them and causing embarrassment to the directors. The Commission, however, identifies in this report the individual amounts of compensation, so far as disclosed.

A less complete return is that of Burroughs Adding Machine Co. It reported the total compensation of all directors and executive officers in a lump sum for each year from 1928 to 1932 inclusive, and the extra compensation, only, in detail for identified individuals for the said 5 years, with no statement of specific salaries for individual officers. This company objected to giving all the particulars called for by the Commission as against its interests as well as "a violation of the privacy of each person affected."

United Drug Co. answered the Commission's questionnaire by merely reporting the maximum amount of "compensation (salaries and bonuses)" paid to any of its directors or officers in each of the 5 years, 1928 to 1932.

Potrero Sugar Co. stated both the salary and bonus for each executive officer by name for each of its 5 fiscal years, 1928–29 to 1932–33, but did not furnish the information required as of September 1, 1933.

ABSENCE OF INTERSTATE COMMERCE ALLEGED

Many companies omitted to make any return under the claim that they were not engaged in interstate commerce and therefore were not obliged to report. The conceptions as to what conditions bring a company into this category are not, of course, always easy to define. Where this claim was made the Commission attempted to consider the merits of each reply in the light of whatever information was readily available and to suggest to the company (in a number of instances) specific reasons for a different conclusion regarding its status in this respect. As a reasonably prompt report was imperative, only a limited correspondence was attempted, with results that were sometimes quite inconclusive, and at other times definitely unsatisfactory. The main difficulty was with those holding companies which apparently completely control companies manufacturing and trading in the general commercial field.

The companies declining to report under the claim that they are not engaged in interstate commerce were the following: Allied Chemical & Dye Corporation, Koppers Gas & Coke Co., American I. G. Chemical Corporation, the Delaware & Hudson Co., the Hudson Coal Co., the M. A. Hanna Co., Newmont Mining Corporation, Ludwig Baumann & Co., Exchange Buffet Corporation, United Dry Docks, Inc., Pantepec Oil Co. of Venezuela, Venezuelan Petroleum Co., Penn Mex Fuel Co.

Allied Chemical & Dye Corporation, in a letter dated January 31, 1934, claimed that the Commission was not justified in demanding a report on the ground that it is a holding company not engaged in interstate commerce. More specifically it stated: "This company performs the normal functions of a holding company, such as the election of the directors and the giving of advice from time to time to its subsidiaries. It does not assume to itself the functions of its subsidiaries and does not participate in their operations."

Koppers Gas & Coke Co., in a letter dated January 25, 1934, insisted that it is not engaged in interstate commerce and also claimed that it would be difficult, owing to intercompany financial arrangements, for it to compile the information requested. The basis of these claims is neither clear nor in any way convincing, but correspondence with the company was suspended in order to finish this report.

American I. G. Chemical Corporation, in a letter dated January 25, 1934, contended that, even though its subsidiaries are engaged in interstate commerce, it is not so engaged, and "has consistently refrained from participating in the management or direction of any company" subsidiary to it, although there is a certain degree of community in respect to their officers and directors. Corespondence was suspended owing to the necessity of compiling the data for this report.

The Delaware & Hudson Co., in a letter dated January 31, 1934, claimed that it is not engaged in interstate commerce and that

its only subsidiary which is so engaged is a common carrier subject to the jurisdiction of the Interstate Commerce Commission.

The Hudson Coal Co., which is a subsidiary of the Delaware & Hudson Co., also claimed that it is not engaged in interstate commerce. It did not, however, give specific details of its method of merchandising its output, although the output undoubtedly moves in interstate commerce.

The M. A. Hanna Co., which has two subsidiary coal companies engaged in interstate commerce, expressed the opinion in a letter dated January 30, 1934, that it is not itself engaged in interstate commerce, because these coal companies "operate entirely as independent entities." The M. A. Hanna Co. also stated that it is the selling agent and owner of all the stock of the Susquehanna Collieries Co., which ships coal in interstate commerce.

Newmont Mining Corporation contended that it is not engaged in interstate commerce without giving specific reasons, but added: "We are perfectly willing to provide any information that may be properly required at any time." Apparently it owns minority interests in the stocks of other companies.

Ludwig Baumann & Co. explained that it operates nine furniture stores in New York City and one in Newark, N.J., and that it does not believe it is engaged in interstate commerce.

Counsel of the Exchange Buffet Corporation advised that its only establishments outside of the State of New York are a restaurant and cigar stand in Newark, N.J.; that they had examined the pertinent facts and did not find anything to indicate that the company is engaged in interstate commerce.

United Dry Docks, Inc., in a letter dated January 23, 1934, stated that: "The business of our company, United Dry Docks, Inc., is almost wholly intrastate, its interstate business being negligible."

The Pantepec Oil Co., of Venezuela, stated that its only interests in the United States are part interests in certain Texas oil leases which are under the management of the Texas Co., and that it does not engage in trade between the United States and Venezuela.

The Venezuelan Petroleum Co. wrote that it "is engaged in business wholly in Venezuela and is not now and never has been engaged in any interstate commerce in the United States."

The Pen Mex Fuel Co. advised that the company "is engaged in the production and transportation of petroleum wholly in Mexico."

GENERAL DENIAL OF COMMISSION'S POWER

Several companies replied to the request for information with a general denial of the Commission's powers, namely: General Aviation Corporation, American Can Co., General Motors Corporation, The Studebaker Corporation.

General Aviation Corporation expressed its inability "to find any legal justification for the request" of the Commission and asked for its views. The chairman of the Commission, on January 20, 1934, advised the company on this point as follows:

"With respect to the legal justification for the request, your attention is invited to the following cases: *Federal Trade Commission* v. *Claire Furnace Co.* (274 U.S. 160), *Federal Trade Commission* v. *Miller's National Federation* (23 Fed. (2d) 968), and *Federal Trade Commission* v. *Smith* (34 Fed. (d) 323). Reference is also made, in respect to salaries, specifically to the Securities Act of 1933, schedule A, paragraph (14), to the recent reports of the Interstate Commerce Commission on the subject of salaries of railroad officials. *McGrain* v. *Daugherty* (273 U.S. 135) is pertinent to legislative intent, and the CONGRESSIONAL RECORD of May 24, 1933, pages 4109, 4119, 4120, and 4131 to 4135 records consideration of salaries of corporation officers in connection with legislative action."

No further word was received from the company.

General Motors Corporation, by its general counsel, questioned the authority of the Commission to make this inquiry. A letter from the Chairman of the Commission similar in tenor to that addressed to General Aviation Corporation, part of which is quoted above, was sent on January 17, 1934, but no reply or report was received from the General Motors Corporation.

American Can Co., in a letter dated January 13, 1934, also questioned the power of the Commission to call for a report and expressed the opinion that the information was not relevant to any matter properly before the Commission or before Congress. A letter similar to that sent to the General Aviation Corporation, part of which is quoted above, was sent on January 19, 1934, to this company, but no report or further communication was received.

The Studebaker Corporation, which is now in receivership, through counsel for receivers, requested copies of the resolution of the Commission respecting this inquiry and citations of pertinent provisions of the Federal Trade Commission Act for further consideration. Copies of these documents were supplied, but no further word and no report was received from the receivers of the company.

COMPANIES REFUSING OR NEGLECTING TO REPORT

Nineteen companies refused to make a report or neglected to comply with the Commission's request. In a few instances, after being on notice for 3 or 4 months that a report was requested, the reply was made to a follow-up letter that it was not convenient to call a directors' meeting in time for action. Following are the 19 companies referred to: Chrysler Corporation, Bendix Aviation Corporation, Columbian Carbon Co., Congress Cigar Co., Porto Rican American Tobacco Co., Waitt & Bond, Inc., Consolidated Retail Stores, Inc., Dodge Bros., Inc., General Refractories Co., General Mills, Inc., Howe Sound Co., National Biscuit Co., National Department Stores, Sloss Sheffield Steel & Iron Co., Stein Cosmetics Co., Inc., Timken-Detroit Axle Co., Union Oil Co. of California, Yellow Truck & Coach Manufacturing Co., Cleveland Tractor Co.

It is not necessary to discuss each of these companies separately and there is no known adequate reason why any of these companies should refuse to report.

In some cases, however, some comment is appropriate.

General Refractories Co. sent in a schedule originally, but later wrote to the Commission to have this report returned to the company for revision. General Refractories Co. did not return the report in revised form, nor did it answer a further request for the report.

Timken-Detroit Axle Co., in failing to make report, stated in part (letter of Jan. 5, 1934), "* * * we do feel that the Federal Trade Commission is not entitled to this information unless every single concern in the country is required to report."

The Commission has not instituted actions to compel any companies to make reports. It has felt that it should make a report to the Senate at the earliest possible date and the delays which would be inevitable in forcing compliance with the call for information would make it impossible to have a report ready within any reasonable time. A matter for consideration also was the cost which would be involved in taking legal action to compel reports. The necessity with which the Commission has been faced of carrying out its increased duties within the limits of its budget has left it no alternative but to apply its funds in ways which would be most directly productive of results in its continuing work. The Commission, of course, holds itself ready to invoke all its powers to compel the production of the information called for, within such limits only as funds which may be provided for that purpose may make necessary.

By direction of the Commission.

GARLAND S. FERGUSON, JR.,
Chairman.

FEBRUARY 26, 1934.

BOISE NATIONAL FOREST

The Senate proceeded to consider the bill (S. 8) to add certain lands to the Boise National Forest, which had been reported from the Committee on Public Lands and Surveys, with amendments, on page 1, line 3, after the word "That", to insert the words "subject to existing valid claims or entries and withdrawals", and on page 2, line 20, after the word "range", to strike out the figure "4" and to insert in lieu thereof the figure "3", so as to make the bill read:

Be it enacted, etc., That, subject to existing valid claims or entries and withdrawals, the following described lands are hereby added to the Boise National Forest, Idaho, and made subject to all laws applicable to national forests:

Sections 25 and 26; east half section 27; east half section 34; and section 35, township 8 north, range 5 east, Boise meridian.

Sections 1 and 2; sections 11 to 14, inclusive; sections 23 to 27, inclusive; and sections 34 to 36, inclusive; township 7 north, range 3 east, Boise meridian.

Sections 1, 2, and 3; sections 6 and 7; sections 10 to 13, inclusive; and sections 15 to 36, inclusive; township 7 north, range 4 east, Boise meridian.

Sections 1 and 2; sections 4 to 28, inclusive; and sections 30 to 36, inclusive; township 7 north, range 5 east, Boise meridian.

Sections 1 to 3, inclusive; sections 10 to 15, inclusive; sections 22 to 27, inclusive; and sections 34 to 36, inclusive; township 6 north, range 3 east, Boise meridian.

Sections 1 to 36, inclusive, township 6 north, range 4 east, Boise meridian.

Sections 1 to 21, inclusive; sections 24 and 25; and sections 28 to 36, inclusive; township 6 north, range 5 east, Boise meridian.

Sections 1 to 36, inclusive, township 6 north, range 6 east, Boise meridian.

Sections 1 and 2; sections 11 to 14, inclusive; sections 23 to 26, inclusive; and sections 35 and 36; township 5 north, range 2 east, Boise meridian.

Sections 1 to 36, inclusive, township 5 north, range 3 east, Boise meridian.

Sections 1 to 36, inclusive, township 5 north, range 4 east, Boise meridian.

Sections 1 to 36, inclusive, township 5 north, range 5 east, Boise meridian.

Sections 1 to 6, inclusive; sections 8 to 17, inclusive; sections 21 to 27, inclusive; and sections 35 and 36, township 4 north, range 3 east, Boise meridian.

Sections 1 to 36, inclusive, township 4 north, range 4 east, Boise meridian.

Sections 1, 2, 11, and 12, township 3 north, range 3 east, Boise meridian.

Sections 1 to 13, inclusive; and northwest quarter of section 14; township 3 north, range 4 east, Boise meridian; not heretofore included within the Boise National Forest, Idaho; all ranges east, Boise meridian.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WAR CLAIMS

The Senate proceeded to consider the joint resolution (H.J.Res. 325) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission, and the Tripartite Claims Commission and, extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter, which had been reported from the Committee on Finance with amendments, on page 2, line 3, after the word "words", to strike out "eight", and to insert in lieu thereof "seven"; and on line 8, after "March 10", to strike out "1936", and to insert in lieu thereof "1935", so as to make the joint resolution read:

Resolved, etc., That subsection (g) of section 2 and subsection (f) of section 5 of the Settlement of War Claims Act of 1928, as amended by Public Resolution No. 11, Seventy-third Congress, approved June 12, 1933, are further amended, respectively, by striking out the words "6 years" wherever such words appear therein and inserting in lieu thereof the words "7 years."

SEC. 2. The first sentence of paragraph (h) of subsection (2) of section 6 of the Settlement of War Claims Act of 1928 is amended to read as follows:

"No payment shall be made under this section unless application therefor is made by March 10, 1935, in accordance with such regulations as the Secretary of the Treasury may prescribe."

The amendments were agreed to.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

The title was amended so as to read: "Joint resolution extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1935, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the war claims arbiter."

A CENTURY OF PROGRESS EXPOSITION

The Senate proceeded to consider the joint resolution (S.J.Res. 112) to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes, which had been reported from the Committee on Finance with an amendment to strike out the preamble.

Mr. FESS. Mr. President, may we have an explanation of this joint resolution?

Mr. LEWIS. Mr. President, this joint resolution is a duplicate of the one previously passed by the Senate with respect to the exposition a year ago. It authorizes those who are making displays to bring their exhibits in free of tariff duty, but guarded. The provision covering such importations is drawn up by the Treasury Department, and among other things makes sure that the articles are guarded and prevented from being sold. There is also a provision which the Customs Bureau suggested be placed in the joint resolution, looking to compliance with the forms of the Treasury. I must say to the eminent Senator that I do not recall the nature of the House measure, but the House having passed a measure similar to the one presented by myself, which is recommended by the committee, I ask that House Joint Resolution 311 be substituted for the Senate joint resolution. I do this in order to expedite the matter.

Mr. FESS. I have no objection.

There being no objection, the Senate proceeded to consider the joint resolution (H.J.Res. 311) to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes, which was read the first time by title and the second time at length, as follows:

Resolved, etc., That all articles which shall be imported from foreign countries for the purpose of exhibition at the exposition to be held by and known as "A Century of Progress", or for use in constructing, installing, or maintaining foreign buildings or exhibits at the said exposition, upon which articles there shall be a tariff or customs duty, shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said exposition to sell within the area of the exposition any articles provided for herein, subject to such regulation for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling or exposure the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further*, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That articles which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond, and imported articles in bonded warehouses under the general tariff law, may be accorded the privilege of transfer to and entry for exhibition at the said exposition under such regulations as the Secretary of the Treasury shall prescribe: *And provided further*, That A Century of Progress shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for articles imported under the provisions of this act shall be reimbursed by A Century of Progress to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid in the manner provided for in section 524, Tariff Act of 1930.

The joint resolution was ordered to a third reading, read the third time, and passed.

Mr. LEWIS. I ask that Senate Joint Resolution 112 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

The hour of 1 o'clock having arrived, the Chair lays before the Senate the unfinished business.

Mr. ROBINSON of Arkansas. There are only three or four bills on the calendar which have not been called. I ask unanimous consent that the unfinished business be temporarily laid aside and sufficient length of time be given to call the remaining bills.

The PRESIDING OFFICER. Without objection, it is so ordered.

LANDS IN EWA DISTRICT, OAHU, HAWAII

The bill (H.R. 8235) to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the district of Ewa, island of Oahu, Territory of Hawaii, was considered, ordered to a third reading, read the third time, and passed.

LANDS IN AUWAIOLIMU, KEWALO, AND KALAWAHINE, OAHU, HAWAII

The bill (H.R. 8052) to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes, was considered, ordered to a third reading, read the third time, and passed.

LOANS TO FRUIT GROWERS

The joint resolution (S.J.Res. 106) authorizing loans to fruit growers for rehabilitation of orchards during the year 1934 was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Governor of the Farm Credit Administration is authorized to make loans to fruit growers for necessary expenses to rehabilitate their orchards during the calendar year 1934, in the same manner and under the same terms and conditions (including penalties) as in the case of loans under the act entitled "An act to provide for loans to farmers for crop produc-

tion and harvesting during the year 1934, and for other purposes", approved February 23, 1934; except that (1) a first lien on all crops grown or harvested during the years 1934 to 1938, both inclusive, shall be required as security for any such loans to a fruit grower, and (2) no such loan shall be made for a period of more than 5 years or in an amount in excess of $5,000 to any one borrower. To carry out the provisions of this resolution there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $10,000,000, or so much thereof as may be necessary.

ELLEN WILSON MEMORIAL HOMES

The bill (S. 3442) to dissolve the Ellen Wilson Memorial Homes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the body corporate and politic created under the act entitled "An act to incorporate the Ellen Wilson Memorial Homes", approved March 3, 1915, be, and the same is hereby, granted the right to dissolve under the supervision of the Supreme Court of the District of Columbia and to have its assets distributed among the persons determined by said court to be entitled thereto, all in the manner prescribed by subchapter 14 of the act entitled "An act to establish a code of law for the District of Columbia", approved March 3, 1901, as amended; and jurisdiction over said corporation for the purposes aforesaid is hereby conferred upon said court as fully and effectually as though said corporation had been created pursuant to the general incorporation provisions contained in the last-mentioned act, as amended.

SEC. 2. That Congress reserves the right to repeal, alter, or amend this act.

ORDER OF BUSINESS

Mr. FLETCHER. Mr. President, I wonder if it will not be possible to have considered at this time the bill (S. 3520) authorizing the Reconstruction Finance Corporation to make loans to industry? We have been trying for some days to get the bill passed, and I do not believe it will take very long.

Mr. JOHNSON. Mr. President, I have no desire in the slightest to delay the Senator from Florida, but I have pending before the committee a bill which has not as yet been acted upon. The committee probably has not been able to consider it fully. I intend to offer that bill as an amendment to the bill referred to by the Senator from Florida. It has got to be explained, because it is an important amendment, and there will have to be opportunity for explanation. May I suggest to the Senator that immediately following, as I understand, the present unfinished business, a bill of like character will come before the Senate? Why can we not, then, take up, following that measure, the bill referred to by the Senator from Florida?

Mr. FLETCHER. Of course, I cannot ask the Senate to spend very much time on the bill. I thought it would not take very much time.

Mr. JOHNSON. That may be, but I ask the Senator in the interim if he would not be pleased to consider whether or not he could consent to add as an amendment to the bill he has in mind the bill which is now pending before the Banking and Currency Committee, with respect to which the subcommittee heard me on one occasion?

Mr. FLETCHER. Of course, the fact that it is pending shows that it has not as yet been acted on by the committee.

Mr. JOHNSON. I know that.

Mr. FLETCHER. And I am a little afraid we cannot now take it up.

Mr. JOHNSON. I am going to seek to have it acted upon by the Senate because of the near approach of adjournment. We will adjourn, I assume, within the next 3 or 4 days.

Mr. LEWIS. We will be here until July 15.

Mr. FLETCHER. We ought to get the bill to which I refer over to the House as soon as possible; otherwise, it will be too late.

Mr. JOHNSON. I suggest the other bill is of like importance and of like character. Why can we not take up the two bills, or take one up immediately after the other?

Mr. FLETCHER. I presume we will have to do that if the Senator insists. The measure to which I have referred is really a very important one, and very urgent, because the Reconstruction Finance Corporation want to know whether they are authorized to go on with this matter at all, and they are now uncertain about it. The bill will give them authority to proceed to make industrial loans. There is great demand for the passage of the measure. This is a matter that is really urgent in an emergency situation. They do not know whether they can make any headway at all with reference to such loans; they do not know how to answer communications and applications, and all that sort of thing. We have to pass the bill here, of course, before it can go to the House.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida?

Mr. JOHNSON. I do not think it will be possible to take it up immediately unless the afternoon is to be devoted to it.

Mr. FLETCHER. We cannot do that, and, I presume, Mr. President, it will have to go over.

JURISDICTION OF UNITED STATES DISTRICT COURTS

Mr. JOHNSON. I ask the Chair to lay before the Senate the amendment of the House to Senate bill 752.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, which was, on page 1, line 9, after "State", to insert "or any rate-making body of any political subdivision thereof."

Mr. JOHNSON. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

FINANCIAL AND OPERATING STATISTICS FOR 26 AIR-MAIL ROUTES

Mr. AUSTIN. I ask unanimous consent to have printed in the RECORD a release from the Post Office Department showing the financial and operating statistics for 26 air-mail routes for December 1933, compiled from monthly reports of air-mail carriers, showing among other things a deficit in net operating costs of $595,127.46 for 1 month at the old rates in effect preceding the cancelation of the air-mail contracts.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Subject to revision.

POST OFFICE DEPARTMENT,
Second Assistant Postmaster General, Washington.

FINANCIAL AND OPERATING STATISTICS FOR 26 AIR-MAIL ROUTES FOR DECEMBER 1933; COMPILED FROM MONTHLY REPORTS OF AIR-MAIL CARRIERS

Miles of route operated	25,248
Revenues:	
Passenger	$490,697.95
Mail	1,069,768.97
Express	43,821.54
All other	36,514.38
Operating revenues	1,640,802.84
Expenses:	
Maintenance of fields, structures, and equipment	755,545.82
Conducting transportation	1,050,992.43
Traffic and advertising	200,291.19
Miscellaneous operations	13,151.36
General and administrative	139,408.59
Operating expenses	2,159,389.39
Net revenue from operations	[1] 518,586.55
Taxes accrued	12,899.52
All other items (debit balance)	63,641.39
Net operating income	[1] 595,127.46
Ratio of expenses to revenues (percent)	131.606
Passenger:	
Revenue passengers carried	20,954
Nonrevenue passengers carried	4,300
Total passenger-miles	10,491,758
Average flight per passenger (miles)	415
Mail:	
Total pounds dispatched	657,726
Total pound-miles performed	451,217,496
Total miles flown with mail	2,886,409
Average haul per pound dispatched (miles)	686

[1] Indicates deficit.

FINANCIAL AND OPERATING STATISTICS FOR 26 AIR-MAIL ROUTES FOR DECEMBER 1933, ETC.—continued

Express:	
Total pounds dispatched	151,674
Average revenue per pound dispatched (cents)	28.892
General:	
Total hours flown (including ferry, test, etc.)	27,357
Fuel used, gallons (including ferry, test, etc.)	1,477,906
Total revenue-miles flown	3,065,430

HARLLEE BRANCH.
Second Assistant Postmaster General.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. HASTINGS obtained the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. COSTIGAN].

Mr. MCNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Reynolds
Ashurst	Couzens	Kean	Robinson, Ark.
Austin	Cutting	Keyes	Schall
Bachman	Davis	King	Sheppard
Bailey	Dickinson	La Follette	Shipstead
Bankhead	Dill	Lewis	Smith
Barbour	Duffy	Logan	Steiwer
Barkley	Erickson	Lonergan	Stephens
Black	Fess	McCarran	Thomas, Okla.
Bone	Fletcher	McGill	Thomas, Utah
Borah	Frazier	McKellar	Thompson
Brown	George	McNary	Townsend
Bulkley	Gibson	Metcalf	Trammell
Bulow	Glass	Murphy	Tydings
Byrd	Goldsborough	Neely	Vandenberg
Byrnes	Gore	Norbeck	Van Nuys
Capper	Hale	Norris	Wagner
Caraway	Harrison	Nye	Walcott
Carey	Hastings	O'Mahoney	Walsh
Clark	Hatch	Overton	Wheeler
Connally	Hatfield	Patterson	
Coolidge	Hayden	Pittman	
Copeland	Hebert	Pope	

Mr. LEWIS. I announce the absence of the Senator from California [Mr. MCADOO] for the reason stated by me this morning, and I announce also the absence in his State of my colleague the junior Senator from Illinois [Mr. DIETERICH], caused by official business.

I ask that this announcement may stand for the day.

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. HASTINGS. Mr. President, I have given rather careful consideration to the arguments which have been presented to the Senate during the past few days with respect to the pending proposed legislation. I am frank to admit that during the past year or two I was not very much in sympathy with much which was said about legislation regulating the stock exchange, because I doubted whether it would be possible for the Congress to enact any legislation that would be helpful to the public interest. I am not quite certain that that impression which I entertained did not date back several years.

A great many years ago, in my law practice, I was called upon to defend a stock broker in a transaction growing out of dealings which that broker had with a customer. A suit was brought, and I appeared defending the broker in that action.

Counsel on the other side requested an opportunity to examine the books of the broker. That was readily agreed to by my client, and the examination was made. The examination of the books showed some irregularities of such a character that I could not, in my judgment, defend successfully the action that was brought. A settlement was made. The accountants who had examined the books came from New York. My recollection is they were accountants who were employed from time to time by the New York Stock Exchange.

Shortly thereafter the stock exchange sent accountants again to examine the broker's books and found similar irregularities continuing. As a result, that member of the stock exchange was brought before the governing board and disciplined in a way that seemed to me so effective that there could be no doubt that the stock exchange itself had a very complete control over its members and exercised that control in a way that made it safe for the public to deal with its members. An opportunity was given to the man to sell his seat on the stock exchange, and that necessitated his selling his business. He went out of business and has not been a member of the stock exchange since.

During that examination, I had occasion, the only occasion I ever had, to examine the rules and regulations of the New York Stock Exchange itself. It seemed to me there was in those rules and regulations sufficient control over the members to protect amply everybody who had occasion to deal with stock-exchange members. I got the distinct impression that the safest person with whom a man could deal in the purchase or sale of securities would be a member of the New York Stock Exchange.

Comparatively recently, however, during the examination which has been so carefully made by the Senate Banking and Currency Committee, and in view of the facts there disclosed and the evils which were there exposed, I reached the conclusion that probably my original impression that it was not necessary for Congress to take any action was an erroneous one.

I desire at this point, Mr. President, to read into the RECORD, from what I conceive to be the very best authority, a statement made by the chairman of the committee having the bill in charge, the distinguished senior Senator from Florida [Mr. FLETCHER], appearing at page 8163 of the RECORD. He undertook to state the purpose of the bill. I quote:

> We propose by this measure to establish, through Federal regulation of the methods and the mechanical functions and practices of the stock exchange, an efficient, adequate, open, and free market for the purchase and sale of securities; also to correct abuses we know of and others which may exist; to prohibit and prevent, if possible, their recurrence; to restore public confidence in the financial markets of the country; to prevent excessive speculation, to the injury of agriculture, commerce, and industry; to outlaw manipulation and unfair practices and combinations by which to exploit the public and misrepresent values, such as pools, wash sales, fictitious transactions, and the like; to oblige disclosure of all material facts respecting securities traded in on the exchanges, which disclosure is essential to give the investor an adequate opportunity to evaluate his investment.
>
> Criticism is made that we are calling upon corporations to make disclosures, and that we are thereby putting them to an enormous expense and trouble, and inquiring into affairs into which we have no business to examine. My suggestion is that if any corporation issues securities which are unfit to be certified because of what is back of them, the securities themselves are unfit to be offered to the public.
>
> What right have brokers to appeal to the public to buy their securities if they are not willing to tell the truth about those securities? That is the whole proposition, and all we ask of them is to tell the truth.
>
> They do not seem to want to tell the truth, in the first place, and, in the next place, they especially complain about liability for material misrepresentations which have misled the public into buying securities. They are willing to expose, to some extent, the facts behind the securities, but they do not want to be liable in case they lie about them. That seems to be the basis of the objection. All we ask in the pending bill and in the Securities Act is that they tell the truth in their registration papers, so the public may know what is behind the securities.
>
> We undertake generally to declare the intention of Congress, and enunciate specific principles as a guide to subsequent administration.

Mr. President, I am quite certain that if the bill were limited to those purposes the distinguished junior Senator from Oregon [Mr. STEIWER], as I know from my talk with him, would have no objection to it at all. Indeed, I think I might safely say that if the bill were confined to the purposes stated by the Senator from Florida there would not be a Member of the body who would oppose its passage. Unfortunately, however, that is not true. The bill involves very much more than the regulation of the stock exchanges. It places a burden upon the corporations of the country

which is wholly unnecessary and, in my judgment, not called for.

Somewhere in the argument it was suggested that the complaint about the bill affecting corporations is merely advanced as a blind to protect the stock exchanges themselves. I think I have heard it suggested that it was expected that by putting up such argument the corporations would be thereby compelled to pull from the fire those things in the bill which are objectionable to the stock exchange itself.

In my judgment, in the passage of the bill, we are about to do that which we frequently do when the public is excited and when there is a great prejudice created against a certain institution. I think it is not too much to say that Congress is frequently controlled by public opinion, and oftentimes by the opinion of those who do not know all the facts involved in the controversy about which they form an opinion. I think in some instances the same thing may be said with respect to the judiciary. I have in mind the performance now going on in Chicago, whereby a man whose name has appeared on the front pages of all the newspapers for weeks and months has finally found his place in jail because he cannot give bail of $200,000.

Does anybody doubt that if the public were not interested in that case, if the public were not excited about having that man convicted, the bail would have been fixed in an amount within the provisions of the Constitution of the United States and not at such a sum as makes it necessary for him to go to jail?

What has been done, I suggest, is due to the fact that public opinion is crying out for this man to be put in jail, and the judiciary, like the Congress, is influenced by what the public thinks with respect to the matter.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Delaware yield to the Senator from Illinois?

Mr. HASTINGS. I yield.

Mr. LEWIS. May I inform the able Senator from Delaware that, as I gather from the press, the judge who made the order for the bail is a man of very high standing and credit, named by President Hoover and confirmed by thir body, and one who, I must assume to say to the able Senator, would not consciously allow mere public opinion or public excitement to drive him from a sense of conscientious duty. As to the facts of the matter I have no further knowledge than my honorable friend, who gathers his information of the proceeding itself, as do I, from the press.

Mr. HASTINGS. I have no doubt of that. I do not intend to cast any reflection upon what was done by the judge. I have not any doubt he did not knowingly do that which was wrong.

I doubt whether any Member of the Senate will admit, or even believe, that he is being influenced by the outcry of the public with respect to this bill. He believes he is using his own judgment; but it is human nature for persons to be influenced constantly by the cry of the public, and by what the front pages of the newspapers say about matters.

We should bear that in mind as we go along with this proposed legislation. We should bear in mind that the natural course for us to follow is to be persuaded in the direction in which the public is going to be influenced, if you please, as the distinguished chairman of the committee said, by literally bushels of letters which have been sent by the unorganized victims, as they are called, of the stock exchange. I say that we ought, in all fairness to ourselves—and that it is the only point I am making here—to see to it that we are not controlled by mere public clamor; and we ought to see to it that the public secures accurate information by a discussion of this subject upon the floor of the Senate before we act at all. I am quite certain the Senator from Illinois does not disagree with that statement.

I desire, however, to call attention to the fact that only yesterday the distinguished Senator from Colorado [Mr. COSTIGAN], in his colloquy with the distinguished Senator from Virginia [Mr. GLASS] during the course of his argument that the administration of this measure ought to be turned over to the Federal Trade Commission instead of to a special commission, created the impression—certainly he created it unless it was corrected by the colloquy with the Senator from Virginia—that there was a sinister motive back of the particular method proposed for administering the measure, namely, by the selection of five independent commissioners instead of by the Federal Trade Commission. In order that such an impression might not prevail, the Senator from Virginia called attention to the fact that he was the first who suggested this method of administration, and not Mr. Whitney.

I mention these facts in order to remind the Senate that there is but one popular side of this question; there is but one popular demand, and that is for the passage of the bill as it came from the committee, except as some persons believe that it might be made more popular by making it even more drastic.

Both the Senators to whom I refer, in the colloquy yesterday, complained about the president of the stock exchange, Mr. Whitney, not standing hitched to any proposition. I have not read the record to find out definitely how quickly or how often he switched from one proposition to another. I have not any doubt that the Senators who made the statements are correct in their statements; but it seems to me it is not unnatural for a man who represented a great association and who had the responsibility of doing the best he could for the association as he was shifted from pillar to post, to try to find from time to time the post which would do him and his organization the least harm.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Virginia?

Mr. HASTINGS. I yield.

Mr. GLASS. I am sure the Senator will acquit me of any purpose to discredit Mr. Whitney, because he did change from one proposition to another. I saw no reason why Mr. Whitney should have been introduced into the discussion at all, except to accentuate the common prejudice against what is known as "Wall Street." I recited the fact that Mr. Whitney had changed from one proposition to another, and had not stood hitched, in order to minimize the impression sought to be created that because Mr. Whitney had suggested something it ought not to be adopted.

Right here, I may say that the committee itself accepted seven or eight amendments to the bill proposed by Mr. Whitney and Mr. Redmond, the lawyer of the New York Stock Exchange; and nobody then suggested that the amendments ought not to be adopted because they were proposed by Mr. Whitney or by Mr. Redmond.

Mr. HASTINGS. Mr. President, the position of Mr. Whitney reminds me of the practice and law in my own State with which many people are disgusted, and about which many people in years past have complained; and I sometimes wonder if I am not myself as old-fashioned as the State I represent. We still maintain the whipping-post for certain crimes, and I am not quite certain that in some of the Western States where they are having much trouble with criminals this practice and this law of ours could not be defended. The man who is whipped, however, is fastened to a post, and he changes his position between every stroke of the whip, with the hope that next time it will hurt a little less. So as I was considering Mr. Whitney's position I was reminded of the man who did not know what the next stroke was going to do, whether it was going to hurt him more or whether it was going to hurt him less; and he undertook to change his position between strokes so as to make them as light as possible upon him.

I think that might be urged as an illustration of Mr. Whitney's position in trying to defend the organization which he represents.

But, Mr. President, if we could approach this subject bearing in mind what the distinguished chairman of the committee declares is desirable and is the real purpose of the bill, with a view of doing as little as possible while still accomplishing that purpose, it seems to me we would write

a very different bill, and one that would be very much less objectionable than the bill now pending.

I am one of those who believe that when Congress finds an evil existing, it ought to do no more than to correct the evil as best it can with the least legislation that is necessary to accomplish the result.

In this case we have gone to just the opposite of that proposition. We have not confined it to any such principle as that. We have not confined it, I submit, to any such good sense as that. We have not said that we will do as little as we can, but, on the contrary, we have said here that we will do as much as we possibly can; that we will make this as near perfect as it is possible to make it by correcting not only all the evils we discover but all the evils which we think may possibly occur in the future with respect to stock-exchange transactions.

Mr. President, one of the early prejudices I had against the enactment of this bill was due to my view—which I think must be well founded—that the Congress of the United States cannot enact legislation to protect the "suckers" of the Nation. We heard yesterday about the stock market being merely a gambling place. Some prefer to call it a place where speculation is going on. It is immaterial to me what it is called. I do not believe what goes on there can be stopped by legislative fiat.

I remember the various efforts made by the States of the Union to control the miserable liquor traffic. I remember how they tried local option, how they tried State-wide prohibition. Ever since I can remember it has been a constant issue in my State and, so far as I know, in communities in every State in the Union. I had much to do with it as a prosecuting officer. I saw crimes committed due to excessive use of alcohol. I saw women and children put into the streets because the husbands and fathers, intelligent enough, and able to earn a good living for a family, would not do so because they could not control their appetites for strong drink.

I believed, with millions of other people of this Nation, that the only way in which we could get rid of it was to make it unlawful all over the country, and to do it by an amendment to the Federal Constitution. I was thoroughly in accord with that. For a year or two I saw what convinced me conclusively that the conditions had improved. Then, as it went along, I became somewhat doubtful about it, and I am not one of those who agree today that the eighteenth amendment ought to have been repealed. I have been in doubt about it for many years and never could reach a definite conclusion, and I have not as yet done so. But the American people did reach a conclusion, and they did so by such an overwhelming vote that there could be no doubt that they did not want to bother any longer with trying to enforce that kind of a law.

In my judgment, what is sought to be done through the pending bill is pretty nearly equal to that. The attempt is to say to people that they cannot do what they please. I do not mean exactly that; I do not mean that people will not be free to do what they please after this measure shall have been enacted, but, in order to protect them from doing what they desire to do, in my judgment, the industries of the Nation and the trading in securities will be loaded down in a way which will greatly retard recovery instead of promoting it.

Mr. President, besides all this, and regardless of whether that argument be reasonable or not, I desire to call attention to the fact that our wish to cure a great evil is leading us a very much greater distance into that new and dangerous path which we have recently begun to tread.

The acts of Congress of the past year or more, with many of which I disagree, and many of which I think are dangerous for the Nation, were enacted under the plea that there was a great emergency, and that relief measures such as those being considered were necessary. No such claim as that is made with respect to the pending bill. It has no relation to the emergency. It has no relation to relief, except as to those persons who voluntarily try to make money on the stock exchange. This is a reform measure; not a relief measure; and, in my judgment, is the definite beginning of the passing of the operation of American business over to the Government upon the excuse that back of it is the popular support of the people of the Nation.

It is impossible to read with any degree of care this entire bill without reaching the definate conclusion that the operation of the stock exchanges of the country would be definitely and positively turned over to the Government of the United States should the bill be enacted.

I shall use the New York Stock Exchange as an example. Though there are 25 other exchanges in the country, apparently the entire discussion and all the evidence relate to the New York Stock Exchange.

The New York Stock Exchange is a voluntary organization, which has been in existence some 150 years. According to the testimony in the record, it has 1,375 members, and the high price for stock-exchange seats has been $600,000, although at the present time it is estimated that the seats are selling for only $190,000. If we figure the seats at $200,000 a piece, there is an investment of $275,000,000.

I suppose the physical property of the exchange is owned by a corporation, and that the interest of the members of the exchange in that corporation is based upon their membership in the stock exchange itself.

Under the bill, the Federal Government would be given the absolute power to destroy everything that association has, except its physical property. The Government control over it would be complete. The matter of the hours of trading by the stock exchange would be under the control of the Government. The time of opening and the time of closing might be fixed by the commission provided for in the bill.

More than that, upon the recommendation of the commission, the stock exchanges of the country might all be closed for a period of 90 days upon the approval of the President of the United States. When that 90 days had expired, the stock exchanges might again open, but, so far as I know, and so far as I can discover from a reading of the bill, the commission, with the approval of the President, could close them before the end of the day for another 90 days.

At the expiration of 181 days, upon the recommendation of the commission and the approval of the President, the stock exchanges might be closed for another 90 days; and upon the expiration of 252 days, on the recommendation of the commission and with the approval of the President, they might be closed for another 90 days. So that, so far as the bill is concerned, so far as the power of the stock exchange itself is concerned, after the bill shall have been enacted, the commission and the President may close every stock exchange in this land, so that they will operate less than 4 days in every year. But that is not all, by any means.

In this bill itself there is the distinct and definite provision that the proposed commission may fix the rate of commission which the stock-exchange members may charge for the service they render. They cannot by rule and regulation govern it any longer. They cannot by rule and regulation fix it at an amount which they believe will return to them a fair amount of money annually, or that will increase their business. They may not use their judgment about it any longer. It passes to the commission.

In addition to that, the rate of interest which they may charge may be fixed by the commission. We heard argument yesterday that we ought to do away with the margin account. We do not need to do that here. We do not need to fix, in the bill, anything with respect to margins. The commission may control the whole thing by fixing the amount of the commission and fixing the amount of interest that may be charged.

Mr. President, I make these statements for the purpose of showing that, in the case of this great institution having today physical assets of $275,000,000, based upon the price of stock-exchange seats, we of the Congress are running ourselves ragged to pass the bill quickly in order that we may

protect some person who ought to have known better in the first place than to be trying to guess whether a stock was going up or whether it was going down.

Mr. FESS. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. FESS. What is there in the bill that will make impossible in the future such a condition as existed, for example, regarding the stock issued 5 years ago by the Radio Corporation? In a field that was wholly unsurveyed, was illimitable with respect to future accomplishment, the prospect became so inviting that speculators ran the stock up to over $500, the directorate of the company itself being concerned about the elevation of the prices, all due to speculative buying and selling. What is there in the bill which will prevent a man from buying any stock on the stock exchange and paying any price he pleases? How can we protect the man who is willing to do that?

Mr. HASTINGS. There is nothing in this particular bill which will protect him, except that if it seemed desirable to do so the commission could entirely suspend trading in the stock of the corporation on the stock exchange. In that way they could control the speculation, and in certain instances that might be helpful. That is the only answer I can make to the Senator's question.

Mr. FESS. If the Senator will permit me further, usually the price paid for any stock is based on the prospect that the stock is going to be valuable, and usually that idea is obtained from the data purporting to state what is back of the stock. The Senator knows as well as I know, however, that people get into such a psychological condition that machine guns cannot keep them from buying and selling stocks.

Mr. HASTINGS. Mr. President, with respect to the control of this business passing to the Federal Government, I insist that what I have said is not in any sense an exaggeration. What I have said is positively true under the pending bill. It can be answered in one way only. Those who are satisfied with the bill say, "We know that the President never would agree to closing the stock exchange, as you have outlined, and to keeping it closed most of the time, and letting it transact business only 3 or 4 days a year. We cannot conceive of a President's doing that. We know that the present President will appoint capable men on the commission to manage the stock exchange. For that reason we think the alarm which you sound ought not to be responded to in any way, because in actual operation it is a false alarm."

Mr. President, I learned long ago that it is dangerous for any legislative body to pass legislation because a certain individual whom the members of the legislature or the Members of Congress knew and believed in would be the person called upon to administer a particular law. Legislation of every kind ought at all times to be upon such a firm foundation that no person occupying any official position in connection with it could under any circumstances do a wrong under the act itself. In other words, this ought to be, and we have been led to believe that it is, a country which is protected by the Constitution and the laws of the Nation, and that its security does not in any sense depend upon the character of the person who administers the law.

Of course, it is always important to have good administrators of laws. It is important to have good executives, because we always get better results with such executives. We ought not, however, to pass a law which puts into the hands of any man who may not be what we think he ought to be an opportunity to do under the law something that will be hurtful to the people of the Nation.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. FLETCHER. Speaking of the power to close the exchange, the Senator has reference, I take it, to paragraph (4), on page 42, which reads:

> And if in its opinion the public interest so requires, summarily to suspend trading in any registered security on any national securities exchange for a period not exceeding 10 days, or with the approval of the President, summarily to suspend all trading on any national securities exchange for a period not exceeding 90 days.

I direct attention to the fact that that power now exists and is exercised by the stock exchange itself. That is not a new power; but instead of the stock exchange itself exercising the power, the commission is allowed to exercise it in the public interest, with the approval of the President.

That is the first point.

The Senator seems to be apprehensive that the commission will have such power that it will manage and control the exchanges of the country. I think we have carefully guarded against that. Instead of attempting to do that sort of thing, or authorizing the commission to do it, the Senator will find that on page 44, paragraph (c) we provide that—

> The Commission is authorized and directed to make a study and investigation of the rules of national securities exchanges with respect to the classification of members, the methods of election of officers and committees to insure a fair representation of the membership, and the suspension, expulsion, and disciplining of members of such exchanges. The Commission shall report to the Congress on or before January 3, 1935, the results of its investigation, together with its recommendations.

The matter is to be investigated by the commission, and it is to report to Congress what it recommends.

Mr. HASTINGS. But in the meantime what happens? In the meantime does not the commission have all the control I have suggested?

Mr. FLETCHER. No; I do not think so. It has nothing to do with the election of officers or the qualification of members or personnel.

Mr. HASTINGS. What will anyone care about the election of officers after this act shall go into effect? The election of officers will become of the least importance to any member of the stock exchange. The kind of rules and regulations that can be made by the members of the stock exchange will amount to nothing to any member of the exchange or to the public after we shall pass this bill.

What the Senator states is true. The Senator says the stock exchange has that power now. Of course it has the power. What I am complaining of, and the only point I make about it, is that we are taking away from the stock exchange the power which it now has and putting the power in the Federal Government. The sole point I have made up to this time in that connection is that we have transferred to the Federal Government this great institution, with $275,000,000 of property, and the control of its operations.

Because of the urgency of the demand for that action, because the public is demanding that something of the kind be done, I have expressed great fear that this is but the beginning of the taking over by the Government of other great institutions in which the public is interested.

Mr. FLETCHER. Mr. President, will the Senator further yield?

Mr. HASTINGS. I yield.

Mr. FLETCHER. The Senator says that the stock exchange now has the power and authority to adopt rules and regulations and to regulate its own members. I simply desire to mention the fact that the New York Stock Exchange is not the only exchange in the country. It has competition right in New York City. I think there are eight or nine other exchanges in New York City. There is competition there. The control of an exchange extends only to its own membership, however. The nonmembers, those outside of its own membership, are the people who are giving the exchange trouble, and it cannot control them.

Mr. HASTINGS. Mr. President, I desire to call attention to section 2 of this proposed act, in order that we may try to find wherein lies the authority to enact this kind of legislation. Here is what is said in the proposed act itself:

> In order to prevent obstruction of the normal flow of interstate commerce and also to preserve and protect the national credit, the Federal taxing power, the national banking and Federal Reserve Systems, and the proper use of the mails and the facilities of interstate commerce, it is imperative that legislation be enacted to regulate and control such transactions.

Mr. President, I suggest that those who had to go to these sources to find authority for this proposed legislation are stretching to the limit the provisions of the Federal Constitution. It never was intended that Congress should interpret the grant of power to control interstate commerce to do such a thing as this. It never was intended that it should prevent the use of the mails except for some improper purpose, and it is undertaken here to make a purpose improper by imposing certain conditions.

However, Mr. President, besides the control of the hours, the days, the rates of commission, the interest, and so on, there is a further provision which ought at least to be shocking to the American people.

Under the provisions of this proposed act there are five commissioners to be selected at a salary of $12,000 a year each. I may say in passing that I think it is a little surprising that this Congress and this administration should suggest any such salary as $12,000 a year for any man when the average income for 1932 was but a little more than $300 for each person. With an administration that is urging upon us the importance of a better distribution of the income of the Nation and with many members of the administration insisting that there must be an equitable distribution of the wealth of the Nation, it is now proposed to give to five men $12,000 a year each in order to administer this proposed law.

Mr. LOGAN. Mr. President, will the Senator from Delaware yield?

The PRESIDING OFFICER (Mr. MCCARRAN in the chair). Does the Senator from Delaware yield to the Senator from Kentucky?

Mr. HASTINGS. I yield.

Mr. LOGAN. Is that an unusual salary for commissioners who perform such important duties as are to be imposed upon these commissioners?

Mr. HASTINGS. No.

Mr. LOGAN. I will ask the Senator if it is not true that he has voted for bills carrying such a salary during the last 3 or 4 years on several occasions?

Mr. HASTINGS. I am not quite certain about that, but I am quite certain that I would have so voted if the occasion had arisen and I believed that it was a reasonable salary.

Mr. LOGAN. The Senator is not complaining about the amount of the salary?

Mr. HASTINGS. I am not complaining about the amount of the salary, but I am expressing this thought and this thought only: When I read what has been said in this RECORD and remember what I have heard upon the floor of the Senate during the past year or so, and what I have read of the statements made by the President, and by many of his advisers about a better distribution of the income of the Nation and a better distribution of the wealth of the Nation, I merely express surprise that this administration should be urging upon Congress the payment of a salary of $12,000 a year for anybody to do any kind of service and under any kind of circumstances, when it is remembered, as I repeat, that the average income is but a little over $300 a year for every man, woman, and child in America.

Mr. LOGAN. As I understand, the Senator was not expressing any personal objection to the amount of the salary——

Mr. HASTINGS. Not at all.

Mr. LOGAN. But was simply expressing his surprise that some of those whom he has indicated should have proposed such a salary?

Mr. HASTINGS. That is correct.

However, Mr. President, there are some things in the pending measure touching that subject to which I do object. I should like to call attention to the powers given under this proposed act to the commission.

(c) The Commission is authorized to appoint and fix the compensation of such officers, attorneys, examiners, and other experts and employees as may be necessary for carrying out its functions under this act, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States.

There is no limit to that authority. The Congress has nothing to do with it; the President of the United States has nothing to do with it; the Secretary of the Treasury of the United States has nothing to do with it. While the salary paid to the commissioners is fixed in the proposed act, it is the only thing that is fixed, and immediately after the passage of this measure the commission, if it cares to do so, may employ Mr. Pecora at a salary of $100,000 a year, and there will be nobody under the sun who can complain about it.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Kentucky?

Mr. HASTINGS. I yield.

Mr. LOGAN. Are the expenses of the commission to be paid out of the Treasury of the Federal Government or are they to be paid by levying on the various stock exchanges?

Mr. HASTINGS. They are to be paid by levying on the stock exchanges.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Michigan?

Mr. HASTINGS. I yield.

Mr. VANDENBERG. With respect to this staff of employees, I suggest to the Senator that there is another hazard which perhaps could be corrected, but which certainly now stands wide open. Although there are penalties provided in this bill against every man, woman, and child who may be externally related to these transactions in stocks and bonds and other securities, there is not a word in the bill which attaches penalties for the misuse of information on the inside of the commission and its staff. That, it would seem to me, is a tremendous weakness in the bill.

Mr. HASTINGS. Is the Senator quite certain about that? It seems to me that somewhere in the bill there is a provision making it unlawful for an employee of the commission to give out certain information. I am not sure that there is any penalty attached, but I remember distinctly that somewhere in this bill there is a prohibition against that.

Mr. VANDENBERG. I just canvassed the matter with one of the experts, who was under the impression that such a provision was in the bill, but he could not find it.

Mr. HASTINGS. Perhaps he is right.

Mr. VANDENBERG. If he is right, the defect ought to be corrected.

Mr. HASTINGS. I agree with the Senator.

Mr. President, the salary of the five commissioners is the only thing that is fixed. I take it that every commissioner will be entitled to at least one secretary, and I take it also that the secretary to one of the commissioners will be quite as important as is the secretary to General Johnson who administers the N.R.A. According to the newspapers that particular position now pays $5,600. I doubt very much whether the amount thus paid would be $5,600 if it had been fixed by the Congress of the United States. I doubt whether the commissioners to be appointed under this bill would be able to pay their secretaries anything like that sum if they depended upon Congress for the appropriation and depended upon the Congress to fix the amount; but under this bill they can pay their secretaries and their experts and other employees whatever they please. I care not how much one may speculate upon it, there is nothing under the sun to prevent them from doing as they please except their own conscience.

Who pays the bill? There would be some control over this question if Members of the House and Members of the Senate were charged with the responsibility of making the appropriations for the expenses of the proposed new commission. We would have an opportunity to have the commissioners brought before us and examined as to whether they were paying reasonable or unreasonable salaries. We would have a hearing; we would have an opportunity to discuss the subject in the Senate, because we would be interested. We would know that back in the States where we live there would be somebody complaining about the salary paid, saying that such salary affected the taxes he

paid to the Federal Government, and entering complaint about it. No such thing as that can happen here.

O Mr. President, as I read this bill my mind goes back to the Revolution, and the period before the Revolution, when the people in the American Colonies rose in their might and said, "There shall be no taxation without representation." We based the whole theory of our Revolution upon that principle, and here, 150 years afterward, not in the form of emergency legislation but permanent legislation, we find the Congress enacting a measure contrary to that principle, notwithstanding the provision in the Constitution which gives to the Congress alone the right to levy taxes. There is a provision in the Constitution that all legislation involving taxation shall originate in the House, that taxes shall be levied by the Congress, and that they shall be uniform in their nature. All those requirements are written into the Constitution; but, notwithstanding that fact, we find in the year 1934 the Congress rushing headlong to give away this power to a commission created by the Congress, and putting the stock exchanges of the country in a position where they cannot even complain. The commission may be as extravagant as it pleases; it may pay everyone in its employ what it pleases; and then the Congress says to the stock exchanges of the country, "You must pay the bill."

Is there any provision in the bill about the division of the expense? Not at all. The only provision is that it shall be distributed in a way that to the commission seems to be fair and equitable. Is the junior Senator from Ohio [Mr. BULKLEY], who is much interested in the bill, willing for the two stock exchanges of his State to depend upon equity, as the five commissioners may see it, when it comes to assessing those two stock exchanges out of existence if the commissioners happen to be opposed to them? Is the Senator from Kentucky [Mr. LOGAN] willing that the stock exchanges in his State shall be dependent upon a commission which may be so prejudiced against the New York Stock Exchange that it will impose the whole burden upon that exchange?

There is no court review; there is no review anywhere after the matter passes out of our hands. We give the power to the commission, without knowing who the commissioners will be, without knowing what their sympathies may be, whether their sympathies will go out to the stock exchange in Detroit or Pittsburgh or New York or California or elsewhere. We have no way of knowing. We are letting this power go from our hands into the hands of five commissioners to say what shall be done with respect to the matter.

Mr. President, the temptation is left with the new taxing authority to be liberal in the matter of the money it deems necessary to carry out the provisions of the bill. When a commission is appointed that is dependent upon Congress for appropriations for its expenses we may naturally expect that commission to use some care with the money it is called upon to expend, because some day it must account to somebody; but a broad authority is about to be given to this new commission, without any power anywhere to check it, without any responsibility or requirement to respond to those who pay the bills.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the Senator from Delaware yield to the Senator from Kentucky?

Mr. HASTINGS. I yield.

Mr. LOGAN. I should like to ask the Senator, purely for information, if the same broad powers which are found in the bill now before us were granted to the Radio Commission and the Power Commission and possibly some other commissions?

Mr. HASTINGS. Am I to understand the question to be whether some such powers have been granted elsewhere?

Mr. LOGAN. Is this bill, so far as these provisions are concerned, along the same lines as the provisions in the acts creating the Radio Commission and the Power Commission?

Mr. HASTINGS. Not at all. I think I am correct in my answer. The only thing I recall that is comparable at all grows out of the emergency legislative acts we have passed. When we created the Coordinator for the Railroads, a temporary affair to last for a certain number of years, my recollection is there was some provision by the Congress whereby the railroads should pay a certain amount per mile to cover the expenses involved. But there is no such provision with respect to the expenses of the Interstate Commerce Commission itself or the Radio Commission. It might very well be. It is just as applicable to those commissions as to the commission we are about to create.

I will tell the Senator from Kentucky whence the idea comes. It comes from the administration of the emergency measures. It comes from the administration of the N.R.A. My attention was first called to the fact when I heard from a constituent of mine who operates a grocery store, and who sent me a letter showing that there was a demand made upon him by those who were administering the retail grocers' code to pay a dollar for himself and a dollar for each of his clerks toward the expense of administering the retail grocers' code. Subsequently I found that was based upon an Executive order and that it applied to every code.

I may say to the Senator that just recently I have discovered the automobile-truck code alone has a budget of $2,977,500, within $22,500 of $3,000,000, for the administration of that code. There are 408 codes already adopted. I suppose it would be unfair to multiply that $3,000,000 by 408, because I assume the motor-truck industry is probably one of the larger ones. But if we multiply it by $3,000,000 and divide it by 10 we have a tremendous tax imposed upon the people of the United States which the Congress never intended to be imposed upon them.

These cases are not similar to those where organizations, such as the Federal Reserve member banks, are involved. The banks do not have to become member banks. They may do as they please. So far as I know heretofore there has never been any effort to tax the people of the Nation under a plan like this. If this were a scheme set up whereby the stock exchanges wanted to participate in it or not, then it would be perfectly all right to let those who did want to participate bear the expense, and those who did not want to do so to stay outside. But here we are imposing a tax upon people without their consent and through commissions and through code authorities on a basis which I say is un-American and foreign to any ideas we ever had up until the past few months, and which, in my judgment, is exceedingly dangerous.

Mr. DAVIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Pennsylvania?

Mr. HASTINGS. I yield.

Mr. DAVIS. Can the Senator tell me what it will cost to conduct the business of the commission?

Mr. HASTINGS. I have not seen it estimated anywhere. I do not believe anyone has any idea what it will cost. After a while I shall discuss the great task to be imposed upon the commission and let each Senator judge for himself whether or not it will be a huge sum or whether it will be a small sum. I may a little later be able to answer the Senator's question. Of course, a good deal will depend upon whether the commission shall be administered economically or whether the gate shall be thrown wide open and an effort made to be as liberal as possible with the employees of the commission.

Mr. President, before I leave this subject I wish to impress upon the Members of the Senate one further thought. We have on one side a tax, imposed by the commission, uncertain in amount and with nobody daring to estimate what the total will be. On the other side we have the right on the part of the commission to fix the amount of the commissions which may be charged by members of the stock exchanges and the rates of interest that may be charged on the debtor accounts.

If that is not putting stock-exchange members between the two millstones, without any certainty on the part of

anybody as to what the result will be, I cannot conceive of anything being true.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Ohio?

Mr. HASTINGS. I yield.

Mr. FESS. The salaries fixed for the members of the commission will be paid out of the Federal Treasury, will they not?

Mr. HASTINGS. Oh, not at all.

Mr. FESS. Not the salaries of the members of the commission?

Mr. HASTINGS. Not at all.

Mr. FESS. I understood that the expenses of administering the organization were to be assessed on the exchanges, but I supposed that the salaries of the commissioners would be paid out of the Federal Treasury.

Mr. HASTINGS. That is not true. The bill provides that the original necessary expenses may be drawn from the Treasury; but that is only until the commission can get its machine operating so that it may make the assessments and collect the money. The bill distinctly provides that when that is done the money shall be returned to the Treasury of the United States, and ultimately not a dollar is to be charged against the Treasury.

Mr. FESS. So the commission will not only fix the charges but will have authority to fix the number of employees and the size of its budget, and assess the expense upon the exchanges without having to come back to Congress for authority?

Mr. HASTINGS. That is quite correct.

Mr. FESS. Is there any limit on the expenses the commission may incur?

Mr. HASTINGS. Not at all.

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Connecticut?

Mr. HASTINGS. I do.

Mr. WALCOTT. The House bill provides that the registration fee shall be 0.05 of 1 percent of the money value of the securities dealt in on the exchange. A rough estimate of that on a 5-year average, which I believe was taken, comes to $5,000,000 in cash to be raised in that way. That, however, would go into the Treasury, and would be budgeted out in accordance with an amendment that has been offered here, provided we have a new commission. If, however, the administration of the measure should rest in the hands of the Federal Trade Commission, the money would be budgeted automatically from the receipts of the Treasury; and the $5,000,000, or approximately that sum, would go into the Treasury to offset whatever might be spent for the Budget.

Mr. HASTINGS. Is the $5,000,000 the annual amount?

Mr. WALCOTT. That would be an annual receipt, computed on the average of the 5 years just preceding.

Mr. HASTINGS. Mr. President, I thank the Senator; but I am quite certain that nobody can make a very accurate estimate of what this new machine and its operation will cost.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Ohio?

Mr. HASTINGS. I yield to the Senator from Ohio.

Mr. FESS. Is not that an unusual set-up? I cannot recall at the moment any other agency where the officers are appointed by the Government to administer a law enacted by the Government and are authorized to assess the cost on some institution outside the Government. Is not that entirely new, unless we might say that some phase of it is involved in the processing tax? It seems to me that we are entering upon a very strange field.

Mr. HASTINGS. Mr. President, I will say in that connection that I do not recall that I have had a single protest about that provision. I observed it as I read the bill, and I talked to some members of the committee about it, to see whether that was what was intended. I received from everybody the answer that that was what was intended; and, if you please, that removes one of the objections to the bill. People who are not interested in the stock exchange, people who are not interested in this business at all, might very well say to the Senator and to me, "We see no particular objection to annual salaries of $12,000. It makes no difference to us whether the commission costs $5,000,000 or $10,000,000 or $15,000,000 or $20,000,000 annually. It is no skin off our foreheads. It comes out of the stock exchange." So I suppose one of the purposes in putting this provision in the bill is to get rid of the opposition to it, so that nobody can possibly object to it, because none of the people back home, with the possible exception of a few people interested in stock exchanges, are concerned.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Delaware yield for that purpose?

Mr. HASTINGS. I do.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Reynolds
Ashurst	Couzens	Kean	Robinson, Ark.
Austin	Cutting	Keyes	Schall
Bachman	Davis	King	Sheppard
Bailey	Dickinson	La Follette	Shipstead
Bankhead	Dill	Lewis	Smith
Barbour	Duffy	Logan	Steiwer
Barkley	Erickson	Lonergan	Stephens
Black	Fess	McCarran	Thomas, Okla.
Bone	Fletcher	McGill	Thomas, Utah
Borah	Frazier	McKellar	Thompson
Brown	George	McNary	Townsend
Bulkley	Gibson	Metcalf	Trammell
Bulow	Glass	Murphy	Tydings
Byrd	Goldsborough	Neely	Vandenberg
Byrnes	Gore	Norbeck	Van Nuys
Capper	Hale	Norris	Wagner
Caraway	Harrison	Nye	Walcott
Carey	Hastings	O'Mahoney	Walsh
Clark	Hatch	Overton	Wheeler
Connally	Hatfield	Patterson	
Coolidge	Hayden	Pittman	
Copeland	Hebert	Pope	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, there is a quorum present.

Mr. HASTINGS. Mr. President, it might be well at this time to call attention to the fact that the beginning of the inquiry into the stock exchange was a resolution which I introduced suggesting that an inquiry be made as to short sales being then made on the stock exchange. I was not responsible for the development into a wider inquiry, but, Mr. President, I have no complaint on that score, and I join in the compliments other Senators on the floor have extended to the committee for their investigation. I think they discovered evils which ought to have been discovered, and that they discovered much that was worth while that does not in any way enter into the bill now before the Senate. I am not complaining about the discoveries made, but I am complaining about trying in one act to remedy all the ills and cure all the injuries being inflicted upon people by reason of the transactions taking place at the time the committee began their investigation.

Mr. President, before I read the portion of the proposed act, which affects the stock exchanges alone, and referring again to the prejudices which have been created against the stock exchanges, I call attention to an editorial appearing in the Herald Tribune under date of May 2. The editorial is based upon a statement made by Mr. Ferdinand Pecora to the effect that nearly a billion dollars was made in the commission business by members of the New York Stock Exchange during the period of 5⅔ years. This newspaper says the exact figures were $833,000,000, and then calls attention to the fact that that was something like $140,000,000 a year. The editorial proceeds to state that during the period from January 1, 1928, to August 31, 1934, there were slightly more than 4,360,000,000 shares of stock bought and sold, and that a rapid calculation shows the average price to be $63. They add to that amount $17,000,000,000 in bonds, making a grand total of $292,000,000,000.

Then the editorial calls attention to the fact that as against this $292,000,000,000 the figures $833,000,000 are less impressive. They represent—the newspaper figures—three tenths of 1 percent of the amount of business transacted.

Then the newspaper calls attention to this fact:

> Indeed, it is only a little more than twice as large as the stamp tax on security sales that went to the Federal and State Governments during the period, which item Mr. Pecora conveniently forgets to mention. The transfer taxes on this huge turn-over amounted, the record shows, to more than $360,000,000.

Nothing is said in this connection with respect to the income taxes paid by the various members of the exchange upon these transactions.

Mr. President, after reading from that editorial, let me refer to the speech delivered by the chairman of the committee [Mr. FLETCHER], on page 8165 of the RECORD, in which he called attention to this billion-dollar profit. The Senator from Florida says:

> Mr. Whitney made some reply to that, according to the press, claiming that we do not take into consideration what they have lost in the value of their seats; in other words, that the seats have gone down from $600,000 each to about $190,000, I believe they are at this time, and that there was a loss to the stock exchange in the value of their assets by virtue of that fact. That is true in a way. There was a shrinkage in the value of the seats on the stock exchange, but, as Mr. Untermyer pointed out a day or two ago, they have during that time sold some 350 seats. Let us say they sold them at $190,000 each. At that figure their assets must have been considerably built up. Multiplying $190,000 by 350 gives quite a neat little sum.

Mr. President, I, myself, have done a little figuring on that matter, and I should like to submit the figures to the Senate with the hope that we may place in a little truer light the many things which are being said against the members of the New York Stock Exchange at this time. My primary objection to this bill is not because it imposes a great burden upon them. It is for the additional reason, as I have pointed out, that I think this bill in section 4 violates an important principle of our form of government, namely, taxation without representation, and not only that but taxation by other institutions than the Congress itself.

Mr. LEWIS. Mr. President, will the able Senator——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Illinois?

Mr. HASTINGS. I yield.

Mr. LEWIS. Will the Senator give me his information as to whom go the $376,000,000 referred to by the Senator as transfer taxes?

Mr. HASTINGS. They go both to the State and the Federal Government. I have only the record which I quoted from the Herald Tribune. The greater part of it I am quite certain, however, goes to the Federal Government, but I think in New York there is also a tax upon the transfer of securities, which tax goes to the State of New York, and, as I understand the editorial, $360,000,000 is the total of such taxes paid both to New York State and the Federal Government.

Mr. President, in order that we may analyze for a moment the statement which was made by Mr. Pecora—and I remember seeing it in the headlines of all the newspapers for a day or two—that the stock-exchange members had made in a period of 5⅔ years nearly a billion dollars, I desire to call attention to the fact that if we take that huge sum and divide it by 1,375 members of the New York Stock Exchange the result shows a profit to each member of $605,800 during the period, or a little more than $100,000 a year for each member.

I should like to present these additional facts in order that Senators may better understand just how much they did gain. Bear in mind that at the time this period began a stock-exchange seat was worth $600,000; so that, for the purpose of my figures and for the purpose of illustration, I shall assume that at the very beginning some person purchased a seat on the New York Stock Exchange for that large sum. Figuring the interest at 6 percent upon that amount during that period will disclose that it amounts to $36,000 a year and for 5⅔ years it will be $214,000 interest on the investment, making the principal and interest up to that time $814,000.

If, on the other side of the ledger, we take the profit for that period of $605,800 and take the value of the seat at the end of that period at $190,000, we have at the end of the period $795,800 as against an investment and interest of $814,000, or an actual loss of $18,200. The stock-exchange member not only has the loss of $18,200 but he has spent his whole 5⅔ years in actual service in trying to make a profit.

I think the distinguished Senator from Michigan [Mr. COUZENS] should be interested in those figures and I hope he may be able to tell the Senate later whether or not they are correct.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. HASTINGS. Certainly.

Mr. COUZENS. I can find much fault with them right now, but I do not want to interfere with the Senator's discourse. The Senator has fixed a maximum of $600,000 for a seat. I wonder how many who invested their money through the brokers during that time got 6 percent through all the years? The figures presented by the Senator are so out of line with the experience of those who patronize the brokers as to be laughable.

Mr. HASTINGS. The Senator may laugh at the figures, but ordinarily a laugh will not change the result of accurate calculation. If he wants to figure on some other basis, if he can find something wrong with my figures and will point out the error, I shall, as I said, be very pleased to have him do so. It is true I have taken a larger sum, but if we are to be influenced by Mr. Pecora's figure, which was used by the chairman of the committee on the floor of the Senate, $833,000,000, which he had expanded to $1,000,000,000, I see no harm in calling attention to the fact of the larger sum and how it works out. I think it was true that at that time seats were selling for $600,000. I think it is true the lawful rate of interest is 6 percent. If we assume those facts, it will be found that at the end of the period the broker had an actual loss of $18,200.

Compare that figure with the salary which the commissioners are to get. During the period of 5⅔ years they will have received the sum of $68,000 with no investment of any kind and with authority to employ all the people they care to employ to assist them so as to lighten their burden. It seems to me under these circumstances that a member of the stock exchange in the end would probably be delighted to have a position as secretary to one of the commissioners rather than to retain his seat on the stock exchange itself.

Mr. President, I desire to discuss another phase of the bill. The distinguished junior Senator from Oregon [Mr. STEIWER] the other day pointed out that his principal objection to the bill is to be found in the burden placed upon the corporations of the country. That is the basis of my principal objection. That is found in section 12 (a). The particularly objectionable feature is the one which provides for—

> An agreement by the issuer * * * to comply with the provisions of this act and any amendments thereto, and with the rules and regulations made or to be made thereunder.

And so forth.

In the bill as it passed the House that provision has been eliminated. There is no such provision in the House bill. As the Senator from Oregon pointed out, it is particularly important that the issuer shall not be compelled to sign an agreement. It is wholly unnecessary to compel him to sign an agreement. There have been so many safeguards thrown around it in the bill, there is such a heavy penalty imposed upon those who violate any of the rules and regulations when their stock is listed, that it is wholly unnecessary and a useless burden upon the corporations to compel them to sign an agreement to do these things.

Mr. President, I desire to invite attention to what a corporation must do in order to have its stock listed upon any of the exchanges under the terms of the bill.

First. It must sign an agreement.

Second. It must comply with the provisions of the act and any amendments.

Third. It must comply with the rules and regulations of the commission.

Fourth. It must not lend funds at the money post, or to any member.

Fifth. It must not lend money to any broker or dealer.

Sixth. It must furnish full and complete information covering the following items:

Seventh. Organization, financial structure, nature, and operations of the business.

Eighth. The terms, position, rights, and privileges of the different classes of securities outstanding.

Ninth. The terms on which their securities have been or are to be offered to the public.

Tenth. The directors, officers, underwriters, and each security holder of record holding more than 10 percent of any class of equity security of the issuer.

Eleventh. Remuneration to others than to directors and officers exceeding $20,000 per annum.

Twelfth. Bonus and profit-sharing arrangements.

Thirteenth. Management and service contracts.

Fourteenth. Options existing or to be created in respect of their securities.

Fifteenth. Balance sheets for not more than the 3 preceding fiscal years, certified, if required by the rules and regulations of the commission, by independent public accountants.

Sixteenth. Profit-and-loss statements for not more than the 3 preceding fiscal years, certified, if required by the rules and regulation of the commission, by independent accountants.

Seventeenth. Any further financial statements which the commission may deem necessary or appropriate for the protection of investors.

Eighteenth. Copies of articles of incorporation.

Nineteenth. Copies of bylaws.

Twentieth. Copies of trust agreements.

Twenty-first. Copies of underwriting agreements.

Twenty-second. Such other documents as commission may require.

Twenty-third. If the requirements under subsection (b) be inapplicable, then such other information as commission may require.

Twenty-fourth. Reports provided in section 13.

Twenty-fifth. Correct information.

Twenty-sixth. Annual reports.

Twenty-seventh. Quarterly reports.

Twenty-eighth. Such other reports as are essential.

Twenty-ninth. Form of report.

Thirtieth. Items to be shown on balance sheet.

Thirty-first. Earning statement.

Thirty-second. Methods to be followed in preparation of report.

Thirty-third. Method to be followed in the appraisal of valuation of assets and liabilities.

Thirty-fourth. Method to be followed in determination of depreciation and depletion.

Thirty-fifth. Method to be followed in the determination of differentiation of recurring and nonrecurring income.

Thirty-sixth. Method to be followed in the determination of the differentiation of investment and operating income.

Thirty-seventh. Method to be followed in the preparation of separate or consolidated balance sheets.

Thirty-eighth. Method to be followed in reporting income accounts of any person directly or indirectly controlled by the corporation.

Thirty-ninth. Method to be followed in reporting income accounts of any person under direct or indirect common control with the corporation.

Fortieth. If any of these things be inapplicable, commission is authorized to require any report of comparable character.

So there are 40 things besides those which may be required by the rules and regulations that may be fixed by the commission.

Mr. FESS. Mr. President, will the Senator yield there?

Mr. HASTINGS. I yield.

Mr. FESS. On page 20 of the bill it is made unlawful for any dealer or broker or other person giving information for the purpose of inducing the purchase or sale of securities to make—

> Any statement which was at the time and in the light of the circumstances under which it was made false or misleading in any material respect.

Then follows this language:

> As used in this paragraph, the term "statement" shall be construed to mean any omission to state a material fact.

In other words, the statement must be limited to the facts; but if any statement is omitted that might be regarded by somebody to be material, the person omitting to make it is subject to punishment. How is a man to protect himself where he is under penalty for omitting a statement that somebody might regard as material? Is not that language unusually broad?

Mr. HASTINGS. I think the specific language mentioned by the Senator merely undertakes to give a definition. I see no particular objection to requiring a full disclosure. As I read the language, its only purpose is to give a definition of what is meant in the form of a statement. That is, if a statement is presented, and something material is left out, those who drafted the bill have been careful not to let the person escape punishment.

Mr. FESS. In other words, a man is responsible for what he says, and he is equally responsible for what he does not say?

Mr. HASTINGS. That is correct.

Mr. FESS. That is pretty broad.

Mr. HASTINGS. That is true; but this bill is so broad that it is difficult to tell what to do about it anyway.

Mr. President, there are two points to which I particularly desire to call attention. The Senate is familiar with the fact that there must be originally a balance sheet for not more than the 3 preceding fiscal years. I assume that that language is clear enough to let in a corporation that has not been in existence for more than 2 years, although my attention has been called to the fact that it might entirely eliminate a corporation that has been in existence only 2 years; but I think the language is unobjectionable. It might be made a little clearer, but it is not of great importance. To my mind, however, the provision running all through the bill providing for independent public accountants is of the very greatest importance.

Here, let us say, is a corporation which desires to have its stock registered on the exchange. It is required to have a balance sheet for the 3 preceding fiscal years certified, if required by the rules and regulations of the commission, by independent public accountants.

In the case of a large corporation, for instance, such as the United States Steel Corporation or the du Pont Co.—both of which, I assume, have independent public accountants to examine their books, as most corporations do, at least annually—does that or does it not mean that under the bill it is within the power of the commission to hold that such public accountants are not independent public accountants, because they were employed by the corporation itself, and that independent public accountants, under the bill and under the rules and regulations adopted by the commission, means such public accountants as the commission may select?

If that be the case, that which appears on the face of the matter to be a great burden, namely, the submission of annual and quarterly statements and such other statements as the commission may require, is greatly increased, because corporations cannot be certain that their own independent public accountants whom they have selected will be satisfactory to the commission. It might mean that the

public accountants will be selected by the commission themselves, and that all the work will have to be done over.

Mr. President, a casual glance at the bill will indicate that a corporation will have a right to withdraw and have its stock stricken from the stock exchange. The Senator from Michigan called my attention to the matter the other day, as I recollect, when I raised some question about it. The language is:

A security registered with a national-securities exchange may be withdrawn or stricken from listing and registration in accordance with the rules of the exchange and after at least 30 days' notice by the issuer to the exchange and to the Commission; except that if the Commission deems such action necessary for the protection of investors, it may require ratification by the holders of a majority of the voting stock of the issuer prior to such withdrawal or striking from listing and registration.

In that connection I desire to call the attention of the Senate to section 19 (b), to see whether or not my interpretation is correct. Section 19 is the one which gives the broad powers to the commission. Paragraph (b) of that section provides:

The commission is further authorized, if after making appropriate request in writing to a national securities exchange that such exchange effect on its own behalf specified changes in its rules and practices, and after appropriate notice and opportunity for hearing, the commission determines that such exchange has not made the changes so requested, and that such changes are necessary or appropriate for the protection of investors or to insure fair dealing in securities traded in upon such exchange or to insure fair administration of such exchange, by order to alter or supplement the rules of such exchange.

Of course, everybody must admit that that language, if it means anything, means that the commission is in control, and the stock exchange must do what it is requested to do by the commission; but here are some of the things that are specified that the commission may do if the stock exchange does not do them voluntarily. All of these things are in respect to such matters as—

(1) Safeguards in respect of the financial responsibility of members and adequate provision against the evasion of financial responsibility through the use of corporate forms or special partnerships; (2) the limitation or prohibition of the registration or trading in any security within a specified period after the issuance or primary distribution thereof; (3) the listing or striking from listing of any security—

"The listing or striking from listing of any security."

(4) Hours of trading; (5) the manner, method, and place of soliciting business—

And so forth.

And then, to be certain that everything is covered, the paragraph concludes with:

(13) Similar matters.

Mr. President, I am quite certain that under the provisions of section 19, regardless of what a corporation may want to do, when its securities are once listed on an exchange it cannot withdraw them without the consent of the commission.

Passing from that for a moment, because I do not want to overlook the matter I am about to mention, I desire to call attention to the very extraordinary power given the commission by section 21 of the bill. It provides that:

The commission may, in its discretion, make such investigations as it deems necessary to determine whether any person has violated or is about to violate any provision of this act or any rule or regulation thereunder, and may require or permit any person to file with it a statement in writing, under oath or otherwise as the commission shall determine, as to all the facts and circumstances concerning the matter to be investigated. The commission is authorized, in its discretion, to publish information concerning any such violations, and to investgate any facts, conditions, practices, or matters which it may seem necessary or proper to aid in the enforcement of the provisions of this act, in the prescribing of rules and regulations thereunder.

Listen to the last three lines of that paragraph:

Or in securing information to serve as a basis for recommending further legislation concerning the matters to which this act relates.

If I know anything about what that means, it means passing over to this commission all the things the Committee on Banking and Currency has had the authority to do, and to do the things the committee has been doing for something like a year or more. In other words, the authority to investigate is to be passed over by the Congress, not to some committee of the Senate, but to be passed over to the commission itself, and with authority to punish persons who fail to comply with their requests and appear as witnesses, to furnish books and papers, and what not. They can delve into every corporation, and, so far as I can see, the power extends to corporations which have nothing to do with the stock exchange, and do not care to have anything to do with it, and might disclose, and in many instances would disclose, the most secret formulas of many of the corporations.

In that connection, I have some comments made by the National Automobile Chamber of Commerce in that regard. Referring to the corporation control section of the bill, it goes on record as follows:

The automobile industry believes that the proposed bill, through the provisions of the above sections, goes far beyond the legitimate purposes of stock-exchange regulation, and under the guise of that purpose extends to industry in general an unjustified governmental supervision over certain phases of its internal management. Aside from the question of the constitutional power of Congress to so extend governmental supervision to business in general, the chamber believes that there is no justification for governmental interference with the normal functions of private management. If long-recognized principles are to be discarded and all business is to be supervised by a governmental agency, then, in effect, all business is being put into the category of the railroads. To such a general theory that all industry should come under Government bureaucracies, this chamber is unalterably opposed. If control of certain features of corporate management is to be given now to a Federal agency, it is likely to be but the beginning of the usurpation of other functions of management.

In addition to its general objection to the regulation of phases of general business management by a Federal agency, the chamber submits that the sections referred to impose undue hardship on business without compensating advantages to the public. * * *

Much of the specific information required by the sections would be of little benefit to the public but would seriously affect the interests of the corporation by the disclosure of facts intimately related to confidential affairs of the corporation to competitors and to prying individuals with no legitimate ends to be served. It is reasonable to assume that the average investor is primarily interested in the true character of the security and the actual assets and the actual earnings of the corporation. The giving of information which goes beyond these phases of the corporation's affairs exceeds the legitimate requirements of investors and the public interest. * * *

Mr. President, there are other protests. Whether the Durable Goods Industries Committee spoke spontaneously or at the suggestion of stock-exchange members, as charged, is of little moment. The point is that they endorsed the judgment of alert business men who have read and studied the unusual and alarming features of the bill directly affecting corporations and corporate executives rather than the stock exchanges:

"Existing unemployment in industry", the letter states, "is traceable in large part to the reduced volume of private capital flowing into private enterprise and to the enormous losses sustained by business since 1929. Durable goods, the source of the greater part of all industrial unemployment, are financed largely by the proceeds of security sales. In addition, many enterprises within the group are so short of capital, due to past losses, as to be unable to operate effectively without new financing.

"These conditions make it imperative to restore the normal flow of new capital into private enterprise. In the 10 years ended with 1930 the volume of new capital moving into enterprise in the United States was about $4,000,000,000 per annum. In 1933 this had been reduced to $160,000,000, or about 4 percent of this annual average. This compares with about 56 percent in 1933 of the same 10-year annual average in the United Kingdom.

"Industry is in accord with the President in his judgment as to the necessity for regulating securities exchanges as expressed in his message to Congress on February 9. This proposed bill, however, goes far beyond anything dealt with in that message or required in the situation. It includes may detailed provisions for regulation which the committee believes are wrong in principle and if adopted would create many difficulties in administration. * * *

"If business needs capital for prosperity, it is in public interest not to burden corporations issuing securities for the procurement of such capital or investors purchasing such securities with regulations so stringent as to discourage such transactions."

Mr. Samuel W. Reyburn, president of the Associated Dry Goods Corporation, in an address relating to the Securities Act and the Stock Exchange Act, delivered on Thursday, May 3, made these observations:

The Fletcher-Rayburn bill adds to the citizen's confusion. It is intended to eliminate crooked speculation and to prevent management from taking advantage of inside knowledge to the detriment of the investor and the fellow in the street. Simple laws with real teeth in them can accomplish these desirable ends without placing the corporate executives and management in the strait-jacket the Securities Act of 1933 and the stock-exchange bill of 1934 will provide. Again there is no disposition to deny that speculation exceeded reasonable bounds in the period 1928–29 or that some executives clearly violated their fiduciary responsibilities and played fast and loose with their knowledge and power. It does not follow that the exchanges, as institutions, should be strangled and honest business men subjected to the continuous danger of persecution. The speculation which proved so harmful took place, it is true, upon the exchanges, but they were merely passive market places in which the exaggerated optimism of millions of men and women found expression. History abounds in illustrations of tyrants who beheaded messengers that brought them unfavorable tidings. It seems that something of this spirit is back of the Fletcher-Rayburn bill.

According to the income-tax returns, there are more than 500,000 corporations doing business in the United States. Probably no less than 2,000,000 individuals operate these enterprises and could be classed as business executives. It is reasonable to suppose that such a large group of men and women contain some whose spirit is predatory, whose conduct is antisocial. It is equally reasonable, however, to assume that the great majority of these are law-abiding citizens with just as decent a regard for the welfare of their employees, stockholders, and the general public as may be found among those who hold public office. The Fletcher-Rayburn bill insists on treating all these people as potential crooks.

The Securities Act and the stock-exchange control bill mislead the public and undermine its faith in values by attributing all losses to the deceit of investment bankers, to speculative excesses induced by the exchanges, and to the larcenous conduct of business executives. The real basis of values is entirely ignored.

Mr. President, before I leave the subject, I desire to call attention to what is called the Roper committee. I quote from Mr. DICKINSON, who, I think, was perhaps the person in control of the committee. I am not certain as to that, but I remember that Mr. DICKINSON had much to do with the pending bill.

I read from the House hearings, page 513, where Mr. Roper said:

The point which I have last made suggests the primary point of distinguishing between the theory upon which the report of the Roper committee was constructed and the theory of the present bill.

Having in mind, now, a bill similar to the one before us, but perhaps somewhat more drastic.

The Roper committee report went on the theory that if governmental regulation attempts to do too much directly and to control and intervene directly in the first instance over the whole field which it covers, it is in danger of breaking down under its own weight and proving ineffective. In the report of the Roper committee, therefore, the action of the Government through the proposed stock-exchange authority—which, incidentally, was to have no other duties than to be a stock-exchange authority and was to be free to devote its entire time to the task of exchange regulation—nevertheless the functions, the regulatory functions of this governmental agency were held in reserve and were employed only to supplement and supervise what in the first instance was self-regulation of the exchanges.

No doubt the exchanges will frequently fail to do a good job of regulating their members, but even so, it seemed to the Roper committee during their deliberations likely that Government regulation was likely to be more effective and less unwieldy if it was applied to the exchanges in an effort to make them do their own job and to come down on them like a ton of bricks if they did not do their job, rather than for the Government itself to take over from them that job of direct regulation and attempt to perform it from the very beginning and in the first instance by governmental policing methods.

In framing a regulatory measure the practical problem of administration has always to be faced, and when regulation gets beyond a certain point the sheer ineffectiveness of attempting to exercise it directly through government on a wide scale counterbalances the fact that possibly the exchanges might not be as diligent as we would wish them to be about regulating themselves or as diligent as the Government would be if the task were compact enough to fall within the limits of effective governmental performance.

Now, it may be said, of course, cynically—and I think that there is a good deal in it, and of course we have to recognize the weakness of human nature—it may be said that the idea of self-regulation is just a device to avoid regulation, and so in some instances it no doubt is; but self-regulation in the first instance, with the Government holding its power in reserve to see that that self-regulation is exercised, is after all a necessary recourse in view of the mere physical limitations in time and in personnel, which operate on the direct exercise of the powers of government as the task of regulation becomes more and more extensive over a wider and wider field.

Now, in what I am saying, I hope I will not be regarded as speaking in any attitude of negative criticism of this bill. I believe that regulation of the stock exchanges by Federal legislation should be enacted at this time by the present Congress; that it is demanded by the conditions which exist and by the pledges of the party platform.

I do not, however, believe that those demands will necessarily be satisfied by any or every type of bill that might be adopted irrespective of its provisions. I envisage a type and method of regulation which will be effective because it does not go beyond the limits of what is feasible and necessary in order to accomplish its objective.

I can conceive a type of Federal regulatory authority which will not undertake to burden itself by dividing the control of banks and bank credit with the established financial agencies of the Government, and which will not be swamped by an attempt to exercise drastic control over thousands of corporations and municipal bodies.

If stock-market regulation is to be effective and not a mere peg upon which to hang other regulatory activities, the Federal agency which is charged with such regulation should be free to devote itself to that task, which is a large enough one to require the full attention of any governmental agency if it is to be successfully performed.

Mr. President, much has been said here about all the corporations of the country coming under the provisions of this measure. It is undoubtedly true that the bill in effect grants to the commission control of all the corporations of the country which desire to sell their securities outside the State in which they are incorporated. Section 15 of the bill, under the heading "Over-the-Counter Markets", is a section which has nothing at all to do with the stock exchanges. It is an effort to control the broker or dealer, and it provides that—

It shall be unlawful for any broker or dealer, singly or with any other person or persons, to make use of the mails or any means or instrumentality of interstate commerce for the purpose of making or creating, or enabling another to make or create, a market, otherwise than on a national securities exchange, for both the purchase and sale of any security (other than an exempted security or commercial paper, bankers' acceptances, commercial bills, or other similar obligations) in contravention of such rules and regulations as the commission may prescribe as necessary or appropriate in the public interest and to insure to investors protection comparable to that provided by and under authority of this act in the case of national securities exchanges. Such rules and regulations may provide for the regulation of all transactions on any such market, for the registration with the commission of dealers and/or brokers making or creating such a market, and for the registration of the securities for which they make or create a market. For the purposes of this section the commission may make special rules and regulations in respect of securities or specified classes thereof listed, or entitled to unlisted trading privileges, upon any exchange on the date of the enactment of this act, which securities are not registered under the provisions of section 12 of this act.

In other words, if a corporation, at the time this bill becomes effective, concludes that it does not care to go into this agreement with the stock exchange which will make it binding upon the corporation to comply with the forty-odd things prescribed by the bill itself, as well as all the rules and regulations which may be made by the commission, if the corporation concludes that it does not want to take that chance, that it does not want to enter into an agreement to go on the stock exchange when it is uncertain whether it can ever get off, there is no provision made in the bill to let the corporation alone. If it is a corporation of any size, its securities will be scattered throughout many States. That is particularly true if it is a corporation whose stock has been listed upon the prominent exchanges of the country. So what is the corporation to do with respect to that? It cannot escape by saying, "We decline to go on", because no broker or dealer dare have any transaction with that particular stock until the corporation has complied with the provisions of this bill, until it has filed with the commission three annual statements, until it has done all these things.

In other words, there is only one kind of corporation which is not affected by the bill, and that is the corporation whose stock is dealt in by a broker only in the State wherein the particular broker and the particular corporation are located.

Out of the 500,000 corporations mentioned by Mr. Reyburn in his letter, how many are in such a position as that?

Is it not true that they must comply with the provisions of the bill? Whatever may be said and whatever may be thought about the members of the New York Stock Exchange, is there any reason for and is there any good sense in imposing that kind of obligation upon the corporations of the country? Or is it true, Mr. President, that in the past few months there has developed such a prejudice against capital of all kinds—against capital which is represented by investments in corporations—that we want to destroy them all?

I sometimes wonder whether the suggestion which has been made by Mark Sullivan and by others is, after all, correct, that there are certain persons in this administration, close to the President of the United States, who are deliberately attempting to prevent the country from progressing; who are insisting that the Securities Act of 1933 is a thing that must remain on the statute books without being changed; who insist that we must go further, and strangle other securities by imposing upon them the restrictions contained in this bill, in order that there may be no further progress, and in order that people who have money may find no place to invest it except in the securities of the Government of the United States, and the Government of the United States in return will say, "In view of all these circumstances, in view of the need of these industries to go forward, in order that we may get rid of some of the unemployment, the Government itself must take hold of the industries, and place its own money in them, and place its own officials in charge of them"—in other words, bring all the industries of the Nation, just as they have the farms of the Nation, under the control of some bureau in Washington.

Mr. President, notwithstanding all the prejudices that may have been created against the stock exchange, notwithstanding all the prejudices that may have been created against corporations generally, notwithstanding all the prejudices that have been created against persons of wealth, I am confident in my own mind that unless the Securities Act shall be changed so that capital will be willing to invest in new enterprises, there will be no great progress made in this Nation. At the same time I say, even if we shall do that as is proposed in connection with this bill—amend the Securities Act so as to make it more liberal and attach such amendment to the pending measure—when we pass this proposed act, despite the improvement in the securities law, we shall have made conditions worse than they are at the present time.

I say, in closing, that the majority are proposing to do that which is not necessary to protect the innocent investors of the country. They are taking this action, it seems to me, in order to punish people who they think have done wrong. When they get an opportunity to punish them, they should do it in a way that will be effective; but when they do that, they should at the same time bear in mind that they are doing a great harm to many other people. There are in this country 14,000,000 people holding stocks of corporations to the amount of less than 100 shares each.

Senators must bear in mind that when they destroy corporations, when they destroy the wealth of the Nation, they are destroying the insurance companies which protect me and my family and which protect the families of others. They are destroying the savings banks which, in many instances, have their investments in this kind of securities. They are destroying the widow who has been left a few shares of stock which were once worth a few thousand dollars. They are destroying the very heart of the Nation when they destroy that class of people. This kind of legislation will ultimately do all that; if it shall be persisted in it will retard recovery, and it will be a long time before we get rid of the task of feeding the unemployed of the Nation.

Mr. NORRIS. Mr. President, in a few minutes I will be compelled to leave the city to be gone for the balance of the day, and before I go I desire to make a few remarks upon the pending amendment.

The amendment now pending before the Senate is one which would place the control of the operation of the bill, when it shall become a law, in the hands of the Federal Trade Commission, instead of under the special commission proposed to be set up in the bill.

There has been controversy over that matter for some time. It was one of the points of controversy in the committee. The same controversy arose in the House, and the House provided that the control should be in the Federal Trade Commission.

An amendment similar to that now pending was defeated in the Committee on Banking and Currency of the Senate, we are told by the chairman of the committee, by a very small margin. The chairman of the committee himself stated on the floor of the Senate that in the committee he had favored the amendment. He feels, and perhaps some others feel, that since the committee has not seen fit to put the Federal Trade Commission in charge, he should vote against such a proposal now.

Mr. President, to me that argument has but little weight, especially when we realize that very likely it was fully discussed in the committee, and that the committee is almost evenly divided on this question, or was at the time it was voted on in the committee.

The argument is made that since the House provided that the Federal Trade Commission should be in charge of the enforcement of the law, if we insert such provision in the bill now, there will be nothing in conference. That is one reason why I think that if we favor the Federal Trade Commission having charge of the operation of the law, we ought to vote for the amendment, so as to take it out of conference, and therefore settle the matter once and for all.

After all, we are called upon now, in our vote on this amendment, to decide whether we prefer to have the Federal Trade Commission or the special commission to be set up in the Senate bill take charge of the enforcement of the law. That is the test. As I look at it, our votes should not be controlled by the vote in the committee, especially under these circumstances.

Mr. President, I believe the Federal Trade Commission ought to have charge of the enforcement of the law. I regretted exceedingly that the committee, in framing the bill, did not provide that the Federal Trade Commission should be in charge. It seems to me that in the hearings, remarkable as the work of the committee was, they pulled several teeth out of the bill before they reported it, and I think this is one of them. If we put the amendment of the Senator from Colorado into the bill now, we will be restoring, as I look at it, one very valuable and necessary tooth, which should be in the law in order to aid in its administration.

Mr. FLETCHER. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. FLETCHER. I desire to correct one statement from an historical standpoint. The bill as originally introduced in the Senate carried provision that the administration of the law should be in the Federal Trade Commission. The Senator from Virginia offered an amendment to change that so as to provide for a special commission. That was the amendment which by a majority vote the Senate committee adopted. As originally introduced, the bill carried this idea.

Mr. NORRIS. I thank the Senator. That only demonstrates the accuracy of what I said, and I am glad to have the Senator's statement.

As I look at it, when the committee took out the provision giving the Federal Trade Commission control and put the control in the special commission they pulled out a good, healthy tooth that was already in the bill. I want to see it go back.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BARKLEY. According to our view, we not only did not pull a tooth, but we established a tooth that will have nothing else to do except to chew on this particular problem.

Mr. NORRIS. I understand; the Senator can have his viewpoint, but, as a matter of fact, the country and even

the Senate do not look at it that way, and did not look at it that way when that tooth was pulled out. The country was worked up for fear the committee, engaged in pulling teeth out of this bill, would present us with a toothless old woman when they got through. I do not think they did that. As the Senator from Arizona, sitting near me, states, it will be 6 months before "she" can take a bite if they pull many more teeth out. I think there are many teeth in the bill. I do not want to be understood as being opposed to the bill in any respect. With this amendment or without it, I am for the bill, and hope it will be enacted.

Mr. President, in the first place, I am opposed to the establishment, unless it is absolutely necessary, of more bureaus and commissions in our Federal Government. We already have many of them doing good work, it is true; but if we provide for the commission proposed to be set up we are going to duplicate the work, I think. The Federal Trade Commission as now constituted have established offices for the enforcement of the securities law, which will become a part of this work, in different parts of the country. They have the machinery now in operation, practically enough machinery to put this law into operation at once, if it is put on the statute books. They are not inexperienced men who do not understand what this law will be.

It is said, and that is the argument in favor of a special commission, that we shall have specialists in this line on the Commission. I think we can all concede that it should be a commission which is not under the control of the body which we want to govern. The Commission should not be under the control of bankers. It ought to be in the control of independent men. They should, of course, be men who have sufficient ability, wisdom, and courage to carry out the provisions of the bill according to their true meaning. Such are the men now in the Federal Trade Commission. They are able men. They have been engaged in governing business of this kind ever since the establishment of the Commission. They have been dealing with problems which are very much akin to those with which the special commission provided for in the bill will have to deal if the bill becomes law. We shall then have men already tried to a great extent, and ready to go on with the service.

Another reason why I believe the Federal Trade Commission should be designated is because of what I believe to be the economy of the situation. In the last session of Congress we passed a bill authorizing the President of the United States to bring about economy by the consolidation of bureaus and special offices and departments. If there had been then a separate commission doing this line of work, there is no doubt in my mind that the President, in carrying out the provisions of such a law, would have combined the two Commissions. They ought to be combined. They are very much alike in their operations. Economy will result if we adopt this amendment. We shall thereby save money for the taxpayers.

I think the Federal Trade Commission is more likely to be efficient in administering the law than a new commission. If we have numberless commissions doing all kinds of governmental investigation and work, we shall find that the attention of the country will not be attracted to the different commissions. I feel that if this special commission shall be appointed, it will not be many years before the country will lose track of what it is doing. New appointments may be made; inexperienced, really unqualified men may be put on the commission; and its action will not attract the attention that will be attracted by the addition of the Federal Trade Commission, an outstanding investigating governmental body which has been in the eyes of the people of the country for years, in fact ever since the commission was established during the administration of President Wilson.

If appointments are to be made to another commission which is not in the public eye, it is very likely that appointments will be made and changes will be made in its membership to the detriment of good government without the country ever knowing anything about it. That cannot happen with the Federal Trade Commission.

It is said that the Federal Trade Commission is already overworked. It has done, and is doing, a remarkable work. It is easy to increase its membership if necessary to enable it to do the work entrusted to it. The commission that is designated will be in reality the general for an army of men who will be appointed to go into records more or less of a technical nature and get the facts desired by the Commission. The Commissioners will act finally upon the facts thus assembled.

Here we have a Commission already established, equipped as no other branch of the Government is equipped, prepared to do this kind of work. It does not make any difference whether it investigates a corporation which is selling bonds, or whether it investigates a corporation which is making sewing machines; in either case its purpose is to protect the people of the country against fraud and wrongdoing.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COSTIGAN. No one knows better than the able Senator from Nebraska that the Federal Trade Commission was created in large part to deal with unfair practices.

Mr. NORRIS. That is one of the superlative things emphasized at the time of the passage of the original act.

Mr. COSTIGAN. Does not that fact and the experience of the Commission in dealing with such practices especially equip it to serve under the bill being considered by the Senate?

Mr. NORRIS. I think so. I do not think that can be disputed. The members of the Commission are trained and experienced. The very law that provides for their existence requires that they shall be men of the type qualified to undertake this additional work. They have been engaged in work very similar to this—a part of it, I think, in reality—because the Senator from Florida has announced that if this amendment shall be defeated, and if this task shall be left to a special commission, he will offer another amendment to take away from the Federal Trade Commission authority to operate under the so-called "Securities Act." That act has been in operation for some time, and the Federal Trade Commission has had considerable experience with it.

I called on a member of the Federal Trade Commission for some information about the work they had done under that act. I shall not weary the Senate with any long statistics. I shall simply state that they have had a great many cases, running into the thousands, of little things that have arisen under the Securities Act. Every action they have taken stands at the present time. There has not been a single appeal from any action taken by the Federal Trade Commission under that act.

Let me give the Senate some of the figures. Under that act the Federal Trade Commission has made 144 orders. That is quite a number. Some of them are important. Some of them are of minor importance. Altogether there have been 144 orders. Those were what are called orders of withdrawal. Not a single appeal was taken, although appeal is allowed by law, from any order of withdrawal made by the Commission.

A corporation desiring to issue securities files schedules, and so forth, as provided by law, with the Federal Trade Commission; and in case of adverse action by the Federal Trade Commission an order of withdrawal is made. They do not allow securities to be issued in a particular case where they issue an order of withdrawal. Senators should realize that this is of tremendous importance in saving the investors of America from investing their hard-earned funds in securities that would be considered, if the whole facts were known, to be bad. That is what a withdrawal order means.

Altogether, the Federal Trade Commission has issued 105 of those orders. That means that already there have been 105 cases under the Securities Act in which the Federal Trade Commission has not permitted stocks and bonds to be issued and sold to the public. Of those 105 cases, 39 were stop orders. A stop order requires the corporation to

refrain from issuing any stock. From all those orders, as matters stand today, not one appeal has been taken.

I submit that the work already done by the Federal Trade Commission illustrates, and I think practically demonstrates, its equipment for the additional work provided for in this bill.

I said that in carrying out and fulfilling the duties of the Commission it has established offices in different parts of the United States, and has put in employees whose work many times is of a technical nature, whose duty it is to ferret out and assemble the facts before these orders are passed on. So the Commission is already doing a part of this work. It is doing it successfully, I think.

As a matter of fact, Mr. President, I think the work which the bill provides shall be done by this Commission is of tremendous importance. Do not get the idea that the country is not interested in this proposed legislation. People all over the country are watching it. The country, I think, has confidence in the Federal Trade Commission.

Mr. COUZENS. Mr. President, when was the Securities Act passed?

Mr. NORRIS. I do not remember now. If some other Senator has the date I shall be glad to yield to him, and let him give us the date.

Mr. BARKLEY. Mr. President, the act was passed very shortly before the adjournment of the last session, about the middle of last June.

Mr. NORRIS. Mr. President, I have said about all I have time to say. I sincerely trust we will bear in mind, first, that if we shall adopt this amendment there will be no offense to the committee. The committee practically stands even on it.

Mr. BARKLEY. Mr. President, the exact date of the approval of the Securities Act was May 27, 1933.

Mr. NORRIS. When the question was first asked by the Senator from Michigan I was about to say that the bill became a law a year ago. That is practically true. It has been in operation for just about a year.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to a concurrent resolution (H.Con.Res. 38), in which it requested the concurrence of the Senate, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed 18,000 additional copies of Public Law No. 216, Seventy-third Congress, entitled "An act to provide revenue, equalize taxation, and for other purposes", of wich 10,000 copies shall be for the use of the House document room, 5,000 copies for the use of the Senate document room, 2,000 copies for the use of the Committee on Ways and Means of the House of Representatives, and 1,000 copies for the use of the Committee on Finance in the Senate.

The message also announced that the House had passed the bill (S. 3235) to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

PRINTING OF ADDITIONAL COPIES OF REVENUE ACT

The PRESIDING OFFICER. The Chair lays before the Senate a concurrent resolution from the House of Representatives, which will be read.

The concurrent resolution (H.Con. Res. 38) was read, as follows:

House Concurrent Resolution 38

Resolved by the House of Representatives (the Senate concurring), That there be printed 18,000 additional copies of Public Law No. 216, Seventy-third Congress, entitled "An act to provide revenue, equalize taxation, and for other purposes", of which 10,000 copies shall be for the use of the House document room, 5,000 copies for the use of the Senate document room, 2,000 copies for the use of the Committee on Ways and Means of the House of Representatives, and 1,000 copies for the use of the Committee on Finance of the Senate.

Mr. FLETCHER. I move that the Senate concur in the House resolution.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida.

The motion was agreed to.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Colorado [Mr. COSTIGAN].

Mr. COSTIGAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Robinson, Ark.
Ashurst	Costigan	Kean	Schall
Austin	Couzens	Keyes	Sheppard
Bachman	Cutting	King	Shipstead
Bailey	Davis	La Follette	Smith
Bankhead	Dill	Lewis	Steiwer
Barbour	Duffy	Logan	Stephens
Barkley	Erickson	Lonergan	Thomas, Okla.
Black	Fess	McCarran	Thomas, Utah
Bone	Fletcher	McGill	Thompson
Borah	Frazier	McKellar	Townsend
Brown	George	McNary	Trammell
Bulkley	Gibson	Metcalf	Tydings
Bulow	Glass	Murphy	Vandenberg
Byrd	Goldsborough	Neely	Van Nuys
Byrnes	Gore	Norbeck	Wagner
Capper	Hale	Nye	Walcott
Caraway	Hastings	O'Mahoney	Walsh
Carey	Hatch	Overton	Wheeler
Clark	Hatfield	Pittman	
Connally	Hayden	Pope	
Coolidge	Hebert	Reynolds	

Mr. LEWIS. I rise to announce the absence of the Senators whose names I previously mentioned, to which I add the name of my colleague, the junior Senator from Illinois [Mr. DIETERICH], who has been summoned to his State on official business.

The PRESIDING OFFICER. Eighty-five Senators have answered to their names. A quorum is present.

The question is on the amendments offered by the Senator from Colorado [Mr. COSTIGAN], it having been agreed that they shall be voted on en bloc.

Mr. McNARY. Mr. President, I do not quite comprehend the suggestion of the Chair about voting on the amendments en bloc.

The PRESIDING OFFICER. It is the understanding of the present occupant of the chair that it was agreed yesterday that the three amendments submitted by the Senator from Colorado should be voted on en bloc.

Mr. ROBINSON of Arkansas. Mr. President, all the amendments, I may explain to the Senator from Oregon, have relationship to the same subject matter and are designed to carry out the principal purpose of the amendment, which is to substitute the Federal Trade Commission for the special commission reported by the committee. It is an entirely consistent proceeding.

Mr. FLETCHER. It is one subject covered by the three amendments.

Mr. ROBINSON of Arkansas. It is really one amendment.

Mr. McNARY. I can appreciate a parliamentary situation where the three amendments might be, in fact, covering one subject matter. If that is the situation, of course, I have no objection.

Mr. ROBINSON of Arkansas. That is entirely correct.

Mr. FESS. Mr. President, am I to understand that there are three places where we are going to strike out the provision for the special commission and insert the "Federal Trade Commission"?

Mr. ROBINSON of Arkansas. As I understand, the changes proposed by the amendments of the Senator from Colorado are designed to effectuate that purpose.

Mr. BARKLEY. If the Senate decides to substitute the Federal Trade Commission for the special commission, there are several places in the bill where the change will have to be made. The amendments of the Senator from Colorado cover all those changes.

Mr. FESS. Very well.

Mr. COSTIGAN. Mr. President, my attention has been called to certain language in lines 23 to 25 on page 10 of the bill, reading as follows:

> To complete its organization and to carry out its work during the first year after its establishment.

Those words, of course, imply that the Commission is to be established through the enactment of the bill. If the Federal Trade Commission should be chosen as the agency under the bill by the adoption of my amendment, the words I have read ought to be slightly modified, because it is already established. I ask to have substituted for the quoted words the following:

> To carry out its functions under this act during the first year after the date of the enactment of this act.

I request that this substitution be treated as part of the amendments which are to be voted on together.

Mr. COUZENS. Mr. President, I should like to ask the Senator from Colorado if his interpretation of his amendment includes the furnishing of a budget by the Federal Trade Commission for the execution of this work. The Senator will recall that some of our colleagues have complained about the proposed independent commission being free to tax the stock exchanges any amount it may choose. I understand the effect of the Senator's amendment is that the budget shall apply to it in the same sense that it is applied in the Securities Act and to other commissions. Is that correct?

Mr. COSTIGAN. It has been my assumption that the budgetary requirements will prevail under these amendments and under the law. It is true that the language with respect to expenses means that those expenses are to be estimated by the Commission. That is so under the bill as reported to the Senate by the Banking and Currency Committee. I do not interpret that language as obviating the necessity for budgetary precautions.

Mr. President, before the vote is taken I wish to read without further comment two paragraphs from the testimony of Commissioner Landis, an able member of the Federal Trade Commission, who appeared as the first witness in the stock exchange regulation hearings held on H.R. 7852 and H.R. 8720. I read from the testimony at page 23. Commissioner Landis said:

> Now it may be said why not take the Securities Act away from the Commission—

Referring to the Federal Trade Commission—

> and put it in the hands of whatever administrative authority may be chosen to administer the job of administering this act? It seems to me in a large measure that the answer to that is this—that the Securities Act has been administered and has been developed in the Federal Trade Commission where there is a corps of experts in whom I happen to have confidence. I think they have a morale that I would say is second to none in any Government department. It would be a shame to lose the benefits of those traditions. The building up of a successful, worthwhile efficiency has already been achieved there.
>
> Secondly, I think there is always danger attendant upon the establishment of new commissions. It takes some time for a commission to get started. The Federal Trade Commission, I think, can be credited with efficiency in operation, a tradition of true service, and one of integrity; all qualities demanded by an act of this type, and for that reason, the Commission itself, I think, feels that it would like to undertake an activity of this type.

Mr. President, I ask for the yeas and nays.

Mr. PITTMAN. Mr. President, I am opposed to the amendment of the Senator from Colorado because I do not agree with him that the Federal Trade Commission has experts in its employ who are familiar with the development and condition of the industries of the country. I am positive in my opinion, based on information I have received, that they have not anyone on the force of the Commission or on the Commission itself who knows anything on earth about the development of the mining industry of the country.

Mr. HEBERT. Mr. President, I understand the amendment of the Senator from Colorado proposes to substitute the Federal Trade Commission in every part of the bill for the special commission which is recommended by the committee. I invite his attention to the provisions in lines 16, 17, 18, 19, and 20, page 10, which authorizes the commission to levy certain annual assessments for payment of estimated expenses. There is no limitation upon the use of those funds derived from such an assessment. If the Federal Trade Commission is to be substituted for the special commission now provided for in the bill, there is no way in which such funds can be segregated. They might be used for any or all the expenses of the Federal Trade Commission and not be limited to the expense of supervising the administration of the provisions of this bill.

Mr. COSTIGAN. Mr. President, the House bill contains a provision in effect levying an assessment of one five hundredths of 1 percent on the amount of sales of securities, to be used to administer the provisions of the bill. The view I have of the legislative situation is that in conference some arrangement can be effected to take care of any such difficulty as is suggested by the able Senator from Rhode Island.

Mr. HEBERT. Mr. President, I confess that I do not know how an agreement can be entered into in conference when this provision is absolutely clear as it is worded here, and will be part of the enactment if the bill shall be passed.

Beginning in line 16 of page 10, the bill now reads:

> The Commission shall levy semiannually upon such exchanges an assessment sufficient to pay its estimated expenses and the salaries of its members and employees—

What Commission? The Federal Trade Commission.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. COUZENS. With respect to the matter that will be in conference, the House bill says, on page 56:

> Every national securities exchange shall pay to the Commission—

Referring to the Federal Trade Commission—

> on or before March 15 of each calendar year a registration fee for the privilege of doing business as a national securities exchange during the preceding calendar year or any part thereof. Such fee shall be in an amount equal to one five-hundredths of 1 percent of the aggregate dollar amount of the sales of securities transacted on such national securities exchange during the preceding calendar year.

I submit that if the amendment of the Senator from Colorado should be agreed to, this entire matter would be in conference—that is, the paragraph which the Senator read, which appears in our bill, and the paragraph which appears in the House bill—so that our conferees would be in a position, if the Federal Trade Commission should be designated, to adopt the language of the House providing for the collection of one five-hundredths of 1 percent.

Mr. HEBERT. Mr. President, that has absolutely no relation to this provision. This provision would still be in the bill and would provide funds for the Federal Trade Commission if the Federal Trade Commission should be substituted. It seems to me that we should legislate on our own account and not rely upon the conference or upon the provisions of the House bill.

It is not a difficult matter to provide a modification which will take care of this inconsistency. For example, after the words "sufficient to pay its estimated expenses and the salaries", and so forth, we may add the words "for the purposes of this bill."

Mr. BYRNES. Mr. President, I wish to suggest to the Senator from Rhode Island that the vote will be taken upon the amendment heretofore submitted by the Senator from Colorado. If the amendment shall prevail, then the matter to which the Senator from Rhode Island refers can well be considered, and he can offer an amendment to correct the language.

Mr. HEBERT. Mr. President, I understand that this very section is included within the amendment proposed by the Senator from Colorado. If that be so, and the amendment shall be adopted, then it will have been perfected, and will not be subject to further amendment, as I understand the rule.

Mr. BYRNES. I did not know that the amendment of the Senator from Colorado covered that point, but I see no reason why it cannot be perfected at this time. If the Senator has an amendment to offer, why does he not offer it?

Mr. HEBERT. It is not my amendment. I am suggesting a change in the amendment proposed by the Senator from Colorado, to clarify the language of his amendment.

Mr. COSTIGAN. Mr. President, yesterday I indicated to the Senate—doubtless in the absence of the Senator from Rhode Island—that section (d) on page 10 is not included in the amendments. Possibly confusion has arisen from the fact that this afternoon, in order to perfect the amendments, a change was suggested in the language in lines 23 to 25 on page 10; but in other respects the subdivision referred to by the Senator from Rhode Island is not touched by the amendments.

The PRESIDING OFFICER. The question is on the amendments offered by the Senator from Colorado.

Mr. COSTIGAN. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mrs. CARAWAY (when her name was called). On this question I have a pair with the Senator from Maine [Mr. WHITE]. I understand that if he were present, he would vote "nay." If I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Mississippi [Mr. HARRISON], who is necessarily detained. Not knowing how he would vote, I withhold my vote.

Mr. CUTTING (when Mr. NORRIS' name was called). The Senator from Nebraska [Mr. NORRIS], who is unavoidably absent from the Chamber, has a pair on this question with the Senator from Maryland [Mr. TYDINGS]. If the Senator from Nebraska were present and at liberty to vote, he would vote "yea", and I understand that the Senator from Maryland would vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). I transfer my pair with the Senator from Pennsylvania [Mr. REED] to the Senator from Georgia [Mr. RUSSELL] and will vote. I vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO], who is detained by illness. Not knowing how he would vote if present, I refrain from voting. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. LEWIS. I announce the absence of my colleague [Mr. DIETERICH], caused by official business, and desire to state that were he present and voting, I am authorized to say that he would vote "nay."

Mr. BARKLEY (after having voted in the negative). I have a pair with the senior Senator from Iowa [Mr. DICKINSON], which I transfer to the junior Senator from Illinois [Mr. DIETERICH] and will allow my vote to stand.

Mr. TYDINGS. May I ask whether or not my pair has been announced?

The VICE PRESIDENT. It has been. The Senator from New Mexico [Mr. CUTTING] announced the pair of the Senator from Maryland with the Senator from Nebraska [Mr. NORRIS].

Mr. STEPHENS (after having voted in the negative). Has the Senator from Indiana [Mr. ROBINSON] voted?

The VICE PRESIDENT. He has not.

Mr. STEPHENS. I have a pair with that Senator, and therefore withdraw my vote.

Mr. HEBERT. On this question the Senator from Missouri [Mr. PATTERSON] is paired with the Senator from Louisiana [Mr. LONG]. I am advised that if the Senator from Missouri were present, he would vote "nay" on this question, and that if the Senator from Louisiana were present, he would vote "yea."

I also desire to announce that the Senator from Iowa [Mr. DICKINSON], the Senator from Missouri [Mr. PATTERSON], the Senator from Pennsylvania [Mr. REED], the Senator from Indiana [Mr. ROBINSON], and the Senator from Maine [Mr. WHITE] are necessarily absent.

The result was announced—yeas 29, nays 51, as follows:

YEAS—29

Ashurst	Couzens	Lonergan	Schall
Austin	Cutting	McGill	Shipstead
Black	Duffy	McKellar	Steiwer
Bone	Frazier	Murphy	Vandenberg
Borah	George	Neely	Wheeler
Capper	Gibson	Norbeck	
Coolidge	Johnson	Nye	
Costigan	La Follette	Pope	

NAYS—51

Adams	Connally	Hatfield	Reynolds
Bachman	Copeland	Hayden	Robinson, Ark.
Bailey	Davis	Hebert	Sheppard
Bankhead	Dill	Kean	Smith
Barbour	Erickson	Keyes	Thomas, Okla.
Barkley	Fess	King	Thomas, Utah
Brown	Fletcher	Lewis	Thompson
Bulkley	Glass	Logan	Townsend
Bulow	Goldsborough	McCarran	Trammell
Byrd	Gore	Metcalf	Van Nuys
Byrnes	Hale	O'Mahoney	Wagner
Carey	Hastings	Overton	Walsh
Clark	Hatch	Pittman	

NOT VOTING—16

Caraway	Long	Patterson	Stephens
Dickinson	McAdoo	Reed	Tydings
Dieterich	McNary	Robinson, Ind.	Walcott
Harrison	Norris	Russell	White

So Mr. COSTIGAN's amendments were rejected.

Mr. REYNOLDS. Mr. President, I send to the desk and ask the clerk to read an amendment which I desire to offer.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed, on page 35, section 13, paragraph (d), to amend by changing the period after the word "issuer" to a comma, and adding the following:

And notwithstanding any of the provisions of sections 12 and 13 of this act, the Commission may require the issuer to file with the exchange or with the Commission only such information as is necessary to protect the public and investors in the securities of such issuer.

Mr. REYNOLDS. Mr. President, the purpose of the pending measure is to control the stock exchanges and to provide protection for the American public and for the investors.

I respectfully request and urge that my amendment be accepted, for it provides that the commission of five shall be privileged to secure from the corporations whose issues are listed upon the exchanges just such information as will be of benefit to the commission or to the Government in protecting the public and investors.

The measure was designed originally exclusively for the purpose of protecting the public and investors, and controlling the stock exchanges, and I can see no reason why this amendment should not be accepted. I ask for the yeas and nays.

Mr. BYRNES. Mr. President, I want to say only a word with reference to the amendment. The language of the bill as it now stands leaves to the commission the determination as to what is necessary or appropriate for the proper protection of investors and to insure fair dealing in securities. That is the language of section 13.

The effect of the language offered by the Senator from North Carolina would be to take from the commission the discretionary power. It would give to the court the power of immediate review and nullify the provisions of the bill as to hearings in cases where the corporation protests against the disclosure of the information.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from South Carolina yield to the Senator from Michigan?

Mr. BYRNES. I yield.

Mr. COUZENS. I should like to ask the Senator what he conceives the commission might ask for that would not be in the interest of the investor?

Mr. BYRNES. I do not conceive of anything. I am pointing out specifically what the effect of the amendment would be. Under the language of this very section it is provided that the commission may require information necessary or appropriate for the proper protection of investors.

This amendment is evidently for the purpose of making it possible for any person who is asked for information to go into the courts and request an immediate revision on the ground that the Commission is exceeding its authority.

Mr. COUZENS. Mr. President, I hope the amendment will not be agreed to, because I do not think the commission should be hobbled in any such way.

Mr. JOHNSON. Mr. President, may we have the amendment read again? I have tried to get a copy of it but have been told it is not in print.

The PRESIDING OFFICER. The clerk will again state the amendment.

The CHIEF CLERK. It is proposed, on page 35, section 13, paragraph (d), to change the period after the word "issuer" to a comma, and to add the following:

And notwithstanding any of the provisions of sections 12 and 13 of this act, the Commission may require the issuer to file with the exchange or with the Commission only such information as is necessary to protect the public and investors in the securities of such issuer.

Mr. JOHNSON. Mr. President, what does the word "only" relate to there? Will the Senator tell me to what the adverb relates?

Mr. REYNOLDS. The members of the commission proposed to be set up are to be privileged, under the pending measure, to make certain inquiries of corporations whose securities are listed upon the exchange. The members of the commission, under the measure, are privileged to inquire of corporations into their business, only to the extent of securing information sufficient to protect the public and to protect investors in general.

It is not to be the business of this commission, it is not the business of this Government, to inquire into the private affairs of any individual, or to inquire into the corporate affairs of any corporation, unless, under the provisions of this measure, the inquiries directed will be of material benefit to the commission in protecting the public and in protecting investors.

I say to the Senator from California, in passing, that the purpose of the measure is twofold: First, to control the stock exchanges; secondly, to protect the general public and the investors, and under this measure the commission will have the right to inquire into the affairs of any corporation only to the extent of securing information sufficient to protect investors.

Therefore, I have incorporated in the amendment and have employed the word "only", because the power of the commission should not go beyond their authority to collect information sufficient to protect investors.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. HEBERT. As I listened to the wording of the Senator's amendment, it occurred to me that it was covered in paragraph (K) of section 12, on page 30, which would authorize the commission to require such further financial statements as would be appropriate for the protection of investors. I understood that to be the purpose of the Senator's amendment, but it seems to me that is covered in paragraph (K).

Mr. REYNOLDS. Mr. President, I will say to the Senator from Rhode Island that I think my amendment clarifies the phraseology of the particular section.

I will say to the Members of the Senate that I am desirous of having the amendment adopted in order that the authority of the commission may be limited to the extent that they may not be privileged to delve more deeply into the affairs of a corporation than is necessary in order to protect the public and investors.

I am of the opinion that the public and investors have some rights in this matter, that they have some say-so, and in all fairness to the public and to those corporate institutions whose issues are listed on the stock exchanges, I think the amendment ought to be adopted, and I hope that it will be.

I ask for the yeas and nays.

Mr. FLETCHER. Mr. President, my position is that the amendment is wholly unnecessary. It simply uses language which is not needed or required in any way, and makes for confusion rather than clarity.

In the very beginning, section 13 provides:

SEC. 13. (a) The Commission may require every issuer of a security registered on a national securities exchange to file with the exchange and with the Commission in accordance with, and in such form and detail and at such times as may be prescribed by, such rules and regulations as the Commission may prescribe as necessary or appropriate for the proper protection of investors and to insure fair dealing in the security—

That is in the very outset of section 13, and it applies to all requirements under section 13.

Mr. STEIWER. Mr. President, I have no great concern about this amendment one way or the other, but I think there is some misunderstanding of the effect of the language presently contained in section 13 (a), and in the assumption that that language is substantially identical in effect with the amendment offered by the Senator from North Carolina.

Section 13 provides that the reports which are to be made shall be prescribed by rules and regulations, "as the Commission may prescribe as necessary or appropriate for the proper protection of investors."

Mr. President, that leaves the question of the scope of the reports in the discretion of the commission. I believe there is no question about that at all. When the commission, in the exercise of its power, makes the determination that is permitted under that language, such determination is final; if the amendment is agreed to, it becomes a question of the determination by the commission only in the first instance, and the corporation would have a right to appeal to the courts if the commission exceeded its authority and went further than the proposed limitation permits; whereas in the language as now written in the bill there would be no restraint on the commission, in court or otherwise, because the decision is discretionary with the commission, and its action could only be reviewed for abuse of discretion.

Mr. BYRNES. The Senator will agree with me that that must be the purpose of the amendment; that if the commission must determine, then that discretion is vested in the commission in the first paragraph of section 13. This language is a limitation upon the powers of the commission, and it must be meant by the limitation to give to the corporation the right to go into court, to prevent the commission from abusing its authority.

Mr. STEIWER. Undoubtedly it is a limitation. And I think it is reasonably clear that the adoption of the amendment would permit the corporation to resort to the court to determine whether the commission had exceeded its authority or had abused its discretion in requiring reports which are not related to the protection of the investor. Whereas under the language of the bill the determination by the commission would be final, there would ordinarily be no way to review its conclusion; and the nature, the extent and scope of the reports would be determined by the commission, and its determination would be final upon the subject.

Mr. BYRNES. Except in this respect, the Senator will agree that in the subsequent section of the bill, where it is provided that if the corporation deems the information is such that it should not be made public, they can, in furnishing the information, file such a statement, and they would have a private hearing by the commission, and if the commission then issued an order against the contention of the corporation, the corporation then has a right to go into the courts and appeal from that order.

Mr. STEIWER. I agree thoroughly, Mr. President, and I think if I were preparing the amendment offered by the Senator from South Carolina, I would consider very seriously putting it in the subsequent section, instead of at the end of section 13.

I will not detain the Senate by further consideration of this matter. I rather like the idea of giving to the corporations who are subject to this act the right to protect their essential interests by appeal to the courts. I shall, therefore, vote for the amendment. But I hope that no Senator will vote for it in the belief that it merely restates language already contained in the bill. I believe it does not do that but, on the contrary, makes an essential change in the language of the bill, and I imagine it was so intended by the Senator from North Carolina.

Mr. REYNOLDS. And brings about a limitation.

Mr. BARKLEY. Does the Senator yield the floor?

Mr. STEIWER. I yield the floor.

Mr. BARKLEY. I merely wish to call attention to the fact that section 12 of the bill deals with the registration of securities on the exchanges, and section 13 deals with the reports which are to be made from time to time after the securities shall have been registered.

This amendment is undoubtedly intended to restrict the power of the commission in requiring information for the benefit of investors, because the amendment begins by saying that notwithstanding any of the provisions of sections 12 and 13 the commission shall not do so and so. In other words, it is a nullification of many of the provisions of sections 12 and 13 and is intended to be a nullification of those specific provisions insofar as they may conflict with the language of the Senator's amendment. Otherwise, there would be no object in saying that notwithstanding any of the provisions of sections 12 and 13, which set out somewhat in detail the power of the commission in requiring reports, this language shall govern the commission in requiring these reports. One might as well move to strike out sections 12 and 13 entirely.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. REYNOLDS. I wish to say to the Senator from Kentucky that I am at variance with him upon that question. The intent of my amendment is to restrict the authority of the commission to a certain extent. I am of the opinion that no commission, no government, no one should be given authority to go beyond the intent of the act itself.

What is the intent of the act? There is but one interpretation that I can put upon it.

There is but one intent to it. There is but one thing in which we are all interested, and that one thing is the protection of the American investor. We are more interested in protecting the investor than we are interested in controlling the stock exchange, and I say that it is manifestly unfair to permit any commission, any individual, or any government to inquire into the affairs of a corporation and secure information which is not going to be of a single bit of benefit, material or otherwise, to the American investor.

Therefore I insist upon the employment of the word "only", which in this instance is to be interpreted as a limitation. Why should this commission be permitted to inquire into the business of a corporation beyond securing information that would be of benefit to the commission in protecting the American investor? On the contrary, I say to my colleague from Kentucky that it is not the intention to nullify any portion of the provisions of sections 12 and 13. It is the intention of the amendment merely to limit the prowling powers of the commission created under this act.

Mr. BARKLEY. Mr. President, in voting on this amendment we might as well understand that it is intended as a restriction of the authority of the commission as set out in sections 12 and 13. Otherwise, as I said a moment ago, one might as well strike out the language of sections 12 and 13, and say, in substitution for those two sections, "The Commission may require the issuer to file with the exchange or with the Commission only such information as is necessary to protect the public and the investors in the securities of such issuer", and let it go at that. That is all this amendment would mean, because it starts out, in substance, with the language "notwithstanding anything else in sections 11 and 12." Notwithstanding the subsections which are set out in detail in sections 12 and 13, those sections are to be null and void if they conflict with the language here employed.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. KEAN. Would the Senator rather add that the commission shall have uncontrolled discretion to make any rules it pleases? That is practically what is now provided.

Mr. BARKLEY. No; the Senator does not understand the language employed to mean any such thing.

Mr. KEAN. I understand the English language, and that is what I understand it to mean. It means that these matters are within the uncontrolled discretion of the Commission.

Mr. BARKLEY. Of course, we understand that if any Commission abuses its discretion, the courts are always available to anyone who is injured.

Mr. KEAN. I think that is what this sentence means; and I think the distinguished Senator from North Carolina has put in a limitation which ought to be there.

Mr. BARKLEY. I knew before the Senator spoke that he felt that way about it.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. FESS. I should like the Senator to point out where there is any such authority.

Mr. BARKLEY. It is not a specific authority granted in the bill; but no commission, no Government agency, can abuse a discretion conferred upon it by Congress without someone having the right to go into court and assert his rights as an injured party. The result of this amendment will be that everyone who dislikes any regulation which the commission may make, or is disinclined to furnish any information which the commission may demand, will immediately go into court and tie up the commission indefinitely, so that the information will be obtained so late that it will be of no value to the investing public or the prospective purchaser of an issue.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. REYNOLDS. The authors of the bill evidently have recognized the fact that the commission is to have no right whatsoever to interfere with the management of any corporation whose issues are listed on the stock exchange. That is evidenced by paragraph (d) of section 13, on page 35, which reads as follows:

> Nothing in this act shall be construed as authorizing the Commission to interfere with the management of the affairs of an issuer.

In other words, nothing in the bill shall be construed as authorizing the commission to interfere with the affairs of a corporation. That being true, and that being frankly in accordance with the terms of paragraph (d) of section 13, it naturally follows as a consequence that nothing in the bill shall be construed to empower the commission to extract from a corporation any more information than is necessary to protect the investor. That being true, I cannot see where objection can be found to the employment of the word "only" in the clause which says that the commission shall be permitted to secure only such information as will be of benefit to the investing public.

Mr. BARKLEY. The language on page 35 was put in the bill by the committee in order to allay the fears of business men and corporations that the Government was to be authorized to manage their business. There is a great deal of difference between managing the business of a corporation and requiring information to be filed in a public place for the protection of those who are not investors in it at the time but who may become investors. The bill recognizes the difference between the obligation of the Government and the corporation to those who are already stockholders

and those who are not stockholders but may be induced to become stockholders.

Any stockholder in any corporation has a right to get any information he wants from the corporation itself, but that opportunity is not available to the outsider. Therefore, in order that the outsider, who for one reason or another may be induced to invest his money in the stock of any corporation, may get the information, the commission is given the power to require a report and information on the registration of securities; and after they shall have been registered, the reports are to be made which will advise the public who may become stockholders later, of the true condition of the company in which they may invest.

Mr. HASTINGS. Mr. President, I think a careful examination by those persons who are interested in the passage of the bill will convince them that the amendment would not take away any very great power, but, on the other hand, would in effect be of great service to the commission itself in administering the law. I have carefully gone over the bill and prepared, as I have stated today, many amendments which I believe would improve it.

I believe the amendment offered by the Senator from North Carolina [Mr. REYNOLDS] has great merit and will do no particular harm. I may invite the attention of the chairman of the committee to the fact that if we adopt the amendment of the Senator from North Carolina we will relieve the Commission in many instances of complying with the letter of sections 12 and 13. I think it is readily conceivable that in many instances the Commission might not deem it necessary to comply with all the requirements of sections 12 and 13, but when they go back and look at the law and look at the directions contained in the law they will find that they are compelled to do it. But if we adopt the amendment offered by the Senator from North Carolina, we leave to the Commission some discretion in connection with the matter.

Of course, it has an additional advantage which I think is of great importance and which I think is not contained in the bill at this time. It would give to the persons interested an opportunity to appeal to the courts because of an abuse of the discretion granted under the bill. So far as I can discover, there is nothing in the bill which gives the court jurisdiction of anything except to impose penalties for the violation of the provisions of the bill and the rules and regulations of the Commission. I may be in error about that, but for the moment I do not recall anything in the bill to that effect.

If we shall adopt the amendment and give to the distressed corporation, if it believes it is distressed, an opportunity to go before the court to show that it is an unreasonable request or an unreasonable demand made upon it by the Commission, we will give great confidence to the corporation which is now distressed by the terms of the bill.

But that is not the only advantage in adopting the amendment. If we should adopt the amendment, we would save the Commission tremendous work, in my judgment. We would save great labor to the Commission, because the adoption of the amendment would give the Commission an opportunity to waive in certain instances the requirements now demanded by the two sections. By doing that we would eliminate a lot of the work involved and at the same time give to the Commission, which is provided under the bill, sufficient authority to demand that which may be unnecessary in their judgment.

Mr. ROBINSON of Arkansas. Mr. President, with the approval of the chairman of the committee in charge of the bill, I desire to submit a request for a limitation of debate to take effect tomorrow. It had been hoped that the measure might be disposed of today. Apparently that cannot be done. I therefore ask unanimous consent that tomorrow debate be limited so that no Senator shall speak more than once or longer than 15 minutes on the bill, nor more than once nor longer than 10 minutes on any amendment that may be pending or that may be offered.

The PRESIDING OFFICER (Mr. LOGAN in the chair). Is there objection to the request of the Senator from Arkansas?

Mr. KEAN. Mr. President, I am sorry; I must object. I have an amendment the discussion of which will take longer than the time suggested by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Very well. I ask unanimous consent that when the Senate completes its labors today it take a recess until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered. The question is on the adoption of the amendment submitted by the Senator from North Carolina [Mr. REYNOLDS].

Mr. REYNOLDS. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. ROBINSON of Arkansas (when his name was called). I transfer my pair with the Senator from Pennsylvania [Mr. REED] to the Senator from Georgia [Mr. RUSSELL], and I will vote. I vote "nay."

Mr. TYDINGS (when his name was called). On this question I have a pair with the senior Senator from Nebraska [Mr. NORRIS]. I understand that if he were present he would vote in the same way I shall vote. Being at liberty to vote, I vote "nay."

The roll call was concluded.

Mr. BARKLEY. Has the senior Senator from Iowa [Mr. DICKINSON] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. BARKLEY. I have a pair with the Senator from Iowa, which I transfer to the junior Senator from Illinois [Mr. DIETERICH], who is necessarily detained, and will vote. I vote "nay."

Mr. ROBINSON of Arkansas. I regret to announce that the Senator from California [Mr. MCADOO] is detained from the Senate by illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Washington [Mr. BONE], and the Senator from Idaho [Mr. POPE] are detained in a meeting of the Committee on Agriculture and Forestry.

The Senator from Mississippi [Mr. HARRISON] is necessarily detained from the Senate.

The Senator from Georgia [Mr. RUSSELL] is detained by a death in his family.

The Senator from Arizona [Mr. HAYDEN], the Senator from Montana [Mr. ERICKSON], the Senator from Illinois [Mr. LEWIS], the Senator from Louisiana [Mr. LONG], the Senator from Mississippi [Mr. STEPHENS], the Senator from Nevada [Mr. PITTMAN], the Senator from New York [Mr. WAGNER], the Senator from Arkansas [Mrs. CARAWAY], and the Senator from Florida [Mr. TRAMMELL], are necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Indiana [Mr. ROBINSON] with the Senator from Mississippi [Mr. STEPHENS];

The Senator from Maine [Mr. WHITE] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER];

The Senator from Oregon [Mr. MCNARY] with the Senator from Mississippi [Mr. HARRISON];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from California [Mr. MCADOO]; and

The Senator from North Dakota [Mr. FRAZIER] with the Senator from Illinois [Mr. LEWIS].

The result was announced—yeas 22, nays 47, as follows:

YEAS—22

Austin	Gibson	Hebert	Schall
Barbour	Goldsborough	Kean	Steiwer
Carey	Gore	Keyes	Townsend
Copeland	Hale	McGill	Vandenberg
Davis	Hastings	Metcalf	
Fess	Hatfield	Reynolds	

NAYS—47

Adams	Barkley	Bulow	Clark
Ashurst	Black	Byrd	Connally
Bachman	Brown	Byrnes	Coolidge
Bailey	Bulkley	Capper	Costigan

Couzens	Johnson	Neely	Thomas, Okla.
Cutting	King	Norbeck	Thomas, Utah
Dill	La Follette	Nye	Thompson
Duffy	Logan	O'Mahoney	Tydings
Fletcher	Lonergan	Overton	Van Nuys
George	McCarran	Robinson, Ark.	Walsh
Glass	McKellar	Sheppard	Wheeler
Hatch	Murphy	Shipstead	

NOT VOTING—27

Bankhead	Frazier	Norris	Smith
Bone	Harrison	Patterson	Stephens
Borah	Hayden	Pittman	Trammell
Caraway	Lewis	Pope	Wagner
Dickinson	Long	Reed	Walcott
Dieterich	McAdoo	Robinson, Ind.	White
Erickson	McNary	Russell	

So Mr. REYNOLDS' amendment was rejected.

REPEAL OF CERTAIN SECTIONS OF REVISED CODE OF LAWS RELATING TO INDIANS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians, which was to strike out all after the enacting clause and insert "That sections 2111, 2112, 2113, 2120, 2134, 2147, 2148, 2149, 2150, 2151, 2152, and 2153 of the Revised Statutes (U.S.C., title 25, secs. 171, 172, 173, 186, 219, 220, 221, 222, 223, 224, 225, and 226) are hereby repealed."

Mr. WHEELER. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PROGRESS REPORT OF TENNESSEE VALLEY AUTHORITY

The PRESIDING OFFICER (Mr. LOGAN in the chair) laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Agriculture and Forestry.

To the Congress:

I transmit herewith for the information of the Congress copy of a communication from the Tennessee Valley Authority reporting progress of the work of the Authority in carrying out the program for the development of the Tennessee Valley.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 10, 1934.*

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. LOGAN in the chair), as in executive session, laid before the Senate messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that tomorrow, after the hour of 2 p.m., debate be limited so that no Senator shall speak more than once or longer than 15 minutes on the bill, or more than once or longer than 15 minutes on any amendment that may be pending or that may be offered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. STEIWER. Reserving the right to object, I desire to dispose, if possible, of one very brief matter in order to know whether or not the proposal is acceptable to me.

At the first opportunity I wish to offer an amendment to exclude or exempt the railroads from the provisions of sections 12 and 13 of the bill. I rather think the committee may be agreeable to that proposition; and if so, it will not take any considerable time to dispose of it. If they are going to contest the matter, I desire to argue it, because I think the amendment is of the very greatest importance, almost rising to the dignity of necessity. If the subject is to be debated and argued here, I shall very reluctantly be obliged to object to the unanimous-consent agreement proposed by the Senator from Arkansas, or else ask to be permitted to proceed tonight with respect to the question.

Can the chairman of the committee enlighten me as to the attitude of the committee on that subject?

Mr. FLETCHER. Mr. President, the matter is one which we have not as yet considered. I should like to submit it to the committee and have it considered. In the meantime, I may say to the Senator that I am sure I shall not take over 10 minutes on the subject, and I do not know that any other Senator will.

Mr. STEIWER. An extended debate would require much more time than proposed by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Let me point out to the Senator from Oregon that under the agreement I have requested there will be 3 hours of debate before the limitation goes into effect.

Mr. STEIWER. That is true; but I had understood that the Senator from New Jersey [Mr. KEAN] wished to consume part of that time. I do not know how much of it he will use.

Mr. ROBINSON of Arkansas. Yes; the Senator from New Jersey has announced that he wishes to speak for some time. I do not anticipate that his address will require over an hour, however, although I have no authority to speak for him.

Mr. STEIWER. Will the Senator from Arkansas yield to me in order that I may offer the amendment at this time? I think that will dispose of the matter, so far as I am concerned.

Mr. ROBINSON of Arkansas. Very well.

Mr. STEIWER. I offer the amendment which I send to the desk. With that understanding I shall not object to the request of the Senator from Arkansas.

Mr. STEIWER's amendment was, on page 34, line 21, to strike out the period and insert a colon and the following:

Provided, That carriers subject to the provisions of section 20a of the Interstate Commerce Act, as amended, shall not be subject to any provision of sections 12 and 13 of this act, except that the Commission may require that such carriers file with it duplicate copies of reports or other documents filed with the Interstate Commerce Commission.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. ROBINSON of Arkansas. The amendment of the Senator from Oregon has been offered. I now ask that the question be put on the request for a unanimous-consent agreement.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Arkansas?

Mr. MCNARY. Mr. President, I have no objection to the proposal. It quite meets with my accord, except that I desire to have it understood that there will be a recess not later than 5:30 this evening.

Mr. ROBINSON of Arkansas. I understand that the Senator from Florida [Mr. FLETCHER] is ready to have a recess taken. I should like to have this agreement entered into, because I am compelled to leave the Chamber.

Mr. HEBERT. Mr. President, reserving the right to object to the proposed unanimous-consent agreement, I have some amendments which I should like to offer and have lie on the table, reserving the right to call them up tomorrow.

Mr. ROBINSON of Arkansas. Certainly; the Senator may do that. There is nothing in the proposed agreement that would prevent him from offering amendments.

Mr. HEBERT. Very well. I wanted to have that made clear.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement proposed by the Senator from Arkansas? The Chair hears none, and it is so ordered.

PREVENTION OF CRIME

Mr. REYNOLDS. Mr. President, I recall with a great deal of gratification that last summer my colleague from the State of New York, Hon. ROYAL S. COPELAND, devoted his entire vacation to visiting a number of sections of our coun-

try as chairman of a subcommittee making a study of crime, its causes, and its prevention. I recall, likewise with a great deal of gratification, that from time to time I noted through the columns of the press of the country the remarkable work he was doing on behalf of the American people; and during the several months he was engaged in that splendid work he was successful in unearthing a number of facts which were, are now, and will prove to be in the future of inestimable value to the Department of Justice.

I recall at this hour, Mr. President, all the fine work the Senator from New York did, and I think the American people owe him a deep gratitude for his magnificent accomplishments.

At this hour, Mr. President, I wish to bring to the attention of the Senate the fact that the press this morning stated that Mr. Insull had been returned to Chicago and lodged in jail, and soon the prosecutors of the Government will be called upon to prosecute his case in the Federal courts.

I likewise recall at this hour that there is at large one of the most desperate men this country has ever known. If one may believe the press, 35 lives or more have been stricken down as the result of the wanton, willful, murderous acts of John Dillinger. But, with abiding confidence in Mr. Edgar Hoover, the Director of the Bureau of Investigation, Department of Justice, and with abiding confidence in that great prosecutor, Joseph B. Keenan, Assistant Attorney General of the United States in charge of criminal prosecutions, I still believe in the law-enforcement authority of this great Government, and believe that ere long, before many suns shall have set, that dastardly criminal will have been apprehended and punished.

At this time I ask unanimous consent that there be published in the RECORD a most interesting article which I have but recently read entitled "The Price of Crime—Criminals Steal Four Times More Than Government Spends—Racketeers and Kidnapers Toll Mounts into Billions Yearly, Causing Tax Jumps."

In passing, I wish to say that in the body of this article I note that it is stated that for every single dollar an individual pays in taxes to his Government, he pays to the racketeers of this country 25 cents. One fourth he pays to the racketeers, the criminals of the land.

This article I have clipped from the June issue of the Nationalist, a monthly newspaper published in Washington, D.C., by L. M. Cadison.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE PRICE OF CRIME—CRIMINALS STEAL FOUR TIMES MORE THAN GOVERNMENT SPENDS—RACKETEERS' AND KIDNAPERS' TOLL MOUNTS INTO BILLIONS YEARLY, CAUSING TAX JUMPS

The greater problem confronting the people of the United States today is the specter of crime. Not only is there more lawlessness and more sinister type of malefactor in this country than in any other but the increase is appallingly rapid.

You cannot have such a condition of affairs without the cost mounting to figures that stagger the imagination. And the physical injury, the mental anguish, which results to the peaceful, industrious elements of the population is a tragedy not to be computed in the terms of dollars and cents.

The unthinking and the uninformed suppose that all of America's current difficulties can be explained as the fault of nobody in particular, and that it will disappear when the time has come—like a good crop season succeeding a bad one. It has even been said that racketeering has felt the pinch of the shortage of money, and is not flourishing as it used to. Nothing could be further from the truth than this last. The depression was, in a large degree, brought about by crime. Despite the vast boosting of Federal and State budgets to combat unemployment, the criminal still takes a toll four times larger than the sums expended by Government agencies.

If we could conquer crime, there would be an immediate reduction in taxes, direct and indirect, and the depression would be ended. But let us get down to cases, and review some simple statistics.

It has been estimated by experts that some 400,000 men and women in the United States make their living through crime, ranging from murder and kidnaping to the picking of pockets. Of these not less than 120,000 are active, vicious killers and strong-arm men. Their ranks are recruited daily, hourly. For there are actually 121,000 persons confined in Federal and State prisons and reformatories, a figure equaled by the number of the worst desperadoes continuously at large and more than tripled by the main body of the criminal class.

HUGE INCREASE IN CROOKS

The growth of crime has been constantly and progressively augmented since 1850. In that year, when the population of the country was about 23,000,000, there were only 7,000 criminals in jail. Today, with 123,000,000 inhabitants, we have the 121,000 convicts mentioned above. In other words, while the rate of increase in population since 1850 has been 5.4, the increase in crooks safely behind lock and key has been 17.3—more than three times as great.

CRIME

It may be comforting, for a brief moment, to feel that the authorities are jailing three times as many offenders as formerly. But optimism fades when we stop to realize that crimes committed—particularly undetected, unpunished crimes—have multiplied on a far more tremendous scale than that. Murder, for instance, has increased 350 percent in 35 years, or 10 percent per year since 1900.

Twelve thousand murders are now committed annually in this country of ours. An average of 1,000 persons are being murdered every month, 33 every day, 1 every 45 minutes. The overwhelming majority of victims are not being adequately avenged. The rest of the community is not being protected from a similar fate. In 1926, a typical year, when almost exactly 12,000 homicides occurred, more than 99 percent of the perpetrators were either never arrested, or did not receive the death penalty. In round figures, 11,925 fiends escaped execution. Only 75 went to the gallows or the electric chair.

That same year in London, where punishment under English law is certain and swift, just 17 murders occurred, or one to every half million of the population. The United States ratio had been 50 to every half million. It should also be borne in mind that most of the homicides listed as murders in London would not be so classified here, where the term manslaughter is stretched to allow many a cruel-hearted killer to evade full responsibility.

MORE LIVES SNUFFED OUT

During the century and a half since the founding of the Republic we have had six major wars. The number of men killed in action in these wars, excluding those who died from the result of wounds, reached the following totals:

Revolutionary War	4,044
War of 1812	1,950
Mexican War	1,192
Civil War	67,058
Spanish-American War	966
World War	37,541
	112,751

We see, therefore, that with a 12,000 yearly murder rate, it takes less than 10 years for this hideous form of casualty to surpass our entire loss of men who faced their country's foes. In the 15 years that have elapsed since the end of the World War, 180,000, or more than five times as many as perished honorably on the European battlefields, have been murdered in the United States.

The dreadful social cancer of racketeering is a comparatively recent growth. But it has been a very rapid one. It is a gangsterized industry, led by cunning and ruthless master criminals, who buy the cooperation of venal politicians, corrupt police officials, and mercenary lawyers. The term "racket" has been defined as a "getting control of a particular industry or trade, usually, though not always, in a perfectly legal way, for a professedly worthy purpose, and then committing extortion by blackmail, violence, coercion, intimidation, murder, arson, kidnaping, or bombing."

Few businesses or trades have escaped the attention of the racketeers. In many parts of the country they have terrorized milk dealers, with resulting increase of price, which has deprived tens of thousands of babies of the milk they should have had. Racketeers are deep in the cleaning and dyeing, ice, coal, undertakers, florists, ice-cream, laundry, building, and other trades. In Chicago about 200 different kinds of rackets are now being worked. New ones are invented every week.

The atrocities perpetrated by this type of offender to compel obedience on the part of the refractory citizens are so well known that it is scarcely necessary to repeat them. The hand grenade, called a "pineapple", tossed in to wreck the premises is considered a mild reprisal by the gang leaders. Only too often machine guns come into play and there is wholesale murder. Kidnapings, so that the victims may be tortured at leisure, are practiced in cases when the issue is considered of sufficient importance.

THREE THOUSAND KIDNAPED YEARLY

Incidentally there are 3,000 kidnapings annually in the United States, 100,000 felonious assaults, 50,000 robberies, 40,000 burglaries; and 5,000 arsons. No other land on earth is cursed by anything approaching the magnitude of this catalog of evil.

As to the cost to the public in hard cash—the price of crime, so to speak—the figures have reached proportions so great as to be almost incredible. Yet those offered below are the outcome of careful estimates, and are but too accurate.

America's crime bill for the prevention and punishment of lawbreaking, the maintenance of jails and other penal institutions, the loss of property by fraud or destruction by arsons is $13,000,000,000, which is three times greater than the annual cost of conducting the Federal Government of the United States.

In addition the sums looted by racketeers and robbers or obtained through the illicit traffic in narcotics pile up to $17,000,000,000. Of this colossal amount $2,000,000,000 are credited to the dope trade, and that is five times what it cost to dig the Panama Canal.

The human brain reels when asked to contemplate such totals. It is possible to get some notion of their actual meaning only by studying some of the details and by making comparisons.

The first amount—the 13 billions—would naturally be greatly reduced were crime abolished or materially lessened. We now pay high taxes for the support of courts, prisons, police departments, and other crime-combating agencies. We also pay increased rates for fire, burglary, and theft insurance because of the abnormal risk due to the large number of incendiaries, burglars, and thieves there are in this country. Nor is it necessary for a person to be a taxpayer in order to help foot America's tremendous annual crime bill. The business man who is required to pay higher taxes because of crime conditions, or who is forced to pay tribute to the racketeer, naturally adds the amount to the retail price of the merchandise sold or the service rendered. The consumer is the person who, in the last analysis, shoulders the financial burden—and every man, woman, and child is a consumer.

TAXES TAKE A LEAP

According to the figures of the United States Treasury Department, the total Federal, State, and municipal taxes average $78.26 for every individual living in the Republic, of no matter what age or sex, man, woman, or child. The two thirds of this amount goes toward fighting crime with inadequate and even pitiable results has been clearly shown.

But the 17 billions collected by the racketeers must also be regarded as a tax. That literally is what it is, for the sum is not contributed by the people of their own free will. It is extorted and wrested from them. Each one of us pays the underworld an average of $140 a year—in other words, twice the legal tax of $78.26.

There is no better way to make the reader understand this fully than to show him how legal taxation affects him at every turn of his existence, with every breath he draws. The International News Service recently conducted a survey on the subject, which brought out the following facts:

The tax collectors for Federal, State, and municipal government took from the average citizen last year between 15 and 25 percent of the money he earned. When an American is born the lumber in his cradle is taxed as well as the coal in the furnace to keep him warm. The baby powder sprinkled over his body is taxed; so is his baby ring and later on his toys. His swaddling clothes fall within the processing (manufacturing) tax on cotton, and the cost of his cereal is boosted by the processing tax on wheat. The telephone message which brought the doctor and the telegram which announced the happy event to his relatives are gestures upon which a tax can be imposed. The gas with which his milk is heated and the electric light which is turned on when he cries at night are taxable.

As Mr. American grows up, his parents may move to the suburbs to give him more healthy surroundings. The deed to the new house costs more because of the tax levy. The mortgage contributes a tax of $5 for every thousand. There is a tax passed on when the automobile is bought. The tires are taxed. There is a mulcting for the auto license. The State and Federal gasoline tax costs from $35 to $50 a year.

If the family should remain in a city apartment, the real-estate tax of the municipal government is passed on in the form of higher rent charges by the landlord. The baby no sooner reaches an age to buy things for himself than he becomes a constant taxpayer. He learns to chew gum (Federal tax), uses baseball equipment (sporting-goods tax for Federal Government), eats candy (taxed, of course), practices on a taxable piano or violin, listens to a taxable radio, eats ice cream from a taxable refrigerator, and lights his first cigarette (6 cents revenue tax a package) with matches which he only imagines to be free since someone has paid a tax on them.

Arrived at manhood now, Mr. American pays a ticket tax for his football games, his movies, and his theaters. He buys his girl a ring or a fur coat—perhaps both (miscellaneous Federal tax)—looks at his taxable clock and hurries to the marriage-license bureau, where a little fee is extracted from him. He goes on his honeymoon and pays a head tax on the steamer. He chips in with both a Federal and State income tax. He pays 2 cents for every check he draws, 10-percent tax on his safety-deposit box in the bank, and averages about $50 a year for Government internal-revenue taxes on liquor.

DEATH IS ALSO TAXED

Even death brings no release, because he is charged a tax on the cemetery plot he buys, and after he is gone the inheritance tax commissioner gives his estate a final check-up and takes a good slice of it for Uncle Sam.

These details have been insisted upon to give an idea of how the annual $78.26, the average for every living soul within our borders, is obtained by the Government. Now, try to imagine the infinite ramifications by means of which the $140 criminally gouged by racketeers is added to the burden of the citizen's existence. From the cradle to the grave, we pay both the underworld and the Government, and we pay the underworld twice as much!

It is estimated that from $200,000,000 to $600,000,000 is paid out as tribute by business in New York City, practically every legitimate activity being victimized. A good part of the money thus robbed goes into the pockets of the political protectors of the racketeers. Chicago's contribution to this form of banditry is around $165,000,000 a year.

The net income of "Scarface" Al Capone is declared by Charles Francis Coe, author and criminologist, to have been $30,000,000 in good years. He collected immeasurably large sums, of course, but distributed the difference between his gross and net among the official grafters who "covered" him and among his own red-handed associates.

It is true that Capone was finally brought to justice and is now sojourning in Atlanta Federal Penitentiary. But his gang was not broken up. Other brigands are carrying forward his monstrous work in Chicago.

THE FRENCH GANGSTER

The French handle this sort of thing more efficiently than we do. A few weeks ago there was seized in the city of Marseilles a gangster leader named Venture Carbone, whose methods bore a striking resemblance to those of Chicago's Capone. The Marseilles thug ran the sport racket in the south of France, fixed prize fights and bicycle races, operated or collected from gambling dens, handled the far-flung Riveria dope-peddling ring, took a rake-off from a white-slave traffic to Egypt and South America, and juggled the elections of political officials to suit those who paid the highest for his services. Sounds just like home, doesn't it?

When the French police were ready to arrest Carbone, however, they also gathered in his two principal lieutenants, known as "the Baron" and "Spirito." They completely smashed the gang and have promised to finish the job of cleaning up Marseilles before the year is ended.

How is America to save herself from the damnable incubus of crime? That is the crux of the matter, the justification for spreading horrible truths before the public. It has become the duty of every honest medium of the printed word, of every sincere writer, to warn America of the utter destruction toward which she is heading and to call upon her to protect future generations of her children by scotching the criminal class now.

PERSHING WARNS NATION

Gen. John J. Pershing struck the right note in an article published in the American Magazine of June 1932 when he wrote:

"Make no mistake about this: Our Nation is confronted by a crisis as serious as the crisis of the war. * * * In the war, once we were aroused, we made an effort that astounded the world. Just so today the American citizen, once he is aroused to the dangers that menace his country, will, I devoutly hope and believe, gloriously redeem his indifference of the past."

The subject of General Pershing's article was Crime. Who should know better than he the reality of the comparison he drew with war? With 400,000 vile and conscienceless persons engaged in a civil war with the rest of the community, we have been so blind as to handle their offenses as though the latter were misdemeanors committed in times of peace. That has been the trouble.

Well, the ways of peace for peace—but the ways of war for war! We must organize against the criminals and stamp them out. We must show them no mercy until the lawbreaking has been reduced at least to the rare and furtive phenomenon that it is in England today.

In the month of April this year there was arrested in New York City a malefactor named Vincenzo Tisbo for whom the police had been looking for 12 years. This man had been the head of a private bank, which had failed in 1923 for $2,000,000. Its crash had ruined thousands of poor Italians who had intrusted their entire savings to it. The State contended that the failure was the result of a downright swindle. Nine larceny indictments were returned against members of the Tisbo firm. But the head of it had vanished as if the earth had swallowed him.

His recent arrest was not accomplished by the police. It was the result of the tireless energy and tenacity of another Italian, Joseph Tarantino, who had lost $5,000, and who had sworn to be avenged.

Tarantino visited many American cities in search of Tisbo, but always the clues he had been following up proved to be false. Finally, he went to Italy, located his man's brother and made friends with him. He learned that Vincenzo Tisbo was still in New York, that he had been a bootlegger and was now in the alcohol business.

On a tip he called a telephone number and ordered some alcohol. Tarantino recognized the voice that answered him as belonging to Tisbo. He got the latter over to his house, locked him in the cellar, and forced him to confess. Then he turned him over to the authorities—the score relentlessly evened at the end of 12 long years.

This was a case of private justice, a practice not to be universally recommended because it might be misused by muddleheaded persons and degenerate into lynch law. But it is cited as a unique illustration of resourcefulness and determination, wherein the methods were justified and were brilliantly carried out. It should serve as an example to the police. We must require of our police that they shall always pursue the enemies of society

and effectively as Joseph Tarantino ran down his foe, the fugitive banker, Tisbo.

NEEDED REFORM

One of the most needed reforms today is a tightening of the whole structure of criminal law. Measures which have been endorsed by the American Bar Association have been presented to nearly every legislature in the United States. The program has been supported by leading lawyers and judges everywhere, but has been assailed so bitterly in the legislatures that few States have accepted it even in part, and none in its entirety. It would seem that sinister influences are at work through the lawmakers. The remedy, of course, is for the people—of whom you are one—to bring pressure to bear upon your legislators, and to turn out of office at the next election those who will not vote for criminal-law reform.

In short, America's salvation lies in the creation, crystallization, and operation of public sentiment against crime. Such sentiment must then be made effective through fighting organizations. The loyal citizen is weak as an individual in combating crime, but as a member of a militant organization he is strong.

All well-meaning persons are urged to enlist for the war. They can do this by joining one or more of the many societies which have come into existence for the purpose of redeeming our country from the grip of the murderer, the gangster, and the racketeer. The Councils of '76, of the United States Flag Association, are specifically recommended. They are doing a magnificent work under the inspiring slogan of "Crime Must Go."

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. VANDENBERG. Mr. President, if I may have the attention of the Senator from Florida, I am about to offer an amendment on page 36, which I think meets with the approval of the committee. The amendment relates to the exemption of localized securities from the over-the-counter provision of the bill. It has been the subject of very careful consideration and of conferences for 2 days, and it is my understanding that the Senator from Florida is satisfied to accept the amendment, on the basis on which it is now proposed, and I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 36, line 12, after the word "obligations", it is proposed to insert a comma and the following words: "or unregistered securities the market in which is predominantly intrastate and which have not previously been registered."

Mr. FLETCHER. I have no objection to that amendment, and it may be agreed to, so far as I am concerned.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, I desire to suggest one further amendment, concerning which I think there will be no controversy. I call the attention of the Senator from Florida to the fact that there is no penalty provided in the bill for the misuse of confidential information by any of the personnel of the new commission, which is to be in first-hand touch and often confidential touch with these utterly important sources of information. The only penalty clause which relates to them in any way is found on page 48, subsection (b) of section 23, which is a penalty merely against the disclosure of such information.

I suggest an amendment on page 48, line 22, after the words "Commission", by adding the words "or to use for personal benefit." In other words, we would penalize not only the disclosure of this information, but also we would penalize the use for personal benefit. I am sure there can be no objection to that, and I am certain that it must have been an oversight that it was left out.

Mr. FLETCHER. Mr. President, I have no objection to that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. DUFFY. Mr. President, I desire to present an amendment and have it stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 34, line 17, after the words "United States", it is proposed to insert the words "or of any State."

Mr. DUFFY. Mr. President, this amendment has been submitted to the chairman of the committee. It makes the language identical with that of the bill on this subject which passed the House. It was presented to my attention by the National Association of Railroad Utility Commissioners. They were fearful that unless this provision as to transactions which are entirely intrastate were inserted, their power might in some way be limited. I took the matter up with the chairman of the committee, and understood that there was no objection to the amendment.

Mr. FLETCHER. Mr. President, I did see the amendment, and there may be some objection to it. There was discussion of a similar matter before the committee, as I recall. Indeed, I believe the very question was debated, and the committee did not favor it. I think it had better go over until tomorrow.

Mr. DUFFY. Very well.

RECESS

Mr. FLETCHER. I move that the Senate take a recess until 11 o'clock a.m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 25 minutes p.m.) the Senate took a recess until tomorrow, Friday, May 11, 1934, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 10, 1934

DEPARTMENT OF THE TREASURY

GENERAL COUNSEL

Herman Oliphant, of Baltimore, Md., to be General Counsel for the Department of the Treasury.

BUREAU OF INTERNAL REVENUE

ASSISTANT GENERAL COUNSEL

Robert H. Jackson, of Jamestown, N.Y., to be Assistant General Counsel for the Bureau of Internal Revenue.

SECRETARY IN THE DIPLOMATIC SERVICE

Leon Dominian, of New York, now a Foreign Service officer of class 3 and a consul general to be also a secretary in the Diplomatic Service of the United States of America.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 10, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Eternal and most merciful Father, how grateful we are that we have in Thee the source and the divine disclosure of all those virtues by which we live and by which the home and friendship survive and man is redeemed. We pray Thee that we may control any pride which lifts us above and out of any sympathy with others. O lead us to stand for the rights, the dignities, and the honors of our fellow men. Blessed Lord, subdue those lower faculties, appetites, and passions which make discord in our country. Deliver all men from the sternness, the restraints, and the rigor of winter, and bring them into the joy of spring and the promise of summer. We entreat Thee, our Father, that we may live and labor for liberty, for the prevalence of happiness, and for the diffusion of noble ideas. We praise Thee that some day we shall know how full and glorious is that truth—"The memory of the just is blessed." Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

The SPEAKER. Under the special order for today, the gentleman from New Jersey [Mr. KENNEY] is entitled to 30 minutes at this time.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, if the gentleman will yield, I wish to submit a unanimous-consent request.

The gentlewoman from New Jersey [Mrs. NORTON], Chairman of the Committee on the District of Columbia, asked me a few days ago to submit a request to the House to transfer District business, which will be in order on Monday next, that being District day, to Thursday, May 17, on account of the fact that the primaries in New Jersey are to be held on Tuesday. Since that time the gentlewoman has been called to her home on account of the very serious and critical illness of her husband. I have not heard from her, but I presume she still wants the request submitted.

I have spoken to the ranking member of the Committee on the District of Columbia, and the gentleman says he has no objection to it.

Mr. SNELL. Mr. Speaker, reserving the right to object—and I shall not object—I may say the gentlewoman from New Jersey [Mrs. NORTON] spoke to me about this matter a few days ago. So far as I know, there is no objection on this side to the request.

Mr. BYRNS. The gentlewoman from New Jersey told me she had spoken to the gentleman from New York about it.

Mr. Speaker, I wish to add to the request, if there is no objection, that on Monday it shall be in order to call the Consent Calendar, and if that is concluded before adjournment, that we take up the Private Calendar for the consideration of bills unobjected to, beginning at the star.

Mr. BACHARACH. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BACHARACH. I happen to know that the gentlewoman from New Jersey [Mrs. NORTON] has canceled all engagements on account of the very serious illness of her husband. So it would seem that Mr. Norton is still critically ill.

Mr. BYRNS. What is the reaction of the gentleman to letting it go over beyond Thursday?

Mr. SNELL. I think it would be better to let it go over to Thursday and see what the situation is at that time.

Mr. BYRNS. Mr. Speaker, I wish to submit a double-barreled request: That business in order next Monday, which is District day, be transferred to Thursday, May 17; and that it be in order on Monday to call the Consent Calendar, and if that is completed before the time of adjournment, it may be in order to call the Private Calendar for the consideration of bills unobjected to, beginning at the star.

Mr. BLANTON. Mr. Speaker, reserving the right to object, of course I am, with other colleagues, sympathetic with regard to the situation. While I am very strenuously opposing some bills that will come up on District day, nevertheless I would like to accord any courtesy that is possible to the chairman of the District Committee, and I shall not object. But I want it distinctly understood that the business that will come up Thursday, as District day transferred, will come up under the same rules applying to the consideration of District of Columbia business on the regular District of Columbia day, which is Monday; that must be understood and agreed.

The SPEAKER. Of course, the same rules will apply to the consideration of District business on Thursday as would apply to the consideration of District business on the regular District of Columbia day.

Mr. BLANTON. I shall not object.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that it may be in order on Monday to call the Consent Calendar, and if that is concluded before adjournment that it may be in order to call the Private Calendar for the consideration of bills unobjected to, beginning at the star.

Mr. BLANTON. Mr. Speaker, reserving the right to object, it is understood, of course, that there will be no suspensions.

Mr. BYRNS. That was not included in my request.

Mr. BLANTON. There will be no suspensions.

Mr. BYRNS. Not under my request.

Mr. BLANTON. Usually the Consent Calendar and suspensions are considered the same day, is why I seek the understanding, because suspensions would not be in order next Monday under the rules.

The SPEAKER. Suspensions are not in order on next Monday.

Mr. SNELL. The request of the gentleman from Tennessee did not cover suspensions.

Mr. BLANTON. We want to be sure that it does not, because when the Consent Calendar is called on its regular day, suspensions are in order. I want it understood that there will be no suspensions.

Mr. BYRNS. My request simply applied to the call of the Consent Calendar.

Mr. BLANTON. With that understanding I shall not object.

The SPEAKER. Suspensions will not be in order on Monday.

Is there objection to the request of the gentleman from Tennessee?

There was no objection.

EXTENSION OF REMARKS

Mr. RICHARDS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD on the subject of the Catawba Indians and to include therein an article written by Jesse S. Cottrell on the condition of these Indians at the present time.

Mr. RICH. Mr. Speaker, reserving the right to object, I did not understand the gentleman's request.

Mr. RICHARDS. I asked unanimous consent to revise and extend my remarks on the present living conditions of the Catawba Indians in the State of South Carolina, the only tribe we have there or ever have had. I am very much interested in improving their living conditions. I also asked permission to insert in the RECORD in connection with my remarks an article written by Jesse S. Cottrell, who has made an extensive study of the conditions of these Indians. His article has a distinct historical value.

Mr. RICH. Who is Mr. Cottrell?

Mr. RICHARDS. He is a newspaperman.

Mr. RICH. Mr. Speaker, I object to the insertion of the article written by Mr. Cottrell.

Mr. BLANTON. The gentleman does not object to that portion of the request pertaining to the gentleman's own remarks?

Mr. RICH. No.

The SPEAKER. The gentleman from South Carolina asks unanimous consent to extend his own remarks. Is there objection?

There was no objection.

The SPEAKER. The gentleman from New Jersey [Mr. KENNEY] is recognized for 30 minutes.

NATIONAL LOTTERY

Mr. KENNEY. Mr. Speaker and Members of the House, your permission to address you this morning is profoundly appreciated. I cannot help but believe that you are ready to give the subject of my remarks the consideration that it justly deserves. It is an interesting subject forming as it does part of the heritage of this great Republic.

The history of the lottery—my subject—cannot but arouse our interest. It played a potent part in our War of Independence, it helped build many of the public institutions of

our country and furnished the funds to develop the Capitol of the Nation, where we are now met to legislate for our people.

That there is interest in the lottery as a means for revenue is evident from a letter received a few days ago from an economic institution in the West. It reads:

We are very interested in your bill proposing a national plan for raising money by means of a lottery.

Will you kindly send us copies of any material you have prepared in behalf of the bill, and advise us whether or not a transcript of the recent hearings for its proponents has been printed or is available?

We consider this one of the most important matters now pending at Washington, and, therefore, would be grateful for your courtesy.

The bill referred to (H.R. 7316) authorizes the Veterans' Administration, with the approval of the President, to conduct a lottery to raise funds not exceeding $1,000,000,000 in any 1 year, which would be covered into the Treasury from time to time as a miscellaneous receipt.

The bill pending before the House provides that all rules made by the Veterans' Administrator shall be subject to the approval of the Secretary of the Treasury, while the Postmaster General is authorized to place the post offices and postal machinery and facilities at the service of the Veterans' Administration for operating the lottery.

The measure as introduced leaves the details of operation to the Veterans' Administration assisted by the other specified Government agencies, conditioned upon the approval of the President. It would insure generous treatment of all veterans and their dependents.

Every Member of this House, whether in favor of or opposed to a lottery as a revenue-raising measure, could vote for this bill without any scruple, for it will be observed that it does nothing more or less than invest the President with power to say whether or not the Federal Government shall conduct a lottery for public benefit. We have given the President almost every other conceivable power—the power to inflate the currency, remonetize silver, raise or lower tariffs, pay the bonus, do almost everything except resort to the good, old-fashioned way of taking up a collection. And that is all that a lottery amounts to when conducted by Government for the common good.

G. M. B. Hawley, L.L.M., of Geneva, N.Y., an authority on the history of lotteries, writes:

Historical records and documents show that the gambling spirit entered into but few lotteries. In general, the objective was a public or quasi-public benefit, such, for example, the building and support of churches.

Professor Hawley in a recent letter to me remarked:

As a lecturer in the law school, 1896–99, and for more than 30 years engaged in writing a book on the Constitution of the United States, I have written and published 197 articles on historical and constitutional matters.

I have to smile when the history of Federal lotteries is before me to see how righteous the Federal Government has become, attempting to and often sending citizens to the penitentiary and assessing large fines just because they used the mails to send letters and literature on lotteries, when the purpose was a laudable one to raise money for charity.

The lottery goes back to the early days of Rome, when it found favor at the banquets of the aristocracy, much as our "dark horse" does today at lodge, church, and other similar gatherings, for amusement purposes.

In the sixteenth century it was used by the merchants of Europe to promote sales, a practice that has continued in one form or another down to the present time.

Governments soon became interested in the lottery as an available and effective means of raising revenue. In 1569 England employed the lottery to finance its fortifications, and harbor and other improvements. The lottery financed the first adventure in America of the Virginia Co. in 1612. About the same time Italy had recourse to the lottery to provide for its public works. France also saw the efficacy of the lottery and financed its treasury by that means. Later other countries began to raise funds by lottery until today 30 or more countries are gathering needful revenues through government lottery. Since the introduction of my original bill, France has enacted a new lottery law for the benefit of her veterans. England has before Parliament a law for the establishment of a government lottery as an emergency source of operating income, although measures proposing to ban other lotteries are also being considered. And, of course, the United States is contributing heavily to foreign lotteries, although we are heavily debt laden and our Budget is unbalanced.

Perhaps you would like to know how other countries regard their lotteries. I will not tell you. You might not believe me, although you have been exceedingly kind and gracious to me ever since my coming to join you here. I rather will read you testimonials from the governments sanctioning and authorizing lotteries. It is not likely that you will characterize the citizenship or the government of these countries as either irresponsible or vicious for conducting a lottery for much the same purposes as my bill contemplates.

Mr. BOYLAN. Will the gentleman yield?

Mr. KENNEY. I yield to the gentleman from New York.

Mr. BOYLAN. Did I understand the gentleman to say that the income to the Government should not be over $1,000,000 a year?

Mr. KENNEY. One billion dollars a year.

Mr. BOYLAN. That is better. I thought the gentleman said $1,000,000. Why limit it to $1,000,000,000 a year?

Mr. KENNEY. I will be satisfied with a billion.

It is certain that a lottery operated by government relieves the burden of taxation. And it has been unbearable taxation that has ruined nations. Does it not, then, seem ethical, as well as expedient, for the government to establish sources of income that are in conformity with the wishes of the masses? I have heard Members on both sides of the House so often at the top of their voices cry out when appropriations came up for consideration, "Where are we going to get the money to pay the bills?" From sheer necessity we are committed to rehabilitation expenses staggering in their proportions, and our Government must be supplied with larger and steadily larger financial support. The ability of the taxpayer to pay is seriously questioned. It became evident to me when you refused to approve a further rise in the income taxes a few days ago, taxes which are paid by only one fiftieth of our adult population. But the bills must be met. So I believe the wishes of the majority will be served if we raise the needed moneys to balance our Budget by a Federally operated lottery. It is obviously true that the Federal laws against the operation of lotteries are not effective, and it is patent that the anti-lottery laws which are not gentle are deliberately and widely violated. On that I shall speak presently.

May I read you what other governments have to say about this matter? From the German Government I have received the following advices:

For many years, legalized lotteries have been conducted in various German States under the auspices of the respective governments.

As to the effect of these lotteries upon the citizenry, I can unhesitatingly state that they have been adding to the contentment of a large part of the population. Thus, their reaction upon the state of mind of the individual citizen has been a favorable one.

From Russia comes this testimonial through official channels:

The Union of Soviet Socialist Republics does not have lotteries in the normal sense. Only such organizations as the Red Cross, societies for aid to children, better-road societies, etc., have recourse to lotteries. Their collected funds are used for social purposes. Bonds of the national Government bear a provision for lotteries. About one half of some of the issues consist of interest-bearing bonds, the other half carrying the lottery provisions. The lotteries are arranged to give great numbers of comparatively small prizes rather than a few large prizes. Thus, the gambling features of these bonds is insignificant. Participation in lotteries of the above type has naturally no bad effect upon the individual citizen whose participation contributes to some important social purpose.

The Turkish Government has this to say:

I may say that the Turkish lottery has had no bad effects whatever upon the general welfare of Turkish people, and has in no way increased crimes or misdemeanors.

On the contrary, the lottery, which is conducted for the promotion of aviation, the purchase of planes and the training of pilots, has been beneficial in arousing public interest in the cause which it supports.

This is from the Argentine Republic:

The national lottery in Argentina was created by law no. 3313 in October 1895. It has been in progress since that time except for a short interruption. The liquid benefits of this lottery are distributed as follows:

Sixty percent of it is used for the construction and maintenance of hospitals and public asylums in the Federal capital, Buenos Aires, and 40 percent for the same purpose in the various Provinces of Argentina.

The operation of this lottery has been very successful and satisfactory without affecting the morals, contentment, and happiness of the individual citizen.

Here is testimony from Cuba:

I can say to you that the national lottery of Cuba was instituted by act of Congress in the year 1909, for the main purpose of increasing revenue for charity. Since then it has functioned regularly, although some changes have been made in its administration, which had been subject to severe criticism, thereby placing it on a more sound and economic base.

Among the reasons given by those in favor of the adoption of the lottery law at the time it was being discussed in Congress was that it was almost impossible to eliminate illegal lotteries, which were mostly supported by the poorer class of Cuban people and which did not guarantee any return to them. It was, therefore, considered better to establish an official lottery from which the people generally would derive benefits.

Here is an authoritative message from the Kingdom of Italy:

I want to confirm to you that we have had a national lottery in operation since the organization of the Kingdom. It is conducted with weekly extractions in the 12 most important cities.

The system in question has had no bad results on the general welfare of the people, but has offered, on the contrary, a healthy method of contentment and happiness, with the possibility of drawing a fortune, especially on the part of the people of modest means. The system is under the strictest control of the Government, and since its operation its functioning has been most regular and efficient.

Out of the operation of its lottery, the Italian Treasury has realized a net average income of about 280,000,000 lire during the past few years.

I am informed that Italy maintains her navy out of funds from the lottery.

Direct from the Spanish Government comes its plan of lottery:

The state lottery of the Spanish Republic represents, in the financial economy of the modern world, a truly exceptional case; for it is, in the national budget, an important, steady and almost certain source of income. The estimated receipts from this enterprise in the budget for 1932–33 amount to 420,000,000 pesetas out of a total of receipts estimated at four and one half billions. From this source, the state collected more than 400,000,000 pesetas in 1929 and 1930, as against three hundred millions in 1925.

It must be recognized that the Spanish State Lottery, due to its remarkable organization, has become a real institution in the life of the country.

The organization of the lottery warrants a description first, on account of its size, which is without parallel in any other country; second, because it has contributed, in a large measure and in spite of all obstacles, to the lasting success of the lottery.

In its present form, which superseded the old "lotto" with 90 numbers established in 1763 and definitely suppressed in 1862, the Spanish lottery goes back to 1811; but the legislation connected with it dates almost entirely from the end of the nineteenth century, as well as the general regulations, still in force today, the main provisions of which are given below.

The national lottery is considered as a normal resource of the State budget; as a counterpart, the State guarantees the payment of the prizes.

All other forms of lottery are forbidden, except with special permission.

The tickets of the national lottery are considered as State bonds payable to bearer.

For each drawing, as many numbers must be drawn as stated on the prospectus.

Prizes are represented by a certain percentage of the product of the sale of tickets (70 percent at the present time). This percentage may be changed by a new law.

The dates of the drawings, their annual number, the numbering, the number and the price of the tickets are determined by the general director of the lottery. This official has also the following charges:

(a) To furnish with tickets the sale agencies, taking carefully into account the importance of the demand in each area, in order to avoid any miscalculation and disappointment.

(b) To appoint the various officials in charge of the services of the lottery.

(c) To propose to the Minister of Finance the creation, for the whole country, of first-class "lottery administrations", and to create or suppress, according to needs, a second-class administration.

(d) To witness personally, or to delegate a representative at all drawings.

The sale of tickets and the payment of prizes are made through the "administrations" (official agencies) distributed over the whole territory, which may employ, under their responsibility, street vendors, accepted by the Minister of Finance.

Such are the essential principles on which the national lottery is based. It can be seen that they present for the purchasers of tickets serious guarantees, further reinforced by the following rules concerning the drawings.

These are made publicly and by means of two series of balls representing one, the numbers on the tickets (one ball for each number), and the other, the prizes and their amount (one ball for each prize).

On the eve of the drawings the balls have been carefully verified and attached together by groups of hundreds and thousands, which are themselves checked; they are then enclosed into boxes bearing 3 locks, the keys of which are given to 3 high officials of the lottery, these various operations are not made public. Such is not the procedure, however, for the operations which follow, for, in the latter case, the "passive" collaboration of the public is required.

The day of the drawings, the boxes are opened, the strings which hold together the balls representing the ticket numbers are cut, and, under the supervision of the "Junta", committee composed of a president (the general director of the lottery or his representative) and three members, the balls are thrown into a large metallic container where, at a signal of the president, the balls are mixed together thoroughly with the aid of a wooden shovel. After which, to prevent tampering, the balls bearing the ticket numbers are mechanically poured into a drum which is then locked.

The same process is then followed for the balls representing the prizes, which are placed into a second drum, also locked.

After which the two drums are set in motion (the president being careful that they are revolving at the same time) and, by an opening made for this purpose, a ball is drawn from each one, beginning with the ball representing the prizes. In this manner the amount of the prize won by the ball drawn from the second drum is known. Immediately upon being drawn, the numbers are read aloud (three times for the first prizes) by children of the foundlings' home, who then put the balls on a table placed there for that purpose, so that each number shall correspond to the prize allotted to it, a list is established as the drawings progress, then this list is checked against the prospectus of issue.

Inasmuch as all these operations are made with utmost precautions and, except for the last one, under the very eyes of the public, it can be said that they offer all the necessary guaranties of security.

It is in such conditions that the drawings of periodical lotteries, both regular and special, are made. The former occur about three times a month and include, generally, a number of series, of tickets and of prizes very varied. For instance, the first lottery of the month may be of six series of 45,000 tickets (sold at 30 pesetas, or by tenths, 3 pesetas) with 14,000 prizes, the highest being 100,000 pesetas.

The second lottery of the month will have only four series of 34,000 tickets, sold for 40 pesetas (or by tenths) and 6,000 lots, the highest one being 120,000 pesetas.

Finally, the third one will have only three series of 40,000 tickets, sold for 50 pesetas (which also may be divided), with 8,000 prizes, one of which amounts to 150,000 pesetas.

The following are considered as special lotteries: The first drawing in January, the second drawing in May, and especially Christmas drawing. For the first of those the price of the ticket is 150 pesetas, and the first prize 500,000 pesetas; for the second one, the figures are, respectively, 500 and 3,000,000 pesetas; finally, for the third one, they reach 2,000 and 15,000,000 pesetas, not including a certain number of additional premiums.

Moreover, at the end of each regular lottery, the following drawings are made:

First. Five lots of 125 pesetas, for the benefit of young girls admitted into charity homes.

Second. One lot of 625 pesetas, for the benefit of another charity, designated each time.

As for the administrative organization of the lottery, we have seen that it included, in addition to the general director, who is represented by delegates in the capitals of the Provinces, first- and second-class "administrations." Each Province, except that of Madrid, has in addition a central administration.

The first category is made up of administrations the receipts of which are above 50,000 pesetas per annum.

All administrations must be bonded. The bond for administrations of second class is of 2,500 pesetas in cash. But the bond of the first class is fixed by the general director, according to the respective importance of the agencies, and may be made up of cash, State bonds, or real-estate properties.

The remuneration of the "administrations" is represented by a percentage on the sales varying from 2 to 5 percent, according to the importance of the receipts, for regular drawings, and uniformly fixed at 1 percent for the special drawings.

All the administrations are frequently controlled by agents of the treasury, who, in case of error or irregularity, have the power to dismiss administrators and to have them replaced.

Such is the organization which regulates the operation of the Spanish lottery. The brief résumé which has been given makes clear its importance and complexity. It may also be seen that it constitutes a rather heavy charge for the state. However, the ten millions or so of pesetas that it costs the state each year are, after all, very little in comparison with the high returns which the lottery provides and which would be very difficult to replace by any other resource.

The Spanish lottery is for this reason considered as a model.

Mr. Speaker, I have here testimonials from other governments, all speaking in highest terms of the lottery when conducted under governmental auspices.

With our Budget unbalanced, our taxpayers in distress, every dollar is sorely needed, if we are to give our war-impaired citizens the full measure of their country's help, if we are to provide work for our people, if we are to continue our program of recovery. The only revenues that flow into the Treasury are those created by taxation of one type or another. Nobody ever gives money to the Government as a gift. But hosts of citizens, many thousands of persons monthly would cheerfully and gladly contribute small sums of gift money to their Government if they were permitted to do so by means of a national lottery conducted by the Government. The amount would become, I believe, $1,000,000,000 yearly.

Horace J. Donnelly, Esq., solicitor of the Post Office Department, August 23, 1932, in a release from the office of the Postmaster General, made the statement that during the preceding 2 years no less than a billion dollars were kept from going out of the country in support of foreign lotteries. The years mentioned by Mr. Donnelly were the leanest of recent times. And he stated further that operators of lotteries, foreign and domestic, many of them dishonest, did not confine their activities to the large cities but preyed upon those located in every section of the country.

Assistant District Attorney James J. Wilson, of New York City, appeared upon the hearing on the bill before the Ways and Means Committee, stating that he had charge of the prosecution of lotteries in New York County, and that there were certainly 100 lotteries going on in the New York area; that he must have prosecuted 150 cases involving the Italian lottery for tickets sold in that county alone; and he said that according to the figures of Irish authorities, one lottery, the Irish Sweepstakes, took out of New York alone $16,500,000.

It is estimated that $200,000,000 leaves the country every year in foreign lotteries, and, according to our own Post Office Department, $500,000,000 more is willing to be added annually.

Mr. EVANS. Will the gentleman yield?

Mr. KENNEY. I yield to the gentleman from California.

Mr. EVANS. Several of the States—in fact, most of them—have statutes making it an offense with a severe penalty to sell lottery tickets in those States. In California it is in the constitution. I am wondering what would be our position in a State like California that really inhibits such traffic as this. Where would we be? California has not reached the advanced state of favoring gambling in any form.

Mr. KENNEY. I submit to the gentleman that the inhibitions in the constitutions and in the statutes of the States have, in my opinion, been directed against private lotteries. I concede to the gentleman that a lottery in private hands may not be trusted; but, regardless of any State constitution or the law of any State, a lottery authorized by the Federal Government would not in any way be affected by them.

Mr. EVANS. But in the State of California any kind of lottery, either public or private, may not be conducted and cannot be authorized under our constitution. I am wondering just how this law would apply in a State of that kind.

Mr. KENNEY. California, in my opinion, could well have the benefit of this lottery for the reason I believe your own courts would hold that there could be no State interference whatsoever with the right of the Federal Government to raise revenue under the Constitution of the United States, and that the States could not prevent the purchase and possession of Federal lottery tickets.

The grounds of my belief are:

First. The Federal lottery is a Federal instrumentality for raising revenue.

Second. The ticket in hands of the purchaser represents a right to participate in a governmental transaction which is not completed until the drawing.

Third. A State law prohibiting possession of a ticket would discourage the sale of the tickets, thereby hindering and placing a burden upon a means employed to carry into execution the powers of the Government. Under the rule established in *McCullock* v. *Maryland* (4 Wheat. 316, 1819) the States may not interfere with or burden the agencies and instrumentalities of the Federal Government.

Mr. EVANS. The gentleman appreciates, I am sure, that it would be embarrasing at least for a Member from California, which State has an inhibition in its constitution against this kind of thing, to support a bill of this kind. In other words, he would be seeking to overcome a statute or a constitutional provision of his State by act of Congress.

Mr. KENNEY. Does the gentleman mean to convey the meaning that the California constitution in so many words prohibits a State or Federal Government lottery?

Mr. EVANS. It prohibits the authorization of any sort of a lottery by act of the legislature or otherwise. There is a statute in California that makes a violation of that provision an offense. I am quite sure that nearly every municipality in California has a law against lotteries.

Mr. KENNEY. Judging from the letters I have received from California the municipalities of the gentleman's State might be quick to repeal the antilottery laws, and so might his State, so that the citizens of California might participate in a national lottery; but even though such laws were not changed, I am still of the opinion that if the act under discussion were construed by the courts of California, its State laws would be found not to apply to a lottery conducted by the Federal Government. After all, this is a revenue-raising measure. I do not think any State in passing antilottery laws ever had in view interference with Federal acts designed to raise revenue for the conduct of the business of the United States Government under its Constitution.

Mr. THOM. Will the gentleman yield?

Mr. KENNEY. I yield to the gentleman from Ohio.

Mr. THOM. Is not this lottery simply a sly attempt to shift the burden of taxation to the persons least able to bear that burden?

Mr. KENNEY. I do not agree with the gentleman. I have heard gentlemen on the floor of this House state, and probably the gentleman was one of them, when measures for raising revenue for the Government came up, that it was the poor man who had to bear the burden. I reiterate that all our burdens are borne, in the last analysis, by the so-called "poor man"; and when he is out of employment and the C.W.A. has to take care of him, our expenses are not met and our Budget is not balanced.

I give to the poor man credit for having greater intellect than to take upon himself the burden of carrying on the whole expense of a Federal law; I have high regard for his intelligence and more so than ever at the present time, and his contribution, if I am any judge, would be tempered by his means.

Mr. THOM. Does not the gentleman think that we might meet this financial situation occasionally by voting against expenditures?

Mr. KENNEY. I do not see how we can well vote against many of the expenditures that have come up in this House. We certainly have to give employment, so far as we can, to our people. We have to meet what I regard as necessary appropriations. We have cut the current Budget 25 percent; and if the gentleman has any way he can pare it more than that, it is his duty to offer it on the floor an dimmediately.

Mr. BOYLAN. Is there not also the possibility that the poor man by participating in this lottery may become a rich man?

Mr. KENNEY. Rather a man with a competence. Absolutely. It holds out to the forgotten man practically the only hope he has of becoming comfortable in the near future, and let me also remind you of the fact that the poor men are already contributing to the revenues of other nations. May I exhibit to the House the finest collection of foreign lottery tickets to be found anywhere. I hold up to your view these lottery tickets emanating from foreign countries and sold here. It is "a worthy exhibit", as it is styled, the tickets being mounted on parchment 8 feet long and 2 feet wide. Printed at the top are significant lines:

We should have a national lottery.

There is a billion dollars going into foreign channels each year.

It could be put into our own coffers.

And most of these are frauds.

Your bill should receive solid support from Congress.

I wish you success in this worth-while legislation.

It was sent to me by John Weigand, Jr., Glendale, Long Island. Included in the vast swarm of foreign tickets are government and private lotteries. Our people who have been patronizing them extensively would much prefer, and they are ready and willing, to buy American and help defray the cost of our own Government, including expenditures authorized for veterans and their dependents and other worthy purposes.

Mr. BLANTON. Will the gentleman yield?

Mr. KENNEY. I yield to the gentleman from Texas.

Mr. BLANTON. Is the primary purpose of the gentleman's bill to produce revenue for the Government or to make a few poor people rich?

Mr. KENNEY. The primary purpose is to produce revenue for the Government. The funds raised by lottery would constitute a gift from the people to their Government—shall amounts of giftmoney from our millions of people to our Government—and we are not unmindful that ours is a government of, by, and for the people.

Mr. BLANTON. I have another question, if the gentleman will permit. If Congressmen are indifferent about the means of raising revenue, why do we not build here an American Monte Carlo, with every kind of gambling device imaginable in it? This would certainly bring in revenue.

Mr. KENNEY. I will say to the gentleman that if we had Monte Carlos established here by foreign countries, I would much prefer an American Monte Carlo. But that is not the question before us. However, I must remind the gentleman and the other gentlemen and ladies of the House that one of the greatest charitable undertakings that this country has ever known took place only a little while ago, yielding an enormous amount of money for crippled children—a worthy cause. That undertaking had its lottery features. The lottery for worthy purposes has never failed. You, with all the good people of the Nation, contributed, as you and all throughout the Nation have been contributing yearly to similar causes. The Government needs our aid more than it ever did in peace-time annals. Shall we not rally to its need? And I now ask the gentleman please to let me proceed.

Mr. BLANTON. Will the gentleman permit just one other question?

Mr. KENNEY. If the gentleman wishes.

Mr. BLANTON. Is it not a fact that the Methodists, the Baptists, the Presbyterians, the members of the Christian Church, and every other Christian denomination in the State of New Jersey, are against lotteries and against national lotteries?

Mr. KENNEY. For my answer, I shall read to the gentleman from Texas the statement of one of the leading clergymen of my State of New Jersey, Rev. Dr. Allan MacNeill, pastor of the Community Church of Ridgefield Park, N.J. Here is what my good friend Dr. MacNeill says:

> I am in favor of the bill on general principles. I can see no reason why there should be any objection to it on the part of anyone. George Washington and Benjamin Franklin played lotteries in their day, and a number of churches in New England were built by lotteries.
>
> There is too much money going abroad on these lotteries which are sanctioned in other countries. It would be better to have the money in the United States go to our disabled service men than being sent abroad year after year. I sincerely hope that the bill passes.

Many of the States are now considering validating the lottery. New York, Maryland, and Massachusetts are among them. In this country a national lottery is the logical thing. The Federal Government alone should operate it. But the States would be benefited indirectly, for then certain taxes now imposed by the National Government could be turned back to the States. Obviously the Federal Government should act, and act now.

How many of you realize the part that the lottery played in the Revolutionary War? Do you know, with the States not yet organized, the Continental Congress had no means at hand to defray the expenses of the war or the new Government? Has it occurred to you that, faced with failure and defeat, the Congress turned to the lottery as a means of raising money to carry on? On November 1, 1776, it passed a resolution, and it was in part as follows:

> *Resolved*, That a sum be raised by way of a lottery for defraying the expenses of the next campaign, the lottery to be drawn in the city of Philadelphia, Pa.

Under it the Government was to retain the whole $10,000,000, a gigantic sum in those days, and the prizes issued were to be in Government securities.

It is not known how many lotteries were conducted to carry on the Revolutionary War; but, in view of the sum involved in the first one, the total amount realized for the war was probably tremendous.

When the First Congress of the United States met, it held its session in the city of New York. The war was over, and our independence had been won. But the Congress had not yet a meeting place nor the means to provide one. It was in 1789, and the city of New York offered its city hall for the new Nation's legislative body, which was gratefully accepted. But the city was obliged to alter and improve the building to furnish suitable quarters, which it did. In 1790 the city had not yet paid for the alterations in full, and there was still a deficit of about $65,000. The city could not shoulder the expense it had incurred. It was a post-war period of hard times and high taxes—words weighted with significance to us of today. So the city laid its problem before the State legislature. Quickly a law was passed permitting the city to conduct a lottery, and the city paid its bill.

Lest you should not believe, let me read to you from the preamble of the law:

> • • • The mayor, aldermen, and commonalty of the city of New York by their petition have represented to the legislature that from a desire to accommodate the Congress of the United States in the most convenient and satisfactory manner they have not only expended in repairing and improving the city hall such money as has been heretofore raised for this purpose but are also indebted in the further sum of 13,000 pounds on this account, a sum far beyond their power to discharge without legislative aid, and have prayed that a law might be passed to authorize the raising the said money by one or more lotteries.

Again Congress found the lottery a solution of its problem when the city of Washington and the Capitol were being established. In 1795 Congress authorized the old city of Washington, then under construction, to operate lotteries for public purposes. Washington was President. John Adams was Secretary of State. At the dedication November 22, 1800, John Adams, then President, in the course of his address said:

> May this territory be the residence of virtue and happiness. In this city may that piety and virtue, that wisdom and magnanimity, that constancy and self-government which adorned the great character whose name it bears, be forever held in veneration. Here, and throughout our country, may simple manners, pure morals, and true religion flourish forever.

Have any of you anywhere read of the self-respecting, sturdy American patriots of that time feeling any shame because their country's lawmaking body raised its revenue by citizens' contributions made in the form of lottery participation? I have not, nor have I found that the guiding

sense of social propriety, which may God preserve to us, was damaged by any of the lottery participation that created funds for the building of churches and public edifices throughout our country. Yet it may be that some zealous gaolers of the public will cry out against the spectacle and call it "gambling." We have had always perhaps, doubtless always shall have, sincere, conscientious objectors who counsel extremely because they have not counseled to think straightly.

Nevertheless, we cannot deny, nor lose sight of the fact, that the lottery has never failed the Government. Our Government saw the need for banning the private lottery and early in our history the several States passed laws reserving the right to conduct the lottery within their borders to themselves or under their immediate supervision. When it passed out of the reach of the Government, it fell into hands that could not be trusted and it is because of the private lotteries that it may be frowned upon.

Untold good has resulted, too, when the lottery has been conducted by churches and colleges and public institutions.

I might mention the following advertisement appearing in the New York Gazetteer:

February 8, 1774. Scheme of a lottery (to be drawn under the inspection of a number of reputable citizens).

For raising the sum of 600 pounds toward purchasing a piece of ground and erecting a church thereon, for the congregation of the Church of England.

It is humbly hoped the benevolent and religious of all denominations will heartily concur in promoting this work which will ultimately redound to the glory of God.

Again in the same paper appeared the following month this advertisement:

March 17, 1774. Scheme of a lottery for raising the sum of 600 pounds, to be appropriated toward building a church at Brookland Ferry, opposite the city of New York, under the patronage of the rector and vestry of Trinity Church, in the said city; there being no place in King's County, for the public worship of Almighty God, where the English liturgy is used.

Little need be said in recommendation of the above scheme, as the careful observer will at once see the propriety of becoming an adventurer; there being no more than two blanks to a prize.

Other churches profited by the lottery as did our colleges. Harvard College authorized a lottery for its benefit; Yale also benefited by it; Old South Middle College, which housed the patriot Nathan Hale, was built in part, at least, by lottery. Among the other institutions financed by lotteries are William and Mary, Dartmouth, New Jersey (now Princeton), and Union. And these are not all.

The lottery, honestly conducted for public benefit, has always been an honorable means of raising revenue. George Washington approved of it, and financed his army by means of it, and it is truly part of our heritage. The names of Jefferson, Hancock, Adams, and other American patriots are interwoven with lotteries. It is an old-fashioned theme. It would come to us now like an old-fashioned song. It would thrill the Nation and you and me. [Applause.]

WORLD'S FAIR, CHICAGO, ILL.

Mr. KELLER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3235) to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 40 ayes and 4 noes.

So the motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. JACOBSEN in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill of which the Clerk will read the title.

The Clerk read as follows:

S. 3235. An act to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes.

Mr. KELLER. Mr. Chairman, I yield myself 10 minutes. As Chairman of the Committee on the Library, I felt it was my duty to introduce this bill, which is identical with the Senate bill now under consideration.

I did it for two reasons: First, the President of the United States wrote a letter to this body asking that it be considered and that it make the appropriation. I want to read that letter. It is as follows:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Chicago World's Fair Centennial Commission to the end that legislation may be enacted extending the availability of funds previously appropriated for Government participation in A Century of Progress, the Chicago World's Fair Centennial Celebration, in 1933, to June 30, 1935, and also authorizing the appropriation of funds in the amount of $405,000 for the purpose of defraying the expenses of participation by the Government of the United States in the reopening of A Century of Progress, the Chicago World's Fair Centennial Celebration, in 1934.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 27, 1934.*

I happened to know that the Director of the Budget had approved of this appropriation.

Mr. BOLTON. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. BOLTON. Has any Budget estimate been submitted to Congress?

Mr. KELLER. I am not sure.

Mr. BOLTON. Usually a Budget estimate is submitted when there is a request.

Mr. KELLER. I do not know. The Commissioners for the fair at Chicago consist of the Secretary of State, the Secretary of Agriculture, and the Secretary of Commerce. Their departments made their estimates and presented them to the Director of the Budget, and the Director of the Budget reported back approving of the estimate of $405,000.

Now, let us get this perfectly clear. The President did not write the letter until the Director had approved of the estimate made by the Commission.

Mr. BLANTON. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. BLANTON. After sending his own personal letter, it would have been perfectly foolish for the President to have done so, had his Bureau of the Budget sent us any recommendation, because the Budget Director is nothing but the President's agent. The Budget message sent here is nothing more than a statement of what the President wants. The Budget merely acts for the President on finances when the President asks for its investigation and recommendation.

Mr. BOLTON. Has the Director of the Budget sent to Congress his approval of $405,000?

Mr. KELLER. I think it has been transmitted, but whether it has been formally transmitted or not, let us get at the facts in the case, because that is what I want—a plain statement of fact. There has been so much misunderstanding in relation to the bill and the history of it that it is time for somebody to state plainly what the facts are during this debate, and I challenge any man to deny any statement that I may make.

Mr. BLANTON. Will the gentleman tell us how much profit was made last year by the Chicago World's Fair?

Mr. KELLER. I will tell the gentleman, but let me tell it in my own way. Here is what happened——

Mr. BLANTON. There were 15,500,000 people attending the exposition and that put lots of money in Chicago.

Mr. KELLER. Chicago came down here and said, "We will not ask for a penny from the Government; we will not ask the Government to contribute a single cent to the World's Fair at Chicago"; and they did not ask a solitary

cent, and they have never received a cent. If anybody denies that when I am through making the statement, then I shall show him that he is wrong. What did they do? They, the Chicago fellows, said, "We should like for our own American Government to have its own exhibit there just the same as the American Government has invited the other governments of the world to come and have their exhibits, and in no way different."

Do I make that plain? The United States accepted that plan and appropriated for its own exhibit in an exposition of the American Government, not for the sake of Chicago, not for the sake of anything except the American people. This is the exhibit of the American people, and they appropriated $1,000,000 for that 2 years ago. That was used by the Commission made up of the three gentlemen whose names I have called, the Secretary of State, the Secretary of Agriculture, and the Secretary of the Interior.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield for a suggestion.

Mr. KELLER. Yes.

Mr. BRITTEN. It is a fact that the Government exhibit at the World's Fair in Chicago was cared for and paid for on the same basis as the United States Government exhibit to the Colonial Exhibition in Paris last year was paid for and cared for.

Mr. KELLER. If the gentleman will permit, I am about to come to that. I am trying to make that point. It is just as the gentleman has said. The American people are carrying on their own exhibit at Chicago, just the same as they have paid for our own exhibits at Paris and London and other exhibits, and just exactly as England and Germany and France and all other countries are doing for their exhibits at Chicago, just the same as the United States is, and in no way different. They are not contributing a penny to the World's Fair; they are only bearing the expense of their own exhibits and nothing else, and that is all that the United States Government is doing.

Mr. FOSS. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Yes.

Mr. FOSS. Are the other governments of the world continuing their appropriations to carry on for this year?

Mr. KELLER. Yes; a large number of the governments that participated in the exhibition last year are continuing their exhibits this year.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Yes.

Mr. BLANTON. Is it not a fact that every large foreign government that exhibited last year there in Chicago, while they were exhibiting and receiving American money, was in default of payment to this Government of a debt of honor honestly due the United States?

Mr. KELLER. I do not see that international affairs over what they owe us as a nation has anything at all to do with this bill. Of course, the exhibitors of foreign countries did not receive any money. They constantly paid out money—the natural expense of carrying on their exhibit, the same as the American Government was doing.

Mr. BLANTON. Were they not defaulters at that time?

Mr. BRITTEN. No.

Mr. BLANTON. Which ones were not?

Mr. BRITTEN. Norway and Sweden and Finland and Japan and various other nations. They never did owe us anything.

Mr. BLANTON. I am talking about the big ones, who took in most on their exhibits.

Mr. KELLER. Mr. Chairman, I am not going to yield for anything except questions. I shall be glad to answer questions, but I am not going to have this subject mixed up any further while I am talking. [Applause.]

Mr. BLANTON. Let me ask just one more question.

Mr. KELLER. If the gentleman will ask a question and not make a speech, all right.

Mr. BLANTON. At the time that the Republic of France was exhibiting the Streets of Paris last year, was it not in default?

Mr. KELLER. Who?

Mr. BLANTON. France.

Mr. KELLER. The Government of France owed money to the Government of the United States, but not the exhibition in Chicago. We are talking about the exhibition in Chicago, and not about the international debt situation. We are trying to discuss here in a few minutes the facts in relation to this bill, and it is nonsense to rise and undertake to interject into it things that have nothing in the world to do with it. I am not going to permit anything further like that.

Mr. BLANTON. I just want to ask one more question, and that is whether we want little American school children to go and see exhibits of a country that is in default of its own honest debts to this country, and will not try to pay a cent?

Mr. KELLER. The gentleman seems to think that the French Government is running "The Streets of Paris", purely a private concession, of course.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Certainly.

Mr. McDUFFIE. Will the gentleman tell the House whether or not the foreign governments have agreed to maintain their exhibits and will pay for their maintenance for 1 more year?

Mr. KELLER. Yes. A large majority have already done so, and I understand that three more that did not exhibit last year will come in this year.

Mr. McFARLANE. Who are they?

Mr. KELLER. I will give the gentleman the names if he desires.

Mr. TRUAX. How many nations exhibited at the fair last year?

Mr. KELLER. Statisticians can give that; but most of the civilized nations, just as we have done in their countries at their exhibitions in the past.

Mr. TRUAX. I saw only 8 or 10.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Certainly.

Mr. MARTIN of Oregon. Does the gentleman know that a lot of the States that last year were too small and picayunish to make exhibits are doing so this year.

Mr. KELLER. Yes; and I thank the gentleman for that suggestion. The gentleman calls attention to the fact that a number of our States that did not consider themselves in position to exhibit last year are going to do so this year, because conditions are better in the country.

Mr. MARTIN of Oregon. And because they have seen their mistake in not doing it.

Mr. KELLER. Yes; and I thank the gentleman for the observation.

Mr. TRUAX. What States are they?

Mr. MARTIN of Oregon. My own State for one.

Mr. McDUFFIE. How much profit was made on the fair last year by the fair association?

Mr. KELLER. No profit at all was made. I think something over $4,000,000 was netted, but that was not profit. That was simply paying back the bonds. In other words, the people of Chicago put up the money to build all these great buildings and get the exhibits there. They have paid back to themselves something more than $4,000,000 out of the nearly $9,000,000 which they expended.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. MARTIN of Oregon. Is it not a fact they have paid back about half of what they paid in?

Mr. KELLER. That is correct.

Mr. BLANTON. Will the gentleman yield?

Mr. KELLER. No, no; not now.

Mr. McCLINTIC. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. McCLINTIC. Is the gentleman in a position to say to this House how much the World's Fair in Chicago cost this Government last year?

Mr. KELLER. It cost the Government last year about eight-hundred-and-some-odd thousand dollars.

Mr. McCLINTIC. And how much was appropriated?

Mr. KELLER. There was a total appropriation of $1,000,000. At the end of the fair there was about $172,000 still remaining.

Mr. BLANTON. No; $77,000.

Mr. KELLER. That is what is now remaining at this time, not what was left over at the end of the fair last fall.

Mr. McCLINTIC. How much are they asking for now?

Mr. KELLER. Four hundred and five thousand dollars.

Mr. TABER. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. TABER. According to the tables which I put in the RECORD last night, the fair cost last year $922,625.62.

Mr. KELLER. That is carrying it up to a recent date. The gentleman from Oklahoma asked me how much it had cost at the close of the fair.

Mr. TABER. All I have is this report.

Mr. SNELL. Will the gentleman yield?

Mr. KELLER. Surely.

Mr. SNELL. This boils down to a practical question. Personally, I have never been much in favor of starting these propositions; but this one is started. The question in my mind is, What is the least possible amount they can get along with during the present season and take care of the exhibit we have there at the present time?

Mr. KELLER. I agree with the gentleman.

Mr. SNELL. We have an exhibit there, and it must be taken care of. I understand that they can do it for much less than they have asked for now. If the gentleman is in a position to tell the House the exact amount they can get through with and not waste the money, I am willing to support it.

Mr. KELLER. I am going to suggest to the gentleman that I only have one source of information, and that is from the three Commissioners who made requests for this money. Their statement is that to carry on the fair as it should be it will require $405,000.

Mr. SNELL. That is probably true; but has any information come to the gentleman, such as has been floating around the Capitol, that they could get by with $200,000 and do a reasonable job?

Mr. KELLER. I have been told by a great many gentlemen that they would not vote for more than $200,000. I have not been impressed by it for this reason: The plain facts are these: There is not a man on this floor—and I want the gentleman from Texas [Mr. BLANTON] and every one of the others who criticized me about this to listen—there is not a man on this floor in position to say exactly what we ought to have, whether more or less than this amount asked for.

Mr. SNELL. Now, it is simply a question of finding out how cheaply we can do it and do a reasonable job.

Mr. KELLER. The gentleman is right, and I agree with him completely.

Mr. BLANTON. Will the gentleman yield?

Mr. KELLER. No; not now. I will shortly. I want to answer the question asked by the minority leader. I agree with what he has said. The way we ought to do this, if we are going to be sensible about it, is simply this: There is only one place where these hearings can be had rationally, and that is in the Committee on Appropriations, when you call in these departments before that committee.

Mr. SNELL. I agree with the gentleman there.

Mr. KELLER. I thank the gentleman for his agreement, because that is correct. There is no man here who knows that, or anybody who can know it, except the Committee on Appropriations, and they only after hearing the facts from men who do know.

Mr. SNELL. Will the gentleman yield for one more question?

Mr. KELLER. Certainly.

Mr. SNELL. This is simply an authorization?

Mr. KELLER. Nothing else.

Mr. SNELL. These people have to make their case before the Committee on Appropriations?

Mr. KELLER. Absolutely.

Mr. SNELL. I think the Appropriations Committee can be depended upon to cut them down as far as necessary.

Mr. KELLER. That is indeed correct, and I will vote for whatever they report.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. MARTIN of Oregon. The gentleman is going to stand for $405,000, is he not?

Mr. KELLER. In this authorization?

Mr. MARTIN of Oregon. Yes. You are not going to yield at all, are you?

Mr. KELLER. Why should I?

Mr. MARTIN of Oregon. That is what I say.

Mr. KELLER. I would be foolish to yield on that question.

Mr. BLANTON. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. BLANTON. The gentleman knows——

Mr. KELLER. I only yield for a question.

Mr. BLANTON. I want to ask a question. The gentleman knows that of this money that is provided for in this resolution there is $173,000 earmarked for the Administrator's office alone, is there not?

Mr. KELLER. Does the gentleman know what that means?

Mr. BLANTON. Oh, yes; I know exactly. It means entertainment for somebody.

Mr. KELLER. Now, just a moment. The gentleman will have his 5 minutes here, and whenever he gets up here I want him to tell this House what he really knows about it, and not what he is guessing about it.

Mr. BLANTON. All right. I will not ask any more questions if you are going to give me 5 minutes.

Mr. KELLER. You will get your 5 minutes.

Mr. TERRY of Arkansas. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. TERRY of Arkansas. Can the gentleman say whether or not this is the last summer of the exposition?

Mr. KELLER. Oh, certainly; any other implication is just nonsense.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. LUCE. Mr. Chairman, there are two questions before us. First, shall we continue an exhibit by the Government at this World's Fair through the following year? Second, how much money shall we spend for this purpose? As to the first question, indulge me if I tell you the history of this matter.

Five years ago Congress authorized the President of the United States to invite other countries to share in this exposition. In response to the invitation so extended a large number of other countries undertook to make exhibits and incur expense. At that point we were confronted with a situation that I can in a homely way illustrate by assuming that my good friend from Texas suggested to a group of his colleagues that they attend a theater party, that the colleagues agreed to go, but that when the party was held the gentleman himself did not show up because he did not care to pay for a ticket. [Laughter.]

Nevertheless we voted to do what we had invited other countries to do and made appropriation accordingly.

You are asked this morning to do the same thing again. You have not only originally invited other nations to make exhibits but you have recently, through your administration, asked them to continue those exhibits. Yet there are gentlemen who now propose that we shall not share in exhibits because we are unwilling to pay for our own ticket.

This is not a decent thing to do; it is not a gentlemanly thing to do. We address each other in this body as gentlemen, the formal method, and we mean what we say. We all try to be gentlemen; and why in a situation like this we should hesitate to act the part of gentlemen I wish somebody would tell me.

I cannot believe that there is a Member of this House who will contest my declaration that to decline by reason of expense to continue our exhibits would not be a decent

and an honorable thing to do. If I am correct in this, there remains simply the question of expense.

If I were to put a title on these remarks in the RECORD, it would be "The Confessions of a Chairman." When appropriation was first asked I was the Chairman of the Committee on the Library, which advised such appropriation. Our first bill was lost in the rush at the close of the session. In the course of that summer I had occasion to pass through Chicago twice. Expecting further responsibility in the matter, on my first transit I viewed the exposition grounds and such buildings as were erected, alone, in order that I might not be subject to prejudice. On the second occasion I was shown over the grounds by officials, who explained the whole purpose, plan, and layout of the exposition. I returned convinced that the fair was to be conducted by honorable men, public-spirited, good business men indeed, as we were glad to find out later was the case, and that it was worthy of the sympathetic interest of the Federal Government.

So when the committee met in the next session I shared with my colleagues in reporting again the bill authorizing the appropriation. I did not know the particular purpose for which a single dollar was to be used; I did not inquire; and here is my confession: I did not inquire as to the purpose of which a single, separate dollar was to be used; I made no attempt at a break-down of the proposal. I have been wondering since whether I did the right thing and whether the present chairman of the committee has done the right thing in not going into the details of the expenditure.

This raises an interesting question of political science, a question with which I was familiar before coming here, because in my State legislature I had served as chairman of legislating committees and also as chairman of the appropriating committee. Also I had some part in the introduction of the budget system in my State, and in my first term here took part with the presumption of a new Member in the discussion of the proposed Budget system for the United States. I felt when in the legislature, and I felt when the Budget system was under consideration in this body, that there was a hole in our financial processes to which we ought to pay attention.

Let us see what has happened in this case. The Bureau heads were asked by the Secretaries to tell them how much money they needed to make a decent exhibit. The Secretaries undoubtedly accepted what the Bureau heads advised. The Secretaries advised your Committee on the Library, and I know we accepted without question what the Secretaries advised; and I feel much confidence in saying that then the Committee on Appropriations accepted what the Committee on the Library advised. Therefore, when that bill came on the floor of the House there was no real authority in point of specific details this side of the starting point. Analyze it and you will find that the Bureau heads really determined what should be the amount of this appropriation. I think that is unfortunate.

I thought so when the present measure came before the committee. Once again we either had to accept someone else's judgment or go into the thing ourselves. Look at the situation; your Committee on the Library is composed of five members, all of them members of other committees and burdened with work. For my own part, I am engrossed with the tremendous problems of the Committee on Banking and Currency. Do you say we ought to have brought down here the head of the Bureau of Education and made him give us an itemized statement about what he thought he should spend, devoting several hours, possibly several days of our time to passing judgment upon that one thing? Is it not rather absurd to expect that task from five men with many other duties?

Then how are you going to find out whether these estimates that come along—because this is only a sample, Mr. Chairman—how are you going to find out whether these estimates are sound and reasonable or not?

At the present time we have but one institution for doing such work, and that institution is the Committee on Appropriations. It is made up of 35 men, who, after the general appropriation bills have been passed, have very little to do. It is their job to go into details; it is not the job of the chairmen or the members of the legislative committees. I noticed yesterday that members of the Appropriations Committee, one from each side—my long-time friend from Texas and my equally long-time friend from New York—tried to induce the House, and I expect they will try again to induce the House, to decide as to what is the right total. Yet there is not a man here who has the slightest basis for saying it should be $200,000 rather than $199,000 or $201,000. They are asking us to legislate, to use a familiar phrase, "by guess and by gosh", without knowing anything whatever about the subject. They want us to act upon a hunch that this Government exhibit will need only half of what in fact may prove to be the actual justifiable expense.

I say frankly that I was surprised at the figure in this bill. I thought it unwarranted that $405,000 should be requested. The President of the United States requested this amount of money. No one here thinks that the President of the United States knew anything about the details of the matter. It would be preposterous to expect him to know anything about them. He took the judgment of his Secretaries, and they in turn took the judgment of their underlings.

Here we are about to be asked to make a guess and nothing more than a guess as to what is the right thing. That is not the kind of legislation commending itself to any judicious man. Legislation ought to be based upon knowledge. We ought to have instruments for determining knowledge, and we have one in the Committee on Appropriations. They have in turn access to the Bureau of the Budget. I feel very sure that they might request of the Budget Commissioner an examination of the detail of this expenditure, and I believe they ought to do that.

I helped, as I could, in the passage of the Budget Law. I did it with some objection. I thought it was incomplete and that it ought to have gone further, but I nevertheless voted for it in the hope that it might fulfill expectations. My doubts continued until in that very period when I saw the fair in its early stage, I traveled for 2 months in company with a subcommittee of the Committee on Appropriations inspecting the activities of the Interior Department in the far West. Incidentally, I might say that anybody who thinks a trip like that is a junket has another guess coming. I never passed 2 more arduous months and perhaps never 2 more useful months. By the way, I may say that among the things we survived was participation in 41 well-meant entertainments by chambers of commerce and like organizations in the course of 60 days. You may imagine the strain that it put not only upon the digestive organs but also upon other parts of the human anatomy. That, however, is unimportant.

I speak of the journey because we were accompanied by one of the assistants of the Budget Commissioner. I found him through 2 months' association to be a man of sound judgment, of indefatigable industry, having a personal acquaintance with all the problems presented, and the experience necessary to aid us in reaching conclusions. I came back with the feeling that in the Budget Office we have an agency to pass judgment usefully upon such questions as the one before us and to advise. Therefore the businesslike way to handle this thing, rather than to assume that by mere conjecture we can decide what is the right amount, is to turn to an agency that already exists for this very purpose, the Committee on Appropriations, in the hope that, either by the use of its own office personnel or that of the Budget, it may be able to advise with knowledge as to what should be done.

To sum it all up, I cannot conceive that anyone desires us to place ourselves in the dishonorable position of refusing to do that which we have invited other nations to do. I cannot conceive that we ought not to await the advice the Committee on Appropriations can wisely give as to what should be expended for this purpose. [Applause.]

Mr. KELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Will the gentleman from Massachusetts [Mr. LUCE] yield me 5 minutes?

Mr. LUCE. With the greatest of pleasure, I yield the gentleman from Texas [Mr. BLANTON] 5 minutes.

Mr. BLANTON. Mr. Chairman, I thank the gentleman from Massachusetts for his courtesy.

Mr. Chairman, his is exactly the kind of a speech that I would expect from a statesman from Massachusetts who had been banqueted 41 times by 41 different chambers of commerce on a 60-day junket. If you banquet a Massachusetts statesman 41 times in 60 days you will have him feeling pretty much like taking money out of the Treasury. Banquets are to get him in a generous frame of mind.

Usually the gentleman's speeches are logical. I followed him with a great deal of satisfaction when I was one of those who helped him pass the Budget system for this Government. His speeches then were logical. The only thing on earth he said here in this 20-minute speech this morning was that if the Members do not vote for $405,000 for the Chicago Fair, the second Chicago Fair since last May, they are not gentlemen, and they are dishonorable.

Who votes money out of the Treasury of the United States under the Constitution? There is but one body that can do it lawfully, and that is this Congress. The Members of this House are the only ones who can initiate a movement to take a single dollar out of the Treasury of the United States. The Constitution of the United States says that it it is the House of Representatives, the Members of which are elected every 2 years fresh from the people, that can initiate a bill to take money out of the people's Treasury. It is your vote that must initiate it, and yet the distinguished gentleman from Boston—he lives near Boston if he does represent another district—tells us it is dishonorable if we do not foreclose this question before we consider it, and it is dishonorable if we do not vote $405,000 for the fair in its second year.

Who said it is dishonorable? Who says it is ungentlemanly? Who is it that can make a man a gentleman or a thug by mere word of mouth? It is what is on the inside of a man that makes him a gentleman. It is what is born and bred into him. It is not the gentleman from Boston who determines whether an American is a gentleman or not. It is what is on the inside of you.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. BLANTON. I am sorry. I do not think the gentleman can give us any light on that subject. [Laughter.] I take that back, because there is not a man in this House for whom I have greater affection and regard than I have for the gentleman from Illinois [Mr. BRITTEN.]

Mr. BRITTEN. Will the gentleman yield for a question now?

Mr. BLANTON. I yield to the gentleman from Illinois.

Mr. BRITTEN. The gentleman referred to what is on the inside of a man. Is the gentleman referring to the time before the 41 banquets or to the time after the 41 banquets?

Mr. BLANTON. I refer to what is on the inside every moment a man lives, whether he is drunk or sober. A man drunk, if he is a gentleman, is a gentleman drunk the same as when he is sober. You cannot change him.

Mr. BRITTEN. How does the gentleman know? He has never taken a drink.

Mr. BLANTON. I have been with others when they were drunk and I was sober and I observed them.

I want to give you some facts about this matter and I challenge any man on the floor of the House to deny any one of them.

The Chicago officials came to this Congress several years ago and went to the Ways and Means Committee and said—

> We want you to pass a resolution authorizing our World Fair and we will promise you it shall not cost the Government one single dollar.

This is what they promised us and when the Ways and Means Committee brought that resolution on this floor, some of us at least who watch the Public Treasury, got upon the floor and asked whether or not we could depend upon that promise, whether or not they would make good on the promise it would not cost the Treasury anything. They promised us and they assured us it would not cost us anything and we passed the resolution.

Then they came in last year and got this Congress to appropriate $1,000,000 for a Government exhibit and you passed it over my vote—I did not vote it—but you passed it and last year your Government, with 12,000,000 men, heads of families, walking the streets without jobs, without shelter, without food and clothing for their wives and little children, spent $922,000 on this fair, and, Fred, 15,500,000 people went to that fair and they spent at least from the time they left home until the time they got back, an average of $50 apiece. Is not this a fair estimate? How much does that make, Fred? Fifty times fifteen and a half million is how much? Hold up your hand like you used to do in school and answer me. [Laughter.]

This meant a tremendous sum of money in profits to the people of Chicago.

Mr. BLOOM. How much?

Mr. BLANTON. You know 50 times 15,500,000 is $775,000,000, that they spent last year going to this Chicago fair. Sol knows it just like that [indicating].

They have paid off already half of their bonds. They had exhibits there from foreign countries who owe us millions upon millions on a debt of honor, and who refuse to make any effort whatever to try to pay us. They have repudiated a solemn debt of honor.

I saw Mr. Viviani, the French High Commissioner, come over to this very House floor during the war, when Germany had France on her knees and when we agreed to give France money and agreed to send the flower of American manhood over there under the guidance of General Pershing and others, including our good general here [Mr. MARTIN of Oregon]. France said, "We will never forget America." I saw Mr. Viviani kiss both cheeks of the Speaker, and I saw tears come to his eyes and run down his cheeks as he said, "We will pay back every dollar with interest. We will never forget you."

France today has repudiated the debt of honor. She had her exhibits there—"The Streets of Paris." You paid 50 cents to get in, and then you had to pay France 25 cents more at about 25 other places inside before you got out. [Laughter.] You first paid to see one lady dressed up in the mist of the rainbow—all mist—and then you paid 25 cents more to see 2 ladies dressed up in the aurora borealis; and then you would go a little farther and see 3 of them; and so on until finally you could see 15 of them if you continued putting up the cash.

The American people were paying tribute on this exhibit to the Government of France, a country which is an ordinary defaulter on a debt of honor.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. BLANTON. I yield to the distinguished general who led some of the bravest boys in my district across the water.

Mr. MARTIN of Oregon. Was the gentleman at the World's Fair last year?

Mr. BLANTON. Yes, of course I was, and I did some checking up on Government expenditures.

Mr. MARTIN of Oregon. Did the gentleman see all of these things?

Mr. BLANTON. Yes, of course I did.

Mr. MARTIN of Oregon. I did not see them.

Mr. BLANTON. I always see everything there is to be seen wherever I go. [Laughter and applause.]

Now, this year there are 10,000,000 heads of families still out of jobs, their wives and children without any provision except what the Government pays for out of the Public Treasury in the way of relief funds. I am not willing by my vote to take $405,000 out of the Treasury in this crucial year and waste it in Chicago.

No; if they want a fair let the people of Chicago stand on their own bottoms, Fred.

Mr. BRITTEN. It cannot be done. [Laughter.]

Mr. BLANTON. Let them pay their own expenses and let these defaulting governments that owe us money, if

they want to do so, have their exhibits there at their own expense. [Applause.]

Mr. KELLER. I yield to the gentleman from Ohio.

Mr. TRUAX. Mr. Chairman, I agree with everything the gentleman from Texas says with one exception; I did not see everything at Chicago; I saw everything that I could, but I was there only 2 days. I agree with the gentleman that this Congress alone has the right to appropriate—to say whether this money shall be appropriated this year. Having had something to do with the appropriation for State exhibitions for 6 years, I know in my own State that when money was budgeted we saved the taxpayers thousands of dollars every year.

I should like to know where the $172,000 appropriated for the Commissioners is going; I should like to know how it is to be spent; I should like to know what the Agricultural Department is going to do this year; I should like to know what kind of exhibits they are going to have.

Mr. LUCE. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman and gentlemen of the committee, I quite agree with the statement made here this afternoon that consideration should be given to the opening of the exhibits by the Federal Government at the fair at Chicago this year, owing to the fact that they have invited foreign countries to participate, but I am unable to fathom how, when the appropriation last year of $1,000,000, with $922,625 expended for the benefit of the fair, and the fact that they constructed the buildings for the housing of those exhibits at a cost of $500,000, I understand, how this year they can ask the Federal Government and the taxpayers of the country to appropriate for the display of the exhibits $482,101. That is the amount with the unexpended balance of $77,324 that they want. In other words, they want over 50 percent as much as we had last year and $44,000 more. I think it preposterous that the people of this country are going to be asked to appropriate $482,000 for further exhibits at the fair at Chicago.

I am in sympathy with continuing the exhibits, but how do they arrive at this sum?

The Commissioners asking us to make this appropriation have expended more money in the last 2 years than has ever been expended before by three men in the history of the world. They are making out the budget for this fair, and I say it is exorbitant.

If we are going back to the taxpayers in this country, who are now deluged with debt, and who are being asked at every nook and turn to pay taxes, if we are going to say that we want the Commissioners at Chicago to have $172,000 to wine and dine diplomats who come there on a visit, it is wrong, and I do hope the Representatives in this House will cut down this appropriation at least to $100,000. I would say $50,000 ought to be sufficient for these exhibits. You have the buildings; you have the exhibits at Chicago. I do not think we should be unfair to the employees there who put on the display and are courteous to the people who will visit this fair, but we must realize that we have to go to the taxpayers and ask them to pay the bills.

Mr. KELLER. Will the gentleman yield?

Mr. RICH. I yield.

Mr. KELLER. Does the gentleman think that $50,000 will be sufficient?

Mr. RICH. No; I never ran a fair; but if you are making the money you say in the operation of the fair, then the people who are making the profit should pay for its continuance.

Mr. KELLER. They are not making money.

Mr. RICH. It is said they are.

Mr. KELLER. What they said is that they paid back to themselves half of their investment.

Mr. RICH. If they got their investment back and had anything over, then you can cut down the expense of the exhibits that we are putting there and make it a reasonable amount, not an exorbitant amount.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. RICH. Yes. I yield to the gentleman.

Mr. SABATH. I think the gentleman is not quite familiar with the expenditures. The Commission has not expended a single dollar. All of the expenditures have been under the supervision of the Commissioner, who, by the way, is the former Postmaster General, Mr. New, under whose direction all of this money has been expended.

Mr. RICH. If you have expended $922,000 and constructed the buildings at a cost of $500,000, that ought to be enough without coming back here now to expend $482,000. Do you not think that is unreasonable?

Mr. SABATH. The recommendations are that it is not.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. PARSONS. If this fair were at Woolrich, Pa., would the gentleman be in favor of it?

Mr. RICH. No; I would not. I am not two-faced. When I think a thing is wrong I say it is wrong because I think it is wrong. I would not spend a dollar of it at a fair in Woolrich, Pa. It would be ridiculous.

Mr. PARSONS. But the gentleman would probably understand more about it if it were there.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. LUCE. Mr. Chairman, I yield the remainder of my time to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, I listened with real interest to the gentleman from Texas [Mr. BLANTON]. He repeatedly misquoted the distinguished gentleman from Massachusetts [Mr. LUCE] when he said that Mr. LUCE had said that the Members of this House would be dishonorable if they did not vote for the $405,000 appropriation. Mr. LUCE said nothing of the sort. He [Mr. BLANTON] referred to Mr. LUCE as having said that Members of this body would not be gentlemen if they did not vote for this $405,000. Again he was in complete error. Mr. LUCE said nothing of the sort.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. No.

Mr. McFARLANE. He made use of the word "dishonorable."

Mr. BRITTEN. Yes; he used the word, but he used it in connection with our invitation to foreign governments that we would appear dishonorable and that we would appear ungentlemanly, if we failed to exhibit at a time when they are exhibiting at our request and invitation.

Mr. Chairman, 15,500,000 people attended the fair last year, and on an average they spent something like $1.20 per day within the fair grounds. That was the average expenditure, man, woman, and child. The amount was not generally hurtful, but it did the spenders a lot of good. This was a great educational and industrial exposition. The most money expended by visitors to the fair was expended in your State and in mine and in the adjoining States, where my friend, Mr. BLANTON, says that approximately $50 would represent the expenditure of each person. That was spent for lodging and gasoline and "hot-dogs" and food you eat along the road—and I am not referring to the kind of "hot-dogs" that you have here in the little red house in Georgetown. I mean a real one. Yesterday your distinguished leader [Mr. BYRNS] took the floor and said that the $405,000 is a problematical amount. He assured the House that the Committee on Appropriations would dig into that appropriation and have it thoroughly analyzed. The Committee on Appropriations will determine how much money is to be appropriated for the continuation of the Federal Government's exhibit at Chicago. What more can you ask. The $405,000 is not a positive amount. If the language in the bill makes it positive, let us change it and provide not in excess of $405,000 shall be appropriated, but in the name of Heaven, let us not place ourselves in the ridiculous light of having invited the foreign nations to continue their exhibit, and then not continue our own exhibit. In December 1933 every foreign officer representing the United States in every nation on earth was requested by his superior officer in the State Department to communi-

cate with the country to which he was accredited, and to request them to come and participate in this World's Fair again, and in March of this year another notice was sent out by the State Department importuning the foreign governments to exhibit here. Are we going to be a lot of laggards and not exhibit? I cannot believe that.

Mr. McCLINTIC. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. McCLINTIC. I should like to know what is the prime reason for having another fair this year.

Mr. BRITTEN. This is not another fair. It is the same fair.

Mr. McCLINTIC. What is the reason for having it repeated?

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. BRITTEN. Mr. Chairman, will the gentleman from Illinois grant me 1 minute to answer the question?

Mr. KELLER. I yield 1 minute to the gentleman from Illinois.

Mr. BRITTEN. Frankly it is this: I am willing to admit to gentlemen on the other side of the aisle that the country evidently is much more prosperous today than it was a year ago. More money will be spent this year in travel by people who did not see the exposition last year. It was the greatest industrial educational facility that the world has ever known, and the authorities out there and your President down here in the White House are anxious that more people of this country shall observe that institution. That is the only reason for it. Not one dollar of profit was made by the Exposition Co., and none will be made this year. Not one dollar of profit will be made by anybody except the concessionaires. The exhibitors cannot make any money because they do not charge an admission. No foreign exhibitor can make any money.

Mr. McCLINTIC. Does the gentleman believe that the same people who went there last year will go again?

Mr. BRITTEN. No, not all of them; but I think from 5,000,000 to 7,000,000 additional people—people who did not go there last year—will visit the fair this year.

[Here the gavel fell.]

Mr. KELLER. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Chairman, I think we are losing sight of the principal proposition before us. That is this: Why should the Federal Government spend this money right in the face of the assurance that the management of this fair originally came before Congress and asked for governmental approval they solemnly promised Congress they would not be asking for any money? That is when they wanted to put over this proposition. Now, they are coming back here and asking us to pay out $482,101, to carry on this fair another year. You cannot get away from those facts. Oh, they say, this is just an authorization bill. I was amused at the remarks of the gentleman from Massachusetts [Mr. LUCE] when he passed the buck to the Appropriations Committee. He knows, as we all know, that if and when we authorize the expenditure of this money that in all probability the Appropriations Committee will consider it a mandate and will allow the full amount. If you are in favor of limiting the amount of this appropriation here is the place and now is the time to vote for such a limitation.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McFARLANE. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. McFARLANE. Mr. Chairman, the last Congress appropriated $1,000,000 for the different departments to spend in making their exhibits at the fair and of this amount last year they spent $922,625.62, and have $77,374.38 unexpended. If you now allow their request of $404,726.62 it will give them $482,101 to spend, of which amount $172,954 will be allotted to the Commissioner to spend as he sees fit. Last year he spent $493,618.05, and has left unexpended $16,241.95. The other 20 departments of Government displaying exhibits are requesting the balance of the above sum. This fair was planned for only last year. Their managers solemnly promised Congress they would not ask us for any appropriations to help carry on their work. In order to inveigle Congress into recognizing their fair and give it a national status abroad so that they could have our Government inviting foreign countries to bring exhibits to them. The facts show that more than 15,000,000 people attended the fair last year, probably spending more than $50 each, greatly benefiting all business concerns in and around Chicago.

It is a well-known fact that the hotels and many other business concerns in receivership have paid their indebtedness in full. The Government has been very generous with the Century of Progress, much more so than it has been able to be under the present economic conditions, with more than 11,000,000 men unemployed and they with their wives and children hungry and of necessity being fed at Government expense. Because of insufficient funds, the Government has been forced to discontinue and drop from the rolls many hundreds of thousands of families being fed under the C.W.A. It seems that this is a very bad time to be pressing legislation of this kind when our Government is admittedly unable adequately and sufficiently to take care of our people now in distress.

I, therefore, trust that not only this amendment will be adopted but that the leaders of this movement will not press this measure further.

Mr. KELLER. Mr. Chairman, I yield the balance of my time, 5 minutes, to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. Mr. Chairman, I only have 5 minutes, so I will have to talk fast and try to answer questions that were asked last night and this afternoon. I want to get the facts before this Committee.

In the first place, the gentleman from Texas [Mr. BLANTON] really placed his finger upon the most important part of this whole argument. The gentleman from Texas stated that the Ways and Means Committee brought in a bill authorizing this fair. The reason that bill was brought before the House at that time, and the only reason, was that the Century of Progress Exposition Co. could invite foreign nations to participate in this fair. That is why we are here today. It was not for any appropriation. It was an authorization, because without that the State Deparment could not have invited foreign nations to participate. The foreign nations were asked to participate, and they are participating. This authorization for an appropriation has nothing to do with the Chicago fair. This is for the Government of the United States to demonstrate 21 different departments of the Government. Twenty-one different departments of the Government have exhibited at this fair. The exhibits are there, and if you will examine the allotments of 1933–34 you will see what this amount, $482,000, is to be used for. That is very easily ascertained. We know what the Government expenditures were last year at the fair. We know how much it was necessary to expend for the State Department, the Justice Department, the Post Office Department, and the other Departments. So this year when they come before the Committee on Appropriations to find out how much appropriation is necessary, they have the figures of what it really cost last year, and that is what it should cost for the remaining time of the fair, outside of taking the exhibits back home and removing the buildings.

You want to know whether this exposition is a success. You want to know whether this year is different from last year. Let me give you some figures. Mr. Henry Ford is spending more money for an exhibit at the Century of Progress this year than any other exhibitor spent last year. Is that not proof positive that this exposition will be as big, if not bigger, than the exposition last year?

Let me give you some more figures, comparing this year and last year. At the different institutions this year the

attendance, according to the papers, is four times as great as the same month last year. In fact, people are more prosperous. They have more money to spend and they want more recreation.

Now this bill calls for only one thing, and that is an appropriation of money for the Government exhibits. No one can say that the Century of Progress commissioners ever came before this House and asked for one penny for the Century of Progress. The money was expended for the Government of the United States. This is the only time in history—and I go back over 40 years on expositions—that any city ever held an exposition without asking the Government of the United States to subsidize them or underwrite them. There has not been one cent expended for the Century of Progress.

Mrs. KAHN. Will the gentleman yield?

Mr. BLOOM. I yield.

Mrs. KAHN. The Panama-Pacific Exposition held in San Francisco did not ask for Government underwriting.

Mr. BLOOM. But there was money appropriated.

Mrs. KAHN. For an exhibit, exactly as it was appropriated for the Chicago World's Fair, but there was no money appropriated for the expense of the Panama-Pacific Exposition.

Mr. BLOOM. Well, the lady may be right in that case, but I am going to look it up. I have the figures.

This exposition could not have been continued for another year if it were not for the fact that the Government of the United States promised to continue its exhibits.

The CHAIRMAN. The time of the gentleman from New York has expired.

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

SEC. 2. For this purpose the act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, as hereby amended, is extended and made applicable to the continuance of the participation of the United States in the said exposition in 1934 in the same manner and to the same extent and for the same purposes as originally provided in said act, except insofar as the provisions of that act specify the erection of a building or group of buildings: *Provided*, That there may be expended a sum not to exceed $2,500 for the purchase of a passenger-carrying automobile for the official use of the Commissioner of A Century of Progress.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 2 line 10, after the colon following the word "building" strike out the remainder of the section.

Mr. KELLER. Mr. Chairman, I know of no objection to the amendment.

The amendment was agreed to.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, one Member tells us that this is strictly an educational institution. The gentleman from New York [Mr. BLOOM] just said it was a recreational institution, that the people wanted recreation. I presume they are given education through the Government exhibits and recreation in the "Streets of Paris" and the "Streets of Cairo."

I call the attention of the House to the fact that this is the only world's exposition, in my recollection, that did not have an exhibit of the livestock that is raised on our American farms; and I go back to the Chicago exposition of 1893, the St. Louis exposition of 1904, the exposition at Philadelphia, and many others.

The Department of Agriculture last year spent $104,000. What for? I want someone to tell me what will be done with the $172,000 that is appropriated to the Commissioner this year. I want someone to tell me what was done with the $509,000 that was spent last year through the Commissioner's office.

The gentleman from New York stated that the country was more prosperous. If he refers to the farming country that is not true. If, as he said, the exposition itself is more prosperous, that is the greater argument why this Government should not appropriate money for it this year. As you came to your office this morning, did you see the bread line that I saw, those boys who are here looking for their rights, their bonus, feeding at the soup house paid for by the Government?

Do you see, as I see over this country, 10,000,000 men still tramping the streets looking for work? Do you see 3,000 farmers being sold out and having their homes confiscated day by day while we stand here and devote nearly a day to the question of whether or not we are going to underwrite to a certain extent this great institution in Chicago?

Why do you not get your hotels to chip in, hotels charging $7, $8, and $10 for a $2.50 room? How much are they going to chip in this year? Are you going to compel your hotels to get health certificates so people can go to the fair without danger of catching dysentery? What about your business men there who made millions and millions, who enjoyed the greatest prosperity last year they have enjoyed in 15 years; how much are they going to "kick in" this year? Yet you come here and ask the taxpayers of this great country of ours, 90 percent of whom cannot even dig up the money with which to go to Chicago, to have saddled on their backs $405,000 to maintain "The Streets of Paris", and "The Streets of Cairo", the fan dancers, and other exhibits.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. BRITTEN. I wish to correct the gentleman in his statement with regard to farm animals, and to inform the gentleman that all during the fair last year the greatest exhibit of farm animals in the United States, and probably in the world, was in Chicago. That exhibition was held at a place called the Union Stock Yards.

Mr. TRUAX. Yes; I have been there many times, but the smell drives most people away.

Mr. BRITTEN. The gentleman from Ohio ought to be accustomed to that.

Mr. TRUAX. I am; that is the reason I go [laughter], but the gentleman is not. The regret I expressed was that there was no exhibition of American livestock at the fair. There was no effort made by the Government at the fair to tell the farmer how to get the most out of his livestock. It matters not whether the old brindle cow got foundered in the cornfield or whether the little farmer's humble jackass was doubled up with the colic—nothing was done to help the farmer learn how to meet the situation.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. SABATH. I desire to state to the gentleman that I am informed that arrangements have been made whereby a livestock show will be made part and parcel of this exhibition. In addition to that, I wish to remind the gentleman that the continuance of this fair will give employment to 5,000 or 10,000 unemployed.

Mr. TRUAX. I do not doubt my colleague's statement, but I want to see the money budgeted for a livestock exhibit before I will believe it.

If some of us are determined to spend $405,000 for educational expositions, why not appropriate this money for the State fairs. The amount that we are asked to appropriate for the Chicago exposition, if made available for State fairs, would provide 40 of them with an appropriation of $10,000 per year.

This appropriation would be a godsend to them. Every State fair is having a hard time of it. They are having to reduce their expenditures and admissions. Why not give part of it to county and independent fairs and expositions, of which we have approximately 2,500 in this country. These county and independent fairs are practically every one of them an agricultural educational institution. They face a Herculean task in raising funds to properly finance their expositions. They have been compelled to reduce their admissions from 50 to 25 cents. They have a difficult time

to get along. Many of them are dropping out of existence year by year.

An appropriation of this size distributed among these county agricultural institutions would be the means of rehabilitating and perpetuating those institutions, whereas under present conditions they are foredoomed to failure and oblivion.

In my judgment it is time that this Congress cease spending the taxpayer's money for non-essentials of life. If left unmolested, the tax-spender will always keep ahead of the taxpayer. This seems to be the trend in many phases of Government activity today.

At a time when farmers everywhere from Gulf to Lakes, from coast to coast, are being strangled to an economic death by those human hyenas known as money lenders, at a time when 10,000,000 men still wear out shoe leather and hand and heart and soul seeking a job that becomes ever more distant, ever more a mirage, at a time when schools are closing by the score for lack of funds, at a time when dimpled babes cry for milk and the sorrowful mother is in need of food and clothing, it is time that this Congress quit spending the people's money for the benefit of the private business interests of Chicago.

At a time when this Congress refuses to consider such meritorious bills as the Frazier-Lemke bill, which will save the farmer from ruination and damnation, which will save the farmer from the further encroachments and abuse of the most despicable bureaucracy ever created in the Federal Government, known as the Farm Credit Administration, it takes superabundant gall and unadulterated, triple-distilled intestinal fortitude to ask this Congress to make this appropriation.

The gentleman from Massachusetts [Mr. LUCE] inferred in his remarks that Members who refused to support this bludgeoning of the taxpayers were not "gentlemen", that it would be "dishonorable" to vote against this bill. In the eyes of some, Mr. Joseph Nutt, former treasurer of the Republican National Committee, and former chairman of the board of the defunct Union Trust Co. of Cleveland, would be a gentleman, but only 2 days ago he was indicted by a Cleveland grand jury on the charges of making false entries in the accounts of the bank, and of using the mails to defraud.

Brutus was considered by some an honorable man. Yet he slew his best friend, the mighty Caesar, with the assassin's dagger. So, if to be classed as honorable gentlemen by some Members of this House, we must agree without even a murmur of protest to plunder the taxpayer for the benefit of the tax collectors at the Chicago Fair, then my vote will be cast in the negative.

The contention is made that the United States Government collected more than a million dollars revenue from taxes on admission tickets to the exposition, and that therefore we ought to appropriate a second time so that we can collect more toll and tribute from thousands of our citizens who can gather together barely enough coin of the realm to make the trip to Chicago.

It is not enough that these citizens of ours, who have the same desires for education, the same desires for entertainment, the same desires for recreation that my friend from New York [Mr. BLOOM] mentions, have to dig and scrape and rake all their nickels and dimes together to make the journey to Chicago, but the Federal Government itself must make their lot even harder by taxing them for the privilege of entering the gate of this educational institution.

The argument is also used that because the motorist who travels by that method to the World's Fair leaves additional tribute and toll in the States through which he passes, that that form of extortion justifies this Congress in making further appropriations for the Chicago Exposition, which I admire and praise, but which should be financed by the men who are reaping the rewards, who are scooping in the dollars.

In the first place, neither the present high amusement tax or gasoline tax can be justified. The first is a nuisance tax pure and simple, a yoke about the necks of the wageworkers, the farmers, and unemployed of this country, a tax upon these toilers merely because we do not have the courage to tax the public utilities and to tax wealth the way it should be and some day will be taxed.

Some of us cackle like the dunghill rooster at the break of dawn, and we thrust our chests out like pouter pigeons, because we have discovered that in our great wisdom and beneficence we have taxed the people who were spending the last dollar they can rake up to see this World's Fair. We are taxing them a million dollars so that when they arrive at the front portals of this great institution they shall have to deposit their nickels and their dimes in the amusement-tax box, so that their Congress will be justified in making further appropriations for the exposition and will be justified in imposing nuisance taxes on these people who will visit the fair this year.

It has been said that thousands of dollars have been left in States by motorists passing through on their way to the exposition and that that is a good argument why every Representative of every State should vote for this unjustifiable gift to further finance the business men of Chicago, to further enrich the once debt-burdened hotels of Chicago, to further enrich the beer barons and the liquor kings and the proprietors of la danseuse, commonly known as the "dance of the streets of Gay Paree, the dance of the streets of Cairo, and the fan dance" so ably exploited by one of our distinguished female citizens, Sally Rand.

Someone else had it that our way to future prosperity lies in the path of spending more and more and more. Spend money for gasoline so that your State and the Federal Government will exact their toll. Spend money for admission tickets to the Chicago fair so that the Federal Government could wring a nickel or a dime out of the fifteen and one half million sojourners there last year.

My reply is that for every dollar left in any single State $50 will be left in the city of Chicago. It will be left with the merchants. It will be left with the hotels, which have not only hijacked their rates, but which in some cases infected their guests with a deadly disease which has already exacted its toll in many sections and has made of many citizens helpless invalids.

Instead of crowing about the gasoline taxes which we take from the masses of the people, we should be doing something to scale down that tax and place it upon the sleek and fat public-utility barons. Instead of shouting to the housetops that we collected over a million dollars from the visitors to the Chicago exposition last year through nuisance and amusement taxes, which fall with equal burden upon the

Mr. TRUAX. Mr. Chairman, instead of shouting to the housetops that we collected over a million dollars from the visitors to the Chicago exposition last year through nuisance and amusement taxes, which fall with equal burden upon the shoulders of the unemployed, the bankrupt farmer, the toiling wage worker, the little child who has a dime to spend at the movies, we should be repealing that infamous tax and placing its burden upon centralized plutocratic wealth.

We could repeal every amusement tax in this country today and levy a 5 percent additional tax on all personal incomes over $100,000 a year, and collect more than we are now collecting from the poor by the vehicle of the amusement tax.

The most obnoxious of all the nuisance amusement taxes is the tax on the traveling circus. The traveling circus is an American institution—an American tradition handed down from the generations that are now gone. Is there one among us who does not remember the immortal words of P. T. Barnum when he uttered his famous adage "A sucker is born every minute." Is there one among us who does not remember the little one-ring circus of our boyhood days, of earning an admission to the show by carrying water for the elephants. If there be one who has missed that boyhood thrill, then he has missed something that has served as an ennobling influence down through the decades.

Is there one so callous, so hardened, so immune to the impressionistic stage of youthful life that he cannot see now the coming of the circus to town, that he cannot visualize

the elephants pushing the heavy trucks, the big "cats" commonly known as lions, tigers, and leopards, pacing restlessly back and forth behind their iron-barred cages?

Can you forget the circus band; the red lemonade; the peanuts; the side-splitting clowns; the bareback riders; the high-wire performers; the aerialists in their marvelous twists, turns, side-slips, and nose dives? Has the ear become deaf to the inspiring chords of the steam calliope; the ringmaster's cracking whip; the equestrian director's throaty announcements; the grunt of the trained pig; the chatter of the monkeys; the roar of the lions? Is the modern eye obscured to the blazing, dazzling, florescent side-show banner depicting the bulging curves of the fat lady; the spangles of the Egyptian dancer; the tattooed man; the bearded lady; the three-legged calf; the courageous sword swallower; and the heroic snake charmer?

Few can recall even the names of all of the Presidents, but the names of Ringling Bros.-Barnum & Bailey, Buffalo Bill, Pawnee Bill, Carl Hagenbeck, Wallace Bros., John Robinson, Sells-Floto rush to the lips of the kiddies like a song learned at the mother's knee.

Other forms of entertainment and amusements may have their questionable features. They may depict wrecked morals, perversion of character and of sex, but the circus, as we have known it in the past and shall know it in the future, is the one outstanding amusement and entertainment that never yet has been censored and never yet has been the cause of legislation and enactments of laws in State or in Nation to compel adherence to the principles of common decency and the proper regard for safeguarding the morals and character of our youth.

The circus is, and always has been, an amusement where the whole family can be entertained. Father and mother, with the kiddies trailing along hand in hand, and even grandpap and grandma can laugh with the youngsters and enjoy the show.

The crowds that flock to the circus today to be entertained are not made up of the high-browed, hifalutin' aristocracy of wealth, the male species of which must be garbed in white boiled shirts, long-tailed coats, and a breath disguised with cloves or chewing gum; the fat female dowager, of which are attired alike unto Solomon's wives, in all their glory, with mattressed fronts, poodle dogs, and lorgnettes. If you doubt the wisdom and truthfulness of these words, just attend the circus this summer; get there early and observe the class of people who enter the marquee.

There is the worker, who earns his bread by the sweat of his brow, who has not of worldly riches, but who possesses the boundless wealth of a good wife and healthy, bright-eyed children. There you will see the farmer, who braves the chill of wintry, icy blasts, so that beef and pork and poultry may be produced, and who bares his brawny arms and chest to the sun's scorching rays to harvest the wheat so that the people may have bread. With 3-cent hogs and 4-cent cattle, his income and his earnings are at the zero point, yet when he goes to his one favorite amusement, the circus, he is taxed 10 percent for the privilege of enjoying his day of pleasure and recreation.

Go to the circus and you will see there the small business man and producer. He may be wearing a celluloid collar. He may have a day's growth of whiskers. He might flash a red bandana; but here he is to see the circus and to spend his money for the sideshow, the peanuts and pop corn, and the red lemonade.

Watch the parade that moves along Main Street. See the throngs standing by. Note the automobiles parked in every available foot of space. See the craning necks. Join the crowd and watch the procession go by. See the prancing menage horses. The comely and attractive equestrians; whooping cowboys from the far-off plains; Russian Cossacks; Arabian riders of the deserts; the copper-hued Indians; the acrobats, aerialists, high-wire artists; the long-necked kangaroos; the hippopotamus; the homely ships of the deserts—the camels—ending up with the clown band and the caged animals. Capt. Clyde Beatty, the world's greatest animal trainer, a resident of my own State of Ohio; "Poodles" Hanneford and the famous Hanneford family; Jess Adkins, Eddie Vaughn, and all of the rest of the "big shots" of the show. Then you, too, will feel that old surge and urge to follow the crowd and see the circus once again as you did in your boyhood days.

When you stop at the ticket office you object, however, and rightly so, to the payment of a 10-percent amusement tax. I object to it; thousands of other Americans object to it. It is an impost on the pocketbook of the poor man, so let us correct this indefensible tax by repealing it. Let us give the struggling masses a break. Let us give the little kiddies a break. What the Federal Treasury may lose through repeal of this section of the amusement tax it can easily gain by a heavier tax on the rich.

I am introducing a bill to preserve and encourage a declining national institution which has been of great educational and recreational benefit to the people of the Nation, popularly known as the "circus", to accomplish this end by removing the tax on admissions thereto as provided by section 500 of the Revenue Act of 1926, as amended:

Be it enacted, etc., That section 500 (b) of the Revenue Act of 1926, as amended, be, and is hereby, amended by striking out the period at the end thereof and substituting therefor a semicolon and adding the following: "or (3) any admissions to any performance of a traveling company exhibiting miscellaneous shows, performances, and entertainment consisting of menageries, acrobats, horsemen, etc., performing in 'rings' or 'sideshows'; in other words, that class of educational and recreational amusement known as the 'circus.'"

By unanimous consent, the pro forma amendment was withdrawn.

Mr. BLANTON. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Motion offered by Mr. BLANTON: "Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out."

Mr. BLANTON. Mr. Chairman, I want to give you one view to show that some of these Government exhibits are not worth while and are not in the interest of the people.

I went to the Chicago fair last year and went into the exhibit of the Department of Agriculture. They had what was called the "Chamber of Horrors", one of the special pets of Dr. Rex. Tugwell. He had in it various things that he thought were deleterious to the public health. I noticed, and I happened to have some friends with me from my part of Texas, a product of my own district that every reputable doctor in the United States who knows anything about it will say is a splendid product that has brought health to many people. It is Crazy Crystals, manufactured in Mineral Wells, Tex., in my district.

Mineral Wells is one of the greatest health resorts in the United States. Many Congressmen have been there. Why, our good friend, Mr. Sproul, of Illinois, used to go there every summer for his health. I have seen men go there on crutches, men who had to be helped into hotels, so crippled up with rheumatism that they could not walk unaided or raise their arms, go away cured in a few weeks' time. Fifty, sixty, and seventy-five years ago the Indians used to go there, whole tribes at a time, and camp for months in the summer, to take advantage of the health properties of the mineral-wells water.

The crystals which are produced from those mineral wells down there were in the Chamber of Horrors. It was stated there that they were nothing in the world but a fraud, that they were Glauber salts that could be sold for so much a ton. Any posted physician on earth knows that Glauber salts are not palatable, and that they are distasteful. You cannot drink water containing Glauber salts. It would be nauseating.

The crystals from the health-giving waters of the mineral wells of Texas are palatable and pleasing to the taste and reputable physicians all over the land have sent patients to Mineral Wells for the benefits to be derived from this water.

We told Dr. Tugwell that he was going to have to take Crazy Crystals out of the Chamber of Horrors. He said he was not. After a hearing on the matter finally he was convinced he had been in error about the product and took it out. There were thousands of people from that part of Texas there seeing an exhibit put there by their Government that did them and their country an injury. Why, it would take years for that legitimate company down there to overcome the loss occasioned by the error of Dr. Rex Tugwell, and may I say that there are lots of those exhibits sometimes that do not do much good after all.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. BLANTON. The gentleman from Illinois said that they spent only about $1 a day in the fair grounds on the average. The gentleman from Illinois knows that most of those big hotels there in Chicago were in the hands of the receivers when the fair started. During the fair last year you had to wire most of them 2 weeks in advance in order to get reservations. I stated that $50 was about the average amount that each person spent on the entire trip to the fair. Why, some friends of the gentleman from Illinois when they went there I dare say would spend $50 a day for their suite at the hotel. I understand these hotels have gotten out of debt and out of the hands of receivers. God pity you if you ever get into the hands of a receiver.

Mr. Chairman, I think we should strike out the enacting clause of the bill and save this $405,000 for the people.

[Here the gavel fell.]

Mr. SABATH. Mr. Chairman, I rise in opposition to the gentleman's motion.

Mr. Chairman, I appreciate that the country has derived a great deal of benefit from the gentleman's section, and especially his district. I recognize the wonderful qualities of the waters of the springs in the gentleman's district, and the good they have accomplished. Not only are these wonderful waters, but Texas has given the country a wonderful legislator, a man who is always ready and willing to fight not only for his district, but for the best interests of the country as a whole. He is sincere, he is brave, he is able, and he is courageous, but sometimes even the gentleman from Texas [Mr. BLANTON] makes a mistake in opposing an appropriation bill.

Mr. BLANTON. I am almost inclined to withdraw my motion.

Mr. SABATH. If the gentleman will agree to do that, I am willing to desist right now.

The gentleman from Texas should not blame the fair for any Assistant Secretary of Agriculture or even the Secretary of Agriculture himself. Chicago is not responsible for either of them, and we are hoping that in the course of time we will be able to have a Secretary of Agriculture who will be able to please every farmer in the United States.

Mr. BLANCHARD. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. Is the gentleman convinced that $405,000 is needed?

Mr. SABATH. I may say to the gentleman that I feel that perhaps the Commissioner might be able to get along with about $200,000, together with the balance that was left over from last year. I am informed, however, that this is merely an authorization and that it is not an appropriation. I have the utmost confidence in the Chairman of the Appropriations Committee, and that great committee consisting of 35 Members.

Mr. MILLARD. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York.

Mr. MILLARD. Last year we authorized an appropriation of $1,000,000, which was passed by this House. This year we are asked to appropriate $405,000. What does the gentleman think as to whether this will be passed or not?

Mr. SABATH. I do not know.

Mr. MILLARD. Does not the gentleman think we had better pass on the matter here?

Mr. SABATH. I do not know what the Members will do; but may I say that this is simply an authorization? I feel when it comes to the Appropriations Committee it will make a thorough investigation; and from what I have seen in the past, I am satisfied that it will not come in with a larger appropriation than is absolutely necessary. They might be able to cut it down below $200,000, but I do not know about that. I want to be on the square with all the Members that are here, as I always try to be. Notwithstanding the fact that the recommendation is for $405,000, I feel that the Government might be able to get along on less; and in view of the fact that this is not an appropriation but merely an authorization, I feel that this bill should be passed as it is, leaving it to the Appropriations Committee to bring in an appropriation which its members, on examination, find is required.

Mr. BLOOM. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York.

Mr. BLOOM. The House will have another opportunity to vote on whether they agree to that amount or not?

Mr. SABATH. That is correct. The House will have a chance to vote on the amount that should and eventually will be appropriated.

The CHAIRMAN. The question is on the motion of the gentleman from Texas [Mr. BLANTON].

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 36, noes 87.

So the motion was rejected.

The Clerk read as follows:

SEC. 3. In addition to the sum of $1,000,000 authorized by the aforesaid act to be appropriated for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) and appropriated under section 2 of the act entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes", approved July 7, 1932, there is hereby authorized to be appropriated the sum of $405,000.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 2, line 22, after the word "of", strike out "$405,000" and insert in lieu thereof "$200,000."

Mr. BLANTON. Mr. Chairman, surely no one in the House who wants to save money for the taxpayers would vote against this amendment that will save $205,000 in cash for the taxpayers. Even with this amendment passed they have available now $77,000 left over, which they can spend under the provisions of this bill, and in addition they will have $200,000. This will give them $277,000, or more than a quarter of a million dollars, to spend in the second year.

Mr. McFARLANE. Two hundred and seventy-seven thousand.

Mr. BLANTON. Yes; $277,000 in all. Is not this enough? Do you not think they can get along with this amount? I know these big fair fellows, these exposition fellows, like our friend from New York [Mr. BLOOM], would have the Government engaged in expositions all the time. He is an exposition man, and he is a good one. If he were in charge of this fair at Chicago, I would believe the money would be well spent. Sol gave more to the school children of the United States with the little money he had during the last 2 years than they ever got out of the Federal Treasury since they were born. [Applause.]

However, I am not willing to spend money indiscriminately in Chicago on the second year of the fair. This will make them cut off some of that great, big amount of $173,000 that the Administrator is going to entertain with. Oh, he will entertain our former Chairman of the Library Committee from Massachusetts when he goes out there. He will be royally entertained if they get through this $405,000. Such ex-Chairmen of the Library Committees always get well entertained. It will be a continuation of the 41 banquets he enjoyed on that 60-day junket.

Mr. SABATH. Mr. Chairman, will the gentleman from Texas yield?

Mr. BLANTON. Always, because we have no more delightful companion on this floor than ADOLPH SABATH.

Mr. SABATH. In view of the fact that the gentleman is one of the members of the Committee on Appropriations and this matter will come before his committee, does not the

gentleman think we should leave it with that great committee of his to find out how much money should be appropriated. I have confidence in the gentleman and in his committee.

Mr. BLANTON. I want to tell my friend from Illinois this: I am one member of the Committee on Appropriations. I consider a bill like this passed by the House of Representatives is a mandate to the committee. I am a servant of the House on that committee. I do not ever intend, as a member of the Committee on Appropriations, to try to override your will. If you pass this bill and say that $405,000 shall be appropriated, you will find me voting in committee for $405,000 because I am a servant of the House. [Applause.]

Mr. O'CONNOR. Will the gentleman yield?

Mr. BLANTON. In just a minute. If you want to save this $205,000, now is the time to do it. You can save $205,000 by passing my amendment. I know the Committee on Appropriations. There is not a man on the committee who would override your will, definitely expressed by mandatory legislation like this measure. There is no partisanship in that committee. We are not Democrats and Republicans in the Committee on Appropriations; we are American citizens, Members of Congress, carrying out the will of the Congress. You are passing a bill now to give us a mandate, and I hope you will not approve more than this $200,000. Pass my amendment and you will save the huge sum of $205,000 for your constituents back home. I now yield to the gentleman from New York.

Mr. O'CONNOR. Either today or tomorrow a measure will be passed authorizing an appropriation of $400,000,000 for public roads. There is no chance under the sun of either the Appropriations Committee or the President approving any such amount. A nearer amount will be $100,000,000. This will not be a mandate on the Appropriations Committee, and, although the House will pass the bill, the committee will never appropriate the $400,000,000.

Mr. BLANTON. I would much rather spend money building permanent highways that will be worth the money for many years to come, and at the same time give honest jobs to American heads of families who now cannot get jobs, and let these Americans retain their self-respect, their self-reliance, their own initiative, than to waste it in the way money is now being wasted in Washington, granting relief to 25,000 people here who are not entitled to relief.

But, in conclusion, Mr. Chairman, I sincerely hope that my colleagues here will pass my amendment. It will save $205,000 in cash. Is not $205,000 worth saving for the people? You can save $205,000 by passing my amendment and still allow $277,000 to be spent this year in continuing on the Government exhibits. I know just how beset the President was when the Illinois delegation wanted this $405,000. I know that it was hard for him to turn them down. He is human, just like the rest of us. The influence of this great Illinois delegation is tremendous. I imagine that when they overwhelmed him and he wrote that letter he knew that there would be enough Members on the floor of this House, who help him watch expenditures, who would put up a man's fight on this floor to prevent more than the minimum amount needed to be appropriated. Let us save this $205,000. We can do it by passing my amendment.

Mr. LUCE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, although the committee has shown its intention to have an exhibit at the exposition, I would make it clear lest I was misunderstood that not only the original invitation to other nations binds us in all decency but also that on the 19th of last December the Department of State, anticipating action by the Illinois Legislature, sent out invitations again and repeated these invitations on the 19th of March of this year.

Also, I would correct the misunderstanding on the part of my friend from Texas to the effect that I charged there would be something dishonorable or indecent in the matter of the appropriation. At the very opening of my remarks I said there were two questions: First, should we make an exhibit, and, second, how much we should spend on it. As to the first of them it seems to me these statements now made about the invitations warrant the somewhat extreme language which I may have used. As to the amount of the appropriation, it has been repeatedly said—but I would emphasize it again—that we should leave the determination of these things to the Committee on Appropriations. The legislating committee authorizes a maximum, the legislating committee does not appropriate, and the allegation that I have asked this House to appropriate $405,000 is not justified by what I said or by the facts of the case as they are known to every man who has served here even but a few months, and ought to be known to the gentleman from Texas, who has served here for many years. I recognize the magnitude of his knowledge, but some things escape his memory, and he should have remembered that legislating committees do not appropriate but authorize, and when he says that he considers an authorization to be a mandate, he makes us, for the first time, waver in our complete confidence in his omniscience. [Laughter.]

I ask, therefore, that you leave the amount to be spent to the committee whose job it is to determine how much shall be spent, and that you will not guess, conjecture, or surmise what is the right sum, but permit the maximum to go to the Committee on Appropriations to be considered in an orderly businesslike fashion, for that is the right way to do the work of the House. [Applause.]

Mr. RICH. Mr. Chairman, I move to strike out the last word. Mr. Chairman and Members of the Committee, I am sorry that during the course of our debate this afternoon some Members have, because we are trying to economize in the affairs of the Government, claimed that we are opposing anything for the interests of the city of Chicago and the interests of the people of this country.

I have no such thought in my mind in trying to put forth the argument that I believe the expenditure of a fund, say, of $100,000 is too great to carry on the fair that is to be conducted in Chicago this summer.

If we adopt the amendment fixing the sum of $200,000, which is now before you, with the $77,000 they already have from last year, that will give them $277,000 for the purpose of the exhibits and the display. It is simply a disposition to help the taxpayers back home that I am interested in opposing the sum of $400,000. Now, I want to read the philosophy of a former President of the United States, Mr. Coolidge:

> I favor the policy of economy not because I wish to save money but because I wish to save people. The men and women of this country who toil are the ones who bear the cost of government. Every dollar that we carelessly waste means that their life will be so much the more meager. Every dollar that we prudently save means that their life will be so much the more abundant. Economy is idealism in its most practical form. The wisest and soundest method of solving our tax problem is through economy.

I do hope that Members of Congress will allow someone to stand up here who does not agree with the above expression without saying that we who oppose exorbitant expenditures are opposed to the fair at Chicago.

I do not oppose the Chicago fair; I think $100,000 will be sufficient. If you adopt the amendment, you are going to have $277,000. I hope the Members of Congress will do that, because I think it is the right thing to do, and they should not be criticized for taking that position, because they have the right to think in terms of economy, and need no advice from others that they should not do so.

Mr. BRITTEN. Will the gentleman yield?

Mr. RICH. I yield.

Mr. BRITTEN. I have great regard for the gentleman's opinion, but I should like to ask him what specific knowledge he has that $275,000 will be sufficient?

Mr. RICH. I think so, because you have the buildings, you have the exhibits out there. The fact is you want to send a lot of people out there to have a good time. This I am opposed to.

Mr. BRITTEN. The gentleman has not answered my question.

Mr. RICH. I think I have answered the gentleman's question. Learn to economize in governmental activities.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I yield 15 seconds to the gentleman from Texas [Mr. BLANTON] in order that I may ask him a question.

Mr. BLANTON. Yes; I yield.

Mr. PETTENGILL. Would the gentleman vote for this authorization of $405,000 if he thought the Government would make that sum back?

Mr. BLANTON. Would I vote for it now?

Mr. PETTENGILL. Yes.

Mr. BLANTON. I would not vote for $405,000 at all. I believe over half of it will be wasted.

Mr. PETTENGILL. Even if the Government were to make it all back and more?

Mr. BLANTON. I think that is so problematical and so speculative that it would be worse than the lottery speech that we heard this morning.

Mr. PETTENGILL. Mr. Chairman, last year the Government received in revenue in excise taxes from the sale of tickets to the Chicago World's Fair $1,125,000, or three times the amount authorized to be appropriated in this bill. I venture to say that if we authorize this appropriation the Government will make another half million over and above the amount.

Mr. BLANTON. Does the gentleman not know that, except as to taxes, which come anyway regardless of our exhibits, the Constitution forbids the Government receiving any money of that kind at all in the way of profits, and that it would take an act of Congress to put that money into the Treasury?

Mr. PETTENGILL. Oh, I refer to the revenue obtained by the Government in excise taxes from the sale of tickets.

Mr. BLANTON. Oh, the tax? That is revenue that we expect to get from every exposition, whether we exhibit or not.

Mr. PETTENGILL. In addition to that the Government is going to get income from the income taxes that will be paid by everybody on the profits made, from the fair concessionnaires, from the hotels, from the railroads, from the filling stations, and the gasoline distributors. Why, in my own State of Indiana there was $3,000,000 additional from the sale of gasoline. I am in favor of this authorization.

Mr. MARTIN of Oregon. And it will put more money in circulation.

Mr. PETTENGILL. Yes; everywhere in the United States.

Mr. MARTIN of Oregon. And that means prosperity.

Mr. PETTENGILL. Certainly; and it is worth $400,000 to get us to stop thinking about the depression. That is only one third of 1 cent per capita to all the people of the Nation, or one ninth of the cost of a single postage stamp. It is cheap medicine and good medicine against the depression.

Mr. GLOVER. Mr. Chairman, I think the time has come when we ought to begin to think soberly. If the things that my good friend the gentleman from Texas, TOM BLANTON, saw up yonder, and that he has detailed here today, exist, then this fair ought to have closed 3 months ago. Here is a proposition now to take $405,000 out of the Treasury of the National Government, when just a few days ago the Government had to withdraw its support from the men who have been on the pay roll for a few days, to take them out of dire distress, and they are today thrown back on the cities and counties all over this land, with no chance to get work. We have it in our power today to vote this money and to let them suffer; but I stand here as one man, as a representative of my people, to say that I do not propose to do it, regardless of who wants it. I am going to vote for that which I believe to be right. Here is a proposition voted on a moment ago for the Commissioner there to have another $2,500 car, and that is a fair sample of what they are going to do with the rest of it. It is camouflaged and covered up as to what they will do with it. What they want is the cold cash, and they will do the rest of it. The proposition now before the committee of cutting it down to $200,000 is simply a proposition to get that much money—if they cannot get $405,000, then they will take $200,000. If you will stay with this proposition and vote to adopt this amendment, and then stay with the next vote and vote to cut out the balance of it, you will do a service to your country that will be worth while. I should like to know how any of you will go back to your suffering people, which you will have to do in a few days, and look Bill Jones in the face and square yourselves. You will have him asking you why you did not do anything for him, and you will have to tell him that you voted $405,000 to carry on another World's Fair at Chicago. He will then tell you where to go and tell you where to head in, and that is coming now, boys, do not forget that. You are face to face with it in a few days, and I am glad of it, and I say further to you that we will have a record vote on this; and if you want to go down on the record as doing that kind of thing, well and good, but you will not find my name on the record with you in doing it—voting to take away from the suffering people and giving it to this rich city that has prospered so much.

Mr. PETTENGILL. Does the gentleman realize that he is asking one third of 1 cent from every person in the United States?

Mr. GLOVER. I realize that you have gotten about $50 from every man that has ever gone there. You have had enough, and you ought to be satisfied with it.

Mr. TRUAX. Was not that the Hoover policy—to spend ourselves into prosperity, and spend it in Chicago?

Mr. MILLARD. Oh, that is the Roosevelt policy; not the Hoover policy.

Mr. GLOVER. I do not care whose policy it is; I am against it. I am against wasting the money of the American people in such a way as this proposition would have us do.

Mr. BEAM. Mr. Chairman and Members of the Committee, I purposely refrained from making any remarks relative to the World's Fair appropriation until this particular time. I have listened attentively to the arguments advanced pro and con, for the approval or disapproval of this expenditure, and as a Member of Congress from the city of Chicago, naturally I am primarily interested in seeing that the amount of $405,000, as stated in the resolution, remains intact; but before I voiced my sentiments I desired to get the consensus of opinion of Members of the Congress representing districts all over the country relative to the advisability of the adoption of this resolution.

I was particularly interested in the argument advanced by my distinguished colleague from Texas, a man for whom I have the most profound respect as a parliamentarian, and whose opinion I value very highly, but I could not follow the logic of his argument when he insisted that because some foreign nations have defaulted in their payment of debts to the United States, the United States Government should forego any appropriation to making this World's Fair a success in Chicago.

Let me ask you Members of the House, Is it reasonable or just, because some of these foreign countries have failed in their obligations, to deny the people of America, to prevent the millions of school children in Chicago and throughout the entire United States, from having an opportunity for the great educational enlightenment which these exhibits of foreign nations gives them? These displays will afford them a privilege of inspection and an occasion to profit from their study and analysis.

From an educational standpoint alone I say that America owes an obligation to the school children and to the people of our Nation to pass this appropriation at this time. Taking it from an economic argument alone, as the distinguished gentleman from Indiana so forcibly stated a few moments ago, that during the World's Fair period the amount of gas tax collected by the State of Indiana amounted to $3,000,000.

This is not only an expediency proposition from an economic standpoint, which will benefit every State in the United States, but it is a patriotic duty to pass this appropriation. Let me make this appeal to the great farm bloc of America. When legislation comes before this House

every Member from Chicago, every Member from the metropolitan areas throughout the United States supports measures to aid the agricultural sections of this country. I need not recall to your mind the question of flood control, the matter of drought relief, all questions pertaining to the advancement and betterment of the agricultural industry always find a sympathetic response from the Membership of the House residing in the large cities throughout the country.

I do not desire merely to speak in parochial terms, for this measure will not only benefit Chicago, it will not only aid the farming industry throughout the Nation, but it will be a monument of greatness in America. I daresay from a patriotic standpoint and from a standpoint of true Americanism this appropriation should not be reduced, but we should do our duty and authorize the expenditure of $405,000, as stated in the resolution. [Applause.]

Mr. KELLER. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BLANTON].

The question was taken; and on a division (demanded by Mr. KELLER) there were—ayes 79, noes 70.

Mr. KELLER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. BLANTON and Mr. KELLER to act as tellers.

The Committee again divided; and the tellers reported there were ayes 92 and noes 90.

So the amendment was agreed to.

Mr. ANDREWS of New York. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ANDREWS of New York: Page 2, line 22, after the word "appropriated", insert "not to exceed"; and after the figures "$405,000" add the words "*Providing*, That no amount of money be expended by the Government for exhibits of the A.A.A., N.R.A., T.E.R.A., C.W.A., C.C.C., P.W.A., T.V.A., or other emergency relief administrations."

Mr. BLANTON. Mr. Chairman, I make a point of order. The amendment mentions $405,000. It should mention $200,000.

The CHAIRMAN. The amendment does not mention any figure.

Mr. BLANTON. Yes; it mentions $405,000. It should mention $200,000, because the bill has been amended.

Mr. ANDREWS of New York. I accept the modification.

The CHAIRMAN. The amendment will be modified accordingly, without objection.

There was no objection.

Mr. KELLER. Mr. Chairman, I ask unanimous consent that the amendment be again read.

There being no objection, the Clerk again read the amendment offered by Mr. ANDREWS of New York.

Mr. KVALE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. KVALE. The point of order is that the amendment is not in order for the reason that the amendment offered by the gentleman from Texas provided that the Committee do now rise.

Mr. BLANTON. No, the amendment is in order; but there is no debate permitted on it.

Mr. KVALE. I withdraw the point of order.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. ANDREWS].

The question was taken; and on a division (demanded by Mr. ANDREWS of New York) there were—ayes 15, noes 120.

So the amendment was rejected.

The CHAIRMAN. Pursuant to the special Resolution No. 360, the Committee will now rise.

Accordingly the Committee rose, and the Speaker, having resumed the chair, Mr. FULLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (S. 3235) to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes, and pursuant to House Resolution 360, he reported the bill back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. KELLER. Mr. Speaker, I demand a vote on the amendment offered by the gentleman from Texas [Mr. BLANTON] to the last section of the bill.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en grosse.

The other amendments were agreed to.

The SPEAKER. The Clerk will report the amendment upon which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 2, line 22, strike out "$405,000" and insert in lieu thereof "$200,000."

The SPEAKER. The question is on the Blanton amendment.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 78, noes 77.

Mr. BLANTON. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER (after counting). Evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 181, nays 130, answered "present" 1, not voting 118, as follows:

[Roll No. 141]

YEAS—181

Adams	Drewry	Kloeb	Sears
Andrews, N.Y.	Driver	Kniffin	Smith, Va.
Arens	Duffey	Lambertson	Smith, Wash.
Ayers, Mont.	Edmiston	Lambeth	Smith, W.Va.
Ayres, Kans.	Eicher	Lamneck	Snell
Bacon	Ellzey, Miss.	Lanham	Spence
Bankhead	Eltse, Calif.	Lee, Mo.	Stokes
Biermann	Evans	Lehr	Strong, Tex.
Blanchard	Farley	Lemke	Stubbs
Bland	Fiesinger	Lozier	Sumners, Tex.
Blanton	Fish	McCarthy	Sutphin
Boileau	Flannagan	McClintic	Taber
Bolton	Fletcher	McFarlane	Tarver
Brown, Ga.	Frear	McReynolds	Taylor, Colo.
Brown, Ky.	Fuller	McSwain	Taylor, S.C.
Buchanan	Fulmer	Mapes	Terrell, Tex.
Burke, Nebr.	Gilchrist	Marshall	Terry, Ark.
Caldwell	Gillette	Martin, Mass.	Thom
Carden, Ky.	Glover	May	Thomas
Carmichael	Goldsborough	Merritt	Thomason
Carpenter, Kans.	Goodwin	Millard	Tinkham
Cartwright	Greenway	Miller	Tobey
Cary	Gregory	Mitchell	Treadway
Castellow	Griffin	Monaghan, Mont.	Truax
Chase	Hancock, N.Y.	Moran	Turner
Christianson	Hart	Morehead	Umstead
Clark, N.C.	Hastings	Murdock	Underwood
Clarke, N.Y.	Hill, Ala.	Oliver, Ala.	Utterback
Cochran, Pa.	Hill, Knute	Oliver, N.Y.	Vinson, Ga.
Colden	Hill, Samuel B.	Palmisano	Vinson, Ky.
Cole	Hoeppel	Parker	Wallgren
Colmer	Hollister	Parks	Warren
Cooper, Tenn.	Hope	Patman	Weaver
Cox	Howard	Perkins	West, Tex.
Cravens	Huddleston	Polk	Whitley
Cross, Tex.	Imhoff	Ramspeck	Whittington
Cummings	Jacobsen	Rankin	Wigglesworth
Darden	James	Rich	Wilcox
Dear	Jenkins, Ohio	Richards	Williams
Deen	Johnson, Minn.	Robertson	Wolcott
DeRouen	Johnson, Okla.	Robinson	Wood, Ga.
Dickinson	Johnson, Tex.	Rogers, Mass.	Woodrum
Dies	Jones	Romjue	Young
Dondero	Kee	Ruffin	
Doughton	Kenney	Sanders	
Dowell	Kinzer	Sandlin	

NAYS—130

Adair	Beiter	Brunner	Church
Allen	Black	Buck	Claiborne
Andrew, Mass.	Bloom	Buckbee	Cochran, Mo.
Arnold	Boylan	Burnham	Coffin
Bacharach	Brennan	Byrns	Collins, Calif.
Bakewell	Britten	Cannon, Mo.	Condon
Beam	Brown, Mich.	Carter, Calif.	Connery
Beedy	Browning	Chavez	Crosser, Ohio

Crowther	Hartley	McCormack	Rudd
Crump	Healey	McGrath	Sabath
Cullen	Henney	Maloney, Conn.	Scrugham
Delaney	Hess	Mansfield	Secrest
De Priest	Higgins	Martin, Colo.	Seger
Dingell	Hildebrandt	Martin, Oreg.	Shallenberger
Dirksen	Holmes	Mead	Simpson
Disney	Hughes	Meeks	Sinclair
Dobbins	Jenckes, Ind.	Moynihan, Ill.	Sirovich
Dockweiler	Johnson, W.Va.	Musselwhite	Sisson
Duncan, Mo.	Kahn	Nesbit	Somers, N.Y.
Dunn	Keller	O'Brien	Studley
Durgan, Ind.	Kelly, Ill.	O'Connell	Thompson, Ill.
Englebright	Kelly, Pa.	O'Connor	Thurston
Fernandez	Kennedy, N.Y.	O'Malley	Traeger
Fitzgibbons	Kocialkowski	Parsons	Wearin
Fitzpatrick	Kopplemann	Pettengill	Weideman
Ford	Kramer	Peyser	Welch
Foss	Kvale	Pierce	Werner
Gavagan	Lanzetta	Powers	Williford
Gillespie	Lea, Calif.	Prall	Wilson
Goss	Lewis, Colo.	Ramsay	Wolverton
Haines	Lewis, Md.	Randolph	Zioncheck
Harlan	Luce	Reece	
Harter	Lundeen	Reilly	

ANSWERED "PRESENT"—1

McDuffie

NOT VOTING—118

Abernethy	Dickstein	Kurtz	Rogers, N.H.
Allgood	Ditter	Larrabee	Rogers, Okla.
Auf der Heide	Douglass	Lehlbach	Sadowski
Bailey	Doutrich	Lesinski	Schaefer
Beck	Doxey	Lindsay	Schuetz
Berlin	Eagle	Lloyd	Schulte
Boehne	Eaton	Ludlow	Shannon
Boland	Edmonds	McFadden	Shoemaker
Brooks	Ellenbogen	McGugin	Snyder
Brumm	Faddis	McKeown	Stalker
Bulwinkle	Focht	McLean	Steagall
Burch	Foulkes	McLeod	Strong, Pa.
Burke, Calif.	Frey	McMillan	Sullivan
Busby	Gambrill	Maloney, La.	Swank
Cady	Gasque	Marland	Sweeney
Cannon, Wis.	Gifford	Milligan	Swick
Carley, N.Y.	Granfield	Montague	Taylor, Tenn.
Carpenter, Nebr.	Gray	Montet	Thompson, Tex.
Carter, Wyo.	Green	Mott	Turpin
Cavicchia	Greenwood	Muldowney	Wadsworth
Celler	Griswold	Norton	Waldron
Chapman	Guyer	Owen	Walter
Collins, Miss.	Hamilton	Peavey	West, Ohio
Connolly	Hancock, N.C.	Peterson	White
Cooper, Ohio	Holdale	Plumley	Withrow
Corning	Jeffers	Ransley	Wolfenden
Crosby	Kennedy, Md.	Rayburn	Wood, Mo.
Crowe	Kerr	Reed, N.Y.	Woodruff
Culkin	Kleberg	Reid, Ill.	
Darrow	Knutson	Richardson	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Focht (for) with Mr. Corning (against).
Mr. Ditter (for) with Mr. Sullivan (against).
Mr. Owen (for) with Mr. West of Ohio (against).
Mr. Swank (for) with Mr. Lindsay (against).
Mr. McDuffie (for) with Mr. Granfield (against).
Mr. McMillan (for) with Mr. Schuetz (against).

Until further notice:

Mr. Bulwinkle with Mr. Darrow.
Mr. McKeown with Mr. Guyer.
Mr. Kleberg with Mr. Beck.
Mr. Busby with Mr. Eaton.
Mr. Collins of Mississippi with Mr. Doutrich.
Mr. Griswold with Mr. Knutson.
Mr. Milligan with Mr. McFadden.
Mr. Greenwood with Mr. Stalker.
Mr. Montague with Mr. McLean.
Mr. Gambrill with Mr. Gifford.
Mr. Rayburn with Mr. Brumm.
Mr. Steagall with Mr. Carter of Wyoming.
Mr. Sweeney with Mr. Plumley.
Mrs. Norton with Mr. Connolly.
Mr. Allgood with Mr. Wadsworth.
Mr. Douglass with Mr. McLeod.
Mr. Boehne with Mr. Edmonds.
Mr. Larrabee with Mr. Kurtz.
Mr. Abernethy with Mr. Lehlbach.
Mr. Ludlow with Mr. Woodruff.
Mr. Doxey with Mr. Reed of New York.
Mr. Auf der Heide with Mr. Cooper of Ohio.
Mr. Burch with Mr. Muldowney.
Mr. Celler with Mr. Culkin.
Mr. Hancock of North Carolina with Mr. McGugin.
Mr. Chapman with Mr. Cavicchia.
Mr. Montet with Mr. Mott.
Mr. Maloney of Louisiana with Mr. Ransley.
Mr. Kerr with Mr. Wolfenden.
Mr. Rogers of New Hampshire with Mr. Peavey.
Mr. Shannon with Mr. Waldron.
Mr. Dickstein with Mr. Reid of Illinois.
Mr. Boland with Mr. Withrow.
Mr. Cady with Mr. Swick.
Mr. Crowe with Mr. Taylor of Tennessee.
Mr. Gasque with Mr. Strong of Pennsylvania.
Mr. Eagle with Mr. Turpin.
Mr. Kennedy of Maryland with Mr. Shoemaker.
Mr. Marland with Mr. Walter.
Mr. Thompson of Texas with Mr. Crosby.
Mr. Holdale with Mr. Carpenter of Nebraska.
Mr. Gray with Mr. Cannon of Wisconsin.
Mr. Sadowski with Mr. Frey.
Mr. Ellenbogen with Mr. White.
Mr. Schulte with Mr. Brooks.
Mr. Bailey with Mr. Berlin.
Mr. Peterson with Mr. Burke of California.
Mr. Jeffers with Mr. Carley.
Mr. Hamilton with Mr. Lesinski.
Mr. Richardson with Mr. Lloyd.
Mr. Wood of Missouri with Mr. Snyder.
Mr. Schaefer with Mr. Rogers of Oklahoma.

Mr. BAKEWELL, Mr. BACON, Mr. CARTER of California, and Mr. CHAVEZ changed their votes from "yea" to "nay."

Mr. McDUFFIE. Mr. Speaker, I voted "yea." I have a pair with the gentleman from Massachusetts, Mr. GRANFIELD, who if present would vote "nay." I, therefore, withdraw my vote of "yea" and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. KELLER, a motion to reconsider the vote by which the bill was passed was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H.R. 177. An act for the relief of Lottie Bryant Steel;
H.R. 190. An act for the relief of Elizabeth T. Cloud;
H.R. 200. An act for the relief of Jacob Durrenberger;
H.R. 207. An act for the relief of Homer C. Chapin;
H.R. 371. An act for the relief of Peter Guilday;
H.R. 503. An act to authorize the donation of certain land to the town of Bourne, Mass.;
H.R. 878. An act for the relief of Kathryn Thurston;
H.R. 889. An act for the relief of Frank Ferst;
H.R. 1207. An act for the relief of Robert Turner;
H.R. 1208. An act for the relief of Frederick W. Peter;
H.R. 1209. An act for the relief of Nellie Reay;
H.R. 1254. An act for the relief of H. Forsell;
H.R. 2021. An act to place Jesse C. Harmon on the retired list of the United States Marine Corps;
H.R. 2203. An act for the relief of Enoch Graf;
H.R. 2431. An act for the relief of certain newspapers for advertising services rendered the Public Health Service of the Treasury Department;
H.R. 2750. An act for the relief of Scott C. White;
H.R. 3553. An act for the relief of Harvey O. Willis;
H.R. 3673. An act to amend the law relative to citizenship and naturalization, and for other purposes;
H.R. 3868. An act for the relief of Arabella E. Bodkin;
H.R. 4060. An act for the relief of Ellen Grant;
H.R. 4274. An act for the relief of Charles A. Brown;
H.R. 4927. An act for the relief of C. J. Holliday;
H.R. 4928. An act for the relief of the Palmetto Cotton Co.;
H.R. 4929. An act for the relief of J. B. Trotter;
H.R. 5299. An act for the relief of Orville A. Murphy;
H.R. 5542. An act for the relief of Joe G. McInerney;
H.R. 7059. An act to provide for the further development of vocational education in the several States and Territories;
H.R. 8052. An act to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes;
H.R. 8208. An act to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.;
H.R. 8235. An act to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the district of Ewa, island of Oahu, Territory of Hawaii; and

H.J.Res. 311. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards.

FIRE PREVENTION

Mr. KVALE. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Speaker, the Director of the Budget has just informed me that he is sending forward through appropriate channels a supplemental estimate of $600,000 to be expended throughout the various States in further carrying out the provisions of the Clark-McNary bill dealing with fire-prevention work. The Director of the Budget is taking this step because of the fire hazards of a dry spring, and it is going to be welcome news indeed to those States.

I sincerely trust the President will expedite the transmission of the recommendation to Congress in order that it may be quickly enacted into law and these funds made available. [Applause.]

EQUALIZATION OF TAXES

Mr. LAMBETH. Mr. Speaker, by direction of the Committee on Printing, I send to the desk a privileged resolution.

The Clerk read the resolution, as follows:

House Concurrent Resolution 38

Resolved by the House of Representatives (the Senate concurring), That there be printed 18,000 additional copies of Public Law No. 216, Seventy-third Congress, entitled "An act to provide revenue, equalize taxation, and for other purposes", of which 10,000 copies shall be for the use of the House document room, 5,000 copies for the use of the Senate document room, 2,000 copies for the use of the Committee on Ways and Means of the House of Representatives, and 1,000 copies for the use of the Committee on Finance of the Senate.

The resolution was agreed to.

REVISION OF AIR-MAIL LAWS

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 373.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 3170, an act to revise air-mail laws; that after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Post Office and Post Roads, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

Mr. BANKHEAD. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. MARTIN] the usual 30 minutes on the rule for him to control.

Mr. Speaker, I shall consume very little time in presenting in its initial stage this resolution to the House. The legislation which this rule makes in order is a measure with which all the Members of the House are familiar. As I understand it the bill was reported unanimously. If I am in error about this I wish to be corrected.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. Yes; if he can hear what I am saying.

Mr. MARTIN of Massachusetts. I understand that since the committee reported the bill unanimously there has been a radical change in the bill. Is not this a fact?

Mr. BANKHEAD. I was not familiar with that fact. I did not become acquainted with the change in the situation. My recollection is that when the chairman of the committee appeared before the Committee on Rules, asking for this resolution, it was stated that the bill then under consideration and which had been reported was reported unanimously by the committee. If subsequent developments have changed that situation, then, of course, I withdraw the statement that it is a unanimous report.

The whole air-mail controversy, of course, is a matter that has aroused a great deal of interest in the country, and I think that, rather unfortunately, some phases of the discussion with reference to it aroused unjustified bitterness and passion. I trust that the atmosphere has in a measure been cleared away by the passage of time and by a calmer opportunity to consider the real controversy involved; and I hope that this bill which will shortly be presented by the Committee on the Post Office and Post Roads will be considered by this House as free as possible from the kind of consideration that characterized the original discussion upon it. It is a matter that has been very acutely debated, and long and extended hearings have been held on the question of whether or not the Postmaster General by authority of the President was justified upon the facts presented in canceling these air-mail contracts. This will probably continue to be a matter of great controversy, particularly upon the stump in the coming elections.

I want to take the broad position, because I have undertaken to give some consideration to the study of the record in this case that, upon a calm and dispassionate examination of the facts that were laid before the Postmaster General and the President, they were fully and adequately justified in canceling those contracts.

I know there are many who will disagree with his statement, but I believe that if the facts that were presented to the Senate investigating committee were presented to any jury of 12 impartial and disinterested jurors in any section of the United States of America, such a jury would undoubtedly have justified, upon the facts presented, a verdict of guilty of collusion and fraud with reference to those contracts. As I have stated, however, that will be a matter that we cannot settle in this forum.

The House has given this matter very careful and very detailed consideration, although by the information just imparted by the gentleman from Massachusetts there may now be some sharp division of opinion with reference to this legislation. I feel sure that the chairman of this committee and his associates will be able to explain to the satisfaction of the Members the details of this legislation. The purpose of the rule, of course, is merely to make this legislation in order.

This is an open rule providing for 1 hour of general debate, then absolute freedom of action under the 5-minute rule of the House. I trust there will be no opposition to the adoption of the rule.

Mr. Speaker, I reserve the balance of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I could not hear most of the remarks of the gentleman from Alabama [Mr. BANKHEAD], and I am sorry, because he is generally worth listening to and generally knows what he is talking about. The only part of his remarks that I heard was to the effect that the air-mail contracts had been canceled for fraud and collusion and if the question was submitted to any 12 men upon the facts that have been developed in the Senate investigation the charge of fraud and collusion would be upheld. Of course, that opens up a very wide argument, and somewhat political.

Before indulging in such remarks, may I say that as far as my limited observation is concerned I think the bill before the House under this rule is a 100-percent improvement over the Senate bill and that the House cannot give too much credit to the gentleman from New York [Mr. MEAD], and the gentleman from Pennsylvania [Mr. KELLY].

Each one of them individually knows 100 percent more about aviation than the Postmaster General ever will know

no matter how long he remains in office. These two Members of the House together with their committee have written a bill that is fair, honest, honorable, and nonpartisan, and one which I believe, with the exception of a proposed amendment, will be welcomed by the American public who are the disinterested parties. I am inclined to support this bill. However, I make one reservation. I desire to hear from the gentleman from Pennsylvania [Mr. KELLY], who is the highest authority on this legislation on our side of the House. He objects to any ratification of the temporary air-mail contracts by act of Congress. In my own estimation the other parts of the bill outweighs that, particularly the part which repudiates Postmaster General Farley and his high-handed and dictatorial action in canceling the air-mail contracts without a hearing or trial, and upholds the contention of Colonel Lindbergh and others who claimed that those contractors who had their contracts canceled should have a right to a court review.

That is now written into this bill. It also repudiates the Postmaster General and upholds Colonel Lindbergh in the contention that those officials whose company contracts were canceled should have the right to rebid for the new contracts. Those two provisions are written into this bill; and, after all, that was the main contention over the cancelation of the contracts, which was simply that the contracts were canceled on the claim of fraud and collusion without a hearing and without a trial, which those of us who oppose that procedure say is unjust and un-American. Evidently the committee thinks likewise, because they have seen fit to write into this bill a clause giving the right to a court review and also to prevent the disqualification of those air-mail officials who attended the 1930 conference.

If the Postmaster General had acknowledged this in the beginning there would have been no trouble whatever.

If when he had attempted to cancel these contracts on the ground of fraud and collusion, and had been forced to prove fraud and collusion by going to court, then there would not have been this great uproar from one end of the country to the other that has not downed. The arbitrary action of Postmaster General Farley is resented by all Americans who believe in the constitutional right to a fair hearing and trial. Instead the air-mail contractors were tried and condemned by Postmaster General Farley on grounds of favoritism without a hearing under the act of 1872, which permits cancelation of mail contracts for fraud and denies the contractor the right to rebid within 5 years. The original gigantic blunder that resulted in a most unfair, arbitrary, and dictatorial concelation of the air-mail contracts without hearing and without trial, has been succeeded by a series of blunders in a vicious circle, each trying to remedy the original blunder and each increasing the previous blunder until we get back to this fairly constructive measure that may undo the wrong and injustice that has been done.

As you all remember, after the air-mail contracts were canceled, the air-mail routes were turned over to the Army Air Corps without even asking the Secretary of War, a Democratic member of the Cabinet, whether the Army Air Corps was qualified to handle the air mail or asking the Chief of Staff his opinion.

It was transferred to the Army Air Corps overnight, with the result that 12 gallant young Army officers were killed carrying out the orders of their Government in a useless and unnecessary sacrifice of life because of a series of blunders.

Mr. WEARIN. Will the gentleman yield?

Mr. FISH. These Army officers have gone to their death largely because of the original blunder. I yield to the gentleman from Iowa.

Mr. WEARIN. May I ask the gentleman to tell us whether or not he thinks the Army Air Corps was qualified and capable of carrying the mail?

Mr. FISH. I shall be very glad to answer the question. I think the blame ought to be fixed, because it has been placed most unjustly on the Congress and "upon a Democratic Congress", because this House has had a Democratic majority for the last 4 years.

Here is an editorial from the Seattle Star, and I do not know whether this is a partisan paper or not. It reads as follows:

> Congressman HAMILTON FISH cries loudly that is is a crime to send half-trained Army aviators out in defective planes to carry the mails.
>
> What Congressman FISH forgets is that if the Army flyers are not properly trained, and if they haven't enough modern planes, then the fault is not the President's, but lies right in front of the door of Congress.

Mr. TRUAX. Will the gentleman yield?

Mr. FISH. I have not answered the previous question yet. I just read the charge made against a Democratic Congress.

Mr. TRUAX. I thought the gentleman would yield when he finished the editorial.

Mr. FISH. I yield to the gentleman from Ohio.

Mr. TRUAX. The gentleman has to go a long ways from New York to Seattle in order to get an editorial substantiating his position.

If there is any fault anywhere, is it not in the preceding administration's weakness and the failure of that administration to properly equip and properly train the Army air pilots to fly blind and failure to furnish the planes with the instruments that every plane should be equipped with?

Mr. FISH. The gentleman is playing right into my hands. I think I can answer him very aptly and very decisively, and I do not do this necessarily in a partisan way, although it will be interpreted as being partisan. The fact cannot be denied in spite of the fact that we are in the midst of a government by propaganda. I doubt if what I say will even be mentioned in the press, but in any event it is merely a statement of the fact and not the usual propaganda that emanates from the publicity agents paid out of the Treasury to cover up the facts.

The Congress of the United States a year ago, after careful consideration of the needs of the Army Air Corps for maintenance and operation, not for the purchase of planes, but for maintenance and operation, including flying time, the training of the members of the Army Air Corps to fly blind, to fly by means of the radio, night flying, and so forth, after committee hearings in the House and after consideration on the floor of the House and then in a committee in the Senate and then again by consideration in the Senate, Congress appropriated for that purpose the sum of $15,195,814.

This was the deliberate and careful action of the Congress for maintenance and operation of the Army Air Corps. Now, what happened? Under the provisions of the economy bill the President of the United States, together with the Director of the Budget, cut this appropriation more than 50 percent, down to $7,393,416.

Mr. TRUAX. Did the gentleman vote for the economy bill?

Mr. FISH. These are simply the facts. The Congress did its full duty. It is unfair to the Democratic Congress and to the Republican Members in the minority to place this blame upon the Congress of the United States because the President cut the congressional appropriations for the maintenance of the Army Air Corps. It must be self evident that the President, using this power, which was given him by the Congress, but certainly not for this specific purpose, helped to destroy the efficiency of the Army Air Corps and provided a maximum flying time of only 25 minutes per day, and then we wonder why the Army Air Corps pilots could not fly the air mail as well and safely as the commercial pilots.

My time is limited, but anyone could talk for half an hour on the subject of why the Army air pilots were not able to fly the air mail without great loss of life and planes.

The main reason was lack of appropriations, because the Budget Director and the President made a serious blunder and applied false economy.

Mr. FITZPATRICK. Will the gentleman yield for a short question?

Mr. TRUAX. Did the gentleman vote for the economy bill?

Mr. FITZPATRICK. The gentleman yielded to me. The Air Corps Act went into effect in 1926, did it not?

Mr. FISH. I believe it did.

Mr. FITZPATRICK. Yes; the act to strengthen the Army generally, and also the Army Air Corps, and what the gentleman is talking about with respect to the economy bill happened in 1933. What happened during the other 7 years?

Mr. FISH. I am telling the gentleman what happened.

Mr. FITZPATRICK. What happened from 1926 to 1933?

Mr. FISH. The Army Air Corps was built up and new planes provided. It had larger appropriations and under those appropriations, of course, it was more efficient; but let me remind the gentleman that of the 12 young Army officers who went to their death flying the air mail, 8 of them had less than 1 year's experience from the time they were graduated from Kelly Field.

Every one of these Army pilots, or, rather, 8 out of the 12, the others having had only 2 years' experience, were operating under the present appropriations. You cannot deprive pilots of time and experience in flying and then expect the highest efficiency.

Mr. FITZPATRICK. Leaving out that end of it with respect to the young men who were killed, what were the conditions prior to 1933 of the Army Air Corps for 7 years under Republican administration?

Mr. FISH. In the first place, we have had 4 years of a Democratic Congress, if the gentleman wants to go into that, and if the gentleman desires to place the blame on Congress, he has the right to his own opinion, but the facts do not warrant it.

Mr. FITZPATRICK. I am placing it on a Republican administration.

Mr. FISH. I am placing it at this time where it belongs, and it is undeniable, whether this is partisan or not, we did our duty and appropriated the sum required, after proper consideration, but the appropriation was reduced 50 percent by the President.

Mr. TRUAX and Mr. ELTSE of California rose.

Mr. FISH. The gentleman from Ohio [Mr. TRUAX] wants to know if I voted for the economy bill. Certainly, I voted for the economy bill.

Mr. TRUAX. Then the gentleman is just as much responsible for this as anyone else.

Mr. FISH. Not at all. I believed as much in the President of the United States as the gentleman did, and I believed he would use that authority wisely, justly, and properly. He was badly advised in cutting the appropriation just as he was badily advised by Postmaster General Farley and his mystery men to cancel the air-mail contracts.

Mr. TRUAX. But the gentleman did vote for the very thing about which he is complaining.

Mr. FISH. I voted to give the President the power to make economies, but not to destroy the efficiency of the Army Air Corps.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. ELTSE of California. Will the gentleman yield?

Mr. FISH. I yield.

Mr. ELTSE of California. As a matter of fact, the gentleman is discussing the question of the ability of the Army men to fly the air mail rather than to act as Army aviators, and is there not a vast difference between them?

Mr. FISH. Of course, as I just told the gentleman, if that subject is to be discussed, it would take at least half an hour. Everybody knows that the Army Air Corps is trained to fly in formation and trained in combat work, machine-gun fighting, and bombing, and not to make long-distance flights, which require an entirely different type of machine and experience in cross-country flying. They have not had practice in this type of flying. This was the reason, together with the lack of appropriations, for the fatalities that occurred.

Mr. ELTSE of California. And the conditions that had prevailed before were entirely different.

Mr. FISH. Let me quote here a great aviation authority. This is the telegram that I tried to get in the RECORD from Colonel Lindbergh to President Roosevelt, and is his original protest, explaining his views against the cancelation of the air-mail contracts. It demonstrates a complete understanding of the air-mail situation and is the real American point of view.

Your action affects fundamentally the industry to which I have devoted the last 12 years of my life. Therefore I respectfully present to you the following considerations:

"The personal and business lives of American citizens have been built up around the right of just trial before conviction. Your order of cancelation of all air-mail contracts condemns the largest portion of our commercial aviation without just trial.

"The officers of a number of the organizations affected have not been given the opportunity to a hearing and improper acts by many companies affected have not been established.

"No one can rightfully object to drastic action being taken, provided the guilt implied is first established; but it is the right of any American individual or organization to receive fair trial.

"Your present action does not discriminate between innocence and guilt and places no premium on honest business.

"Americans have set their lives in building in this country the finest commercial air lines in the world. The United States today is in the lead in almost every branch of commercial aviation.

"In America we have commercial aircraft, engines, equipment, and air lines superior to those of any other country. The greatest part of this progress has been brought about through the air mail. Certainly most individuals in the industry believe that this development has been carried on in cooperation with the existing Government and according to law.

"If this is not the case, it seems the right of the industry and in keeping with American tradition that facts to the contrary be definitely established. Unless these facts leave no alternative, condemnation of commercial aviation by cancelation of all mail contracts and the use of the Army on commercial air lines will unnecessarily and greatly damage all American aviation."

The only answer to this telegram to the President was a short telegram from Postmaster General Farley to Colonel Lindbergh virtually telling him he did not know all the facts, or, in other words, what he was speaking about. The American public have been waiting for 3 months, all in vain, to have the Postmaster General tell them the facts and substantiate his claims of fraud and collusion.

Mr. McCORMACK. Without regard to the share of responsibility, the gentleman favors this particular bill?

Mr. FISH. I do. But I want to listen to the gentleman from Pennsylvania [Mr. KELLY]. I believe this bill is 100 percent better than the Senate bill, and 0.9 of the provisions are sound. It repudiates the contention of the Postmaster General as to the cancelation of the contracts without permitting a court review.

Mr. FOSS. Will the gentleman yield for a correction?

Mr. FISH. I yield.

Mr. FOSS. The gentleman from Pennsylvania [Mr. KELLY] is not going to offer an amendment. As a matter of fact he is opposed to the amendment that will be offered.

Mr. FISH. I thank the gentleman very much. I cannot agree with the distinguished gentleman from Alabama over the air-mail cancelations. I am convinced the cancelations were the result of politics and a desire to smear the party that was in power in 1930. Not being able to develop sufficient facts as to fraud and corruption, not one man the Postmaster General claimed as guilty has ever been put on trial.

(The time of Mr. FISH having expired, he was yielded 5 minutes more by the gentleman from Massachusetts [Mr. MARTIN].)

Mr. FISH. Now, you ask us on the other side to believe that there was no politics in the cancelation of the air-mail contracts. Who recommended the cancelation of the contracts? It was not the President of the United States. It is not fair to blame him, because he was misled by Mr. Farley, the Postmaster General of the United States. He is chairman of the National Committee of the Democratic Party, the dispenser of patronage and favoritism, day in and day out, except when he is a statesman and a member of the Cabinet on Tuesdays and Thursdays.

Mr. BLACK. Will the gentleman yield?

Mr. FISH. No. I am afraid the gentleman might go further than I want to go, and I want to protect Mr. Farley. [Laughter.] The chairman of the national committee and

likewise the chairman of the State committee in New York, Mr. Farley, saw the big opportunity and he misled the President. The President, of course, has not the time to consider the details and ferret out the facts of every issue and permitted cancelation without a full knowledge of the facts. That has been the whole trouble from the beginning. I am also inclined to believe that Mr. Farley was misled by selfish interests and by Silliman Evans, the Fourth Assistant Postmaster General, a former vice president of the American Airways. It is all sheer politics, followed up by vindictive, partisan reprisals, all of which constitutes a radical departure of American practices.

Political reprisals have become the order of the day against any critic of the administration. The former Secretary of the Treasury under three Republican administrations, Andrew Mellon, who reduced the national debt from $26,000,000,000 down to $16,000,000,000, is the most recent political sacrifice. He was selected to go to trial in order again to smear the Republican Party and possibly to influence the primary election in the State of Pennsylvania next week. This un-American policy is a new form of terrorism that has no place in our country. It is a kind of American inquisition or a transplanted Soviet chekka to intimidate American citizens who dare to criticize the administration or to express their views publicly. Mr. Mellon recently said, "Had I not been a member of the Cabinet of the last three administrations, I would not now be the object of this extraordinary procedure."

It is obvious to fair-minded people that the administration tried in every way to discredit Mr. Mellon. But the American people, represented by the grand jury, are not so easily misled and refused to be a party to such a frame-up. That is only one example of what followed from the cancelation of the air-mail contracts. It was simply a question of making might superior to right. The Postmaster General and the Attorney General, both former national chairmen of the Democratic Party, decided they could do almost anything with their autocratic powers, even to setting up a novel system of terrorism. Why, even Colonel Lindbergh had his income tax investigated after he criticized the administration. That was not sufficient, so, of course, now they have turned to Mr. Mellon. Mr. MacCracken was investigated in the Senate and condemned, I think, to spend 10 days in jail, whereas his partner, a man named Frederick Lee, of the law firm of MacCracken & Lee—the man who actually turned over the letters to Colonel Britten when he came in their office, the man who permitted Colonel Britten to take those letters which the Senate committee complains about—has just been appointed by the Democratic Party as chief counsel in the Federal Alcohol Control Administration as a part of his reward, whereas MacCracken, a Republican, gets his by a little quiet rest in jail.

Mr. MOTT. Mr. Speaker, will the gentleman yield for a question on the bill?

Mr. FISH. I would prefer to have you submit your question to a member of the committee.

Mr. MOTT. I thought the gentleman might be able to answer the question.

Mr. FISH. I think I could.

Mr. MOTT. I want to know if there is any material difference between the provisions of this bill and the provisions of the law under which the private air-mail operators were operating?

Mr. FISH. Oh, yes. This provides for only a 1-year contract and for the lowest bidder. Oh, there is lots of difference, particularly as regards a right of court review and permission for officials of companies whose contracts have been canceled to submit new bids.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. BANKHEAD. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. DOBBINS].

Mr. DOBBINS. Mr. Speaker, we have just listened to another of those frantic tirades against the present administration such as we have been hearing so frequently here on the floor during the last few weeks. You have heard characterizations of this bill which do not apply to it at all. The statement is made by the distinguished gentleman from New York [Mr. FISH] that this bill, recommended to you unanimously by the Committee on the Post Office and Post Roads, repudiates the action of the Postmaster General. If this bill were in any respect a repudiation of any action of Mr. Farley, the Postmaster General, I say to you that it never would have received the requisite supporting votes of the loyal majority membership of our committee. I presume the clause in the bill to which the gentleman refers, when he says it repudiates the Postmaster General's action, is the one that allows these contractors who had their contracts annulled to sue if they choose in the Court of Claims of the United States. That clause is in the Senate bill, as well as in the House bill, and it has the approval of the Post Office Department. It is not merely a permissive clause for these suits to be instituted; it virtually dares them to sue. That is what it does, and I do not believe any one of them is going to take the dare.

I, for one, am perfectly willing, if this is to be put upon the basis of partisan politics, to have the record of the present administration in air-mail matters compared with that of the past administration; and we now have ample experience to count upon to obtain the record of both of them. Heretofore we have had only predictions of what would happen in the event of a reletting of these air-mail contracts, but within the last few weeks a convincing reality has transpired. We on this side have always maintained that excessive payments were made to the old operators. In the last year of the Hoover administration that part of the cost of the Air Mail Service paid out to the carriers alone was over $19,000,000. In the first year of this administration that was cut to $14,000,000, and on the basis of the contracts which are now being let by the Postmaster General, the cost for the service for next year will be reduced to about $9,000,000. Not only is the cost cut down to less than half what it was 2 years ago, but the service will be greatly extended. Upward of 3,000 miles of air-mail routes are provided for under these new contracts over that which you had in 1932. Four additional States which have never had air-mail service will now have it provided for them, and the route mileage has been increased from 25,248 to 28,548 miles. Never before has the Nation been so well provided with air-mail facilities. Oh, they will say that there are fewer schedules. There are less frequent schedules on some of the lines but there is adequate service on all of them.

In those frequent schedules on the old lines we find one of the tricks of the old law—more frequent service was provided than many communities or lines needed—and the mail shipments were divided into more than one trip in order to get more pay for the contractor. The new bill guards against further abuses of that kind.

Mr. ROMJUE. Mr. Speaker, will the gentleman yield?

Mr. DOBBINS. I yield to my colleague on the committee.

Mr. ROMJUE. I suggest that 21 additional cities will be served under the present system.

Mr. DOBBINS. I am very glad that the gentleman has brought that out. Service is now provided for many cities that never had it before, and still we have cut the cost to less than half of what it was.

Mr. RANDOLPH. Mr. Speaker, if the gentleman will permit, that is especially true of West Virginia. For the first time in the State's history we are to be served. We are almost up against the Nation's Capital, yet in the previous administrations we have been entirely forgotten in Air Mail Service. Under the new set-up West Virginia at last comes into its own.

Mr. DOBBINS. I thank the gentleman for his comment, and am glad that his great State is to benefit by this new deal for the air mail.

Mr. MOTT. Will the gentleman yield?

Mr. DOBBINS. I yield.

Mr. MOTT. Is there anything in this bill to prohibit an air-mail carrier whose contract was canceled for violation

of law from coming in and bidding for a contract and receiving it, if his bid is the low bid and the best one?

Mr. DOBBINS. Instead of there being anything in the law to prevent it, I will say to the gentleman, in line with the prediction I made in debate on the temporary Army bill, this bill expressly provides that the former carriers may bid, notwithstanding the provisions of the law of 1872. It removes the disqualification from all of the lines throughout the country, so far as anything that has occurred in reference to past contracts is concerned.

Mr. MOTT. Then why were those contracts canceled if, under this law, everyone is guaranteed the right to come in and carry the mail again?

Mr. DOBBINS. The reason this provision appears in the law, notwithstanding the fact that those contracts were annulled, is because of the fact that the fault in the fraudulent contracts let in 1930 lay more with Postmaster General Brown than it did with the contractors. [Applause.] They were invited by him to come to the Post Office Department and divide up this appropriation among themselves as they saw fit. They would have been more than human if they had not yielded to his enticing liberality.

Mr. MOTT. Under this law you propose to invite every one of those violators to come in and get another contract.

Mr. DOBBINS. We permit them to try for one on their merits, in clean competitive bidding, and not collusively as they did before. We invite them also to come to the Court of Claims and sue for damages for annulment of their former contracts, if they dare.

Mr. MOTT. But you guarantee in section 5 that they shall have this right?

Mr. DOBBINS. We do. We remove the disqualification created by the law of 1872.

Mr. MOTT. And you let them come in now. What was the purpose of putting them out, in the first place, if 6 months after that you are going to invite them all in again?

Mr. DOBBINS. You seem to overlook the fact that we do not propose to restore their fraudulent contracts [applause], where they came in without competition, and where the contracts were let to the high bidders instead of to the low bidders. Let me read something that tends to explain why the old contracts were not very much favored by the present administration when the light of day was turned on the practices resorted to in obtaining them. Here is a letter written by the former Second Assistant Postmaster General, Mr. Irving Glover, to his deputy in Washington. This was written in September 1930 when he was speaking about an offer—the high bid, mind you—which he had accepted in defiance of the fact that a much lower bid had been received by him. This is what he said:

> Halliburton is going after Letson, and even Letson's stockholders do not approve of this action.
>
> Do not know what you have told the Postmaster General, but there is no use recommending the award be made to the high bidder and then getting cold feet and saying you will agree that we should throw out all the bids. We had all better stick together or we will all hang together.

[Laughter and applause.]

Mr. Glover was something of a prophet, because it was not very long after that until they did all hang together. [Applause.]

Mr. MOTT. I am not interested in Mr. Glover, but I am interested in what this law provides.

Mr. DOBBINS. Let me finish. Continuing, he said:

> Believe we could make award to the Western Air and T.A.T., and make a statement along with it that no one would object to except the unsuccessful bidders.

He felt he could fool the country, but he knew the unsuccessful bidder would see through his deceptive statement.

Mr. MOTT. It is these same bidders you are letting back into their contracts by the provisions of this bill. Let me ask the gentleman if it is not a fact that at the time the air-mail contracts were canceled it was stated by the Post Office Department and by the President that no carrier whose contract had been canceled for violation of the law, would be allowed to carry the mail again? Is that not correct?

Mr. DOBBINS. No. I do not think that is exactly the statement of the Postmaster General. The President made no statement on the subject. The statement of Postmaster General Farley, after these contracts had been canceled because they had been entered into in fraud or collusion, was made in response to an inquiry as to whether those whose contracts were annulled would be permitted to bid again. He merely referred, without comment of his own, to the previous law of 1872, which provides that where a contract has been so annulled the contractor cannot bid again for 5 years.

Mr. MOTT. Well, whatever the contract was, he said they could not bid.

Mr. DOBBINS. He did not say that directly. He merely called attention to this law.

Mr. MOTT. But in this bill you are guaranteeing him the right to bid again, notwithstanding the provisions of the law of 1872. Is that not correct?

Mr. DOBBINS. I think that is substantially correct.

Mr. MOTT. Let me ask the gentleman one more question: If in defending this bill now you are not repudiating every contention that was made by the Postmaster General and by the administration at the time the contracts were canceled?

Mr. DOBBINS. Oh, if I have not been able to convince my friend that the annulment of a fraudulent contract and then giving the right to the person who held that contract to come in and bid upon a clean, competitive, honest basis is proper as an act of amnesty, and if the gentleman calls that repudiation, I suppose we will have to let him take what comfort he can in his own peculiar interpretation of what this bill proposes.

The SPEAKER. The time of the gentleman from Illinois [Mr. DOBBINS] has expired.

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. ROMJUE. Will the gentleman yield?

Mr. DOBBINS. I yield.

Mr. ROMJUE. What the administration did say was that it did not intend to award contracts to men who were engaged in fraud. That is what the administration said.

I may say to the gentleman from Oregon that this bill simply leaves the matter open for bidding purposes. There is no assurance carried by the bill that any man who committed fraud is going to get one of these contracts.

Mr. DOBBINS. I have tried to make that plain to the gentleman from Oregon.

Mr. ROMJUE. The trouble with the gentleman from Oregon is that the gentleman does not want to see it in this light.

Mr. DOBBINS. Mr. Speaker, the pending bill permits all who have equipment and experience to bid upon a fair and equal basis.

This same man Gove, Deputy Second Assistant Postmaster General, is the gentleman to whom one of the officials of a favored air line loaned $10,000, taking a note which he tore up. Gove, during the progress of the collusive proceedings, in a confidential telegram to his chief, referred to the low bidders as "second-story men."

In other words, the men who proposed to do the business of the Government at a reasonable cost in that heyday of corruption were looked upon with contempt and were classed as burglars. Then the contracts were awarded to the high bidders with the thought in the minds of these unfaithful servants that they could frame up some statement to put before the country that would seemingly justify their action. That is very much in contrast with what is being done under this administration. We have proven it by the fair and open competitive bids that have been received and acted upon, and will continue to prove it throughout the long and happy years that this administration and its successors of like political thought and personal honesty will continue to manage the business of the Post Office Department.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. DOBBINS. I yield.

Mr. TRUAX. The gentleman referred to "second-story crooks." They are usually regarded as the lower grade of

crooks, yet these fellows who got the spoils were the big burglars. I am glad the Air Mail Service is now under a Postmaster General who makes them submit honest, competitive bids.

Mr. DOBBINS. Indeed, they are going to have to put in honest bids; and they are going to be honestly treated in the consideration of their bids, and they will be required to render honest service when they get a contract. But a more important thing is the fact that there will be a new deal for the taxpayer by giving him a break in the matter of the cost of this service. [Applause.]

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. It seems only fitting and proper that we should adopt this rule at the present time, for it is a formal proposition to make the consideration of this legislation in order.

I was interested in the statement of the gentleman from New York in answer to my question as to whether or not, in his opinion, the Army Air Corps was capable of carrying the mails. He failed to make a satisfactory reply. Regardless of what happens to this bill, we ought to keep before the country the fact that something is wrong in connection with the charge that the Army Air Corps is unable to carry the mail. I think it is high time that we find out if it is true; and if so, why? I hope that before we go very much farther the answer will be forthcoming.

There was a time a few years ago when a certain gentleman from New York named Thomas L. Hill made serious charges with reference to the activities of the Air Trust in selling improper equipment to the United States Government for the use of the Army Air Corps. If there is any reason why our Army was unable to render the service it was called upon to render in this emergency, it was due to that very fact, and to nothing else.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. KVALE. Does the gentleman know that a subcommittee of the Committee on Military Affairs, under the leadership of the gentleman from New Hampshire [Mr. ROGERS] has been sitting mornings, afternoons, and almost into the evenings, day after day for about 2 months, studying this very problem? We are not yet fully ready to report, but we hope to be soon.

Mr. WEARIN. I understand so.

Mr. KVALE. This is only the second time in almost 2 months that the committee members have been able to attend the sessions of the House.

Mr. WEARIN. I am very glad the committee is doing so much good work.

The gentleman from New York referred to the economy bill and the reductions made with reference to the appropriations for the Air Corps. Mr. Speaker, that was a peculiar statement, in my opinion, for the gentleman to make, for if the Air Corps was unable to carry the mail it certainly was not occasioned by that cut; it was occasioned by what happened a long time before, during the 12 years preceding. We ought to keep this fact before us.

Now, going on a little further into the matter of these charges that have been placed against the Air Trust because of its activities in the United States Government, I want to say that the said charges were placed on file with a committee of the United States Senate under the chairmanship of Senator CARAWAY, but, strange as it may seem, they and the statements substantiating them have never been located in the last year or so, although many of us have been endeavoring to find them. I happen to have, though, in my files the original charges that were made. To my knowledge they have never been answered.

A special dispatch from Washington to the November 9, 1929, issue of Air Transportation, an authoritative aeronautical magazine published at 34 North Crystal Street, East Stroudsburg, Pa., with editorial offices at 1265 Broadway, New York, contained, in part, the following statement:

Charges associating Senator Hiram Bingham, of Connecticut, and the White House itself with an Air Trust lobby have been made by Thomas L. Hill, president of the American Society for the Promotion of Aviation, in a letter to Senator T. H. Caraway, Chairman of the Senate Judiciary Subcommittee.

The letter declares that Senator Bingham, who is president of the National Aeronautic Association, is the "mouthpiece" of the air lobby and that an inquiry into the activities of the lobby will show it has political, financial, and social connections that will astound the country.

In the same story Mr. Hill was quoted as saying:

I therefore publicly charge that—

1. A gigantic Air Trust has been built up in America and that this trust is operated through the workings of the National Aeronautical Association, Aircraft Manufacturers Association, and Aeronautical Chamber of Commerce. A powerful lobby has been created, of which Senator Bingham, of Connecticut, president of the National Aeronautical Association, is the "mouthpiece", as per exhibit A.

2. The Air Trust and its lobby have worked for the passage of legislation that diverted millions of the Government's money to the pockets of the trust despite public protests, as shown by exhibit B.

3. Inferior aircraft, which has taken the lives of scores of pilots, has been forced on the Army and Navy Air Services by the Air Trust, despite the fact that superior and cheaper airplanes could have been secured from independent aircraft manufacturers (exhibit C). Recent developments absolutely substantiate this assertion.

4. Senator Bingham's position as head of the National Aeronautic Association was manipulated by interests profiting largely from Government aircraft contracts. Exhibits D and E.

5. A person publicly denounced for the part he played in diverting aircraft contracts in 1917–18 is now securing large contracts from the Government and is constantly associated in a social manner with those of the Army and Navy Air Services who are in a position to give his company contracts. Exhibit F.

6. Advertising contracts for Government airplanes were not advertised as per House bill No. 10827—Public, No. 446, Sixty-ninth Congress—and this fact was so reported in the February (1927) issue of Aero Digest.

7. Advertising contracts with aviation magazines were used by members of the Air Trust to control the policy of these magazines, and there is public evidence that the refusal of a magazine editor to meet the wishes of one of the group resulted in advertising being withdrawn from the magazine. Exhibit G.

8. As a unit of the Air Trust the Aeronautical Chamber of Commerce did strive to prevent members of the aviation industry from participating in the aircraft show, held in New York City, February 1929, by the Aviators' Post, American Legion, No. 743. This post is composed of war-time flyers, and their past or present patriotic interests cannot be questioned.

9. An investigation of the activities will show that agents of the Air Trust have been placed in positions of honor and trust in the service of this Government and have used these positions to obtain advantages for the group. This is best exemplified by the giving of contracts to the Air Trust of higher figures than offered by independents. Exhibit H.

10. Confidential information relative to aircraft inventions and developments for the past years has been taken from Government departments by agents of the Air Trust, and that independent inventors will not send their products to governmental laboratories for testing, fearful of publicity relative to their work, which they know, from past experience, will be stolen by agents of the organized air group. Exhibit I.

11. Test by the Department of Commerce which would allow independents to manufacture aircraft and aircraft engines has been purposely delayed to allow favored companies to secure licenses on their products and put these products into production and sale. Millions of dollars' loss has been caused to small independent manufacturers by this work. Exhibit J.

12. The use of Government air fields, equipment, and soldiers has been used for private purposes, and that paid admissions were charged at these fields in direct opposition to the law.

13. In general, members of this group not only have placed their representatives in positions of honor, trust, and profit in the Government but have used the machinery of the Government for propaganda purposes that serve to convince the taxpayers that they, the Air Trust, are giving genuine service to the Government.

14. Through Nation-wide paid propagandists they have in many cases duped the press, and their paid representatives, through the use of money, liquor, and other means, have influenced officers of the Army, Navy, Department of Commerce, and representatives of the press.

15. To support my charges I herewith hand you a list of names, with the suggestion that these men be subpenaed immediately to prove the truth or falsity of my statement. Exhibit K.

Where are the statements referred to? Let us find them. The committee of which the gentleman from Minnesota [Mr. KVALE] has spoken should find them and call Mr. Hill, of New York, before it if he still lives to justify or disavow his charges against former Senator Bingham and other people in connection with the United States Government.

The gentleman from New York who preceded me a few moments ago and the lady from Massachusetts have had considerable to say today, as usual, about the pilots who

were killed carrying the mail. We all regret that very much, but why do not they have something to say about all of the 63 fatalities that occurred in the Air Corps from March 18, 1933, through March 7, 1934? I have in my files the following letter from Brig. Gen. O. Westover:

MARCH 19, 1934.

Hon. OTHA D. WEARIN,
House of Representatives, Washington, D.C.

MY DEAR MR. WEARIN: In compliance with your telephonic request made to Maj. Asa N. Duncan on Saturday, March 17, 1934, there is attached hereto a list of fatalities in the Air Corps as a result of airplane crashes for 12 months starting March 18, 1933, and ending March 17, 1934.

Thanking you for your interest in the matter, I am,

Yours very truly,

O. WESTOVER,
Brigadier General, Air Corps,
Acting Chief of the Air Corps.

(The list referred to is as follows:)

Air Corps, United States Army, fatalities resulting from airplane accidents Mar. 18, 1933, through Mar. 17, 1934

Accident	Date	Name	Status	Connection	Fatality
1	Mar. 19, 1933	Jas. A. Willis, Jr.	First lieutenant (R.A.)	Pilot	1
		Jas. A. Willis	Major (J.A.G.D.)	Passenger	2
		John A. Parker	do	do	3
2	Mar. 24, 1933	Chas. W. Stouff	Second lieutenant (Res.).	Pilot	4
		Gale M. Lester	Staff sergeant (A.C.).	Passenger	5
3	Apr. 23, 1933	Stephen A. Beck	Second lieutenant (Res.).	Pilot	6
		Marjorie P. Hughes	Civilian	Passenger	7
4	May 3, 1933	Herman S. Davis	Cadet	Pilot	8
5	May 5, 1933	E. C. Wolf	Second lieutenant (Res.).	do	9
		R. L. Meredith	Staff sergeant (A.C.).	Passenger	10
6	May 4, 1933	Wayne C. Gardiner	Second lieutenant (Res.).	Pilot	11
		A. R. Huntley	Staff sergeant (A.C.).	Passenger	12
7	June 1, 1933	E. D. Kennedy	Second lieutenant (Res.).	do	13
		L. D. Ramano	Private first class (S.C.).	do	14
		A. C. Spencer	Private first class (A.C.).	do	15
		C. M. Leadbetter	Private (A.C.)	do	16
8	June 9, 1933	Harold A. Moore	Captain (R.A.)	Pilot	17
9	June 17, 1933	Jerome P. Thompson	Second lieutenant (Res.).	do	18
10	June 20, 1933	E. L. Jackson	do	do	19
11	June 24, 1933	L. Horvath	do	do	20
		H. W. Mackelcan	do	Passenger	21
		C. C. Sayre	Private first class (A.C.).	do	22
		A. C. Olive	do	do	23
12	July 13, 1933	R. M. Arrington	Second lieutenant (Res.).	Pilot	24
13	July 20, 1933	K. A. Thompson	Student officer, second lieutenant (Inf.).	do	25
14	July 25, 1933	C. H. Murray	Second lieutenant (A.C.).	do	26
		Sgt. R. W. Snodgrass	64th Service Squadron (A.C.).	Passenger	27
		B. F. Herrick	Sergeant (A.C.)	do	28
		W. T. Caylor	Corporal (A.C.)	do	29
		Overend, Albert	Private (A.C.)	do	30
		Stanley Book	do	do	31
		V. J. Galdis	do	do	32
15	Aug. 27, 1933	E. E. Harmon	Captain (A.C.)	Pilot	33
16	Aug. 29, 1933	H. R. Grater	Second lieutenant (A.C.).	do	34
		H. R. Sandberg	Cadet (A.C.)	Passenger	35
		W. Pasche	do	do	36
17	Oct. 4, 1933	Frank Mathy	Private (A.C. Enl. Res.).	do	37
18	do	R. C. W. Booker	Second lieutenant (Res.).	Pilot	38
		William Rhoads	Staff sergeant	Passenger	39
19	Nov. 3, 1933	L. E. Hunting	First lieutenant (A.C.).	Pilot	40
		J. J. Cunningham	Staff sergeant	Passenger	41
20	Nov. 24, 1933	A. J. Evans	Flying cadet	Pilot	42
21	Dec. 8, 1933	E. E. Holtzen, III	Second lieutenant (A.C.).	do	43
22	Dec. 12, 1933	D. H. Dunlap	Second lieutenant (Res.).	do	44
23	Dec. 18, 1933	G. M. St. John	First lieutenant (A.C.).	do	45
		W. M. Briney	Captain (Res.)	Passenger	46
24	Jan. 23, 1934	J. P. Donlin	Second lieutenant (Res.).	Pilot	47
25	Feb. 6, 1934	L. S. Warner	Cadet	do	48
		H. L. Wells	do	Passenger	49
26	Feb. 16, 1934	Jean Grenier	Second lieutenant (Res.).	Pilot	(MT)50
		Edwin D. White	do	Passenger	(MT)51
27	do	James Y. Eastham	do	Pilot	(MT)52
28	Feb. 22, 1934	Durward O. Lowry	Second lieutenant (A.C.).	do	(MO)53
29	Feb. 22, 1934	F. I. Patrick	First lieutenant (A.C.).	Pilot	54
30	Feb. 23, 1934	G. P. McDermott	Second lieutenant (Res.).	Passenger	(MA)55
31	Feb. 28, 1934	W. H. Brookley	Captain (A.C.)	Pilot	56
32	Mar. 9, 1934	Otto Wienecke	First lieutenant (A.C.).	do	(MO)57
33	do	Ernest B. Sell	Private first class (A.C.).	Passenger	(MO)58
34	Mar. 9, 1934	Frank L. Howard	Second lieutenant (A.C.).	Pilot	(MT)59
		A. R. Kerwin, Jr.	do	Passenger	(MT)60
35	Mar. 13, 1934	J. W. Carson	Cadet	Pilot	61
		N. T. Samuels	do	Passenger	62
36	Mar. 17, 1934	H. G. Richardson	Second lieutenant (Res.), inactive mail pilot called to active duty.	Pilot	(ME)63

(R.A.) Regular Army.
(MO) indicates accident which occurred on scheduled mail run.
(MA) indicates accident which occurred during mail administrative flight.
(MT) indicates accident which occurred during mail training (in the above list, all training accidents were on assigned routes).
(ME) indicates accident which occurred during testing of flying equipment.

Mr. WEARIN. Now, why does not the gentleman from New York and the lady from Massachusetts talk about the 53 fatalities not connected with flying the mail that occurred during the 12-month period preceding the date of March 17? Can it be they are afraid their attempt to do so may bring out the fact that the charges of Thomas T. Hill, just quoted, are true? Can it be they are afraid the present administration may discover that the Air Trust has had a "hook-up" with officials during the past 12 years through which it has sold a lot of improper equipment to the Air Corps? If that be true, then there is some real illegal murder.

Now that some of my colleagues insist upon talking about accidents to flyers in the Air Corps, let us stop and have a look at accidents occurring in the field of private and commercial flying. During the period from July 1, 1932, to June 30, 1933, I find that reliable newspapers reported the following "crack-ups":

COMMERCIAL ACCIDENTS

1932

September 8, El Paso, Tex.; 3 killed, 1 injured.
September 27, Bellefonte, Pa.; 1 injured.
December 17, Danville, Calif.; 1 killed.

1933

January 10, Pittsburgh, Pa.; 1 injured.
January 15, Newark, N.J.; 2 killed.
January 20, Marietta, Ga.; 1 killed.
January 24, Eugene, Oreg.; 1 killed, 1 injured.
February 8, Detroit, Mich.; 3 killed.
March 16, Fort Worth, Tex.; 3 injured.
June 4, Brandywine, Va.; 1 killed.

PRIVATE PLANE ACCIDENTS

1932

July 1, Quarryville, Pa.; 2 injured.
July 2, Cincinnati, Ohio; 1 killed.
July 4, Philadelphia, Pa.; 1 killed.
July 7, Redding, Calif.; 3 killed.
July 11, New Bedford, Mass.; 2 killed, 1 injured.
July 13, Niles, Mich.; 1 killed.
July 17, Lafayette, Ind.; 2 killed.
July 20, Gary, Ind.; 3 injured.
July 27, Richmond, Va.; 1 killed.
July 29, Avon, N.J.; 1 injured.
July 31, Wildwood, N.J.; 1 killed. Bay City, Mich.; 1 killed. Dayton, Ohio; 2 killed. Monessen, Pa.; 1 killed.
August 6, Louisville, Ky.; 2 killed.
August 7, Little York, Tex.; 2 killed. Kansas City; 1 killed. Winston-Salem, N.C.; 2 killed. Cameron, Wis.; 1 killed. Salt Lake City; 1 killed. Tucson, Ariz.; 1 killed, 1 injured.
August 12, New York; 2 killed.
August 13, Glen Cove, N.Y.; 1 injured.
August 16, Springfield, Mass.; 1 injured.
August 20, Portland, Maine; 2 killed.
August 22, Washington, D.C.; 3 killed.
August 27, Gary, Ind.; 2 killed.
August 30, Conway, N.H.; 2 injured.
September 2, Cleveland, Ohio; 2 injured.
September 3, Berea, Ohio; 1 injured.
September 4, Cumberland, Md.; 2 killed, 1 injured.

September 11, Clinton, Ind.; 1 killed. Cloverdale, Ind.; 2 killed. Somers Point, N.J.; 1 killed, 1 injured.
September 13, Newark, N.J.; 2 killed.
September 14, Glenwood, Minn.; 3 killed.
September 26, Los Angeles, Calif.; 4 killed.
September 27, Millerton, N.Y.; 2 killed.
October 2, New Haven, Conn.; 4 killed.
October 8, Ithaca, N.Y.; 2 killed.
October 9, Hicksville, N.Y.; 1 injured.
October 16, West Point, N.Y.; 1 killed. Cloverland, Calif.; 2 killed. Millbrook, N.Y; 2 killed.
October 21, Northampton, Mass.; 2 injured.
October 31, Mooresville, N.C.; 3 killed.
November 1, Boise, Idaho; 1 killed.
November 6, Gormania, W.Va.; 2 killed. Randolph, Mass; 3 killed. Chicago, Ill.; 2 killed.
November 10, Denver, Colo.; 1 killed. Kempville, Tenn.; 5 killed.
November 15, Dover, Del.; 2 killed.
November 20, Lawton, Okla.; 1 killed, 1 injured.
November 21, Wharton, Tex.; 2 killed, 1 injured.
November 23, New York City; 1 injured.
November 25, Murianna, Ark.; 2 killed.
November 27, Gallup, N.Mex.; 2 killed.
December 3, Detroit, Mich.; 4 killed.
December 4, Springfield, Mass.; 1 killed.
December 27, New Orleans; 1 injured.
December 30, Boston, Mass.; 2 killed.
January 3, Wichita, Kans.; 1 killed, 1 injured.
January 9, Miami, Fla.; 3 injured. Washington, D.C.; 2 injured.
January 10, Peru, Nebr.; 1 killed, 2 injured.
January 15, Beaver Dam, Wis.; 2 killed, 1 injured.
January 27, Corona, Calif.; 1 killed, 2 injured.
January 31, Miami Beach, Fla.; 1 injured.
February 3, Memphis, Tenn.; 2 killed, 1 injured.
February 18, Richmond, Va.; 1 killed, 3 injured.
February 19, Miami, Fla.; 2 killed. Manchester, N.H.; 1 killed.
February 27, North Wilkesboro, N.C.; 2 killed.
February 28, Newcastle, Del.; 1 killed.
March 10, Los Angeles, Calif.; 1 killed.
March 18, Salisbury, N.C.; 3 killed.
March 20, Knoxville, Tenn.; 1 killed, 2 injured.
March 25, Hayward, Calif.; 3 killed.
March 26, Los Angeles; 2 killed. Knoxville, Tenn.; 1 killed.
March 27, Yuma, Ariz.; 1 injured.
March 31, Neodesha, Kans.; 6 killed, 8 injured.
April 9, Cedar Grove, Md.; 1 injured. Beaumont, Tex.; 2 killed.
April 10, Easthampton, Conn.; 1 killed.
April 11, McCook, Nebr.; 2 killed.
April 15, New York City; 2 injured.
April 16, Eastland, Tex.; 2 killed. Riverside, Calif.; 3 injured.
April 18, Valmeyer, Ill.; 4 killed.
April 23, Winslow, Ariz.; 2 killed. Duncan, Okla.; 2 killed.
April 24, Santa Rosa, Calif.; 2 killed.
April 28, Yorkville, Ohio; 1 killed, 1 injured.
April 30, Pittsburgh, Pa.; 2 killed. Boston, Mass.; 1 killed.
May 2, Chesapeake Beach, Va.; 2 injured.
May 7, Leeds, N.Y.; — injured. Los Angeles, Calif.; 1 killed; 1 injured.
May 13, Oklahoma City; 1 killed. Richmond, Mo.; 2 killed.
May 19, St. James, Mo.; 2 killed.
May 20, Ontario Calif.; 2 killed. Upland, Calif.; 2 killed.
May 21, Binghamton, N.Y.; 1 killed, 1 injured. Alexandria, Va.; 1 injured. Camden, N.J.; 3 injured. Memphis, Tenn.; 1 killed, 1 injured.
May 24, Asheville, N.C.; 1 killed.
May 26, East Portal, Colo.; 4 killed.
May 29, Poundridge, N.Y.; 2 killed.
May 30, Boston, Mass.; 1 killed.
June 1, Oklahoma City; 2 killed.
June 3, Tulsa, Okla.; 3 injured. Washington, D.C.; 1 injured
June 11, Cleveland, Ohio; 1 killed, 1 injured.
June 18, Kansas City, Mo.; 1 killed, 1 injured. San Bernardino, Calif.; 3 killed.
June 21, Muskegon, Mich; 2 killed.
June 22, Alexandria, Va.; 1 killed. Frankfort, Mich.; 3 killed, 1 injured.
June 25, Cresco, Iowa.; 3 killed.
June 27, Faribault, Mich.; 1 killed, 1 injured.

The complete stories with reference to the above wrecks are available and would be inserted here in the record but for the fact that I think a summary is sufficient and much more economical.

It should be evident from the above that what some people want to do when they begin talking about the few accidents occuring in the air corps during the time it carried the mail is not to express real sympathy for the men or facts but to drag a red herring across the trail in order to deceive the public. They want to raise a smoke screen to hide the graft the Air Trust has been garnering until such time as Mr. Farley canceled their contracts in accordance with the terms provided therein.

Certain interests have cooperated and spent millions of dollars aiding in one of the most infamous campaigns of propaganda that has ever been directed at the people and Congress. I have in my files literally dozens of copies of editorials from various newspapers that have been sent to the Members of this House in an effort to warp their judgment and place the administration in a false light. Most of the stuff was received in my office in envelops bearing the return address of the Transcontinental & Western Air Corporation. What business, other than an ulterior one, does that outfit have in aiding in such a campaign? If their efforts to imply inability on the part of the Air Corps to carry the mail because of improper equipment is true then lets find out who sold us the stuff, who bought it, and what reason they had for doing so.

Mr. Speaker, the question of whether or not the United States is in a position to legislate with reference to air mail is the matter which is to be discussed under the bill made in order by this rule. I am inclined to be of the opinion that we should have permitted the Air Corps to continue carrying the mail until we complete our investigations and settle upon a method of punishing the offenders; but the question now before the House is whether the bill revised under the leadership of the able Chairman of the Committee on the Post Office and Post Roads is of the type and character which warrants the support of this Congress. Much can be said in its favor. I trust, Mr. Speaker, that this rule will pass and be accepted by the Congress in order that we may take up consideration of this all-important question at the present time pending completion of the work undertaken by our investigating committees, at which time I hope it will be possible for the taxpayers to recover any improper subsidies that have been awarded to the interests back of the big air-transport companies.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the rest of my time to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. The Chairman of the Rules Committee, Mr. BANKHEAD, said that we should not speak about this problem with bitterness in this debate. It is impossible not to feel bitterly about what has gone on in the past. It is not because I am a Republican or because you are Democrats. Our cry has always been, "If fraud be found, punish the guilty, not the innocent." Many Democrats may feel just as bitterly for the blunders in connection with the ruthless cancelation of the air-mail contracts without warning and without a hearing. They feel just as badly as I do for the fallen pilots. What do you think of the bitterness of those families? What do you think of the bitterness of those men who have been flying the air mail over unknown routes, the men who went out in bad weather unequipped in any way? They did so without complaint. They had a remarkable record in spite of all this, and you on the other side know that. It was very tragic for them. The experiment cost the lives of 12 men; their tombstones bear mute testimony for all time of tragedy and the folly of the administration in this matter.

I should like to pay tribute to the Army pilots who have flown the mail. I have talked to commercial pilots about the matter, and there has not been one who has not agreed with me that the Army men have done a remarkable job in flying over unknown routes with unequipped planes. The Army men fly well, and you know that as well as I. In formation flying and in combat flying they are among the best in the world. We have every reason to be proud of them. We have every reason to be proud of Lieutenant Quesado, who flew the last mail across the country in almost record time. I have flown with him and have the greatest admiration for his ability.

Some weeks ago, rather than entertain my joint resolution on this subject, the Democrats adjourned the House in 13 minutes. People have written me from all parts of the country, stating: "Thank Heaven, you have the courage to say what you think. We have been living in fear and do not dare say anything." That means that business is living in fear. It means that business men do not know what the Government may do in the cancelation of their contracts. They feel that the honor of the Government in business may be a thing of the past.

The people of the country, the taxpayers who pay the bills, do not need to be reminded of the cost to them in the loss of Government property, the destruction of expensive airplanes and the expensive operating costs under the Army's carrying the air mail. They are conscious of the damage done to aviation and to the airplane industry.

I remind the Members that since the Army took over the air mail they have flown four times less mileage, which, of course, was not their fault. The following Government statistics prove this:

	Total route mileage	Daily trip mileage	Annual trip mileage
Service prior to annulment of contracts	25,248	111,381	40,653,907
Service performed by Army beginning Feb. 20, 1934	11,543	40,830	14,902,950
Service performed by Army beginning Mar. 19, 1934	7,049	24,698	9,014,770
Service performed by Army beginning Apr. 8, 1934	7,457	25,514	9,312,610

The Post Office Department could not give the amount of mail that was flown in the past month, saying that it did not have the statistics compiled, which is amazing. My colleague suggests that there has not been enough to record. Anyway, I know on account of lack of quick delivery of my own letters which were sent by air mail the present inefficiency of the service. Millions of dollars have been lost to business men, bankers, big and small, and business generally, due to the crippling of the air-mail and passenger service. When I speak of business I do not mean the Mellons that the gentleman on the other side talks about. And, by the way, it was interesting to note that the courts vindicated Mr. Mellon in a tax case. The jury, made up of men in every walk of life, felt that justice should be done to an American citizen. Americans always want fair play, no matter who the person is. I am not holding a brief for Mr. Mellon or anyone else in that regard, but the administration was proved wrong in that matter, just as it was in error in this matter.

It is not necessary to remind the House that every nation in the world has given its air-mail carriers a subsidy in order to develop and perfect aviation, and that Congress authorized the payment of a subsidy to our mail carriers for that purpose also. As a result, our air mail was the best in the world. I am sure we all realize the value of our commercial air service to the national defenses of our country. I am going to vote for the rule. I am not satisfied with this bill. It should be amended, but something must be done to defeat the Senate bill, which is infinitely worse and more unfair. Too late Congress is acting to try to restore a very valuable national activity.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Speaker, I was interested in the statement of the gentleman from New York, Mr. FISH, in regard to these air-mail contracts and his statements regarding the bill at this time. I think the most significant thing before us right now in regard to this question is the record made by the Democratic administration on air mail.

What did we find in March 1933, when the Democratic administration took charge? We found exorbitant air-mail rates. We found fraudulently extended contracts by the previous administration. We found most all these airline companies operating on extended contracts that they knew they could not go into court and enforce. We find now this great "hullaballoo" that has been raised by those you have heard on the floor of this House from day to day on this question. Yet, Mr. Speaker, under a Democratic administration you find for the first time we have had really honest competition in the letting of air-mail contracts. We have lowered the price for carrying of the air mail more than twice. We are getting the air mail carried today for about 29 cents a mile, whereas under the previous administration it was costing considerably more than that amount.

Mr. FOSS. Forty-one cents.

Mr. McFARLANE. Under the Hoover administration for 4 years, I will be glad to insert in the RECORD what it cost, and if my memory is correct as to the figure it was more than an average of 70 cents per mile. The average cost per mile for air-mail transportation for 1929, $1.094; for 1930, $0.978; for 1931, $0.722; for 1932, $0.619; for 1933, $0.54, the amounts being computed from June 30 to July 1 of each succeeding year.

Mr. FOSS. At the end of the administration, 41 cents was the average.

Mr. McFARLANE. From June 30, 1932, to June 30, 1933, the average cost was 54 cents per mile.

Mr. FOSS. The gentleman may be right as to the average.

Mr. McFARLANE. That shows what honest competition will do when it is applied to the letting of air-mail contracts. The gentleman from New York [Mr. FISH], said something about these men not having their day in court in connection with the cancelation of these contracts. We are all familiar with the provision of the law under which these contracts were canceled. I do not think there is a doubt existing in our minds as to the right of the Postmaster General and the officials of the Government doing as they did in the cancelation of these contracts. If you will study the record and carefully note the different steps that were taken by Postmaster General Brown leading up to the spoils conference that was had at which these contracts with the different airline companies were hawked around, I do not think there will be any doubt in your mind as to whether or not there was a conspiracy existing in the letting and extension of these air-mail contracts. That being true, there is not any doubt but what the Postmaster General and the President acted very wisely and for the benefit of the taxpayers in the cancelation of these contracts.

WERE THE AIR TRANSPORT COMPANIES DEPRIVED OF THEIR DAY IN COURT?

Oh, they have not had their day in court! We have heard that argument from Members here day after day. This bill specifically gives them their day in court, if they want to take advantage of it. Under the law they have always had the right to file suit in the Court of Claims against the Government if they feel they have been wronged in any way. They knew when they were acting as they did that they were violating the law and that they were not entitled to the consideration that they have been asking from day to day, and that different Members of the House have been hollering "legalized murder" and playing cheap politics about here from day to day; yet this bill very wisely, I think, and very liberally opens the gate and invites them to take advantage of the law and have their day in court; and I dare say there will not be very many, if any, of them that will come in and take advantage of it. These concerns have always had this right, and they have not yet filed any suits seriously trying to contest this matter.

If I had the time, I should like to call your attention to a number of other facts, and I shall ask leave to place in the RECORD in regard to this fraud and conspiracy question a series of events accurately collated as to the time the events happened, showing exactly what took place in the letting of the contracts and in the cancelation of the contracts. It will cover very little space.

[Here the gavel fell.]

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to insert this collection of facts in the RECORD.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, what is the matter desired to be inserted in the RECORD?

Mr. McFARLANE. A statement of facts in regard to the events leading up to the cancelation of the air-mail contracts.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, those remarks are not by that Mackenzie O. Kennedy?

Mr. McFARLANE. No.

Mr. MARTIN of Massachusetts. Who prepared the facts?

Mr. McFARLANE. They are a part of my minority views prepared in my report on the investigation our committee

made regarding aircraft procurement. We sat as a committee for some time to investigate whether or not the Government was securing its naval aircraft and accessories at a reasonable price.

Mr. MILLARD. Where did the gentleman get the information?

Mr. MARTIN of Massachusetts. The gentleman does not need unanimous consent if they are his own remarks.

The SPEAKER pro tempore (Mr. BYRNS). Is there objection to the request of the gentleman from Texas?

There was no objection.

CONSPIRACY AND FRAUD IN LETTING THE AIR-MAIL CONTRACTS BY POSTMASTER GENERAL BROWN

Mr. McFARLANE. Mr. Speaker, there should be no doubt left in the mind of anyone, after reading the debate in the passage of this legislation in the Senate, and particularly the remarks of Senator BLACK covering this question. There is no doubt but what there was the rankest kind of fraud in the granting and extending of these air-mail contracts by Postmaster General Brown and the officials working under him. In support of this statement I submit the following facts as bearing directly on this question:

First. March 4, 1929. The organization of the Aviation Corporation of Delaware was in process on March 4, 1929, when Walter F. Brown became Postmaster General, and the following day, upon his retirement, Harry S. New became director and adviser of the company.

Second. May 10, 1929. Formation of Inter-Departmental Committee on Airways suggested by President Hoover, to hear and determine questions relating to the extension of the civil airways system of the United States, was announced by Postmaster General Brown. Personnel of the committee: W. Irving Glover, Second Assistant Postmaster General; Earl B. Wadsworth, Superintendent of Air Mail, Post Office Department; William P. MacCracken, Assistant Secretary of Commerce for Aeronautics; F. C. Kingsburg, chief of Airways Division; and Harry H. Blee, chief of Airports Division, Department of Commerce.

Third. Aviation Corporation acquired route 1, route 2, route 16, route 20, routes 21, 22, 23, 24, 28, 29, and 30, totaling 4,354 miles of air-mail routes.

Fourth. June 15, 1929. Postmaster General advertised for bids on route 32, from Pasco, Wash., to Spokane, Wash., to Portland, Oreg., to Seattle, Wash., a distance of 490 miles; a clause in the advertisement provided "upon the expiration of service already contracted for or that may be extended under the certificate plan on route CAM–5, the terminal of this route that is now being advertised may be changed to Salt Lake City or such point on the transcontinental route as service of the Northwest is supplied to and from." It was also provided that it might be extended to the Canadian border and that the successful bidder have 6 months to begin service.

Fifth. September 23, 1929. Contract on route 32 was awarded after a delay of over 3 months to Varney Air lines, Inc., a subsidiary of United Aircraft & Transport Corporation. Route 5 was operated by the same company and the transcontinental route by another subsidiary of the United Aircraft & Transport Corporation.

Sixth. Postmaster General Walter F. Brown, after an extended airplane trip with United Aircraft & Transport officials, called a conference of all operators and notified them that they must work out a "yardstick" for the revamping of the Air Mail Service. The time limit on all air-mail contracts was expiring and the operators were told that in order to have them renewed they must do what he wanted them to do. To enable the Postmaster General to carry out his plan and get the Watres Act passed it was necessary for him to extend the time limit under the contracts for a temporary 6-month period. The status of the air transport service companies on March 4, 1933, is evidence that his will had been carried out as they had been consolidated in the hands of only a few operators.

Seventh. January 14, 1930. Postmaster General Brown startled the industry in announcing in a speech before the Cleveland Chamber of Commerce his well-laid scheme for new legislation to enable him to complete his plan.

Eighth. Conferences with air-mail operators prior to passage of Watres Act.

Ninth. April 29, 1930. McNary-Watres Act became law.

Tenth. May 3, 1930. Route certificate issued to Varney Air Lines (United) on route 5, which included route 32, that had been bid in at 9 cents a pound. The rate fixed was 83 cents on certain trips and 98 cents on other trips. (Note.—Under terms of the contract operator would only be required to operate 2 months at the 9-cent rate. Contract on route 5 expired Oct. 28, 1929, was extended 6 months to enable the Watres Act to be passed and carry out this deal with the United.)

Eleventh. Spoils conference, about May 15–20, 1930.

Twelfth. Adjusted contract held by Aviation Corporation upwardly to the extent of $108,001.87 per annum. This has been greatly increased since the adjustment.

Thirteenth. Arranged change in Postal Regulations to cut out bidders and to permit the Pennsylvania Railroad to become joint bidder.

Fourteenth. August 2, 1930. Advertised for bids on routes 33 and 34, and included clauses not provided in the Watres Act, to restrict the bidding to one combination.

Fifteenth. September 15, 1930. Awarded contract for route 33 to Robertson and Safeway at maximum rate with the knowledge the contract was to go to the Aviation Corporation and that the companies would not bid against each other on routes 33 and 34, advertised the same day. The circumstances surrounding the advertising and award of these two contracts indicate clearly the Postmaster General and the company who obtained the award knew in advance who would get both contracts and the amount that would be bid.

Sixteenth. September 30, 1930. Awarded—after protest by low bidder—route 34, New York to Los Angeles, to Pennsylvania Railroad, Mellon, and General Motors combination.

AIR TRUST LOBBY DISAPPOINTED

The high-priced Air Trust lobby that has duly installed their representatives here in Washington since Government money has been easily available in subsidizing them in carrying the air mail have become more arrogant and open in their operations all the while. The disclosures recently made on the lobby activities of the different companies holding valuable air-mail contracts fully discloses to what extent these paid lobbyists and former Government officials are willing to go in carrying out the will of their masters. This pernicious practice of rushing through legislation wanted by the moneyed powers and of defeating legislation opposed by them will not be curbed unless and until Congress enacts legislation that will turn the spotlight of pitiless publicity on their every act and deed. We should enact legislation that will require all paid lobbyists before being allowed to appear before any congressional committee or contact the Membership of Congress to register in a permanent bound volume kept by the Clerk of the House and/or the Secretary of the Senate, which book shall record their name, address, occupation, nature of their employment, by whom employed, whether contingent or not, the nature of their remuneration, the amount received or to be received, who pays expenses, all legislation in which they are interested, and whether for or against the legislation. This information should be a public document, always available for public inspection and always attended by Government officials. The names of such paid lobbyists and the information required should be published in the CONGRESSIONAL RECORD each week while Congress is in session and published in pamphlet form at the close of each session, in order that the public generally may know who it is influencing legislation before Congress.

The furnishing of this information to Members of Congress would permit the Members to then and there carefully weigh and consider the merits of the arguments advanced pro and con on any and all legislation in which these lobbyists are interested. At the time these lobbyists are required to register and give complete information in regard to themselves and their employment they should be given a card showing that such information has been given by them.

This card to be presented to any Member or committee upon request showing such compliance with the law. Proper penalties should be provided for failure of the lobbyists to register. We have found that it has cost the Government many millions of dollars because of the conspiracy and fraud perpetrated by these paid lobbyists and their masters in the granting and extensions of air-mail contracts. There is no doubt but what the same representatives of the same Air Trust will do and have done just as effective work in selling the different departments of Government aircraft equipment.

In the recent aircraft investigation conducted by the aeronautics subcommittee of the House Naval Affairs Committee the record of the hearings and the report of the committee will show that only Navy and former Navy officials and the representatives of the different aircraft companies selling the Navy equipment were allowed to testify before this committee. I requested that other parties independent of the Navy, including those companies not doing business with the Navy, be called and that expert aviators and aviation engineers, including Gen. William Mitchell and Mr. C. J. H. Mackenzie-Kennedy, be called before the committee to testify, and after considerable debate finally the committee agreed to allow General Mitchell and Mr. Kennedy to file written statements, which they did, but which statements were not read nor considered by the committee before adopting their report, favorable in every way to the present plans of operation of naval aircraft purchase. Each and every one of these witnesses so testifying all were opposed to competition in the procurement of warplanes, engines, and aeronautical accessories.

THE AIRCRAFT PROCUREMENT ACT OF 1926

The debate that occurred during the passage of the Aircraft Act of 1926 clearly shows the intent of Congress in its enactment in regard to the purchase of future aircraft equipment for the Army and Navy. The intention expressed by those handling this legislation representing the conferees clearly shows that it was their intention as well as the provisions of the law itself that competition should be had under this law in the purchase of all future aircraft equipment, after it had passed through the experimental stage. I find the Judge Advocate General of both the Army and the Navy have repeatedly and continuously from the date of this act to date so held in construing this law. Yet, because of the discretion given under this law to the Secretary of War and the Secretary of the Navy, it has allowed them the exclusive right to pass upon the intent and made their decisions final, and this law took away from the Comptroller General the right to pass upon whether or not there had been competition in such procurement, a right the Comptroller's Office has had for all departments of Government for more than 100 years.

We find by checking the records of the contracts of the Navy on file in the Comptroller General's Office, that 91.3 percent of the Navy's aircraft equipment since the enactment of the Aircraft Act in 1926 has been purchased without competitive bids, and that 92 percent of the Army contracts have been so purchased without competitive bids.

MR. KENNEDY AND MR. WARNER

The gentleman from New York [Mr. O'CONNOR] in reserving the right to object to the extension of my remarks asked whether or not Mr. Mackenzie O. Kennedy was the author of my remarks. I have been rather severely criticized by certain members of the Naval Subcommittee Investigating Aircraft Procurement because I insisted upon the "At-a-Glance Charts" and the statement of Mr. Mackenzie-Kennedy being considered by the committee for what they are worth.

At first the subcommittee voted unanimously to receive this information; then later the committee voted against permitting his statement to be received, and insinuations were made in the committee that Mr. Mackenzie-Kennedy was and is a British spy. Because of the wide-spread notoriety that has been given to these charges and to Mr. Mackenzie-Kennedy's "At-a-Glance Charts", comparing warplane engines and warplane performance and the information contained in his statement, I believe that Congress is entitled to full and complete information on this subject.

Mr. Edward P. Warner, Assistant Secretary of the Navy for Aeronautics (July 10, 1926, to Mar. 15, 1929), who was in charge of Navy aircraft procurement from the time this office was created under this act and for some time thereafter and who started the system of purchasing Naval aircraft without competitive bidding, seems to be very much worked up over the charts and the data contained in these charts of Mr. Mackenzie-Kennedy, for if these charts are true, it is very evident that there is something radically wrong with our system of aircraft procurement, for our Government is spending more money than any other government in the world on aviation; and according to these charts, comparing performance of all warplanes and engines throughout the world, the performance of our warplanes and engines in all except one category, bombers, we stand at the bottom or near the bottom of the classifications.

Dr. Albert F. Zahm, Director of Aeronautics of the Congressional Library (20,000 volumes, the largest aeronautical library in the world) says, after carefully checking the charts, that Mr. Mackenzie-Kennedy "does not seem to understate the case for America though indicating that her warplane engines are deficient in power, especially at combat altitudes."

At the request of Navy officials and others, Dr. Albert F. Zahm has checked and compared these charts to Mr. Grey's Jane's All the World Aircraft of 1933, with the result in comparing Mackenzie-Kennedy's charts to these charts the engine powers on all engines compared, differ by an average, 3.58 percent, which is called substantial agreement. The war-service ceiling comparison shows 4.5 percent difference. Warplane-engine performance for United States falls below those of Jane's by an average, 1.75 percent. Warplane speed of United States warplanes falls below Jane's 0.8 of 1 percent. At 10,000 feet ceiling the figures agree with Jane's. The chart figures for war-service ceiling differs with Jane's 3.45 percent. The comparisons as above stated are based on known records of performance on figures available not later than 1933.

The only person who has seriously questioned the accuracy of Mr. Mackenzie-Kennedy's charts as above is Mr. Edward P. Warner, and according to the newspaper articles in which he is quoted the basis of his authority in questioning the accuracy of Mr. Mackenzie-Kennedy's charts is Mr. C. G. Grey.

Who sent to Mr. C. G. Grey in London, England, a copy of the CONGRESSIONAL RECORD of March 7, 1934, in which I had inserted on pages 3853–3862 the charts or tables by Mr. C. J. H. Mackenzie-Kennedy, of the leading warplane engines and warplanes of the world as at the end of 1933? These charts showed the United States to be the most backward of the nations manufacturing warplane engines and warplanes in the design of those in service and projected. Mr. C. G. Grey is a British subject, editor of the weekly known as "The Aeroplane" and of the annual known as "Jane's All the World's Aircraft", and aviation editor of that daily newspaper of enormous circulation, the Daily Mail, all of which are London publications.

I have asked the above question because its answer, which I am about to give, completes the revelation of a series of quite improper and unpatriotic maneuvers by several prominent American citizens to discredit my efforts to improve the air defense of the United States and grievously to injure my recent minority report of the subcommittee on aeronautics of the House Naval Affairs Committee. Although these maneuvers did not attain their objective, still they hampered me very materially and wrought appreciable injury to another who has served the United States so truly and well as an aviation counselor that he is deserving of honor, not defamation such as has been meted out to him through the said several American citizens. I refer to Mr. C. J. H. Mackenzie-Kennedy, and I refer to him, not that I care a

hoot about him or his country in any personal sense, because I do not, but because I have found him to be an honorable man, and I have not yet found anyone able to prove his findings to be wrong in any way, although I have indefatigably tried to find someone able to do so. In sickness it is not the nationality of a doctor that counts but his knowledge.

At the previous request of that very efficient chairman of the House subcommittee on War Department appropriations, Representative Ross A. COLLINS, of Mississippi, Mr. Mackenzie-Kennedy completed his said charts and presented them to Representative COLLINS on February 10, 1934. The latter then inserted the charts in the report of the hearings of his said "subcommittee on the War Department appropriation bill, 1935", pages 493 to 512. In the latter part of February 1934 Representative COLLINS referred me to Mr. Mackenzie-Kennedy. The secretary of the Air Defense League of Philadelphia also assured me that his league was quite satisfied with the accuracy of the charts. This is borne out by the Philadelphia Record of March 25 and 26, 1934, confirming the adoption of the charts by the league. It was wise in so adopting the charts as Dr. Albert F. Zahm, Chief of the Division of Aeronautics of the Library of Congress, subsequently approved them in his written report to me of April 25, 1934, as above stated, made in the light of his detailed comparison of the charts with Jane's All the World's Aircraft 1933, issued after the end of that year. This report by Dr. Zahm is to be found on pages 1490 and 1491 of my said minority report.

When Representative COLLINS referred me to Mr. Mackenzie-Kennedy, as aforesaid, he also gave me a copy of the latter's charts. I was so impressed by them that I got in touch with Mr. Mackenzie-Kennedy and invited him to submit a written statement relating to United States air defense for incorporation with his charts in the report of the hearings of my Subcommittee on Aeronautics of the House Naval Affairs Committee. He then gave me the said statement, which statement is now to be found adopted by me on pages 3864–3869 of the CONGRESSIONAL RECORD of April 21, 1934. After Mr. Mackenzie-Kennedy gave me his statement, the subcommittee approved that it, together with the charts, should be incorporated in the report of its hearings. In fact, the subcommittee's chairman, JOHN J. DELANEY, of New York, telephoned and told me during the afternoon of March 7, 1934, that he quite agreed that the statement and charts should be incorporated in the said report. Representative DELANEY did this immediately after he had Mr. Mackenzie-Kennedy call on him and discuss with him the statement and charts.

Then, at the meeting of the subcommittee on the following morning, March 8, 1934, Representative DELANEY publicly, and in the presence of the press of the country, charged Mr. Mackenzie-Kennedy inter alia with being a British spy, with being an agent of many British companies, and with the intention of having his "statement put into the record and have it sanctioned by the Committee on Naval Affairs. Then take that report and send it broadcast to South America and other countries with whom the United States is doing business, and say 'Here is the condition of the American market regarding airplanes, and its own committee says they are no good'"; see page 1127, and other pages from 1117 to 1136 of the report of the subcommittee's hearings. Representative DELANEY overlooked the fact that Mr. Mackenzie-Kennedy's statement and charts do not show the condition of the American market regarding airplanes, as these documents are restricted to warplane engines and warplanes, the export trade in which between country and country is perforce small and scattered. The press published Representative DELANEY's said charges against Mr. Mackenzie-Kennedy throughout the country, and caused me a great deal of trouble apart from whatever harm it did to Mr. Mackenzie-Kennedy. Representative DELANEY has since been totally unable to substantiate a single one of his said charges although by their means he had great weight on the actions of the subcommittee in the barring of Mr. Mackenzie-Kennedy's statement and charts from the report of its hearings.

I promptly gave Representative DELANEY and others an opportunity to substantiate said accusations against Mr. Mackenzie-Kennedy by offering House Resolution No. 300 of March 14, 1934, to investigate them. Any and every critic of Mr. Mackenzie-Kennedy was at liberty to take advantage of this resolution. It was referred to the House Foreign Affairs Committee. However, this committee wrote informing me that it had the resolution under consideration and had postponed further action indefinitely. Thus, Representative DELANEY and all other critics of Mr. Mackenzie-Kennedy failed to use this opportunity to substantiate any charges against him.

Instead, underhand criticisms of him were instituted in the press. On page 2 of the complete final edition of the New York Sun of April 14, 1934, an article antagonistic to Mr. Mackenzie-Kennedy was published under the heading "Army Air Testimony Disputed." It is stated in this article with reference to Mr. Mackenzie-Kennedy's figures that—

> Not only were the figures he gave the congressional committee grossly inaccurate according to high authorities in both French and British air ministries, but the whole aviation picture he painted for the Members of the House was just the opposite from that offered by C. G. Grey, British aeronautical writer, who wrote in his publication, Aeroplane, recently that American aviation was far ahead of that in any other country in the world.

The last statement does not necessarily involve warplane engines and warplanes.

On page 2 of the complete final edition of the New York Sun of April 19, 1934, another article antagonistic to Mr. Mackenzie-Kennedy was published under the heading "Holds United States not inferior in air. Edward P. Warner assails Englishman's charts. 'Dangerously misleading.' Ex-Air Secretary's wire read to House Naval Committee." The telegram of April 18, 1934, from Mr. Warner to Representative GEORGE BURNHAM, California, a member of my said subcommittee, is quoted in the article. The New York Sun subsequently corrected somewhat the impression hostile to Mr. Mackenzie-Kennedy given by its said articles. Upon receiving the said telegram, Representative BURNHAM read it to the subcommittee. The telegram is as follows:

> Glad to accede to your request, as I have been deeply concerned over wide circulation of these charts, which have appeared to me as likely to be dangerously misleading to American people through giving wholly false impression comparative merits American and foreign products. Upon first appearance of charts in print I sent copies to correspondent of mine who is eminent in British aeronautics and especially versed in military aviation. His cabled reply reads in part: "British figures fantastically inaccurate. Top speed errors 35 miles per hour and more. Ceiling errors 12,000 feet and more. Ludicrous overstatement throughout. Impossible cope all errors. Ceilings as given ridiculous. Scarcely a figure correct." He follows this with many citations of particular figures in error as compared with official British Air Force performance data. Similar request for information from France brings reply in part: "Kennedy figures of French machines are distinctly misleading." Certain American performances on other hand appear materially understated in charts. Many structural and other factors having important bearing on merits of military aircraft omitted from charts. Performance data latest American types of course not available for public discussion.—Edward P. Warner.

There is nothing specific—technically—in this telegram save Mr. Warner's anxiety to discredit Mr. Mackenzie-Kennedy. He acknowledges sending printed copies of the charts to his correspondent in England, and also, apparently, to another in France.

Concurrently with Mr. Warner's said telegram the following article appeared on page 672 of The Aeroplane, London, of April 18, 1934.

A REVENANT

Mr. Chessborough J. H. Mackenzie-Kennedy has recently appeared in the United States as expert adviser to the United States Congress Committee on Air Affairs. The New York correspondent of the Daily Mail reported on April 16 as follows:

"Charts presented to the committee by an Englishman, Maj. C. J. H. Mackenzie-Kennedy, startled the Congressmen. These purported to show that the *Hawker Fury*, the standard British pursuit (fighter) aeroplane, had a speed of 230 miles an hour and could climb 35,000 feet. The Americans were also told that the *Hawker Super-Fury* could fly at 250 miles an hour.

"Interested experts cabled to the British authorities, asking if the figures were correct.

"The reply was that the performances of British aircraft as presented by Major Mackenzie-Kennedy were 'fantastically inaccurate.'

"It was stated that the tests of the *Hawker Super-Fury* were not completed.

"The speed of the *Hawker Fury* is given as 205 miles an hour, with a climbing power of 29,000 feet.

"French authorities described Major Mackenzie-Kennedy's figures on French military aviation as 'misleading.'"

Actually his figures for the *Hawker Fury* and *Super-Fury* are not wildly wide of the facts, but some of his figures as shown in the congressional report which has been sent to us might reasonably be called "fantastic."

Mr. Mackenzie-Kennedy will be remembered in this country as arriving from Russia early in the war, where he claimed to have worked with Mr. Sikorsky in producing the world's first four-motor aeroplane. He interested certain wealthy munition makers in this country in his plans and established himself in palatial offices in Cromwell Road, where a large staff of technicians prepared the designs for the vast four-motor biplane which was built at the works of the Gramophone Co., Ltd., at Hayes, and was assembled at the R.F.C. aerodrome at Northolt. Eventually Mr. Frank Courteney endeavored to fly it, but only the front wheels could be persuaded off the ground.

After the war a big firm in Newcastle, John Dawson & Co., Ltd., financed the building of another great ship of his design, but this unfortunately never reached the stage of being fully assembled. At or about that period he lodged a claim with the Committee for Awards to Inventors as the inventor of the gun pit in the tail of large aeroplanes. And newspaper reports at the time said that he was awarded the sum of £31,000 for it.

Thereafter he turned his attention to air transport and ran a service to Paris, called "The Air Post of Banks", with Westland limousines. After a few trial trips this ceased, and he disappeared from aviation till this latest activity in America.

It will be seen that this article contains an acknowledgment of a CONGRESSIONAL RECORD having Mr. Mackenzie-Kennedy's said figures. The only CONGRESSIONAL RECORD having them is that aforesaid of March 7, 1934. The article is quite vague and almost entirely untruthful, according to record evidence shown to me. However, the article goes back upon Mr. Warner's said telegram and does not support him with regard to the figures for the *Hawker Fury* and *Super-Fury*. This article and Mr. Warner's said telegram and his statements to the New York Sun reveal his British correspondent to be Mr. C. G. Grey, a pressman of no particular technical training, and provide the answer to the question at the beginning of these remarks. It appears, therefore, that Mr. Warner's French correspondent is also a pressman.

In his said article Mr. Grey could not be other than extremely vague because, as Dr. Zahm's aforesaid report to me of April 25, 1934, amply shows, Mr. Grey, a British subject, would then have had to destroy his own figures in Jane's All the World's Aircraft of 1933.

That portion of Mr. Mackenzie-Kennedy's said statement which is on pages 3864 to 3869, CONGRESSIONAL RECORD, suggests some reason for Mr. Warner's anxiety to discredit him. It shows that Mr. Warner is not the reliable aeronautical authority he is made out to be. This is further evidenced by the still current Aviation Handbook, by Mr. Edward P. Warner (editor of Aviation) and Mr. S. Paul Johnson (assistant editor of Aviation), published as late as 1931 by the McGraw-Hill Book Co., Inc., New York. The price of this big book is $7.50. It consists of some 715 pages, with an extensive index from page 695 to page 715, inclusive. Aviation engine superchargers are not even indexed therein, which helps to explain, perhaps, why American high-powered aviation engines began to be supercharged at all only well on in 1932.

It is thoroughly discreditable that such a prominent American as Mr. Warner should so promptly send the said CONGRESSIONAL RECORD of March 7, 1934, to foreign countries and in a manner emphasizing the importance of the figures therein to American aviation. This is made worse because it was done while Representative DELANEY was erroneously proclaiming to the world as aforesaid that Mr. Mackenzie-Kennedy wished to distribute such publications in foreign countries, whereas in fact, Representative DELANEY has been unable to substantiate other than that Mr. MacKenzie-Kennedy has never sent any congressional document out of the United States nor discussed his work in any such document with anyone other than an American citizen in the United States. Thus it was the honored American citizen Mr. Warner (and not the British "spy" Mr. Mackenzie-Kennedy) who instituted the broadcasting in foreign countries of Mr. Mackenzie-Kennedy's figures in the CONGRESSIONAL RECORD which is complained of by Mr. Lauren D. Lyman in the New York Times of Sunday, May 6, 1934.

Based on Representative DELANEY's aforesaid unsubstantiated accusations of Mr. Mackenzie-Kennedy, Mr. C. B. Allen wrote a big feature article in the New York Herald Tribune of Sunday, April 29, 1934, pages 11 to 15, which is not truthful. I note that this newspaper has not yet published the registered letter of May 1, 1934, that Mr. Mackenzie-Kennedy sent it. Must also our most prominent newspapers hit under the belt a man who has done this country only good?

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. MEAD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3170) to revise air-mail laws; and pending that, I ask unanimous consent that in the consideration of the bill it shall be in order to consider the committee substitute amendment as an original bill for the purpose of amendment.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BANKHEAD. Mr. Speaker, I think gentlemen on both sides are very anxious to conclude the consideration of this bill, if possible, and the suggestion has been made that although the time for general debate is quite limited, an agreement might be reached to shorten the 1 hour provided in the rule. Has such a suggestion been made to the gentleman from New York?

Mr. MEAD. Yes; it has.

Mr. KELLY of Pennsylvania. I may say to the gentleman I believe we could possibly get along with 20 minutes if the gentleman could do the same thing on his side.

Mr. MEAD. I believe we can do likewise over here.

Mr. SNELL. Does the gentleman expect to complete the consideration of the bill today?

Mr. MEAD. We should like to do that.

Mr. BANKHEAD. I would suggest to the gentleman from New York that he ask unanimous consent that the provision of the rule be modified to provide for 40 minutes of general debate instead of 1 hour.

Mr. MEAD. Mr. Speaker, I ask unanimous consent that the provision of the rule providing for 1 hour of general debate be modified so as to provide for 40 minutes of general debate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3170) to revise air-mail laws, with Mr. PARKER in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. MEAD. Mr. Chairman, I shall attempt very briefly to outline the provisions of the pending bill. I want to say that our committee in the revision of the bill, from what was known as the original administration bill to the present bill, known as a temporary measure to provide 1-year contracts, made the revision in order to comply with the administration's request that we create a commission to study every phase of aviation. That commission is to report back to the next Congress. We felt, as the result of the creation of this commission, that it would be unnecessary to enact in a temporary bill the permanent features contained in the original measure. That is the answer to the statements advanced as to why the changes were made.

The bill provides for 1-year contracts to be awarded as the result of competitive bids. The bill sets up a commission to study commercial, military, naval, manufacturing,

experimental, and every phase of aviation, and to recommend the adoption of a national aviation policy. And that, I believe, will be very helpful to the industry and to the country. [Applause.]

One of the amendments we shall offer allows the Department to extend for 9 months the present 3-month air-mail contracts under the terms set forth in this bill. In other words, the Department may extend these contracts under the authority which permitted the call for bids in the first instance, and if the Department should extend the contracts beyond the 3-month limit, they will have to be extended under the provisions of this bill.

As an illustration, the air-mail companies, in securing these 3-month contracts, may see fit to effect economies. It may be difficult to effect economies insofar as fixed charges are concerned; that is, equipment, landing fields, and so forth. Therefore the economies may in great measure be effected by a reduction in salaries and working conditions of the personnel. The adoption of the committee amendment will offer a degree of protection to the pilots and mechanics in the Air Mail Service.

Another amendment will permit companies who have not had 6 months' experience on lines at least 250 miles in length to qualify. This amendment will give companies recently organized a chance to bid.

The bill likewise gives these companies their day in court, as was well stated by the gentleman from Illinois [Mr. DOBBINS], a member of our committee.

Now, under the present set-up, from figures given to me by the Department the cost of the Air Mail Service will be 29.6 cents a mile, as compared with 44 cents a mile, the cost of the service prior to the cancelation of the contracts. This saving will be used in part to give air-mail service to cities that have not had such service in the past. A real expansion of the Air Mail Service will take place.

Under the new air-mail set-up, four States, Maine, New Hampshire, Vermont, and West Virginia, will enjoy services denied them in the past, and approximately 20 cities will, for the first time, have air-mail service. The old lines that bid on the 3-month contracts were reorganized, which action vindicates the position taken by the Post Office Department in that connection. All but three of the old lines were successful in securing contracts and there is still a number of bids yet to be awarded, and they all may, sooner or later, participate in the Air Mail Service again. The attitude of the present Department officials as compared with that of the previous administration, which made a political football out of the Air Mail Service, is to clean house and eliminate politics from the Service. Such action should be refreshing to Members of Congress.

The new administration has not increased the subsidy either in the air or ocean mail; it has decreased the cost in both cases. It has issued no new contracts, except in the case of the air mail, and then at a great saving to the Government. The present administration is anxious that this entire question of air mail be turned over to the Interstate Commerce Commission or some similar agency, in order that it may be taken out of politics. So we hail a new deal for the air mail; we hail the coming of the opportunity when there will be less politics; when a broad national policy will permit aviation to expand and develop. That new day, in my judgment, is at hand; and in the passage of this bill we hasten that day.

We have heard some talk about the Army. I defended the Army Air Corps on one previous occasion. I say again the Army Air Corps took into the air last February better planes and better equipment than the Army had in the air when it originally pioneered the air mail from 1919 to 1927. Everybody regrets, and no one more than I, the deaths that occurred to the Army pilots. There is no doubt in my mind that much of this talk about the Army is just partisan politics.

The spirit of partisanship has crept into this debate, and again the deaths of the Army pilots are charged to the administration. Everyone had the right to believe that the Army Air Corps could carry the mail, and everyone agrees that it was the severity of the weather and the dauntless spirit of the pilots that contributed to some of these crashes. When I hear one of these partisan speeches, I think of the many deaths that occurred in this country from 1929 until 1933. That was during the administration that promised us prosperity, that promised employment and contentment to our workers, and even laid down the specifications as to just how it would be done. Yet we found thousands facing actual starvation. And that administration gave them no relief except the promise that prosperity was just around the corner. But relief was not forthcoming until we had a new deal in Government. So, when the spirit of partisanship creeps out on the floor and the administration is charged with inefficiency and irresponsibility, I cannot become excited about it.

I heard Members stand on this floor and implore the Government to save the men and women of this country who were suffering the pangs of destitution and starvation in every section of the land. Some of those who shout "murder" today were not found pleading for the rights of the people then; they were extolling that administration's do-nothing policy.

Mr. Chairman, there is no politics in this bill. I regret that the spirit of partisanship was injected into this debate. The bill establishes a new deal in aviation, and will result in a real national aviation policy. That is what the administration aims to do, take aviation out of politics and put it where it would not be if the last administration had been continued in power.

The President of the United States and the Postmaster General will cooperate with Congress in effecting a permanent settlement of this problem. In a short time we will lead all the world in every branch of aviation.

Mr. KELLY of Pennsylvania. Mr. Chairman, some day in the future the unwritten history of the past 90 days in the life of the air mail will be written, and many interesting things will be developed at that time. Among those things one fact will stand out, and that is the herculean efforts of the distinguished Chairman of the Committee on the Post Office and Post Roads, the gentleman from New York [Mr. MEAD], to remedy the mistakes which have been made in connection with air mail. [Applause.]

The gentleman from New York [Mr. MEAD] has worked like a Trojan, and I have been one of his helpers in the committee. There has been no partisanship there. There has only been a sense of regret over the conditions which have developed in the past 90 days. We have witnessed one blunder after another, and there is no use denying it. It began with the sudden cancelation of every air-mail contract without a hearing. To this good day nobody is on his way to jail. I assured the Postmaster General that if he could prove that anybody in connection with any of these contracts had been guilty of crime I would help send such guilty persons to the penitentiary, but so far nobody has even been put on trial. After cancelation the Army was given the job, and in the first month 12 boys lost their lives. I stood here and urged the passage of the bill to authorize payment to the Army of money from the air-mail appropriations. Some of my friends refused to so vote, claiming it was making them responsible for the Army operation. I did not so regard it. I regarded it as a fact that had to be met by legislation.

Then the next step was the discontinuance entirely of every plane flying the air mail. For the first time in years no air mail was carried at all because the Army planes were taken out of the skies. Then after a period the Army planes were put back on a modified schedule, and a severe blow was struck to the Air Mail Service. Then came the first legislative plan, prepared in the Post Office Department and sent over to us here. The Post Office Committee went to work on it and found it was absolutely unacceptable. It contained so many unfair, unjust, and impractical features that that bill went out the window and was disregarded entirely. It set up a blacklist; it provided for 6 months after award

of contract for a contractor to sell stock and get planes; it provided injustices of all kinds, and, therefore, that bill was discarded.

The next step was the award of temporary contracts under the law of 1872. The Postmaster General advertised that he would accept bids for temporary contracts, and his authority for it was a section of the 1872 Postal Code, which was passed to cover wagon-route contracts. The only purpose of that law was to provide the Post Office Department with authority so that when a contractor failed to carry out his contract, or when a new service was immediately necessary, the Postmaster General might let temporary contracts without competitive bidding for a period of 3 months, the time to be extended for a period of not to exceed 9 months. The whole purpose of that law was to provide emergency temporary contracts without bidding. Now the Post Office Department legal fraternity say they can use the wagon-route contract law of 1872, for Air Mail Service, and instead of having it "without competitive bidding", they can have it with competitive bidding. If it is possible for the Department to write law like that in the office of the solicitor, there is no use of having Congress here at all. Congress enacted that without competitive bidding the Postmaster General may let certain contracts under certain restrictions.

I have here the printed specifications for the temporary air-mail contracts. It quotes a section out of that old wagon-route contract law. Then it provides that nobody who is guilty of fraud or collusion can bid on a contract. It lays down specifications such as 110 miles an hour. We got past that speed 8 years ago in the air mail. It provides that some companies need not have any passenger facilities at all. We have built up a passenger service in these years that has been a great forward step. Writing specifications like that under a section of the old act, and saying they are going to run the air mail on such a basis. It is absurd. Some of the companies came in with low bids and now we hear that therefore we are going to save 10 millions of dollars. Some of those companies would have bid 1 cent a mile, if necessary, to get the contract, because they wanted to show there had been no fraud or collusion, and that their companies could get the contract and take chances on the future. It was not a matter of getting even enough to pay for the pilots and the gasoline.

We will not save a dollar on this plan when the final balance sheet is made up. Wait until there has been operation under all the contracts before you say we have saved money. Wait until real air-mail service is provided. However, it is the fact that contracts have been awarded under this old law, and we must accept that fact.

Now, this bill before us provides that the Postmaster General may make temporary contracts not to exceed 1 year, and it lays down some needed restrictions. I helped draft the bill in committee and the committee did write this bill. After it was completed I made the statement that I should gladly support this bill as the best thing that we could possibly expect if the Post Office Department would operate under it. All I asked was that it be worth something more than a scrap of paper, and that it would not simply cumber the books with a law that would not be put into force. I said if they would operate under it, I believed it would be the best thing that we could get out of a series of tragic blunders. I called the Post Office Department and learned that they would not operate under this bill; that they were operating under the law of 1872; that they were advertising routes and had awarded some contracts, and therefore they proposed to go on that basis.

Now, where is the logic in Congress writing a temporary contract law when the Post Office Department has already awarded temporary contracts and will not operate under the provisions of this law? I should like to help restore our air-mail service to where we had it—as a great service to the public—but I cannot vote for a bill that will simply be cumbering the statute books, while the Post Office Department refuses to operate under it.

The contract feature is one part of this bill.

The second part provides for a commission to study the whole aviation question and recommend permanent air-mail policy. My friends, under the Sabath resolution in the Seventy-second Congress, we had a commission to study air mail.

Its head was the gentleman from New York [Mr. MEAD]. We had hearings for weeks. We went into every phase of the Air Mail Service and brought a bill into Congress with the unanimous approval of the Commission. We began hearings on that bill in the special session of the Seventy-third Congress. The Postmaster General informed our committee that he did not want any more hearings because he was studying the Air Mail Service and wanted time to ascertain what the conditions were. Hearings were discontinued in the special session of the Seventy-third Congress, when we could have brought in a constructive bill and made impossible all these blunders that have been made in the last 90 days.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. SNELL. Did I understand the gentleman from Pennsylvania to say that the Post Office Department said they would not operate under this legislation if it became law?

Mr. KELLY of Pennsylvania. The Post Office Department said that they were operating under the law of 1872, and that they were letting contracts on that basis.

Mr. SNELL. But I understood the gentleman from Pennsylvania to say that they would not operate under this law, but were going to operate under the law of 1872.

Mr. KELLY of Pennsylvania. That is exactly the question I asked them; I asked the Second Assistant Postmaster General if they would operate under this new proposal, and his answer was that they had already advertised for bids under the law of 1872, and intended to operate under it.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. DOBBINS. Was not the question the gentleman asked of the officials of the Post Office Department whether they would not throw out the bids they had received under temporary advertising and call for new bids under this new law?

Mr. KELLY of Pennsylvania. No; my question was: "Will you operate under this 1-year temporary law if we pass it?"

They said: "No; we are already operating under another law."

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. McFARLANE. Are printed copies of the hearings available?

Mr. MEAD. Yes.

[Here the gavel fell.]

Mr. KELLY of Pennsylvania. Mr. Chairman, I yield myself 3 additional minutes.

Mr. Chairman, I will support any constructive plan, but it seems to me that we ought to meet the situation squarely. If the Post Office Department proposes to operate under the 90-day provision of the act of 1872, let them go ahead and operate under that if they can prove its legality in the courts.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. DUNN. Is the bill before the House a constructive piece of legislation?

Mr. KELLY of Pennsylvania. This bill, as I see it, is not sensible nor constructive. It cumbers the statute books with a law that will not be used. However, I do not believe these present 90-day contracts are legal. I have asked a great many good lawyers as to whether under an act providing for the letting of temporary contracts without competitive bidding a department can call for competitive bids and issue contracts on that basis. In every case they said it could not be done. On the other hand, if the Post Office Department can make valid contracts with the contractors with whom they are now entering into contracts, we should not add further to the confusion and make the chaos com-

plete by adding another temporary contract law to the statute books.

I should be delighted indeed to use every effort possible to provide authority to let emergency contracts, but we find emergency contracts already awarded. The T.W.A., for instance, is already operating and carrying the mails between Los Angeles and New York.

If the Post Office Department will not operate under it, what is the value of putting this emergency law on the statute books? There may be some advantage in having this bill passed by the House, because the Senate bill is much worse than this measure. The Senate bill contains provisions which I am sure the House would not favor. In conference it may be possible to write some constructive legislation dealing with the air mail and that seems to be the only hope in the situation.

After having gone through weeks of work in the committee, endeavoring to cooperate in every way possible, I am going to cast my vote against this bill. I contend that the Post Office Committee, given a free hand, can write a bill which will meet the need of the present vexing situation. I contend that the Post Office Department should perform its duties under laws written in Congress and not in the Department. [Applause.]

Mr. MEAD. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. ROMJUE].

Mr. ROMJUE. Mr. Chairman, in the few minutes allotted to me I shall not attempt to go into much detail with regard to the merits of the bill. They have already been covered. It is unfortunate, I may say, however, that politics get injected into matters of this kind. Let me point out in this connection that the first condemnation of Postmaster General Brown's administration of the Air Mail Service did not come from the Democrats, did not come from the Democratic Party, or from the Democratic side of the House. Looking up the records I find that under date of August 29, 1931, there was printed in the Washington Herald a statement issued by the distinguished gentleman from Pennsylvania, my distinguished Republican friend, a member of the Post Office Committee, Mr. KELLY. The Washington Herald quotes Mr. KELLY himself in this language:

Representative CLYDE KELLY of Pennsylvania, Republican, last night charged Postmaster General Brown is prostituting the Nation's air mail with monopolies and served notice he will force a complete investigation of the Brown air-mail administration by Congress when Congress convenes.

Mr. KELLY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. ROMJUE. I yield.

Mr. KELLY of Pennsylvania. I still hold to that idea. I think there were a great many mistakes. I fought with Postmaster General Brown throughout his entire tenure of office. Each of the contracts should have been investigated on its own merits.

Mr. ROMJUE. I may say that what Postmaster General Farley now is doing was charged by Mr. KELLY himself under the Republican administration against Republican Postmaster General Brown.

Mr. KELLY defeated the Postmaster General in this attempt on the ground it would give the Postmaster General autocratic powers over the aeronautic industry, and be "highly dangerous", he said. He declared:

"Although the Congress presumably defeated the Postmaster General in this attempt and included mandatory provisions requiring bids in the final McNary-Watres Act, it is obvious the Postmaster General is administering that bill to an end not intended by Congress.

"I shall force an absolute and uncompromising probe into the reasons for this the minute Congress convenes."

EXPLAINS CLAUSE

The charges of KELLY, "Father of the Airmail", and his demand for an investigation came as a dramatic sequel to Universal Service's exclusive disclosure that 90 percent of the Nation's $17,000,000 annual air-mail subsidy—designed, according to Mr. Brown himself to "Assist the small operator who now has no contracts and who needs a little help"—is going to four mammoth concerns.

Universal Service also showed that of the 32 contracts awarded by the Post Office Department since passage of the McNary-Watres Act, April 29, 1930, the last 30 have been granted as extensions by the Postmaster General to the alleged monopoly, without being offered for bids.

These extensions were made on the strength of a clause in that act, in connection with which Mr. KELLY said:

"Postmaster General Brown came to me with a bill which he said he wanted passed, giving him absolute power to grant air-mail contracts without bids whatsoever. I considered this a highly dangerous policy, and I refused to introduce or support the bill.

Mr. Brown then took the bill to Mr. Watres, who introduced it for him. Every time the measure came into a committee for hearing, Mr. Brown was there, to argue for it. I opposed it bitterly, but at Mr. Brown's insistence, it was finally reported out, over my minority report to the steering committee, where Brown was again present."

PLANS TO AIR TRUTH

There it caused so much furor that it was sent back to the Post Office Committee, and when it was apparent passage was impossible, Mr. Brown agreed that I should insert provisions for bids as I demanded.

Mr. Brown now completely disregards the intent of the committee when it backed me in insisting upon the amendments, and continues to carry out his original intention of granting these contracts without bids.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. ROMJUE. I yield to the gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. Of course, that is what I have been trying to do up until now. The fact that we are getting down now to the point where we should have been 2 years ago when the committee appointed by this House brought in a bill to change the McNary-Watres bill and put it on a solid foundation is what I am arguing for at this time.

Mr. ROMJUE. The gentleman visioned the mistakes that his own Postmaster General Brown was about to make and did make. Subsequent events here disclose that Mr. Farley, when he took charge of the office, found these conditions to exist, and when Mr. Farley charges that these contracts were being awarded without bids, the very thing that a Republican Representative on that side of the House charged, then he, Mr. Farley, is accused of being partisan about the matter.

The reletting of these contracts has disclosed that we are saving over half of the revenue. It costs the public $9,000,000 now, under Mr. Farley, and under the former contracts let under General Brown it cost $19,000,000. The cancelations of these contracts under General Farley were properly done and have effected a tremendous saving of money.

Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to insert therein a newspaper article taken from the St. Louis Post-Dispatch commenting on the air-mail situation.

Mr. TABER. What is the article?

Mr. ROMJUE. An article from the Post-Dispatch of St. Louis.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The article referred to is as follows:

LEST WE FORGET

The greatest tragedy of air-mail tragedies is that they have been used to discount air-mail scandals.

The public must not forget these. The trouble is that a considerable number of people do not believe that there have been any scandals. In the Nation-wide ferment over Army air deaths, the important fact has been obscured that the air companies which have been making much capital out of the argument that they were convicted without a hearing have been heard and have been convicted.

The Black committee has already made out a complete case against the commercial aviation industry, and it was plain brass for the spokesmen in the industry recently appearing before a Senate committee to try to pull the wool over the eyes of the people any longer upon this score.

It was a sufficient proof of skullduggery that official records were removed or destroyed when the investigation began. When we add to that the revelation that the sons of United States Senators were retained as lobbyists by the air-mail conspirators when this evil-smelling mess was cooking, we stand face to face with the sort of thing that rots the very taproots of representative government.

The mail contracts were canceled on the ground that they were obtained by collusion. By collusion is meant that they were obtained without competitive bidding, which was required under

the statute prescribing the method to be used in awarding them. The Black committee has shown that, in May of 1930, former Postmaster General Brown called to Washington some 12 big operators, that these operators sat around a table and considered among themselves how the 12 air routes of the country were to be divided up. On five of these routes they reached an agreement. On the remaining seven they agreed to let Mr. Brown decide the matters they could not agree upon.

This agreement was discovered in the correspondence of McCracken, who was Brown's assistant. It was confirmed by the testimony of every one of the operators, all of whom were cross-examined by Senator BLACK. In awarding mail contracts, it was shown that Brown carried out the operators' agreement on five of the routes without a hitch. On the seven that the operators left for him to decide, he awarded them in the most high-handed and dictatorial manner. In the interest of the Pennsylvania Railroad, whose business he favored, he forced Western Air Express, a profitable line, to merge with T.A.T., the unprofitable aviation subsidiary of the Pennsylvania, thus giving it a chance to cut in on the earnings of the former.

In numerous other cases he dictated mergers at will through threatening to withhold a mail contract if not obeyed. In reading the testimony it is impossible for any fair-minded person to discover the slightest trace of honest, competitive bidding.

Establishing collusion in the award of contracts, the Black committee then probed the financial affairs of the large air companies. This brought to light a tale of graft so revolting as to be almost incredible.

Incidentally, it sustained another ground for canceling the mail contracts. The last Congress authorized the President to cancel the mail contracts if he found them contrary to public interest. All the many devices of corporate business since the war to loot the investor and demoralize business, which have turned up time and again in other congressional hearings, were shown by the Black committee to have reached a hideous fruition in the aviation industry.

One official of a company—a young man of 25—was shown to have started with an investment of $40, which in 2 years had been manipulated by inside stock watering and stock-exchange machinery into a market value of over $5,000,000. Selling part of his holdings, this insider reaped a cool million at 27 years. In another case among many, an initial investment of $253 was manipulated rapidly by the same practices into a market value of $35,000,000 and partially liquidated at a profit of over $9,000,000.

While unloading their watered stock on the public aviation officials helped themselves in addition to incredible bonuses and salaries, though the outsiders who invested in the companies are still waiting for dividends. They gambled in the stocks of their own companies, staging pool battles like all those of merited odium.

They organized or gained control of investment trusts of other people's money to generate a demand for holdings they wish to unload. They held controlling interests in companies supplying equipment to the operating companies which they also controlled. The head of one great aviation company invited a bank, of which his brother was president, to cut in on the swag by using the bank's affiliate to underwrite the company's issues at an exorbitant rate.

By 1932 the industry had been efficiently plucked. In that year the aviation industry had 18,585,000 shares of stock outstanding, and on this stock only $30,000 in dividends was paid.

The public must not forget the air-mail scandals. It must not lose sympathy with the efforts of the administration to make the aviation companies reorganize for the elimination of such practices before obtaining more millions of taxpayers' money.

The casualties which have resulted from cancelation of these contracts are regrettable, but they do not make right what was palpably wrong.

Mr. KELLY of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Chairman, my entrance on the floor in this debate is the first time any member of the Military Affairs Committee throughout this whole controversy has taken the floor. It is not my purpose to take the floor to enter into any of the controversial issues that have been made, and to defend or to deny them, because the subcommittee of the Committee on Military Affairs at the proper time will do that and report to the House as already ordered by the House.

May I point out to the chairman of the committee that in section 17 it is stated that the President is authorized to appoint a commission composed of five members, and so forth, and to report to Congress its recommendation "of a broad policy covering all phases of aviation and the relation of the United States thereto." Here is provision for the appointment of a new commission to consist of five members. You have had a subcommittee of the Committee on Military Affairs working 9 weeks, day after day, morning, afternoon, and night, studying this problem. We have had the Naval Affairs Committee studying the problem as related to naval aviation. We come in here and authorize the President to appoint another commission wholly unrelated, and as we sit here this afternoon the Secretary of War has another commission, known as the "Baker board", all of these committees studying all phases, with the exception of the Military and Naval Affairs Committees.

Mr. MEAD. I believe it will be helpful to pool all this information and coordinate the activities of all the committees that have been working separately one from the other.

Mr. GOSS. As far as the Military Affairs Committee is concerned, it is not our business, and we are not proposing to go into the air-mail-contract phase of the matter.

Mr. MEAD. I may say to the gentleman that we were going into phases of the subject that really belonged to your committee in the matter of the interchange of pilots. In that regard this commission will be helpful, because they will call your representatives and our representatives and will work out a solution to the whole matter.

Mr. GOSS. I believe the Membership of this House will pay their respects to this subcommittee headed by Mr. ROGERS of New Hampshire when that report comes in. I do not know whether it will be in this Congress or the next. Probably half the work is not done as yet, but we have had hearings in that committee, practically entirely in executive session, and have brought out things that probably no other committee will bring out. And here, may I point out again, that in this bill, as proposed by the Senate, they suggest such a commission, and further, they say, "In order to improve national defense, promote the art of flying, and securing for air mail and military and naval pilots", and so forth. They appoint still another commission, including the Secretary of War, the Secretary of the Navy, and the Postmaster General, and others.

It seems to me, in all fairness to the House, that we ought to be able to strike out section 17 of this bill. The House has already appointed this subcommittee, and, as I say, we have been working diligently morning, noon, and night for 9 weeks, and probably will be working this summer. There is also the Newton D. Baker board, appointed by the Secretary of War, going into the same phases, and here we come along with another one. Now, we are liable to get a hodgepodge proposition out of the whole business.

Mr. DOBBINS. Does not the gentleman recognize that each one of these commissions has been doing this from a single standpoint? The purpose of this commission is to correlate the views of all the committees. They will study specialties in the aviation industry and put them all in one broad scale and correlate their views as much as possible.

Mr. GOSS. Just as an example, let me refer to the Baker committee. The Chief of the Air Corps sits there day after day. What are we going to get out of that board?

I hope the committee will give consideration to this matter, because I should like to offer an amendment to strike out section 17, which will permit these other committees whom you have already appointed to do the job and report back to Congress.

[Here the gavel fell.]

Mr. KELLY of Pennsylvania. Mr. Chairman, I yield the remaining 2 minutes to the gentleman from Massachusetts [Mr. FOSS].

Mr. FOSS. Mr. Chairman, what we have before us now is a bill that has been formulated by the Post Office Committee with regard to the air mail, and I may say, in deference to the Chairman of the Post Office Committee and the gentleman from Pennsylvania [Mr. KELLY], the ranking minority member, this bill should be passed. It is not a satisfactory bill to any member of the committee, but it should go to conference and we should let the conferees write a bill that will be beneficial to the air mail.

There has been a lot said about the cost of the air mail and the amount of money we are going to save. I want to suggest to the gentlemen who are telling us about the immense amount of money we are going to save by this bill to wait until they get the bill from the War Department for their services in carrying the air mail, and I will guarantee

that the average cost we have been talking about will be immeasurably increased.

There is going to be an amendment offered to this bill. I am opposed to the amendment. I voted against it in committee and I hope it will not be adopted, but I do want to see the bill go to conference in order that the conferees may bring back something constructive and something that will be helpful to the entire air-mail situation. [Applause.]

Mr. MEAD. Mr. Chairman, I yield such time as he may desire to my colleague on the committee, the gentleman from Michigan [Mr. MUSSELWHITE].

THE AIR MAIL IN THE NEW DEAL

Mr. MUSSELWHITE. Mr. Chairman, you have heard a very able presentation from the chairman of my committee, the distinguished gentleman from New York [Mr. MEAD], and a very enlightening discussion from the other members of the committee.

I want you to know that the Committee on the Post Office and Post Roads, of which I have the honor to be a member, has given this problem long and serious and very earnest consideration. The testimony presented before our committee in many hearings, convinced a majority of the committee that the cancelation of air-mail contracts by Postmaster General Farley was more than justified. Employment of the Army fliers, while not wholly satisfactory, was wholly defensible.

Bids recently submitted show that the Post Office Department was being mulcted of unearned millions for the benefit of manipulators of holding companies.

This problem has been one of the most vexing of the present session. The legislation proposed in this measure may not be perfect, but it certainly is an improvement on what we have had. It is designed to meet an emergency that has arisen because of the corruption of the former head of the Postal Service. The bill, whether it is perfect or not, meets the need of the moment. It has the approval, I understand, of the administration. It conforms with the ideals of the new deal. It is positively a square deal to the parties in direct interest, the contracting carriers, the Post Office Department, the patrons of the service, and, finally, the public that pays the bills. I submit that this bill is a fair one and provides the relief needed right now.

Mr. McFARLANE. Will the gentleman yield for a question?

Mr. MUSSELWHITE. Yes.

Mr. McFARLANE. Does the Post Office Department approve this bill?

Mr. MUSSELWHITE. I have the assurance that the Post Office Department approves this measure.

Mr. McFARLANE. They approve it, so far as it goes?

Mr. MUSSELWHITE. And I join in the expressed wish of the gentleman from Massachusetts who just preceded me that this bill as it stands, with the amendment, meet the approval of this House, and I am sure it will meet the approval of the administration and the public.

Mr. McFARLANE. I noticed in the press that the Post Office Department, if I recall the quotation correctly, favored the Senate bill over the House bill, and I think this is a matter we ought to get straightened out.

Mr. MUSSELWHITE. Originally, and until our bill was changed, I think they did prefer the Senate bill. This is the Senate bill.

Mr. McFARLANE. I know that, but you have stricken out the Senate bill and rewritten it.

Mr. MUSSELWHITE. No; we have not rewritten it; but just put in a couple of little amendments and changed it.

Mr. McFARLANE. It looks to me as if you have rewritten the bill.

Mr. MUSSELWHITE. No; the rewriting was done in the Senate.

THE NEW DEAL

As I have said on many occasions since I have been a Member of the United States Congress, both publicly and privately, the new deal is a square deal. We must not lose faith in it. The time will come, of course, when we shall look back upon it. If we cannot normally believe now that such a time will ever come, we should at least be able to do it from the conviction of experience that nothing lasts forever. After more than a year as a Member of this legislative body, most of the Members of which have carefully and wisely followed the lead and suggestions of our peerless President, Franklin D. Roosevelt, I am happy to assert that prosperity has turned that corner we heard about a few years ago. Looking back over the past 15 months since the President went into office with the determination to bring the country out of the chaotic condition he found it, I am more than ever convinced that the war is over.

In the session of Congress which is now drawing to a close more constructive and helpful legislation has been passed than in any other session in history. We have heard a lot about the so-called "alphabetic bureaus"; but, ladies and gentlemen of the House, every one of these bureaus or departments was created for a purpose, and that fundamental and underlying purpose was to relieve the citizens who suffered in the depression which befell us a few years ago. The achievements of President Roosevelt and the Democratic Congress which came into office with him are remarkable. The Public Works Administration has been the medium of employment for countless thousands, and its program has provided improvements that never would have been undertaken except at a time like this. President Roosevelt and the Congress have systematically and effectively brought the resources of the Federal Government into operation to benefit the people of the United States, individually and collectively.

THE N.R.A.

I need not stress the importance of the National Recovery Act. If it does nothing else, it has eliminated cut-throat competition and child labor and has put people back to work so that they may buy more of the products of farms and factories and start our business at a living rate again. Throughout all industry there has been a marked change from starvation wages and starvation employment to living wages and sustained employment in large measure, and I am confident the employers who a year ago were faced with closing down their plants are now willing to agree with the statement that the National Recovery Act is not only a noble experiment but a satisfactory solution.

The depression stole upon us quietly, slowly, and without many of us knowing it was here, but when we realized the situation, we did what any other people would do when a foreign enemy invaded our territory—we fought to a man—we fought to repel it. The depression overran our entire lives, but now, thank heaven, we are on the way to victory. Every man, woman, and child in America knew of its presence, and tens of millions felt its ravages, its cruelties, its utter destructiveness. Emaciated children stared at us in every section of our rich and fertile land. Fear-ridden men and despairing women lined our streets by day and filled our parks at night. Our great middle class—the backbone of our civilization—suffered so heavily that millions lost confidence in themselves, in their Government, and even in life itself. The cost to America was greater in life and treasure than the cost of the World War. The war, with all its horrors and waste of human life and property, of patriotism, idealism, had some compensating factors. It keyed the American people to a high pitch of patriotism, idealism, and unselfish humanitarianism. But the depression brought to millions of our people all but complete loss of faith in the institution of our country and the conviction that life itself was futile. A little more than a year ago there were millions of living dead in the United States, but today there is hope—hope that is certain to restore the confidence of our Government and bring back to our people a renewed faith in the administration of this great Government.

Until a year ago nothing of a positive nature had been attempted to repel the devastating forces of the depression. Now, with a great and aggressive leader in the White House, plans for routing of the enemy have been carefully laid and an offensive war has been and is being waged. Gen. Hugh S. Johnson is the field marshal; and what a warrior

he is. The plan of campaign is outlined in the N.R.A. It is your country's plan, passed with a complete absence of partisan politics by overwhelming majorities in both branches of the Congress, and approved by your great Commander in Chief, President Roosevelt. It was formulated by the general staff working with our President, and they know what part every division, regiment, and company must play in going forward to victory. Every citizen of this great Republic is needed as a volunteer to serve under these great leaders in the battle to turn back the economic depression—the most destructive foe that has ever invaded our shores.

When I voted in the House of Representatives for the National Recovery Act, little did I realize the great benefit it would bring to this Nation, but as each day goes by I feel that if I have done nothing else as a Member of Congress I have kept faith with my people and carried out my pledge to work to bring this country back to normalcy.

THE H.O.L.C.

When the Home Owners' Loan Act, for which I worked and supported, became effective, it was my happy duty to establish an office in the largest city of my district, Muskegon. Since that time the office has functioned excellently, has relieved hundreds of people who were about to lose their homes, and with your permission, Mr. Speaker, I desire to include as a part of my remarks, a letter which came to me, unsolicited, from Mr. Bart D. Buck, cashier of the Muskegon Savings Bank:

APRIL 20, 1934.

HON. HARRY W. MUSSELWHITE,
House of Representatives, Washington, D. C.

DEAR MR. MUSSELWHITE: Recalling that you strongly endorsed the legislation which provided for the establishment of the Home Owners' Loan Corporation and that you took an active interest in the organization of the west Michigan office in Grand Rapids and its Muskegon branch, you will be interested in our estimation of the manner in which the corporation has been functioning in the district which you represent.

Since the Grand Rapids office was established, the latter part of July of 1933, we have received 83 offers of H.O.L.C. bonds for mortgages held by us, 80 of which we have accepted. The first 2 loans closed in the Grand Rapids district took up mortgages held by this bank, and 5 of the first 8 such transactions in Muskegon we were interested in. As a result of the activities of the H.O.L.C. we have only four foreclosures in process at the present time, and we have been able to assist all but three home owners to redeem their homes in instances where they had lost title.

We understand that the Muskegon office has closed between 600 and 700 loans of a total of something like $1,250,000. The bonds which have been received by individuals and financial institutions have eased the credit conditions locally. The repairs which are being made to the properties are resulting in putting a considerable number of men back to work, and, most important of all, homes have been saved for the owners and the real-estate market has been benefited in that a large amount of this distress real estate has been removed from the market.

Yours very truly,

BART D. BUCK, *Cashier.*

ROOSEVELT GREAT LEADER

There has been so much legislation enacted in the Democratic administration since I took office that time will not permit me in the allotment graciously afforded me by the Speaker to discuss. I can safely say, however, that more real accomplishments have been crowded into the Seventy-third Congress than at any time in the history of our Nation. I said before coming to Congress that I would contribute my utmost efforts to aid Mr. Roosevelt in bringing about recovery, and I reiterate that statement now that I am in full accord with the new deal and strongly favor its continuance. Before entering public life, it was always my policy to do a job well or not attempt it at all. During this period of the new deal, while the country has undergone changes greatly for the better, I have served every section of my district with no thought of partisanship or partiality. My duty and obligation has been to my district as a whole. I am anxious to continue for one more term.

There are those to whom the pursuit of office is a glamorous experience. The possession of office is likely to bring disillusionment. Those who may oppose my renomination cannot attack the character of my service, the manner in which I have handled the work of my constituents, nor my fidelity to the administration. If any wish to dismiss me, I ask that they be fair enough and honest enough to openly assign their reasons, in order that I may have opportunity to defend myself and my constituents have opportunity to judge as to the contrasted qualifications of those who seek your consideration.

I very deeply appreciate the kindness shown me by the people of the Ninth District of Michigan, to whose trust I have been faithful. No person can honestly challenge my assertion of fidelity to the interests of the district. It is true that on several occasions I have not submitted to what is commonly called "gag rule", but I have consistently kept my pledges to the people to whom I am responsible; and I have kept faith with President Roosevelt. My record in Congress is an open book, available to anyone desiring to examine it. I have the assurance of administration and party leaders that it is wholly satisfactory to them.

I stand on my record of having supported President Roosevelt in all his progressive measures and policies, and I have neither apology nor regrets for any of my votes in the House of Representatives. I have started out to be one of the Members of the Democratic Congress to help restore recovery and when I have completed one more term, which is the end of Mr. Roosevelt's first administration, I shall gladly and gracefully abdicate with the thought that I have done my duty to my people and in a small measure contributed to the restoration of normal conditions, and will retire with the happiness of having had a hand in the new deal. I did not come to Congress to make a career of it but to serve my district, and I feel that the people of the Ninth District of Michigan, who sent me here, know that I have been faithful to my trust.

Mr. MEAD. Mr. Chairman, one or two questions have developed during the debate that ought to be answered for the benefit of Members.

My distinguished colleague the gentleman from Pennsylvania [Mr. KELLY], who, in my judgment, is the best authority on postal legislation in the Congress and who has always been a sincere advocate of air-mail legislation and whose help I have always appreciated, asked the Department a question which was rather difficult to answer sufficiently to satisfy both the gentleman from Pennsylvania [Mr. KELLY] and other members of the committee. The question asked was would they throw out the present contracts and follow the provisions of this bill? Of course, it is hard for them to say what they will do, because we have one bill in the House and another bill in the Senate. In the House bill we authorize 1-year contracts and little else, and in the Senate bill the air-mail lines may be turned over to the Interstate Commerce Commission as quickly as certificates of convenience and necessity are approved. If competitive bidding was to become a permanent policy, perhaps our bill would be followed. The Department cannot determine its policy until Congress passes the legislation. We extend the life of the present 3-month contract for 9 months, showing a necessity for the bill by requiring that all such extensions follow the provisions contained in this legislation.

The CHAIRMAN. The time of the gentleman has expired. All time has expired, and the Clerk will read the bill.

The Clerk read as follows:

That this act may be cited as the "Air Mail Act of 1934."

Mr. FISH. Mr. Chairman, I move to strike out the section. I do not want to delay the passage of this bill, for I expect to support it, and I hope it can be speedily passed.

I overlooked in my remarks a little poetry I had compiled with a great deal of labor, and I think it would be losing a masterpiece if I failed to read it to the House. [Laughter.] It is entitled "A Revised Version of Alice in Wonderland", to harmonize with the Postmaster General in Blunderland:

"Herald, read the accusation!" said the king.

On this the White Rabbit blew three blasts on the trumpet, and then unrolled the parchment scroll and read as follows:

"The Postmaster General, he broke some contracts,
All on a wintry day,
'The Knaves', he said, 'they stole those contracts,
And took them quite away.
What if the charges have no bearing
And are not proven in any way?
I'll cancel them all without a hearing,
Public opinion be what it may.'"

"Consider your verdict", the king said to the jury.

"Not yet, not yet", the Rabbit hastily interrupted, "there's a great deal to come before that."

"Call the first witness", said the king; and the White Rabbit blew three blasts on the trumpet and called out: "First witness."

The first witness was the hatter, James A. Farley. He came in with his certificate as Democratic National Chairman in one hand and his certificate as Democratic State chairman for New York in the other. "I beg pardon, your majesty", he began, "for bringing these in, but I hadn't quite finished dispensing patronage, political and aviation, when I was sent for." "You ought to have finished", said the king. "When did you begin?"

The Postmaster General looked at Solicitor Karl Crowley, who had followed him into the court, and Harllee Branch, the Second Assistant Postmaster General. "I think it was February 9", he said. "February 6", said the Solicitor. "March 4", added the Second Assistant Postmaster General. "At the Chicago convention", said Silliman Evans, the Fourth Assistant Postmaster General, and formerly an official of the American Airways.

"Write that down", the king said to the jury, and the jury eagerly wrote down all four dates on their slates and then added them up and reduced the answer to 59-cent dollars on a silver basis of 25 percent, in accordance with the new brain-storm formula.

"What about the air-mail contractors who acted under the express provisions of the law, and those who did not sign up for any extensions?" asked Alice.

"What do we care about the Congress or the law?" said the king. "And if they didn't sign up that only makes the matter worse; they must have meant some mischief or else they would have signed their names like honest men."

"That proves their guilt", said the Queen.

But Alice still claimed that was no evidence of collusion or fraud.

"Let the jury consider the verdict", the King said for about the twentieth time that day.

"No, no," said the Queen, "sentence first—verdict afterward."

"Stuff and nonsense", said Alice loudly. "The idea of having the sentence first."

"That's right", said the White Rabbit; "but haven't you ever heard of the spoils system and the Postmaster General's ukase that might makes right and that the G.O.P. is never right?"

This concludes the blunderland hearings on the cancelation of the air-mail contracts. But, in order to see that exact justice is done, each of the companies whose contracts have been canceled have been permitted to submit scrolls, parchments, and left hind feet of white rabbits to General Farley.

The Postmaster General, on being asked by the newspapermen for his version of the trial, issued a special warning to the reporters who asked too many question, and a statement, entitled "A hearing that was never held", or "The magic formula as used by Commissar Farley in Blunderland":

"Good morning, correspondents, good morning one and all,
Don't tear your shoits, I'll shoot the woiks!
This story is no stall.
I'll tell you guys; I'll tell you now
The reasons why and where and how
I busted up the Hoover deal
And made the Transport pilots squeal.

"I didn't like the way those guys
Had made those contracts—is it wise
To make a contract, when you make it
So a big political chief can't break it?
Holy suffering cats! I'll say
That don't make sense, not today.

"The greatest thing in our New Deal
Is the pain we make the Big Shots feel.
We sock them hard and raise a welt
And every sock's below the belt.
You saw how Lindbergh got smacked down,
We put some new thorns in his crown.
We like them big, we like them burley,
They're all alike to Stephen Early.
We're smart as hell, and don't forget
We haven't even started yet.
What you will see before we're through
Will even scare hard guys like you.

"We're on our way to domination
Of every citizen in this Nation.
Your turn will come for asking questions;
What you should ask for are suggestions.
If you don't like them, that will be
Just too bad for boys like thee.
Now, as to all this current squawk
It's coming mostly from New York,
That wicked town so big and tough
Where I learned how to do my stuff.
What to us, is contract abrogation,
In this socialistic administration?"

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 2. (a) Effective July 1, 1934, the rate of postage on air mail shall be 5 cents for each ounce or fraction thereof.

(b) When used in this act—

(1) The term "air mail" means mail of any class prepaid at the rate of postage prescribed in subsection (a) of this section.

(2) The term "person" includes an individual, partnership, association, or corporation.

(3) The term "airplane" includes any lighter-than-air aircraft.

(4) The term "pilot" includes copilot.

Mr. MEAD. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 14, line 24, strike out all of lines 24 and 25, and in line 1, on page 15, substitute the numeral "3" for the numeral "4."

The committee amendment was adopted.

The Clerk read as follows:

SEC. 3. (a) The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for periods of not exceeding 1 year, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile. The base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 35 cents per airplane-mile for transporting a mail load not exceeding 300 pounds. Payment for transportation shall be at the base rate fixed in the contract for the first 300 pounds of mail or fraction thereof, plus one tenth of such base rate for each additional 100 pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month.

(b) In case of a determination by the Postmaster General that any bidder is not responsible or is otherwise disqualified under the terms of this act, such determination shall be subject to review in any manner authorized by law.

(c) The Postmaster General shall not award contracts for air-mail routes in excess of an aggregate of 29,000 miles, and shall not establish schedules for air-mail transportation on such routes in excess of an annual aggregate of 40,000,000 airplane-miles.

Mr. MEAD. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Add, as additional paragraph, at end of section 3:

"Authority is hereby conferred upon the Postmaster General to provide and pay for the carriage of mail by air in conformity with the terms of any contract therefor issued prior to the passage of this act, and to extend any such contract for an additional period not exceeding 9 months, at a rate of compensation not exceeding that provided for in the original contract: *Provided*, That the contractor shall consent in writing to the extension and shall likewise agree to comply with all provisions of this act during the extended period of the contract."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 5. Any person having a claim against the United States arising out of the annulment of an air-mail contract heretofore held by it, may prosecute such claim in the Court of Claims of the United States, if suit therefor is brought within 1 year after such annulment. No person shall be ineligible to bid and contract for carrying air mail under this act by reason of the provisions of section 3950 of the Revised Statutes (act of June 8, 1872; U.S.C., title 39, sec. 432).

Mr. MEAD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MEAD: At the end of section 5, page 16, line 18, add: "nor by reason of any restriction imposed in prior legislation in respect to air-mail contracts."

Mr. MEAD. Mr. Chairman, in explanation of this amendment, prior legislation requires all companies to have 6 months' experience on a line at least 250 miles in length. Recently all of the old companies were reorganized, and none could qualify unless we adopt this amendment. This amendment, therefore, is helpful to all companies.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. McFARLANE. Under this amendment, that is, under section 5 as amended, will this permit anyone, regardless of prior air-mail experience, to come in and bid on these contracts? In other words, someone not previously carrying the mail, some little fellow who did not have the right or a chance to fly the mail for 250 miles. Would he be eligible to bid?

Mr. MEAD. If he meets with the specifications already laid down in the advertisement.

Mr. McFARLANE. What are those specifications?

Mr. MEAD. They are rather lengthy. They include responsibility, a bond, and other requirements.

Mr. McFARLANE. Do they require flying any particular mileage?

Mr. MEAD. Not necessarily.

Mr. McFARLANE. In other words, could an independent concern, an aviator with equipment meeting the specifications, come in and bid upon it?

Mr. MEAD. Not under the Watres Act, but he could under the advertisements now being published.

Mr. McFARLANE. Does this amendment conflict with that?

Mr. MEAD. No; this amendment will take effect at the expiration of the 3 months' contract, after which they will have to follow the provisions in this bill, but this requirement is not included in the Post Office specifications.

Mr. McFARLANE. What I am trying to get at is this: After this temporary period has passed, are we going to put that 250-mile provision back into the law?

Mr. MEAD. Not during the life of this act. But such a requirement is in the present Air Mail Act. The adoption of this amendment will repeal that portion of the law.

Mr. KELLER. Mr. Chairman, I should like to ask a question. I did not get this quite clearly. Does this preclude new companies from bidding?

Mr. MEAD. It does not. This increases the bidding by permitting new companies to bid.

Mr. KELLER. That is what I wanted to know.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HARLAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HARLAN: Page 16, strike out lines 10, 11, 12, 13, up to and including the word "annulment" in line 14.

Mr. HARLAN. Mr. Chairman, I am offering this amendment in what appears to me to be nothing else than a spirit of common sense. Since 1887 we have had section 250 of title 28 of the United States Code. That grants to everybody the right, in the event of a violation of a contract by the Government, if the violation be unlawful, to go into the courts of the United States and sue for damages. That law has been in effect ever since 1887. It was amended in 1911. It has been on the statute books all the time that this question has been before the people. For political purposes there has been a very obvious campaign to convince the American people that these aviation companies have been deprived of some rights to go into court. That right has been in their possession all the time. With that right in their possession, if we come here and at this time reenact and give them something that they already possess, it will give the impression to the American people just exactly what has been handed out here this afternoon, namely, that we are admitting they did not have the right to go into court and that there is some justification for them in filing a suit. They filed one suit in New York, a perfectly clownish and absurd thing. They sued the Postmaster General personally; and for 100 years, ever since the case of Marbury against Madison, everybody has known that that is impossible.

Now, they have a second travesty or farce of a suit pending here in the District of Columbia, again to try to tell the people of the United States that for some reason they are deprived of their rights to come and sue on this contract. I certainly hope the committee will consent to strike out this language. I appeal to you Members on the Democratic side of the House particularly, if you keep that clause in there it will not be interpreted as the gentleman from Illinois [Mr. DOBBINS] said on this floor, that we were daring them to file suit. How absurd that is. The dare is already in the statute. It will be interpreted that we are admitting the truth of Colonel Lindbergh's statement that they were being deprived of their day in court. We will be tacitly telling the people that there has been some kind of a pressure on these companies. Otherwise it does not mean anything in there, because we are granting them something that they already have.

To me it seems absolutely absurd to put this clause in unless you want to play into their hands and tell the people that by the action of the Postmaster General we have prevented them from having their day in court, which is exactly what they want.

I should certainly like to hear someone say why that sentence is in here, other than the reason that has been given.

I yield back the balance of my time, Mr. Chairman.

Mr. DOBBINS. Mr. Chairman, I rise in opposition to the amendment.

The purpose of this clause in the bill is just as I stated when I was on the floor before, it is just like an invitation that a strong man extends to a weak man to fight. He does not expect the invitation to be accepted. One of the bills offered both here and in the Senate during this flood of air-mail legislation contained a provision barring anyone from bidding upon an air-mail contract if he had a suit pending against the Government. That provision was offensive to the Post Office Department and to the administration. The courts of the land were open to them if they wanted to pursue their remedy. It is a noteworthy fact that notwithstanding this right they have to go into the Court of Claims, no suit has been commenced. If they were wronged as much as they claim they were wronged, certainly they would have filed suit before this time.

This may be only a reiteration of a right they already have. It is put there for the purpose of showing that there is nothing in this act intended to deprive them of that right.

Mr. McFARLANE. Will the gentleman yield?

Mr. DOBBINS. I yield.

Mr. McFARLANE. The amendment pending, being true, does the gentleman not think that we are playing into the hands of the Air Trust in putting this in here? Frankly, I did not know that that provision was in the law. That being the law now, it seems to me we will be admitting ourselves out of court, so to speak, and we are encouraging them and baiting them, and I think we should strike this language out. It looks to me like we should strike out this provision because under existing law they have the right they have been complaining about, and we are playing into their hands by putting it in here.

Mr. DOBBINS. I would say that that argument might very well have been directed to the omission of this clause from the bill when it was being framed. It is in the Senate bill also, but since the clause now appears in the bill for consideration before the House, it seems to me that the action of the House in striking it out would look as though we now intend to deprive them of their day in court, when there is no such intention, I believe, on the part of anyone connected with the administration.

Mr. HARLAN. Mr. Chairman, I ask unanimous consent to consume the 2 minutes that I yielded back a moment ago.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HARLAN. Mr. Chairman, the section of the act to which I refer applies to the jurisdiction of the Court of Claims, and it reads as follows: Section 250, title 28:

The Court of Claims shall have jurisdiction to hear and determine the following matters:

First. All claims (except for pensions) founded upon the Constitution of the United States or any law of Congress, upon any regulation of an executive department, upon any contract, express or implied, with the Government of the United States, or for damages, liquidated or unliquidated, in cases not sounding in tort, in respect to which claims the party would be entitled to redress—

And then there is another provision further down that even in cases of tort, where the tort arises from breach of contract, they may sue.

The statement of the gentleman from Illinois [Mr. DOBBINS] that this was here to prevent them from putting

an exclusive provision in the bid is certainly not tenable, because without an expressive act of Congress, the Post Office Department could not put that exclusive provision in there, and that is evidenced by the fact that in the Senate bill there was an express authorization to allow that clause to be put into the contract. So that whatever your intentions are, that could not be done.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. HARLAN] has expired.

Mr. HART. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, there has been a great deal of discussion of the cancelation of these air-mail contracts, and the administration and the Post Office Department and the President himself has practically been charged with legalized murder by our friend from New York [Mr. HAMILTON FISH].

I want to cite to you what one of those air-mail companies are doing. I think I can make a clear case of willful murder against one of them if they can sustain any charge of any kind of murder in the carrying of air mail by the Army.

I happened to be on the coast last October and my wife flew from the coast to a point in Indiana. Two days after she had left I picked up a newspaper and saw that a United Air liner, a Boeing plane, had crashed in northern Indiana. According to the papers, it was suggested by the management that a bomb had been placed in the plane in Cleveland by some unknown person, and that that was the cause of the crash. Shortly after I came to Washington and discussed this accident with an aeronautical engineer who was employed here in this city of Washington. I asked him what he thought about the crash of that plane, and whether he thought any bomb had been placed in it. He laughed and said, "There was no bomb." He said that entire line of planes was weak; that the crash was caused by tail flutter, due to a weakness in the tail assembly. He said that what had happened was that the tail flutter had amplified and cracked the frame of the plane in the air.

I did not pay much attention to it until the flying of the air mail by the Army was brought into the question. Then I took the matter up again. I have here a letter from the Department of Commerce practically verifying the story this aeronautical engineer gave me.

Mr. Chairman, I ask unanimous consent to insert this letter in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

(The letter referred to follows:)

DEPARTMENT OF COMMERCE,
DIRECTOR OF AERONAUTICS,
Washington, March 14, 1934.

Hon. M. J. HART,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: I have your letter of March 12 requesting information on control of speed on airlines, and specific questions concerning speed on Boeing planes.

I will answer your questions in order as follows:

1. The Department of Commerce does have control over the speed of passenger airliners as specified in Aeronautics Bulletin No. 7-E, Air Commerce Regulations Governing the Operation of Scheduled Interstate Passenger Air Transport Service, section 10, which reads as follows: "The Secretary of Commerce may from time to time prescribe uniform instructions pertaining to operations, the issuance of which by the holder of the certificate of authority shall be mandatory."

In addition to this general authority, the Department requires the issuance of an approved-type certificate for any and all airplanes. This certificate guarantees that the airplane in question has passed tests for stability, performance, and strength at specified top and cruising speeds. In the case of the Boeing airliner, type 247, this speed is 183 miles an hour top speed at 5,000 feet, and 152 miles an hour cruising speed at the same elevation.

2. The general authority on the permission given us under section 10 of the Air Commerce Regulations above referred to, has not to date been exercised on issuance of any special order. We have only exercised speed control by issuance of the approved-type certificate.

3. Boeing planes used by United Air Lines between July 1, 1933, and September 1933 were allowed to fly at their maximum rates as shown on the approved-type certificate, and as stated above.

4. The Department of Commerce did not issue any order changing the speed of these planes. At a conference held December 9, 1933, in Washington between officials of the Aeronautics Branch, Boeing Airplane Co. and United Air Lines, United Air Lines voluntarily agreed to reduce the speed of their airplanes, pending the results of tests on this ship to be conducted at Dayton, Ohio, by the Matériel Division of the Army Air Corps. The restricted speeds agreed on applied to altitudes from sea level to 5,000 feet, and were as follows:

Elevation	Revolutions per minute	True air speed, miles per hour
Sea level	1,650	136
1 mile	1,675	140
2 miles	1,690	144
3 miles	1,740	148
4 miles	1,780	152
5 miles	1,810	156

5. The tests of the fuselage to destruction showed requirements far in excess of minimum safety insofar as static strength was concerned. However, the vibration tests developed a possible weakness in the elevator torque tube (member of tail assembly), which, in the opinion of the Department, made advisable a strengthening of this member before permission was given to allow the ships to be operated at normal speeds. While this may not have been absolutely necessary, United Air Lines deemed this a reasonably precautionary measure. They have now replaced this type on most of their ships, and such ships are permitted to operate at their original speeds.

I believe that this should give you all the facts in our possession concerning your questions, and appreciate the opportunity to be of service to you.

Sincerely yours,

EUGENE L. VIDAL,
Director of Aeronautics.

Mr. HART. As a result of the investigation the United Air Lines voluntarily agreed to reduce the speed of their planes from 182 miles an hour at top speed to 156.

Mr. McFARLANE. What was the reason for the reduction in speed?

Mr. HART. To cut down vibration which caused the crash of this plane in Indiana. Several more planes were wrecked and I have in my office a record of them furnished by the Department of Commerce. It was common knowledge among aeronautical engineers and people informed in aviation circles that these planes were unsafe because of a weakness in the tail assembly. They should not have been flown and the company flying them took chances, which they knew.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. HART. I yield.

Mr. TABER. Was that fact known to the Department of Commerce?

Mr. HART. I do not know; they do not admit it. I would furnish the name of the engineer to whom I refer except that the same thing would happen to him that happened to Gen. Billy Mitchell when he criticized the Army Air Service.

Ever since the cancelation of the air-mail contracts my friend, Mr. FISH, from New York, has spent a good deal of his time in defending the gentlemen who were engaged in carrying, or who financed, the air-mail companies. If he can get any satisfaction out of defending these people, I am sure he is entitled to it. I assure the gentleman from New York that they need all the defense they can muster. Anyone who is willing to defend contracts on the floor of this House for those who when subpenaed with the records to appear before a legislative committee, hastily burns the records before the Government can get possession of them, has a different attitude toward public service than I have.

I have not been here as long as the gentleman from New York and my head may be a bit thick in understanding and appraising good public service. I understand the gentleman from New York in charging the administration with legalized murder adopted that expression from a statement from that famous ace of the war, Eddie Rickenbacker. I would be the last one to minimize the service of this great aviator to his country during the war. I would not say a word to detract from his glorious record. If his service to his country has been dulled, no one has dulled it but himself when he rushed to the defense of these pirates who controlled the air-mail companies. I say pirates and I am not referring to the pilots. Mr. Rickenbacker since his return from the

war has been a promoter. His name was attached to a car which was built in Detroit. The company and the car have disappeared; I presume they have gone on the rocks. Mr. Rickenbacker is now engaged with one of the air-mail companies involved in the present dispute with the Government, and as such, having an interest, is not a competent witness.

The gentleman from New York has told of the large percentage of accidents occurring in a short period of time, due, he says, to "inexperience in flying the air mail." The gentleman from New York, if he has looked into the matter, knows these accidents were not brought about by inexperience in flying air mail in particular but because of lack of training in flying, and because the ships they were given to fly were not equipped with the modern devices for safety and for blind flying. Someone in the Army is to blame for advising the President that the Army was equipped to fly the mail. When the administration discovered that the Army planes were not properly equipped they were grounded and were properly equipped and put back in the service. Since then practically no accidents have occurred.

Our country should pay tribute to these pilots who responded to the call and obeyed their orders, knowing that their planes were not equipped for the duty which they had to perform, but in the loss of their lives they have rendered a great service to national defense. We now know that were we subject to any of the dangers—communism or any other hobgloblin that the gentleman from New York is continually conjuring up in his mind—and the Army air forces had to be ordered to mass on the Pacific coast, we would have made a great exhibition for a foreign enemy. Because at least 50 percent of these planes never would have reached the coast. Instead, we would have had wrecked planes and dead pilots scattered across the continent. We now know the condition our Army Air Service was in when the air-mail contracts were canceled. We know the manufacturers who had a monopoly on the equipment that was not only used in flying air mail but for the needs of the Army and the Navy. The whole industry was absolutely controlled by a few bankers. Independent development of aviation was stifled. That situation will now be corrected.

For the benefit of the gentleman from New York [Mr. FISH], I want to give him a list of the loss of lives which occurred last year between October 10 and November 24, 1933. The first fatality in this period was when a United Air Lines plane, Boeing *No. 247*, crashed at McCool, Ind., killing 2 pilots, 1 stewardess, and 4 passengers. The next crash occurred on November 9, United Air plane, Boeing *No. 247*, at Portland, Oreg., killing 1 pilot and 3 passengers. The next crash was November 24, United Air Lines, Boeing *No. 247*, killing 2 pilots and 1 stewardess. Here is a list of 14 lives in 45 days, which will equal the record made by the Army. Notwithstanding the correction made, as indicated by the letter from the Department of Commerce which I have inserted, another crash occurred with a United Air Lines, Boeing *No. 247*, on February 23, 1934, in which 2 pilots, 1 stewardess, and 5 passengers lots their lives; a total of 8 people.

Here is a loss of life of 22 people in a little over 4 months.

When you take into consideration the fact that the defect of this type of plane was common knowledge and discussed in aeronautical circles and they were permitted to fly and that these air-mail and passenger-carrying companies would risk the lives of innocent passengers, I say this is not legalized murder but is willful murder. The gentleman from New York can defend these air-mail companies, but I intend to defend the public both from their extortion and from the wanton waste of lives of innocent travelers. As the years go by the real value of the cancelation of these contracts will be demonstrated in the unrestricted growth and development of aviation which has now been rescued from a group of avaricious bankers whose sole interest in these companies was profit.

Mr. MEAD. Mr. Chairman, I move that all debate on this section and all amendment thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

The Clerk read as follows:

SEC. 6. All persons holding air-mail contracts shall keep their books, records, and accounts under such regulations as may be prescribed by the Postmaster General, and he is hereby authorized to examine and audit the books, records, and accounts of such contractors and to require a full financial report under such regulations as he may prescribe.

Mr. FISH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Michigan charged me, and charged me correctly, with stating a month ago that the carrying of the air mail by the Army Air Corps was legalized murder. But I did not invent that term. I may say to the gentleman from Michigan that that term was first used by Col. Eddie Rickenbacker, who knows something about aviation. He shot down 26 Germans during the War. He has devoted his life to the study and practice of aviation and knows exactly what he is talking about. It was a prediction which has come true.

Mr. HART. Mr. Chairman, will the gentleman yield at this point?

Mr. FISH. I yield.

Mr. HART. Does the gentleman know that Colonel Rickenbacker has turned from a flier into a promoter and that promoting is his principal business?

Mr. FISH. While I do not know what he is doing today, I know that he does understand aviation.

Mr. HART. He is a promoter and is more interested in promoting in the field of aviation than he is in the flying end of it.

Mr. FISH. I am going to answer the gentleman's statement and I think I can prove just the opposite. The question in which we are concerned is whether it is legalized murder. What happened? Twelve young Army flyers were killed in a period of 1 month. In the entire flying of the commercial air companies during the period of the whole year preceding that only eight pilots were killed, or a difference in ratio of 50 to 1. Had the same proportion of commercial flyers been killed, there would have been in excess of 600 deaths.

Mr. HART. How many have been killed within the last month?

Mr. FISH. Probably one or two; as a matter of fact, I do not know.

Mr. HART. I think there was not one.

Mr. FISH. I hope the gentleman is correct. The gentleman refers to commercial air pilots?

Mr. HART. No; I am referring to the Army pilots.

Mr. FISH. One reason was that they were unaccustomed to the routes.

Mr. HART. The gentleman means they were not properly equipped.

Mr. FISH. I meant exactly what I said, that they were not familiar with the routes.

Mr. HART. They did not know how to fly the beam.

Mr. FISH. They did not know how to fly the beam, and they did not know the routes.

What are the facts? The facts are that the commercial airplane carriers carried the air mail a total of 109,000 miles a day, whereas the Army carried it only 40,000 miles a day, according to their own schedules, and the schedule was again reduced to 25,000 miles. Carrying the mail these 25,000 miles a day resulted in 12 deaths and many injured pilots, and in the entire year, covering 108,000 miles, the commercial air carriers had 8 deaths among the pilots.

There is no use going beyond the record, because the record speaks for itself. Eddie Rickenbacker made the statement that it was legalized murder and he made that statement before the Army pilots began to fly the air mail, but he proved to be correct, and that is why we took it away from them, not because they are not courageous, not because they could not fly, but because they had not had the experience.

May I also say, as I pointed out before, that of the 12 men that were killed, 8 of them had been out of Kelly

School less than 1 year. They only had a few hundred hours' flying, whereas most of the commercial flyers had from 6 to 10 thousand hours' flying time and had flown the mail from 8 to 15 years. It is just a question of experience, and when Eddie Rickenbacker made the statement it was correct, and it is silly for us to argue about it now. He knew what he was talking about and the proof of the pudding is in the eating. We are not aviation experts. All we can do is to go by the record.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment of the gentleman from New York [Mr. FISH].

Mr. SNELL. Mr. Chairman, if the gentlemen on the other side will go through the bill and stop this extraneous matter, all right; but if not, I am going to make the point of no quorum.

Mr. BYRNS. I may say that if we can cut out the politics we will get through this evening.

Mr. BLANTON. The gentlemen on the Republican side want their politics in, but they do not want us to answer them.

Mr. SNELL. I made the suggestion to the chairman of the committee a few minutes ago.

Mr. BLANTON. I do not yield any further, Mr. Chairman.

Mr. SNELL. Mr. Chairman, I will make the point of no quorum.

Mr. BLANTON. The gentleman would not want to prevent me from answering the gentleman from New York?

Mr. BYRNS. I will make a point of order against any discussion not confined to this bill after the gentleman from Texas has concluded.

Mr. SNELL. Why not make it now?

Mr. BYRNS. The gentleman from Texas is going to answer the gentleman from New York. But after he concludes, I am going to insist that Members confine themselves to the bill and the amendments under consideration.

Mr. TABER. Mr. Chairman, I make the point of no quorum.

Mr. BLANTON. That will not prevent me from answering him, because when we do get a quorum, I will still have the floor, and will then proceed.

Mr. HASTINGS. Mr. Chairman, I think we ought to go on with the bill.

Mr. TABER. Mr. Chairman, the gentleman from New York [Mr. FISH] answered the gentleman from Michigan [Mr. HART]. That is two. Let us stop this business and go on with the bill. We have had two gentlemen discuss politics in connection with the bill and that ought to be sufficient.

Mr. BLANTON. The gentleman from Michigan [Mr. HART] answered the first political speech made by the gentleman from New York [Mr. FISH]. I intend to answer his last speech, just made, in which he lugged in politics.

Mr. BYRNS. We can get through with the bill in a half hour.

Mr. SNELL. If the gentleman will go through the bill I am willing to sit here, but I am not going to listen to these extraneous political speeches.

Mr. TABER. Mr. Chairman, I will withdraw the point of no quorum if the chairman of the committee, Mr. MEAD, will make a motion to close all debate on the section and all amendments thereto.

Mr. BLANTON. I will not permit that to be done, because I have the floor, and such a motion, without my consent, is out of order.

Mr. MEAD. May I say that we have no more amendments, and I think it will take about 10 minutes to finish the reading of the bill.

Mr. SNELL. If the gentleman is going to make a political speech I will make the point of no quorum.

Mr. BLANTON. I am not going to make a political speech. I am going to answer the one made by the gentleman from New York [Mr. FISH].

Mr. SNELL. What is the gentleman going to talk about?

Mr. BLANTON. I am going to talk some about the bill and incidentally answer the gentleman from New York [Mr. FISH].

Mr. TABER. Mr. Chairman, I will not withdraw the point of no quorum unless the chairman of the committee [Mr. MEAD] makes a motion to close all debate on the section.

Mr. MEAD. I do not like to deprive the gentleman from Texas of the opportunity to proceed.

Mr. BLANTON. Mr. Chairman, I refuse to yield further.

Mr. BOILEAU. May I say to the chairman of the committee that I have one amendment I should like to have the opportunity to present? I do not want to go along with the understanding the entire bill will be read without giving us an opportunity of offering an amendment.

Mr. BLANTON. Mr. Chairman, I was recognized for 5 minutes.

Mr. TABER. Mr. Chairman, I make the point of no quorum.

Mr. DOBBINS. Will the gentleman withhold his request? Will the gentleman from Texas yield to a motion that all debate on this section and all amendments thereto close in 2 minutes?

Mr. BLANTON. No. I want 5 minutes. I will get it the first thing in the morning if we adjourn now for want of a quorum.

Mr. TABER. I do not care anything about that.

Mr. BLANTON. I will agree to take up only 3 minutes, if the gentleman from New York [Mr. TABER] will withdraw his point of no quorum.

Mr. MILLARD. Mr. Chairman, I demand the regular order.

Mr. DOBBINS. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close in 3 minutes.

Mr. TABER. Mr. Chairman, I withdraw my point of no quorum.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] is recognized for 3 minutes.

Mr. BLANTON. Mr. Chairman, the thing of greatest importance just now to the American people is honest government, honestly administered. If we will eliminate all partisan politics, no American will criticize our President for requiring honesty in air-mail contracts, or for canceling contracts that they ascertained beyond peradventure of a doubt were dishonest and a damnable fraud upon the American people. What was the administration to do when it discovered the fraud and became convinced that the contracts were dishonest? Should the administration have winked at the dishonesty? Should it have condoned the fraud? Was it the duty of an honest, fearless administration to allow fraudulent, dishonest grafters to continue taking the people's money out of the Treasury? No; of course not. Our great President, Franklin D. Roosevelt, immediately put his stamp of disapproval upon dishonesty, and he properly annulled the dishonest contracts, and he met the resultant responsibility by having the mail carried during the interim.

If we are not biased partisans, we will all admit that the administration was forced to take over this business during an unprecedented continuing blizzard. Very naturally, the ordinary hazard materially increased. But the job was bravely done as well as could have been expected under such unusual conditions and situations. Every red-blooded American in the United States ought to commend the administration for letting it be known that no dishonesty is to be contenanced in the business affairs of this Government.

Mr. Chairman, the gentleman from New York [Mr. FISH] is too valuable a citizen and too valuable a Member of this House to waste any more of his time in partisan criticism of the present administration.

He was a valuable man in Harvard, he was a valuable football player, he was a valuable man on the battle fronts

of France, he has been valuable here in this House, and he was valuable when he was fighting the Communists and I was fighting them with him shoulder to shoulder. Why has he ceased to do good work? Why does he now waste his time? Why he does not use his great talent to better advantage I cannot understand.

This is all I have to say in answering him.

The Clerk read as follows:

SEC. 11. No contract awarded under this act or any interest in any such contract shall be sold, assigned, or transferred by the person to whom such contract is awarded, to any other person, except with the approval of the Postmaster General; and upon any such sale, assignment, or transfer without such approval, the contract, as well as such sale, assignment, or transfer, shall be null and void.

Mr. BOILEAU. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOILEAU: On page 18, line 7, after the word "General" strike out the remainder of the section.

Mr. MEAD. Mr. Chairman, the committee will accept the amendment, and I trust we can proceed with the reading of the bill.

The amendment was agreed to.

The Clerk read as follows:

SEC. 12. The Postmaster General may cause any contract awarded under this act to be canceled for disregard of or failure by the contractor to comply with the terms of its contract or with the provisions of this act or for any conspiracy or acts designed to defraud the United States with respect to any such contract. This provision is cumulative to other remedies now provided by law.

Mr. FISH. Mr. Chairman, I move to strike out the last word.

I am not going to take more than a couple of minutes and I shall not indulge in any further comment about the compliments of the gentleman from Texas.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield for the purpose of submitting a unanimous-consent request?

Mr. FISH. Yes.

Mr. DOBBINS. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HART. Mr. Chairman, I make the point of no quorum.

Mr. HASTINGS. Mr. Chairman, I modify the request to make it 1 minute.

Mr. HART. Mr. Chairman, I withdraw the point of no quorum.

Mr. FISH. Mr. Chairman, I am not going to answer the compliments of my friend from Texas. I feel he paid me a tribute. I do, however, want to bring out the point here that there has been a great deal said about the reduction in the rates, and the administration has been commended for it. This is what Senator MCCARRAN had to say about this very matter, and he is a Democrat from Nevada:

Is it not true that these temporary contracts are more destructive to aviation than anything heretofore done.

Mind you, this is not a Republican speaking. Senator AUSTIN, a Republican member of the investigating committee, answered as follows:

That is absolutely true. The bids just opened were sacrificial bids. Companies had to bid ridiculously low to get the contracts taken over so as to protect their property even at a loss and in the hope of eventually getting a square deal.

Mr. Seymour, president of the American Airlines, Inc., also denounced the low bids as a source of danger to the flying public and a menace to the financial security of the air transport industry.

Mr. Chairman, I yield back the balance of my time.

The Clerk read as follows:

SEC. 17. The President is hereby authorized to appoint a commission composed of five members to be appointed by him, not more than three members to be appointed from any one political party, for the purpose of making an immediate study and survey, and to report to Congress not later than February 1, 1935, its recommendations of a broad policy covering all phases of aviation and the relation of the United States thereto. Members appointed who are not already in the service of the United States shall receive compensation of not exceeding the rate of compensation of a Senator or Representative.

Mr. GOSS. Mr. Chairman, I offer an amendment.

I am not going to take the time of the House. I spoke a few moments ago on section 17, and instead of striking out the whole section I am offering an amendment, in line 18, after the words "all phases of", inserting the words "commercial aviation."

I want to call the attention of Members who may not have been here when I spoke before to the fact that we now have three commissions studying this subject, one composed of members of the Military Affairs Committee and one composed of members of the Naval Affairs Committee and one appointed by the Secretary of War. Now comes a proposal for the establishment of another commission. It is proposed that they shall all report before 1935. It seems to me the addition of another commission will only confuse the issue. So, if we confine this to commercial aviation, which would take in the air mail and anything else that may be pertinent, but exempt naval and military services, I think it would be for the best interests of the country.

Mr. DELANEY. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. DELANEY. Is it not a fact that the hearings of the gentleman's committee have all been executive?

Mr. GOSS. Practically all of them have been executive.

Mr. DELANEY. Will all of your testimony be printed later on?

Mr. GOSS. I do not think some of the testimony will be printed. I do not think it should be printed in the interest of national defense, but some of the testimony that is pertinent and does not disclose any military secrets will perhaps be published, and, for one, I shall vote to have it published.

Mr. DELANEY. Will he testimony given before the gentleman's committee be available to the commission that it is proposed to establish?

Mr. GOSS. Of course not. We are working under instructions of the House. We are to report proposed legislation back to the House sometime before next year, just as this commission will do; but our testimony cannot be made available to the commission, because it is of a confidential nature involving war reserves and various other matters. The committee is working diligently and it will bring out something constructive, I am quite sure, just as the gentleman's committee has done.

Mr. DELANEY. Our committee met and worked on this matter very seriously.

Mr. GOSS. I know that.

Mr. DELANEY. Our report has been printed and will be available to this commission.

Mr. GOSS. I appreciate that, and, so far as the Army is concerned, part of it will be available.

The Clerk will report the amendment of the gentleman from Connecticut.

The Clerk read as follows:

Page 19, line 18, after the words "phases of", insert the word "commercial."

Mr. MEAD. Mr. Chairman, I rise in opposition to the amendment, because this is for all phases of aviation and pooling the information. I move that all debate on this section now close.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The question is on the amendment of the gentleman from Connecticut.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 18. Such Commission shall organize by electing one of its members as chairman, and it shall appoint a secretary whose salary shall not exceed $5,000 per annum. Said Commission shall have the power to pay actual expenses of members of the Commission in the performance of their duties, to employ counsel, experts, and clerks, to subpena witnesses, to require the production by witnesses of papers and documents pertaining to such matters as are within the jurisdiction of the Commission, to administer oaths, and to take testimony, and for such purpose there is hereby authorized to be appropriated the sum of $100,000.

Mr. GOSS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 20, line 8, strike out the sign and figures "$100,000" and insert "$75,000."

Mr. MEAD. Mr. Chairman, the committee will accept that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut.

The amendment was agreed to.

The CHAIRMAN. The question now is on the substitute for the Senate bill.

The question was taken, and the substitute was agreed to.

The CHAIRMAN. Under the rule the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PARKER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (S. 3170) to revise air-mail laws, and had directed him to report the same back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

WORK IN TENNESSEE VALLEY AUTHORITY (H.DOC. NO. 365)

The SPEAKER laid before the House the following message from the President, which was read, and, with the accompanying papers, referred to the Committee on Military Affairs and ordered printed:

To the Congress:

I transmit herewith for the information of the Congress copy of a communication from the Tennessee Valley Authority reporting progress of the work of the authority in carrying out the program for the development of the Tennessee Valley.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 10, 1934.*

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H.Con.Res. 38. Concurrent Resolution to authorize the printing of additional copies of the Revenue Act of 1934.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ELLENBOGEN, for 5 days, on account of business.

To Mr. KENNEY, until May 16, on account of primary election.

To Mr. PETERSON, for 1 week, on account of important business.

To Mr. WEST of Ohio, on account of business.

EXTENSION OF REMARKS

Mr. WEARIN. Mr. Speaker, I as unanimous consent to extend my remarks by including a statement by J. L. Hill, and also a list of aircraft accidents occurring since July 1, 1932.

The SPEAKER. Is there objection?

There was no objection.

THE FRAZIER-LEMKE BILL

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a radio address delivered last night by my colleague, the gentleman from Minnesota, Mr. JOHNSON.

The SPEAKER. Is there objection?

There was no objection.

Mr. KVALE. Mr. Speaker, under leave granted me to extend my remarks in the RECORD I include the following radio address delivered by my colleague, Hon. MAGNUS JOHNSON, over the network of the National Broadcasting Co. Wednesday, May 9, 1934, urging the passage of the Frazier-Lemke bill to refinance agriculture.

Ladies and gentlemen of the radio audience, in discussing the farm-debt problem and possible and workable solutions to this problem which now confronts American agriculture, I want to thank the National Broadcasting Co. for making this time available to me this evening.

Naturally it is impossible for me to discuss fully the complete farm problem or all that should be done by this Seventy-third Congress in saving America's greatest industry, but I shall try to present first the present plight of agriculture, and secondly, the measures now before Congress which if adopted will, in my opinion—and at this point I will say in the opinion of more than a million American farmers, workers, and business men—do more to correct the unfair balance between the cost of producing the products of the farm and the prices paid for these products by the consuming public.

First of all we must ask ourselves, Why does the farmer want the Frazier-Lemke bill? Why does the farmer want rational inflation of the currency? Why is the farmer asking for cost of production? These questions when answered and acted upon will give agriculture the impetus necessary for recovery.

Today our farmers are faced with approximately $8,500,000,000 worth of mortgage indebtedness and with an additional debt of $3,500,000,000 made on other loans. To this they are asked to pay in the way of interest charges for this $12,000,000,000 load of obligations, approximately $875,000,000, which is annually paid out of the gross income; add to this stupendous figure $775,000,000 the farmers are required to pay in taxes, and briefly you have the fixed debt of American agriculture at the end of 1933, when both industry and business were rounding the corner and heading for increased profits and ledgers were showing decided gains in purchasing power of labor. But mind you, farm prices have yet come nowhere within the reach of parity with the things that the farmer has to buy. Unless approach to parity prices between these two factors is made, can the farmer ever liquidate this huge debt that I have just stated that he must pay? Farmers are still required to pay on an average of 6 percent on their mortgage indebtedness, while the banking and industrial enterprises of this Nation are borrowing money at less than 1 percent.

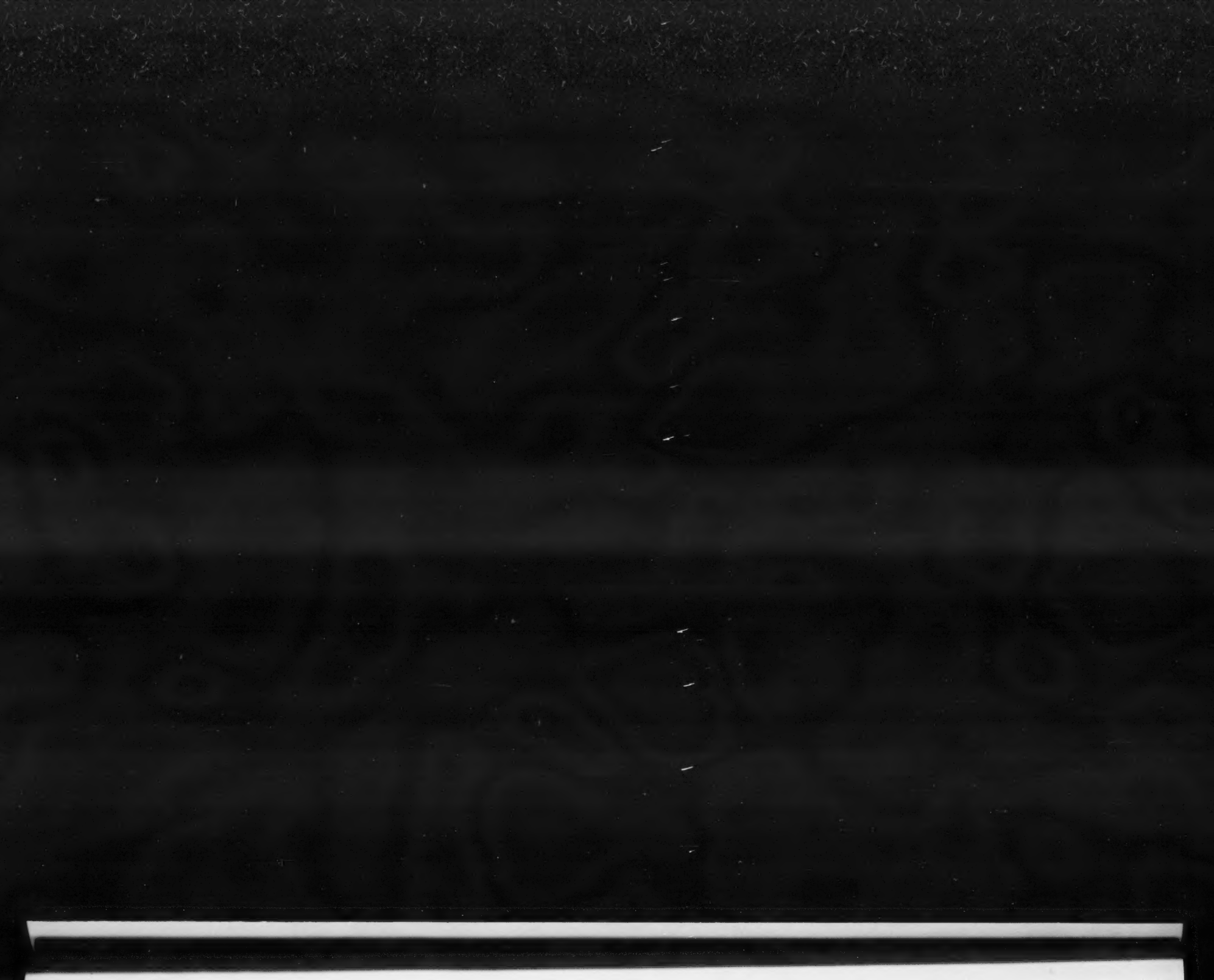
Faced with sagging prices, depressed and speculative markets, rising costs on the things he has to buy, the farmer cannot look at 1934 with the hope that he will be able to share in the new deal. How can their spirits be raised by newspaper talk of recovery, of increased wages for labor, of mounting profits for business when they see all around them farm prices still below the cost of production? How can they speak with hope and courage when they are burdened with mortgage debts and high interest charges that are beyond the hope of ever being paid?

The American farmer of this country knows what he wants in the way of national legislation. Don't ever be fooled about that. He sees all around him the difficulties with which he is surrounded; he knows the constant fight he has had in trying to save his home and farm. He has watched with a bitterness in his heart the foreclosure after foreclosure of his neighbors' farms. He has seen the results of his lifetime struggles with the soil and what has been the fruits of his labors. And again I repeat the American farmer knows what he needs in the way of farm relief, and I tell you the farmer wants the Frazier-Lemke bill.

The passage of this legislation does not mean that we would be passing a bill that will be an experiment in any sense of the word. The Frazier-Lemke measure has been endorsed by 21 State legislatures. It has the endorsement of the National Farmers' Union, the Farmers' Holiday, the Farm Bureau organizations, and similar refinancing legislation along the principles of the Frazier-Lemke bill has been advocated by the Farm Bureau Federation and the National Grange. In my own State of Minnesota hundreds of communities, civic clubs, and farm groups have asked for the Frazier-Lemke bill. And may I state here, my friends, this bill has the endorsement of more than a million American farmers. Truly we cannot fail the basic industry of this great Nation by pushing to one side this most beneficial bill.

Mr. LEMKE clearly explains the principle of this bill when he says: "To loosen this strangle-hold upon our people, we propose as a remedy the Frazier-Lemke bill. This bill provides that the United States Government shall refinance existing farm indebtedness at 1½ percent interest and 1½ percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by the best securities on earth, first mortgages on farm lands; better security than gold or silver, because you cannot eat gold or silver but you can eat the products that grow on the farms; therefore your life depends upon the farms. They are the best security on the face of the earth. If our Government has enough intelligence to do this, it will make a profit of $6,345,000,000 at 1½ percent interest in 47 years, the time required for amortization of the farm indebtedness."

Mr. LEMKE states further. I quote: "Let us compare the Frazier-Lemke bill with the one passed by the special session of Congress, written in New York in the atmosphere of the money changers. Under that bill, if all the farm indebtedness were refinanced, the farmers of this Nation would pay $12,492,500,000 in 39 years to the bondholders. Under the Frazier-Lemke bill the farmers would have to pay just $6,149,500,000 less interest in 47 years and at the



same time the Government would make a net profit of $6,345,000,000 and to that extent lessen our Federal tax burden."

In 1929 Congress canceled for our European debtors approximately $11,000,000,000. These were debts contracted between this Nation and Europe, and which were wiped out by Congress, while at the same time the American farmer was watching this wholesale cancelation of foreign debts he also found legislative stumbling blocks in his path and nothing done to solve his own debt problems. These loans which our country made to Europe, amounting to billions of American dollars, came out of the soil. The wealth of our Nation, produced by the laborers and farmers, and money which left our shores was put into the wheels of production in Europe. The foreign countries pumped life-blood into their broken-down system with American capital, and now our people must pay this gift to Europe twofold. The bonds which our country sold to the American people are bearing a high rate of interest and are an obligation which must be met out of the annual income, and, in other words, form a great part of the fixed charges which our citizens must meet each year. In a few words, then, the farmers are being foreclosed and required to pay high interest to help pay the debt Uncle Sam is asking the American citizens to assume and which he has released the nations across the sea from meeting.

The money that would be put into circulation through the passage of this bill, it has been said by Wall Street, would cheapen our currency, would ruin our financial structure, and break down industry. This is not so. For when a people have been subjected to starvation, humility, and relief aid from the Federal, State, and municipal Governments, then we cannot say that they are a happy people. How can our citizens be honestly happy when more than 10,000,000 men and women, willing and able to work, walk our streets without jobs and without the means to buy the essentials of life? This deplorable and abnormal condition has been brought about by the centralization and accumulation of the country's wealth. Money has become dear and has been taken out of the hands of our masses and now serves only the rich. If the interests of selfishness and greed are to be defeated, if special privilege is to vanish, if the captains of industry are to be told that they must relinquish capital and share the wealth that is produced by the farmer and worker, then we must decentralize our wealth. Money must find its way into the pockets and purses of the masses if we are to have a happy and contented people. The worker must be paid wages for his labor that will assure him a good standard of living. The farmer must be assured a cost of production for his products so that he may educate his children, feed and clothe his family, and maintain his property. This can help to be brought about through a rational inflation of our currency, so do not take fear at what the propagandists from the financial centers of this Nation have been saying about the evils of fresh money.

Much can be done yet to insure the passage of the Frazier-Lemke bill by this Congress. With all of the support behind this measure that I have stated a few minutes ago, this bill is still resting in the committee. A petition has been started by the author, Congressman WILLIAM LEMKE, of North Dakota, asking that it be considered by the whole House of Congress, and to have this done it is necessary that Congressman LEMKE secure 145 signers to his petition. As I speak to you tonight 134 Members of the House have signed this petition, 11 more out of the total membership of 435 Members of Congress are yet needed before the Frazier-Lemke bill will be considered by the House of Representatives. If this vital and beneficial legislation is to become a law, immediate action must be taken, and I urge every one of you to write or wire your Member of Congress to sign the Lemke petition now on the Speaker's desk.

Congress also has before it the Swank-Thomas bill to guarantee cost of production to the farmers. This measure is of widespread interest, the passage of which will guarantee just what the bill's title states: To insure the farmer the price for agricultural products of not less than the cost of production thereof. Other very important and much-discussed measures are the Thomas and Wheeler silver bills, which in substance provide the establishment of a bimetallic base for our currency. The passage of these silver measures will in my opinion aid in restoring silver to its proper place.

With an effort to bring this Nation out of the depression and with a desire to increase wages and commodity prices, the President has asked the Seventy-third Congress for certain emergency legislation. Congress has responded, not always willingly and many of the President's major administration bills were bitterly fought by the Republican wing with the intention of using this as issues in the forthcoming campaigns. May I say, as a member of the Farmer-Labor Party, that the third-party delegation has given the President every support in passing all of his major administrative bills and the Chief Executive is to be congratulated on his untiring and courageous efforts in helping to bring about national recovery. Not only has he received the genuine and patriotic cooperation from leaders in public life throughout the country, but is better loved by the great masses of our good American citizens and he will always be remembered as a great leader during a trying time.

Thank you and good night.

HOUR OF MEETING TOMORROW

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a.m. tomorrow.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object. I have no objection to this if the business of tomorrow will be attended to without any extraneous matters creeping in until after we have finished the business of the day. Then I do not care whether gentlemen stay here and talk until midnight.

Mr. BYRNS. I entirely agree with the gentleman.

Mr. SNELL. What is the business in order tomorrow?

Mr. BYRNS. It is expected a rule will be taken up to authorize an appropriation for good roads.

Mr. SNELL. The business will be from the Committee on Rules?

Mr. BYRNS. Yes.

Mr. DUNN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. DUNN. I should like to know whether there will be a roll call tomorrow. Could not the gentleman assure us if there is to be a roll call that it will be postponed until next Monday or Tuesday so that we can go home and do a little campaigning. I have not missed a roll call this session and I do not want to break my record.

Mr. BYRNS. Of course I could not bind the House to anything of that kind. I hope there will be no roll call tomorrow.

Mr. HASTINGS. I do not think there will be roll calls tomorrow.

ADJOURNMENT OVER UNTIL MONDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow it adjourn to meet on Monday next.

The SPEAKER. Is there objection?

There was no objection.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 7 minutes p.m.) the House, under its previous order, adjourned until tomorrow, Friday, May 11, 1934, at 11 o'clock a.m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Friday, May 11, 10 a.m.)

Continuation of the hearings on H.R. 8301, communications bill.

COMMITTEE ON THE PUBLIC LANDS

(Friday, May 11, 10:30 a.m.)

Room 328, House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

467. A letter from legislative representative of the Veterans of Foreign Wars of the United States, transmitting proceedings of the Thirty-fourth National Encampment of the Veterans of Foreign Wars of the United States, held at Milwaukee, Wis., August 27 to September 1, 1933 (H.Doc. No. 152); to the Committee on Military Affairs and ordered to be printed, with illustrations.

468. A letter from the Chairman of the Reconstruction Finance Corporation, transmitting report of its activities and expenditures for February 1934, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case (H.Doc. No. 361); to the Committee on Banking and Currency and ordered to be printed.

469. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the Department of the Interior for the fiscal year 1933 and prior years, in the sum of $118,423.55, and supplemental estimates of appropriations for the fiscal year 1934, in the sum of $427,635.40, amounting in all to $546,058.95; and also

drafts of proposed provisions relating to the reclamation fund and the Division of Investigations, and a proposed authorization for an expenditure from tribal funds (H.Doc. No. 364); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DOUGLASS: Committee on Education. H.R. 9544. A bill to provide for the cooperation by the Federal Government with the several States and Territories and the District of Columbia in meeting the crisis in education; without amendment (Rept. No. 1562). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. S. 2714. An act to amend section 895 of the Code of Law of the District of Columbia; without amendment (Rept. No. 1563). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H.R. 9313. A bill to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; with amendment (Rept. No. 1564). Referred to the House Calendar.

Mr. MONAGHAN of Montana: Committee on Interstate and Foreign Commerce. H.R. 9320. A bill to further extend the times for commencement and completing the construction of a bridge across the Missouri River at or near Garrison, N.Dak.; without amendment (Rept. No. 1565). Referred to the House Calendar.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 9326. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near York Furnace, York County, Pa.; with amendment (Rept. No. 1566). Referred to the House Calendar.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 9401. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Middletown, Dauphin County, Pa.; without amendment (Rept. No. 1567). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H.R. 9526. A bill authorizing the city of Port Arthur, Tex., or any commission designated by it, and its successors and assigns, to construct, maintain, and operate a bridge over Lake Sabine at or near Port Arthur, Tex.; without amendment (Rept. No. 1568). Referred to the House Calendar.

Mr. HOLMES: Committee on Interstate and Foreign Commerce. S. 3374. An act to extend the times for commencing and completing the construction of a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.; without amendment (Rept. No. 1569). Referred to the House Calendar.

Mr. CARTWRIGHT: Committee on Indian Affairs. H.R. 2869. A bill to authorize payment of expenses of formulating claims of the Kiowa, Comanche, and Apache Indians of Oklahoma against the United States, and for other purposes; with amendment (Rept. No. 1571). Referred to the Committee of the Whole House on the state of the Union.

Mr. MURDOCK: Committee on Indian Affairs. H.R. 5864. A bill to authorize the payment of expenses of delegates of the Yakima Confederated Tribes of Indians while on a mission to represent such tribes before Congress and the executive departments at the seat of government, and for other purposes; with amendment (Rept. No. 1572). Referred to the Committee of the Whole House on the state of the Union.

Mr. DE PRIEST: Committee on Indian Affairs. H.R. 6009. A bill to carry out certain obligations to certain enrolled Indians under tribal agreement; with amendment (Rept. No. 1573). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANZETTA: Committee on Immigration and Naturalization. H.R. 9475. A bill to clarify the status of certain citizens who derived naturalization from parent or husband, and for other purposes; without amendment (Rept. No. 1574). Referred to the House Calendar.

Mrs. NORTON: Committee on the District of Columbia. H.R. 1646. A bill to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other purposes; without amendment (Rept. No. 1575). Referred to the House Calendar.

Mrs. NORTON: Committee on the District of Columbia. H.R. 6130. A bill to prevent misrepresentation and deception in the sale of milk and cream in the District of Columbia; without amendment (Rept. No. 1576). Referred to the House Calendar.

Mrs. NORTON: Committee on the District of Columbia. H.R. 9007. A bill to amend section 11 of the District of Columbia Alcoholic Beverage Control Act; without amendment (Rept. No. 1577). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'BRIEN: Committee on the District of Columbia. H.R. 9184. A bill to authorize the Commissioners of the District of Columbia to sell the old Tenley School to the duly authorized representative of St. Ann's Church of the District of Columbia; without amendment (Rept. No. 1578). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. S. 1780. An act to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replatting and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes; with amendment (Rept. No. 1579). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DICKSTEIN: Committee on Claims. H.R. 481. A bill for the relief of Caroline M. Hyde; with amendment (Rept. No. 1527). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 482. A bill for the relief of Pauline Fornabaio; with amendment (Rept. No. 1528). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H.R. 1213. A bill for the relief of the Morgan Decorating Co.; with amendment (Rept. No. 1529). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 2974. A bill for the relief of Albert W. Wright; with amendment (Rept. No. 1530). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 3464. A bill for the relief of the Muncy Valley Private Hospital; with amendment (Rept. No. 1531). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 4256. A bill for the relief of John Fleckstein; with amendment (Rept. No. 1532). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. H.R. 4476. A bill for the relief of George W. Rhine, doing business under the name of Rhine & Co.; with amendment (Rept. No. 1533). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4895. A bill for the relief of Edgar Stivers; with amendment (Rept. No. 1534). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5022. A bill for the relief of Rose Burke; with amendment (Rept. No. 1535). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 5099. A bill for the relief of Gladys E. Faughnan, guardian; with amendment (Rept. No. 1536). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5183. A bill for the relief of C. B. Dickinson; with amendment (Rept. No. 1537). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6243. A bill for the relief of George Raptis; with amendment (Rept. No. 1538). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 6640. A bill for the relief of Anna Kotnyek; with amendment (Rept. No. 1539). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 6692. A bill for the relief of Howard Donovan; with amendment (Rept. No. 1540). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 6702. A bill for the relief of the estate of Paul Kiehler; with amendment (Rept. No. 1541). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 6827. A bill for the relief of Florence Thromans; with amendment (Rept. No. 1542). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7406. A bill for the relief of John J. Moran; with amendment (Rept. No. 1543). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 7460. A bill for the relief of Judson Stokes; with amendment (Rept. No. 1544). Referred to the Committee of the Whole House.

Mr. SCHULTE: Committee on Claims. H.R. 8110. A bill for the relief of Mary Hemke; with amendment (Rept. No. 1545). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8842. A bill for the relief of Arthur Smith; with amendment (Rept. No. 1546). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 9173. A bill for the relief of Ruth Nolan and Anna Panozza; without amendment (Rept. No. 1547). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. S. 250. An act for the relief of Fred Herrick; with amendment (Rept. No. 1548). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 358. An act to authorize the Court of Claims of the United States to hear and determine the claim of Samuel W. Carter; without amendment (Rept. No. 1549). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1281. An act for the relief of Harry P. Hollidge; with amendment (Rept. No. 1550). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 1498. An act authorizing the Secretary of the Interior to pay E. C. Sampson, of Billings, Mont., for services rendered the Crow Tribe of Indians; with amendment (Rept. No. 1551). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 1993. An act for the relief of the Lower Salem Commercial Bank, Lower Salem, Ohio; without amendment (Rept. No. 1552). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 2112. An act for the relief of W. H. Key and the estate of James E. Wilson; with amendment (Rept. No. 1553). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 2142. An act for the relief of Mrs. Charles L. Reed; without amendment (Rept. No. 1554). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. S. 2431. An act for the relief of the estate of Joseph Y. Underwood; without amendment (Rept. No. 1555). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. S. 2549. An act for the relief of Albert W. Harvey; with amendment (Rept. No. 1556). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 2553. An act for the relief of the Brewer Paint & Wall Paper Co., Inc.; without amendment (Rept. No. 1557). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 2752. An act for the relief of the legal beneficiaries and heirs of Mrs. C. A. Toline; without amendment (Rept. No. 1558). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 2972. An act for the relief of John N. Knauff Co., Inc.; with amendment (Rept. No. 1559). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 3335. An act for the relief of Joanna A. Sheehan; without amendment (Rept. No. 1560). Referred to the Committee of the Whole House.

Mr. LANHAM: Committee on Public Buildings and Grounds. H.R. 4141. A bill to amend the act entitled "An act for the relief of contractors and subcontractors for the post office and other buildings, and work under the supervision of the Treasury Department, and for other purposes", approved August 25, 1919, as amended by act of March 6, 1920; without amendment (Rept. No. 1561). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAILEY (by request): A bill (H.R. 9580) to aid employment and to prohibit discrimination against workers over 40 years of age; to the Committee on Labor.

By Mr. SWEENEY: A bill (H.R. 9581) further to promote safety at sea by amending section 2 of an act entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion, and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea"; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. McSWAIN: A bill (H.R. 9582) to amend the National Defense Act of June 3, 1916, as amended; to the Committee on Military Affairs.

By Mr. COFFIN: A bill (H.R. 9583) to convey to the King Hill Irrigation District, State of Idaho, all the interests of the United States in the King Hill Federal reclamation project, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. SNELL: A bill (H.R. 9584) to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of Michigan: A bill (H.R. 9585) authorizing the city of Sault Ste. Marie, Mich., its successors and assigns, to construct, maintain, and operate a bridge across the St. Marys River at or near Sault Ste. Marie, Mich.; to the Committee on Interstate and Foreign Commerce.

By Mr. AYERS of Montana: A bill (H.R. 9586) to provide funds for cooperation with public-school districts in Glacier County, Mont., in the improvement and extension of school buildings to be available to both Indian and white children; to the Committee on Indian Affairs.

By Mr. CULLEN: Resolution (H.Res. 381) for the consideration of H.R. 9322, a bill to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes; to the Committee on Rules.

By Mr. McDUFFIE: Joint resolution (H.J.Res. 340) to harmonize the treaties and statutes of the United States with reference to American Samoa; to the Committee on Merchant Marine, Radio, and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H.R. 9587) for the relief of George E. Morrison; to the Committee on Naval Affairs.

By Mr. COLLINS of California: A bill (H.R. 9588) granting an increase of pension to Addie Allen; to the Committee on Invalid Pensions.

By Mr. DARDEN: A bill (H.R. 9589) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Solomon J. Oliver; to the Committee on Claims.

By Mr. HARLAN: A bill (H.R. 9590) granting a pension to Ida J. Clark; to the Committee on Invalid Pensions.

By Mr. HENNEY: A bill (H.R. 9591) for the relief of John E. Ford; to the Committee on Military Affairs.

By Mr. IMHOFF: A bill (H.R. 9592) for the relief of James Mickey; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4600. By Mr. BLOOM. Petition of 21 citizens of New York, endorsing the Lundeen bill (H.R. 7598); to the Committee on Labor.

4601. Also, petition of the members of Independent Skoler Lodge, No. 220, Independent Order Brith Abraham, urging that the programs over all the stations upon the 1,400 kilocycle wave band, and especially WARD, be permitted to continue in the future as it has in the past; to the Committee on Merchant Marine, Radio, and Fisheries.

4602. By Mr. FITZPATRICK: Petition signed by Michael J. Nolan, of 182 Ashburton Avenue, Yonkers, N.Y., and a number of other residents of Yonkers, N.Y., urging the passage of the McLeod banking bill; to the Committee on Banking and Currency.

4603. By Mr. FOSS: Petition of the One Hundred and Fourth United States Infantry Veterans' Association, American Expeditionary Forces, protesting against the circulation of certain seditious propaganda tending toward the undermining of historical, traditional, and hereditary patriotism, and demanding an investigation and action by the Federal authorities for its suppression; to the Committee on the Judiciary.

4604. By Mr. JAMES: Resolution of the L'Anse Band of Lake Superior Chippewa Indians of L'Anse, Mich., favoring the passage of the Wheeler-Howard bill (H.R. 7902); to the Committee on Indian Affairs.

4605. By Mr. KRAMER: Resolution from the Board of Supervisors of the County of Los Angeles; to the Committee on Roads.

4606. By Mr. LEHR: Petition of Scofield Local, No. 15, of the Farmers' Union, Monroe County, Mich., urging passage of the Frazier bill, the Wheeler bill, and the Swank-Thomas bill; to the Committee on Agriculture.

4607. By Mr. LINDSAY: Petition of Booker T. Washington Society of the Brooklyn Evening High School, Brooklyn, N.Y., urging enactment of the Wagner-Costigan antilynching bill; to the Committee on Labor.

4608. Also, petition of the Associated Highway Fence Builders of New York State, Buffalo, favoring the support of the Cartwright road bill (H.R. 8781); to the Committee on Roads.

4609. By Mr. KRAMER: Resolution from the City Council of the City of Bell, Calif.; to the Committee on Appropriations.

SENATE

FRIDAY, MAY 11, 1934

(Legislative day of Thursday, May 10, 1934)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Thursday, May 10, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. FLETCHER. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hebert	Pittman
Ashurst	Costigan	Johnson	Pope
Austin	Couzens	Kean	Reynolds
Bachman	Cutting	Keyes	Robinson, Ark.
Bailey	Davis	King	Schall
Bankhead	Dill	La Follette	Sheppard
Barbour	Duffy	Lewis	Shipstead
Barkley	Erickson	Logan	Steiwer
Black	Fess	Lonergan	Stephens
Bone	Fletcher	McCarran	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Brown	George	McKellar	Thompson
Bulkley	Gibson	McNary	Townsend
Bulow	Glass	Metcalf	Trammell
Byrd	Goldsborough	Murphy	Tydings
Byrnes	Gore	Neely	Vandenberg
Capper	Hale	Norbeck	Van Nuys
Caraway	Harrison	Norris	Wagner
Carey	Hastings	Nye	Walcott
Clark	Hatch	O'Mahoney	Walsh
Connally	Hatfield	Overton	Wheeler
Coolidge	Hayden	Patterson	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. MCADOO] is absent because of illness; that the Senator from Georgia [Mr. RUSSELL] is absent on account of a death in his family; and that the Senator from Louisiana [Mr. LONG], the Senator from Illinois [Mr. DIETERICH], and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

Mr. HEBERT. I wish to announce that the Senator from Iowa [Mr. DICKINSON], the Senator from Pennsylvania [Mr. REED], the Senator from Indiana [Mr. ROBINSON], and the Senator from Maine [Mr. WHITE] are necessarily absent from the Senate. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

PREVENTION OF USURY IN THE DISTRICT—MOTION TO RECONSIDER

Mr. BULKLEY. Mr. President, I desire to enter a motion to reconsider the vote by which the bill (S. 587) to amend section 1180 of the Code of Law for the District of Columbia with respect to usury was passed yesterday.

The VICE PRESIDENT. The motion will be entered.

CHIPPEWA INDIAN TREATIES—MOTION TO RECONSIDER

Mr. SHIPSTEAD. I desire to enter a motion to reconsider the vote by which the bill (S. 2980) to modify the effect of certain Chippewa treaties on areas in Minnesota was passed by the Senate on yesterday.

The VICE PRESIDENT. The motion will be entered.

PETITIONS AND MEMORIALS

Mr. COPELAND presented a resolution adopted by the Council of the City of New Rochelle, N.Y., favoring the passage of the bill (S. 3051) to provide for a preliminary examination and survey of Echo Bay, New Rochelle, N.Y., which was referred to the Committee on Commerce.

He also presented a petition of sundry citizens of New York City, N.Y., praying for the passage of the so-called "Lundeen bill", being the bill (H.R. 7598) to provide for the establishment of unemployment and social insurance, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented petitions (sponsored by Dupont Rayon Workers' Local Union No. 2055, United Textile Workers of America), of sundry citizens of Buffalo, N.Y., praying for the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which were referred to the Committee on Education and Labor.

He also presented a petition of sundry citizens, being veterans of foreign wars and members of the One Thousand Three Hundred and Sixty-third Company (Veterans' Contingent), Civilian Conservation Corps, Camp P–69, at Chancellor, Va., praying for the enactment of legislation providing prompt payment of adjusted-compensation certificates (bonus) of World War veterans, which was referred to the Committee on Finance.

He also presented a resolution adopted by Woodside Post, No. 886, American Legion, of Woodside, N.Y., protesting against the entrance of the United States into the League of Nations or the World Court, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by various councils of the Sons and Daughters of Liberty, all in the State of New York, protesting against the enactment of legislation loosening immigration restrictions, which were referred to the Committee on Immigration.

He also presented numerous resolutions adopted by various religious, fraternal, and other organizations, and petitions of sundry citizens, all in the State of New York, favoring and praying the amendment of proposed radio legislation so as to provide adequate broadcasting facilities for religious, educational, and agricultural subjects, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by employees of the Utica (N.Y.) post office favoring enactment, over the President's veto, of the bill (H.R. 7483) to provide minimum pay for postal substitutes, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of sundry citizens, being former post-office employees of New York City, who were recently dismissed from the service, praying for the passage of legislation reinstating them in the Postal Service, which was referred to the Committee on Post Offices and Post Roads.

He also presented resolutions adopted by the Good Citizenship League, of Flushing, N.Y., favoring a senatorial investigation of profits made by munition makers, in the interest of peace, which were ordered to lie on the table.

He also presented a resolution adopted by the Presbytery of Brooklyn-Nassau, N.Y., protesting against the making of appropriations for construction of warships as authorized by the so-called "Vinson naval construction bill", and favoring measures in the interest of peace, which was ordered to lie on the table.

He also presented resolutions adopted by the Booker T. Washington Society of the Brooklyn Evening High School, of Brooklyn, and the Mount Vernon Branch, National Association for the Advancement of Colored People, of Mount Vernon, both in the State of New York, favoring the passage of the so-called "Wagner-Costigan antilynching bill", which were ordered to lie on the table.

He also presented a letter from Samuel W. Reyburn, president Associated Dry Goods Corporation, New York, N.Y., transmitting copy of an address delivered by him to the Sales Executives Club of New York, in opposition to the Securities Act of 1933 and the so-called "stock-exchange bill of 1934", which, with the accompanying paper, was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 1786) for the relief of Lucile A. Abbey, reported it with an amendment and submitted a report (No. 968) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 2242) for the relief of the Collier Manufacturing Co., of Barnesville, Ga., reported it with amendments and submitted a report (No. 979) thereon.

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 2617) for the relief of the estate of Jennie Walton, reported it with amendments and submitted a report (No. 969) thereon.

He also, from the same committee, to which was referred the bill (S. 2768) for the relief of Mabel S. Parker, reported it with an amendment and submitted a report (No. 970) thereon.

Mr. LA FOLLETTE, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3514. An act to provide for the enrollment of members of the Menominee Indian Tribe of the State of Wisconsin (Rept. No. 972); and

S. 3515. An act to amend the law relating to timber operations on the Menominee Indian Reservation in Wisconsin (Rept. No. 973).

Mr. HATCH, from the Committee on Indian Affairs, to which was referred the bill (S. 2906) for the relief of Ransome Cooyate, reported it without amendment and submitted a report (No. 978) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2888. An act to provide for expenses of the Crow Indian Tribal Council and authorized delegates of the tribe (Rept. No. 982);

S. 2889. An act for the relief of certain Indians of the Fort Peck Reservation, Mont. (Rept. No. 983);

S. 2918. An act for the relief of N. Lester Troast (Rept. No. 984);

S. 3286. An act authorizing the exchange of the lands reserved for the Seminole Indians in Florida for other lands (Rept. No. 985); and

S. 3463. An act to authorize the addition of certain names to the final rolls of the Blackfeet Tribe of Indians in the State of Montana (Rept. No. 986).

Mr. WHEELER also, from the Committee on Indian Affairs, to which was referred the bill (S. 2892) to amend existing laws prohibiting the introduction of intoxicating liquors within the Indian country to permit its use as a medicine by practicing physicians for patients of Indian blood, reported it with an amendment and submitted a report (No. 987) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 74) to authorize payment of expenses of formulating claims of the Kiowa, Comanche, and Apache Indians of Oklahoma against the United States, and for other purposes, reported it without amendment and submitted a report (No. 988) thereon.

Mr. THOMPSON, from the Committee on Indian Affairs, to which was referred the bill (S. 2557) to investigate the claims of and to enroll certain persons, if entitled, with the Omaha Tribe of Indians, reported it with an amendment and submitted a report (No. 977) thereon.

Mr. ASHURST, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2928. An act to amend the act of Congress approved June 7, 1924, commonly called the "San Carlos Act", and acts supplementary thereto (Rept. No. 980); and

H.R. 8494. An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on the Quinault Indian Reservation when it is in the interest of the Indian so to do (Rept. No. 981).

He also, from the Committee on the Judiciary, to which was referred the joint resolution (H.J.Res. 317) requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette, reported it without amendment and submitted a report (No. 971) thereon.

Mr. BARKLEY, from the Committee on the Library, to which was referred the bill (S. 3443) to provide for the creation of the Pioneer National Monument in the State of Kentucky, and for other purposes, reported it without amendment.

Mr. BROWN, from the Committee on Interstate Commerce, to which was referred the bill (S. 3231) to provide a

retirement system for railroad employees, to provide unemployment relief, and for other purposes, reported it with an amendment and submitted a report (No. 974) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 3502) authorizing the Oregon-Washington Bridge Commission to construct, maintain, and operate a toll bridge across the Columbia River at or near Astoria, Oreg., reported it without amendment and submitted a report (No. 975) thereon.

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (H.R. 6179) to amend an act entitled "An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes", reported it without amendment and submitted a report (No. 976) thereon.

PRESERVATION OF PRESENT SUPREME COURT CHAMBER

Mr. COPELAND, from the Committee on Rules, to which was referred the resolution (S.Res. 193, submitted by Mr. ROBINSON of Arkansas) authorizing that the room now occupied by the United States Supreme Court be preserved and kept open to the public, reported it with amendments, and the resolution was ordered to be placed on the calendar.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 10th instant that committee presented to the President of the United States the following enrolled bills and joint resolution:

S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska;

S. 2566. An act authorizing the conveyance of certain lands to the State of Nebraska;

S. 2325. An act to provide for an appropriation of $50,000 with which to make a survey of the old Indian trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway"; and

S.J.Res. 36. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 3588) for the relief of Samuel K. Yarnell; to the Committee on Naval Affairs.

By Mr. STEPHENS:

A bill (S. 3589) authorizing associations of producers of aquatic products; to the Committee on Commerce.

By Mr. COPELAND:

A bill (S. 3590) to amend the act of May 9, 1934, entitled "An act to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes"; to the Committee on Agriculture and Forestry.

A bill (S. 3591) for the relief of George A. Gerety; to the Committee on Naval Affairs.

A bill (S. 3592) granting a pension to Roman Quinones; and

A bill (S. 3593) granting an increase of pension to John R. Sawers; to the Committee on Pensions.

By Mr. LOGAN:

A bill (S. 3594) for the relief of the heirs of Burton S. Adams, deceased (with an accompanying paper); to the Committee on Claims.

By Mr. THOMAS of Utah:

A bill (S. 3595) to restore to the public domain portions of the Jordans Narrows (Utah) Military Reservation; to the Committee on Military Affairs.

By Mr. COPELAND:

A joint resolution (S.J.Res. 116) authorizing an appropriation for the participation of the United States in the international celebration at Fort Niagara, N.Y.; to the Committee on Military Affairs.

By Mr. JOHNSON:

A joint resolution (S.J.Res. 117) authorizing the President of the United States to present the Distinguished Flying Cross to Emory B. Bronte; to the Committee on Naval Affairs.

DIRECT LOANS TO INDUSTRY—AMENDMENT

Mr. BONE submitted amendments intended to be proposed by him to the bill (S. 3487) relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes, which were ordered to lie on the table and to be printed.

CHANGE OF REFERENCE

On motion of Mr. SHEPPARD, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 3564) for the relief of Joseph S. Johnson, and it was referred to the Committee on Claims.

REGULATION OF PETROLEUM INDUSTRY—CHANGE OF REFERENCE

Mr. THOMAS of Oklahoma. Mr. President, on April 30, at the request of the Secretary of the Interior, I introduced a bill, Senate bill no. 3495, to regulate commerce in petroleum, and for other purposes.

The bill, in the regular course, was referred to the Committee on Interstate Commerce. The chairman of that committee, the Senator from Washington [Mr. DILL], is very busy and is unable to get to the point where he can have hearings on the bill. The Secretary of the Interior is very much interested in having the bill considered. I have spoken to the Senator from Washington, and it is agreeable to him to have the bill withdrawn from his committee. I have also spoken to the Chairman of the Committee on Mines and Mining, the Senator from Kentucky [Mr. LOGAN]. It is agreeable to him to receive the bill.

I, therefore, ask unanimous consent that the bill be withdrawn from the Committee on Interstate Commerce and rereferred to the Committee on Mines and Mining.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed the bill (S. 3170) to revise air-mail laws, with amendments, in which it requested the concurrence of the Senate.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On May 9, 1934:

S. 2922. An act to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto; and

S. 2966. An act to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland.

On May 10, 1934:

S. 2460. An act to limit the operation of statutes of limitations in certain cases.

MONETARY USE OF SILVER

Mr. BORAH. Mr. President, there appeared in yesterday's New York Herald Tribune an article by Walter Lipp-

mann on silver. I think it ought to go in the RECORD. I desire to read, however, a single paragraph from it:

The reason why the single gold standard worked as well as it did was that there were huge gold discoveries during the nineteenth century, and also because the development of modern banking caused the available gold to be used more efficiently. But the single gold standard has never worked well for any long period. From the seventies to the nineties it was unsatisfactory and in very bad repute. After that and until the World War it worked well, for there was much new gold from South Africa. Since the war it has never worked well, and it is perhaps no coincidence that the world depression began about a year after it was reestablished throughout the western world.

It is theoretically possible that there is enough gold in the world to sustain a tolerable price level, if the existing gold stocks were properly distributed and efficiently used, if no gold were sterilized by central banks or hoarded by individuals. But the fact is that gold is concentrated in three countries, that much of it is sterilized or hoarded. This has made gold abnormally valuable in terms of goods, which is another way of saying that world prices are abnormally low.

I ask that the entire article be published in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, May 10, 1934]

TODAY AND TOMORROW—SILVER

By Walter Lippmann

Whatever view one takes of the silver policy that is now being formulated, there is no reason to be astonished that there is to be a silver policy. In his message of January 15 the President made it quite plain that the gold bill was only "a further step which we hope will contribute to an ultimate world-wide solution" and that he was then "withholding any recommendation to the Congress looking to further extension of the monetary use of silver, because I believe we should gain more knowledge of the results of the London agreement and of our other monetary measures." But he left no doubt that he regarded silver as "such a crucial factor in much of the world's international trade that it cannot be neglected."

Since that declaration it has been certain that there would be a silver policy. There has been uncertainty as to what form it would take, when it would be adopted, how it would be applied. For there are as many different theories about silver as there are about gold. What appears to have happened in the past week is that the President has succeeded in formulating a program which he believes can be successfully administered.

The essential principle of the program, as indicated by the newspaper reports from Washington, is that silver is to be transformed in the United States from a commodity like coffee or zinc into a monetary instrument like gold. This is not a mere matter of raising the price of silver so that silver miners will have more income. It is not a price-raising scheme such as is being used to help wheat, cotton, or hogs. This is a change in the legal status of silver which establishes it as basic money in the United States.

For that reason it will, if adopted, mark an epoch in the history of money. Its effects will be world-wide. For it reverses the course of monetary policy during the past hundred years.

From the close of the Napoleonic wars to the onset of the present depression, silver, which from time immemorial has been money, has been progressively demonetized in one country after another. Step by step the single gold standard has been set up practically everywhere except in China. England was the first great country to abandon silver. That was, I believe, in 1819. Until 1873 England was the only important country on the single gold standard. Then Germany and the United States gave up silver in 1873. By 1878 the Latin Union had given it up. Also the Scandinavian countries. In 1893 the free coinage of silver was discontinued in British India. After the war virtually all the European countries which used silver for small change debased their coins. In the middle twenties India began to get rid of some of its silver. In 1929 a delegation of experts advised China to turn from silver to gold, though that has not been done. Thus for more than a hundred years the world has been engaged in discarding an important part of its monetary metal, namely silver, and has been proceeding to base all currencies and the whole credit of the world on gold alone.

The reason why silver was abandoned in the nineteenth century is that it could not be kept in a practical ratio with gold. In terms of gold it was either too dear or too cheap. If it was too dear, silver went out of circulation; if it was too cheap, gold went out of circulation. Bimetallism did not work, and because nobody knew any other way of using silver and gold except at some fixed ratio, silver was given up.

The reason why the single gold standard worked as well as it did was that there were huge gold discoveries during the nineteenth century and also because the development of modern banking caused the available gold to be used more efficiently. But the single gold standard has never worked well for any long period. From the seventies to the nineties it was unsatisfactory and in very bad repute. After that and until the World War it worked well, for there was much new gold from South Africa. Since the war it has never worked well, and it is perhaps no coincidence that the world depression began about a year after it was reestablished throughout the western world.

It is theoretically possible that there is enough gold in the world to sustain a tolerable price level, if the existing gold stocks were properly distributed and efficiently used, if no gold were sterilized by central banks or hoarded by individuals. But the fact is that gold is concentrated in three countries, that much of it is sterilized or hoarded. This has made gold abnormally valuable in terms of goods, which is another way of saying that world prices are abnormally low.

The fundamental monetary problem of the world is to deflate gold, to reduce the demand for it or to increase the supply of it, so that prices in terms of gold will rise. It is to this problem that the silver policy is addressed. By restoring silver to the status of money in the United States the weight of America will be exerted to break down the monopoly value of gold. Just as gold became more valuable when silver was demonetized, so it is expected that gold will become less valuable when silver is remonetized. It is the belief of the silver people that America's position in the world is sufficiently strong to exert an immense influence on the value of gold. But naturally they hope that other countries will follow suit in restoring silver either on their own initiative or by international agreement.

The question arises: Just how is this thing to work? That cannot be answered definitely until the actual bill is made public. But presumably the principle would be about as follows: The Treasury would stand ready to buy silver from the world at a certain price and in large amounts. How would it pay for that silver? It would pay in gold. It now has more gold than it knows what to do with. So, in substance, the American Government would be selling gold for silver. By the law of supply and demand this should reduce the value of gold and raise the value of silver.

In practice the matter is, of course, not simple at all, and there are many practical difficulties to be overcome. In fact, it may be said that the success or failure of the policy will depend on whether the system is properly or improperly set up. For that reason it cannot be too strongly insisted that the legislation should be introduced, should be submitted to critical discussion, and should under no circumstances be passed in a hurry. Those who are most thoroughly convinced that it is desirable to remonetize silver should be the first to ask for very careful scrutiny of the manner in which it is to be done. They ought not to forget that silver became demonetized in the world because it was improperly adjusted to the monetary system of modern nations. In restoring it, the lessons of the past should not be forgotten.

PHILIPPINE CONSTITUTIONAL CONVENTION

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Territories and Insular Affairs, as follows:

To the Congress of the United States:

I transmit herewith for your information a copy of a radiogram from the Governor General of the Philippine Islands dated May 9, 1934, quoting the text of a bill passed at the special session of the Ninth Philippine Legislature entitled "An act to provide for the election and holding of the constitutional convention authorized by the act of the Congress of the United States of March 24, 1934, appropriate funds therefor, and for other purposes."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 10, 1934.*

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. STEIWER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. STEIWER. Yesterday late in the afternoon I offered an amendment, which is printed at page 8507 of the RECORD. I note that the Presiding Officer in disposing of the matter made the statement that the amendment "will be printed and lie on the table." I did not intend the amendment to be printed and lie on the table. I inquire whether the amendment which I offered is the pending question?

The VICE PRESIDENT. The Chair is advised that in the confusion of the moment in the presentation of the amendment by the Senator from Oregon it was understood that the RECORD should show that the amendment was offered by the Senator from Oregon to be printed and lie on the

table. Apparently the RECORD discloses that the amendment offered by the Senator from Wisconsin [Mr. DUFFY] is the pending amendment, but the Chair thinks the amendment of the Senator from Oregon ought to be held to be before the Senate for consideration. Unless there is objection, the Chair holds that to be the parliamentary situation, and that the amendment of the Senator from Oregon is the first amendment to be considered this morning.

Mr. FLETCHER. Mr. President, I have no objection to that course.

The VICE PRESIDENT. The question, then, is on the amendment of the Senator from Oregon [Mr. STEIWER].

Mr. KEAN. Mr. President, I send to the desk an amendment which I desire to offer. I have before me a letter from the Federal Coordinator of Transportation approving the object sought to be attained by the amendment. I also have several letters from railroads asking that they be excluded from the requirement as to making reports to the proposed new commission. If the chairman of the committee will accept my amendment, I shall simply ask to have the letters inserted in the RECORD without taking further time. I ask that the clerk read my amendment.

The VICE PRESIDENT. Without objection, the Senator's amendment will be read for the information of the Senate, but the amendment of the Senator from Oregon [Mr. STEIWER] is the pending amendment. The Chair thinks that then the amendment of the Senator from Wisconsin [Mr. DUFFY], in view of the RECORD this morning, should be considered as the next amendment in order.

Mr. KEAN. I submitted my amendment yesterday morning.

The VICE PRESIDENT. That does not make any difference. There are many amendments which have been printed and are lying on the table, but none of them have preference except by recognition of the Chair. Does the Senator from New Jersey desire his amendment read now as a prelude to his remarks to the Senate?

Mr. KEAN. I do not. It may lie on the table for the present.

Mr. FLETCHER. Mr. President, the Senator from New Jersey presented his amendment, but he did not actually offer it at the time. There was some other matter pending at the time. The amendment has been presented, but it has not as yet been formally offered. However, I have no objection to the Senator discussing it just as if it had been offered.

Mr. KEAN. I merely want to say to the distinguished Senator from Florida that I have the approval not of the amendment but of the principle of the amendment of the Coordinator of Railroad Transportation appointed by Mr. Roosevelt. I also have the approval of counsel for all the railroads in the United States and also some individual letters of approval, all of which bear on the matter. As the railroads were omitted from the operation of the Securities Act, on the theory that they already made full reports to the Interstate Commerce Commission, I think it is but fair that they should be excluded from the provisions of this bill.

Mr. President, I offer the following amendment.

The VICE PRESIDENT. The Senator's amendment is not in order at this time. It may be read merely for information. Does the Senator desire the amendment read for information?

Mr. KEAN. Yes; let it be read and lie on the table.

The VICE PRESIDENT. The clerk will read the amendment for information.

The LEGISLATIVE CLERK. On page 34, line 17, after the words "United States", it is proposed to insert the words "or any State."

Mr. FLETCHER. That is the same as the amendment of the Senator from Wisconsin [Mr. DUFFY], is it not?

Mr. KEAN. That is a provision which was adopted by the House and is in the House bill. I simply want to have it incorporated in the Senate bill.

Mr. President, this is the fifth print we have had of the bill. Many of the clauses still in it are going to be of great aid to bucket shops. Bucket shops are reopening all over the country owing to the prospect of this bill being passed. The brokers of the United States during the last 3 years have lost large sums of money. I have a letter which I should like to place in the RECORD from George D. B. Bonbright & Co., of Rochester, N.Y., enclosing a statement of their earnings for the past 6 years. I ask that the letter may be inserted in the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GEORGE D. B. BONBRIGHT & CO.,
Rochester, N.Y., May 7, 1934.

Hon. HAMILTON F. KEAN,
United States Senate, Washington, D.C.

MY DEAR SENATOR KEAN: In these days when there are so many misstatements going around, it occurred to me you might like to have some explanation from a reliable source as to just what Mr. Pecora's recent figures on members stock-exchange earnings really mean.

While I have no way of being absolutely sure, I feel that there is a fair chance that my statements show a cross section of the commission brokers of the country.

The figures to which I especially want to draw your attention are the amount of money divided among my six partners, compared to the amount of money paid out to my employees, and the amount of money collected by the Federal Government and the State government on that year's business. When the figures were finally shown me, I was impressed with the fact that this business has been largely run, I think, for the benefit of my employees. They have steadily received more for their work than was received by the partners. In the case of 1931, they received over $31,000, against the firm's profits of $16,000—about 5 to 1.

I thought it was also interesting as showing what the Government has received on my small business.

I most sincerely wish there were some way of bringing home to our Representatives in Washington what their proposed changes will really mean to the country. It would seem to me, in my own small case, that it would either require that I give up business altogether, or revamp my firm and business in such a way as to reduce very materially the number of my employees.

Respectfully submitted.

Sincerely yours,

GEORGE BONBRIGHT.

Earnings of the stock exchange firm of George D. B. Bonbright & Co. as published by Mr. Pecora

[Analysis in detail]

Year	Gross income	Number of employees	Employees' dependents	Salaries paid to employees	Overhead	Net profit	Approximate Government income and transfer taxes	Approximate State income and transfer taxes
1928	$488,713.18	41	37	$52,871.20	$106,116.22	$330,725.76	$100,000	$60,000
1929	559,095.95	59	63	117,996.63	368,947.14	72,153.14	70,000	55,000
1930	314,507.22	71	55	97,905.76	190,608.09	25,993.37	75,000	63,000
1931	184,266.82	64	51	81,516.71	85,771.18	16,978.93	70,000	60,000
1932	122,885.80	38	33	52,159.10	55,876.23	14,850.47	55,000	40,000
1933	273,778.43	69	73	91,915.62	97,034.27	84,828.54	80,000	70,000
Total	1,943,248.41	372	312	494,365.02	894,353.18	554,530.21	450,000	348,000
Average	323,874.73	62	52	82,394.17	149,058.86	92,421.70	75,000	58,000

Kindly refer to the following paragraphs for further explanation.

Figures pertaining to the income of this firm for the years 1928 to 1933, inclusive, as published by Mr. Pecora, omit the following pertinent facts, namely, that during these years this firm employed an average of 62 people annually. These employees in turn had 52 persons dependent upon them for support, so that during all these years 114 individuals annually received their livelihood through their association with this firm. Salaries paid to these employees during this period averaged $82,400 per year.

Transactions made through this office netted to the Federal Government an average of approximately $75,000 per annum, in

customers' transfer taxes and income taxes paid by partners and those employed. The State of New York derived from this same source during this same period an average of approximately $58,000 per annum. Other expenditures made by this firm, inclusive of overhead for these 6 years, averaged $149,000 per year.

This left an average profit of $92,000 per year remaining to be divided between six partners, who received no other compensation whatever and whose cash investment during this same time averaged more than $1,000,000. This shows a profit yield on invested capital of approximately only 9.2 percent.

These figures include the year 1928, when the firm profit was $339,726. Ignoring this 1 year, the average earnings for the following 5 years were $42,961. During the years 1929 to 1933, inclusive, when the net profit of the firm averaged only $42,961 per annum to be divided between six partners, salaries paid to employees averaged $88,299, or, in other words, the total salaries paid to employees during this period averaged more than 205 percent of the amount received by the partners.

Mr. KEAN. Mr. President, I ask that the other letters to which I have referred be printed in the RECORD at this point in connection with my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

FEDERAL COORDINATOR OF TRANSPORTATION,
Washington, May 4, 1934.

Hon. HAMILTON F. KEAN,
United States Senate.

MY DEAR SENATOR: I have your letter of April 30 in which you say that the railroads are worried about sections 12 and 13 of the securities exchange bill, and you ask me whether I think they should be excluded from the act. I find it difficult to answer this question, because I know so little about this bill and the reasons urged for its various provisions.

Section 13 relates to the soliciting and giving of proxies with respect to any security registered on any national securities exchange. This is a matter which is not covered by existing regulatory laws relative to the railroads. If there is need for such provisions as are contained in this section, I know of no reason why they should not apply to railroads as well as to other companies whose securities are registered on a national securities exchange.

Section 12 gives the Federal Trade Commission rather broad authority to require information and reports from companies whose securities are listed on a national securities exchange. In view of the regulation of railroad accounts by the Interstate Commerce Commission and the reports which that Commission requires from railroads, I should doubt the need for applying section 12 to the railroads. However, I am not informed as to the reasons for the section, and it may be that in connection with transactions in railroad securities on national securities exchanges, it is thought that information is needed which is not contained in the reports filed with the Interstate Commerce Commission. Or it may be thought that it is desirable for the Federal Trade Commission, in connection with securities, to have on hand reports from railroads which are practically duplicates of those filed with the Interstate Commerce Commission.

I should suppose that the Federal Trade Commission would not go much beyond requiring such duplication of Interstate Commerce Commission reports. In that event the burden upon the railroads would not be substantial. About all that I can say is that I greatly doubt the need for making section 12 applicable to the railroads, but that I hesitate to express any positive opinion on the matter, because of my unfamiliarity with the entire bill and the purposes which it is intended to serve.

Respectfully yours,

JOSEPH B. EASTMAN.

S. 3420, a bill to provide for the regulation of stock exchanges and over-the-counter markets, has been reported to the Senate and is accompanied by a report prepared by the chairman of the committee.

It is the purpose of this memorandum to call attention to the injustice of applying to railroad securities the provisions of sections 12 and 13 of this bill. The general counsel of the Association of Railway Executives made a timely appearance before the Senate Committee on Banking and Currency at the time when a previous draft was under consideration and pointed out the injustice of requiring railroads to make extensive reports and keep expensive records which were mere duplications of reports and records now required by the Interstate Commerce Commission, to which all railroad companies report.

The bill now before the Senate permits securities to be registered on a national securities exchange, but requires the issuer of these securities to furnish a mass of information, set out on pages 29 and 30 of the bill. The information required covers—

(a) The organization, financial structure, nature, and operations of the business.

Under the provisions of the interstate commerce law and the orders of the Interstate Commerce Commission, all this information is furnished by each railroad in its annual report to the Interstate Commerce Commission.

(b) The terms, position, rights, and privileges of the different classes of securities outstanding.

While this information is not called for in annual or other reports, yet the Bureau of Finance of the Interstate Commerce Commission requires every carrier making application to the Commission for authority to issue or reissue stocks or bonds to give this information in great detail. Since practically every railroad has at some time or other applied to the Commission for authority to issue securities, the Commission is already furnished with complete information as to the matters required in subsection (b).

(c) The terms on which their securities have been or are to be offered to the public.

This information is also given in reports to the Bureau of Finance, as set out in our comment upon (b) above.

(d) The directors, officers, and underwriters, and each security holder of record holding more than 10 percent of any class of any equity security of the issuer (other than an exempted security), their remuneration and their interests in the securities of, and material contracts with, the issuer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the issuer.

In the annual report to the Interstate Commerce Commission, on page 103, railroads are required to give the names, addresses, terms of office, etc., of directors and principal general officers. On page 109 of the annual report they must give the total number and voting power of stockholders and names, addresses, and holdings of the 20 largest stockholders. All contracts are reported to the Interstate Commerce Commission, and digests or copies of important contracts and agreements made each year are listed and described on page 529 of the annual report.

(e) Remuneration to others than directors and officers exceeding $20,000 per annum.

Railroads are required, on page 526 of their annual report, to give the compensation of officers and directors receiving $10,000 or more per year, and on page 527 of the annual report railroads must give similar information as to retainers, commissions, fees, bonuses, allowances for expenses, etc.

(f) Bonus and profit-sharing arrangements.

All this is fully covered in various parts of the annual report, and particularly page 527, which, as stated above, covers bonuses, allowances for expenses, commissions, fees, etc.

(g) Management and service contracts.

As heretofore stated, the reports to the Interstate Commerce Commission cover contracts. See page 529 of the annual report.

(h) Options existing or to be created in respect of their securities.

This is one feature which does not seem to be covered by the annual report, but in the case of railroads it is respectfully submitted that the matter is not important.

(i) Balance sheets for not more than the 3 preceding fiscal years, certified if required by the rules and regulations of the Commission by independent public accountants.

Railroads are required to report their balance sheets on pages 200 and 201 of their annual report to the Interstate Commerce Commission. In view of the fact that railroad accounting is so carefully regulated and that all accounts are kept in accordance with the Interstate Commerce Commission's rules and have been for many years, it is respectfully submitted that there is no occasion for the railroads to undergo the expense of reports from independent public accountants.

(j) Profit-and-loss statements for not more than the 3 preceding fiscal years.

Profit-and-loss accounts of the railroads are shown on page 300 of the annual report to the Interstate Commerce Commission.

(3) Copies of articles of incorporation, bylaws, trust indentures, or corresponding documents by whatever name known, underwriting arrangements, and other similar documents of the issuer, etc.

All of these, as we have stated above, are covered by reports to the Interstate Commerce Commission.

Turning now to section 13, which calls for periodic and other reports, it is clear from what has been stated above that the reports now required from the carriers cover every possible phase of railroad operation and railroad finance.

As a matter of fact, under existing law, a study made a few years ago discloses that railroads are required to make 13 types of report to the United States Post Office Department, 18 types of report to the United States Treasury Department, 4 types of report to the United States Department of Commerce, 14 types of report to the United States Geological Survey, 28 types of report to the United States Railroad Administration, 8 types of report to the United States Department of Agriculture, 5 types of report to the United States Labor Board, 2 types of report to the United States Bureau of Mines, 4 types of report to the United States War Department, 1 report to the Alien Property Custodian, 220 types of report to the several regulatory commissions and local boards, and 90 separate types of report to the Interstate Commerce Commission.

It is respectfully submitted that there are, therefore, already in the files of the Government, in one department or another, all the information which could possibly be of service in enabling the Federal Securities Exchange Commission to judge of the value of railroad securities.

It is true that paragraph (c) of section 12 provides:

"If in the judgment of the Commission any information required under subsection (b) is inapplicable to any specified class or classes of issuers, the Commission shall require in lieu thereof the submission of such other information of comparable character as it may deem applicable to such class of issuers."

This clause is not likely to relieve the railroads from the duty of submitting all the registration statements required by section 12, because it cannot be said that the information is inapplicable

to securities issued by a railroad. The trouble is that the provisions of the bill call for expensive and burdensome duplication of reports and efforts.

Referring again to section 13, and particularly paragraph (b) on page 34, the Federal Securities Exchange Commission is given authority to control the items or details shown in the balance sheets and the earnings statements of companies issuing securities and the methods to be followed in the preparation of reports, in the appraisal or valuation of assets and liabilities, determination of depreciation and depletion, and matters of this sort, which are essential features of the accounting system.

As is well known, the Interstate Commerce Commission prescribes in intimate detail the type of accounts which are kept by the railroads, and certainly there should be no conflict between the two.

It is true that the Senate bill contains a clause: "But in the case of the accounts of any person whose accounting is subject to the provisions of any law of the United States, or any rule or regulation thereunder, the rules and regulations of the Commission with respect to reports shall not be inconsistent with the requirements imposed by such law or rule or regulation in respect of the same subject matter." We call attention, however, to the fact that House bill 9323, as now reported, goes further and provides: "Except that this provision shall not be construed to prevent the Commission from imposing such additional requirements with respect to such reports, within the scope of this section and section 11, as it may deem necessary for the protection of investors." (Please note that in the House bill section 11 deals with registration and section 12 with reports, whereas in the Senate bill section 12 deals with registration and section 13 with reports.)

In both the Senate and House bills the Commission created by the Federal Securities Exchange Act is given authority to require reports in addition to those required by the Interstate Commerce Commission, and may prescribe types and forms of accounting which would be supplemental to and in addition to the types and forms now covered by the elaborate requirements of the Interstate Commerce Act.

It seems to us that all this is unnecessary. By subsection (12) of section 3 certain securities are exempted from certain provisions of the act. It will be noted by examining this subsection that exempted securities include securities which are direct obligations of the United States, securities issued or guaranteed by corporations in which the United States has a direct or indirect interest, securities which are direct obligations of a State or any political subdivision thereof, or any agency or instrumentality of a State, "and such other securities (including unregistered securities, the market in which is predominantly intrastate) as the Commission may, by such rules and regulations as it deems necessary or appropriate in the public interest or for the protection of investors, either unconditionally or upon specified terms and conditions or for stated periods, exempt from the operation of any one or more provisions of this act which by their terms do not apply to an 'exempted security' or to 'exempted securities.'"

It will be noted that certain provisions of this bill apply to exempted securities. Certain other provisions do not apply to exempted securities. I think you will find upon examining the bill that the public interest will be served by inserting in subsection (12), after the exemption of governmental securities, the words: "or any securities issued by corporations subject to section 20a of the Interstate Commerce Act."

Such an amendment would not interfere with regulation of dealings on the stock exchange, but would relieve the railroads from the burden and expense of making these unnecessary reports as to matters already covered in the numerous reports which the carriers are required to make to the Interstate Commerce Commission.

Mr. KEAN. At the proper time I should like to take up several other amendments I have prepared, but apparently this is not the proper time to do so. Therefore, I yield the floor and allow consideration of the bill to proceed.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. STEIWER].

The amendment was rejected.

The VICE PRESIDENT. The question now is on the amendment of the Senator from Wisconsin [Mr. DUFFY].

Mr. STEIWER. Mr. President, I think there was some misunderstanding in voting down the amendment offered by me when the question was put just now. I understood from the chairman of the committee that he accepted it. I was talking to the Senator from South Carolina [Mr. BYRNES] privately, and he told me he was agreeable to the amendment.

I think there is almost a unanimous agreement among the members of the committee regarding the amendment. I have not taken the opportunity so far to explain it to the Senate, so in that I probably am at fault. I am wondering if we may not have unanimous consent to reconsider the vote just had in order that I may make a brief explanation of the amendment.

Mr. FLETCHER. I think that should be done, Mr. President.

The VICE PRESIDENT. Is there objection to the reconsideration of the vote whereby the amendment of the Senator from Oregon was rejected? The Chair hears none, and the amendment is before the Senate.

Mr. STEIWER. Mr. President, I do not desire to detain the Senate long with respect to the amendment. Its only purpose is to exempt the railroads from the provisions of sections 12 and 13 of the pending bill.

As Senators know, the railroads are already under the very strict regulation and the very close control of the Interstate Commerce Commission. The Interstate Commerce Act not only provides that the Commission shall prescribe their accountancy but it permits the Commission to send field agents and examiners to examine their books and records; and such examinations are constantly made. Some reports are required, I think, as frequently as every month. The securities issues of the railroads are absolutely controlled in that the Interstate Commerce Commission has a veto power over their proposed security issues.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. STEIWER. Yes; I yield.

Mr. BYRNES. Do I understand that the amendment under consideration applies only to the railroads?

Mr. STEIWER. That is true.

Mr. BYRNES. It is not the additional amendment to which the Senator has referred?

Mr. STEIWER. No. I had considered adding a second clause to the amendment, but it has not as yet been offered.

Mr. BYRNES. I only desire to say to the Senator that I have no objection to the adoption of the amendment which he offered on yesterday and which was shown to the chairman of the committee at that time.

Mr. STEIWER. I thank the Senator; and I am hoping, if the chairman of the committee will express his approval also, that we may have concurrence in the amendment, and save time in debate. Otherwise I shall desire to take considerable time in which to present to the Senate this very important amendment.

Mr. FLETCHER. Mr. President, I do not think that is necessary. The Senator suggested yesterday that he might want to add something to the amendment, and I was not quite clear whether or not he proposed to stand on the amendment he then suggested. If he does, I think we can agree on the amendment. That is to say, we will make no opposition to the amendment. The fact is, I rather thought the situation was covered by the present provisions of the bill.

The railroad companies cannot issue securities without the approval of the Interstate Commerce Commission, as I understand. They have to make reports to the Interstate Commerce Commission. I thought other provisions of the bill would enable them to be exempt from this sort of thing as far as the proposed new commission is concerned, and that that was provided for; but I have no objection to the Senator's amendment.

The VICE PRESIDENT. Without objection, the amendment offered by the Senator from Oregon is agreed to.

Mr. BARKLEY. Mr. President, that is the amendment offered yesterday? It is not the additional sentence that has been put into the printed copy?

Mr. STEIWER. I had not offered the additional language, and I shall not do so until the members of the committee have further time to give consideration to it. The Senate merely acted upon the amendment as offered last night.

Mr. FLETCHER. In other words, the amendment will read:

Provided, That carriers subject to the provisions of section 20a of the Interstate Commerce Act, as amended, shall not be subject to any provision of sections 12 and 13 of this act, except that the Commission may require that such carriers file with it duplicate copies of reports or other documents filed with the Interstate Commerce Commission.

Mr. STEIWER. That is correct.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Wisconsin [Mr. DUFFY], which will be stated.

The LEGISLATIVE CLERK. On page 34, line 17, after the words "United States", it is proposed to insert the words "or of any State."

Mr. DUFFY. Mr. President, last evening, when the Senate adjourned, I was explaining that this matter was brought to my attention by the chairman of the executive committee of the National Association of Railroad and Utilities Commissioners, who happens to be a man from my State who for many years has been on the Wisconsin Public Service Commission.

We have had, as part of that commission, a very efficient and well-working division that handles matters such as are contemplated in a large measure under this bill as far as these reports are concerned. Their fear is—and there are 35 States, I understand, that have similar commissions—that the proposed new commission could very readily require other forms of reports than the form of report which they have had for many years, dealing primarily with intrastate matters, because the new commission is not required to eliminate matters that are intrastate in their general scope. They may do so, but there is no way in which they can be compelled to do so; and these various public-service commissions which have securities divisions feel that this would cause a great deal of confusion so far as many reports they have required for some years past are concerned.

I understand that the Senate committee thought that the amendment might lead to various kinds of reports coming in to the Commission; but it does seem to me that the various State commissions will be dealing in a very large measure with such matters as they have dealt with in the past, and that it would be better to grant that exception.

Mr. FLETCHER. Mr. President, I may say that the committee considered very carefully a proposal of this kind, and spent a good deal of time on it. In view of the fact that so many States have so many different requirements and rules with reference to this matter, we concluded to leave out this language. I believe it is in the House bill. Consequently, the matter will be in conference anyway, and I think we had better reject this amendment.

Mr. NEELY. Mr. President, last Wednesday the Senate rejected an amendment relative to the extension of credit for the purpose of marginal trading offered by the Senator from Ohio [Mr. BULKLEY], which appears on page 8386 of the RECORD. During the reading of the amendment and the debate thereon I was in the Senate reception room conferring with constituents concerning a matter in which they were deeply interested. When notified that the Senate was voting, I entered the Chamber. But I was obliged to cast my vote before it was possible for me to read the amendment. Under an erroneous impression as to the effect of the amendment, I voted against it. Last night I found and improved an opportunity to read the amendment and also a part of the discussion of its merits. I have become convinced that the amendment is thoroughly meritorious and that the best interest of all the people demands that it be adopted. Therefore, in the hope of obtaining an opportunity to support the amendment, I now enter a motion to reconsider the vote by which it was defeated.

The VICE PRESIDENT. The motion will be entered.

Mr. McNARY. Mr. President, as I understand, the pending amendment is the one offered by the Senator from Wisconsin [Mr. DUFFY].

The VICE PRESIDENT. It is.

Mr. McNARY. What was the observation of the Senator in charge of the bill? Did he accept the amendment?

Mr. FLETCHER. I think we should reject the amendment, because, as I say, this language is in the House bill, and it will be in conference anyway. We oppose the amendment on the ground that so many States require so many different rules and regulations that it is impossible to know just what the amendment would cover.

We oppose the amendment.

Mr. KEAN. Mr. President, speaking for the pending amendment, I should like to say that there are only four States in the Union which do not require public utilities to make detailed reports of their affairs to the States. Therefore, this amendment should be adopted, because in many States, as in my State, every public utility is required to make a report practically on the lines of the Interstate Commerce Commission reports.

Mr. BYRNES. Mr. President, I hope this amendment will not be agreed to.

The language of this section provides that the Commission shall have power to prescribe the form in which certain information shall be set forth. The purpose of the amendment is to eliminate from the provisions of the section corporations in any State which are required to submit reports to State commissions. The amendment would absolutely nullify the provisions of the section. It would destroy the purpose of the section in giving to the Commission power to prescribe the form in which information necessary for the protection of investors shall be filed.

After the enactment of the bill it is all the more important that there should be in the Commission the authority provided in this section. An investor will rely upon uniformity of information as to appraisal, as to depreciation and depletion; and if, relying upon that, the bill is so changed as to permit the filing of statements lacking in such uniformity, it will result, as I say, in deception to the investor, and will destroy the very purpose of the section.

Mr. KEAN. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from New Jersey?

Mr. BYRNES. I yield.

Mr. KEAN. In reply to the Senator from South Carolina I should like to say that his State is one of the few States whose public-service commissions do not require public utilities to file accounts. In addition to that, our experience with the Federal Trade Commission is that the one company which has incurred the expense involved in making lengthy reports to the Federal Trade Commission is the American Waterworks Co.; and I am informed that when a small investor wrote to the Commission and asked for a copy of their report, they said, "If you will send us $265, we will send you the report."

I think it is perfectly self-evident that if a small investor who perhaps has a $1,000 interest wants a report, he is not going to pay $265 for it. Therefore, so far as the public are concerned and so far as the small investor is concerned, the report is absolutely useless. From my experience, and from what I hear of the Federal Trade Commission, I do not think they are of any use to the small investor, whom they were supposed to protect.

Mr. BYRNES. Mr. President, I cannot exactly answer the question of the Senator from New Jersey.

Mr. KEAN. No; the Senator cannot.

Mr. BYRNES. I presume it was a question. I know the position of the Senator, that he does not think the Federal Trade Commission is accomplishing a very useful purpose, and I know his views with reference to public utilities. When he mentions public utilities, he refers to a field which best illustrates the necessity for this provision and the power it confers.

Mr. DUFFY. Mr. President, will the Senator yield?

Mr. BYRNES. I will yield as soon as I finish this thought. In many of the States public utilities are not called upon to make the fullest reports. Certainly they make reports in different forms, and the purpose of this section is to give the Commission the power to remedy such situations as have existed in the field of public utilities. Counsel for the Federal Trade Commission, when appearing before the committee, cited several illustrations which justify the purpose of the proposed act.

I will say to the Senator from Wisconsin that I do not believe that the officials of the various States are going to object to the enactment of this provision. All this section does is to give to the Commission the right to prescribe the

form, in the preparation of reports and in the appraisal and valuation of assets and liabilities, in an attempt to secure statements which will be uniform as to depreciation and depletion. Some corporations have prepared statements, and by juggling the figures in connection with depreciation, have stayed in the black when they should have been in the red, when if a correct statement had been made, the investor would have known the true value, or approximately the true value, of the securities, and would not have lost his money. The object of this section is to make for uniformity.

I now yield to the Senator from Wisconsin.

Mr. DUFFY. At least the Senator cannot say, with reference to my record and my votes, that I have shown any exceptionally friendly attitude toward public utilities such as he suggested with reference to the Senator from New Jersey. I have voted on every occasion in favor of strict regulation of public utilities. I supported, for instance, the Johnson bills. Certainly what has been suggested as to the Senator from New Jersey is not my purpose in offering this amendment.

Mr. BYRNES. I know that to be true, and any statement or intimation otherwise I would be the first to say was inaccurate. The statement I made to the Senator from New Jersey was only prompted because the Senator from New Jersey mentioned the probable effect of this section upon public utilities, and I was describing how it would affect public utilities.

Mr. DUFFY. I want to have it made very clear for the RECORD that I have consistently at every opportunity that has been afforded since I have been a Member of this body voted for strict regulation, and if the Senator will read the last part of the amendment which was suggested, which makes it correspond with the House bill, he will find that it provides:

> Except that this provision shall not be construed to prevent the Commission from imposing such additional requirements with respect to such reports, within the scope of this section and of section 12, as it may deem necessary for the protection of investors.

This certainly shows that there was not anything in my mind except that I believe that men like Mr. McDonald, of the Wisconsin Public Service Commission, and others who have been regulating and are experienced in these matters as they have been in Wisconsin have the practical experience, so that when they assert it to be their conclusion that it would cause hardship to them unless this amendment were adopted, certainly I am sure it is shown that there is no intention to favor groups which will have to make reports under this section.

Mr. BYRNES. Mr. President, I want to repeat that not only would there be no statement by me that the amendment offered by the Senator from Wisconsin was offered in behalf of the public utilities, or anybody interested in them, and certainly there was no intimation to that effect, but I know that such an intimation would be untrue, because I know the Senator's viewpoint.

I was simply pointing out, in answer to the statement of the Senator from New Jersey, who first suggested the effect it would have upon public utilities, that that matter had been discussed before the committee, and that the counsel for the Federal Trade Commission had cited it and referred to the various forms and the various methods of appraisals in the State by public utilities as one reason why it was important that this section should remain as it is written.

I hope the Senator from Wisconsin understands that that was my purpose.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. BYRNES. I yield.

Mr. BARKLEY. Is not one of the troubles about this amendment the fact that it would make it impossible for the commission even to have a uniform form for making reports and lists by corporations other than utility commissions?

Mr. BYRNES. That certainly is true. The Senator from Wisconsin has referred to one of the public servants of his State. My belief is that the Senator must be mistaken in his viewpoint as to this section, because the object is not to interfere with the public-service commission of any State but simply to prescribe the form of the report which must be followed by the corporations of the States.

It may be that the position of the officials of the State of Wisconsin would be as indicated if the commission to be placed in charge of the administration of this measure should prescribe a different form, and thus cause the State of Wisconsin to change its form in order to accord with the requirements of the commission appointed under the bill. That is the only way that I see in which it could affect this public official.

Mr. BARKLEY. Mr. President, if I may add another observation, if the States had a uniform system of regulation, not only of utilities, but of corporations authorized in the States, it would not be such a difficult matter, but with 48 different jurisdictions, with 48 different kinds of reports, and with the investor desiring to make a fair comparison between the corporations in one State and those in another; the only way by which to enable the investor to do that is to have uniform information as to all of them, and the method by which they arrive at conclusions.

Mr. BYRNES. That is absolutely correct.

Mr. BARKLEY. If this amendment should be adopted, it would make it impossible for the Commission to have that uniform kind of information which would enable an investor to draw a comparison between a corporation in Wisconsin and a corporation in Kentucky, or in some other State.

Mr. BYRNES. The result would be that the investor, relying upon uniformity, and believing that there was uniformity, would be misled.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. DUFFY].

The amendment was rejected.

Mr. STEIWER. Mr. President, in offering the amendment affecting the railroads, I had in mind to present a further amendment and did not do so because in the confusion there was no opportunity for me to present it to members of the committee with whom I desired to confer with respect to it. Under the circumstances, the action taken by the Senate was taken only on that part of the amendment which I had offered last night, and which the Chair had held to be the pending question.

I desire to present the remainder of the amendment, and I send to the desk that part of it commencing with the words *"Provided further."*

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to amend by adding at the proper place the following:

> *Provided further*, That carriers not subject to the provisions of section 20a of the Interstate Commerce Act, as amended, but subject to section 20 of such act, shall be exempt from the provisions of this section, except that the Commission may require that such carriers file with it duplicate copies of reports or other documents filed with the Interstate Commerce Commission.

Mr. ROBINSON of Arkansas. Mr. President, what class or classes of carriers are embraced within that amendment?

Mr. STEIWER. The Interstate Commerce Act, in section 20, covers substantially all of the interstate carriers, including the sleeping-car companies, the express companies, the telephone companies, the telegraph and cable companies, the carriers operating on inland waterways, and the carriers by pipe lines. In section 20a there is only one great group dealt with, and that is the railroad group.

In section 20a, covering the railroads, concerning which we have already acted, we are presented with the fact that we exempted the railroad carriers, which were not only subject to the requirements of the Interstate Commerce Commission as to accountancy and reporting and audit, but they were also subject to the absolute control of the Intertsate Commerce Commission in the issuance of their securities. There is, therefore, a very persuasive argument for the elimination of the railroads from both sections 12 and 13.

But little reason could be offered for requiring the railroads to comply with sections 12 and 13, save in the sense that they might be required to furnish duplicate copies of information furnished to the Interstate Commerce Commission, because that Commission, as I said earlier in the debate, have an absolute power of veto over the issuance of securities by the railroad corporations.

When we deal with the other carriers which are covered by section 20 of the Interstate Commerce Act we do not find any control in the Interstate Commerce Commission over their right to issue securities. Therefore, it seems to me that the other carriers ought to be subject to section 12; they ought to be compelled to register their securities; and in the amendment which is now offered, I do not seek to exempt them from the application of section 12.

We differentiate between these carriers and the railroads in that we seek to exempt the railroads from the provisions of both section 12 and section 13, and we seek to exempt the other carriers only from the provisions of section 13, which requires submission of periodic reports.

Mr. President, what is the reason for exempting them with respect to section 13? It is merely this—that, although the Interstate Commerce Commission does not control their security issues, it does control their accountancy and requires comprehensive reports. I invite the attention of Senators briefly to a consideration of the provisions of section 20 of the Interstate Commerce Act, as amended, which provides the various requirements to be made of these carriers. In that section it is provided that the Commission is authorized to require certain reports, annual and other reports, from these institutions, and among other requirements are the following:

> Such annual reports shall show in detail the amount of capital stock issued, the amounts paid therefor, and the manner of payment for the same; the dividends paid, the surplus fund, if any, and the number of stockholders; the funded and floating debts and the interest paid thereon; the cost and value of the carriers' property, franchises, and equipments; the number of employees and the salaries paid each class; the accidents to passengers, employees, and to other persons, and the causes thereof; the amounts expended for improvements each year, how expended, and the character of such improvements; the earnings and receipts from each branch of business and from all sources; the operating and other expenses; the balances of profit and loss; and a complete exhibit of the financial operations of the carrier each year, including an annual balance sheet.

Mr. FLETCHER. Mr. President, may I ask the Senator if that applies to all the carriers he has mentioned?

Mr. STEIWER. It does, Mr. President. And may I, in answering that question, say further to the Senator that I very carefully considered the way that both of these proposals have been phrased? It is not my purpose to provide exemption for any carrier in such a way that it will not still be subject to rigid supervision. My only purpose is to exempt those which are subject to the Interstate Commerce Commission, and then only to the extent that they are governed by that Commission. For that reason the amendment I offered pertaining to the railroads named in section 20 (a) of the Interstate Commerce Act relieves them from the provisions of both sections 12 and 13, but in the amendment I now offer pertaining to the other carriers, where the Interstate Commerce Commission does not have control over security issues, I seek to relieve such other carriers only from the requirements of section 13.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. BARKLEY. The Senator will recall that in spite of the requirements and regulations in the Act to Regulate Commerce, certain gentlemen testified before a committee with reference to the organization of holding companies, which are not subject to the Interstate Commerce Commission and which might not be subject to the regulation of the proposed commission if we exempt railroads of all types altogether from the provisions of this act, that they were by means of holding companies able to manipulate the stocks of their companies in a way most disastrous, so far as the public was concerned, and to hold out to the public fictitious values which have no basis in fact.

Will the amendment which the Senator now proposes, taken in connection with the one which has already been adopted, make it easier for holding companies which have been organized in order to get around the law now in force with reference to reports by railroad companies, still to avoid making a showing before either the Interstate Commerce Commission or before the proposed commission with reference to the condition of their stock as represented by ownership in railroads?

Mr. STEIWER. The question is a most proper question, but I can answer it in the negative. It could not possibly make any difference as to the corporation, of the kind that the Senator has in mind, because in framing the amendment I was careful to guarantee that it would not absolve that class of corporations from the requirements of this bill. In the amendment it is stated merely that the carriers subject to the requirements of section 20 of the Interstate Commerce Act are exempted partially from the application of this bill. Therefore, if they are not subject to section 20, of course they obtain no benefit from the proposed exemption.

Mr. BARKLEY. While the carrier itself would not be subject to sections 12 and 13——

Mr. STEIWER. May I interrupt before the Senator goes further? The holding company would still be subject to the act. The carrier, therefore, would report to the Interstate Commerce Commission, and the holding corporation would be obliged to comply with this bill in all its requirements, and I certainly want it to be that way.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. FLETCHER. The Senator will recall that certain railroad officials desired to bring about certain mergers and combinations of railroads, and the Interstate Commerce Commission would not permit that to be done. They had to make application to the Interstate Commerce Commission, and they were denied the privilege of acquiring competing roads, and so forth. In order to get around that denial the bright lawyers who represent these big corporations devised the scheme of the holding company, and the stock of the railroad companies was transferred to the holding company, and the holding company was enabled to operate their affairs through a trust. Three people managing the holding company—the Pennroad Co.—managed the affairs of the Pennsylvania Railroad Co., and they accomplished the purchase of their connecting lines and paralleling lines, and so forth, and brought about the identical merger which the Interstate Commerce Commission would not allow. It was the holding company which got by with that, and it was devised for that very purpose.

We do not want to leave the holding company exempt from some form of regulation. The Interstate Commerce Act was absolutely defeated by the formation of a holding company, and the Interstate Commerce Commission did not have jurisdiction to prevent the very thing being done, the application to do which had been denied by the Commission to the railroad.

Mr. STEIWER. I remember the transaction to which the Senator from Florida refers. It is my impression that some of those who defied the authority of the Interstate Commerce Commission are now under indictment. I am entirely in sympathy with the viewpoint of the Senator from Florida, but there is nothing in the amendment which is now proposed which would relax in any way the requirements of the law as to a transaction of that kind.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. STEIWER. I yield.

Mr. BARKLEY. Section 20 of the Interstate Commerce Act is not mandatory upon the Interstate Commerce Commission. It is clearly permissive.

Mr. STEIWER. Nor is the requiring of reports mandatory upon the new commission.

Mr. BARKLEY. No; I realize that, but it might be advisable in the exercise of the discretion of the new Commis-

sion to obtain information which is not included in the reports to the Interstate Commerce Commission, and, besides, the reports to the Interstate Commerce Commission are only made annually.

Mr. STEIWER. Oh, no, Mr. President.

Mr. BARKLEY. They are made as of the 30th of December or as of the 1st day of January of each year, and are to cover a 12 months' period.

Mr. STEIWER. That is only one type of reports, Mr. President.

Mr. BARKLEY. Whereas under the provisions of section 13, from which the Senator is seeking to exempt them, more frequent reports than annual reports may be required by the Commission.

Mr. STEIWER. The Interstate Commerce Act permits reports as often as once a month, and I am advised that the Interstate Commerce Commission in many cases has exercised its privilege under the law and has exacted reports as often as once a month from the carriers.

Mr. BARKLEY. Subsection (2) of section 20 of the Interstate Commerce Act says:

> Said detailed reports shall contain all the required statistics for the period of 12 months ending on the 30th day of June in each year, or on the 31st day of December in each year if the Commission by order substitute that period for the year ending June 30.

If the fiscal year ends in January instead of June, or in December, they may substitute that, but the requirement is that they shall report for a 12-month period.

Mr. STEIWER. That is only one requirement, Mr. President. If the Senator will look further, he will find that they may be required to report as often as once each month. Moreover, the Interstate Commerce Commission has not been dilatory in its requirements under this act. They have availed themselves of their authority, and I believe it is true with respect to all the carriers in the categories covered by section 20 of the act that they have required a system of accountancy which the Interstate Commerce Commission has itself approved and devised. There is no such power as that—at least it is contended there is no such power as that in the bill which we are considering and which we soon shall pass as the pending measure. The Interstate Commerce Commission not only prescribes the accountancy system but it sends examiners to the field, who go to the offices and places of business of these corporations and make contemporaneous or current examinations. After the close of the year, and upon the submission of the final reports, the Commission then audits the reports and audits the accounts of the carriers. That is bound to make closer supervision than ever will be had, presumably, under the provisions of the pending bill.

The only purpose of the amendment which I am offering is to relieve these carriers from the necessity of filing different kinds of reports and reports additional to those furnished to the Interstate Commerce Commission. The Securities Commission may still exact from them duplicate copies of all reports which they file with the Interstate Commerce Commission.

Let me suggest, Mr. President, that any additional expenses which are incurred by the railroads in connection with the filing of any reports, are regarded by the Interstate Commerce Commission as proper operating costs, and they are taken into consideration in the fixing of rates, so that finally the American people, the shippers, and travelers on the railroads, would have to pay the cost of any additional requirement placed upon the carriers.

If the proposal which I have offered is not correctly stated, if it is too inclusive or too narrow, if the exemption is suggested in a way that Senators do not approve, I shall be very glad to consider any proposals for the perfecting of the amendment.

I hope I am not dogmatic with respect to this matter. I certainly do not want to be too insistent with regard to the amendment, but seriously I say to Senators that the implications of this matter are of importance. They are of importance to the American people, and nothing will be gained by requiring of the interstate carriers different kinds of reports or a different system of reporting when such reports will not bring any additional information to the American people.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. STEIWER. I am glad to yield to the Senator from Michigan.

Mr. COUZENS. Does the Senator know whether the provision in the second section of his amendment is in the House bill?

Mr. STEIWER. There is in the House bill something rather similar to the first provision of the amendment which has already been agreed to. In my judgment, the Senate's action is superior to that of the House. I am not advised sufficiently to tell the Senator with certainty whether there is anything in the House bill that covers the suggestion I am now making. I believe, however, there is nothing in the House bill that is equivalent to the proposal I make.

Mr. BARKLEY. Mr. President, if the Senator will yield the language in the House bill is—

> *Provided*, That no additional requirements shall be imposed upon carriers subject to the provisions of section 20a of the Interstate Commerce Act, as amended.

Mr. BYRNES. Mr. President, I think the provision is not in the House bill.

Mr. STEIWER. I believe that is correct, though I do not want to speak with certainty about it.

Mr. COUZENS. I hope the chairman of the committee will accept the amendment and let it go to conference so as to find out whether reports filed with the Interstate Commerce Commission will be adequate for the administration of the proposed act by the new commission.

Mr. BYRNES. It seems to me, if the Senator will allow me, that it differs slightly from the language of this bill where it is provided that information asked for shall be such as the Commission may deem necessary for the protection of investors. So far as I have been able to read hurriedly the language of the Interstate Commerce Act, the character of information which the Interstate Commerce Commission may require may be somewhat different. I agree that it would be impossible at this time to express even an intelligent opinion as to whether the Interstate Commerce Act would cover all the information that we seek to secure in this bill. I agree, however, with the Senator from Michigan, it would be well to adopt the amendment and let it go to conference.

Mr. STEIWER. I hope that may be done.

Mr. COUZENS. I hope the conferees will investigate and ascertain whether the reports filed with the Interstate Commerce Commission are adequate. If so then the amendment ought to remain in the bill; but if it should be determined that they are not adequate, then of course the conferees on the part of the Senate could recede.

Mr. STEIWER. That would be satisfactory, and is all I could ask.

Mr. BARKLEY. The act to regulate commerce goes into some detail with reference to what is required by the reports. So does this bill; but there is a difference between the act to regulate commerce and the bill here. It may be that they ought to be harmonized, and in all probability it can be done better in conference than it can be done here on the floor. For that reason it probably would be wise to let the amendment go in the bill.

Mr. FLETCHER. With the understanding that we shall not feel bound to stand for the exact letter in considering this amendment in conference and that if we do not find that it sufficiently meets the situation as we desire by this proposed act we can recede from it, I presume we might as well agree to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, I offer an amendment, which I ask the clerk to read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 7, line 11, after the word "States" and the semicolon, it is proposed to insert the following:

Securities which are direct obligations of a foreign government and which on the date of the enactment of this act are listed on any exchange within or subject to the jurisdiction of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. FLETCHER. Mr. President, the amendment simply includes, in the list of exempted securities, on page 7, obligations of foreign governments which are now listed on the exchanges of the United States. I think that the amendment is in the interest of American bondholders. It does not apply to new issues at all, but to issues already listed and now held by American bondholders. There is no way of getting the information required as to these securities if they are not exempted except by application to a foreign government. That may bring on some feeling and misunderstanding. There is no way of compelling them to furnish the information, and therefore we would not get it anyway. So I think the adoption of the amendment would be in the interest of American bondholders. They will not be obliged to go through all this machinery in connection with the disposition of such securities which they already hold, but may sell and distribute them without giving information required of other security holders.

I may add that the amendment is suggested by the State Department, which has recommended its adoption. So I offer the amendment.

Mr. HASTINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Delaware?

Mr. FLETCHER. I yield.

Mr. HASTINGS. I should like to inquire whether, in addition to the group which the Senator, as I understand his amendment, desires to exempt, another group should not be exempted? My understanding is that there are other securities that have been listed on the stock exchanges for many years, as to which—I do not know whether the corporations have gone out of existence or just what has happened—in many instances there are no persons left who can possibly make the reports that are necessary under this proposed act. I wonder if that has been brought to the Senator's attention or whether he has given any consideration to it?

Mr. FLETCHER. That is a matter the Commission will have discretion to deal with as circumstances may require. That is a matter entirely with the Commission, and I do not think there will be any difficulty about it at all.

Mr. HASTINGS. Is the Senator sure that under this bill the Commission has that right?

Mr. FLETCHER. Absolutely; there is no question about it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

Mr. STEIWER. Mr. President, may I have the attention of the Senator from Florida and the Senator from South Carolina respecting one or two clarifying amendments? I shall not as yet offer the amendments, but on page 51, in line 11, in the section of the bill which provides jurisdiction of offenses and suits, we find, commencing with line 9, the language as follows:

The District Courts of the United States, and the United States courts of any Territory, and the Supreme Court of the District of Columbia shall have jurisdiction of violations of this act—

And so forth.

I have no personal interest in the matter, but it is my recollection that it was the intention of the committee to give to the Federal district courts exclusive jurisdiction of violations under the act, and if that is the purpose of the committe it has not been effectuated by the language used Am I wrong in that recollection?

Mr. FLETCHER. There was no such intention; the intention was just to the contrary. The committee did not feel like limiting the jurisdiction to the Federal courts.

Mr. STEIWER. In other words, the purpose of the committee was to give jurisdiction either to the Federal court or to the State courts of general jurisdiction?

Mr. FLETCHER. Yes.

Mr. BYRNES. May I say to the Senator from Oregon that the language in the bill is the same as that in the Securities Act of 1933? The House bill provides for exclusive jurisdiction in United States courts. If the Senate provision is adopted, the matter may then be considered in conference.

Mr. STEIWER. I have no objection to make concerning it. I will say, though, that my own recollection was contrary to the advice I am now receiving.

On page 45, Mr. President, may I call attention to the word "avoiding", in line 3, and ask the chairman if the committee would not want to substitute the word "evading" for the word "avoiding" at that point?

As the Senator will observe, beginning in subsection (b) in line 22, on page 44, the section is stated in terms of penalties; that is to say, it makes unlawful certain acts. Then, passing over to page 45, there is a limitation in the words "for the purpose of avoiding any provision of this act or any rule or regulation made thereunder."

I think the conventional words to use in a case of that kind are the words "evading any provisions of this act." I do not know when it became unlawful in this country for a person to avoid a law, which may be done merely by the citizen refraining from violation of the law. I am not going to detain the Senate to discuss the matter, but it seems to me that we could very well change the word "avoiding" to the word "evading."

Mr. FLETCHER. I do not think it is very material, although it may be. "Avoiding", of course, means to nullify as well as to escape the provisions of the law.

Mr. STEIWER. In the application of our tax laws the taxpayer may avoid the payment of a tax by refusing to sell his property or to take a profit. In that case he is not violating the law; but if he evades the law, he is regarded as being in a different category. I shall not press the matter further. I thought the chairman probably might want to make that change.

Mr. FLETCHER. I was going to suggest the use of both words, so as to read "avoiding or evading."

Mr. STEIWER. I would have no objection to that.

Mr. FLETCHER. I suggest, then, that after the word "avoiding" the words "or evading" be inserted, so as to cover both.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

Mr. COPELAND rose.

Mr. STEIWER. Mr. President, I understand the Senator from New York [Mr. COPELAND] wants the floor, but I desire to suggest one other clerical change before I yield the floor. On page 22, in line 7, beginning in line 5, we find reference to the prohibition against endorsing or guaranteeing "the performance of any put, call, straddle", and so forth.

On the preceding page we find similar language, but there is a certain degree of definition of the world "privilege." In order to make clear what I mean let me invite attention first, on page 21, to paragraph (1), commencing in line 17. I will read that paragraph:

(1) Any transaction in connection with any security whereby any party to such transaction acquires any put, call, straddle, or other option or privilege of buying the security from or selling the security to another party to the transaction without being bound to do so.

The word "privilege" as there used is defined by the language which follows it. It is merely the privilege of "buying the security from or selling the security to another party to the transaction without being bound to do so."

In paragraph (2), in the last line, on page 21, we find the use of the word "such", so that in its effect it relates to "such privilege", or the privilege defined in the language commencing in line 17, which I have quoted.

In the next subsection, at the top of page 22, we again find the use of the word "such" before the word "put", in line 3, but evidently by inadvertence, in subsection (c), in declaring it unlawful to endorse or guarantee certain things, the use of the word "such" has been omitted. I think it is a clerical error and that the word ought to be inserted at that point. Otherwise at the end of line 7 and the beginning of line 8 we have the use of the word "privilege" without any definition or restriction or anything to indicate the character of the privileges to which reference is made.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. STEIWER. Certainly.

Mr. BYRNES. The Senator referred to subdivisions 1, 2, and 3 of subsection (b) where the word "such" appears.

Mr. STEIWER. That is correct.

Mr. BYRNES. Subsection (c) is an entirely different section and has entirely different language.

Mr. STEIWER. It is true that it is an entirely different section and has entirely different language. But what character or privilege is referred to in subsection (c) and how and where is it defined? If it does not mean "such privilege" what privilege was intended to be meant by the draftsmen in the preparation of the language? However, I shall not press the matter upon the Senate. I think the word "privilege" as there used is meaningless, and in one way or the other ought to be defined.

Mr. COPELAND. Mr. President, I should like to ask the Senator in charge of the bill a question with reference to the wording on page 3, line 23. Has there been any change in the printing of the bill regarding the language "and any partner of any such firm"? Is that language still in the bill?

Mr. FLETCHER. There has been no change made in that respect.

Mr. COPELAND. It seems to me, if those words are not deleted the individual partners of all firms having a membership on the stock exchange are subjected to the jurisdiction of the commission with reference to their personal affairs. Perhaps those affairs have no reference to the securities business. I think it perfectly proper that the floor member, and the firm of which the floor member is a partner, should be subject to regulation, but, as I view it, it is entirely unnecessary and quite unjust that "any partner of any such firm" should be subject to regulation.

Mr. FESS. Mr. President, to what page is the Senator referring?

Mr. COPELAND. Page 3, line 23. I am trying to make the point that there may be a special partner in the business who has nothing whatever to do with the operation or conduct of the affairs of the concern.

Mr. FLETCHER. Mr. President, my attention was diverted and I did not get the Senator's question.

Mr. COPELAND. On page 3, line 23, I invited attention to the words "and any partner of any such firm". There may be special partners.

Mr. FLETCHER. It includes any firm transacting business as a broker or dealer, of which a member is a partner and any partner of any such firm. We must keep that language in the bill, or we may open the door too wide.

Mr. COPELAND. I think the Senator is wrong. The special partner is not a partner of the floor member. He is not an active member of the firm. He simply has some money in the firm, which perhaps has been left there through a generation or two. But if such a partner is to be subjected to the same supervision as is the firm and the active members of the firm, then every time he wants to mortgage his farm or borrow money or transact some personal business he will be subject to the supervision of the Commission.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COPELAND. Certainly.

Mr. BARKLEY. On the contrary, if we strike out those words, any firm might have a partner on the side or might create a partner on the side to do certain things, and there would be no supervision whatever of such a partner, as he would not come within the term "member of the firm."

Mr. COPELAND. The stock exchange and its members are to be under the control of the commission, but the man whom I have in mind is entirely outside of active participation in the concern and is not a member of the stock exchange.

Mr. BARKLEY. That very fact brings up the question whether a firm that is a member of the stock exchange might have a partner who could bring about transactions that would be free from regulation, under the guise of representing a firm that was a member of the stock exchange. The difficulty is that we would open the way for evasion by private arrangements between firms which are members of the stock exchange and men who may be partners in the firm, but on the outside, so as to make them in effect subject to regulation.

Mr. COPELAND. No; the Senator is entirely wrong. The bill is intended to regulate the stock exchange and the members of the stock exchange. I am referring to a special partner on the outside who has some money in the concern and has nothing whatever to do with the operation of the brokerage business.

Mr. FLETCHER. But he is a partner in the business.

Mr. COPELAND. If the brokerage concern violated the law, then that firm would be liable to the penalties of the law, and the members of the stock exchange who were in that concern would be liable to the penalties of the law. But I am referring to an individual who is entirely outside the membership of the stock exchange. It seems to me it is unjust that such an individual should be made liable to the penalties of the bill when as a matter of fact he has not a thing to do with the operations of the stock exchange or of any concern which has membership in the stock exchange.

Mr. FLETCHER. He must have something to do with it. He is a partner of a firm engaged in transacting the business of a broker or dealer.

Mr. COPELAND. The Senator from New Jersey [Mr. KEAN], who is familiar with the matter, will tell the Senator that there are special partners or families whose money has been left for a long time in a given concern.

Mr. BARKLEY. This is the definition of the word "member":

> The term "member" when used with respect to an exchange means any person who is permitted either to effect transactions on the exchange without the services of another person acting as broker, or to make use of the facilities of an exchange for transactions thereon without payment of a commission or with the payment of a commission or fee which is less than that charged to the general public, and includes any firm transacting a business as broker or dealer of which a member is a partner, and any partner of any such firm.

In other words, if there is any partner of any such firm, or any member of a partnership which is supposed to be a member of the New York Stock Exchange, which is allowed privileges or allowed to carry on transactions on the New York Stock Exchange, or through a broker or dealer by the remission of all fees or commissions or by the charging of a less commission than is charged the general public, then he would be brought within the term of "member" under this definition.

It is entirely possible, I should say, for a partner who is not a member of the stock exchange, through the membership of the partnership in the exchange, or an individual member of the partnership, to be able to acquire privileges to transact business without the payment of the fees or the commissions which are charged to the general public.

Mr. COPELAND. Let me say that the partner might be the widow of somebody who put money in a special account for this purpose 40 years ago. She is as innocent as a newborn babe in any transaction of the firm. She is not an active member of the firm. She has nothing to do with its transactions. She is entirely separate and apart from the business arrangements of the firm. That is my impression. I desire to ask the Senator from New Jersey if I have stated the matter as it is.

Mr. KEAN. Mr. President, the Senator has stated the situation absolutely correctly. In some cases people have died and left their money in the firm, and their heirs are special partners. They are precluded by the arrangement from having anything to do with the firm. The stock exchange specifies that they may not have anything to do with the firm.

Mr. COPELAND. Is it not a fact, too, that if we were to take all such persons and put them on Robinson Crusoe's island, put them away off by themselves, the situation would not be changed a single bit? They have nothing to do with the operation of the business. They have nothing to do with the stock exchange. They have simply left their money there, just as I might leave my money in a savings bank. That is the feeling I have.

Mr. KEAN. The Senator is quite correct.

Mr. COPELAND. I wish the Senator from Florida would be sufficiently impressed by what I say to let this matter go to conference. If he finds that it is not as I state it, I shall be perfectly satisfied to have the language restored to the bill; but I know that without the amendment a great injustice would be done to many entirely innocent people in this very respect. So I ask the Senator if he will not consent to take to conference an amendment striking out the words " and any partner of any such firm."

Mr. FLETCHER. Mr. President, I can only say that after this bill had been considered by the full committee for a great length of time, and the committee had devoted great care and deliberation to it and had modified it, the bill was referred to a subcommittee, which examined every word and every line of the bill; and I do not feel warranted in consenting to strike out any portion of it.

We talked about this subject in the subcommittee. We discussed it pro and con. We have heard all the arguments for the amendment and against it. I do not feel authorized to consent to the change.

Mr. COPELAND. Mr. President, may I ask the Senator if he recollects that the matter was discussed at all in the committee?

Mr. BYRNES. Mr. President, the language in the bill was intended to cover cases where one partner in a firm was a member of an exchange and a partner who was not a member could do things which the law would not permit to be done by the partner who was a member.

Mr. COPELAND. Do not the things the Senator is speaking about relate to transactions that would have to be carried on by the concern?

Mr. BYRNES. They would be carried on by the partner who was a member of the exchange, but the partner who was not a member could do things of many kinds which would enable the firm to evade the law.

Mr. BARKLEY. He might be allowed to escape the payment of the fees and commissions which the general public pays.

Mr. BYRNES. The object was to prevent him from doing it; to prevent a situation where one member of a partnership would be a member of the exchange, and business would be transacted ostensibly through another partner. I do not see that the language is going to do any harm to a partner of a firm conducting a legitimate business.

Mr. COPELAND. It is going to do great harm to the people I am talking about, and it is going to take that money entirely out of business. It is bound to do it. Those to whom it belongs cannot afford to leave the money there.

I have tried to present the matter dispassionately, with a very limited knowledge of the operations of the stock exchange, in which I do not participate; but I know perfectly well that what I have described to the Senate is exactly what will happen.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. COPELAND. Yes.

Mr. BARKLEY. This looks like a very small sentence to arouse so much controversy as to its meaning. A member is described in this subsection as a person who is allowed privileges on an exchange or is permitted to do business on an exchange through a broker or dealer upon the payment of fees that are less than the general public is charged, or with a complete remission of fees. If that does not apply to any such partner, he does not come within this subsection.

Mr. COPELAND. It does apply, because the committee is putting it in.

Mr. BARKLEY. No; not unless he is allowed some privilege which the general public is denied; not unless he is allowed through the partnership to do business without the payment of any commissions or fees, or unless he is allowed to do business by the payment of a less fee than that paid by the general public. If an outside partner is charged the same as the general public, he does not become a member under this definition.

Mr. COPELAND. Then perhaps the Senator, who is so energetic in his defense of this provision, will tell me the meaning of the words on page 43, lines 9 and 10. How far does that language go in its application—" safeguards in respect of the financial responsibility of members "? Is not that pretty indefinite and broad?

Mr. BARKLEY. If anybody should come within the definition of " member " by being allowed, although not an actual member, but as a partner of a member, some privilege or right not accorded to the general public, of course the language on page 43 would not apply to him.

Mr. COPELAND. In sections 7 and 8 there are all the safeguards that could possibly be thought of; and why, in addition to all those, is this one needed—" safeguards in respect of the financial responsibility of members "?

Mr. President, realizing the utter futility of the motion, I move that the language suggested on page 3, lines 23 and 24, and on page 43, lines 9 and 10, be deleted from the bill.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York.

Mr. BORAH. Mr. President, I could not quite hear the Senator's motion.

Mr. COPELAND. My motion was to delete the language which I was trying to explain on page 3, lines 23 and 24, after the comma on line 23, " and any partner of any such firm "; likewise, on page 43, lines 9 and 10, the language reading " safeguards in respect of the financial responsibility of members and."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York.

Mr. McNARY. I ask to have the amendment stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, line 23, after the comma, it is proposed to strike out the words " and any partner of any such firm "; and on page 43, line 9, after the figure "(1)", it is proposed to strike out the words " safeguards in respect of the financial responsibility of members and ".

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York. [Putting the question.] The Chair is in doubt.

On a division, the amendment was rejected.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Goldsborough	McGill
Ashurst	Clark	Gore	McKellar
Austin	Connally	Hale	McNary
Bachman	Coolidge	Harrison	Metcalf
Bailey	Copeland	Hastings	Murphy
Bankhead	Costigan	Hatch	Neely
Barbour	Couzens	Hatfield	Norbeck
Barkley	Cutting	Hayden	Norris
Black	Davis	Hebert	Nye
Bone	Dill	Johnson	O'Mahoney
Borah	Duffy	Kean	Overton
Brown	Erickson	Keyes	Patterson
Bulkley	Fess	King	Pittman
Bulow	Fletcher	La Follette	Pope
Byrd	Frazier	Lewis	Reynolds
Byrnes	George	Logan	Robinson, Ark.
Capper	Gibson	Lonergan	Schall
Caraway	Glass	McCarran	Sheppard

Shipstead	Thomas, Utah	Tydings	Walcott
Steiwer	Thompson	Vandenberg	Walsh
Stephens	Townsend	Van Nuys	Wheeler
Thomas, Okla.	Trammell	Wagner	

Mr. LEWIS. I desire to announce the absence of the Senator from Georgia [Mr. RUSSELL], occasioned by a death in his family.

I also wish to announce the absence of the Senator from South Carolina [Mr. SMITH], the Senator from Louisiana [Mr. LONG], and the Senator from Illinois [Mr. DIETERICH], who are necessarily detained on official business.

I likewise announce the absence of the Senator from California [Mr. MCADOO], caused by illness.

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, there is a quorum present.

Mr. HASTINGS. Mr. President, I desire to offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 28, after line 8, it is proposed to strike out all down to and including the word "investors" on page 30, line 21, and to insert the following:

(b) A security may be registered on a national securities exchange by the issuer filing an application with the exchange (and filing with the commission such duplicate originals thereof as the commission may require), which application shall contain—

(1) Such of the following information, in such detail, as to the issuer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the issuer, and any guarantor of the security as to principal or interest, or both, as the commission may by rules and regulations require, as necessary or appropriate in the public interest or for the protection of investors:

(A) the organization, financial structure, and nature of the business;

(B) the terms, position, rights, and privileges of the different classes of securities outstanding;

(C) the terms on which their securities are to be, and during the preceding 3 years have been, offered to the public or otherwise;

(D) the directors and officers, their remuneration (including amounts paid, or which may become payable, as a bonus or under a profit-sharing arrangement), and their interests in the securities of, and their material contracts with, the issuer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the issuer;

(E) remuneration (including amounts paid, or which may become payable, as a bonus or under a profit-sharing arrangement) in excess of $10,000 per annum, to any person other than directors and officers;

(F) management and service contracts of material importance to investors;

(G) options existing or to be created with respect to their securities;

(H) balance sheets for the 3 preceding years, certified by independent public accountants or otherwise, as the Commission may prescribe; and

(I) profit-and-loss statements for the 3 preceding years, certified by independent public accountants or otherwise, as the Commission may prescribe.

(2) Such copies of articles of incorporation, bylaws, trust indentures, or corresponding documents, by whatever name known, underwriting arrangements, and other similar documents of, and voting trust agreements with respect to, the issuer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with the issuer as the commission by rules and regulations may require as necessary or appropriate for the proper protection of investors and to insure fair dealing in the security.

Mr. HASTINGS obtained the floor.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Oklahoma?

Mr. HASTINGS. I yield.

Mr. GORE. Mr. President, I wish to say to the Senator that I did not rise with the intention of discussing the details of either his amendment or of the pending bill, but I do wish to submit a few observations in regard to the general principle which ought to underlie and limit legislation of this character, and I wish to say a few words concerning the particular policy which seems to inspire and to characterize the pending proposal.

I desire, first, to eliminate the main points concerning which there seems to be general or substantial agreement.

I believe it is agreed on all hands that legislation of this kind, legislation correcting the admitted abuses and the proven abuses of stock exchanges in general, and the New York Stock Exchange in particular—the big bad wolf—ought to be enacted at this time; that legislation correcting these abuses is necessary and desirable, and that such unfair and indefensible practices, as far as possible, should be prohibited by legislation, although it is easier to forbid than it is to prevent.

Mr. President, I believe there is general agreement, perhaps not universal agreement, that there ought to be a capital market, or that there ought to be a market place in this country, call it stock market, stock exchange, or what you will, I think it is generally agreed that there ought to be a market place where people who desire to sell securities and who desire to buy securities can meet and exercise the right to buy and sell.

I believe it is agreed that there ought to be a market place where the savings and the capital of the people can come to find desired and desirable investments.

I believe it is agreed that there are certain abuses which have grown up in connection with the stock exchanges of this country, certain unfair and evil practices, such as pools, syndicates, and other manipulative and deceptive devices, as they are characterized in the pending bill. There can be no doubt that, insofar as legislation can correct these evil practices, it ought to be done.

My own feeling has been that we should rather seek to correct the abuses of the market place than to prevent the uses of the market place.

I might in this place state that I have less faith than some have in the imperious "Be it enacted" of Congress and the imperious "Thou shalt not." As I said a moment ago, it is easier to forbid than it is to prevent. We adopted the eighteenth amendment only a few fleeting years ago—adopted the eighteenth amendment in order to prohibit traffic in intoxicating beverages. That amendment was repealed but yesterday. It was repealed with a great flourish and fanfare of trumpets, because prohibition, it was said, did not prohibit.

Mr. President, to prevent any act, any offense, any crime, which it takes two to commit, when both participants desire the thing to happen, and when both participants are determined that the thing shall happen, "Thou shalt not" is usually in vain.

The men who wished to sell and the men who wished to buy intoxicating liquors met and did so. People who desire to sell securities and who desire to buy securities will find the ways and means to do so, and will find a place where the transactions which they desire and which they are determined to see happen, will happen.

Mr. President, I make a distinction between the investor, the speculator, and the gambler. The investor is one who has available savings or resources, who desires to invest his resources where the principal will be safe, and where the principal will yield a reasonable and safe return upon the amount invested. As a rule the investor investigates before he invests. He investigates the industry generally, he investigates the particular concern in question, he investigates its resources, its assets, its financial structure, its management, its earnings, and its prospects, and he bases his action upon such investigations. His motive is to have his principal safe, and to have it yield a reasonable return during the period of the investment.

The speculator, as I conceive the speculator, makes the same investigations as the investor. He is as solicitous to ascertain the facts as the investor himself with regard to everything pertaining to the business, its capital structure, its earnings, and its outlook. He buys, however, with a different motive. He does not buy for a long-term investment, expecting a reasonable return during the period of the investment; he buys as a rule with the hope and expectation of selling, and that when he sells he will realize his principal and will realize a profit upon the sale. That, Mr. President, is not an illegitimate purpose or object. That motive has been the dynamics driving forward the progress of this country during its 3 centuries of unexampled development. It is a difference in motive.

The gambler knows little and perhaps cares less about industrial conditions in general, about the particular industry in whose securities he is investing; cares little or nothing about the particular enterprise whose stock he is buying, little or nothing about its financial set-up, its past or its prospective earnings. He generally yields to a contagion. He catches a fever and this fever is contagious.

These periodical panics and depressions have happened for 200 years; often at 10-year periods almost with mathematical precision. There is a psychological reason for that, and as long as men will buy on a rising market and sell on a falling market the recurrence of these panics, crises, and depressions, which have their roots deep down in human nature itself, cannot be prevented.

In 1929 I remember some stocks were selling at 60 times their earning power. I believe a stock selling at 10 times its earning power is regarded as a conservative investment. A stock selling at 15 times its earning power is regarded as being upon the border of speculation. Yet stocks sold in the market at 60 times their earning power. The judge and the janitor, the waitress and the heiress were infected with the fever.

To a certain extent I think the pending legislation is an effort to protect the fool against his folly. I doubt if it can be done. With all his folly, I think, he will outwit our wisdom and beat us to it. Of all "diseases", suicide is the hardest to prevent.

Mr. President, this bill has had an interesting history in its progress through the Senate Committee on Banking and Currency. Whence it came no man knoweth. In that committee it was changed many times, it was altered many times, modified many times, was amended many times, and I feel safe in saying that every time it was amended it was improved. The amendments were improvements. These improvements vindicate the wisdom of public hearings, the wisdom of exchanging and interchanging ideas with respect to legislation as with respect to other matters of common concern. And I pay honor to the venerable chairman of the committee for his patient work in connection with this measure.

The improvements made in this measure by the Committee on Banking and Currency almost vindicate the existence of Congress as a legislative department of the Government. I would not go so far as to say it was a complete vindication. That would be a deference to the past and to experience of which I would not care to be guilty.

When this measure first came forth from "the beautiful isle of somewhere" it was reputed to have teeth, indeed it was said that it was born with teeth in it, and some say—perhaps the midwife can confirm it—that it was born gnashing its teeth. It did remind one of a man-eater shark, and perhaps the draftsman took the man-eater shark, typified in the stock exchanges, as his model in the preparation of this measure. This bill had teeth, and some of its teeth we thought were dragon's teeth. Some of its teeth were tusks, some of its teeth were fangs. I speak for no one but myself, but I doubt not that if this measure had been passed as originally introduced and had ever closed its jaws upon the capital market of this country nothing but wreck and ruin would have issued from its jaws. The original draftsman proceeded upon the belief that the guillotine is the surest cure for a bleeding at the nose.

Mr. President, I am sure we all agree upon this point, that the supreme purpose of all our legislation should be to revive industry, to revive business, to aid in bringing back employment, to assist in putting an end to unemployment. That I think should be our supreme purpose and our supreme object, and all our legislation should converge upon that point.

Unemployment is the supreme problem—I may add is the supreme tragedy, as I see it. Every man and every woman who wants work, every man and every woman who needs work, every man and every woman who is willing to work, every man and every woman who is willing to work and is unable to obtain work, is a living tragedy. That is the tragedy which we should strive to bring to an early conclusion.

Mr. President, when the panic burst upon us, when the depression came upon us in 1929, we had in this country approximately 50,000,000 people who were gainfully employed, who were engaged in gainful pursuits and occupations. This was about 40 percent of our entire population, about two fifths of all our people of all ages and of both sexes. That was the condition when the storm burst upon us. Approximately one half of that number, about 26,000,000, were directly engaged in the various branches of production, the production of the raw materials of industry, the production of the finished products of industry, building and construction work. These employments engaged 26,000,000 of our people who were gainfully employed.

A little less than one half our employed population, about 23,000,000, were engaged not directly in production but in the various branches of distribution and exchange, in the performance of services of various kinds as distinguished from production. They were engaged in distribution, exchange, transportation, communication, wholesale and retail business; they were engaged in banking, in the rendering of professional services, and of domestic services of different kinds. These branches occupied the time and employed the labor of 23,000,000 of our gainfully employed population.

We have today, or we had but recently, some 10,000,000 unemployed. About one half that number were previously employed in the various branches of production, the other half were previously employed in the various branches of service—transportation, banking, and other services—many of which, in fact, most of which, ministered directly or indirectly to production itself.

Mr. President, those who were engaged in production fell into two categories; one class were engaged in producing what the economists call consumptive goods—I borrow the phrase—either raw materials for the factory or finished goods for current use and consumption. Those goods are largely made up of such commodities as foods, feeds, fuel, fibers, fabrics, clothing, leather, rubber, and paper. Barring raw materials, they comprise for the most part articles which are handled in our retail trade, which are sold across the counter to the ultimate consumer. Those industries have made an earlier beginning and a more marked beginning toward recovery than have the so-called "heavy industries." Until recently their progress was much more marked, as it was much more gratifying than that of the heavy industries. Producers of this sort have a quick, a rapid turnover. They have frequent turnovers and producers of this kind, of course, have certain financial requirements and a certain type of institutions serve their requirements. They do and can rely upon short-time credits upon short-time loans. Their needs can be served by commercial banks, and, when they are functioning, they are served largely by commercial banks.

The other class of producers are what are known as the "heavy industries"—those engaged in producing what is called "capital goods"; what the economists, I believe, call "durable goods." For the most part they are engaged in producing for construction work cement, concrete, stone, brick, iron and steel, heavy equipment, and heavy machinery. Those articles constitute, for the most part, the output of the heavy industries, which have shown less signs of improvement and recovery than have the lighter industries. It is agreed by all that the heavy industries are lagging or have been lagging in the return to better times. It is also agreed by all that they must recover before recovery can be general or can be permanent.

They require a different sort of financing from the lighter industries, which have repeated turn-overs. Those industries require long-time financing. They cannot depend upon the commercial banks and short-time loans and short-time credits. They must resort to the capital market and have access to the savings of the people. They must largely rely upon bonds; they must largely rely upon stocks. They depend

upon securities, realizing the required capital from the sale of their securities. Mr. President, this may be one of the reasons why these industries have exhibited a marked tardiness in returning toward prosperity. They have had difficulty in financing and refinancing themselves.

About 1 year ago the Securities Act was passed. It was predicted by many, and feared by some of us, that the Securities Act would serve as a brake upon the wheels of recovery. We feared that the measure was too stringent; that it was too rigorous; that it would seal up the sources of capital. Few, I believe, will now deny that those fears have come true. I believe that the Chairman of the Banking and Currency Committee has introduced an amendment seeking to liberalize the terms of the Securities Act and to facilitate long-time financing and refinancing in this country. Let us see what has actually happened under that measure.

Mr. REYNOLDS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ERICKSON in the chair). Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. GORE. I should prefer not to yield, but I will yield to the Senator.

Mr. REYNOLDS. If I recall correctly, last year, when the members of the Committee on Banking and Currency were considering the so-called "Securities Act", my distinguished colleague from Oklahoma at that time remarked that the passage of such a very drastic bill would, in a sense, retard recovery. I believe that his predictions have come true, and I am reminded of that fact now by the words that have just fallen from his lips, when he indicated that very recently the administration had recommended a modification of the Securities Act.

Mr. GORE. I think, Mr. President, that this, in a measure, if we required any vindication, would vindicate the views of those of us who did not support the Securities Act, and who did not support it for the very reasons which are now assigned for the amendment of that measure.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Ohio?

Mr. GORE. I would rather not, because I have a few more points I desire to make and I do not desire to detain the Senate long; but I will yield to the Senator.

Mr. FESS. I will not disturb the Senator. I was going to ask him a question, which I think is right along the line of the remarks which he has been making.

Mr. GORE. Very well. The Senator excites my curiosity. What is on his mind?

Mr. FESS. When the Senator mentions the situation as to durable goods, I think he puts his finger directly on the delicate point of our unemployment situation. I think it is the key log in the entire structure, and if he has a plan by which that jam can be unlocked—and I think he had something in mind when he spoke about long-time credits—it would be an object which I think we should all join in effectuating. The great difficulty is not only due to the wages that are unpaid in the durable-goods field, which is marked by unemployment, but also to the large group of unemployed salaried people heretofore providing services as distinguished from labor. If we could cure that situation, we probably would solve the entire problem. I mentioned some months ago that that seemed to be our difficulty.

I think the Senator also is accurate in his suggestion that penalizing legislation, no matter how wise the purpose sought by the legislation itself, and any legislation which will make it impossible to float corporate securities are bound to strike directly against the recovery of durable-goods industries.

Mr. GORE. Mr. President, I think the Senator's inferences are correct; and I am glad he reminded me of it, because that point had slipped my mind. As I suggested a moment ago, 5,000,000 of our unemployed were previously engaged in production and another 5,000,000 were previously engaged in the performance of services many of which ministered to production. Those who were engaged in performing such services were, of course, auxiliaries, in a sense, to those who were engaged in production. When those engaged in production ceased to turn out their customary output, the need for transportation, wholesale and retail markets, and for other services, ceased and the factories came to a standstill. If we can reopen the factories, if we can revive those heavy industries, if we can reemploy the 5,000,000 men who were engaged in production, and restore their purchasing power, that will almost automatically not only require but demand the services of the 5,000,000 now unemployed and who were previously engaged in the performance of services.

Mr. FESS. That is precisely the point I wanted the Senator to emphasize.

Mr. GORE. Let the 5,000,000 formerly engaged in production renew their output and there will be an imperative economic demand for the services of those who were formerly engaged in transporting, handling, selling, and marketing those products.

Mr. President, we ought largely to concentrate upon the revival of the heavy industries. I do not know what their future or what their fate may be. There are some who think their future is behind them, as Artemus Ward might have said. There are some who think the heavy industries and their output have approached the point of saturation at least in many directions. There are some who believe the States, counties, and cities have constructed all the buildings that will be required for several generations to come, who believe that office buildings and other large establishments in our cities have been constructed until the demand for years to come has been supplied in advance.

There are those who think our public highways have been completed up to the point where further construction can be discontinued. There are many who believe our railroads have been constructed to the point where they will supply our demands for many years to come; that if, indeed, the demand continues constant the supply already is available, and that the railroads will have need to resort merely to replacing and maintaining themselves. That may be true.

But, Mr. President, we must at least have machinery for the lighter industries. We must have machinery to produce the products in the nature of consumable goods, goods for current demand and consumption. That need will be constant. That demand will be constant. That demand must be supplied. That demand must be financed not by commercial banks but must be supplied in the capital markets of the country.

At this point I return to my line of discussion, and I wish to show what has actually happened under the Securities Act. It became a law May 27 of last year. The rules and regulations, as I recall, were promulgated July 27 of last year, so that the first 7 months of last year were not under the control of the Securities Act. The last 5 months of last year were under the control of the Securities Act.

What about long-time financing last year? Private enterprise financed itself out of private resources, floated and sold securities during the first 7 months of last year to the amount of $314,000,000, or about $45,000,000 a month. That was not under the control of the Securities Act. The last 5 months of the year were under the control of the Securities Act and financing of that character during those 5 months dropped down to $67,000,000, or about $13,000,000 a month, about one fourth as much per month as during the preceding 7 months prior to the operation of the Securities Act.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Kentucky?

Mr. GORE. I would rather not, but I will.

Mr. BARKLEY. I inquire if the Senator attributes that dropping off entirely to the provisions of the Securities Act?

Mr. GORE. No; I do not.

Mr. BARKLEY. In the emergency which existed following the bank holiday and the necessity for setting up machinery to try to start the wheels of industry again, was not the economic situation of the country of such a character that without any Securities Act there would have been a considerable falling off in the amount of money invested in new business?

Mr. GORE. The Senator from Kentucky is wide-awake and is extremely resourceful. That point naturally suggests

itself to him in the abstract when isolated from the facts. I intended to remove that apprehension by stating this further fact: The Securities Act did not apply to Government securities. During the first 7 months of last year Government securities were floated in this country to the amount of $363,000,000, or $52,000,000 a month. During the last 5 months of last year Government securities were floated to the amount of $309,000,000, or $62,000,000 a month. Behind these statistics, Mr. President, these facts and these figures answers the inquiry which naturally suggested itself to the fertile mind of the Senator from Kentucky. There is no doubt that the Securities Act did serve, within limits, as a restriction on long-term financing in this country during the year 1933.

As I was observing a moment ago, these heavy industries must survive within certain limits, must survive in order to supply the lighter industries with machinery and many other demands that are imperative and must be supplied. To the extent that the heavy industries survive they must be financed. There are only two sources from which those heavy industries can be financed. There are only two sources available to which the heavy industries can have recourse in order to provide themselves with the capital indispensable to their survival. What are they?

Mr. REYNOLDS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. GORE. I would rather not, but I will.

Mr. REYNOLDS. I should like to ask the Senator how we may ever expect to absorb the 10,000,000 who are now unemployed unless we lend some encouragement to industry?

Mr. GORE. Mr. President, I have a great reliance upon natural economic forces. I think that in the healing art nature does the work. Medicine may stimulate the forces of nature and may accelerate recovery, but medicine does not mend the patient. I have great reliance upon natural economic forces. I think within reasonable limits we can stimulate and accelerate those forces. On the other hand, I think we can retard and obstruct operations and hinder recovery itself.

I return, Mr. President. There are just two sources from which these heavy industries can finance themselves. One is out of the savings and resources of the people; one is out of the private purse of the private investors of the country. The other is out of the public purse.

That brings me to a question which concerns me much.

We hear a great many amusing whisperings around the corridors of the Capitol about those who would like to supersede our democracy, supersede our political and our economic structure, by some form of state socialism, or communism, or Hitlerism, or some other form of collectivism. I make no such intimation; but if I desired to supersede the institutions of our fathers, if I desired to supplant democracy with state socalism or any other form of collectivism, there are two courses that I would pursue, two courses paralleling each other, and—if I may use so novel an illustration—two parallel lines that finally converge. If I desired to substitute state socialism for our economic system, I would insist upon legislation like the Securities Act. I would make it so stringent that private enterprise could not finance itself from private resources. I would seal up the fountains of private finance so that industry could not meet its requirements at the hands of private investors.

Mr. President, if I desired to substitute state socialism for democracy, I would support such legislation as the pending bill was when it first came to the light of day. I would support such legislation as this measure was when it was first laid upon the doorsteps of Congress. I would support such legislation as this bill was when it was first thrown in at the window of the Banking and Currency Committee. I would strangle private enterprise, suffocate it, starve it, until it could not meet its requirements out of the resources of private investors.

On the other hand, in addition to favoring legislation such as I have described, I would favor more liberal legislation, if that be conceivable, providing for the Government to finance private enterprise. I would drive private industry, private enterprise, out of the capital markets of the country, and I would bolt the gates against its efforts. I would drive private industry and enterprise to the Government of the United States; and sooner or later I would expect to see private enterprise nestling upon the knee of the Government and lying supinely upon its breast, drawing from the breast of the Government the pabulum essential to its survival.

That is what I would do.

What have we done? Mark the parallel, which is, of course, a coincidence. What has the Government done to enable our people to borrow money, to enable them to get deeper and deeper into the quicksand of debt, which is almost a synonym for death—the crux of the present problem upon one hand, as unemployment is upon the other?

In 1913–14 we established the Federal Reserve System, founded in the beginning upon sound principles, and addressed to a salutary public object. I think every amendment of that measure has impaired its character and its efficiency. We created a dozen Federal Reserve banks in a dozen different districts.

Last year, or the year before, we breathed the breath of life into a dozen home-loan banks. I may not use the exact designation. We created a dozen home-loan banks in a dozen districts, financed in the first instance out of the Treasury of the United States, refinanced in the second instance out of the Treasury of the United States, which is only another word for out of the pockets of the taxpayers of the United States.

Then we guaranteed the interest on the bonds of those banks. Was that sufficient? There was an overwhelming and unanswerable demand that we guarantee the principal, or the scheme would not stand. We guaranteed the principal; and, Mr. President, I fear me much that the Government of the United States will one day pay the principal, and will one day pay the interest, if the principal and the interest are ever paid. Perhaps we may enable this arm of Federal sovereignty to go into the bankruptcy court and repudiate its debts, and dishonor its credit, and defraud its creditors. The Federal Government itself has changed the terms of its own obligations. Let none be shocked at what I say.

We created 12 farm-land banks in 12 different districts, financed in the first instance out of the Treasury of the United States, refinanced in the second instance out of the pocketbooks of the taxpayers of the United States. Lately, we guaranteed the interest on the bonds. Did that suffice? Still later we guaranteed the principal of the bonds; and I fear me that if those bonds are ever paid, they will be paid out of the pocketbooks of the taxpayers. And so we go on with this merry parade of providing credit for everybody who will accept credit.

That is not all. We establish 12 intermediate-credit banks to make loans to the farmers—a dozen intermediate-credit banks in a dozen different districts.

Is that all?

We have recently established a dozen crop-production corporations in a dozen districts and have authorized those corporations to create hundreds of little lending institutions from one end of the land unto the other.

Is that all?

We have created or authorized 12 cooperative credit banks of some designation—a dozen such banks in a dozen different districts.

Mr. President, but recently a bill was introduced in the Senate to create 12 intermediate banks for the benefit of industry. It was argued that we had 12 intermediate banks for agriculture, why not 12 intermediate banks for industry? There is no sufficient answer to such question. As long as the Government takes its stand upon justice, upon the principle that it will mete out justice to every citizen, whether he be high or low, rich or poor, the Government has a rule of conduct for its guidance in all exigencies—a place where it can say "no."

When you once depart from the standard of justice and begin to dispense favors and begin to mete out privileges,

you no longer have a standard for your guidance, and you have no place where you can ever say "no." That is the pity of it.

But due to the wisdom of the Senator from Virginia [Mr. GLASS] and the chairman, the Committee on Banking and Currency refused to report this bill, refused to bring another litter of banks into being, refused to bring in a bill authorizing the 12 Federal Reserve banks to make loans directly to industry, which would have been a departure from the principle upon which the bank was founded, and a dangerous departure.

Mr. President, the relationship of creditor and debtor between a sovereign and a private citizen is an impossible relationship. It cannot work out well; it cannot work out to the satisfaction of both parties concerned. One or the other, and probably both, will be dissatisfied.

Sometimes favors are curses to their recipients. You cannot satisfy the demand for easy credit with easier credit; that is like drinking salt water—it is like drinking the brine of the sea—it does not quench the thirst, it aggravates the thirst. I was reading only a day or two ago about Pericles, who installed in Athens a system of distributing public moneys from the public treasury among the people of Athens. I was reading the comment of Plato upon this policy of Pericles, written about a hundred years after the policy was instituted. Plato said that Pericles had converted the people of Athens into an idle, avaricious, self-respectless, gossip-mongering set of paupers and beggars. So said Plato in the ancient days. Of course, we have profited by what happened to them.

Mr. President, a bill was reported only a day or two ago to authorize the R.F.C. to do exactly what the other bill authorized the Federal Reserve banks to do, to make direct loans to industry. Heretofore the R.F.C. has been obliged to lend through financial institutions, or to lend through mortgage concerns adapted to or created for that purpose. That did not go far enough, and it did not go fast enough. The bill was first rejected by the Committee on Banking and Currency, but the campaign was renewed with irresistible vigor. Pressure was brought to bear; the R.F.C. must not be discriminated against, and that bill now stands here upon the calendar, and of course it will pass.

I want to say, in this connection, that I have the highest regard for Jesse Jones. I think he is one of the ablest men connected with this administration, or with the previous administration. I think that for the place he now holds, he is one of the best-fitted men in the entire country, if not the best.

Mr. President, this thing is a disease. It is a creeping paresis. I believe it is said that whenever erysipelas strikes the mucous membrane, death ensues. I hope this financial erysipelas will not reach the mucous membrane of the Nation.

I may astound others when I say that I am in favor of creating another set of financial institutions. Every man wants his particular set or his particular litter of banks. We are preparing a bill in the Committee on Banking and Currency to establish a dozen banks in a dozen different districts authorized, and not only authorized, but directed, to lend money, without security and without interest, to the members of the old fiddlers' union.

The old fiddlers' union has been neglected. It resents this neglect and still more its isolation. Not a thing has been done for it in recent years. In other years Democrats put catgut and fiddle strings on the free list, but along came the irreverent Republicans and placed them back on the dutiable list.

The members of the old fiddlers' union have votes. They have families who vote, and they have influence. We did strike a deadlock on this. Nobody on either side was disposed to make the old fiddlers mortgage both the fiddle and the bow. That would have been an inordinate exaction. Besides, the old fiddlers met in convention and declared they would vote against anybody who voted for any such proposition. So the only question was whether to have them mortgage the fiddle or mortgage the bow only. Personally, I say "fiddlesticks." [Laughter.]

I have said this, Mr. President, in order to reduce this matter to what I believe they used to call in geometry a reductio ad absurdum.

Mr. President, I desire to add one further observation. I wish to express the hope that the Congress will not make the mistake, will not commit the blunder that was committed by Congress in 1864 with respect to legislation of like character to this.

Early in the Civil War this country skidded off the gold standard or rather off a metallic basis. After the greenback measure was passed the country was on a paper standard and remained on a paper standard for some 18 years. When we went on a paper standard gold became merchandise as well as money, and, like any other merchandise, it was bought and sold and dealt in and speculated in, if you please, like any other merchandise in the market place. It went to a high premium, as high as 84 or 85 percent early in 1864.

Importers were obliged to pay customs duties in gold. They had to make provision in advance for the gold which would be required when goods were received at ports. Importers had to make payments for imported goods in gold or in foreign exchange purchased with gold. Necessarily they had to provide themselves in advance or assure themselves in advance that the gold or the foreign exchange would be available when the goods reached port and had to be paid for. As I say, the result was that gold went to a premium of 84 or 85 percent early in 1864.

A great many of our people, many of our statesmen, many of the politicians, jumped to the conclusion that gambling in gold was responsible for all our financial ills. I say "statesmen" shared that conviction because Salmon P. Chase, then Secretary of the Treasury, urged the passage of the so-called "gold bill", and declared that if that measure should not remedy then existing evils he would resign his high position as Secretary of the Treasury.

The so-called "gold bill" passed on June 17, 1864. On that day gold was selling at $1.84, at a premium of 84 cents. Within 1 week gold shot up to $2.84, the premium advanced 100 points in less than a week; the premium doubled in less than a week.

And mark you, gold was being bought and sold in the market place and the law referred to made it a high crime to buy and sell gold for delivery 1 day subsequent to the date of the sale. It made it a high crime to buy foreign exchange for delievery more than 10 days subsequent to the date of purchase. One authority said that the act bristled with penalties. The minimum fine was $1,000; the maximum was $10,000. The minimum imprisonment, I believe, was 3 months and the maximum, perhaps, 2 years or 5 years; and a reward was given to informers who furnished evidence for the conviction of gamblers in gold. Within a week after the passage of that measure gold went up more than 100 points, from 184 to 284.

On the 30th of June, Secretary Chase, true to his word, resigned his office as Secretary of the Treasury. On the 2d day of July, 15 days after the enactment of that economic measure, the Congress repealed the so-called "gold act." One historian said Congress "shamefacedly" repealed the gold act. Within 2 days gold sold off 50 points. After a few days varying with bad news it settled down to the level or to a lower level than that which prevailed at the time Congress made their adventure into economic legislation.

Mr. President, most of our economic legislation like that simply makes it hard to do what has to be done.

I apologize to the Senate for having taken this time. I wish now to call attention to only one further point in the bill, and I shall offer no amendment. I refer to page 2, line 3.

Section 2 of the bill is a stump speech, and it is an eloquent one. I do not discredit it. It declares that transactions on the stock exchange are affected with a national

public interest. I suppose that is to provide a constitutional peg on which to hang the proposed legislation.

Mr. President, the Supreme Court of the United States has held that the question as to whether a property is affected with a public interest is a question of fact, not a question of law. They have held that it depends upon the size and the importance of the property and the use to which it is devoted.

I believe the case of *McFarland* v. *American Sugar Refining Co.* (241 Sup. Ct. Repts.), decided that point. The Legislature of Louisiana undertook to impress a sugar refinery with a public interest. The Supreme Court of the United States held that that was not a question of law but was a question of fact, and since the days of Lord Chief Justice Hale it has, of course, been a recognized principle of law that a private individual by subjecting his property to a public use can invest the public with an interest in the property, and to the extent of such interest, it is subject to regulation. That principle was laid down in the case of *Munn* v. *Illinois* (94 U.S. Repts.), which is the leading case in this country on the subject.

No mere phraseology like that, no mere abracadabra of that sort, can change the character of these transactions. I do not know whether a transaction can be impressed with a public interest or not, as private property dedicated to public use can be impressed. I do not know, and I am not particularly concerned about that point. I merely wished to raise this point so that if the question should come before the Supreme Court, it would not be thought that it had been passed entirely unnoticed.

I wish now to make a request. I introduced a bill on this subject. I shall not offer it as an amendment, but I do ask to have it printed in the RECORD. It is based on the report prepared by Assistant Secretary Dickinson and his committee. I think it would be wiser legislation than the pending bill, but I do not propose it as an amendment. I also ask to have printed following my remarks a newspaper article with the heading, "Plea to Congress for 486,000 Firms." Among the signers of this plea I note the name of a prominent citizen of Oklahoma.

There being no objection, the bill and newspaper article referred to were ordered to be printed in the RECORD, as follows:

(This bill based on Mr. Dickinson's report)

Be it enacted, etc., That this act may be cited as the "Stock Exchange Act of 1934."

STOCK EXCHANGE COMMISSION

SEC. 2. There is hereby established a Federal Stock Exchange Commission (hereinafter referred to as the "Commission") to be composed of the Secretary of the Treasury and the Governor of the Federal Reserve Board, who shall be members ex officio, and three members to be appointed by the President, by and with the advice and consent of the Senate. Not more than two of such appointed Commissioners shall be members of the same political party. No appointed Commissioner shall actively engage in any other business, vocation, or employment than that of serving as Commissioner. Each appointed Commissioner shall receive a salary at the rate of $10,000 a year and shall hold office for a term of 6 years, except that (1) any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of office of the Commissioners first taking office after the date of enactment of this act shall expire, as designated by the President at the time of nomination, 1 at the end of 2 years, 1 at the end of 4 years, and 1 at the end of 6 years, after the date of enactment of this act.

LICENSING PROVISIONS

SEC. 3. (a) After 6 months after the date of enactment of this act it shall be unlawful to transmit or cause to be transmitted through the mails or in interstate commerce by any means or instruments of transportation or communication (1) any quotation of prices, or any other advice, report, or information concerning transactions on any stock exchange in any security listed, quoted, or dealt in on such exchange; (2) any offer to buy or sell such security on such stock exchange; (3) any contract, agreement, or memorandum of purchase or sale of any such security arising out of any transaction on such stock exchange; and (4) any security sold or to be sold on such stock exchange, unless such stock exchange shall have first obtained a license from the Commission as hereinafter provided and such license is in effect at the time of such transmission.

(b) Any stock exchange may make application to the Commission for a license, and such application shall be in such form and accompanied by such information as the Commission shall by regulations prescribe. Within 30 days after the receipt of any such application, and after full opportunity for hearing, the Commission shall enter an order granting or denying the license, unless the applicant therefor withdraws the application or consents to postponement of action thereon for a period to be designated by the Commission. The Commission shall grant the license applied for if it finds that the provisions of the constitution and rules of the stock exchange reasonably guard against undue speculative activity and unwarranted manipulative practices on such exchange, and otherwise govern the activities of the exchange and its members so as to afford reasonably adequate protection for investors.

CONDITIONS OF LICENSES

SEC. 4. Each license issued to a stock exchange under this act shall contain the following terms and conditions:

(1) That no change will be made in the constitution or rules of the exchange unless the Commission, after full opportunity for hearing, has first approved such change as being consistent with the requirements of subsection (b) of section 3 for the granting of a license;

(2) That the exchange will make such changes in its rules as the Commission may from time to time require, after full opportunity for hearing, as being necessary to make such rules consistent with the requirements of subsection (b) of section 3 for the granting of a license; and

(3) That the exchange shall take such disciplinary measures as may be necessary properly to enforce the provisions of its constitution and rules.

REVOCATION AND SUSPENSION OF LICENSES

SEC. 5. (a) The Commission shall by order, after due notice and opportunity for hearing, revoke the license of any stock exchange in any case where it finds that such exchange has failed or refused to comply with any of the terms and conditions of its license; except that if, in any such case, the Commission is of the opinion that the revocation of such license will not be in the public interest, it shall suspend the license of such exchange for such period as it deems consistent with the public interest.

(b) Any order of the Commission revoking or suspending a license may be reviewed by the Court of Appeals of the District of Columbia, or the circuit court of appeals for the judicial circuit in which the stock exchange is located, if a petition for such review is filed within 1 month after the date such order was issued. The judgment of any such court shall be final, except that it shall be subject to review by the Supreme Court of the United States, upon certiorari, in the manner provided in section 240 of the Judicial Code, as amended. The review by such courts shall be limited to questions of law, and the findings of fact by the Commission, if supported by substantial evidence, shall be conclusive. Upon such review, such courts shall have power to affirm or, if the order of the Commission is not in accordance with law, to reverse the order of the Commission, with or without remanding the case for a rehearing, as justice may require.

SPECIAL POWERS OF COMMISSION

SEC. 6. (a) The Commission shall have authority from time to time to make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this act.

(b) The Commission is authorized to recommend to stock exchanges licensed under this act such standards with respect to stock-exchange practices, and to gather and compile such information and make such investigations concerning transactions on the various stock exchanges, stock-market operations and practices, and related matters, as in its judgment are necessary and proper in the public interest and for the protection of investors.

(c) For the purpose of all inquiries and investigations made by the Commission under this act, any member of the Commission or any officer or officers designated by it are empowered to administer oaths and affirmations, subpena witnesses, take evidence, and require the production of any books, papers, or other documents which the Commission deems relevant or material to the inquiry or investigation. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States at any designated place of hearing.

(d) The Commission is authorized to appoint and fix the compensation of such assistants and experts, and, subject to the civil-service laws and the Classification Act of 1923, as amended, to appoint such employees, and to make such expenditures (including expenditures for rent and personal services in the District of Columbia and elsewhere and for law books, books of reference, and periodicals, and for printing and binding), as may be necessary to carry out the provisions of this act.

(e) The Commission is authorized to prescribe reasonable fees for licenses required under this act.

TESTIMONY AND PRODUCTION OF EVIDENCE

SEC. 7. (a) In case of contumacy or refusal to obey a subpena issued to any person pursuant to this act, any United States court within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides, upon application by the Commission, may issue to such person an order requiring such person to appear before the Commission, or one of its members or officers designated by it, there to produce documentary evidence if so ordered, or there to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof.

(b) No person shall be excused from attending and testifying or from producing books, papers, or documents before the Commission, or in obedience to the subpena of the Commission or any member thereof or any officer designated by it, or in any cause or proceeding instituted by the Commission, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

PENALTIES

SEC. 8. Any person who knowingly violates any of the provisions of this act, or the rules or regulations promulgated by the Commission under authority thereof, shall upon conviction be fined not more than $10,000 or imprisoned not more than 5 years, or both.

DEFINITIONS

SEC. 9. When used in this act—

(1) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, or any unincorporated organization.

(2) The term "interstate commerce" means trade or commerce, or any transportation or communication relating thereto, between any State or the District of Columbia and any place outside thereof, or within the District of Columbia.

(3) The term "stock exchange" means a market or meeting place, within the United States, controlled by rules, on or at which only members are permitted to deal with one another on their own behalf or for their customers, and on or at which securities of corporations or joint-stock companies are bought and sold or offered for purchase and sale.

(4) The term "security" means any note, stock, Treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, cerificate of interest in property tangible or intangible, or, in general, any instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase any of the foregoing.

(5) The term "United States" means the several States and the District of Columbia.

[From the New York Times]

PLEA TO CONGRESS FOR 486,000 FIRMS—28 LEADERS HOLD EXCHANGE BILL UNFAIR TO CONCERNS WHOSE STOCKS ARE NOT LISTED—FEAR STRANGLING RULES—LETTER SUGGESTING NUMEROUS REVISIONS IS SENT TO ALL MEMBERS OF CONGRESS

WASHINGTON, May 6.—Twenty-eight prominent industrialists joined today in a strong appeal for modification of the Fletcher-Rayburn stock-exchange regulation bill in the interest of almost half a million corporations the securities of which are not listed on the New York Stock Exchange.

They asserted in a letter to congressional leaders that 486,000 corporations, large and small, do business in the United States, while only 1,365 are listed on the New York Stock Exchange.

The letter was prepared by the National Committee for Modification of Industrial Sections of the Securities Exchange Act. W. B. Bell, president of the American Cyanamide Corporation, is chairman of the committee.

"While ostensibly this legislation is intended only to eliminate speculative abuses from the security exchanges", the letter said, "actually more than 450,000 firms throughout the land with no Wall Street connection would be brought under the strangling regulation of a Federal bureau."

The letter was sent in duplicate to Senator FLETCHER, Chairman of the Senate Banking and Currency Committee, and Representative RAYBURN, Chairman of the House Committee on Interstate Commerce.

The House passed the bill Friday and the Senate is expected to make it unfinished business this week, probably on Tuesday.

FEW CHANGES EXPECTED

The House made few changes in the bill as reported. The Senate is expected to pass the Banking and Currency Committee draft practically in the form reported.

The committee which sent the letter is affiliated with the National Association of Manufacturers and includes leaders in industry in all sections of the country.

"This group", said Mr. Bell, "has been organized to demand for business the justice which is not now a part of the pending stock-exchange regulation bills.

"The statistics of income-tax returns complied by the Commissioner of Internal Revenue disclose about 486,000 corporations doing business in the United States. Of this number, 1,365 are listed on the New York Stock Exchange and on all the exchanges of the country there are not more than 3,000 listed securities. Some 75 percent of these corporations do not have an annual income in excess of $25,000.

"Yet this legislation assumes that in order to obtain the purging of the stock markets, with which industry is in sympathy, it is necessary to require numerous reports from all of these thousands of small corporations that have no connection whatever with the stock market. The additional bookkeeping and accounting which would be necessary to meet the requirements of Federal regulation would place an unbearable financial burden upon many of the small corporations."

THE TEXT OF LETTER

Following is the text of the letter:

"The undersigned are a self-constituted committee representing the business corporations of which they are executives and many other business corporations of this country who have requested that we represent them.

"We are sending this letter to you to express the conviction, which we all have, that a serious mistake has been made by your committee in failing to give heed to the statements which have been presented to you urging further modifications of the provisions of the National Securities Exchange Act of 1934, which affect corporations; in addition to those made by your committees before reporting this bill to the Senate and the House of Representatives.

"The bill in the form presented by both committees retains, however, many provisions which extend its scope far beyond the regulation of exchanges and speculation. The business corporations of this country are no part of the stock exchanges.

"The latter may be the proper subject matter for regulation by Congress in order to prevent in the future the abuses of the past and to control harmful speculation by the public. But there is no justification for subjecting the more than 450,000 corporations of the United States to regulation by the Federal Government through a commission under the powers granted by this bill.

"Of these 450,000 corporations, only a few hundred have securities listed on any national exchange.

CALLS FOR FURTHER AMENDMENTS

"We recognize that both of the committees, particularly the House committee, have made a number of constructive amendments to the bill. We also recognize the helpful results which have been accomplished through the efforts of many of the members of the committees, who have realized the dangers to business corporations of the country from the drastic provisions of the bill in its earlier forms.

"However, it is apparent that a majority of the members of the committees have failed to consider the effect of many of the sections of the bill in its present forms, and to realize that in order to relieve such corporations of unfair burdens it is essential to make further amendments.

"The sections referred to below all require further amendment in both drafts of the bill in order to meet the objections which are expressed in the comments referring to each section. The specific amendments required to each draft to accomplish this purpose will be different, since some of the changes which have been made by one or the other committee partially meet certain of our objections.

"1. Registration requirements for securities and periodicals and other reports (secs. 12 and 13, Senate bill; secs. 11 and 12, House bill).

"These sections impose burdens on corporations by requiring information which is not necessary to protect investors and much of which is of a confidential nature, which may become public under the later section which relates to the public character of information. The power given to the Commission to dictate the form and detail of the reports required by these sections is too broad and unless greatly limited would result in burdensome regulations which would add excessive costs to business enterprises. A corporation should have the unqualified right to withdraw its securities from registration on reasonable notice.

SECTION ON PROXIES CRITICIZED

"2. Proxies (sec. 14, Senate bill; sec. 13, House bill).

"Paragraph (a) of this section does not in any way relate to speculation or regulation of security exchanges. It gives the Commission a broad power to regulate stockholders' proxies and so to interfere in the conduct of business corporations.

"3. Over-the-counter markets (sec. 15, Senate bill; sec. 14, House bill).

"This section affects more than 450,000 corporations which have no listed securities. It gives the Commission power to require registration of such securities. It therefore subjects to the Commission's control every corporation whose securities are sold through dealers or brokers on any market no matter how limited or how local. This section should be omitted.

"4. Directors, officers, and principal stockholders (sec. 16, Senate bill; sec. 15, House bill).

"This section should not apply to stockholders. It is unwise to discourage large investments in stocks of industrial corporations. Such stock holdings create interest in corporate affairs which is both a check on and an aid to management. In the Senate bill the provision, subsection (b), imposing liability is unfair and should be omitted.

"5. Liability for misleading statements (sec. 18 Senate bill, sec. 17 House bill).

"The liability under this section should be limited to false statements. Liability for misleading statements in the cases covered by this section is unwarranted. The provision in the Senate bill in regard to omissions is particularly dangerous.

WOULD LIMIT LIABILITY

"6. Liability of controlling persons (sec. 20 Senate bill, sec. 19 House bill).

"This section should be substantially modified. Liability of a controlling person should be limited to cases where the controlling person makes use of other persons in order to evade the act.

"7. Public character of information (sec. 23 Senate bill, sec. 23 House bill).

"This section should be more strictly limited. The Commission should only have power to disclose information which is essential to protect investors. In no event should it have power to reveal information which will damage the business of the corporation through disclosures of confidential information to its competitors, both domestic and foreign. Such disclosure is certain to result in loss to investors.

"8. Validity of contracts (sec. 28 Senate bill, sec. 28 House bill).

"The provisions of paragraph (b) of this section may render any number of commercial contracts void, with disastrous results on innocent parties. The effect of the act on contracts made in violation of its provisions should be governed by ordinary common-law principles.

"9. Penalties (sec. 30 Senate bill, sec. 32 House bill).

"These provisions are unnecessarily severe. Congress assumes a serious responsibility when it gives to a commission extraordinary power to make rules and regulations the violation of which is made a criminal offense punishable by excessive fines and imprisonment. In effect the bill gives the Commission power to write a criminal code.

OTHER CHANGES SUGGESTED

"In a letter of this kind we have limited our comments to the more important provisions of the bill, but additional changes in the wording of other sections are required to make them conform to the purpose of the changes proposed above, the details of which cannot adequately be set forth herein.

"These proposed changes in the bill will not weaken those provisions of the bill which are appropriate and essential to the proper regulation of the stock exchanges of the country and speculative trading on these exchanges. They will, however, relieve the business corporations of the country from those burdens which would increase substantially the cost of their operation.

"In its present form the bill sets up a barrier to the free flow of private capital into industrial enterprise, so essential to reemployment of labor and to the furnishing of capital for immediate recovery. We urge the passage of amendments necessary to accomplish our objectives.

"In order that the Members of the Senate and the House of Representatives, before whom the drafts of the bill are now pending, may be fully informed concerning the point of view with reference to them, we are sending a copy of this letter to each Member of Congress."

SIGNERS OF LETTER

The letter was signed by the following: W. B. Bell, chairman, president American Cyanamid Co., New York; George M. Laughlin, chairman Jones & Laughlin Steel Co., Pittsburgh; Edgar M. Queeny, president Monsanto Chemical Co., St. Louis; W. C. McFarlane, president Minneapolis-Moline Power Implement Co., Minneapolis; F. C. Rand, chairman International Shoe Co., St. Louis; H. S. Wherrett, president Pittsburgh Plate Glass Co., Pittsburgh; John H. Wiles, chairman Loose-Wiles Biscuit Co., Kansas City; Louis K. Liggett, president United Drug Co., Boston; James F. Bell, president General Mills, Inc., Minneapolis; Donald Comer, president Avondale Mills, Birmingham; Theodore Swann, president Swann Corporation, Birmingham; Thomas H. McInnerney, president National Dairy Products Corporation, New York; S. Bayard Colgate, president Colgate-Palmolive-Peet Co., Chicago; F. W. Lovejoy, president Eastman Kodak Co., Rochester; E. M. Allen, president Mathiesen Alkali Co., New York; Frank Phillips, president Phillips Petroleum Corporation, Bartlesville, Okla.; Charles R. Bottorff, president Belknap Hardware & Manufacturing Co., Louisville; Rolland J. Hamilton, president American Radiator Co., New York; Daniel Peterkin, president Horton Salt Co., 208 West Washington Street, Chicago; Edward Clark, president Cerro de Pasco Copper Corporation, New York; George E. Scott, American Steel Foundries, Chicago; Samuel W. Reyburn, president Associated Dry Goods Corporation of New York; R. S. Shainwald, president the Paraffine Companies, Inc., San Francisco; Charles Bancroft, president United Shoe Machinery Co., Boston; W. F. Rockwell, president the Timken-Detroit Axle Co., Detroit; C. A. Liddle, president Pullman Car & Manufacturing Co., Chicago; Sewell Avery, president United States Gypsum Co., Chicago; T. M. Girdler, chairman Republic Steel Corporation, Cleveland; F. A. Merrick, president Westinghouse Electric & Manufacturing Co., New York.

Mr. FESS. Mr. President, I am of opinion that all Senators who have listened to the remarks of the Senator from Oklahoma [Mr. GORE] will agree with me that they have heard one of the most logical as well as one of the soundest and sanest addresses that has been delivered in this Chamber for many a day. We always listen to the eloquent Senator with appreciation, as well as edification, but he has dealt today with more or less of an abstract view of an abstract question, and has strongly reinforced his points by citation of concrete measures which have already been enacted into law.

When those who take the time to read the RECORD read what the Senator from Oklahoma has said, they will find an unusually accurate recital of what has taken place in the form of legislation, in an attempt to relieve, if not to cure, a situation which affects our credit and financial system.

The Senator from Oklahoma has emphasized the principal ills from which we are suffering, and which many people think can be cured by artificial methods, totally ignoring all the force of economic law.

The Senator is a man who is not easily swayed by arguments in favor of artificial methods of cure. He made several statements which ought to have further study by our people when they are thinking of the conditions under which we are living.

The Senator spoke of the only two sources of funds for investments: One is from the income and savings of the people; the other from the Public Treasury. Mr. President, I should like to adopt the speech of the Senator from Oklahoma as my own. I wish I were able to present such a speech. I only take the time now to make a little further comment on one or two points which he did not develop.

The question of the source of funds for investments—with which we are dealing in this bill—ought to have had further light thrown upon it; and if it had not been for the fact that I did not want to interrupt the Senator, I should have asked him the question so I would have gotten his judgment on it: What proportion of the savings and income of our people, which ought to be the primary source of all investment, is now being absorbed by Government financing? It must be obvious to everyone that in the financing of the Government the money must come from some source; and if Government financing goes far toward absorbing the income and savings of our people, then what will be left for actual investment in industry, and how will industry recover in view of that situation? I should like very much to have had amplification of that particular problem which is before us from a Senator with such a mind as that of the Senator who has just spoken.

It is true that in normal times Government obligations, if they must be met by borrowing instead of taxation, take the form of long-term financing. Ordinarily every substantial financial institution of the country which desires its reserves in a safe place puts them in the long-term financing of Government; but there is not any man of any thoughtfulness who does not know that now such financing has ceased to be an investment on the part of any great banking institution in America. Instead of the Government being able to meet its obligations by means of long-term financing, it has to resort to the short-term financing, and there is no one who does not know that short-term financing absorbs the income and savings of our people, while if the Government's needs were taken care of by means of long-term financing the income and savings of the people would not be so largely absorbed in that manner. As we are abandoning long-term financing because of necessity and confining ourselves to short-term financing, we are absorbing the liquid assets in the form of income and savings which have always been the basis of industrial investments.

We are now discussing the question of the floating of securities and whether by this proposed legislation we shall clog the channel through which they flow. Such securities would naturally depend in ordinary conditions upon the income and savings of the people of the country, which, if absorbed by the Government's financing, will not be available for such investment. That is the particular phase of the discussion of the Senator from Oklahoma upon which sometimes at his leisure I should like to have him expand, because it is, in my judgment, one of the most serious financial situations confronting us today.

Mr. President, the danger from legislation such as is now pending is not so much contained in the wording of the legislation. Rather it results from the uncertain state of mind which the whole country is in which leads us to legislate from impulse rather than from judgment. That was evidenced in the passage of the National Securitiss Act. There had been so much done which ought not to have been allowed during the boom time that there was a profound prejudice against the buying and selling of securities as well

as the issuance of securities, and when the suggestion came before us, which had been before the public for months previously, that something should be done in the form of legislation to correct abuses with respect to floating securities, there never theretofore having been enacted anything like a national "blue sky" law, there was a general response to that suggestion There were very few who did not rather sympathetically regard the proposal.

I happened to be a member of the Ohio constitutional convention which gave sanction to one of the first "blue sky" statutes to be enacted in any State of the Union. I recall that when we were discussing it well-poised men wanted to know how far we were going to go in an attempt to protect the foolish man who never seemed to be impressed with "let the buyer beware." While that question did appeal to some of us, we were impressed with the advantage being taken of the public in the floating of securities which really had no sound basis. Consequently I have been more or less sympathetic with blue-sky legislation. But such legislation had up to recent times been limited to the States.

Biills to effect "blue sky" legislation often have been introduced in the House. One Member from Illinois persisted in his endeavors to have national recognition given to that form of legislation, but he never could induce his colleagues to go to the extent of putting it on the statute books.

This sort of legislation, therefore, is not new. It has been before the country in the form of State legislation for years and years. There is some justification for it, but it ought never to be the result of impulse, and its prime objective should not be to penalize. We ought not to put our eye merely upon the misfeasance and lose sight of the real structure which we may destroy because we do not like what someone has done. That is the danger in the National Securities Act.

I was sympathetic with that measure, but it went to such extent that, of course, I could not support it. I was one of the Senators who withheld his support for a time, until there was a slight modification, and finally under the pressure of that line of argument which would indicate that "this or nothing will be passed", I voted with reluctance for the bill.

The very thing I was afraid of has taken place. The thing that I ought to have known would occur when legislation is passed under such stress, did occur, and the legislation went too far in its effect.

The PRESIDING OFFICER (Mr. ERICKSON in the chair). The hour of 2 o'clock has arrived, after which time, under the unanimous consent order, no Senator shall speak more than once or longer than 15 minutes on the bill, or more than once or longer than 15 minutes on any amendment that may be pending, or may be offered.

Mr. FESS. Then I shall be permitted to proceed under the limitation, Mr. President?

The PRESIDING OFFICER. The Senator is correct.

Mr. FESS. Mr. President, the law to which I refer was too rigid. The Senator from Oklahoma has related the facts about the literal clogging of the channel for floating corporate securities. We ought to have known that that would be its effect, and that whatever obstructs or prevents the floating of corporate securities strikes at the very heart of recovery and is directly against it.

Take the case of the production of what are known as heavy durable goods, as discussed by the Senator from Oklahoma. The production of such goods cannot be wholly financed by borrowing. There is not a bank in America that will loan to an institution that is in the red. Under the law they are forbidden to do so, and no manager of a bank would permit it. A reorganization might be necessary in order to enable an industry running "in the red" to obtain relief; and unless there shall be some way by which securities may be floated there can be no increase of an old business and there will be no beginning of a new business.

Let me illustrate what I mean. Let us say a new business is started; it wants to borrow its initial capital; but no bank is going to loan on the good will of that new institution, and no bank will loan on its future prospects. However, under proper management, that corporation could issue its stocks, preferred and common, limiting the preferred issue to its actual value, and permitting the common stock to express its prospective value. People who are informed as to the enterprise, and have confidence in it, would be willing to purchase securities issued by such a corporation which has great promise though not enough assets, to begin with, to secure financial assistance from any bank. Under the National Securities Act such issuance of securities is virtually clogged entirely.

That act has had the effect of blocking the issuance of necessary corporate securities, without which there will be neither revival nor any increase in business; and yet, through pride of opinion, with even the President suggesting that there ought to be a modification of that act, we are not able to have it brought before us for consideration. Why is that? It is because of the impulse which is the ruling one in the American mind today. We may be able to get some modification of the Securities Act along the line of what is absolutely essential by an amendment suggested by the Chairman of the Committee on Banking and Currency being attached to the pending bill, but there is a hesitancy, as is obvious to everyone, to reconsider the bill in the form in which we passed it a year ago and to modify it. That is why we ought to go slowly with legislation such as is now pending before us.

I appreciate what the Senator from Delaware [Mr. HASTINGS] said the other day in his appraisal of the force of public opinion on legislation to the effect that if it were not for the state of mind in which we were we would not pass such an act as this which is now proposed. There was a rather striking example of the opposite of that statement here the other day when the amendment was offered to forbid dealing in margins. That amendment struck at precisely the most unpopular practice of the stock exchange, and appealed almost to every individual who has studied stock-exchange operations. The purpose of that amendment was to prevent a practice of the stock exchange which is the subject of universal criticism. However, there was not anyone here who could properly estimate the effect of that amendment had it been adopted. The sympathy of Senators on this side of the aisle would be favorable to it if it should not be so framed as to go further than was the intention of the proponent of the amendment. When, however, it is realized what effect on a great institution the limitation of what we all condemn might have, not knowing how far beyond that the proposed measure might go, we hesitate. If the action of this body were wholly determined by popular acclaim, there would not have been a single vote against that amendment, because it would have been the popular thing before the public to have done.

However, I am convinced that there is great value in the stock exchange as an institution. I should not want to emasculate it. I know, as does everyone else, that if we should forbid a certain practice that has come to be common on the New York Stock Exchange it would be only 1 month until that activity would be transferred to Montreal, across the border. If I knew that there was no value or advantage to be lost, and a movement of that kind were only for good, I would not hesitate; but I am afraid, without proper information, to go to the extent of destroying probably an institution which I think is of value.

Mr. President, I cannot join the group who feel that there is no good purpose served by the stock exchange. I am of the opinion that there is great value in having a place which is properly organized where one may sell securities issued by new or old corporations. I say that as one who never saw the operations of the exchange; never, to my knowledge, have I bought or sold anything as the result of the operations of the stock exchange; but the question is involved whether we should keep within the bounds of caution when we are legislating in the form of providing penalties.

Mr. President, there is another point of which we must not lose sight. We all desire recovery. There is not any-

thing so important to America today as recovery. Our only difficulty is in finding the way by which it may most speedily be brought about. Some of us are afraid to justify any means which may be employed merely because of the end desired, and especially are we afraid if the end is not assured. We sometimes proceed on the theory that we want to accomplish a certain result, and we would choose other methods if we could avoid those suggested, but we cannot do so, and therefore we adopt questionable methods in order to attain a justifiable end. That is always of doubtful wisdom; and to assume that such a course is justified when we are not certain that the means will bring about the desired end is certainly not wise. That is our difficulty here.

There is no one who does not want to cure the abuses of the stock exchange, unless perhaps it be some person who wants to profit personally on the stock exchange. Probably there are people of that kind, but I am speaking now of Senators and Representatives in Congress. There are none of them who do not want to cure such abuses. The only question is whether in our attempt to do that we will not do more harm than good.

I wish to call attention to the fact that in our desire for recovery we are under a terrific burden to take care of conditions during the interim before recovery shall have returned. We are under a terrific burden in the form of relief; we are running a deficit this year of nearly seven and a half billion dollars; we are paying out that much more than we take in. That is caused by our effort to meet the unusual problems which confront us; it is so in spite of the fact that we are increasing the burdens of taxation. The House sends to us a bill carrying $280,000,000 of new taxes. In this body we increase it to nearly $500,000,000. It goes to conference and comes out carrying $417,000,000. That, without doubt, is essential and in a degree it relieves somewhat the deficit, though not in any material way. But think of the small part of the enormous deficit the Government must meet that will be satisfied by this increased taxation.

What we are doing is to increase constantly the burdens on business in the form of new taxation in the hope of balancing the Budget. We will not balance the Budget because it is impossible. That cannot be done by taxation. We will have to take care of it by future borrowing. Notwithstanding that we cannot balance the Budget, we will continue to increase taxation. To the degree that we increase it we make the burden on business that much heavier. Every time we add new expenses to governmental operations we place heavier burdens upon business.

That is on the one side. On the other side we strike at business by making it impossible for the business man to freely float the securities necessary if he is to put himself on a basis where he can pay any tax, particularly the increased taxes. We are trying by a form of penalization to cure some of the malfeasance in an organization whose members, whether they violate the rules or not, have no command of or brake upon the ambitions or desires of people to speculate. I do not know how we are going to control that situation. We can destroy the work of the stock exchange if that is desired, but I do not believe that would be a wise course to pursue.

The PRESIDING OFFICER. The Senator's time on the bill has expired.

Mr. FESS. I will take my time on the pending amendment.

Mr. President, I am speaking of our acting on impulse here. We have our eye on gambling. We want to stop it, but the danger is that in order to prevent somebody doing what he should not do we may go to the extent of destroying the very structure we would like to preserve. Of course, those who think there is no function that is justifiable in the stock exchange will have no alarm because of anything of that sort; but those of us who believe there is a function of national importance in maintaining a stock exchange upon which securities may find a market, consider it quite necessary to be guarded in our legislation, and that instead of having a punitive element as the imperative and major item of legislation, we should keep in mind maintaining the structure. That was an error into which we fell in the consideration and passage of the National Securities Act. If we fall into a similar error here, as I think we are doing, it will not be a year until we will be called upon to modify what we are about to do.

I desire to repeat what I said a while ago. The only way to recovery, which is the big thing in the minds of everybody, is to find the means whereby industry and business can employ labor. There is no other way. Any other way is merely relief in the name of reform, but it is not recovery. There is no better way to employ the unemployed on a sound basis, without bankrupting the Treasury of the United States, than to find a way for business enterprise to pursue and increase its activities. We must, therefore, depend upon the man who is paying the taxes. We are now increasing the burden of taxation upon him, and, on the other hand, making it more and more difficult for him to make the necessary money with which to pay his taxes.

If we could eliminate the evils we want to get rid of without destroying the organization which we should like to maintain, I would go along with those who are pressing the bill. But I pursued that course in connection with the securities against my own better judgment. I now see the result of that course. I see the apparent impossibility of inducing those who were back of it to admit the error and to seek an improvement of that act by amendment. There are those in this Chamber, I assume, who will not admit there is anything wrong with the National Securities Act and who argue against any amendment of it on the ground that such proposals are mere propaganda by selfish interests.

We will have exactly the same result, I fear, under the stock-exchange control bill now before us. If we would put the emphasis upon trying to maintain the structure without emasculating it in the effort to prevent some malpractice that has taken place in the past, I would have sympathy with it; but as it is I cannot, unless substantial amendments are made, support the measure. I made the mistake when the National Securities Act was before us under a protest that I offered at a time.

The twelfth and thirteenth sections of the bill before us should be amended in the form suggested by the Senator from Connecticut [Mr. WALCOTT]. Some modifications suggested by the Senator from Oregon [Mr. STEIWER] have already been made, but many he suggested have been rejected. If the bill could be amended so we could be sure the stock exchange would still remain as an instrument for the sale or flotation of necessary securities, I would not hesitate to support the bill, but as it is written I cannot give my approval to it.

CHICAGO WORLD'S FAIR CENTENNIAL CELEBRATION

Mr. LEWIS. There are upon the table the amendments of the House of Representatives to the Senate bill relating to the Chicago Exposition and the appropriation therefor which I ask the Chair to lay before the Senate.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 3235) to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes, which were, on page 2, line 9, after the word "buildings", to strike out down to and including "Progress", in line 12, and on the same page, line 21, to strike out "$405,000" and insert "$200,000."

Mr. LEWIS. The bill has been amended in the House of Representatives from the form in which it was passed by the Senate. I desire, sir, to move that the Senate agree to the amendments of the House, being in the nature of a complete substitute, without asking for a conference and without seeking to have the measure returned to the House.

I wish the Senate to agree to the amendments of the House and adopt the bill, as amended, as it now stands.

The PRESIDING OFFICER. The question is on the motion of the Senator from Illinois.

The motion was agreed to.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. AUSTIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hebert	Pittman
Ashurst	Costigan	Johnson	Pope
Austin	Couzens	Kean	Reynolds
Bachman	Cutting	Keyes	Robinson, Ark.
Bailey	Davis	King	Schall
Bankhead	Dill	La Follette	Sheppard
Barbour	Duffy	Lewis	Shipstead
Barkley	Erickson	Logan	Steiwer
Black	Fess	Lonergan	Stephens
Bone	Fletcher	McCarran	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Brown	George	McKellar	Thompson
Bulkley	Gibson	McNary	Townsend
Bulow	Glass	Metcalf	Trammell
Byrd	Goldsborough	Murphy	Tydings
Byrnes	Gore	Neely	Vandenberg
Capper	Hale	Norbeck	Van Nuys
Caraway	Harrison	Norris	Wagner
Carey	Hastings	Nye	Walcott
Clark	Hatch	O'Mahoney	Walsh
Connally	Hatfield	Overton	Wheeler
Coolidge	Hayden	Patterson	

Mr. LEWIS. I wish to announce the absences announced on the previous roll call, to which I desire to add a note of the absence of my colleague [Mr. DIETERICH], who has been called away to the State of Illinois by official business.

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Delaware [Mr. HASTINGS].

Mr. HASTINGS obtained the floor.

Mr. LEWIS. Mr. President, will the Senator from Delaware yield to me?

Mr. HASTINGS. I yield.

Mr. LEWIS. May I interrupt the Senator from Kentucky [Mr. BARKLEY], having partly in charge the pending bill? I desire to call attention to the fact that in the State of Illinois, particularly in the city of Chicago, the school teachers have had a rather unfortunate experience in not being able to collect their pay. The city has issued tax warrants, and the teachers own these warrants in a very large sum. They anticipate further security. They desire to create a company or bring about an arrangement by which these certificates, though held by themselves, may be floated in such form as the local law will allow, perhaps to be sold in their own home, to be cashed where they may be. They are now concerned and report this morning the fear that they would have to get consent under the pending bill before they could place such warrants upon the market. I have advised to the contrary.

Without disturbing the bill by offering an amendment, I ask my able friend from Kentucky if he will give his judgment as to whether the bill would require the school teachers and their company first to appeal to the commission before they could float the warrants given them as compensation?

Mr. BARKLEY. Mr. President, in reply to the Senator I will say that it is inconceivable that any such warrants, or the stock of any company organized on that basis, would have to be listed on any stock exchange so as to bring them under the jurisdiction of the commission set up in this measure. There are provisions in the bill which exempt such local securities that are predominantly sold and bought intrastate from the operation of the bill; so it is hardly possible under any circumstances that an organization of that sort would have its certificates of stock, based upon an emergency created by the teaching situation in Chicago or elsewhere, brought within the jurisdiction of the bill.

Mr. LEWIS. And the able Senator does not feel that it is necessary to present an amendment to the bill to that effect?

Mr. BARKLEY. I do not.

Mr. LEWIS. I thank the Senator from Delaware for yielding to me.

Mr. HASTINGS. Mr. President, I inquire of the Senator from Kentucky whether it is not true that before a broker could deal in such warrants at all, and sell them to anybody in Indiana, for example, the provisions of this bill would have to be complied with?

Mr. BARKLEY. The bill specifically exempts local stocks that are dealt in predominantly intrastate. That is, it might be possible to sell a few shares across a State line without their being brought under the jurisdiction of the bill; but if they are in the main dealt in, even by a broker, wholly within a State, the bill itself exempts them; and the commission could exempt them even without such a provision.

Mr. HASTINGS. That is true because of the amendment adopted at the suggestion of the Senator from Michigan [Mr. VANDENBERG]?

Mr. BARKLEY. In part. There was another provision already in the bill at another place which did the same thing under slightly different circumstances; but the two provisions together, I think, amply take care of the situation.

Mr. HASTINGS. Mr. President, the amendment now before the Senate relates to section 12; and the amendment proposed is very largely the language used in the House bill. There are two or three exceptions to which I desire to call attention.

Section (K) is stricken out, which refers to—

Any further financial statements which the Commission may deem necessary or appropriate for the protection of investors.

I think that language is not in the House bill, and it is proposed to be stricken out by the amendment.

There are one or two other changes which are not of very great importance. The particular one which to me is of importance is to be found on page 28, paragraph (1) of subsection (b). That language by this amendment is proposed to be stricken out. I referred to it yesterday in discussing the bill. It provides that a security may be registered on a national securities exchange upon application by the issuer by filing with such exchange and with the commission—

(1) An agreement by the issuer—

And then, in parentheses, there is language which does not mean anything:

(which shall not be construed as a waiver of any constitutional right or any right to contest the validity of any rule or regulation) to comply with the provisions of this act and any amendments thereto and with the rules and regulations made or to be made thereunder, and not to lend any funds (except upon exempted securities) at the money post of any exchange or to any member thereof, or to any broker or dealer who transacts a business in securities through the medium of any such member, except in accordance with such rules and regulations as the commission may prescribe as necessary or appropriate in the public interest or for the protection of investors: *Provided*, That the provisions of this paragraph in regard to lending shall not apply to a member bank of the Federal Reserve System.

Mr. President, I call attention particularly to section 8, which makes these various acts illegal. It provides that it shall be illegal—

Directly or indirectly—

(a) To borrow in the ordinary course of business as a broker or dealer on any security (other than an exempted security) registered on a national securities exchange except (1) from or through a member bank—

And so forth.

The important thing—and I should like to know why it is important—from the point of view of those who drafted the bill, is to compel a person to agree not to do these various things.

After provision is made that the person shall enter into an agreement, it is provided—

Which shall not be construed as a waiver of any constitutional right of any right to contest the validity of any rule or regulation.

I do not quite understand why they want to get the issuer of the security on record, in the form of an agreement, not to violate a particular law, because it must be admitted that if the law itself is valid, and if the rules and regulations made by the commission are valid, and the person entering into the agreement has brought himself within the law by offering his securities for sale, then certainly, it seems to me, the point of compelling him to sign a paper that he will abide by the laws and rules made by the commission must have back of it something which those of us who have studied the bill do not quite understand.

I am not certain whether or not that is intended to apply particularly to over-the-counter markets. It will be observed that it is not every corporation that is to be affected by the bill, except that some broker or dealer may want to sell the securities of the corporation. I can conceive of a situation where a corporation would want nothing to do with the sale of its securities at all, would not be interested in whether they were sold or were not sold. The corporation may have received the money for the securities in the first place, they may be in the hands of the public, may not be on the stock exchange, and may never have been on the stock exchange. But some local dealer may have been dealing in those stocks, and he would like to continue to deal in them. He cannot do so legally unless the corporation complies with the law.

I do not quite understand whether this provision is intended to affect that sort of case, or just what its purpose is, and, not knowing why it is included, I have proposed my amendment, with the idea of having the language stricken out, pointing out at the same time that the provision can be of no legitimate service, so far as I can see, to the interpretation or the administration of the law.

Mr. FLETCHER. Mr. President, of course, this amendment would change the effect of the bill very materially if it should be agreed to, and we are opposed to it.

The Senator wants to know what was in the minds of those who prepared this provision. Let me call his attention to this situation. Under the National Banking Act of 1933, the Federal Reserve Board has the power to interfere with the extension of credit by the Federal Reserve banks for brokers' loans for speculation on stock exchanges. That reaches the banks, and is very important.

It will be remembered that at one time during the period from 1928 to 1929 there were $8,000,000,000 loaned by the banks to brokers in New York. The testimony before our committee showed that, in addition to that, the Standard Oil Co. was lending $69,000,000 a day, that the Electric Bond & Share Co. was lending $100,000,000 a day, that the Cities Service Co. was lending ninety-odd-million dollars, all that money coming from corporations over which the Federal Reserve Board and the Federal Reserve banks had no control, all that money coming out of commerce, industry, and agriculture and going into speculation on Wall Street by reason of high rates of interest being paid.

There must be some way whereby that sort of thing can be prevented from occurring again. It should not be permitted to occur, and this provision is aimed at that sort of situation, to furnish some sort of check on corporations which are taking money away from commerce, agriculture, and industry, and lending it out for speculation on Wall Street because they get a high rate of interest. There ought to be some sort of regulation, and that is the purpose of this provision.

Mr. HASTINGS. Mr. President, may I inquire of the Senator from Florida whether that is not covered by section 8 of the bill?

Mr. FLETCHER. I think not. It should be at this place in the bill, too.

Mr. BYRNES. Mr. President, I desire to call attention merely to the fact that the Senator's amendment would also strike from the bill subsection (K), upon which the Senate voted 2 days ago, and, by a vote of 3 to 1, retained in the bill.

It would also strike from the bill the provision as to the powers vested in the commission to secure information from security holders owning 10 percent or more of the stock of a corporation.

The section spoken of by the Senator from Delaware, making reference to an agreement, has a very definite purpose. It is, as the Senator from Florida has said, to prevent the lending of money by corporations at the money post of an exchange.

The House struck from the bill, passed by it, subsection 1, to which the Senator objects. The Senate, I hope, will insist on this provision. The matter will then be in conference. I believe the provision ought to be retained in the bill. Certainly the amendment of the Senator would strike from the bill several sections which, in the opinion of the committee that drafted the bill, are important.

Mr. GLASS. Mr. President, certainly the stock exchange could not object to this provision, because, facing the fact that the Banking Act of 1933 was to contain a similar provision—and it has in it a similar provision—the stock exchange itself adopted a regulation prohibiting the lending of money by corporations at the money posts.

Mr. HASTINGS. Mr. President, I desire to inquire of the Senator from South Carolina whether he can explain why there is a provision in the bill compelling the issuer of the security to enter into an agreement, instead of merely making it unlawful to do certain things.

Mr. BYRNES. Mr. President, the language as to the agreement was in the original draft of the bill. After the word "act", in line 14, there were words substantially as follows, "and, so far as possible, to require those in their employ to comply with the provisions of the act." Those words were eliminated from the bill by the subcommittee having it in charge. The language as to an agreement remains.

Of course, insofar as the law is concerned, and insofar as the rules or regulations are concerned, it is not material, because it does not matter whether the corporation agrees to obey the law or not; if the bill shall become law, they will have to obey it. But as to the remainder of the section, there is the provision to which I have referred, and to which the Senator from Florida has referred, that in the agreement there would be, among other things, a stipulation not to lend money at the money post of an exchange.

Mr. STEIWER. Mr. President, will the Senator from South Carolina yield for a question on that point?

Mr. BYRNES. I yield.

Mr. STEIWER. I am not sure that the Senator from South Carolina answered the question which was propounded by the Senator from Delaware. As I understood the question, the Senator from Delaware asked the purpose of exacting an agreement of the issuing corporation. I believe that at no time in the committee did I hear any particular statement, or any elaborate statement, at least, concerning the purpose of that provision.

I confess now that I do not know the underlying purpose which actuated the subcommittee in placing in section 12, paragraph (1), which requires the agreement of the issuing corporation.

Mr. BYRNES. The subcommittee removed or eliminated the language to which I have referred, which was in subsection (1).

Mr. STEIWER. Yes; I understand what the subcommittee did, but what I am trying to ascertain is, What was the subcommittee's purpose in doing what it did?

Mr. BYRNES. In eliminating that and leaving the present language?

Mr. STEIWER. Yes.

Mr. BYRNES. The language also referred to the provisions beginning on line 16, with regard to not lending any funds except upon exempted securities at the money post of any exchange, and so forth, and was left in because there would then be specific power in the commission to regulate that matter, as to which there would be some doubt if it were not left in the bill.

Mr. STEIWER. On my own account I have no particular objection to the latter part of the subdivision to which the

Senator from South Carolina has just referred. My objection has always gone to the earlier part of it.

Mr. President, I desire to take just a minute to tell the Senate again something of the nature of that objection.

In debating this bill at an earlier time I made the assertion that this agreement would impose upon the issuing corporations certain liabilities under which they would not otherwise be—liabilities both civil and criminal. I do not suppose that there is any chance that the Senate in its wisdom is going to eliminate this provision from the bill, but I think the RECORD ought to show why it is that at least one Senator is claiming that this section imposes new and unusual liabilities upon the issuing corporation.

The agreement probably is made for the benefit of investors. I am not as certain of that statement as I should like to be, but I think from the whole context and purpose of the bill, and by reason of the language contained even in this section, and possibly even in this subsection, that it is fairly apparent that this agreement is made for the benefit of investors.

I am told that in the State of New York, where most of these agreements will be made—and we know that in various States of the Union—a contract made for a consideration for the benefit of a third person is sustained at law this agreement is made between the issuing corporation and the commission and the exchange. In my opinion, it is made for the benefit of a third person, namely, the investor. Undoubtedly certain remedies inhere in this agreement in favor of that third person.

Permit me to call attention in this regard to section 27, which provides, among other things, as follows, in subsection (a):

> The rights and remedies provided by this act shall be in addition to any and all other rights and remedies that may exist at law or in equity.

To me it seems perfectly clear that we may conclude from the examination of these two sections and other sections of the bill that subsection (b) (1) of section 12 is intended to create liabilities upon the issuing corporation in favor of investors who in one way or another may come in contact with the securities of the issuer.

I should have no objection even to that if there were any way to define the full scope and extent of those liabilities. Because, however, the agreement is to abide by rules and regulations which exist at the time the registration statement is filed, and, in addition, to abide by rules and regulations which subsequently may be made by the commission, there is no way to estimate what the future exactions upon the issuing corporations may be; and if I am right in my theory that this language requires of the issuing corporation a new liability to third persons, and that liability is unknown and undefined, it will inevitably follow, as I contended here 2 or 3 days ago, that this provision in the bill will tend to retard recovery by restricting operations upon the exchanges and by inducing corporations not to make any attempt to issue their securities.

To the argument I made the other day I have as yet heard no answer which in my judgment is adequate. I have heard no one contend that he has examined this language carefully and that this agreement is not made for the benefit of third persons. I have heard no one deny that this amendment creates remote and unknown civil liabilities upon the issuing corporation.

The House has eliminated the language. The Senate might well eliminate it. I think it would not weaken the bill in any substantial respect if that were done.

The argument was made here the other day by certain Senators, including the Senator from Alabama [Mr. BLACK], that in any and every event the issuing corporation which seeks to register its securities would be compelled to abide by and comply with the rules and regulations. Of course, that is true. So far as criminal liabilities are concerned, I do not believe there is any difference whether we permit this section to remain or take it out; but so far as civil liabilities are concerned, there are such grave possibilities that it seems to me we should be well justified in eliminating the language.

I shall not detain the Senate, because I know how futile it is to reargue a question of this kind. I merely wanted the RECORD to show that one Senator endeavored to call to the attention of the Senate of the United States the disastrous consequence which is going to come from retaining that particular paragraph in the bill.

The PRESIDING OFFICER (Mr. LOGAN in the chair). The question is on the amendment offered by the Senator from Delaware [Mr. HASTINGS].

Mr. HASTINGS. On that I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Hayden	Overton
Ashurst	Copeland	Hebert	Patterson
Austin	Couzens	Johnson	Pittman
Bachman	Davis	Kean	Pope
Bankhead	Dill	Keyes	Reynolds
Barbour	Duffy	King	Robinson, Ark.
Barkley	Erickson	La Follette	Schall
Black	Fess	Lewis	Sheppard
Bone	Fletcher	Logan	Shipstead
Borah	Frazier	Lonergan	Steiwer
Brown	George	McCarran	Thomas, Okla.
Bulkley	Gibson	McGill	Thompson
Bulow	Glass	McKellar	Townsend
Byrd	Goldsborough	McNary	Trammell
Byrnes	Gore	Metcalf	Tydings
Capper	Hale	Murphy	Vandenberg
Caraway	Harrison	Neely	Van Nuys
Carey	Hastings	Norris	Wagner
Clark	Hatch	Nye	Walcott
Connally	Hatfield	O'Mahoney	Wheeler

The PRESIDING OFFICER. Eighty Senators have answered to their names. A quorum is present.

The question is on the amendment of the Senator from Delaware.

Mr. HASTINGS. I again ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been demanded. Is the demand seconded? Evidently there is not a sufficient number.

Mr. McNARY. I ask for a recount on the demand for the yeas and nays.

The PRESIDING OFFICER. A sufficient number have now seconded the demand, and the yeas and nays are ordered.

The legislative clerk proceeded to call the roll.

Mr. BARKLEY (when his name was called). I have a general pair with the Senator from Iowa [Mr. DICKINSON], which I transfer to the junior Senator from Illinois [Mr. DIETERICH], and will vote. I vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO], who is detained by illness. I therefore refrain from voting, as I do not know how he would vote. If I were at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. LEWIS. I again announce the absence of Senators mentioned by me on a previous roll call, for the reasons then assigned, and add that my colleague the junior Senator from Illinois [Mr. DIETERICH], if present, would vote "nay."

I desire also to announce the general pair of the Senator from Georgia [Mr. RUSSELL] and the Senator from Maine [Mr. WHITE], and the general pair of the Senator from South Carolina [Mr. SMITH] with the Senator from New Mexico [Mr. CUTTING].

I desire further to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Mississippi [Mr. STEPHENS], the Senator from Utah [Mr. THOMAS], and the Senator from Massachusetts [Mr. WALSH] are detained from the Senate by official business, and that the Senator from Colorado [Mr. COSTIGAN] is unavoidably detained.

Mr. ROBINSON of Arkansas (after having voted in the negative). I transfer my general pair with the Senator from Pennsylvania [Mr. REED] to the Senator from North Carolina [Mr. BAILEY], and allow my vote to stand.

Mr. HEBERT. I desire to announce that the Senator from New Jersey [Mr. KEAN] is paired with the Senator from Louisiana [Mr. LONG]. If the Senator from New Jersey were present and permitted to vote, he would vote "yea", and the Senator from Louisiana would vote "nay." I desire further to announce that the Senator from Indiana [Mr. ROBINSON] is paired with the Senator from Mississippi [Mr. STEPHENS]. I am not advised as to how the Senator from Indiana would vote if present.

The result was announced—yeas 23, nays 55, as follows:

YEAS—23

Austin	Gibson	Hebert	Schall
Barbour	Goldsborough	Keyes	Steiwer
Carey	Gore	McNary	Townsend
Copeland	Hale	Metcalf	Vandenberg
Davis	Hastings	Patterson	Wagner
Fess	Hatfield	Reynolds	

NAYS—55

Adams	Caraway	Hayden	O'Mahoney
Ashurst	Clark	Johnson	Overton
Bachman	Connally	King	Pittman
Bankhead	Coolidge	La Follette	Pope
Barkley	Couzens	Lewis	Robinson, Ark.
Black	Dill	Logan	Sheppard
Bone	Duffy	Lonergan	Shipstead
Borah	Ericksun	McCarran	Thomas, Okla.
Brown	Fletcher	McGill	Thompson
Bulkley	Frazier	McKellar	Trammell
Bulow	George	Murphy	Tydings
Byrd	Glass	Neely	Van Nuys
Byrnes	Harrison	Norris	Wheeler
Capper	Hatch	Nye	

NOT VOTING—18

Bailey	Kean	Robinson, Ind.	Walcott
Costigan	Long	Russell	Walsh
Cutting	McAdoo	Smith	White
Dickinson	Norbeck	Stephens	
Dieterich	Reed	Thomas, Utah	

So the amendment of Mr. HASTINGS was rejected.

CLAIMS OF TURTLE MOUNTAIN BAND OR BANDS OF CHIPPEWA INDIANS—VETO MESSAGE (S.DOC. NO. 179)

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and ordered to be printed, as follows:

To the Senate:

I return herewith, without my approval, S. 326, referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

The principal claims of these Indians were settled by a treaty ratified by the Indians and by the act of Congress of April 21, 1904, whereby $1,000,000 was appropriated for the benefit of the Indians, and under which they executed a release of all claims whatsoever held by them against the United States.

If such releases and settlements are ignored or deprived of their legal effect in this instance, an undesirable precedent would be created for applications for similar relief for other Indian tribes. This would require the Court of Claims and Supreme Court to pass upon questions of governmental policy in dealing with the Indians, and upon the propriety or impropriety of the Government's action in specific cases. These are questions of a political nature which, heretofore, Congress has consistently refused to remit to the courts for review. Further, it seems to me very questionable whether the courts can be asked or required to adjudicate the rights of the Indians and the United States and, at the same time, to exercise the powers of an arbitrator.

Section 4 of the bill opens the doors of the court to the institution of suits for individual losses or claims, something which the Congress has heretofore sedulously refused to do. This section also empowers the court to entertain questions with reference to agreements and treaties which the courts have uniformly held are strictly political and not within the province of a court. Recognition of Indian title is a purely political matter and can be accorded solely by the sovereign. Section 4 of this act might fasten upon the United States liability for the payment of the value of land which they had never recognized as belonging to these particular Indians solely because some official of the United States, minor or otherwise, had "recognized" title and occupancy by long possession as being in these particular Indians.

For the foregoing reasons, I consider the bill contrary to the best interests of the United States.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 10, 1934.*

Mr. FRAZIER. I move that the message of the President of the United States, with the accompanying bill, be referred to the Committee on Indian Affairs.

The motion was agreed to.

THE AIR MAIL

Mr. McKELLAR. Mr. President, I ask unanimous consent that the Chair may lay before the Senate at this time the amendments of the House to the so-called "air mail bill."

There being no objection, the Presiding Officer laid before the Senate the amendments of the House of Representatives to the bill (S. 3170) to revise air-mail laws, which were to strike out all after the enacting clause and insert:

That this act may be cited as the "Air Mail Act of 1934."

SEC. 2. (a) Effective July 1, 1934, the rate of postage on air mail shall be 5 cents for each ounce or fraction thereof.

(b) When used in this act—

(1) The term "air mail" means mail of any class prepaid at the rate of postage prescribed in subsection (a) of this section.

(2) The term "person" includes an individual, partnership, association, or corporation.

(3) The term "pilot" includes copilot.

SEC. 3. (a) The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for periods of not exceeding 1 year, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the term of the advertisement at fixed rates per airplane-mile. The base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 85 cents per airplane-mile for transporting a mail load not exceeding 300 pounds. Payment for transportation shall be at the base rate fixed in the contract for the first 300 pounds of mail or fraction thereof, plus one tenth of such base rate for each additional 100 pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month.

(b) In case of a determination by the Postmaster General that any bidder is not responsible or is otherwise disqualified under the terms of this act, such determination shall be subject to review in any manner authorized by law.

(c) The Postmaster General shall not award contracts for air-mail routes in excess of an aggregate of 29,000 miles, and shall not establish schedules for air-mail transportation on such routes in excess of an annual aggregate of 40,000,000 airplane-miles.

Authority is hereby conferred upon the Postmaster General to provide and pay for the carriage of mail by air in conformity with the terms of any contract therefor issued prior to the passage of this act, and to extend any such contract for an additional period not exceeding 9 months, at a rate of compensation not exceeding that provided for in the original contract: *Provided*, That the contractor shall consent in writing to the extension and shall likewise agree to comply with all provisions of this act during the extended period of the contract.

SEC. 4. The Postmaster General shall cause an advertisement of each air-mail route to be conspicuously posted at each post office that is a terminus of the route named in such advertisement, for at least 15 days, and a notice thereof shall be published at least once in some daily newspaper of general circulation published in the cities that are the termini for the route, before the time of the opening of bids.

SEC. 5. Any person having a claim against the United States arising out of the annulment of an air-mail contract heretofore held by it, may prosecute such claim in the Court of Claims of the United States, if suit therefor is brought within 1 year after such annulment. No person shall be ineligible to bid and contract for carrying air mail under this act by reason of the provisions of section 3950 of the Revised Statutes (act of June 8, 1872; U.S.C., title 39, sec. 432), nor by reason of any restriction imposed in prior legislation in respect to air-mail contracts.

SEC. 6. All persons holding air-mail contracts shall keep their books, records, and accounts under such regulations as may be prescribed by the Postmaster General, and he is hereby authorized to examine and audit the books, records, and accounts of such contractors and to require a full financial report under such regulations as he may prescribe.

SEC. 7. Before the establishment of any air-mail route the Postmaster General shall notify the Secretary of Commerce, who thereupon shall certify to the Postmaster General the character of equipment to be employed and maintained on such route. The Secretary of Commerce in certifying his specifications to the Postmaster General shall only determine the speed, load capacity, and safety features and safety devices of airplanes to be used on

the route, which said specifications shall be included in the advertisement for bids.

SEC. 8. The Secretary of Commerce is authorized and directed to prescribe the maximum flying hours of pilots on air-mail lines and safe operation methods on such lines. The Secretary of Commerce is authorized to prescribe all necessary regulations to carry out the provisions of this section and section 7 of this act.

SEC. 9. It shall be a condition upon the awarding and holding of any air-mail contract that the rate of compensation for all pilots, mechanics, and laborers employed by the holder of such contract shall be not less than the rate of compensation paid by air-mail-line operators during 1933, as modified by decisions of the National Labor Board. This section shall not be construed as restricting the right of collective bargaining on the part of any such employees.

SEC. 10. The Federal Radio Commission shall give equal facilities in the allocation of radio frequencies in the aeronautical band to airplanes carrying mail and/or passengers over regular scheduled routes.

SEC. 11. No contract awarded under this act or any interest in any such contract shall be sold, assigned, or transferred by the person to whom such contract is awarded, to any other person, except with the approval of the Postmaster General.

SEC. 12. The Postmaster General may cause any contract awarded under this act to be canceled for disregard of or failure by the contractor to comply with the terms of its contract or with the provisions of this act or for any conspiracy or acts designed to defraud the United States with respect to any such contract. This provision is cumulative to other remedies now provided by law.

SEC. 13. Whoever shall enter into any combination, understanding, agreement, or arrangement to prevent the making of any bid for any contract under this act, to induce any other person not to bid for any such contract, or to deprive the United States Government in any way of the benefit of full and free competition in the awarding of any such contract, shall, upon conviction thereof be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

SEC. 14. If any person shall willfully or knowingly violate any provision of this act, his contract, if one shall have been awarded to him, shall be forfeited, and such person shall upon conviction be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

SEC. 15. The Postmaster General may make such rules, regulations, and orders as may be necessary to carry out the provisions of this act.

SEC. 16. All acts or parts of acts inconsistent or in conflict with any provisions of this act are hereby repealed to the extent of such inconsistency or conflict.

SEC. 17. The President is hereby authorized to appoint a commission composed of 5 members to be appointed by him, not more than 3 members to be appointed from any one political party, for the purpose of making an immediate study and survey, and to report to Congress not later than February 1, 1935, its recommendations of a broad policy covering all phases of aviation and the relation of the United States thereto. Members appointed who are not already in the service of the United States shall receive compensation of not exceeding the rate of compensation of a Senator or Representative.

SEC. 18. Such commission shall organize by electing one of its members as chairman, and it shall appoint a secretary whose salary shall not exceed $5,000 per annum. Said commission shall have the power to pay actual expenses of members of the commission in the performance of their duties, to employ counsel, experts, and clerks, to subpena witnesses, to require the production by witnesses of papers and documents pertaining to such matters as are within the jurisdiction of the commission, to administer oaths, and to take testimony, and for such purpose there is hereby authorized to be appropriated the sum of $75,000.

Amend the title so as to read: "An act to authorize the Postmaster General to award 1-year contracts for carrying air mail, to establish a commission to report a national aviation policy, and for other purposes."

Mr. McKELLAR. I move that the Senate disagree to the amendments of the House of Representatives, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

Mr. McNARY. Mr. President, I desire to ask the nature of the House amendments. We certainly are entitled to some explanation of what is proposed in the way of legislation.

Mr. McKELLAR. The text of the Senate bill was stricken out by the House and the text of the House bill substituted therefor. Quite a number of changes are involved, so, under the circumstances, there is nothing for us to do but to ask for a conference.

Mr. McNARY. What are the changes?

The PRESIDING OFFICER. The Chair may state to the Senator from Oregon that, as the Chair understands, the motion is that the Senate disagree to the amendments of the House and that conferees be appointed.

Mr. McNARY. That is true; and upon that question I desire to be recognized in order that I may propound to the Senator from Tennessee some inquiries.

Mr. McKELLAR. I shall be glad to explain to the Senator what the changes are.

If my motion shall be agreed to, it will virtually put the entire bill in conference. One of the principal sections of the Senate bill is section 7, in which those ineligible for contracts are set forth, and prohibitions are made against affiliates, holding companies, subsidiaries, and manufacturing companies. That provision is not contained in the House bill. Also, the House bill omits the provision with reference to the Interstate Commerce Commission. The matter of ratemaking is not referred to the Commission.

Those are the two most important amendments. There is a difference in the rate to be charged as fixed by the House and as fixed by the Senate; and there are a number of other minor changes.

I think perhaps I have stated sufficient to show the Senator that it is necessary to have a conference.

The PRESIDING OFFICER. The question is on the motion of the Senator from Tennessee that the Senate disagree to the amendments of the House, ask for a conference, and that conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. BLACK, Mr. HAYDEN, Mr. SCHALL, and Mr. FRAZIER conferees on the part of the Senate.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. COPELAND. Mr. President, I send forward an amendment and ask that it may be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In section 8, page 19, line 1, it is proposed to strike out the word "To" and insert "In contravention of such rules and regulations as the commission shall prescribe for the protection of investors, to."

Mr. FLETCHER. Mr. President, I see no objection to that amendment.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from New York.

The amendment was agreed to.

Mr. HASTINGS. Mr. President, I send to the desk an amendment and ask that it may be read.

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware will be stated.

The LEGISLATIVE CLERK. On page 33, after line 8, it is proposed to strike out all down to and including the word "issuer", on page 35, line 5, being section 13, and in lieu thereof to insert the following:

SEC. 13. (a) Every issuer of a security registered on a national securities exchange shall file the information, documents, and reports below specified with the exchange (and shall file with the commission such duplicate originals thereof as the commission may require), in accordance with such rules and regulations as the commission may prescribe as necessary or appropriate for the proper protection of investors and to insure fair dealing in the security—

(1) Such information and documents as the commission may require to keep reasonably current the information and documents filed pursuant to section 11.

(2) Such annual reports, certified if required by the rules and regulations of the commission by independent public accountants, and such quarterly reports as the commission may prescribe.

(b) The commission may prescribe, in regard to reports made pursuant to this act, in accordance with accepted principles of accounting, the form or forms in which the required information shall be set forth, and the items or details to be shown in the balance sheets and profit-and-loss statements; but in the case of the reports of any person whose accounting is subject to the provisions of any law of the United States or any State, or any rule or regulation thereunder, the rules and regulations of the commission with respect to reports shall not be inconsistent with the requirements imposed by such law or rule or regulation, except that this provision shall not be construed to prevent the com-

mission from imposing such additional requirements with respect to such reports, within the scope of this section and section 11, as it may deem necessary for the protection of investors; provided that no additional requirements shall be imposed upon the carriers subject to the provisions of section 20A of the Interstate Commerce Act as amended.

(c) If in the judgment of the commission any report required under subsection (a) is inapplicable to any specified class or classes of issuers, the commission shall require in lieu thereof the submission of such reports of comparable character as it may deem applicable to such class or classes of issuers.

Mr. HASTINGS. Mr. President, this amendment is to section 13, and, as I think, is the exact language of the House bill; at any rate, the changes made are to be found on page 33 of the bill in the last three lines.

This question was discussed by the Senator from Oregon [Mr. STEIWER] the other day in particular. The amendment affects the last paragraph on that page, which now reads:

(2) Such annual reports as the commission may prescribe, certified if required by the rules and regulations of the commission by independent public accountants; such quarterly reports as the commission may prescribe; and such other reports as the commission may deem essential in special circumstances.

The amendment proposes to strike from that provision the words "and such other reports as the commission may deem essential in special circumstances."

The next section is changed to read as follows:

(b) The commission may prescribe, in regard to reports made pursuant to this act—

Then these words are inserted:

In accordance with accepted principles of accounting.

So the sentence reads:

The commission may prescribe, in regard to reports made pursuant to this act, in accordange with accepted principles of accounting, the form or forms in which the required information shall be set forth, the items or details to be shown in the balance sheet and the earning statement.

Under the amendment the following language is proposed to be stricken out:

And the methods to be followed in the preparation of reports, in the appraisal or valuation of assets and liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the preparation, where the commission deems it necessary or desirable, of separate and/or consolidated balance sheets or income accounts of any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer.

By the amendment that language is proposed to be stricken out as being too much of a burden to be placed upon corporations which may desire to list their securities upon a stock exchange or in any other way as effected by the bill.

I do not propose to take the time of the Senate in further discussion of the matter. I covered it yesterday in my address to the Senate, and my only object in addressing the Senate but a moment is for the purpose of expedition.

Mr. President, I may say before the Senate passes upon the amendment that I have several other amendments upon which I expect to ask the Senate to pass. I have conferred with the chairman of the committee with respect to some of them. I have been advised by him and by other members of the committee that they have examined all the amendments and, with possibly one exception, the committee is not prepared to accept any of them. I think we have gone far enough with the bill and with the record votes on amendments to demonstrate to the Senate as well as to the country that it is impossible to have a majority of the Senate agree to any amendment contrary to the wishes of the chairman of the committee and those working with him. In view of that fact, I am not going to insist upon a record vote on the particular amendment now pending, and perhaps on none of the others, with one exception.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I send to the desk another amendment, which I offer.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 3, line 24, after the word "firm", to insert "but does not include a bank."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware.

Mr. FLETCHER. Mr. President, the amendment would enable the bank to become a member of an exchange without subjecting itself to the provisions of the bill. Banks would be put in a special class of membership under the amendment. There are banks in the country now which are members of exchanges, and others would be formed for that purpose, and yet they would not be under any restriction or restraint at all under the provisions of the bill, because they would be excepted under the definition of members.

I think the idea is thoroughly wrong.

Mr. HASTINGS. Mr. President, I am frank to say that I do not know much about this proposal. I have introduced it by request. I should like to make the explanation which was made to me with respect to it.

There are many banks which are members of stock exchanges, and as such are entitled to participate in the commissions charged on security transactions originated by them. This type of memberships exists in several different western stock exchanges. Unless the section is amended these banks will be deprived of a profitable source of revenue. The bill already recognizes that banks should be exempted from the definition of "broker" and "dealer", because the provisions of the bill applicable to brokers and dealers would impose an impossible burden on banks. The same would be true of those banks which would be considered members of stock exchanges under the sweeping definition contained in the subparagraph.

That is the only explanation I have with respect to it, and I am satisfied to have the Senate act upon the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware. [Putting the question.] The "ayes" seem to have it.

Mr. BARKLEY. I ask for a division.

On a division, the amendment was rejected.

Mr. HASTINGS. Mr. President, I send to the desk another amendment which I offer.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed, on page 9, line 23, after the word "regulations", to strike out all down to and including the word "act", on page 10, line 4, and to insert in lieu thereof the following:

And to enter such orders as may be necessary for the execution of the functions vested in it by this act. Whenever the commission deems it necessary in the public interest or for the protection of investors, the commission shall have power to determine that the violation of any rule or regulation made by it, the violation of which is made unlawful by the terms of this act, shall be subject to the penalties provided in section 30 of this act: *Provided, however*, That such rule or regulation shall be published in such manner as the commission shall deem appropriate to give notice to the persons affected thereby at least 20 days before the effective date thereof. Any rule or regulation, a violation of which is subject to the penalties provided in section 30 of this act, shall be deemed to be an order of the commission and any person aggrieved thereby may obtain a review thereof as provided in section 24 of this act.

Mr. HASTINGS. Mr. President, the commission should have power not only to adopt rules and regulations, but also to enter orders making its rules and regulations effective.

The purpose of this amendment is to make it possible for the commission to adopt rules and regulations which would not always be subject to the heavy penalties imposed by the bill.

In view of the broad powers given to the commission to adopt rules and regulations affecting different types of transactions, a certain degree of flexibility ought to exist with regard to the penalties which attach to the violation of such rules and regulations.

Under section 30 of the bill, criminal penalties are imposed for violation of rules and regulations. It is conceivable that the commission might wish to adopt many rules and regulations of a minor character, the violation of which should not be made a criminal offense. The amendment would not in any way diminish the power of the commission, but would allow the commission to specify which of its rules and regulations required a criminal penalty to aid in their enforcement.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, line 9, after the word "exchange", it is proposed to strike out all down to and including the word "needs" in line 15, and to insert:

In contravention of such rules and regulations as the Federal Reserve Board may prescribe: *Provided, however,* That this subsection shall not apply to loans made by or through a member bank of the Federal Reserve System.

Mr. HASTINGS. Mr. President, I desire to make an explanation of this amendment.

The purpose of the amendment is to make this subsection of the bill conform to the principle adopted by the committee of not prohibiting practices which are to be regulated by the Federal Reserve Board except when they are in contravention of rules and regulations adopted by the Board.

The practical advantages of this change are substantial. Unless it shall be made, all nonmember banks will be deprived of the right to make loans to members of exchanges, brokers, and dealers until the Federal Reserve Board shall have promulgated rules and regulations. The time available for the formulation of such rules and regulations before the act is to become effective is not very great; and it would, therefore, seem wiser to permit the customary practices to continue until the Reserve Board shall have adopted rules and regulations to govern them.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 18, it is proposed to strike out lines 16 to 25, inclusive, in the following words:

(b) To permit in the ordinary course of business as a broker his aggregate indebtedness to all other persons, including customers' credit balances (but excluding indebtedness secured by exempted securities), to exceed such percentage of the net capital (exclusive of fixed assets and value of exchange membership) employed in the business, but not exceeding in any case 2,000 percent, as the commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors.

Mr. HASTINGS. Mr. President, this subsection is apparently intended to insure the solvency of brokers by requiring them to maintain a minimum ratio between their capital and their aggregate indebtedness. In theory, such a formula may seem useful; but in practice it would not accomplish its purpose. The ratio between net capital and total indebtedness does not indicate the solvency of a brokerage house, because a large part, and sometimes the most important part, of a broker's assets or liabilities are open contracts which cannot be truly reflected on a balance sheet. The proper formula for the regulation of the minimum capital which should be maintained by brokers would be too long to be included in a statute. It belongs properly in the rules and regulations which the commission can require exchanges to adopt under section 19 of the bill.

Another persuasive reason for eliminating this provision is that it would require every person lending money to a broker to investigate the broker's books so as to make sure that the broker's capital met the minimum statutory requirements. Otherwise, a loan made to a broker whose capital was insufficient might be considered invalid.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I send to the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 19, line 2, before the word "customer", it is proposed to insert "without his written consent", and on page 19, line 4, to strike out "without his written consent."

Mr. HASTINGS. Mr. President, this subsection is intended to protect the customers by making it illegal for brokers to commingle customers' securities in connection with a hypothecation or pledge by a broker. It also is intended to prevent a broker pledging customers' securities for more than the amount due to him by his customers.

In the subdivision marked "(1)" it is recognized that these prohibitions should not apply if a customer consents in writing. By moving the phrase "without his written consent" from line 4 to line 2, the waiver of the prohibitions by a customer is made effective to all three of the subdivisions instead of being confined to the first subdivision, as at present. No reason is apparent why this consent provision should not apply to the second and third subdivisions as well as to the first.

Unless some such change is made the practical results may be absurd. For instance, a broker could not use his own securities as additional collateral in a loan in which any of his customers' securities were pledged. Banks frequently call for additional collateral which must be supplied within a few hours. It is, naturally, impossible for a broker to call upon his customers to furnish him with extra margin within any such brief period of time. Unless the broker can use his own securities to meet such a demand, the bank might sell out the loan, to the great injury of the broker's customers.

Unless this section is amended so as to eliminate its impractical features the liquidation of a substantial amount of brokers' loans may be become imperative upon the effective date of the act.

The apparent purpose of these provisions is to prevent a broker financing his own speculations through the use of his customers' securities. The prohibition against the hypothecation of customers' securities will not, however, accomplish this purpose, because a broker's speculations might be financed through the use of customers' credit balances or other assets. The proper method of accomplishing this legitimate purpose is by having the commission require each national securities exchange to adopt rules and regulations governing the conduct of customers' accounts. The commission has power to require the adoption of such rules and regulations under section 19 of the bill.

May I urge the chairman of the committee to let this amendment be adopted, so that at least it may go to conference, because it does seem to me that it might be of the greatest importance?

Mr. FLETCHER. Mr. President, I am unable to agree with the Senator. I think this is a dangerous amendment. I am opposed to it.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I send to the desk another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 26, it is proposed to strike out lines 5 to 8, as follows:

It shall also be unlawful for a specialist acting as a broker to effect on the exchange any transaction except upon a market or limited-price order.

Mr. HASTINGS. Mr. President, the Commission is given broad power to determine rules or regulations under which specialists may act as brokers. It seems unnecessary, therefore, to have a statutory prohibition preventing them from accepting orders unless they are market orders or limited orders.

The effect of the present provision would be to make the execution of discretionary orders and stop-loss orders by a specialist illegal. It is far from certain whether the elimination of stop-loss orders may not be harmful rather than helpful to the investing public. Certain types of discretionary orders should probably be forbidden, but even market orders require the exercise of a certain degree of discretion if the public is to be protected. In view of the complexity of the problem, a statutory prohibition is certainly inadvisable, and this whole subject matter ought to be left to rules and regulations to be adopted by the commission.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. I send to the desk another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 31, line 3, it is proposed to strike out all down to and including the word "holders" on page 32, line 2, and to insert:

(d) If the exchange shall certify to the commission that the security has been approved for listing, the registration shall become effective upon the filing with the commission of such certification. The commission may, however, suspend dealing in such security or, after appropriate notice and opportunity for hearing, enter an order revoking the registration thereof if it shall determine that such security is not suitable for registration, or that the issuer has failed to comply with the registration requirements of this act. Securities representing an interest in registered securities or growing out of registered securities may be listed by an exchange or admitted to dealing in advance of registration upon request in writing from the issuer accompanied by assurance that a listing application in form required by the exchange will be made within a reasonable time.

Mr. HASTINGS. Mr. President, the effect of this amendment will be to eliminate the 30-day waiting period which is now provided by the provision on page 31, line 6. This delay will be a serious burden on the marketing of securities and will retard the flow of capital into industry. There seems no necessity for such a waiting period when the commission has full power to suspend or strike any security from dealing on an exchange. The suggested provision would allow the registration of unissued securities when they represent an interest in securities that have already been registered or grow out of registered securities. The present provision in regard to unissued securities is altogether too narrow and would prevent the holders of registered securities from having a market on stock exchanges for new securities which grow out of their existing holdings.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The question is on agreeing to the amendment proposed by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I send to the desk an important amendment, which I propose.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 32, line 3, it is proposed to strike out all down to and including the word "section" in line 10, and to insert:

(e) Notwithstanding the foregoing provisions of this section, all securities listed on a national securities exchange at the time the registration of such exchange as a national securities exchange becomes effective shall be considered securities "registered on a national securities exchange" within the meaning of all the sections of this act, and all securities admitted to dealing on such national securities exchange prior to April 1, 1934, shall be considered securities "registered on a national securities exchange" within the meaning of all the sections of this act, other than sections 12 and 13. The commission may, however, require any national securities exchange to suspend dealing in any such security or securities or may, after appropriate notice and opportunity for hearing, enter an order requiring any national securities exchange to remove the same from the list of securities listed or admitted to dealing thereon whenever it shall determine that such action is necessary or appropriate for the protection of investors.

Mr. HASTINGS. Mr. President, I think this is the section which the chairman of the committee modified by an amendment earlier in the day, but his amendment did not cover as much as does the amendment I have just proposed.

This change would allow securities which were dealt in on stock exchanges on April 1, 1934, to remain on exchanges until the commission should require dealings in them to be suspended or the securities to be stricken from registration. Unless some such provision is made, many billion dollars' worth of securities will automatically cease to be listed on exchanges not later than July 1, 1935.

There are many issues of securities where the issuer has technically dissolved or ceased to exist. Such securities could not comply with the registration statement of the act, and would, therefore, be forced off stock exchanges to the great disadvantage of the persons holding such securities. Foreign securities would likewise be forced off stock exchanges, as it seems almost certain that few, if any, foreign governments or corporations will comply with the registration requirements of the act. There are several billion dollars' worth of securities of this kind which are customarily dealt in on American exchanges.

The number of security issues dealt in on American exchanges approximates 8,000 to 10,000. It would be physically impossible for the commission to receive and examine registration statements covering such a large number of security issues in less than the 14 months remaining before July 1, 1935, which is the date fixed by the act for the elimination from stock exchanges of all securities which have not filed a registration statement. In his testimony before the House committee, Commissioner Landis stated, that the securities division of the Federal Trade Commission had examined less than 1,000 registration statements in the 9 months which have elapsed since the Securities Act of 1933 became effective. He likewise testified that the securities division, although it had a large staff, was tremendously overworked. It seems certain, therefore, that the commission could not in approximately a year's time examine 8,000 to 10,000 registration statements.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I send to the desk another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 33, after line 7, it is proposed to add a new subsection, as follows:

(g) Any national securities exchange may, and upon order of the commission shall, suspend dealing in or, upon appropriate notice and opportunity for hearing, remove from the list of securities dealt in thereon any registered security or any security admitted to dealing thereon.

Mr. HASTINGS. Mr. President, the purpose of this amendment, in adding this new section, is to make clear that stock exchanges have the right to suspend dealings in securities or strike them from the list without awaiting action by the commission. The delay which might be involved if the commission had to approve every suspension or striking from the list before it became effective might cause great damage to investors and would deprive stock exchanges of a necessary emergency power.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I send to the desk another amendment to the pending bill.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 43, line 3, after the word "requested", it is proposed to strike out all down to and including the word "matters", on page 44, line 3, and to

insert the words "by order to alter or supplement the rules of such exchange insofar as it may be necessary or appropriate for the protection of investors or to insure fair dealings in securities traded in upon such exchange."

Mr. HASTINGS. Mr. President, the purposes of the bill have consistently been stated to be the prevention of the use of excessive credit for speculation and the prevention of unfair practices on stock exchanges. Throughout the bill powers have been given to the commission to take such action as is necessary or appropriate for the protection of investors or to insure fair dealings. There can be no objection to giving the commission power to require exchanges to alter and amend their rules so as to carry out these purposes. The bill as drawn, however, goes much further, and in this section proposes to allow the commission to regulate the internal operations of exchanges in many matters which do not bear, either directly or even remotely, upon the control of credit or unfair practices in the purchase and sale of securities. For instance, "hours of trading"—page 43, line 16—"the time and method of making settlements, payments, and deliveries, and of closing accounts"—page 43, lines 18–19—the "fixing of reasonable rates of commission, interest, and other charges"—page 43, line 25—the "minimum units of trading"—page 44, line 1—"and similar matters"—page 44, line 3—involve details of operation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware.

Mr. COPELAND. Mr. President, a few moments ago I tried to have a change made on lines 9 and 10 of page 43. I think that is where the Senator's amendment applies.

Mr. HASTINGS. That is correct.

Mr. COPELAND. It would seem to me also that in line 19, where reference is made to closing accounts, we have gone too far. It certainly should be the prerogative of every person conducting a brokerage business to close out accounts of customers when he feels that such accounts will endanger his own credit. It is unjust to place this right elsewhere than in the person conducting the business, as his own credit may be put in jeopardy if he is restricted as to closing out credits extended by him to others. Just as the banks are necessarily left free to close out credits extended to the brokers, so the brokers should be left free to close out credits extended by them to their customers. The two relations are mutually dependent upon each other.

Then when it comes, as the Senator has already said, to the fixing of reasonable rates of commission, interest, and other charges, I think we should bear in mind that the brokerage business is not a public utility. It is not desired to increase the facilities for public speculation through the reduction of rates. It is rather the purpose of the bill to reduce speculation. The commission should not, however, be empowered, through the right to impose heavier brokerage charges and commissions, to restrict speculation to a greater extent than contemplated by the bill.

I find myself, therefore, in sympathy with what the Senator from Delaware is proposing.

Mr. HASTINGS. Mr. President, I may say to the distinguished Senator from New York that the explanation of the objection made to our proposal shows very clearly that there is a determination here to turn over the stock exchange and its whole operation to a commission of the Federal Government. That being the purpose, the objections which the Senator from New York has made and which I have made, of course, cannot be very seriously considered by the proponents of this bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 46, line 1, after the word "under", it is proposed to strike out "or in securing information to serve as a basis for recommending further legislation concerning the matters to which this act relates."

Mr. HASTINGS. Mr. President, of course this is entirely a new kind of legislation before the Congress. It undertakes to give to a commission the right to do that which the Committee on Banking and Currency has been doing for a year and a half. It is a transfer of the power from the Congress to what will be a newly created commission. It is a new idea and a new theory of government. However, I have talked myself hoarse on this subject, and I do not care to make a speech about it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 49, line 3, after the word "commission", it is proposed to strike out "in a proceeding under this act to which such person is a party."

Mr. HASTINGS. A similar amendment was adopted by the House of Representatives. The purpose of the change was to allow persons who were aggrieved, but who may not have technically been parties in the proceeding in which the order was entered, the right of a court review.

I am wondering whether the chairman of the committee has carefully considered the amendment and whether there is any objection to it. It is on page 49, lines 3 and 4. I propose to strike out from lines 3 and 4 the words "in a proceeding under this act to which such person is a party." That would make the language read:

Any person aggrieved by an order issued by the commission may obtain a review of such order in the Circuit Court of Appeals of the United States.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. COPELAND. I desire to add to what the Senator has said that a member of the exchange might be seriously aggrieved by an order of the commission directed to the exchange, but such member would have no right of appeal from such order unless the proposed amendment should be agreed to. The exchange itself might not be aggrieved, and, therefore, no one would have any appeal from the order. The purpose of the Senator is to make it possible for the members to have a right of appeal.

Mr. HASTINGS. As I stated, the purpose of the amendment is to allow persons who are aggrieved, but who may not have been technically parties to the proceedings to have a right of review. Certainly it seems to me they ought to have the right to a court review.

Mr. FLETCHER. Mr. President, the committee considered that suggestion, spending a good deal of time on it. On its face the amendment appears to be somewhat fair, but we reached the conclusion that it would give a right of review to many not entitled to it. Parties concerned with an order might be satisfied with it, but someone outside, who had some other interest which he wanted to serve, might undertake to come in and appeal from the order. The amendment is an invitation to people outside, who may have some selfish, personal interest to serve, and who are not at all parties to the suit, to come in and appeal from the order. I think it would be very unwise to adopt the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I send to the desk another amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 51, line 5, after the word "seller" it is proposed to insert "for the purpose of inducing the purchase or sale."

Mr. HASTINGS. As at present drawn, any statement as to the effect of the action or failure to act of the commis-

sion, even if made by a person who is in no way connected with the security business, might be unlawful and subject to criminal penalties. The amendment is intended to restrict the criminal penalties to persons making the unlawful representations for the purpose of inducing securities transactions.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I send to the desk an amendment on page 56 which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 56, beginning with line 3, it is proposed to strike out all down to and including the word "imposed", in line 21, and in lieu thereof to insert the following:

SEC. 30. Any person who willfully violates any provision of this act the violation of which is made unlawful under the terms of this act, or any person who willfully violates any rule or regulation made thereunder, the violation of which pursuant to section 4(b) of this act shall be subject to the penalties provided in this section, or any person who willfully violates any order entered pursuant to this act in a proceeding to which he was a party, or any person who willfully and knowingly, personally or through another, makes any statement in any application, report, or document required to be filed with the commission under this act, or any rule or regulation thereunder, or in any communication, oral or otherwise, subject to the provisions of section 9 (a) (4), which statement was at the time and in the light of the circumstances under which it was made, false or misleading in any material respect, shall upon conviction be fined not more than $25,000 or imprisoned not more than 5 years, or both, except that if such person is an exchange, a fine not exceeding $500,000 may be imposed.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware.

Mr. HASTINGS. I ask unanimous consent to withdraw the amendment, because it would only be applicable in case another amendment heretofore offered by me had been adopted.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

Mr. HASTINGS. Mr. President, I have on the desk an amendment to come in on page 54, line 17, in which I write in the words "contract or", so as to read:

Nothing in this act shall be construed (1) to affect the validity of any contract or loan.

There are several other places in which the same words have been written in. I have talked with the Senator from South Carolina [Mr. BYRNES] with respect to that amendment; he agrees that there ought to be some modification of the provision, and he is now having prepared an amendment which will make the necessary changes. I am quite certain that when that shall be done it will be agreeable to me, and I will not offer this particular amendment.

I have another amendment which I have not had printed, and which I have not submitted to the chairman of the committee, but I will submit it to him and see if I can get him to consent to it.

I have one further amendment which I desire to offer at this time to come in on page 10.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 10, it is proposed to strike out, beginning in line 5, down to and including the word "subsection" on page 11, line 4, and to insert the following:

(c) The commission is authorized to appoint and fix the compensation of such attorneys, examiners, and other experts and employees as may be necessary for the proper performance of its duties and as may be from time to time appropriated for by Congress.

With the exception of the secretary, a clerk to each commissioner, the attorneys, and such special experts and examiners as the commission may from time to time find necessary for the conduct of its work, all employees of the commission shall be part of the classified civil service, and shall enter the service under such rules and regulations as may be prescribed by the commission and by the Civil Service Commission.

All of the expenses of the commission, including all necessary expenses for transportation, incurred by the commissioners or by employees under their orders in making any investigation or upon official business in other places than in the city of Washington shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the commission. Until otherwise provided by law, the commission may rent suitable offices for its use. The General Accounting Office shall receive and examine all accounts of expenditures of the commission.

Mr. HASTINGS. Mr. President, the proposed amendment is drawn from the Federal Trade Commission Act, and provides that the expenses of the commission shall be appropriated for by Congress, and that the employees of the commission, except those specially exempted, shall be subject to the Civil Service Commission law. This is the usual provision adopted in regard to other administrative commissions.

Mr. BORAH. Mr. President, I observe that the bill permits the commission to fix the compensation of officers and attorneys and examiners. Does the Senator's amendment also permit that to be done?

Mr. HASTINGS. No; not at all.

Mr. BORAH. From the reading of the amendment at the desk, I think it has the same vice as is contained in the bill.

Mr. HASTINGS. The purpose of this amendment is to make it a Federal function and to provide that the persons employed by the commission shall be paid out of the Federal Treasury like other Government employees. I am not quite certain, without a thorough examination, whether or not the amendment covers the particular point the Senator from Idaho has in mind.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware. The Senator from Oklahoma is recognized.

Mr. BORAH. Mr. President, I have the floor.

The PRESIDING OFFICER. The Senator from Delaware [Mr. HASTINGS] had the floor. To whom does the Senator from Delaware yield?

Mr. BORAH. I was asking the Senator from Delaware a question and had not as yet received an answer.

The PRESIDING OFFICER. Does the Senator from Delaware yield further to the Senator from Idaho?

Mr. HASTINGS. I yield.

Mr. BORAH. The question was this: The original bill provides that the commission shall fix the compensation of all officers, attorneys, examiners, and so forth. Does the Senator's amendment leave that as it is in the bill?

Mr. HASTINGS. Mr. President, in reply I will say that section 4 (a) is left as it is, and section 4 (b) is left as it is, section 4 (a) being the one that provides for the selection of the commission and fixes the salaries of the commissioners. It is not until we get to section (c) that there is any particular change made and that change is drafted largely from the Federal Commission Act.

Mr. BORAH. Mr. President, I was seeking to find out whether we are going to leave in the bill the power in the commission to fix compensation, which I think, is a very unsatisfactory way to fix compensation. It is an unwise provision.

Mr. HASTINGS. Mr. President, the effort which I am making by this amendment is to provide that the employees of the commission, in carrying out this new function, shall be selected in a certain way, just as the Federal Trade Commission select their employees. The item of salaries would be a national expense just as in the case of other commissions. As the bill stands today, it is a little uncertain just what happens, but I think a reasonable interpretation of the language is that the commissioners levy an assessment upon the stock exchanges for the purpose of collecting sufficient money to pay their own salaries. Someone has asked me that question, and it is the only interpretation that I can put upon the language of the bill.

Mr. LOGAN. Mr. President, 2 or 3 days ago I gave notice of amendments which I intended to propose to the bill under consideration. Perhaps the Senator from Delaware [Mr. HASTINGS] has covered most of my intended amendments among those which he has offered and which have been rejected. It is perfectly evident to everyone who has observed the proceedings that no amendment can be adopted

unless it has the approval of the committee or the members of the committee now in charge of the bill on the floor. I make no complaint about that.

The amendments which I meant to propose were not unfriendly amendments. I am in most hearty sympathy with the purposes of the bill. In going over the bill, which I have done rather carefully, it seemed to me that it was vague in some respects, and in others perhaps it contained some provision which unintentionally would work a hardship on this or that group of people. One of the amendments which I meant to propose was for the purpose solely of improving the provisions of the bill so that it would be more workable and would prevent injury to some of those who thought they might be injured.

I see no occasion to call up the amendments. It is understood, I believe, that the bill will have to go to conference. When it goes to conference the suggestions which I intend to make about the amendments can better and more properly be made to the conferees. I would prefer that when the conference committee comes to consider it, my amendments be considered as amendments which were not rejected by the Senate when the bill was under consideration. For that reason I am not going to propose the amendments, but I shall make some suggestions to the members of the conference committee in the hope that I may be able to convince them, thinking perhaps I can convince them more easily than I can convince my colleague the Senator from Florida [Mr. FLETCHER], of the propriety of adopting some of the suggestions.

There are two suggestions I desired to propose in the form of an amendment which I did not offer an amendment to cover. One of them relates to a provision on page 40, which was in a way covered by one of the amendments offered by the Senator from Delaware. There is a provision, beginning on page 40 and ending on page 41, relating to information to be contained in reports, which reads as follows:

As used in this subsection, the term "statement" shall be construed to include any omission to state a material fact which is required to be stated in any such application, report, or document, or which is necessary to make the statement not misleading.

There is a 5-year statute of limitations which applies to bringing suits because of misleading statements. A matter may have been omitted when the statement was prepared upon the idea that it was not material, and indeed it may not have been material at that time. But as time passes someone reaches the conclusion he has lost money in gambling on the stock market, because generally that is what it is, and he will go back to find out whether there was anything omitted in the statement.

It is very much like the situation when a witness is placed on the witness stand and is sworn to tell the truth, the whole truth, and nothing but the truth; but we have never yet heard of a witness being prosecuted because he did not testify to something on the witness stand. We are extending that rule by the requirement in this bill that when anyone who comes under the provisions of the bill is required to make a statement he may be punished, not only for what he says but he may be punished for what he omits to say.

I am making reference to that point at this time solely for the consideration of the conference committee, as it is entirely impractical to explain in detail to the Senate just what effect these particular amendments would have. That is the reason why we cannot get amendments adopted, however deserving they may be and however desirable it may be that they should be adopted, because we cannot explain to the Senate as easily as we can explain to a committee.

Mr. BORAH. Mr. President——

Mr. LOGAN. I yield to the Senator from Idaho.

Mr. BORAH. How will the conference committee be able to consider this matter if it is not before them as an amendment?

Mr. LOGAN. In the House bill there is nothing on the subject. If the Senate has included this provision, as I understand, the conferees can consider it. I do not know much about those things, but I am told that is so.

Another suggestion I would make relates to a provision in the bill which, I think, ought to be eliminated by the conference committee in its report. I understand the House, perhaps, has no such provision in its bill. I will read just a line. It is the provision dealing with transactions on the stock exchange. A man purchases stock. The seller must make a statement to him, in writing, I believe, of his interest, or whether he has any interest in the sale. Whatever it may be, it is a statement which the seller makes. This is the language, to be found on page 27:

If disclosure is not made as prescribed by the commission, the customer may, within 10 days after the completion of the transaction, disaffirm such transaction.

It occurs to me that if a sale were made by a broker in New York to a man who resides in New York 10 days is a long time for him to consider whether he will go back and disaffirm his trade because of some technical failure to comply with the law. The stock may be selling at 200 when he buys it and 10 days thereafter it may be selling at 50, and he would have every inducement to return to the seller with the complaint that something was omitted in the statement at the time of the sale. Ten days, it seems to me, is entirely too long to give a man to think over whether he is going to ask for a rescission of the transaction.

We might say a man residing in California buys stock of a broker doing business in New York. He certainly would need a longer time than the man residing in the city of New York. The time ought to be as short as it is possible for it to be consistent with the purposes of the measure. It seems to me that the 10-day provision should be eliminated by all means, and that the commission, as it has the power to make rules and regulations, should prescribe certain rules and conditions upon which the buyer may return to the seller and ask for a rescission of a contract on the ground that the seller did not comply with the law at the time he made the sale.

I do not have any desire to take any more of the time of the Senate. I merely wanted to put in the RECORD the reason why I am not asking for a vote on each separate amendment, which I had given notice I would propose. In fact, I think my amendments have already been voted on in voting on some of the amendments offered by the Senator from Delaware [Mr. HASTINGS]. I think he covered the subject pretty thoroughly.

Mr. COPELAND. If I understand the motion of the Senator from Delaware, it relates to page 10, subsection (d), regarding the expenses of the commission. Is that correct?

Mr. HASTINGS. That is correct.

Mr. COPELAND. In all frankness, Mr. President, it seems to me that this language written in the bill gives the most remarkable latitude that has ever been given to a public body. It is like putting a fox in a chicken house. The commission can go on a joy ride every day. It can spend all the money it wishes to spend. It can have any sort of equipment it desires, as many employees as it may regard necessary for the conduct of the business and for its pleasure, and can assess against the exchange and its members any amount of money it wishes.

I think the provision of the bill is perfectly absurd. I have prepared an amendment to it. I do not know whether the amendment should be offered as a substitute for that offered by the Senator from Delaware or otherwise. At any rate, I send it to the desk, and after it is read we may decide how it should be handled, whether as a substitute for the amendment now before us, or whether it should be put over until the other amendment has been given consideration.

I ask to have the amendment read.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated.

The LEGISLATIVE CLERK. In the nature of a substitute for the amendment of Mr. HASTINGS, it is proposed, on page 10, beginning with line 11, to strike out through line 4, on page 11, and to insert in lieu thereof the following:

(d) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, (1) such sums as may be necessary to enable the commission to complete its organization and to carry on its work during the first year after its establishment, and (2) such sums annually thereafter as may be necessary to enable the commission to carry on its functions under this title.

(e) Every national securities exchange shall pay to the commission on or before March 15 of each calendar year a registration fee for the privilege of doing business as a national securities exchange during the preceding calendar year or any part thereof. Such fee shall be in an amount equal to one five-hundredth of 1 percent of the aggregate dollar amount of the sales of securities transacted on such national securities exchange during the preceding calendar year. The commission shall pay into the Treasury the amount of all fees paid to it under this subsection on or before April 1 of each calendar year, and the same shall be covered into the Treasury as miscellaneous receipts.

Mr. COPELAND. Mr. President, it seems to me that this amendment provides an orderly manner of dealing with the expenses of the commission. It will then provide that a budget must be set up, that the Congress may know what are to be the expenses of the commission, may have some voice in what shall be done in the operation of the commission, and how far it shall go in the expenditure of money. Then there will be set up at the same time a provision that there shall be an assessment.

I am not tied to the amount of the assessment. I have suggested one five-hundredth of 1 percent of the aggregate dollar amount of sales, because that happens to be the amount specified in the House bill. But certainly that is a sufficient sum to make it certain that the Government will be reimbursed for the expenditures necessary for the operation of the commission, and it makes an orderly, decent, businesslike arrangement of the operation and administration of the commission.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BARKLEY. Under the bill as drawn by the Senate committee, the amount of the assessment is to be left entirely to the commission. Does not the Senator think that for the Congress to fix any assessment will lead to the possibility of raising entirely too large an amount? All that either the House or the Senate, or both combined, would want is sufficient money to pay the expenses of the commission. If we undertake to say what the assessment shall be, we may assess an amount entirely too high; and that raises the question, What is to become of the surplus if more is raised in this fund than is needed?

It seems to me that any commission would fix only such an assessment as would raise the amount of money required to pay the expenses of operation, and that they would be in a position from time to time to know what those expenses are much better than we now are able to know.

I have no idea how much will be required for this purpose, and I do not think anybody else has. I have no idea, and I doubt if anybody else has, whether the assessment provided in the amendment of the Senate—which, I understand, is the same as that provided in the House bill—is enough or too much. If it is not enough, of course we shall have to amend the law later. If it is too much, somebody will be entitled to a refund of the surplus.

It seems to me much better to leave the matter to the commission, which will be governed by the needs of the service; and we shall be here at any time to put a curb upon any extravagant expense the commission may incur, even though it is not to be paid out of the Public Treasury.

Mr. COPELAND. Mr. President, I may say to the able Senator from Kentucky that after the Budget has been made by the Congress, and after a determination has been made of the expense likely to be properly incurred, I have no objection to the commission being given power to fix the assessment; but under the language of the bill as it comes to us there is no limitation whatever either upon the activities of the commission or upon the way in which the money is to be spent. It may be spent for strawberry festivals and trips to Florida. It may be spent for anything. There is absolutely no restriction upon the commission.

Mr. BARKLEY. If the commission shall be given the power to levy an assessment to meet its own expenses, it certainly will not be as prone to levy a sufficient assessment to enable it to have strawberry festivals, or to take a trip to Florida, as if it should find itself with a surplus on hand that the commission itself had nothing to do with raising. I think, anyway, that the illustration is a little far-fetched.

Mr. COPELAND. Oh, no! Let me say to the Senator that under the amendment I propose the fees are to be paid into the Treasury of the United States, and if we find then that we have levied too large an assessment or too small an assessment, the situation can be corrected in the following year.

Mr. BARKLEY. We have the same provision with respect to the Federal Reserve banks and the Federal Reserve System. The Board levies an assessment sufficient to meet the expenses. Congress did not attempt in advance to fix the expenses. Nobody knows how much will be required.

Mr. COPELAND. Is there no provision about the Budget of the Federal Reserve System?

Mr. GLASS. No, Mr. President. What has the Budget to do with the Federal Reserve System? The Government does not expend $1 on the Federal Reserve System, and never has.

Mr. COPELAND. Mr. President, if the majority of the Senate care to place in the hands of the commission unlimited power to spend money and unlimited power to make assessments against the exchanges, if that is the wish of Congress, all right; but I say it is unbusinesslike, it is not an orderly fashion of doing business, nor is it a proper course to turn loose upon the exchanges of the country a commission to spend all the money that the commissiion may care to spend.

Mr. BARKLEY. Mr. President, if the Senator will yield further, I know nothing about how much money this assessment would raise; but I have been told by men who claim to be familiar with the stock exchange and its transactions that the assessment carried in the House bill and in the amendment offered by the Senator from New York will raise funds that will amount to four or five times as much as will be needed to carry on the expenses of the commission.

Mr. COPELAND. Very well. Then the Senator can propose that the assessment be one one-thousandth of 1 percent.

Mr. BARKLEY. I do not know enough about it to offer an amendment. Nobody knows.

Mr. COPELAND. I am willing to have the amount of the assessment left to the commission——

Mr. BARKLEY. That is what the Senate bill does.

Mr. COPELAND. In a sum sufficient to pay the budgetary expenses set down by the Congress.

Mr. GLASS. Mr. President, what has the Federal Budget to do with this matter? The Federal Budget is supposed to budget the receipts and expenditures of the Federal Government. The Government is not involved in any expense whatsoever in this connection. It is just exactly like the Federal Reserve banking system.

All the expenditures of the Federal Reserve banking system are borne by the member banks, subject to the approval of the Federal Reserve Board. The Budget has not anything in the world to do with it.

Mr. BARKLEY. And the Director of the Budget makes no estimate to Congress for any expense connected with the Federal Reserve System.

Mr. GLASS. Not at all.

Mr. BORAH. Mr. President——

Mr. LOGAN. Mr. President, will the Senator from New York yield?

Mr. COPELAND. I yield to my friend from Kentucky.

Mr. LOGAN. I have no desire at all to enter into a discussion of this question with my distinguished colleague from Kentucky [Mr. BARKLEY] or the very distinguished Senator from Virginia [Mr. GLASS]; but I should like to serve a warning on them, the members of the committee, and the entire Senate, that we had better be very careful in delegating not only the taxing power, but the power to create the necessity for taxes, and, going still beyond that, in allowing a commission to make its own laws which may require the expenditure of the tax money.

It has always been a well-established law that the power to tax cannot be delegated. That power is in the legislative branch of the Government, and it cannot be delegated. There has been one further step, and that is that it is not a delegation of the power to tax if the exact rules and regu-

lations are prescribed that must be followed by some commission or some individual in arriving at a conclusion as to how much the tax shall be. The courts have said that that may be done; but here there is a shifting base, and a commission is provided for with power to prescribe regulations that cost money to carry out, and the commission is given power to say how much money it will collect and spend.

I do not believe that any commission at all will abuse the privilege. I am not afraid of any commission that may be appointed. What I am afraid of is that after we enact this law—a necessary and an important law—some great stock exchange will say, "We are not going to pay a cent toward the support of this commission", and the matter will be taken into court, and the court will say, "Your method of maintaining the commission is illegal", and the whole thing will fall to the ground.

That is what I should like to have considered, if possible, by this body, and also by others who are interested in the bill.

Mr. GLASS. Mr. President, if the Senator from New York will yield further——

The PRESIDING OFFICER. Does the Senator from New York further yield to the Senator from Virginia?

Mr. COPELAND. I do.

Mr. GLASS. We have been doing that very thing for 67 years in the administration of the National Bank Act. Ever since the establishment of national banks in this country the Comptroller of the Currency has been authorized to collect from the banks the expenses incident to their examination. It would be literally impossible to estimate what those expenses would be as to banks. The Comptroller of the Currency at any time might be called upon to put a hundred examiners in some great bank that was engaged in illicit or irregular practices, or was threatened with insolvency, and nobody could foresee anything of that kind. But every bank that is examined is assessed by the Comptroller of the Currency to pay the costs of the examination. So, as I nave already indicated, in the Federal Reserve System. The general impression is that the Federal Reserve System is owned by the Government of the United States. The Government has never put up a 10-cent piece toward the expenses of the Federal Reserve System. They do not even pay a janitor's wage, but, from the janitor up to the Governor of the Federal Reserve Board, assessments are made against the member banks, and there has never been a protest.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COPELAND. Not yet, Mr. President. There is not a man in the Senate who is more highly respected than is the Senator from Virginia. He speaks ex cathedra. We are glad to listen to him and usually to accept his views. But to me it is an amazing thing that one so conservative as is the Senator from Virginia should be willing to give unlimited power of raising money for maintenance and expense of operation, and of collection of fees, to a body like the one proposed.

The bill has been passed at the other end of the Capitol proposing to put these powers in the hands of the Federal Trade Commission. Does anybody here believe if we were proposing to give these powers to the Federal Trade Commission, and proposing to give that Commission the authority to levy an assessment sufficient to pay all the expenses to be incurred in the administration of this proposed law, that it would meet with favor? I am sure no Senator would rise to say that we would approve such a thing.

Mr. CLARK. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. CLARK. Did the Senator vote for the N.R.A.?

The PRESIDING OFFICER. The time of the Senator from New York on the amendment has expired.

Mr. COPELAND. Very well, Mr. President; I will leave the question with the Senate.

Mr. HASTINGS. Mr. President, I desire to ask the Senator from New York a question.

Mr. BARKLEY. Mr. President, I will ask recognition in order that the Senator from Delaware may propound a question to the Senator from New York in my time.

Mr. HASTINGS. I want particularly the attention of the Senator from Virginia, who does not see any difference between the assessment provided under the pending measure and the tax imposed upon the Federal Reserve banks. My attention has been called to the fact that the Federal Reserve is an agency of the Government, exercising a monopoly in regard to the issuance of currency, and the profits derived from this monopoly inure to the Government itself.

I got the distinct impression that under the Federal Reserve Act no bank was compelled to join, that it was a voluntary thing. But there is nothing voluntary about this measure. This is a measure providing control over all stock exchanges. They cannot operate except with the consent of the commission proposed to be set up. There is provided clearly a tax to be imposed upon them by a commission, and it is clearly a delegation of the authority of Congress to that commission. I am surprised to hear anybody say that we have done anything like this before or anything that is even comparable to it.

Mr. BARKLEY. Mr. President, in that connection I will say that it was voluntary as to whether any State bank should join the Federal Reserve System. It was not voluntary so far as national banks were concerned so long as they held their charters as national banks. They might surrender their charters as national banks and become State banks, and in that eventuality they had the right to decide whether they would come into the Federal Reserve System or not, but so long as they remained national banks they were required to join the Federal Reserve System.

I do not care to discuss that phase of the subject. So far as I am concerned, I will say frankly that I have never been enthusiastic about charging the expenses of operating any branches of the Government against those to be regulated. I have always thought, and I still think, that it is a bad principle of government to regulate anybody who ought to be regulated in the public interest and then charge against the regulated the expenses of the regulation. I do not now enthuse over that proposition, either as to the Federal Reserve System, or as to this particular bill, or any branch of the American Government. I think that any law which is enacted setting up machinery for regulation by Congress in the interest of the American people ought to be administered out of the Treasury of the United States, and that we should allow those who are regulated to pay taxes, as everybody else pays taxes, into the Treasury. But we have embarked upon that principle, and today from the Committee on Interstate Commerce there was reported a pension measure, applicable to railroad employees of the United States, under which the expense not only of the pension but of the administration of the act, if the bill should be enacted, and the payment of all the expenses of the board and the commission and the employees would be assessed upon the railroads.

Mr. STEIWER. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. STEIWER. In reference to what the Senator from Kentucky is saying, about the lack of wisdom of attempting to regulate any institution in the public interest at the expense of the person to be regulated, is not this particular proposition even more objectionable, because a large part of the regulation will be regulation of the over-the-counter markets of the brokers who operate on those markets, but all of the expenses under this appropriation are to be assessed against the stock exchange? So we would not only have an assessment of a private interest to provide regulation for the public good, but we would have assessments on one private interest to provide regulation of that interest and of other groups with which that interest was not identified.

Mr. BARKLEY. My impression at the moment is, without refreshing my memory by reading the language, that the commission might also assess brokers. If that be true,

they could assess brokers engaged in over-the-counter transactions, as well as exchanges.

However, as the Senator from Virginia has already said, we started out nearly three quarters of a century ago doing this thing; we have done it with respect to other activities, and we seem to be increasing our propensity for doing it. Yet I am not convinced that it is a wise principle of government. After a while, if we shall continue to do it, and the necessity for regulating more groups in the country shall bring about the enactment of more laws, we will have all the people who are regulated paying the expenses of their own regulation, and I am not so sure but that after a while the regulated will control the regulators, and therefore we will have to change our system of regulation.

I have always felt that it was a bad principle of government to do that. I am not yet convinced I am wrong about it, although I recognize there is precedent for it in acts which have already been passed by Congress. But if we are to do it, I think it is infinitely better to give the commission power to do it, than to fix a hard and fast rule in the law itself, which would provide that we must assess against these exchanges a certain amount of money, whether that much is needed or not. We cannot even guess as to how much is needed at this time so as to write it in the bill. It will be a varying amount. It will not cost the same each year, and, as the result of that variability, Congress would be amending the law every year it convened, either raising or lowering the assessments against the exchanges.

Mr. BORAH. Never lowering them.

Mr. BARKLEY. No; they would never be lowered.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. FESS. Would there not be another objection, in that if the Government were doing it, there would be more reason for limiting the amount to the exact necessity, while if it were assessed upon someone else, they would not be so careful about it?

Mr. BARKLEY. That is possible, although I think that if the assessment on the exchanges, and those who are to deal with them, is more than is necessary to pay the expenses, they will raise sufficient howl about it so that it will be lowered the next time an assessment is made.

Mr. GLASS. Mr. President, the Senator from Kentucky does not imagine that there will be any assessment for strawberry parties, does he?

Mr. BARKLEY. No; of course not.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK. So far as the purely legal proposition, the delegation of power, is concerned, the delegation of the taxing power of the Congress, is there any difference on earth between the proposal in this bill and the provision contained in the measure which has heretofore been passed by the Congress authorizing the Secretary of Agriculture to levy a processing tax?

Mr. BARKLEY. Not at all. I see no difference in principle at all.

Mr. CLARK. Or in the so-called "N.R.A. measure", authorizing the President to adopt and legalize codes which, in themselves, involve the taxing power?

Mr. BARKLEY. I see no principle involved in this bill that is different from those involved in any of the other laws passed authorizing branches of the Government to fix taxes, or assess a tax in order to raise money to administer the law.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. HASTINGS. I just want to observe in answer to the Senator from Missouri that there is this one difference, I think. One is an emergency measure and relief measure, while the other is permanent.

Mr. GLASS. How could the Senator know that it is an emergency measure?

Mr. HASTINGS. I hope it is. That is as far as I can go. It is pretended to be.

Mr. BARKLEY. So far as the power to levy the assessment of a tax is concerned, I do not think there is any difference in principle.

Mr. CLARK. If the Senator from Kentucky will be kind enough to yield to me for a moment more, I will say that, personally, I have never seen any difference, so far as the Constitution and laws of the United States are concerned, between what Congress would be authorized to enact in time of emergency and ordinary times; between times of war and times of peace.

Mr. BORAH. Is the Senator from Virginia going to speak?

Mr. GLASS. No, Mr. President.

Mr. BORAH. I do not wish to take the floor from the Senator.

Mr. GLASS. No; I do not want the floor.

Mr. BORAH. Mr. President, I hope the Senator from Delaware will not leave in the RECORD a statement which would imply that as a lawyer he thinks that an emergency adds anything to the taxing power under the Constitution.

Mr. HASTINGS. If I left such an impression, I should like to correct it. A great many people seem to think it is important, and I made the suggestion because there was that possible difference.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. CLARK. If the Senator made that remark in response to anything I said, I should like to make myself perfectly clear. I never have known at any time that Congress had the right to declare an emergency to suspend the Constitution.

Mr. HASTINGS. Will the Senator yield for a moment?

Mr. BORAH. I yield.

Mr. HASTINGS. I merely wanted to make this observation, and I only made the suggestion a moment ago because the extraordinary powers referred to have been constantly urged upon the Congress, and I think the Congress has undoubtedly given way to the demand and request because they were emergency measures. I only make the distinction because I say that in the present case the same excuse cannot be made for asking for this extraordinary power.

Mr. BORAH. Mr. President, an emergency may justify the action of Congress in doing something that it has the power to do under the Constitution, which it would not do in normal times, but an emergency can have no effect upon the power which the Congress has to do or not to do a thing under the Constitution. There may be powers which the Congress has not seen fit to exercise in normal times which it may exercise in abnormal times, but whether they are normal times or abnormal times, the authority must be found in the Constitution of the United States, and when the Constitution is reached the emergency has absolutely nothing to do with the question of power. We in this Chamber ought to be able to demonstrate that fact by our words and by our votes. Even the Supreme Court of the United States seems to have given some recognition to that fallacious theory. It is a false, vicious, and dangerous theory.

Mr. President, the commission is authorized, it says on page 10, line 5—

> To appoint and fix the compensation of such officers, attorneys, examiners, and other experts and employees.

I ask the Senator from Virginia if he does not think that there ought to be some supervisory power over the commission to fix salaries of attorneys, and so forth, in view of the fact that the commission may turn about and assess that entire expense upon the citizens of the country.

Mr. GLASS. Mr. President, I do not concede that they may assess that entire expense upon the entire citizenry of the country.

Mr. BORAH. I did not say the entire citizenry.

Mr. GLASS. I know the Senator did not, but that is what is involved in some of the remarks that have been made on this problem. I think if there ever was a case where those who are to be supervised ought to pay the expense, it is in this particular case. Everyone does not gamble on the stock

exchange. Everyone does not speculate on the stock exchange; and if there have been abuses on the stock exchange that required governmental statutory supervision the ones responsible ought to endure the expense, and not the taxpayers of the country.

Mr. BORAH. That may be correct; but there are honorable, clean gentleman who use the stock exchange.

Mr. GLASS. Oh, yes.

Mr. BORAH. And the assessment is not being made against those who are at fault but the assessment is being made against all who use the stock exchange.

Mr. GLASS. Yes; but the proposition has been made, as I have heard the discussion, to assess against the taxpayers and audit here in Washington the expenses of this commission. I do not think that ought to be done. The people who are being regulated ought to be required to pay the expense. If the exchanges had done as they should have done, there would not be any necessity for regulation.

Mr. BORAH. With reference to some, that is true.

Mr. HASTINGS. Mr. President, I am not objecting to the stock exchanges paying the bill; but if the stock exchanges of this country are to pay it, the Congress ought to levy and collect that tax and let it be paid into the Treasury of the United States, and then provide for the necessary machinery to control it afterward. So far as I am concerned, it does not make any difference if the stock exchanges are assessed 50 percent more than is necessary; but what I am complaining about is that this power is given to a commission, and there is offered to that commission the great temptation to be liberal with all the people they employ, to waste money; in other words, to tax people without any representation. That is my objection.

Mr. BORAH. Mr. President, the provision giving boards the power to fix compensation for attorneys and employees, and so forth, is being spread throughout all our legislation. We are giving this power in different bills which have been passed and bills which we shall pass. We give to a board over whom we have practically no control, so far as that item is concerned, the power to fix compensation paid to attorneys, and so forth. It is a reckless grant of power.

Without mentioning specific instances, I think all Senators will recall that there have been several instances in the history of this country in recent years where that has become almost a graft, a scandal; lawyers being paid $35,000 and $40,000 a year who could not earn $5,000 a year outside that employment.

There ought to be some supervisory power with respect to fixing of compensation, irrespective of who has to pay the bill. If Congress gives the commission the power to levy the assessment, still we should, in justice to those upon whom the levy is made, see that there is some supervising power with respect to the question of fixing the compensation.

I am not going to offer an amendment, Mr. President, because I do not suppose it is likely to prevail, but the committee which has this in charge ought to take into consideration an amendment to the effect that the commission is authorized to appoint, and by and with the approval of so-and-so to fix the compensation. There ought to be a review of the compensation. There ought to be a consideration of it by those who are not immediately concerned in the fixing of it, and so forth. I urge that not for this bill alone but there are other bills, some of which we have been considering in the last few days, giving to boards the power to fix compensation, and I know that it will lead to results for which those who are responsible will deeply regret hereafter.

Mr. GLASS. So far as I am concerned, I am willing to put in the proposed statute a limitation upon legal fees, if that is desirable. I do not know just exactly what authority we might appeal to to supervise the supervisors. To whom would the Senator delegate the authority to approve or disapprove the assessments made by this board? And what authority would be better advised as to the necessity of an assessment than the commissioners themselves?

Mr. BORAH. Of course, it is assumed that they will be advised about that matter. But we do not give the highest judicial officers of the country power to fix their salaries.

Mr. BARKLEY. We do not give the board the power to fix the salaries here.

Mr. BORAH. Well, in practice it is the same thing.

Mr. BARKLEY. We fix their salaries in the bill. I do not know how Congress could have enough information about what attorneys and special experts they may need, to fix the salary of each one in the law in advance. We do not even know how many they will need. We do know what type of men they will have.

Mr. BORAH. No; I think that would be very difficult to do. But suppose we should say, "with the approval of the President."

Mr. BARKLEY. I should have no objection to that.

Mr. HASTINGS. Mr. President, I was about to call the Senator's attention to the fact that with respect to the budgets, as I understand, which are fixed for the various codes—those budgets, before being put into effect, and before assessments are made, are approved by the President. Certainly we might go that far in this instance without doing any particular harm, and it would be some guide, and give some control over the situation.

Mr. BORAH. I think the very fact that the President had to approve, whether or not in each instance his specific attention was required, would have a very desirable effect.

Mr. BARKLEY. I will say to the Senator that in the Economy Act we provided that no vacancy could be filled, where a vacancy existed, except by the approval of the President, so that now if there is a vacancy in the office of a deputy United States marshal or a deputy collector of the remotest district in the United States, the collector of internal revenue in the State or the Commissioner of Internal Revenue here in Washington cannot fill that vacancy by appointing a man to a $1,200 job without sending the nomination to the White House and getting the President's specific approval thereof before the appointment can be made. I happen to know that in some cases it has resulted in delays. It is bound to be a matter of routine.

The President cannot investigate each one of these little cases. I do not know just to what extent he would be in a position to investigate the salary of each man who might be employed by this commission. In our effort to tie up these boards here in Washington, I think we have gone too far, especially in regard to the matter of salaries.

Mr. BORAH. Of course, Mr. President, we are passing laws every day which impose duties upon the President which no human being can possibly perform, but it does have a very salutary effect upon such matters as this to know that such questions may be brought, and in the first instance are brought at first, to the attention of the President or some supervising power.

Mr. GLASS. We are passing laws imposing duties that no human being could perform.

Mr. BORAH. There is no question about that.

Mr. STEIWER. Mr. President, in dealing with this rather important section 4 of the bill I will endeavor to express my views in connection with several features of it. I voted in favor of the amendment offered by the Senator from Colorado [Mr. COSTIGAN] not because I regard the Federal Trade Commission as being particularly better adapted to administer the law than a special commission appointed for this purpose. I voted for administration by the Federal Trade Commission because it is a conventional and controlled agency of the Government. It is subject to the restrictions to which all the other governmental agencies are subject. The objections that arise to section 4 of the bill would not arise if we were to delegate this authority to the Federal Trade Commission rather than to a special commission.

Mr. President, I believe the following observations are justified as to section 4:

First. It places no limit on the number of employees.

Second. It places no limit on the salaries of employees.

Third. It places no limit on the amount of expense that may be incurred by the Securities Commission.

Fourth. It places no limit on the assessments that may be levied on national security exchanges.

Fifth. It makes no requirement for civil-service eligibility, nor does it provide for application of the Classification Act to employees.

Sixth. It results in no supervision as to expenditures by the Bureau of the Budget.

Seventh. It does not require the commission to make any justification for its activities and expenditures to the Congress or to committees of the Congress.

Eighth. Its accounts and expenditures are not under any restraint by the Comptroller General.

There are probably other observations which might be made with respect to it which just as forcefully condemn it as do the eight I have enumerated.

I see great merit in the amendment offered by the Senator from New York [Mr. COPELAND]. As I understand the amendment, it provides that the expenses of the commission shall be paid by regular appropriations made by the Congress. It provides in the second instance that the commission shall levy upon the stock exchanges certain assessments which are to be covered into the Treasury as miscellaneous receipts. The net result of that procedure is to accomplish an orderly and controlled administration of the business of the commission.

The commission would be obliged to take its estimates to the Bureau of the Budget, and it would be obliged to justify those estimates before the Appropriations Committees of the House and Senate. Moreover, expenditures, when made, would be subject to the approval of the Comptroller General of the United States. Adoption of the amendment would obviate the objections suggested by the Senator from Kentucky [Mr. LOGAN], and I want to repeat his suggestion because to me it is very disturbing in its import.

He suggested in effect that in the proposed commission there is a power to create expenses because the commission makes its own rules and regulations. That in the main is true. The commission has almost unlimited power to make rules and regulations for carrying into effect the different provisions of the bill. What, therefore, is to determine the amount of the expense of the commission? Primarily, the expense will be determined by the nature of the rules and regulations which the commission promulgates. If the commission makes rules and regulations which necessarily require the expenditure of money, the assessments will be large. If the commission is conservative, the assessments will be small.

In this regard the commission is substantially without restraint, and will be governed by its own discretion in making its rules and regulations. Having done that, it will fix the assessments to fit the requirements. Not only will it fix the assessment upon the stock exchanges which it will regulate, but it will do so in order to get the money to administer the over-the-counter markets and to control and regulate the brokers' offices of the country.

Mr. President, it seems to me if we are to make any pretense at all of providing a law-abiding administration—and I use the term only in the sense of whether it is to run wild with respect to expenses—we ought to put it under the normal, usual restraints to which we subject other agencies of the Government. The proposal of the Senator from New York [Mr. COPELAND] will not injure the administration of the law. It will not change the powers of the Commission except that it will require the Commission to go to the Bureau of the Budget, and then to committees of the Congress, and then to have the legality of its accounts audited by the Comptroller General of the United States.

I would suggest to the Senator from New York, if he wants a suggestion from me with respect to it, that instead of providing the fees shall be in an amount equal to one five-hundredth of 1 percent, he change the language so it will read something like this:

That such fee shall be in such amount as the commission may find necessary to meet the expenses of the administration of this act, not to exceed one five-hundredth of 1 percent.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from New York?

Mr. STEIWER. Certainly.

Mr. COPELAND. I thought of suggesting that the language be changed to read as follows:

Such fees shall be fixed by the commission and in an amount sufficient to pay the expenses of the commission.

Then there will be a difference of language between the two Houses and latitude sufficient to work out a satisfactory plan.

Mr. STEIWER. I think that would be a sufficiently satisfactory adjustment of the matter. I would not contend further upon that point.

I want to make one further suggestion, however. As I understood the Senator from New York, he offered his amendment as a substitute for the amendment offered by the Senator from Delaware [Mr. HASTINGS]. The latter's amendment is to subsection (c). The amendment offered by the Senator from New York is to subsection (d). I think there is no necessary conflict between the proposals, and therefore the amendment offered by the Senator from New York ought not to be offered as a substitute for the other amendment. It might well be withdrawn and then offered independently. The amendment offered by the Senator from New York deals primarily with the expenditures of the commission and the mode of raising the money and paying the bills. The amendment offered by the Senator from Delaware deals chiefly with the appointing power of the commission and places a limitation upon the salaries of certain of the employees of the commission.

Mr. COPELAND. I think the Senator is right; and I ask consent of the Senate to withdraw my amendment for the moment until that offered by the Senator from Delaware may be disposed of.

Mr. STEIWER. That is most considerate of the Senator, and I think that is the proper course—to enable the Senate to pass first upon the amendment offered by the Senator from Delaware—to determine whether or not we desire to bring certain employees of the commission under the classified civil service.

The question was asked a little while ago by the Senator from Idaho whether that would fix their salaries. I do not pose as an authority upon the subject; but it seems reasonably plain that if we should put employees under the classified civil service, we would in fact fix the salaries as of the grades permitted under such service. If that is not done, Mr. President, then, of course, there is no limitation upon the salaries; there is nothing prescribed as to the duties; and the whole arrangement with respect to employees and the duties and work of the employees will be made upon the judgment and discretion of the commission, without the restraint of any law.

The PRESIDING OFFICER. Without objection, the amendment proposed by the Senator from New York [Mr. COPELAND] will be considered withdrawn. The question now is upon the amendment proposed by the Senator from Delaware [Mr. HASTINGS], which will be stated.

The CHIEF CLERK. On page 10 it is proposed to strike out all of line 5 down to and including the word "subsection" on page 11, line 4, and in lieu thereof to insert the following:

(c) The commission is authorized to appoint and fix the compensation of such attorneys, examiners, and other experts and employees as may be necessary for the proper performance of its duties and as may be from time to time appropriated for by Congress.

With the exception of the secretary, a clerk to each commissioner, the attorneys, and such special experts and examiners as the commission may from time to time find necessary for the conduct of its work, all employees of the commission shall be part of the classified civil service, and shall enter the service under such rules and regulations as may be prescribed by the commission and by the Civil Service Commission.

All of the expenses of the commission, including all necessary expenses for transportation, incurred by the commissioners or by employees under their orders in making any investigation or upon official business in other places than in the city of Washington shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the commission. Until otherwise

provided by law, the Commission may rent suitable offices for its use. The General Accounting Office shall receive and examine all accounts of expenditures of the commission.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware.

The amendment was rejected.

Mr. COPELAND. Now, Mr. President, I reoffer my amendment to subsection (d), with the addition of an amendment to subsection (e) modifying the language on line 7 of the amendment which I presented so as to strike out, after the words "shall be", the remainder of the sentence, and insert "fixed by the commission and in an amount sufficient to pay the expenses of the commission", so that it shall read:

Such fee shall be fixed by the commission and in an amount sufficient to pay the expenses of the commission.

The rest of the amendment will be as heretofore read.

The PRESIDING OFFICER. The question is on the amendment, as modified, offered by the Senator from New York, which will be stated.

The CHIEF CLERK. On page 10, beginning with line 11, it is proposed to strike out through line 4 on page 11, and to insert in lieu thereof the following:

(d) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, (1) such sums as may be necessary to enable the commission to complete its organization and to carry on its work during the first year after its establishment, and (2) such sums annually thereafter as may be necessary to enable the commission to carry on its functions under this title.

(e) Every national securities exchange shall pay to the commission on or before March 15 of each calendar year a registration fee for the privilege of doing business as a national securities exchange during the preceding calendar year or any part thereof. Such fee shall be fixed by the commission and in an amount sufficient to pay the expenses of the commission. The commission shall pay into the Treasury the amount of all fees paid to it under this subsection on or before April 1 of each calendar year, and the same shall be covered into the Treasury as miscellaneous receipts.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New York, as modified.

On a division, the amendment, as modified, was rejected.

Mr. HEBERT. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 48, line 9, between the word "secrets" and the comma, it is proposed to insert "or confidential or competitive information"; so as to read:

PUBLIC CHARACTER OF INFORMATION

SEC. 23. (a) The information contained in any application, report, or document filed with the Commission may be made available to the public whenever in the judgment of the Commission a disclosure of such information is necessary or appropriate in the public interest or for the protection of investors and does not reveal trade secrets or confidential or competitive information, and copies thereof, photostat or otherwise, may be furnished to any person at such reasonable charge as the Commission may prescribe—

And so forth.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island.

Mr. HEBERT. Mr. President, I shall not detain the Senate unduly in explaining the amendment I have proposed, because I realize that the committee having the bill in charge has given it long and careful consideration; and yet I should not feel justified in withholding this amendment, even at this late hour in the day, because it has been suggested to me by one of my constituents who feels that his interests may be affected by the bill if it shall become a law.

Mr. FLETCHER. Mr. President, if the Senator will allow me, I really believe that the language now in the bill covers the matter; but if the Senator desires to add those words to the trade-secrets provision I shall not object to having that done.

Mr. HEBERT. I thank the Senator.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island.

The amendment was agreed to.

Mr. HEBERT. Mr. President, I offer the amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 54, it is proposed to strike out lines 8 to 15, inclusive, and in line 16 to strike out "(c)" and to insert in lieu thereof "(b)".

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island.

Mr. HEBERT. Mr. President, this amendment is proposed to paragraph (b) of section 28 on page 54 of the printed bill. Paragraph (b) provides as follows:

Every contract made in violation of any provision of this act or of any rule or regulation thereunder, and every contract, including any contract for listing a security on an exchange, heretofore made, the performance of which involves the continuance of any relationship or practice prohibited by this act or any rule or regulation thereunder, shall be void as regards any cause of action arising after the effective date of such provision, rule, or regulation.

To my mind, this provision of the bill would operate to affect existing contracts, and to take away from parties to such contracts rights which they might well have thereunder. I repeat that this paragraph affects not only contracts hereafter made but contracts heretofore made, the performance of which involves the continuance of any relationship or practice prohibited by the bill.

Let us assume that a broker, a member of a stock exchange, has an agreement with a customer to do certain things in respect to the purchase and sale of certain securities. Under that agreement we will assume that the member of the stock exchange agrees to advance certain funds upon the security of the particular things he has for sale or which he is going to purchase for the customer.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. BYRNES. I intended to offer a substitute for this paragraph; and if the Senator will permit me to send it to the desk and have it read at this time, he may be satisfied with the amendment I propose to offer.

The PRESIDING OFFICER. The amendment of the Senator from South Carolina will be stated.

The CHIEF CLERK. It is proposed to strike out subsection (b) of section 28, on page 54, and in lieu thereof to insert:

(b) Every contract made in violation of any provision of this act or of any rule or regulation thereunder, and every contract (including any contract for listing a security on an exchange) heretofore or hereafter made, the performance of which involves the violation of or the continuance of any relationship or practice in violation of, any provision of this act or any rule or regulation thereunder, shall be void as regards the rights of any person who, in violation of any provision of this act or any rule or regulation thereunder, shall have made or engaged in the performance of any such contract, and as regards the rights of any person who, not being a party to such contract, shall have acquired any right thereunder with actual knowledge of the facts by reason of which the making or performance of such contract was in violation of any provision of this act or any rule or regulation thereunder.

Mr. HEBERT. Mr. President, as I listen to the substitute proposed by the Senator from South Carolina [Mr. BYRNES], it seems to me that it leaves the undesirable provision, and what I consider to be the unconstitutional part of paragraph (b), still in effect; that is, it operates as to contracts heretofore entered into.

I have no quarrel with the Senator so far as concerns making unlawful any relations or entering into any agreements which are forbidden by the bill, provided the bill relates to agreements hereafter entered into but not to those heretofore made, because, clearly, under contracts heretofor entered into the parties to the contracts have acquired some constitutional rights which even this great body cannot take away; yet the provisions of paragraph (b) pretend to do that very thing. That is the objection I have to the paragraph. If, now, the Senator from South Carolina would change the verbiage of his suggested amendment so as to have the bill apply to agreements hereafter entered into, or rights acquired under agreements hereafter entered into, I should have no objection to the form of his amendment.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. JOHNSON. As I understand the position which the Senator takes, it is that this particular provision is retroactive.

Mr. HEBERT. Exactly.

Mr. JOHNSON. How does the amendment of the Senator seek to correct the evil which thus he assails? The clerk has not read the amendment.

Mr. HEBERT. Mr. President, I am asking to strike out the words beginning on line 9, down to and including line 15. I want to say now, however, that in the light of the suggestion made by the Senator from South Carolina, I would not go so far as to strike out the provisions of paragraph (b), so far as they relate to contracts hereafter entered into. If we can agree upon a form of amendment which will make this provision apply to contracts hereafter entered into, then there will be no constitutional objection to such an amendment and no one's rights will be interfered with.

Mr. JOHNSON. Cannot what is sought by the proponents of the act and what the Senator desires be preserved by merely deleting the two words "heretofore made", and have the reference then to contracts executed subsequently to the enactment of the measure?

Mr. HEBERT. That would be entirely satisfactory.

Mr. BYRNES. Mr. President, I have no objection to modifying the amendment by eliminating the word "heretofore", so that under the amendment, so far as the contract is concerned, it is to be deemed valid only as to one who violates the law, the guilty person, and the rights of the innocent person to the contract will be protected.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from South Carolina.

Mr. HEBERT. Mr. President, as I understand, the question is on my amendment as modified by the Senator from South Carolina, and I have agreed to the modification.

The PRESIDING OFFICER. The Senator from South Carolina offered his amendment in the nature of a substitute for the text of the section, and it would take precedence under the rules of the amendment of the Senator from Rhode Island. Does the Senator from South Carolina offer his amendment as a substitute for the text of the bill?

Mr. BYRNES. I offer it as a substitute for the text.

The PRESIDING OFFICER. Then the question would be as stated by the Chair.

Mr. JOHNSON. Mr. President, has the amendment of the Senator from South Carolina now been modified as he suggested a moment ago?

Mr. BYRNES. It has been.

Mr. JOHNSON. So that the particular portion of the bill now under consideration has relation to contracts which shall be made after the passage of the bill, or after the making of the rules and regulations, as the case may be?

Mr. BYRNES. That is correct.

Mr. HEBERT. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from Rhode Island.

The amendment was rejected.

Mr. HEBERT. Mr. President, I offer another amendment.

Mr. JOHNSON. May I inquire of the Senator from Florida whether he is proposing to have the Senate continue in session for a considerable period of time longer?

Mr. FLETCHER. I want the Senate to remain in session as long as may be practicable, and dispose of amendments. I do not want to stop now. I want to get the amendments out of the way. We have to do that.

Mr. JOHNSON. Will we adjourn, in the Senator's opinion, by half past 2 o'clock tomorrow morning?

Mr. FLETCHER. I hope so.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Rhode Island.

The CHIEF CLERK. On page 40, line 17, it is proposed to strike out the word "reliance," and to insert in lieu thereof the word "statement"; and in line 25, to strike out the words "As used in this subsection;" and on page 41 to strike out lines 1 to 4, inclusive.

Mr. HEBERT. Mr. President, if the Chairman of the Committee on Banking and Currency will give his attention to the first part of the amendment which is now proposed, he will readily see that it is a perfecting amendment, and it is the right language to use in place of that which is to be found in the bill on page 40, line 17.

The bill now reads, beginning after the parenthesis on page 40, line 15, "who, in reliance upon such statement, shall have purchased or sold a security at a price which was affected by such statement, for damages caused by such reliance."

The damage is not caused by "such reliance"; the damage is caused as a result of a misleading statement made to the purchaser. The word "statement" ought to be substituted in place of the word "reliance." I think that must be clear to anyone who reads it. Following along further in the amendment which I now propose, I would delete the words, beginning in line 25, page 40, "As used in this subsection the term 'statement' shall be construed to include any omission to state a material fact which is required to be stated in any such application, report, or document, or which is necessary to make the statement not misleading."

Clearly that language involves an impossibility. If Senators will analyze the language I have just read "shall be construed to include any omission to state a material fact", they will see that the two things cannot be read together without their destroying each other. Under the original statement, there cannot be one to be construed, and all that is covered in lines 1 to 4, inclusive, on page 41, is included within the provisions of section 18 on page 40.

If anything material is left out of the statement, if the whole truth concerning a given state of facts is not included in the statement, using the very language at the end of the paragraph (a), on page 41, "to make the statement not misleading", all of that would be included within the provisions of section 18, paragraph (a).

I confess I have never seen a piece of legislation drafted so as to provide that nothing in a statement which does not exist shall be misleading or that anything that shall be left out of a statement that does not exist shall be misleading.

Mr. FLETCHER. Mr. President, I will say to the Senator that in the amendment which I am offering, or will as soon as we get to it, an amendment to the Securities Act, we will change that language in the Securities Act; and if that amendment shall be agreed to, it will become a part of this bill, and will be the law. I would rather not agree to the amendment proposed by the Senator.

Mr. HEBERT. Mr. President, does the Senator say that the objection which I am now making to the provisions of section 18 are going to be taken care of by a substitute amendment which the committee will propose?

Mr. FLETCHER. The amendment which I shall propose will carry a provision with reference to the Securities Act, which will then become a part of this measure. It will deal with the question of reliance upon representations.

Mr. HEBERT. Mr. President, how will that affect this provision? This provision concerns what is, to my mind, an impossible state of affairs.

Mr. FLETCHER. This provision might not be inconsistent with the language of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island. [Putting the question.] The amendment is agreed to.

Mr. BYRNES. Mr. President, what was the announcement by the Chair?

The PRESIDING OFFICER. The announcement was that the amendment had been agreed to.

Mr. BYRNES. I ask for a division.

The PRESIDING OFFICER. A division is called for.

Mr. HEBERT. Mr. President, I do not want to take up the time of the Senate unduly, but if the Senator insists upon a division I shall suggest the absence of a quorum and ask for a roll call.

Mr. BYRNES. Mr. President, I have no objection. Certainly the Senator from Rhode Island should not object to my asking for a division. Upon my asking for a division he states that he will suggest the absence of a quorum, and ask for a roll call.

Mr. HEBERT. Mr. President, we have gone along all afternoon and have not asked for divisions or roll calls, because we were anxious to expedite the consideration of the bill. I do not want to prolong the session of the Senate unduly.

Mr. BYRNES. All I ask is an opportunity to ascertain the sentiment of the Senate on this amendment. If that brings the Senator to the point of suggesting the absence of a quorum, the Senator can suggest the absence of a quorum and ask for a roll call.

Mr. FLETCHER. All we ask for is a division. We are impressed that Senators were not perhaps fully aware of the question being put, and we simply ask that those who are here divide on the subject; not that a yea-and-nay vote may be necessary.

Mr. CLARK. I ask unanimous consent that the amendment be restated.

The PRESIDING OFFICER. Without objection, the amendment will be restated.

The CHIEF CLERK. On page 40, line 17, after the words "caused by such", it is proposed to strike out the word "reliance" and to insert in lieu thereof the word "statement"; in line 25, after the word "litigant", it is proposed to strike out the words "As used in this subsection"; and on page 41 it is proposed to strike out lines 1 to 4, both inclusive.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island [Mr. HEBERT].

The amendment was rejected.

Mr. HEBERT. I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 12, line 7, after the word "members", it is proposed to strike out "and by issuers whose securities are registered thereon."

Mr. HEBERT. Mr. President, this amendment would change paragraph no. (1) on page 12. It has relation to the registration of national securities exchanges. The paragraph now provides that any exchange desiring to be registered shall file an agreement to comply and to enforce so far as is within its powers, compliance by its members "and by issuers whose securities are registered thereon."

Manifestly, that is an impossible task. No member of an exchange could ever hope to secure compliance on the part of the 600,000 corporations issuing stock or other evidences of indebtedness in this country. It is an impossible thing to expect the members of the exchange to do; and yet, if they fail to do it, there is the implication that they may render themselves liable to the very severe penalties imposed elsewhere in this bill. Surely some consideration should be given to the difficulties which will be encountered in securing a compliance with that part of paragraph (1) on page 12.

I propose to delete from the paragraph the words "and by issuers whose securities are registered thereon", so that it will apply to the members of the exchanges themselves. They must file the agreements. They must do all that the regulations require.

Mr. FLETCHER. Mr. President, the amendment has just been presented to me. It is rather far-reaching in its effect. It is difficult for me to make up my mind about it. I appreciate the argument made by the Senator from Rhode Island, although it seems to me the language proposed to be stricken out is quite important. What would be the effect, may I ask the Senator, of eliminating the issuer?

Mr. HEBERT. Mr. President, the issuer will not be subject to the regulation of the stock exchange. The issuer will not be a member of any stock exchange. It is merely the member who will be subject to the regulation of the stock exchange; and yet there is placed upon the member of the stock exchange the obligation of making the issuer comply with the regulations of the stock exchange, of which the issuer is not a member, and with which the issuer has nothing in common. It seems to me that it is going a long way to impose an obligation upon a member of a stock exchange, and, if he fails to meet that obligation, to subject him to the very severe penalties imposed by the bill.

Mr. FLETCHER. I think we can agree to the amendment and let it go to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island [Mr. HEBERT].

The amendment was agreed to.

Mr. HEBERT. I send to the desk another amendment, and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 56 it is proposed to strike out lines 3 to 21, both inclusive, and in lieu thereof to insert the following:

SEC. 30. Any person who willfully violates any provision of this act which is declared to be unlawful, or any person (including any director or officer, or any accountant or other expert) who willfully and knowingly makes, or causes to be made, any statement in any application, report, or document required to be filed under this act, which statement was false with respect to any material fact, shall upon conviction be fined not more than $5,000 or imprisoned not more than 1 year, or both, except that when such person is an exchange, a fine not exceeding $100,000 may be imposed.

Mr. HEBERT. Mr. President, if I may have the attention of the chairman of the committee, I will explain the provisions of the amendment which has just been read at the desk. It seeks to make two changes. It relates to section 30, on page 56, the penalty section. It removes the distinction between violations of the law proper and violations of the regulations of the Commission.

From a reading of section 30 it is apparent that paragraph (a) imposes very severe penalties for violations of the law and that paragraph (b) imposes less severe penalties for violations of the regulations issued by the Commission. The amendment would make no distinction as between violations of one kind and another, but it would materially reduce the maximum penalty for violations of either the law or the regulations of the Commission.

It may be said that there is some justification for imposing very severe penalties for violations of the law. Through the years I have had some experience with the consideration of that subject, and I long since reached the conclusion that the severity of the penalty does not in and of itself act as a deterrent.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. HEBERT. Certainly.

Mr. COUZENS. These are only maximum penalties and the amounts imposed would be within the discretion of the court.

Mr. HEBERT. I realize they are only maximum penalties, but I realize too that there are those before whom offenders might be tried who would impose the maximum penalty. I realize that has been done in the past in not a few instances, and in a cruel way in many instances.

The first purpose of a penalty under a statute of any kind is that it shall act as a deterrent. In other words, it says to citizens of the country, "If you violate this law, then you will incur this penalty." The penalty fixed is intended to deter people from violation of the law.

It is not a question of what the Government recovers in the way of fines. That is not the purpose of the penalty. It never has been. In criminal cases it is supposed in theory to be in a way to pay for the indignity that has been

done to the Government because of the violation of its law, but in real purpose it is intended as a deterrent.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. COUZENS. The committee gave a great deal of consideration to the question of penalties. May I point out to the Senator that the amount of the fine imposed for the commission of many acts which the bill intends to cover would constitute a small penalty amounting to practically nothing so far as protection of the public is concerned. In other words, anyone who undertakes to violate this law may clean up many millions of dollars by a violation of the law and then get off with a mere minor penalty. The committee considered that matter, and I hope the Senate will not reduce the amount of the penalty because of the possibility of making large sums of money by violation of the law.

Mr. HEBERT. I never supposed that the imposition of a fine in cases of this kind would go very far to deter one who was disposed to enter into law violations where a great amount of profit might be realized. But the Senator will bear in mind that this section carries an imprisonment provision. Not only may the offender be assessed a penalty in the form of a fine, but he may be imprisoned as well. The two may go together.

Mr. COUZENS. Yes; that is for violation of the law.

Mr. HEBERT. It is not merely a question of fine but a question of imprisonment as well.

Having in mind the purpose of a penalty in a statute of this kind, it has seemed to me that the limit placed upon the penalties in the bill is very much too high. I think it will destroy its own purpose. Moreover, I think it will act as a deterrent to others entering into the brokerage business. It may be difficult to secure the necessary capital with which to enter into the business of selling securities because of the danger that there may be severe penalties to be imposed because of violation of the prohibitions of the bill.

I have just indicated, in connection with the previous amendment I offered, in which I sought to make a change so that members of a stock exchange would not be required to have the issuers of securities subjected to the provisions of the bill, how easy it would be to subject one to the penalties provided in the bill.

Mr. President, I have no disposition to do anything which would in the least make less effective the provisions of the bill. I am satisfied that the change proposed in the penalties would not do that. I rather think it would be an improvement in the form of the bill, and that is the reason why I am suggesting the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island.

The amendment was rejected.

Mr. STEIWER. Mr. President, I had a discussion with the Senator from South Carolina [Mr. BYRNES] a day or two ago with respect to the use of the words "any material respect." I suggested to him—indeed, it was suggested in committee, and I believe that the Senator from South Carolina and the chairman of the committee were both in agreement—that the language might well be changed so it would read "with respect to any material fact." I have such an amendment I want to offer, and I am wondering if I can have it accepted without debate?

Mr. BYRNES. Mr. President, I am familiar with the amendment to which the Senator from Oregon refers, and I know it was the intention of the committee to include those words. I hope the amendment will be adopted.

Mr. STEIWER. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 20, line 19, to strike out the words "in any material respect" and insert in lieu thereof "with respect to any material fact."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Oregon.

The amendment was agreed to.

Mr. STEIWER. I offer the same amendment on page 40.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed on page 40, line 13, to strike out the words "in any material respect" and insert in lieu thereof the words "with respect to any material fact."

The amendment was agreed to.

Mr. STEIWER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 28, beginning in line 13, to strike out the words "to comply with the provisions of this act and any amendments thereto and with the rules and regulations made or to be made thereunder, and ".

Mr. STEIWER. Mr. President, I do not want to take the time of the Senate for the purpose of discussing the amendment at length. In a very few sentences I can state my purpose in offering the amendment.

In an amendment offered earlier in the day by the Senator from Delaware [Mr. HASTINGS] he sought to have the House language substituted for paragraph (b) of section 12 of the Senate bill. That involved a number of changes, but the significant change would have been the elimination from section 12, paragraph (b), of the requirement for an agreement to be made by the issuer, commencing in line 11, page 28. That proposal was voted down by the Senate. It was voted down upon the argument that it would eliminate the latter part of that subsection which would be necessary in order to regulate the lending of funds at the money post of the exchange or to any broker or dealer who transacts business in securities through the medium of any member of the exchange.

It was contended in that argument, and it was contended in the debate by a number of Senators with whom I discussed the matter as a part of my contribution to the debate, that the first part of the subsection had no practical effect and that it imposed no liability upon the issuer that would not have existed in any event by reason of the fact that the issuer would be bound to comply with the rules and regulations made and to be made by the commission. I myself believe that that contention is almost entirely sound. It has occurred to me at all times that the requirement here for the member to comply with rules and regulations made or to be made does not substantially change the position of the issuer, except with respect to the possibility of civil liabilities to be asserted in the future.

The only purpose of this amendment is to strike from the subsection the requirement that the issuer must agree to comply with the provisions of this measure and any amendments thereto, and with the rules and regulations made or to be made thereunder. The remainder of the subsection will be left entirely unaffected. If those of my friends who contend that the issuer must in any case abide by the rules and regulations, and that this language does not impose any additional restriction or requirement upon him, sincerely want to follow through with their own suggestion, they may do it by joining now in voting for this amendment, so that the subsection will merely provide that the issuer must make an agreement with the exchange and with the commission to the effect that it will not lend any funds in violation of the requirements of the agreement.

Much could be said on the subject, but I think I shall not detain the Senate. The issue is known to all of us. I wish the Senator from Alabama [Mr. BLACK] were here. He is the one who, in the earlier debate, most insistently urged upon the Senate that the language which I now seek to strike out would not add anything at all to the liabilities of the issuer, either civilly or criminally, and that in any event he would be obliged to comply with the rules and regulations made and to be made by the commission. It seems to me that if corporations are objecting to this requirement, and if, indeed, it does not add anything to the strength of the proposed law, we ought to eliminate it from the bill so as

to make the bill as inoffensive as it is possible to make it upon this point.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Oregon [Mr. STEIWER].

The amendment was rejected.

Mr. FLETCHER. Mr. President, I am wondering if there are any more amendments to be offered to the bill.

Mr. BULKLEY. I desire to offer an amendment.

Mr. FLETCHER. I am about to ask for a recess. I desire to give notice that tomorrow, when the Senate meets, I intend to offer as title II of this bill the amendments which have heretofore been proposed to the Securities Act of 1933. I hope to have that question disposed of and have the bill finally acted upon tomorrow.

The PRESIDING OFFICER. The Senator from Ohio [Mr. BULKLEY] offers an amendment which will be stated.

The LEGISLATIVE CLERK. On page 35, line 17, after the words "submission of", it is proposed to insert "a notice of a stockholders' meeting, whether or not accompanied by", so as to read:

As used in this subsection the term "to solicit" shall not be deemed to include the mere submission of a notice of a stockholders' meeting, whether or not accompanied by a form of proxy for the convenience of stockholders.

Mr. FLETCHER. Mr. President, I think that amendment can be agreed to without any objection. Let us dispose of it now.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Ohio.

The amendment was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House insisted upon its amendments to the bill (S. 3170), an act to authorize the Postmaster General to award 1-year contracts for carrying air mail, to establish a commission to report a national aviation policy, and for other purposes, disagreed to by the Senate, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MEAD, Mr. ROMJUE, Mr. DOBBINS, Mr. KELLY of Pennsylvania, and Mr. Foss were appointed managers on the part of the House at the conference.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 752. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards;

S. 2671. An act repealing certain sections of the Revised Code of Laws of the United States relating to the Indians;

H.R. 177. An act for the relief of Lottie Bryant Steel;

H.R. 190. An act for the relief of Elizabeth T. Cloud;

H.R. 200. An act for the relief of Jacob Durrenberger;

H.R. 207. An act for the relief of Homer C. Chapin;

H.R. 371. An act for the relief of Peter Guilday;

H.R. 503. An act to authorize the donation of certain land to the town of Bourne, Mass.;

H.R. 878. An act for the relief of Kathryn Thurston;

H.R. 889. An act for the relief of Frank Ferst;

H.R. 1207. An act for the relief of Robert Turner;

H.R. 1208. An act for the relief of Frederick W. Peter;

H.R. 1209. An act for the relief of Nellie Reay;

H.R. 1254. An act for the relief of H. Forsell;

H.R. 2021. An act to place Jesse C. Harmon on the retired list of the United States Marine Corps;

H.R. 2203. An act for the relief of Enoch Graf;

H.R. 2431. An act for the relief of certain newspapers for advertising services rendered the Public Health Service of the Treasury Department;

H.R. 2750. An act for the relief of Scott C. White;

H.R. 3553. An act for the relief of Harvey O. Willis;

H.R. 3673. An act to amend the law relative to citizenship and naturalization, and for other purposes;

H.R. 3868. An act for the relief of Arabella E. Bodkin;

H.R. 4060. An act for the relief of Ellen Grant;

H.R. 4274. An act for the relief of Charles A. Brown;

H.R. 4927. An act for the relief of C. J. Holliday;

H.R. 4928. An act for the relief of the Palmetto Cotton Co.;

H.R. 4929. An act for the relief of J. B. Trotter;

H.R. 5299. An act for the relief of Orville A. Murphy;

H.R. 5542. An act for the relief of Joe G. McInerney;

H.R. 7059. An act to provide for the further development of vocational education in the several States and Territories;

H.R. 8052. An act to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the Island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes;

H.R. 8208. An act to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.;

H.R. 8235. An act to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the District of Ewa, Island of Oahu, Territory of Hawaii; and

H.J.Res. 311. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. DUFFY in the chair), as in executive session, laid before the Senate a message from the President of the United States, submitting sundry nominations in the Army, which was referred to the Committee on Military Affairs.

(For nominations this day received, see the end of Senate proceedings.)

PRIZE ESSAY ON LINCOLN

Mr. COPELAND. Mr. President, one of my friends has sent me an essay on Lincoln. It was written by a 12-year-old schoolgirl, and, in my opinion, is worthy a place in the CONGRESSIONAL RECORD. It is found in the Pawtucket Times, February 14. I ask that the essay may be printed in the RECORD.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

[From the Pawtucket Times, Wednesday, Feb. 14, 1934]

ASHTON PUPIL GETS PRIZE FOR LINCOLN ESSAY—RUTH E. JONES IS GIVEN THOMAS LEIGHTON AWARD IN TOWN-WIDE CONTEST

The prize-winning essay written by Ruth E. Jones, 12, daughter of Mr. and Mrs. Sam Jones, of Scott Road, Ashton, in the annual contest for the Thomas Leighton prize in Cumberland, is as follows:

"In this day of modern, comfortable homes, with conveniences at every hand, it is hard to imagine a dwelling as crude as that of Thomas Lincoln in the backwoods of Kentucky early in 1800. One would think that such a home could not yield strength and wisdom, but little Abraham Lincoln, who was born there on February 12, 1809, grew to be an unusually strong and intelligent child. At the age of 7 he carried an ax and gun and worked hard on the little farm.

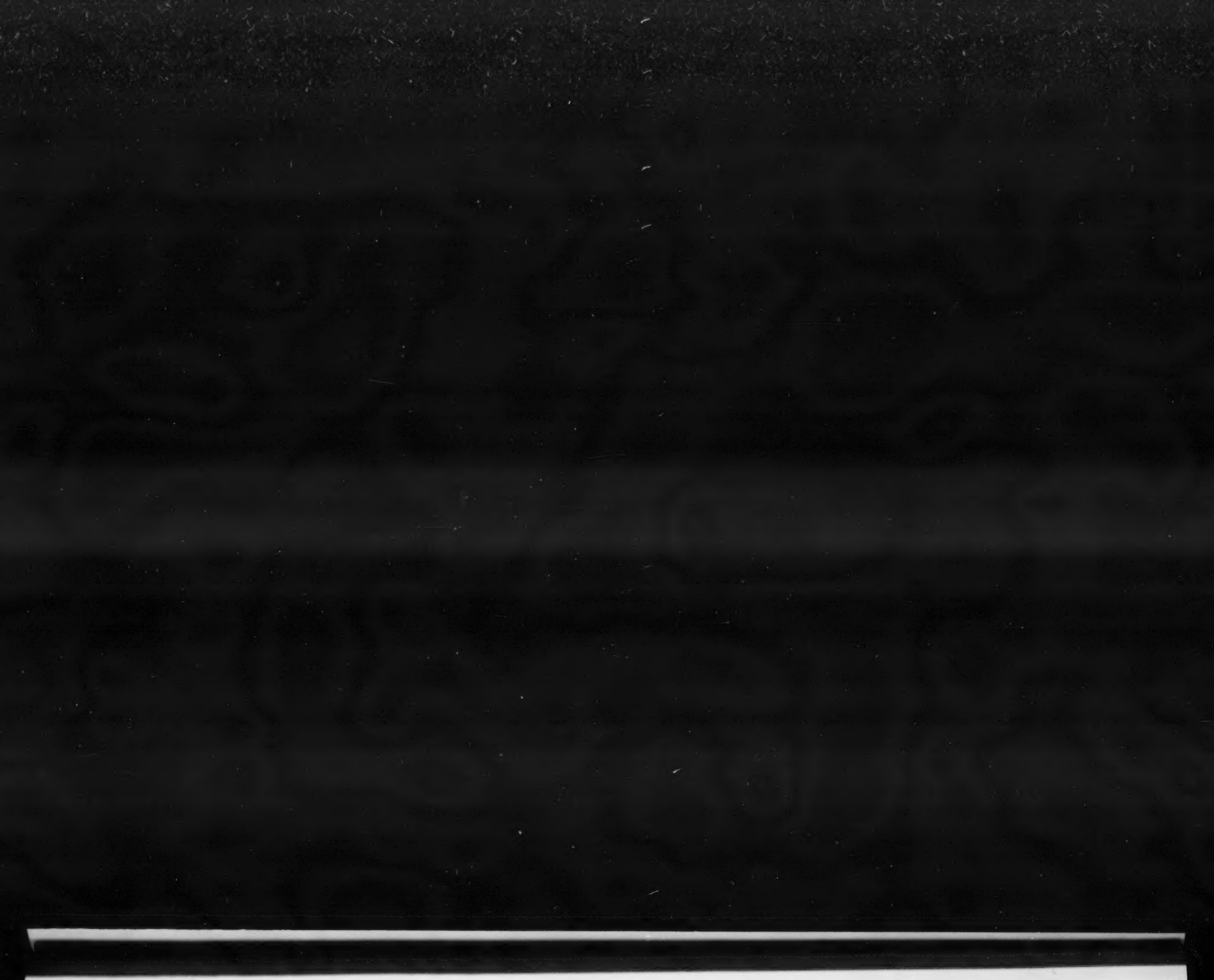
"His schooling had to be acquired 'by littles', and amounted in all to less than a year. However, his mother, Nancy Hanks Lincoln, taught him to read and write. In later years Lincoln said, 'All that I am and all that I hope to be I owe to my sainted mother.'

"Lincoln had few books and would walk miles to borrow others. Lincoln had no light by which to study except from the fireplace, and no paper on which to write, but he did his 'sums' on a wooden shovel, and shaved it clean when finished.

"When Lincoln was 21 he saw for the first time, while on a trip to New Orleans, Negroes chained, whipped, separated from their families, and sold in the market place like cattle. This grieved the kind-hearted man and he decided that if it ever became possible for him to do so, he would fight slavery.

"During these years Lincoln became greatly interested in law and politics and would often walk 12 miles to the law office of a friend to study the books there. While studying with the hopes of becoming a lawyer, he was for a time assistant county surveyor and local postmaster. But in time he accomplished his purpose and was admitted to the bar. In all his law practice he would not defend a case unless he felt it absolutely right and just.

"The feeling against slavery was gaining in the North, while slavery itself was spreading in the South. Lincoln sent out the alarm, 'Slavery is spreading like wildfire', and challenged Stephen A. Douglas to a series of debates. Seven debates followed in towns in Illinois. People came from all around to hear them. Douglas



argued that each State should be allowed to choose for itself whether it should be free or slave.

"Lincoln claimed that no man had a right to be master of another, and that a nation divided could not stand. Douglas won the debates, but Lincoln's strength of character made such a lasting impression upon the people that in 1860 they elected him President of the United States. The election caused great bitterness in the South, and several States seceded from the Union and formed the Confederate States of America.

"Four dark years of war followed, during which Lincoln worked, first, for the preservation of the Union and, secondly, for the freedom of the slaves. Meanwhile Lincoln issued and signed the Emancipation Proclamation, setting 4,000,000 slaves 'henceforth and forever free.' Finally in April 1865 the terrible war came to an end with the surrender of the South. The Union was saved, the slaves were free, but this great gladness was turned into sorrow when Lincoln was shot by an assassin.

"The savior of his country belongs to the ages."

In announcing the award the judges issued the following statement:

"It was no task but a pleasure to act as judges for the excellent essays submitted. In every instance it was not alone thoroughness in preparation of subject that should be praised, but neatness of papers, excellence of penmanship, accuracy of spelling, and knowledge of English. The judges wish to congratulate both teachers and pupils."

Students of all Cumberland schools participated in the contest.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 55 minutes p.m.) the Senate took a recess until tomorrow, Saturday, May 12, 1934, at 10 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 11 (legislative day of May 10), 1934

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO CAVALRY

Second Lt. Charles Edward Wheatley, Jr., Coast Artillery Corps, with rank from June 10, 1932, effective June 10, 1934.

TO FIELD ARTILLERY

First Lt. Howard Waite Brimmer, Infantry, with rank from March 25, 1923.

PROMOTIONS IN THE REGULAR ARMY

To be captains

First Lt. Wallace Gordon Smith, Air Corps, from May 3, 1934.

First Lt. Charles Adam Horn, Air Corps, from May 6, 1934.

To be first lieutenants

Second Lt. Leroy Cullom Davis, Field Artillery, from May 3, 1934.

Second Lt. Alvord Van Patten Anderson, Jr., Air Corps, from May 6, 1934.

MEDICAL CORPS

To be lieutenant colonels

Maj. Charles Lewis Gandy, Medical Corps, from May 6, 1934.

Maj. William Washington Vaughan, Medical Corps, from May 9, 1934.

To be captain

First Lt. Francis Patrick Kintz, Medical Corps, from May 4, 1934.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 11, 1934

The House met at 11 o'clock a.m.

Rev. Robert James White, National Chaplain the American Legion, Catholic University of America, Washington, D.C., offered the following prayer:

Lord God Almighty, we bow before Thee and in humble prayer beseech Thy blessing upon our deliberations.

We again avow our dependence upon Thee, our creator, redeemer, and eternal judge, and repeat with the Psalmist of old: "The Lord is our refuge and our strength."

In Thy boundless wisdom, O Lord, Thou hast given Thy sanction to government in human affairs, because Thou hast made government a necessary instrument to bring to men the blessings of peaceful order, just laws, permanent security, and mutual helpfulness.

Keep us mindful of our responsibility to Thee for our leadership; and let us not forget that though we be leaders of men, we are yet Thy children.

Destroy, O Lord, every consideration of selfishness, of sectionalism or group. Support us, O Lord, in our abiding conviction that we are not only caring for the needs of the passing hour but are working out in part the lasting destiny of our Nation in Thy eternal plan.

Enlighten our minds and strengthen our wills to the end that the ideals we profess may become realities in the lives we live; and over our lives, and acts and thoughts and being, cast, O Lord, the protecting mantle of Thy love and charity, that all may tend to the longed-for "increase of peace and good will on earth."

We ask these blessings through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On May 9, 1934:

H.R. 1127. An act for the relief of O. H. Chrisp;

H.R. 2340. An act for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas; and

H.R. 7279. An act for the relief of Porter Bros. & Biffle and certain other citizens.

On May 10, 1934:

H.R. 7835. An act to provide revenue, equalize taxation, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H.R. 541. An act for the relief of John P. Leonard;

H.R. 4533. An act for the relief of the widow of D. W. Tanner for expense of purchasing an artificial limb;

H.R. 5405. An act for the relief of Nicola Valerio;

H.R. 7306. An act to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended; and

H.J.Res. 325. Joint resolution extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1935, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 8. An act to add certain lands to the Boise National Forest;

S. 86. An act for the relief of A. L. Ostrander;

S. 173. An act for the relief of William Martin and John E. Walsh, Jr.;

S. 488. An act for the relief of Norman Beier;

S. 522. An act for the relief of Patrick J. Sullivan;

S. 740. An act for the relief of William G. Fulton;

S. 867. An act to define, regulate, and license real-estate brokers and real-estate salesmen; to create a Real Estate

Commission in the District of Columbia; to protect the public against fraud in real-estate transactions, and for other purposes;

S. 1629. An act for the relief of the Southern Products Co.;

S. 1639. An act to establish a Federal Credit Union System, to establish a further market for securities of the United States, and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States;

S. 1666. An act to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co.;

S. 1710. An act to authorize appropriations for the completion of the public high school at Frazer, Mont.;

S. 1735. An act to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims";

S. 1818. An act for the relief of W. P. Fuller & Co.;

S. 1822. An act for the relief of Harold Sorenson;

S. 1825. An act authorizing the Secretary of the Interior to issue patents to the numbered school sections in place, granted to the States by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress;

S. 1884. An act to prevent the use of Federal official patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends;

S. 2001. An act to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes;

S. 2049. An act for the relief of Western Electric Co., Inc.;

S. 2286. An act to provide funds for cooperation with joint school district no. 28, Lake and Missoula Counties, Mont., for extension of public-school buildings to be available to Indian children of the Flathead Indian Reservation;

S. 2470. An act for the relief of Erik Nylin;

S. 2473. An act granting jurisdiction to the Court of Claims to hear the case of David A. Wright;

S. 2506. An act to provide funds for cooperation with White Swan school district no. 88, Yakima County, Wash., for extension of public-school buildings to be available for Indian children of the Yakima Reservation;

S. 2614. An act to authorize the Secretary of the Interior to adjust irrigation charges on projects on Indian reservations, and for other purposes;

S. 2712. An act for the relief of Yvonne Hale;

S. 2806. An act to confer jurisdiction on the Court of Claims to hear and determine the claim of Carlo de Luca;

S. 2872. An act for the relief of Marie Louise Belanger;

S. 2873. An act for the relief of Stella D. Wickersham;

S. 2893. An act to provide funds for cooperation with school district no. 27, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children;

S. 2938. An act for the relief of Harry L. Reaves;

S. 3059. An act for the relief of Joseph M. Thomas, alias Joseph Thomas, alias Thomas O'Donnell;

S. 3092. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of Jesse Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States;

S. 3156. An act for the relief of Mary Angela Moert;

S. 3192. An act for the relief of Arthur Hansel;

S. 3248. An act for the relief of J. B. Walker;

S. 3264. An act for the relief of Muriel Crichton;

S. 3280. An act to carry out the findings of the Court of Claims in the claim of Morse Dry Dock & Repair Co.;

S. 3322. An act to carry out the findings of the Court of Claims in the case of the Union Iron Works;

S. 3364. An act for the relief of G. T. Fleming;

S. 3397. An act to amend the laws relating to the length of tours of duty in the Tropics and certain foreign stations in the case of officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes;

S. 3408. An act to provide for a preliminary examination of Cromline Creek, in the State of New York, with a view to the control of its floods;

S. 3439. An act relating to deposits in the United States of public moneys of the government of the Philippine Islands;

S. 3442. An act to dissolve the Ellen Wilson Memorial Homes;

S. 3457. An act to authorize the Secretary of War to sell or dispose of certain surplus real estate of the War Department;

S. 3524. An act to amend an act of Congress approved February 9, 1893, entitled "An act to establish a court of appeals for the District of Columbia, and for other purposes";

S. 3545. An act to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.;

S.J.Res. 67. Joint resolution directing the Comptroller General to adjust the account between the United States and the State of Connecticut;

S.J.Res. 91. Joint resolution to supplement the authority of the Federal Trade Commission to obtain information relating to the salaries of officers and directors of certain corporations whose securities are listed on the New York stock exchanges;

S.J.Res. 100. Joint resolution authorizing suitable memorials in honor of James Wilson and Seaman A. Knapp;

S.J.Res. 106. Joint resolution authorizing loans to fruit growers for rehabilitation of orchards during the year 1934;

S.J.Res. 108. Joint resolution authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point Eloy Alfaro and Jaime Eduardo Alfaro, citizens of Ecuador; and

S.J.Res. 109. Joint resolution authorizing a study by the Bureau of the Census with respect to the cotton stocks held in the United States.

The message also announced that the Senate agrees to the amendment of the House to the bill S. 2671, "An act repealing certain sections of the Revised Code of Laws of the United States relating to the Indians."

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 3170) An act to authorize the Postmaster General to award 1-year contracts for carrying air mail, to establish a commission to report a national aviation policy, and for other purposes, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. BLACK, Mr. HAYDEN, Mr. SCHALL, and Mr. FRAZIER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 3235) entitled "An act to amend an act entitled 'An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes', approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes."

Mr. MARTIN of Oregon. Mr. Speaker, I note the absence of a quorum.

The SPEAKER. Evidently there is not a quorum present.

Mr. SNELL. Does the gentleman insist on his point of no quorum?

Mr. MARTIN of Oregon. Yes.

Mr. SNELL. That will consume the greater part of the time we expected to save by meeting at 11 o'clock.

Mr. MARTIN of Oregon. We are going to have a speech here that I want the House to listen to.

Mr. SNELL. I wish the gentleman had told us that last night.

Mr. MARTIN of Oregon. Mr. Speaker, in view of the gentleman's statement, I will withdraw the point of order.

A VERMONTER'S POLITICAL VIEWPOINT

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a speech I made yesterday before the School of Politics in this city.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PLUMLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered before the Political School of the League of Republican Women, May 10, 1934:

Madam Chairman, ladies, and gentlemen, a Vermonter's political viewpoint, or in other words, the Vermont brand of Republicanism, is what I have been asked to talk about this afternoon. I may as well say at the outset that the brand is unadulterated, as is our maple sugar, for we take our Republicanism seriously in Vermont.

Undoubtedly we are old-fashioned, but we still believe in the Constitution of the United States, in the Declaration of Independence, in the Bill of Rights, in the Constitution of the State of Vermont, and accept them as our political rule and guide of faith. Incidentally, and it is not generally known, the founder of the Republican Party was an adopted son of Vermont, educated at and an instructor in a Vermont college years ago, and studied law in our State. He achieved prominence in his profession at Ripon, Wis.; took an active part in politics as a Whig, and believing that the end of that party was approaching he consulted Horace Greeley with respect to what ought to be done, and suggested the formation of a new party, and on being asked by Mr. Greeley what the new party should be called, he said, "Republican." Henry Wilson, in the Rise and Fall of Slave Power and in his account of the founding of the Republican Party, gives to Allan E. Bovay the distinction of having founded the Republican Party at Ripon, Wis., February 28, 1854.

From the days of the earliest settlers, Vermonters have asserted their independence. To their descendants have been transmitted many of their outstanding characteristics. Of the hardy pioneers of the early days it was well said that: "Encompassed by enemies they were never conquered, beset by evils they were always undaunted; forsaken by friends they forsook not themselves. The State whose independence they secured is the monument of their labors, and the children to whom they left it rise up and call them blessed." As you very well know, no such storm of opposition ever confronted any other State as was encountered by the men who achieved the independence of Vermont. The struggle, the vicissitudes, the opposition developed certain attributes and outstanding characteristics which have rendered the name of "Green Mountain boys" immortal. Sound common sense—a keen perception of right; promptness of action; calm, steady courage; tenacity of purpose; thrift and unfaltering perseverance; and a strong conviction that God helps those who help themselves are some of the characteristics of the people whom I have the honor to represent.

I am pleased to be here this afternoon and talk to you about their viewpoint and the brand of Republicanism in politics for which they stand. I am doubly pleased to have this opportunity to talk to you, for as much as I am deeply and undeniably interested in every movement of this kind, which has for its purpose the stimulation of interest on the part of the electorate and its education with respect to everything which pertains to the Government and the rights and duties and obligations of its citizens.

The greatest danger that confronts the people of the United States today is not that of a foreign foe or armed invasion. It is a more subtle and insidious enemy, the seeming indifference of the average citizen to matters vitally affecting his welfare, the apathetic state of mind, the seeming numbness, or partial paralysis, of the body politic, a disinclination to assert ourselves to preserve and save and conserve the blood-bought liberties we now enjoy.

The greatest problem of the day and generation in which you and I live, the most important and far-reaching question that confronts us or has confronted this country since the Civil War, the question in comparison with which others seem almost trivial, is this: What shall we do with the indifferent citizen? or, to put it the other way, What will the indifferent citizen do to the Republic?

We must arouse ourselves to a realizing sense of the tremendous crisis that confronts us. America has settled some momentous problems, but as she settles this one, right or wrong, so shall the future of the American Republic be determined—so shall it stand or fall.

War, peace, debt, prosperity, anarchy, safety, the health and protection of our families, the education of our children; an incapable and wasteful or wise and efficient Government; yes, even the question of life and death depends upon your vote. This country must be saved by the ballot, not by bullets!

No such crisis has confronted this country since the day when Abraham Lincoln declared that this country could not permanently endure half slave and half free, and on that declaration the Republican Party was formed, and the Civil War was fought utterly and completely to extirpate slavery from the soil of this Republic. The war was won, that issue was determined, the Union was saved, the fundamental principles of the Republican Party and its policies and leadership were vindicated. The national character of the Union was established, and an end was forever put to the doctrine of secession. Are you so sure that another great crisis is not at hand? It is time to wake up!

I am a Republican, since I believe the Republican Party was born because of a principle, and has lived and grown because of vital governmental principles and policies, for which it has stood and which it has maintained, too sound to be permanently overthrown, too deep and fundamental and underlying to be effaced.

A stupendous task confronts the Republican Party, not too great an undertaking for this party of ours—that sponsored and was responsible for the enactment of the legal tender and sound money laws; for the system of internal-revenue taxation by which a major part of the operating expenses of the Government has been met; not too great an undertaking for the party which forced the adoption of the thirteenth amendment, which abolished slavery; and the fourteenth amendment, which created citizenship of the United States, as distinguished from citizenship of the several States; and the fifteenth amendment, which established equality of suffrage.

It has made mistakes and is big enough to admit them and to correct them, but has maintained a record for achievement and accomplishment which will not permit it to lie down or to admit that its men or women have lost their vision, or that it, as a party, is unable to cope with a situation whose difficulties, compared with those which the Republican Party, as such, has met and surmounted, are at least no greater.

Many panaceas have been offered, many remedies suggested, and so many methods of resuscitation or revival of the body politic have been tried, it is a wonder the patient has survived the ordeal. We are threatened with a dose of inflation which means repudiation or substantial reduction of debts, and deflation, which means an enforced sale of assets at a price far below what they are really worth. Inflation is an insidious method of fooling the people, the workmen and wage earners and the farmers. The farmer is hardest hit of them all. History attests this fact, a fact so often proven as to be an axiom.

To lighten the burden of debt by depreciation of the currency is a benefit to a very small minority of the population at the expense of a large majority. By far the greater part of the population is interested as a creditor rather than as a debtor. Recovery can only be brought about by an increased volume of business done with the expectation of a reasonable profit, for anything that tends to obscure the hope of profit tends to retard recovery. Uncertainty as to the future character and value of money is the strongest single deterent to business enterprise. It has always seemed to me that to stabilize the currency permanently by reducing the gold content of the dollar to approximately its recent value can but result in further and far-reaching disturbances and disaster, causing great harm and injustice to a majority of our people. It will eventually bring about a large increase in the general price level over even that of today, of the cost of living, of the wages of organized labor, measured in the dollars of depreciated purchasing power. While wages may double, so will prices also, and the buying power of the money with which bills are to be paid will be further depreciated.

It does not follow that it is a good thing to raise prices, for unless incomes rise at the same time as do prices, the standard of living must go down. You do not have to argue this hard or long to the people of the State of Justin S. Morrill, George F. Edmunds, or Calvin Coolidge. They know that to issue fiat money, to start the printing presses, or to put our currency on a silver standard, or to attempt to establish a bimetallic standard would but spell national disaster. They know these things from experience, and they know they have been found to be facts by the Monetary Commission, of which the late Hon. George F. Edmunds, Vermont's distinguished statesman, was the chairman. The facts so found exist today.

We do not have many multimillionaires or millionaires among us, and we look with disapproval on all attempts to arouse class antagonism by ranting and raving about the capitalistic system. Every home owner in Vermont and in this land is a capitalist, so are 60,000,000 holders of insurance policies and 20,000,000 of savings depositors, and all those hard-handed, thrifty investors who have purchased United States and State inunicipal bonds and securities. Every farmer and every wage earner in the land are capitalists. It follows, therefore, that all of us who constitute the backbone of this Republic must suffer by the reduction of the purchasing power of the currency and the resulting increase in the cost of living. No, my friends, Vermont Republicans are for a sound currency and a solid basis for a sure resovery which will be sound, solid, and secure only if it comes of itself.

In my campaign for nomination and election, over and over again, I made the statement that the American people had accepted the N.R.A. solely as a temporary expedient, which would not be permitted to be or become a permanent part of our governmental policy or our form of government.

The delirium of fear with which our people were obsessed as of a year or two ago has now passed, and, as someone has said, "The patient is convalescing and eager to go places and do things." The American people will not much longer stand for those things sponsored and advocated by those who are attempting to saddle upon this Republic a program and policies un-American in conception and unconstitutional in fact and in law. The hard-headed, keen-minded, patriotic people who love their country and believe in the American idea are fed up with the theorists. They want a logically worked out program based on the hard grounds

of practicability. They are ready to work. They give Franklin D. Roosevelt, our distinguished President, all the credit to which he is entitled, and that is a very great deal. They have not lost confidence in him, but they question his judgment in the selection of those with whom he has surrounded himself, who are attempting to put into effect a program of which I am sure he cannot approve, and which he must eventually be compelled to repudiate in full, as he already has in part, although he may be helpless in their hands.

Did you read the editorial in the Washington Herald, May 8, in which the statement was made that the country is fed up on Tugwell and all the other apostles of bedlam: "It (the country) does not want to hear much more from, or about, any of them—Jerome Frank, the General Counsel of the Agricultural Adjustment Administration; or David E. Lilienthal, of the Tennessee Valley Authority; or Nathan R. Margold, Solicitor of the Interior Department; or Thomas Corcoran, Counsel for the Reconstruction Finance Corporation; or Professor Landis, of the Federal Trade Commission; or Benjamin Cohen, Counsel of the Public Works Housing Authority; or Paul Freund, attorney of the Reconstruction Finance Corporation; or Charles Edward Wyzanski, Solicitor of the Labor Department; and there are others. The people are ready to rule the entire Frankfurter stable off the turf. They are heartily sick of the 'brain trust'; they perceive in its policies only folly and defect. The names of its members are vinegar to their eyes."

Vermont Republicans do not take kindly to or believe in regimentation or the proposed planned economy featured by the group last named. Regimentation! The very thought of it arouses in them the spirit of resistance and renews their determination to assert anew and maintain their independence. Whether you call it facism or socialism or communism, they know that the program which these men would have us follow can but spell the end of those liberties for which their forefathers fought and which they under the Constitution will seek to preserve. They see in it the end of individual thought and expression, the eventual abandonment of a democratic form of government, and to it and to those who sponsor it they are unalterably opposed. The surrender of the rights of a free people to a dictatorship and to a tyranny, such as the proposed regimentation and regulation and extended bureaucratic experimental restriction and supervision contemplates, is anathema to them. They sympathize and agree with the woman farmer who asks:

"What of our children and our grandchildren? Can farmers hope for the security some of us knew as children? Can any business dare to hope to grow and profit? Will there be any incentive to work hard and try to get ahead when personal income from hard work must be turned over in such large amounts to the Government in income taxes? What will it do to the souls of people that they may find no encouragement to do their best, it appearing that a premium is set upon inefficiency and waste and idleness? We have grown children, married, and bewildered by the problems of achieving any decent existence. They were taught the strange old creed of trying to do all they could and expecting to profit better by doing so—better than those who did not choose to make their utmost effort. When can we teach our baby, now only 5 years of age? What hope can we hold out to her, as she grows up, in a Nation that, having gulped its recovery pottage, must forego its heritage for taxpaying?"

She wonders about dictatorships which can be only because power has been bestowed or seized, and what may be the outcome of them. "Any kind of dictatorship is dynamite to democracy and to order and to progress." She goes on to say: "I look out across our land that we still hold by only such a narrow margin, and I know that if my husband cannot make it pay, nobody else can tell him how, and I know that the blood of generations of independent farm people rises within me to hate dictation, no matter how soft the velvet may be laid over its mailed fist, or how beautiful the bribery it offers us for our inalienable rights, which it is trying to deceive us into giving up.

"I am forced to keep on believing that what is honesty for the individual is honesty for the group, and what is good for business ethics and is reasonable business management for the man is good for the Nation." She cannot understand, nor can any of us, how consumption can be increased by making prices still higher and taxing the poor on the food they eat, so that, afterward, the Government can make levies upon processors of foods to get money to pay some farmers to do less work, and also to pay a lot of Government employees we do not need, to see that the farmers specified do loaf as per agreement. The processing tax on hogs is being paid by those who produce the hogs.

An Australian visitor has recently said that "cutting production is only creating artificial shortage and artificial poverty." She cannot help wondering if those who so gayly destroy pigs ever sat up through a zero night in January, cramped into a farrowing shed trying to help save the babies, or thrilled later to their contented gruntings around the feed trough, or watched growing children tuck away juicy slices of ham—sure they could eat just all they wanted, for there would be plenty. She doubts if those who would advocate the farmer's working on a nonprofit basis would be willing to milk twice a day with no shelter from a northwest winter gale but a barbed-wire fence, so be they even knew from which side of the cow to begin the task!

Where will it all lead? Is a Government-dictated agriculture, with acreage allotments for those who would plant and only so many head of livestock for those who would raise them, coming swiftly upon us? As Government reaches out farther all the time to get into and control what has hitherto been private business, will we come to nothing better than serfdom made the more poisonous by our modern knowledge of transportation and of communication? Are we heading into State-controlled and enforced socialism? Is democracy, as we have known and loved it, doomed? Are private initiative and private enterprise and personal thrift and personal desire for ownership of property to be thrown away as useless? Is the day passing when we can learn anything from history to help us with the present, and are we just naturally too smart to have to abide any longer by the old laws of supply and demand, and right and wrong? Do we not know that economic pills will not cure spiritual ills?

It seems to me that we need to guard our rights as private citizens as never before in the history of our Nation, that we need to examine to see if we have not tacitly abrogated our precious privileges of doing our own thinking, in yielding so much, no matter how imperative may have seemed to be the emergency. "It is all wrong that a business as basic as agriculture in a nation such as ours should have to exist upon Government subsidies, or deliberately cripple itself, like stepsisters cutting off pieces of their feet to try to make them fit Cinderella's slipper, to try to make itself fit the shoe somebody else says it ought to walk in, if it is to get along. It should stand upon its own strong feet, serving as only it can."

How absolutely right she is that "No other business is as completely dependent upon private initiative and private personal devotion and labor as is farming. Take out of American farming the incentive to prosper, to own, to have, to hold, to improve, to enjoy, to be certain of keeping, and the Government had as well have the farms, for you cannot hire anything to take the place of the love of home that has carried so many of us through scorching days of summer and the exposure of winter weather, through sacrifice and losses and shabbiness and deprivation and made us feel that none of these mattered if some day we could have a good farm home and a bit of time to rest in it."

Where do we go from here? Your answer may be far better than mine; but as sure as we live, or anybody lives, we shall go on to something, somewhere, from here, and now is the time to be having something to say about the direction to be taken. The daughter of debt is hate, a terrible thing wherever seen, and we need less of her, and more of the contentment that can be the offspring only of thrift and good management, and courage and faith.

This woman has done some thinking and has thought it through. Hear her again!

"I still believe in personal independence of thought and action, as long as one holds to law and order. I still believe in that individualism that some have lately held up to ridicule and scorn. God gives it to each of us and leaves no directions for later handing it over to scoffers. I believe that lower taxes, lower interest rates, and to have been let alone were all, and still are all, that the farm people need. I believe the same three suggestions would work for many another business now being crippled and maimed beyond recognition by Government interference and political dictatorship.

"This is your country and mine, whether we live in country or in town, are poor or well-to-do; and it is your concern and mine that we assume the responsibility we shall never have any alibi for having shirked, and do what we are able, be it little or much, to see that there shall be no more jeopardizing of the rights our Constitution set forth as ours to have and to cherish."

The people of Vermont are fed up with the N.R.A. and its application to and effect upon them as individuals and in the destruction of their business and the loss by them of their savings of a lifetime. In a recent article in the Detroit Free Press the writer takes occasion to say: "The editors of America have voices and type, but somewhere in New England a little merchant put a sign in his window, in which he sought to make use of the same constitutional provision of free speech, and the whole power of the Federal Government in the hands of General Johnson cracked down on him because he had the temerity to speak his mind about the N.R.A. A United States Senator, CARTER GLASS, can call the blue eagle a 'blue buzzard' and order it out of his shop without being molested."

The man who owns and operates the little business all over this land of ours is the "forgotten man" of this administration.

I have a letter from a neighbor of mine who lives in an adjoining town, who says:

"I operate a filling station and do not employ any help, as this is not a large village, and there are six stations of other brands besides the one I sell. My profit is so small that I cannot have a steady man. I have three children in school. My health will not let me do hard work. This business has not paid my expenses, and I am confined night and day. Can I pay a high-school boy 50 cents a day through his vacation? This would help him in his schools. Or a man a dollar a day that cannot earn any more? I was the second one to join the N.R.A. in this village and am heart and hand in all ways to bring us back to prosperity, but I also wish to make a good home for my family."

I forwarded this letter to the Petroleum Labor Policy Board on April 25, and asked for a ruling on the case, and that a letter be addressed both to me and to the writer of the letter.

On the 7th day of May I received another letter advising me that my neighbor had received a copy of the code directing him that he should pay 40 cents an hour for 8 hours a day. "That", he says in his letter to me, "is more than I receive in profit." And he asks, "Can I have a boy or man by giving him a cent a gallon on each gallon he sells? I would like to get this straight so I might live and let others."

On the same day that I referred this second letter to the Petroleum Labor Policy Board and asked that my constituent be exempted from the operation of section 3 of article 2 of the petroleum code, I received a reply to my first letter, from which I quote: "To pay a high-school boy 50 cents per day through his vacation period, or a grown man $1 per day, because he cannot earn any more would be in violation of the law and would defeat the purposes of the National Recovery Act."

I ask you, in view of the foregoing, what are the purposes of the National Recovery Act, and what, in view of its provisions and the policy it pursues, is going to become of the individual citizen, the small business man, and of the country?

Just a few days ago the Associated Industries of Vermont sent out a questionnaire, the result of which disclosed the fact that a large majority, according to the Honorable E. Lewis Olney, the president of the association, probably 75 percent of the industries of Vermont are having great difficulty in complying with code requirements and remaining in business. "It appears to me that relief to these smaller industries must be quickly afforded if they are to continue in operation or adopt the other alternative of failing to comply and take their chances as to what may follow", he says.

In a letter recently received from Governor Wilson of Vermont, I am advised that "the theories on which the N.R.A. is founded are not working out in practice up here to the benefit of our communities. Part of this is probably due to the theories themselves and part to lack of enforcement of the N.R.A. * * * I have come to the unwilling conclusion that if present conditions continue, our small industries in Vermont must themselves disregard the N.R.A. and fight their own battles as best they may. If there is not a solution before long many Vermont manufacturers will either declare their independence of the N.R.A. or go out of business."

Things are going to be different from now on, whether we like it or not. Changes must come, but there need be no change in our form of government, and there need be no third party! This is the testing time for the Republican Party. Have we the brains to acknowledge our mistakes and the initiative and vision to put this country back on to its feet and to reestablish constitutional government? Or, shall we stand by as slackers and destructive critics and let it follow the path of least resistance along the road that Russia has traveled? There can be but one answer. The solution of our problem calls for the best that there is in us.

The Republican Party has been the party of action and progress and achievement, from the days of its founding, for more than half a century of our national life. The call and the need for its leadership are stronger today than ever before. The political party which has put into effect the principles and policies which saved national unity, freed a race, resumed specie payments, established the national credit, fixed the gold standard, restored prosperity, in short, which always, when it has been brought to a realizing sense of the responsibility resting upon it, has responded to the call and proven equal to the emergency, will once more respond, will continue to keep the faith, will provide the solution of our problems, and, true to its record, will lead this country out of the slough of despond into the sunshine of complete recovery and prosperity, contentment, and peace. The Republican Party is equal to the task.

Go tell the pessimist that we have a vast domain of three million square miles, this Nation of ours, literally bursting with latent treasures, still waiting the magic of capital and industry to be converted into the practical uses of mankind; that what natural resources we lack we have the brains to manufacture, synthetically; a country rich in soil and climate, in the unharnessed energy of its mighty rivers, and in all the varied products of the field, the forest, the factory, and the farm. Tell him we have the man power and the brains, and that the Republican Party, renewing its allegiance to the principles, purposes, and declarations of its founders, with its face toward the light, reaffirming its adherence to fundamental Republican doctrines, will go forward, determined to perpetuate blessings already received and to make sure and secure the achievement of a greater America yet to be!

MOTHER'S DAY AND ITS FOUNDER

Mr. KEE. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KEE. Mr. Speaker, over all the civilized world the second Sunday in May of each year is now known and observed as Mother's Day. This day was founded by Miss Anna M. Jarvis, a native of West Virginia, who is now a resident of the city of Philadelphia, Pa.

The idea of setting aside one day in each year in honor of the mothers of men was conceived by this splendid and devoted woman over a quarter of a century ago. She transmuted her idea and her dreams into action, and today there is an annual observance of Mother's Day around the world. The day was intended by the founder to be—and is—one of thanksgiving and is an expression of remembrance and gratitude. It is observed not inly in all the countries where English is spoken but also in all other civilized lands of diverse customs and languages. No founder of a great memorial day could have envisioned a more generous and wide-spread acceptance of an idea. The day is given official recognition by England and her colonies; and if it may be said that the sun does not set upon the English flag, then it is true that the day fixed for the honor of the mothers of the race is observed around the world. Our neighboring States in South America give general recognition to this day and to the sentiment inspired and cultivated by its observance. The Government of Brazil gives to this day its annual recognition through official proclamation. Our immediate southern neighbor, the United States of Mexico, recognizes the day by paying beautiful tribute to the mothers of that country. It is said that on this day in Mexico the thatched adobe huts as well as the most pretentious palaces are decorated with flowers in tender and loving remembrance of the mothers of the land, living or dead.

The observance of the day has spread among the races of Africa and Asia, as well as to the inhabitants of the islands of the seas. In our own country and in all its possessions the day is recognized not only by official proclamation and appeal but by an observance marked by the tendermost sentiments and unmarred by the slightest taint of commercialism. It is the one day of all the year upon which the entire world becomes of harmonious accord because of an appeal to the sentiment that lives in every human heart.

As the years pass the importance of Mother's Day becomes more apparent, and the day itself attains greater significance in human life. Perhaps Miss Anna M. Jarvis, the founder of the day, may have dreamed of the time when it would be universally observed, but we doubt that even she ever visualized the appeal that this day makes to human emotions. The world-wide slogan of the day is "Write home." This is an injunction as well as an appeal to the sons and daughters who have wandered far. No record is possible of the joy and gladness that have been brought into aching hearts because of response to this appeal. Year after year, on Mother's Day, letters, telegrams, and gifts come from lands near and from lands far distant to cheer and encourage lonely mothers whose sons and daughters are no longer beneath the family rooftree.

On this day millions of letters are distributed in the United States and its possessions, but as well as throughout other lands. In addition to this, countless gifts are placed in the mails to be forwarded "back home" to the mothers who are thus remembered. The sons and daughters who write these letters and who send these gifts become children again in their love of the mothers who bore them, and the mothers who receive them are again young in their yearning for these evidences of remembrances from those they love.

The real purpose and thought of the founder of Mother's Day, together with the splendid constructive force of the ideal permeating this institution, are recognized by the Army and Navy of the United States. By official sanction the day is appropriately observed in all branches of the Nation's military and naval forces. This year there will also be an observance of the day in the Civilian Conservation Corps engaged in the various reforestation projects throughout the country, and the mothers at home will be advised that "all is well" with their sons. In the schools and colleges throughout the land there is to be a general observance of the day, and it is said that this year more than 100 colleges and universities are planning for pilgrimages which will be made this week to these institutions of learning by the mothers of the college students. These visitors will in many cases be the invited guests of the colleges, and all honor will be done to the mothers of those who are in training for future useful citizenship.

Mother's Day is the one great day of remembrance and of celebration which has never been, and may we hope never will be, commercialized. It is both an ideal crystallized and a dream come true. The idea is founded upon what is per-

haps the greatest factor in human happiness—sentiment. Sentiment expressing that intangible, indescribable emotion that grips our hearts, sways our minds, and brings a mist to our eyes. It steals into our hearts as God's sunlight steals across the land and draws us in tender sympathy closer to all the rest of mankind. More than any other force has sentiment been the actuating cause of all social life and brought to us in modern times the instrumentalities of home, religion, and government. The sentiment that causes us to forget for a brief space our present individual strivings and ambitions, our joys and sorrows, our hopes and aspirations, and to walk again in memory with the mother of our childhood, is the purest, sweetest and holiest motive that we could inspire in the hearts of men and women.

What a wonderful inspiration was that of Anna M. Jarvis when she founded Mother's Day! It is true that the mothers of men did not really require a special day upon which to do them honor. In the hearts of men, every day is Mother's Day. And yet it was an act of vision to select one day in each year upon which the peoples of all the earth might show honor to a living mother, or lay a wreath of flowers upon the altar builded in their hearts to the memory of one who is no more.

And now, what may be said in tribute to the one for whose honor this day was set apart? To whom, of human speech, has there been given the power to pay a fitting tribute to the mothers of men? To this there can be but one answer: To none. Words are inadequate, deeds are futile, song and story fail, painting is feeble, and monuments built of human hands are but vanities. Nothing can be said or done that can pay any part of the debt we owe to that most wonderful of all creations of God, the mother. And yet, as she, living or dead, would wish it, we can, day by day and year by year, render to her the only compensation within our power by giving back to her or to her memory just a little of the great wealth of love with which she endowed us.

The poet says that man's justice is "like God's when mercy seasons justice." That may be true, but it is only the leaven of mercy that gives to the justice of man even a semblance to the all-inclusive and pervading justice of the all-wise God. Man's mercy, even at its best, cannot hope to equal the tender and healing mercy of his Creator. There is nothing in which man can hope to equal or even emulate the Divine Intelligence which gave him being. But there is one thing in the world that comes nearer than all others to being the equal of the Divine, and that is the boundless, tender, and enfolding love of a mother for her child.

Going unafraid down into the valley of shadows to bring her child into being, she emerges with the wee mite of humanity resting upon a heart that from that moment is overflowing with a passionate devotion that is never exhausted. With tender eyes she watches the tiny bud burst into the bloom of early childhood. Through days and years of sunshine and storm, of joy and happiness, of hope and despair, of smiles and tears—bending over the cradle, watching with anxious care the first tottering steps, kissing away the pain of little hurts, sitting with tear-dimmed eyes through the long watches of nights of sickness, greeting with smiles of joy the first signs of returning health, listening to childish prattle and soothing childish sorrows with tender sympathy and understanding—always leading, always lifting up, always with her eyes toward the dawn, she brings the child safely through the helpless years into young manhood or womanhood. And the end is not yet. The same untiring, undying, unselfish love lives on, toils on, burns on, gives of its inexhaustible self until toil-worn hands are folded across a heart that can no longer respond.

The most beautiful sentences in the languages of men have been written and uttered about the love of a mother, and why not? It is a theme that appeals to us because we have been beneficiaries of that love. But there has never been a human being, nor ever will be one, who can understand or fathom or measure the depths and intensity of it. There is no place so high to which a child may climb that a mother will not follow; there is no depth too low to which one may sink that the mother will not stoop with outstretched and saving arms; there are no spaces so vast, oceans so wide, or deserts so arid as to deter the mother's following footsteps; there are no prisons so forbidding, no dungeons so dark, no dens of vice and evil so vile that a mother will not enter them in search of a wayward and erring son or daughter.

She will stand with them in their glory in the high places of the world, and in equal glory, but a glory all her own, she will stand with them upon a scaffold. From dawn to dusk of life, the love of mother surrounds us, encompasses us, protects us, sharing all things, enduring all things, suffering all things; nor the winds of adversity, nor the tides of the sea, nor the coldness of the world, nor the fires of hell, will prevail against it. If it can be said that the sacrifice of the gentle Savior, in whom we believe, washed away the sins of those who look to Him in faith, what may not be said of the mothers of the world, of all faiths, creeds, and conditions in life, who with their tears have cleansed the souls of sons and daughters from the black stains of sin and brought them, white and clean, to the foot of God's great throne? In the words of the Recessional let us pray today.

Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!

And what a beautiful and wonderful thing it is for us to be able to remember. Memory garners and holds for us the brightest, sweetest flowers in the garden of life. It records and preserves for us old scenes, old days, and old friends. It carries us back to the days of childhood when mother's arms enfolded and mother's voice in lullaby soft and low lured our baby minds into the fairyland of baby dreams. It carries us back to the sunkissed hills and blazing meadows of youth. It recalls to us the happiness of years long dead and brings to us from time to time the voices of those whom we loved in the distant past. Memory dwells with us always, and even in dreams we live again the drama and the tragedy, the sweetness and bitterness of other years; and it is only when death shall come to press with gentle fingers our tired eyelids down to eternal sleep, that memory will place her farewell kiss upon our pallid brow.

To many of us with whitened hair, the record of rapidly flowing years, there is left only the memory of a mother. But that memory is not a sad one, it is just a wonderful treasure to keep and hold forever. To those who are yet blessed with a living mother's love and presence, it need only be said that they now have the substance of that which some day may become a memory; therefore all the more should their treasure be guarded with loving care and tenderness.

RIVER AND HARBOR AND FLOOD CONTROL

The SPEAKER. Under the special order for today, the gentleman from Texas [Mr. MANSFIELD] is recognized for 40 minutes at this time.

Mr. MANSFIELD. Mr. Speaker, I will be forced today to do something that I have never done before in my life—that is, to decline to yield. My time is so limited that I cannot possibly yield, and I request Members not to ask me to do so until I have finished.

Mr. Speaker, the President has announced that he has under consideration plans for the comprehensive improvement of our waterway system for all national purposes, embracing navigation, flood control, power development, irrigation, and related subjects. Surveys for these purposes were made under Document No. 308, Sixty-ninth Congress, first session. Commissions have been appointed by the President to submit plans to a board consisting of four Cabinet officers, and we are informed by the press that this board has submitted a tentative report to the President.

The press report given out stated that a predicted result of the Cabinet study is that many river and harbor projects authorized or partly completed will probably be abandoned, though the new policy will not affect those projects being carried out under Public Works allotments. It is expected

that the President in due time will present the matter to Congress and ask for appropriate legislation.

I am informed that an effort is now on foot to deprive the Rivers and Harbors Committee of jurisdiction of this proposed river-and-harbor legislation and have it vested in the Committee on Flood Control. Under the rules of the House, when a public bill has been referred to a committee, a contest for jurisdiction by another committee must be decided without debate. Therefore, in the event of such a contest over this proposed legislation, whether initiated by the Committee on Rivers and Harbors or by any other committee claiming jurisdiction, the Members might be called upon to pass judgment without an opportunity of debate or investigation. I respectfully call the attention of the House to a few matters which might be deemed pertinent.

In our early history, river-and-harbor legislation was generally under the jurisdiction of the Committee on Commerce. This committee afterward became the Committee on Interstate and Foreign Commerce. It continued in control of river-and-harbor legislation until the creation of the Committee on Rivers and Harbors in 1883.

By reference to rule XI, pages 308 and 312, House Rules and Manual, it will be seen that all proposed legislation "relating to the improvement of rivers and harbors" shall be referred to the Committee on Rivers and Harbors. Under this rule the Committee on Rivers and Harbors has for the past 51 years exercised jurisdiction over bills and proposals for various types and classes of waterway improvements.

These improvements and proposed improvements included navigation; power; oil and acid pollution; damage to reclamation districts caused by seepage under levees on upper Mississippi; diversion of water from Lake Michigan at Chicago for navigation; diversion at Niagara Falls for power under international arrangement; diversion for like purpose at the Soo; maintenance of lake levels on the Great Lakes by installation of weirs, regulatory and compensatory works; the purchase of Cape Cod, Lake Drummond, Chesapeake, and Delaware, and many other canals; installations for water-power development at various places; beach erosion; sea-wall protection of harbor at Galveston against hurricanes; diversion of course and flow of the Brazos River at Freeport, Tex.; erection of hydraulic laboratory at Bureau of Standards; securing of commercial statistics; establishment of harbor lines and various other matters.

Before the creation of the Committee on Flood Control, all flood-control improvements were also under the jurisdiction of the Committee on Rivers and Harbors.

The impression has been created that the surveys embraced in Document No. 308, Sixty-ninth Congress, first session, were made under authority of the flood control bill. This is entirely erroneous. They were ordered in the River and Harbor Act of January 21, 1927. The letter of the Secretary of War transmitting his report under that document shows conclusively the authority under which he was acting. It is as follows:

WAR DEPARTMENT,
Washington, D.C., April 12, 1926.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

DEAR MR. SPEAKER: I am transmitting herewith a report dated April 7, 1926, submitted in accordance with section 3 of the River and Harbor Act approved March 3, 1925, which reads as follows:

"SEC. 3. The Secretary of War, through the Corps of Engineers of the United States Army and the Federal Power Commission are jointly hereby authorized and directed to prepare and submit to Congress an estimate of the cost of making such examinations, surveys, or other investigations as, in their opinion, may be required of those navigable streams of the United States, and their tributaries, whereon power development appears feasible and practicable, with a view to the formulation of general plans for the most effective improvement in combination with the most efficient development of the potential water power, the control of floods, and the needs of irrigation: *Provided*, That no consideration of the Colorado River and its problems shall be included in the consideration or estimate provided herein."

Sincerely yours,

DWIGHT F. DAVIS, *Secretary of War,*
Chairman Federal Power Commission.

The surveys ordered under Document No. 308 are nearly all completed, though some of the reports are not yet printed. These surveys have been carried out at a cost of many millions of dollars, and they constitute the base of the proposed comprehensive plans for waterway improvements.

The Committee on Flood Control was created February 3, 1916. The rule for it was presented by Mr. Garrett, then of the Committee on Rules, afterward for many years the very able Democratic leader of the House. The scope of the jurisdiction of the new committee was fully explained by Mr. Garrett in presenting the rule. He said:

The Committee on Rules has recognized the tremendous importance of this subject matter, and that committee has felt that there should be created a standing committee of the House which could give scrutiny and attention to that question (flood control), that committee having jurisdiction of that subject matter only.

The following colloquy took place between Mr. Garrett and Mr. Sparkman, Chairman of the Committee on Rivers and Harbors:

Mr. SPARKMAN. Mr. Speaker, within certain limitations the Committee on Rivers and Harbors of the House has had charge of the improvement of the lower Mississippi River, appropriating large sums of money each year, and the language appropriating these amounts is always so guarded as to confine the improvement of the river to the building of levees, to protect against floods, of course, and for the purposes of navigation. What I want to ask is, What effect would this rule, if adopted, or this amendment to the rules and the appointment of this committee under it have on the jurisdiction of the Committee on Rivers and Harbors over that class of work?

Mr. GARRETT. I should say, Mr. Speaker, that bills relating to flood control would be referred to this new committee if the rule be adopted. I do not think that those bills which refer to the question of the navigation of the Mississippi would be referred to this new committee, but that they would be referred, as they have always been since the Committee on Rivers and Harbors was created, to the Committee on Rivers and Harbors.

Mr. Sherley, of Kentucky, who during the World War was Chairman of the Committee on Appropriations, asked this question.

Mr. SHERLEY. The gentleman has stated what the rule proposed to do. Now, will the gentleman state why it is proposed to do that? What is the reason for taking part of the jurisdiction away from the Committee on Rivers and Harbors and creating a special committee?

Mr. GARRETT. Because of the realization of the fact on the part of the Committee on Rules that there are aspects of the question of flood control which are not related to either navigation or commerce.

Mr. Sterling, of Illinois, propounded another inquiry, which Mr. Garrett answered as follows:

Mr. STERLING. This rule would take away from the Committee on Rivers and Harbors the jurisdiction it has exercised in the past on the question of levees?

Mr. GARRETT. It would not take away jurisdiction of any question affecting navigation or commerce.

Mr. WILSON, now the able Chairman of the Committee on Flood Control, in his speech favoring the new committee, said:

We feel that if given a committee of this kind, that could concentrate its collective thought and combined energies upon the problem of flood protection, this problem could be worked out and a final solution reached.

Our eminent Speaker, Champ Clark, the author of the resolution, expressed similar views. He said:

I introduced this resolution for the purpose of appointing a committee whose sole business it shall be to investigate from the best sources of information attainable to see if it is possible to prevent this destruction of property and life by curtailing the overflows of the rivers.

These were the circumstances under which the Committee on Flood Control was created. It is very evident that the purpose was to have a committee that was not to be encumbered with other problems of river-and-harbor improvements. Certainly, it was never the intention to have two committees on rivers and harbors exercising equal or concurrent jurisdiction over the same subject matter. Neither could such a course of procedure be successfully carried out. We might just as consistently contend for two committees on ways and means; two on appropriations, on rules, and on the judiciary.

The gentleman from Louisiana [Mr. WILSON], Chairman of the Committee on Flood Control, now claims jurisdiction over many waterways for all purposes, and says:

If the major portion of the project is improvement on rivers and harbors, it goes to the Committee on Rivers and Harbors.

If the main portion is flood control, it goes to the Committee on Flood Control.

In another connection he made the statement that the major features involved in all those questions relate to flood control. So there we are.

If it were practical to carry on under such a course of procedure, it is plain to be seen that we would soon be confronted with innumerable controversies and contentions as to jurisdiction. Furthermore, with some of the waterways under the one committee and some under the other, and each acting from its respective viewpoint, how would it be possible to secure the coordination the President is seeking. Instead of uniformity of treatment of the various sections and interests to be considered, it is plain to be seen that our waterway map in a few years would become a veritable crazy quilt.

Pursuant to the thought that flood control is the major question in every case, there is now under consideration before the Committee on Flood Control a bill to create a board to take over, under the jurisdiction of the Committee on Flood Control, the Mississippi River, including all the navigation works now being installed above St. Louis, including 27 locks and dams under construction, involving a cost of $124,000,000. This project was adopted by Congress in the river and harbor bill of 1930, and the expenditures were authorized by the Public Works Administration.

A similar measure is before the Committee on Flood Control to take over in like manner, under the jurisdiction of that committee, all the navigation works on the Missouri River, on which approximately $137,000,000 has been expended, including the allotments under the Public Works Administration. The approximate 400-mile section of this river below Kansas City was authorized by Congress in the river and harbor bill of 1910. The 400-mile section between Kansas City and Sioux City, in the river and harbor bill of 1927. The approximate 1,200-mile section above Sioux City up to and including the Fort Peck Dam was authorized by the Public Works Administration on report by the Chief of Engineers on a survey authorized in the river and harbor bill of 1927.

If the whole program of river-and-harbor improvement is now to be transferred to the Committee on Flood Control, as is being contended for, then, in fact, if not in name, that committee would become the Committee on Rivers and Harbors. Furthermore, it would defeat the purpose for which the Committee on Flood Control was created—that of concentration on flood control and flood control only.

It is not my purpose, in this connection, to attempt a defense of expenditures for river-and-harbor improvements for navigation. If any are found to be unmeritorious, they should be abandoned. I will simply say that the approximate three quarters of a billion dollars expended upon our ocean and gulf ports and harbors, through a period of 110 years, has created them into gateways for the systematic passage of our foreign trade, of a normal value of more than $9,000,000,000 annually, to say nothing of our enormous coastwise trade.

General Markham, Chief of Engineers, in a speech delivered before the National Rivers and Harbors Congress on April 30, called attention to the fact that through our ports and over our inland waters in 1929, 880,000,000 tons of freights were carried, and that the maintenance cost of these waterways was slightly less than 3½ cents per ton of freight moved.

In the same year 1,339,091,007 tons of freight were hauled over class I of our railroads, the maintenance cost of which, as approved by the Interstate Commerce Commissioners, was $2,058,267,113. Of this maintenance cost, $885,364,867, was for maintenance of way and structures, and $1,202,912,246, for rolling stock and other equipment. This amounted to $1.53 per ton cost.

Of course, 1929 was one of the peak years in our movement of commerce, both by rail and by water. In 1932 the maintenance of all our ports and inland waters was $23,791,815.30. The water-borne tonnage for that year was 445,648,000, representing a cost of 5.3 cents per ton. The railway maintenance for that year for way and structures and for equipment was $970,119,814. The freight hauled by rail were 646,222,818 tons, representing a maintenance cost of $1.50 per ton. To any one who has had experience, or who has made a study of traffic problems, these figures should be of interest.

Flood control, of course, is one of the major considerations on some of the rivers to be dealt with. Navigation and power development are also major considerations, especially is this the case as to power. Then there are other problems to be taken into account. This is to include, as we are advised, many of our harbors, which are to be considered for abandonment.

Many of our most important rivers, such as the Hudson, the Delaware, and many others, while involving navigation to a marked degree, and power to a certain extent, the flood-control problem there is either nonexistant, or, negligible in comparison.

The Great Lakes and their connecting channels and contiguous rivers present no problem of flood control. On the other hand, they possess enormous interests, both present and potential in power and in navigation. Instead of flood, low lake levels constitute the major problem to be dealt with in this great system.

The Great Lakes and their connecting channels constitute the greatest system of inland transportation in all the world. More than 160,000,000 tons of freight have been handled there in a year, at a cost of about 1 mill per ton-mile. Ships engaged in this traffic carry heavier cargoes on a draft of 19 feet than is possible to be carried on ocean ships on a draft of 30 feet. To conceive these things as a flood-control problem would require a wide flight of the imagination.

The Committee on Flood Control has functioned quite extensively in recent years, in some of our most important legislation. Especially has this been the case since the great flood in the Mississippi which brought about the Jadwin plan. On the other hand, the Committee on Rivers and Harbors has not been permitted to function except to authorize surveys and studies by the Corps of Engineers and conduct hearings and investigations. These duties, however, the committee has not failed to perform. As a result, a vast fund of pertinent data is available for immediate consideration.

I am advised that the data accumulated by the engineers of the War Department in response to surveys and investigations initiated by the Committee on Rivers and Harbors, in surveys carried in river and harbor bills; and in resolutions of the Committee on Rivers and Harbors, would cost approximately $12,000,000 to reproduce. The reports by the Chief of Engineers embracing this data have already been referred to the Committee on Rivers and Harbors, and upon the major portion of them hearings have been conducted, and further studies made.

The flood control work that has been carried on by the Committee on Flood Control, will, in any event, continue as heretofore under that committee. No one is seeking to deprive that committee of its jurisdiction. So far as we are advised, that work is not to be subjected to molestation under the program contemplated for other river-and-harbor improvement. As evidence of this, an unusually large appropriation for this work has been made for the coming year. No appropriation whatever, except for actual maintenance has been made for river and harbor work, except insofar as it is being carried out under the Public Works Administration.

Since the organization of the Board of Engineers in 1902, and up to May 2 of this year, 3,864 surveys and resolutions for consideration of waterway projects were submitted to the Corps of Engineers. They have submitted reports upon 3,638 of these surveys, of which 1,314 were favorable, 2,293 rejected, and 31 without recommendation, simply reporting facts and conditions.

From this it will be seen that about one out of every three submitted to the engineers has been favorable, and that about two thirds have been rejected as unmeritorious. From this it will be seen that the Corps of Engineers has been one of our greatest bulwarks in protecting the taxpayers of the

United States. Furthermore, the pork-barrel practices that formerly prevailed have been completely eliminated.

To those who are now seeking to destroy the Committee on Rivers and Harbors by taking from it practically every element of river-and-harbor improvement, under its jurisdiction, I desire to say, in the language of Holy Writ:

> Thou shalt not covet thy neighbor's wife, nor his manservant, nor his maidservant, nor his ox, nor his ass, nor anything that is thy neighbor's.

That, of course, includes his jurisdiction, also.

Mr. Speaker, we have been told that in the building of King Solomon's temple, the timbers were cut, hewn, and prepared in the forests, and the stones cut, squared, and numbered in the quarry. When brought together and erected into that grand edifice, they fitted together with such exact nicety that the structure, when completed, resembled more the handiwork of the Supreme Architect than that of human hands. We should have this picture before us in the building of our waterway system. Each project should constitute a unit in the whole, and capable of being fitted into its place to round out the system. All works for navigation and commerce should be under the same committee of the House, and the work carried out under one agency, the Chief and Corps of Engineers of the Army. [Applause.]

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. MARTIN of Oregon. Does the gentleman not think if we are going to abolish anything, we had better abolish the Committee on Flood Control?

Mr. MANSFIELD. It is a very important committee. I would not want to see it abolished nor one iota of its jurisdiction taken away from it.

Mr. MARTIN of Oregon. Now, does the gentleman not think this whole scheme is to kill off inland water navigation for the benefit of the railroads?

Mr. MANSFIELD. I think that some people behind the scenes may be trying to scatter and divert and make a crazy quilt of the whole proposition.

Mr. BUCHANAN. Will my colleague yield?

Mr. MANSFIELD. I yield.

Mr. BUCHANAN. Does the gentleman not believe that, if they would establish this new agency in which they contemplate the employment of civilian engineers, it would not only cost the Government a great deal more in administration expenses, salaries, and so forth, but the Army engineers would not get an essential training that would be useful to them in case of war?

Mr. MANSFIELD. I think the gentleman is entirely correct.

If I may be permitted, I will call attention to the actual service of some members of the Board of Engineers in actual river-and-harbor work.

Colonel Barden, the senior member, has been engaged on river-and-harbor work for 24 years and 4 months.

Colonel Hoffman, 22 years and 7 months.

Colonel Brown, 24 years and 6 months.

Colonel Tyler, 18 years.

Major Fox, 11 years and 10 months.

The only two members of the Board having had comparatively short terms of service are Colonel Woodruff, 6 years and 7 months, and Colonel Lee, 7 years.

Mr. DONDERO. Will the distinguished gentleman yield to me for a question?

Mr. MANSFIELD. I yield to the gentleman from Michigan.

Mr. DONDERO. The chairman said he was unwilling that jurisdiction should be taken away from the Flood Control Committee or that committee abolished. The Chairman of the Committee on Rivers and Harbors is not willing either that jurisdiction should be taken away from the Committee on Rivers and Harbors?

Mr. MANSFIELD. It will never be done with my consent nor with my vote.

Mr. DIES. Will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. DIES. It is inconceivable that any attempt would be made to take this jurisdiction away from the Rivers and Harbors Committee. If the attempt is made, it is going to prove unsuccessful, but will the gentleman answer one question? How many bills has the Flood Control Committee favorably reported that have been enacted into law since the date of its creation? Does the gentleman have that information?

Mr. MANSFIELD. No; I have not that information.

Mr. DIES. It does not exceed over three or four major bills.

Mr. MANSFIELD. There have been quite a number of survey bills, but only three or four major bills, perhaps.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. MOTT. The gentleman from Texas has suggested that it would be inconceivable to take from the Rivers and Harbors Committee jurisdiction over this subject. Is it not a fact that under legislation passed in the special session of the Seventy-third Congress the jurisdiction of the Rivers and Harbors Committee over some of these matters has already been taken from it and that the money actually to be expended on river-and-harbor improvements is no longer under the jurisdiction of that committee, nor under the jurisdiction of the Board of Army Engineers, but that it is now entirely under the discretionary jurisdiction of the Administrator of Public Works?

Mr. DIES. That is true of nearly everything.

Mr. MANSFIELD. Of course, no river-and-harbor work has been carried on the past year except through that agency.

Mr. MOTT. That is my understanding. Now, is it not also correct that many of the river-and-harbor projects which were included in river-and-harbor bills, projects approved by the Board of Army Engineers, have been turned down by the Administrator of Public Works?

Mr. MANSFIELD. That is true with respect to many of them.

Mr. MOTT. There are four or five river-and-harbor projects in my own State, which have been approved by the committee and the Board of Army Engineers, but which so far, the Public Works Administration has not allowed.

Mr. MANSFIELD. Yes; the gentleman is correct.

Mr. COLDEN. Our esteemed chairman has mentioned the work of the Board of Army Engineers in connection with the Rivers and Harbors Committee. Is it not a fact that the Board of Army Engineers has proved itself efficient, has practiced economy, and has produced results of the very highest order and has kept scandal out of this work?

Mr. MANSFIELD. The gentleman is entirely correct.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. PARSONS. Is it not a fact that several of the engineers on the Board and in the various divisional offices saw service during the World War and found their previous river-and-harbor experience of great value in their war service? If this be so, will not the younger members of the Board and in the divisional offices find their experience of great benefit to them should this country engage in another war?

Mr. MANSFIELD. There is no question as to that.

Mr. Speaker, in this connection I ask unanimous consent to insert in my speech a brief statement of the course of training of the engineers in the Army Corps of Engineers.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The matter referred to follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, May 11, 1934.

Hon. JOSEPH J. MANSFIELD,
Chairman Committee on Rivers and Harbors,
House of Representatives, Washington, D.C.

MY DEAR JUDGE MANSFIELD: I am in receipt of your inquiry as to the special training received by officers in the Corps of Engineers to qualify them for their civil duties in the Government service.

The officers of the Corps of Engineers are all graduates of the United States Military Academy, or of recognized civil technical institutions of established standing. The graduates of the Military Academy are, in addition, provided with 1 year of post-graduate training at recognized civil institutions, such as the

Massachusetts Institute of Technology, Cornell University, University of California, and Rensselaer Polytechnic Institute, where they obtain a course of studies agreed upon by the institution as most essential to their future work. In addition, all officers are required to complete a year's course at the Engineer School, Fort Humphreys, Va., where particular attention is given to a course of study specializing in hydraulics, navigation structures, and general river and harbor engineering. Moreover, selected officers receive, under special conditions, additional opportunity for research work, and in this connection four of the junior officers of the Corps of Enigneers have been selected for study in hydraulic research in Europe, under traveling scholarships sponsored by the leading engineering organizations.

This course of study is augmented by well-planned and progressive practical training. Young officers, on completing their technical courses, are assigned as assistants to district engineers, where they are placed in the field with definite responsibilities to obtain field experience. As their experience broadens, they are assigned to positions of greater responsibility, and after 12 or 15 years of service are placed in charge of the smaller districts. When they have thus had the opportunity to fully demonstrate their ability to supervise the projects in a small district, they become eligible for consideration as district engineers in larger districts, and for the other activities of the Department. Many young officers receive valuable experience as assistants in the hydraulic experimental station at Vicksburg, and in special studies and investigations of an engineering nature, of which there are always a large number before the Department.

I believe it accurate to say that there is probably no organization in existence in which the members are required to successfully pass a more rigid course of instruction or have more opportunity to obtain a diversified training in the various phases of engineering dealing with the development of our rivers and harbors, and I believe that this course of training and practical experience combined is a requisite to preparation for the supervision of the many and complicated engineering problems which attend the military operations in war. The greatest asset of the military engineer to his country lies in a broad background of large-scale operations enabling him to accept immediate and great responsibilities.

Very truly yours,

E. M. MARKHAM,
Major General, Chief of Engineers.

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, May 11, 1934.

Hon. JOSEPH J. MANSFIELD,
Chairman Committee on Rivers and Harbors,
House of Representatives, Washington, D.C.

MY DEAR JUDGE MANSFIELD: In recent months it has come to my attention that many of the opponents of Federal development of our waterways are using the word "creek" to imply that the Federal Government is spending large sums of money annually for the maintenance of a large number of insignificant waterways bearing practically no commerce. This is, of course, entirely misleading.

The word "creek" is of colonial origin, and was applied haphazardly to many streams which are rivers in fact. In general, the creeks developed and maintained by the Federal Government have been tidal waterways bearing, during the period of their improvement, a considerable commerce.

I find now that we have on an active maintenance status some 52 projects listed as creeks. I further find that prior to the depression these creeks handled a maximum commerce of 12,386,657 tons, and even in 1932 a tonnage of 6,952,772. This tonnage has been handled at an average annual cost for maintenance since their adoption as projects of approximately $61,000.

It is manifest from these figures that these so-called "creeks" are important arteries of commerce which have been improved and maintained at a cost which is probably lower than the maintenance cost for almost any other type of waterway under development.

Very truly yours,

E. M. MARKHAM,
Major General, Chief of Engineers.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. DIES. There has been some criticism of river-and-harbor projects that have been approved by the P.W.A. Is it not a fact that our committee advocated some projects that have not been approved by the P.W.A?

Mr. MANSFIELD. We failed to approve some that they have approved. We took no action either for or against, except that we declined to approve them after holding hearings on some of them. They have failed to approve quite a number that were approved by our committee and by the Chief of Engineers.

Mr. MOTT. Mr. Speaker, will the gentleman yield further?

Mr. MANSFIELD. I yield.

Mr. MOTT. That did not prevent the project that the P.W.A. recommended from getting the money, did it?

Mr. MANSFIELD. Oh, no, no; we have no voice over that.

Mr. DONDERO. Mr. Speaker, will the gentleman yield again?

Mr. MANSFIELD. I yield.

Mr. DONDERO. Can the Chairman of the Committee on Rivers and Harbors advise the House how many times the Committee on Rivers and Harbors has overridden a report from the Board of Army Engineers?

Mr. MANSFIELD. None within my recollection.

Mr. DONDERO. I thought I recalled a statement that they had done so in only four cases.

Mr. MANSFIELD. In our entire history?

Mr. DONDERO. Yes.

Mr. MANSFIELD. The only thing that came near it of which I recall since I have been a member of the committee was when the Missouri River above Kansas City was put into the bill. It was put into the river and harbor bill on the floor of the House over the protest of the committee, but it had an Army Engineers' report 20 years old, and they based it on that. That comes the nearest to it in my experience.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. JENKINS of Ohio. I am sorry I was not present to hear all of the gentleman's speech, but I understand he spoke about a matter we have had up here at different times under the Consent Calendar, of bills that were reported by the Flood Relief Committee. Heretofore, up until this year, those of us who have had the duty of objecting to certain bills have been objecting to the Flood Relief Committee coming forward with these bills. Heretofore they have been brought up by the Committee on Rivers and Harbors. As I understand it, that was to some extent the burden of the gentleman's speech.

Mr. MANSFIELD. They have jurisdiction of surveys for that purpose the same as the Committee on Rivers and Harbors has for other purposes.

Mr. JENKINS of Ohio. Does not the gentleman think that eventually this is going to result in a good deal of discord over the question of jurisdiction?

Mr. MANSFIELD. During the 17 years that committee has been in operation—I have served on both committees; I served on that committee 4 years and on the Committee on Rivers and Harbors for the rest of the time I have been in Congress—I have never known of any friction until the present time.

Mr. JENKINS of Ohio. I got the impression, although I may be wrong, that the Flood Relief Committee came into prominence only since the Mississippi Valley flood. Is that right?

Mr. MANSFIELD. Yes; since the last flood, perhaps, the committee has been more prominent than it was when I served on it.

Mr. JENKINS of Ohio. Thus the Flood Relief Committee has no jurisdiction over matters other than Mississippi River matters.

Mr. MANSFIELD. Not with regard to navigation improvements. [Applause.]

[Here the gavel fell.]

THE ROADS BILL

Mr. DRIVER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 365.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 8781, a bill to increase employment by authorizing an appropriation to provide emergency construction of public highways and related projects, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Roads, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. DRIVER. Mr. Speaker, the purpose of this resolution is to make in order the consideration of H.R. 8781, known to this body as the "roads bill." The rule is an open rule, and provides for 2 hours' general debate, to be in control of the Chairman of the Roads Committee and the ranking minority member thereof. The bill is subject to amendment.

This bill seeks to authorize an appropriation of $400,000,000, similar to the amount carried under section 204 of the National Recovery Act, but in addition provision is made for an authorization of $50,000,000 for roads and highways in the parks and in the forests and an emergency authorization of $10,000,000 for emergency work in connection with the restoration of roads which are damaged or destroyed by unusual and unnatural causes, such as earthquakes, floods, and so forth. While I am on this subject, may I say that I believe this is one of the most valuable features of the bill, and is a provision made for a character of work that we are met with frequently in this country, due to the number of these extraordinary occurrences, that we find in many instances our systems of highways are broken and traffic interrupted because of the disconnection of a very small segment.

It is unnecessary to offer argument on the value of the work received under the operation of our road program. That there is a dire necessity for it no one familiar with the conditions will dispute for a minute. The strongest possible argument on behalf of this bill was presented by the Director of Public Roads when he said that with the exercise of the most energetic action on the part of his organization and the various State organizations, and with the liberal allocation of funds in the past year, he is no more than able to keep pace with the increase in motor traffic. So that leaves us faced with a situation that is delicate, and one which is of grave importance, that is to avoid the interruptions to our road-construction program. We are conversant with the conditions in the various States. We know that because of the economic distress those States are no longer able to comply with the requirements of the original road law carrying the contributing feature and under which we operated from the date of the passage of that act in 1921 up to the passage of the Industrial Recovery Act of the past year.

It is useless to take up time to argue the material value to the Nation of the expenditure of these public funds. It is of lasting importance and one very necessary to the Nation as a whole. It is equally useless for me to present an argument to this House on the virtue of the expenditure of road funds in relieving the unemployment condition of the Nation, for no one can conceive of a better system of spreading this relief than is offered by the road program that we have consistently followed for the past 2 years. It reaches into every State and every community of the different States.

Some question was addressed to me on the floor a few days ago in regard to the formula under which this money would be allocated. You are aware of the fact that they used under the old contributing system, one third based on population, one third on mileage, and one third on area, but when we added section 204 within the past year under the Recovery Act there was a change made in the formula which was advantageous to the more populous States, and instead of the old one-third system we have been employing ten twenty-fourths on population, seven twenty-fourths on area, and seven twenty-fourths on mileage. This gives to States, such as New York, Pennsylvania, Massachusetts, and the more populous States, an advantage which if you will consider seriously the different elements in the Road Act, they were entitled to. The same formula is carried in the act now proposed to this House.

One feature that I rather regret to express to the House a very serious doubt on is the amount of money which we may possibly secure for this purpose. I think that he who expects, under this authorization, to receive $400,000,000, is just kidding himself. From all the information that we have now, the amount of money we may hope to apply to the activities of our Public Works organization will be very greatly reduced, possibly within a limit of $1,500,000,000. If this is true, it can hardly be expected that we will receive $460,000,000 of that amount. No doubt, we will be required to do what we are frequently faced with the necessity of doing—securing a fair allocation.

On the basis of the apportionment of the money available to the Public Works activity of the past year, the $400,000,000 road fund amounted to about 8 percent of the whole. If we receive this same proportion out of the funds this year, and we should do that as a minimum, there would be applied about $200,000,000 of the money for road purposes. I at least hope that we shall be able to secure this advantage for the continuance of this most important governmental operation.

Mr. SNELL. Will the gentleman yield for a question?

Mr. DRIVER. I yield to the gentleman from New York.

Mr. SNELL. I notice in reading over the bill there is allowed $50,000,000 for public lands and Indian reservations. Does the gentleman think that amount is needed for public lands and Indian reservations as compared with $400,000,000 for the balance of the country? It seems to me proportionately large when we consider the amount we have spent in those lands during the last few years on roads and trails.

Mr. DRIVER. The gentleman from New York is addressing a question with very considerable meat in it, because I am personally aware that out of the many activities employed during the past year, much of it was directed to the character of work in these Federal areas mentioned by the gentleman, and, therefore, I have no doubt a very considerable amount of the demands have been met, but, of course, I am not peculiarly informed about that. The members of the Roads Committee could possibly give the gentleman more accurate information on that than I am prepared to offer.

Mr. Speaker, I yield the gentleman from Massachusetts [Mr. MARTIN] 30 minutes.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, it is not my purpose to oppose this rule which brings the legislation on the floor. I agree it is a subject to which the House should give careful consideration. I am deeply interested in the legislation and the form in which this measure comes before us. The bill comes under the cloak of unemployment relief and yet, as framed, it cannot be classified as anything but "pork barrel." Furthermore, it is a "pork barrel" of the very worst type, because it means if we should allocate the $400,000,000 under this road bill the F.E.R.A., the P.W.A., and other administrations which distribute relief to every city and town in this country will be deprived of money that will be sorely needed.

I do not say this in any partisan spirit because I believe I am in harmony with the administration in this matter.

The other day there was great concern in the House when the Rules Committee reported a bill which would investigate the oil code. Some of the membership felt the proposal was out of step with the Democratic administration. There may have been some question about it, but I do not believe there is any question about this measure. I do not believe the administration wants this House today to authorize $400,000,000 for public roads.

If there were any justification for such a large appropriation it would be as a means of giving relief to the unemployed people of this country. When you bring in this legislation in a way that the great industrial States like New Jersey, Massachusetts, New York, Pennsylvania, and Illinois only secure a small part of the money, it is quite evident the bill is not here to relieve unemployment.

Mr. BEAM. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. BEAM. Has the gentleman any information as to just what is the amount of money allotted to the State of Illinois?

Mr. MARTIN of Massachusetts. Illinois received out of the last appropriation of $325,000,000, $17,000,000.

Mr. BEAM. What was the proportionate amount of taxes paid? Has the gentleman that information?

Mr. MARTIN of Massachusetts. I have not those figures available, but I know Illinois is one of the great tax-contributing States of the Union.

Mr. BEAM. They paid more taxes than the amount of money they received?

Mr. MARTIN of Massachusetts. An infinitely larger amount, and they do so every year.

Mr. BEAM. And the same thing is true of New York, Pennsylvania, Massachusetts, and New Jersey?

Mr. MARTIN of Massachusetts. Yes.

We, who are from the great industrial sections that pay the bills of the Nation, do not object in good times to having these roads built with these allocation ratios put into effect. We are then willing, because we all know, if we are patriotic citizens, those who have the money must pay to develop the rest of the country.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. VINSON of Kentucky. I heard the gentleman from Massachusetts characterize this measure as a "pork-barrel bill."

Mr. MARTIN of Massachusetts. Under present conditions, when we are being heavily taxed for relief purposes, if you bring in a bill far in excess of what you would ordinarily appropriate, then I say it is a "pork barrel."

Mr. VINSON of Kentucky. I have heard that term used quite frequently in partisan debate——

Mr. MARTIN of Massachusetts. This is not partisan debate, because I think I stand with the administration at the present time.

Mr. VINSON of Kentucky. I almost thought it was. In the past session, in the N.I.R.A. Act, that carried $400,000,000 for public roads, I do not recall hearing anyone characterize that appropriation as a "pork-barrel" measure.

Mr. MARTIN of Massachusetts. May I answer that question by asking the gentleman a question? Does not the gentleman think if we are only going to have a limited amount of money for relief purposes, and the President and his advisers have so stated, that it is wrong for us to allocate $400,000,000 to sections of the country where the unemployment is not so great?

Mr. VINSON of Kentucky. The gentleman seeks to sectionalize the country. This is merely a part of the relief for the unemployed in all the States.

Mr. MARTIN of Massachusetts. No; I am not sectionalizing the country at all. I am making the broad appeal in this period of dire distress, in this period of financial stringency, that the resources of the country be devoted to relieving the unemployed of the country. This should be our first purpose.

Mr. VINSON of Kentucky. This is an authorization for the relief of unemployed, and I submit to the gentleman from Massachusetts the testimony is plain, unequivocal, and cannot be contradicted that moneys expended for the building of roads go to the laboring men in larger proportion than in any other kind of public work. For instance, the testimony before our committee last session was that 85 cents of every dollar of money used in building roads went to the laboring men of this country. If this is not unemployment relief, I cannot understand what could be.

Mr. MARTIN of Massachusetts. The gentleman fails to take into consideration the fact these roads are going to be built in a good many sections of the country where the unemployment is not great. We have taken care of many of the States through processing taxes, and we have taken care of them liberally through direct relief, because in the same States the Federal Government has paid practically every dollar of the relief that has been distributed.

Mr. VINSON of Kentucky. If that is the position of the gentleman, let me say there will never be a time when the more populous States will not be here getting their share in public benefits.

Mr. FORD. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from California.

Mr. FORD. Does the gentleman prefer the dole to employment?

Mr. MARTIN of Massachusetts. That is not the question here. I would prefer every city and town in this great country of ours should have an allocation so that through their own projects they may take care of the unemployed. I am interested in seeing that the people who really need relief get it, and this is my purpose in opposing this large allocation today.

Mr. FORD. This measure provides for that.

Mr. MARTIN of Massachusetts. The gentleman is mistaken.

Mr. RANDOLPH. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. RANDOLPH. The gentleman has said that if we pass this authorization, we will have pork-barrel legislation.

Mr. MARTIN of Massachusetts. No; I do not believe you are going to get it. I do not believe the administration will give it to you even if we should authorize it.

Mr. RANDOLPH. Will the gentleman agree that under the agency he has mentioned we have had a nonpartisan distribution of funds?

Mr. MARTIN of Massachusetts. As far as I know, we have; I am not finding fault with the distribution. In my section I have not received any complaint.

Mr ANDREWS of New York. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. ANDREWS of New York. Can the gentleman give us any information that he has received from the Federal administration of relief?

Mr. MARTIN of Massachusetts. I do not want to give any information that I have received over the telephone from gentlemen who may not have desired to be quoted. As I see the question here today, we have in this country at the present moment 10,000,000 more men and women out of work than we had a year ago. That is the statement from a governmental agency, that there are more people out of work at this moment than there were a year ago. If this is a fact—and I do not know whether it is correct or not—I am like Will Rogers, all I know is what I see in the papers, but the report comes from a Government agency. If that is correct, the American people will find it a stern necessity to conserve their money. Funds must be prudently expended and with relief the paramount consideration.

I do not believe it is wise to say to this administration, "We are going to authorize $400,000,000, and you must spend it for this purpose."

I believe the men charged with this great relief program should be trusted to determine the distribution. They should know better than we where it is needed; they should know better than we where it can be spent to the best advantage.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I will.

Mr. WHITTINGTON. Is it not true that this Congress has appropriated $950,000,000 for relief without allocation?

Mr. MARTIN of Massachusetts. How do we know that that is going to be enough? Let us face the situation frankly. The gentleman knows this administration is going to be hard pressed for money to pay the cost of relief in this country, and we must be careful in authorizing expenditures.

Mr. WHITTINGTON. Is it not true that we appropriated $500,000,000 last session and $900,000,000 direct relief, and do I understand that the gentleman from Massachusetts wants to increase that amount?

Mr. MARTIN of Massachusetts. I do not know whether I do or not. I do not want to make it so that when the people do need relief they are prevented by the action of the House from getting that relief. When there are millions of the people of the country out of work it is a serious problem we are obliged to face.

Mr. HOEPPEL. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from California.

Mr. HOEPPEL. Is it not possible that the remonetization of silver would solve this question?

Mr. MARTIN of Massachusetts. Oh, that is too big a subject to tackle right now.

Mr. HOEPPEL. Does the gentleman know of any better way of getting relief than that?

Mr. MARTIN of Massachusetts. I do not object to road building. I am objecting to this large amount of money being authorized at this time and the major proportion of the money going to sections of the country where the population is not so great, and the relief need is not so heavy as it is in the large industrial centers.

Mr. MALONEY of Connecticut. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. MALONEY of Connecticut. Do I understand the gentleman would favor this measure if the money were allocated in States where there is real distress upon the face of the population?

Mr. MARTIN of Massachusetts. There would be more justification for it, because then it would be here upon its proper basis as a relief measure. Today it appears to be here simply under the cloak of relief so that a large stake can be obtained.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. McFARLANE. Early in his remarks the gentleman said something about "pork" being in this bill. If I remember correctly, the gentleman voted to change the system of law in regard to the allocation of funds, and as he just indicated he would favor the population basis rather than the road-construction work where roads are really needed.

Mr. MARTIN of Massachusetts. If we are considering distributing the money on merit and justice, there can be but one yardstick and that is population and where the people are out of work. I am not opposing the granting of this rule, but I sincerely hope, when the bill comes before us for consideration, that it will be properly amended.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. MOTT. Does the gentleman know that the $400,000,000 appropriated for road building at the last session of Congress provided for an average amount of unemployment of around 300,000 persons and over half a million persons during the summer time?

Mr. MARTIN of Massachusetts. I am objecting to the bill on the ground that a great State like Massachusetts, for illustration, where the unemployment is great; where thousands and thousands of men are walking the streets, a State which is a large contributor to the National Treasury, should have received last year from the appropriation of $400,000,000 only about six and a half million dollars.

Mr. HOLMES. If the gentleman will permit a suggestion, for every dollar that Massachusetts got from the highway Federal fund, she contributed back $6 in return.

Mr. MOTT. Mr. Speaker, will the gentleman yield for another question?

Mr. MARTIN of Massachusetts. I yield.

Mr. MOTT. The gentleman is aware that the area of his State, as well as the road mileage, is comparatively small, and that of the $6,000,000 allocated to Massachusetts, about $5,000,000 was used for road and street construction in municipalities, where more people were employed than in any other form of road building.

Mr. MARTIN of Massachusetts. The gentleman but emphasizes what I say. That is true, but people can get hungry in States of large population like Massachusetts, just as well as they can in other States, and if this is a relief measure it should be so used to take care of people who are actually out of work.

The SPEAKER pro tempore (Mr. O'CONNOR). The time of the gentleman from Massachusetts has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the remainder of my time to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I cannot believe that this is desirable legislation at the present time. If one should concede that something should be done by the Federal Government for highway construction, the amount carried in this bill, "not less than $400,000,000", plus $50,000,000 to be expended on highways in national parks and national forests, and plus $10,000,000 for emergency purposes, a total of $460,000,000, is beyond all reason.

Undoubtedly, the easy thing to do would be to go along with it and say nothing, but it is so out of harmony with what I think ought to be done that I shall take a moment at least to express my opposition to it.

On the 30th of April of this year, less than 2 weeks ago, the people of the State of Michigan, by a referendum vote, defeated a proposal to bond the State for an institutional and road-construction program by a vote of over 5 to 1. I cannot conceive that they would support this legislation, which would require them by taxation to pay into the Federal Treasury $2, and over, for every dollar that could be allotted to the State out of this fund.

It should be kept in mind that this is for new construction, for the construction of new highways. No part of it can be used for the maintenance of existing highways. It is nothing that must be done to preserve anything under present conditions. It is not to relieve the States from some obligations which they must meet. It is not for the purpose of relieving individuals from obligations which they are unable to meet and which must be met to prevent irreparable loss. It is to make new roads, and if there is any one thing more than another in the United States that we can refrain from doing on a large scale, such as this legislation contemplates, temporarily at least, it seems to me that it is the building of additional highways.

This legislation comes in here under amazing conditions. There is no great popular demand for it that I have sensed. The bill is not recommended by the Bureau of the Budget, nor is it a part of the President's program, as I understand it. The bill comes before the House upon the unsupported statement alone of the Chief of the Bureau of Public Roads, Mr. MacDonald. Mr. MacDonald is an admirable man, but no one would say of him that he is purely a disinterested witness, on a question relating to the building of roads. There was no other testimony taken before the Committee on Roads than the statement of Mr. MacDonald. There is no report from the Bureau of the Budget and, as I understand it, the bill was not even submitted to the Bureau of the Budget by the Roads Committee, nor by the Department.

I sometimes wonder if there are more than a handful of people in the United States, aside from those directly interested in the building of roads, either in an official capacity or as contractors or material men, who would approve of legislation of this kind under existing circumstances. Certainly the recent vote in Michigan does not indicate that there are.

I have great respect for every official in the road business that I know, from the Chief of the Bureau of Public Roads here in Washington, down to the township overseers, of highways of the townships of my State. We have two of the best county road commissions in the State of Michigan in my congressional district. My home county boasts of having the best county road system in the United States, as distinguished from the Federal and State roads, due to our very efficient and capable road commission. The road commissioners are all friends of mine. I have great respect for them. If it were a matter of personal friendship I would vote for this legislation in a moment. I have not heard from them on this legislation and I cannot conceive, under existing conditions, that they would recommend the passage of this bill. Certainly the general public of the State of Michigan, if we can judge from the vote cast 2 weeks ago, would not approve of it.

It is put forward partly on the basis of furnishing employment to the unemployed. As I have said, the hearings are all on one side. The statement is made by the Chief of the Bureau of Public Roads, Mr. MacDonald, that this ap-

propriation will furnish a certain amount of employment direct and indirect. The calculations as to the indirect employment are very elaborate and involved and not at all convincing to me. I think the conclusions in this respect are largely guesswork.

To point to one inconsistency only. The advocates of this measure say that machines will be done away with in the construction of roads and that as much of the work as possible will be done by hand, so as to give a maximum amount of employment to the unemployed. At the same time, Mr. MacDonald, in the hearings before the committee, in commenting upon the amount of industrial employment that would be created by this appropriation laid emphasis upon—I quote his exact language:

The amount of industrial employment that is provided through the furnishing of materials, transportation—a very large item, the building of equipment, and other supplementary employment, all of which are a part of the operations of road building.

But there is no guesswork about the direct employment which this appropriation will give. On that point Mr. MacDonald is very definite and specific. In that connection it is well to bear in mind that we have in this country at the present time somewhere between eight and twelve millions unemployed. How many people do you suppose are going to be given direct employment per year by this appropriation of $400,000,000?

Mr. MAY. Will the gentleman yield?

Mr. MAPES. In just a moment. I quote from the hearings on page 5. Mr. MOTT, a member of the committee, asked Mr. MacDonald:

How many men are employed now?

I wish the Members of the House would keep this particularly in mind.

Mr. MACDONALD. For January about 130,000 directly. It takes $160 per man-month.

One hundred and thirty thousand out of eight or twelve million unemployed working on the construction of roads!

Mr. WHITTINGTON. Will the gentleman yield?

Mr. MAPES. I should like to complete this quotation from the hearings and then I will yield.

It takes $160 per man-month. That would mean $16,000,000 per month additional, would it not?

The printed record says "Mr. MOTT" again, but I think that is clearly in error, because Mr. MOTT's name is at the beginning of two consecutive paragraphs, and this is evidently a continuation of the answer of Mr. MacDonald. He goes on to say:

That is near enough; maybe $200,000,000 total. Perhaps $600,000,000 additional appropriation would be needed if you wanted to keep the employment on road work up to the present point for another year.

One hundred and thirty thousand employed in January. It will take, not $400,000,000, as this authorization contemplates, but $600,000,000 to keep 130,000 men employed on road work for a year. If anyone thinks that is going to be of any material help to the unemployed in the United States, then he is just fooled. That is all.

According to my mathematics, that is $4,615 per year for every man who is given a year's employment. Certainly this Congress ought not to pass any such appropriation as that as an unemployment relief measure. The taxpayers simply cannot afford to pay any such sum.

Mr. MAY. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. MAY. In opposing this appropriation, does the gentleman give any weight to the fact that the money is to be expended in making permanent and lasting improvements that are to be used by the entire public of the whole Nation?

Mr. MAPES. Yes; but I think in this time of distress we ought to forego luxuries and take care of the absolute necessities and that we can well cut down on the building of roads.

Mr. MAY. Does the gentleman regard a pick-and-shovel man's job as a luxury or as a necessity?

Mr. MAPES. I just tried to answer that. The testimony given by the advocates of the legislation, indicates, as I have pointed out before the committee, that it takes $4,615 to provide work for one man for a year under this system.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. WHITTINGTON. The 130,000 was for the month of January?

Mr. MAPES. Yes.

Mr. WHITTINGTON. In the middle of the winter. This is out-of-door work, but in all fairness now, will the gentleman not read that part of the director's statement where there is no confusion and no typographical errors, on page 1, where he says:

So in the summer of 1934, at the peak of employment, when we have 280,000 continuous jobs going, we will reach with the supplementary employment added about 1,350,000 men employed by the Federal and State highway programs.

Mr. MAPES. I say to the gentleman that includes the elaborate calculations of Mr. MacDonald as to the direct and indirect employment.

Mr. WHITTINGTON. May I not, in all fairness, direct the gentleman's attention to this statement——

Mr. MAPES. In just a moment. I said at the beginning of my remarks that his calculations for indirect employment were not convincing as far as I was concerned.

Mr. WHITTINGTON. The direct employment would be around 5,600,000 men at the peak in June or July, as shown by the hearings.

Mr. MAPES. Yes; but he says it will take $600,000,000 to keep 130,000 men employed over a year. No matter how many are employed at the peak, to keep 130,000 men going for the whole 12 months in the year, taking his own figures, would cost $600,000,000.

Mr. WHITTINGTON. I think, if the gentleman would permit, in all deference, that is a typographical error.

Mr. CHRISTIANSON. I understood the gentleman to state that it would take $600,000 to keep 130,000 men employed for a year.

Mr. MAPES. I did not say that. I quoted the language of Mr. MacDonald, the Chief of the Bureau of Roads.

Mr. CHRISTIANSON. I am asking for the purpose of getting information. Does that mean 130,000 men employed directly upon roads, or does it include those employed in the supply industries, for instance, the manufacture of cement and other materials?

Mr. MAPES. I repeat what I have said before, that it means those directly employed. The gentleman evidently just came into the Chamber and did not hear my other statement.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield.

Mr. MOTT. I do not agree with the gentleman in his interpretation of the figure given by Mr. MacDonald. That figure was only for the month of March. He said that during the peak employment period in the summer months, half a million people would be working directly on the roads.

Mr. MAPES. Mr. Speaker, we have gone over that. It is simply the same question the gentleman from Mississippi asked. That does not do away with the fact that Mr. MacDonald said that to keep 130,000 men employed during the year would take $600,000,000.

Mr. MOTT. I may say to the gentleman from Michigan that that is not my interpretation of Mr. MacDonald's statement.

Mr. MAPES. That is exactly what Mr. MacDonald said. I do not think it is subject to any difference in interpretation.

Mr. MOTT. If Mr. MacDonald said that, he is wrong.

Mr. MAPES. The Government certainly cannot afford any such expenditure, and the taxpayers should not have this additional burden placed upon them.

Mr. DRIVER. Mr. Speaker, I think my friends from the other side of the aisle, especially from the populous centers, are unduly alarmed about the amount of money that will

be provided to continue relief activities. I do not think it justifies my Republican friends in opposing the road bill, for I am thoroughly convinced that the $950,000,000 we have appropriated will largely be directed to those big centers and will provide the necessary care for the unemployed in those places.

Another feature of this bill is that under the formula set up for the operation of State administrations, 50 percent only of this money goes to Federal-aid roads, as we term them, the United States roads. Twenty-five percent as a minimum is to be expended within the cities and the towns in order to make the necessary connections with the improved highways. This provision was expressly made in order to provide employment in those populous centers, in order to spread employment, and in order to give the widest possible benefit from the money expended, 25 percent more—really 28.8 percent, for they added 3.8 percent to it—was expended on the farm-to-market roads, carrying that fund into the most remote areas of our Nation in order to give employment and the means of livelihood to those people there who need it.

Let me say to the Members of the House that the very best relief we can carry to the people of this Nation is to give them an honest day's work for an honest dollar [applause]; and that we are undertaking to do through this bill. Let me say further that the very best expenditure we can make of public funds is made when we get in return a permanent and enduring investment; and we certainly get it out of our roads.

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. I yield.

Mr. GILCHRIST. What does this bill provide toward making mandatory the use of hand labor rather than machinery?

Mr. DRIVER. I fully agree with the thought the gentleman has in mind, that wherever we can spread employment we ought to do so.

Mr. GILCHRIST. I am asking what language is carried by the bill to bring about that accomplishment?

Mr. DRIVER. That is a matter that comes within the discretion of the administration of the road organizations.

Mr. GILCHRIST. Of each State?

Mr. DRIVER. Of the States; the same direction there was under the last Federal-aid bill.

Mr. FULLER. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. I yield.

Mr. FULLER. I may say to the gentleman from Iowa that, having been on the Roads Committee, I am familiar with good-roads legislation, and I know it to be a fact that all over the United States, under rules and regulations of the administration of Mr. MacDonald, machinery is not allowed to be used in the building of roads where it is possible to do the work with hand labor. I know from an experience I had in my district. In the case I speak of it was absolutely impossible to do the quarry work and the grinding of the stone by manual labor, but I even had to make a trip to Washington to get an exception made so that they could use machinery for handling rock in the quarry before being ground. The same situation prevails all over the country.

Mr. DRIVER. Manual labor is being employed on this work just as much as possible under the regulations issued by the administration.

Mr. GILCHRIST. I should like to see some specific language carried in this bill if possible to make certain that manual labor is employed to the fullest extent in lieu of machinery, for this bill is in the nature of emergency relief, and the vast majority of these projects can be built by manual labor instead of machinery.

Mr. DRIVER. That will be worked out by the administration.

Mr. WHITTINGTON. Mr. Speaker, if the gentleman from Arkansas will yield, I may say to the gentleman from Iowa that section 206 of the Public Works Act of 1933, which is applicable to the pending bill, makes it mandatory that hand labor be used instead of machinery where it is possible to use hand labor.

Mr. GILCHRIST. I am glad to get the information.

Mr. WHITTINGTON. Speaking of the more populous States, with the permission of the gentleman from Arkansas, I may state that we have 207,000 miles of Federal-aid highways approved, of which only 107,000 have been completed. In the State of Michigan, for instance, there is an approved Federal-aid highway system 5,237 miles in length, of which only 2,339 miles have been completed. In the State of Massachusetts there is an approved Federal-aid highway system 1,494 miles in length, of which only 875 miles have been completed.

Mr. DRIVER. Mr. Speaker, in conclusion, let me say that the amount of money we are here seeking for the purpose of carrying on this road program is not an act for which we are required to make an apology. The present annual receipts from the excise taxes on automobiles and automobile accessories amounts to $280,000,000. This money comes directly from the operation of motor vehicles on the improved highways of this Nation. We say, therefore, that it is only fair to the interests demanding this road legislation that we should share liberally in the amount of money appropriated for further activities of the Government.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the adoption of the resolution.

The resolution was agreed to.

A NEW DEAL AND THE SOUTH

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by my colleague, Mr. RAMSPECK, over the radio last evening.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON of Georgia. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered yesterday by my colleague, Mr. RAMSPECK:

The network over which I am speaking tonight covers the States of Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Tennessee, Louisiana, and Arkansas, and for that reason the figures I shall use refer only to those States.

I am grateful to the Columbia Broadcasting System for their invitation to make this address and for the opportunity it gives me to speak to the people of my State and section.

In common with the entire country, on March 4, 1933, the Southern States were prostrate, business and commerce were at a standstill, the banks were closed, and our people viewed the future with little hope.

The magnetic inaugural address of the new President caught their attention. It turned their faces toward the rising sun of a new day, one in which hope was renewed and courage was reestablished. His prompt and effective methods in dealing with the banking crisis electrified the Nation and brought to him the most remarkable support of public sentiment in the history of our country. A willing Congress, convened in special session, rapidly enacted his plans into law.

In less than 100 days the Congress wrote into law emergency legislation constituting the first chapter of the new deal, thus making it possible for the President to organize the agencies that have wrought such a change in conditions throughout the country. Never before in America has a President had such loyal support from Congress, and never before have our people recovered so rapidly from the deplorable conditions of a panic.

The Southern States referred to, in common with the other States of the Union, have received concrete results from the new deal. Federal money has been spent freely to "prime the pump", thus starting the wheels of private business and industry. As a result, millions of our people have been reemployed.

To get a clear picture of the remarkable success of the new deal, we need only to scan the prices of commodities in March of last year and compare them with those existing today. Cotton and wheat have almost doubled in price. Steel mills and automobile factories are again operating at high speed, and other industries long closed down have been reopened and are sending their products throughout the land.

Retail sales have climbed rapidly. The people are showing new courage as all lines of private activity take on new life. In fact, so rapid has been the improvement that some selfish people are now inclined to be critical. They are like the sick person, who, beginning to recover from an illness, feels like dismissing the doctor whose attention is restoring him to normal health. We must at this time have patience. We must not dismiss the doctor

until we are sure that recovery is permanent. We must be sure that we do not return to the abuses and excesses which brought about the panic of 1929.

The Government, during the first year of the new deal, has put into operation relief and other agencies that have distributed in the States named approximately $1,237,000,000.

The Agricultural Adjustment Administration has paid to the farmers of the States named $91,000,000 for rentals, cotton options, and other benefits accruing under legislation enacted to help agriculture. For the first time in many years the farmers of the South made money last year. They were enabled to pay their debts and to buy many things they needed from the merchants of the towns and cities of our section.

It was my privilege to handle the bill for the establishment of the Civilian Conservation Corps for the administration when it came up for consideration in the House. This organization took from the streets 300,000 young men, gave them healthy outdoor employment, and enabled them to send money home to their dependents. The sum of $68,000,000 has been spent in the States named for this purpose. The work of these young men has largely improved the value of our forests, prevented forest fires, and greatly aided in the conservation of our timber resources. The President is deeply interested in this matter, and I am happy to have had a part in its creation.

The Public Works Administration allotted to the States named $67,000,000 for the purpose of building highways. This money is being spent in the cities and towns as well as on the main highways. It is furnishing much employment and is assisting our States in completing their highway systems. This agency has also allotted to these States $296,000,000 for other public-works projects, such as construction of waterworks, sewerage, bridges, and public buildings for cities and towns. We expect to appropriate further sums for public works before this session of Congress adjourns, including additional funds for roads and for the building of post offices and other Federal buildings.

The Farm Credit Administration, created to supply our farm population with proper credit facilities, has loaned in the States named $128,000,000. These funds have saved many farmers from foreclosure on their lands and provided loans for making crops. It has reduced their interest rates and gives them liberal terms of repayment.

Our great President believes that no citizen of our country should be permitted to suffer for want of food and clothing. For carrying out this belief Congress appropriated funds and the President established the Federal Emergency Relief Administration. It has expended in the States named $105,000,000 for civil works and $90,000,000 for direct relief for those who could not be employed.

The Reconstruction Finance Corporation has been expanded under the new deal. Before the creation of the Federal Emergency Relief Administration this agency loaned the States for relief the sum of $82,000,000. It has also loaned in these States $242,000,000 to banks, railroads, and other financial institutions, including large sums for the payment of depositors in closed banks. This agency has saved many of our institutions from bankruptcy, thus protecting the savings of millions of our citizens. Before Congress adjourns I hope to see it authorized to make direct loans to individuals and corporations to help them expand employment.

In the belief that many persons in cities would be helped by enabling them to own small farms, the President provided a plan for establishing subsistence farms. For this purpose, in the States named, there has been allotted three and one half million dollars. Other such projects are now under consideration. This plan will provide a new and better life for many of our citizens now stranded in the cities.

The Home Owners' Loan Corporation has saved in the States named approximately 25,000 homes from foreclosure, having loaned for this purpose $60,000,000. These loans are made at reasonable rates of interest and upon liberal terms of repayment. The creation of this agency will, in my opinion, permanently improve the conditions under which home building is financed. It is my hope that this Congress will provide further funds for building new homes, and especially for the renovation of the thousands of buildings now in need of repairs. I believe that the building industry can and will furnish much employment if these funds are made available.

The new deal has brought to the South the Tennessee Valley Authority, a Government-owned corporation for the development of the Tennessee Valley. Under its operations our electric-power facilities will be enlarged, prices of such power reduced, and it is expected that many new industries will be attracted to that section.

I have given you a brief summary of the direct money benefits that have come to our section through the new deal. Similar benefits have gone to each State in the country. Thus the impetus has been furnished for the revival of private business and industry. Thus employment has been furnished for millions of our fellow citizens. Thus hope has been brought back and courage for the future revived.

In creating the machinery for the new deal the Congress has shown its loyalty to the President in a degree never before equaled in the history of our country. We have been accused of passing anything the President wanted without consideration. This is not true; but we have given him our utmost support in most instances, and we believe that in this emergency it was our duty to so cooperate with the President.

In the Congress the Southern States have had a leading part in shaping the legislation asked for by the President. The leader of the majority forces in the Senate is from Arkansas. The House majority leader hails from Tennessee. Many of the chairmen of the leading and most important committees in both branches of the Congress come from the States in which my talk is being heard tonight. These men and women in the Congress have worked long hours in an effort to uphold the hands of our great leader. All of the Members of Congress and Senators from these Southern States have loyally aided the new deal through their support of the measures designed by the administration to bring relief to the suffering population of our country.

The success of the new deal has been due not only to the rapid cooperation of Congress and loyal public sentiment favorable to its aims throughout the country, but also to the courageous and inspiring leadership of that great President who occupies the White House. His heart beats in sympathy with the masses of our people. He is the new deal. His courage and his honest effort to operate the Government in the interest of all of the people has brought to America a new day and a new hope.

In putting into effect the policies of the new deal, the President has called to his aid many of the outstanding men and women of the Southern States. This has aided our section because it brings to the Government machine a better understanding of our problems and our needs. These men and women of the South are filling many positions of importance and power in the new deal. Time does not permit me to name them, but they are rendering effective and capable service in every branch of the Government.

The people of the South are for the new deal almost without exception. They recognize in the President a man who is a part-time citizen of our section, who understands us. They have seen the beneficial results of his efforts. They have confidence in this great humanitarian and under his direction they will carry on with him to the end that we may all enjoy a more abundant civilization in America.

NOTHING NEW UNDER THE SUN

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. JENKINS of Ohio. Mr. Speaker, ladies and gentlemen of the House, the Bible is the most remarkable of all books. It is the anvil against which the hammers of ignorance, bigotry, and superstition in all ages have beaten themselves out. From its inspired pages can be drawn inspiration to make wise the foolish, satisfy the ambitious, caution the careless, and encourage the discouraged. Its philosophies are as sound as truth; it scales the heights and it plumbs the depths of all human activities, mental and physical. The author of the book of Ecclesiastes was reaching high into the ether of philosophy when he said:

> The thing that hath been, it is that which shall be; and
> That which is done is that which shall be done; and there is no new thing under the sun.
> Is there anything whereof it may be said: See, this is new?
> It hath been already of old time which was before us.

There is a strong tendency in these modern days to doubt the philosophy of the author of this book of the Bible who styles himself in his first verse as the preacher, the son of David, the King of Jerusalem. For in these days of the new deal and the "brain trust" we are led to believe that our problems are all new and that the methods employed by the administration in solving our problems are new in the history of governments. But, verily, "there is no new thing under the sun."

There has recently come to my attention an article written by a student of the history of governments that shows a most interesting and striking parallel between the conditions and events of our day and the conditions and events of the days of 2,000 years ago. Most of what I say hereafter in this article is taken literally or in substance from that article, the subject of which is Novae Tabulae, which means "new accounts" or "new deal." This was the name applied to the economic program of Diocletian, who ruled Rome in the third century of the Christian Era.

In the year 285 A.D. Rome was at low tide. Diocletian believed that the time had come to remodel society. He decided that the Emperor should be the sole fountainhead and source of authority, and that his edicts should be the law of the land. He undertook a planned economy. He divided the Roman Empire into provinces and kept them all under his domination and proceeded to inaugurate a system of benevolent despotism. History records that while

"the image of the ancient constitution was religiously preserved in the Senate, its authority became moribund in consequence of a lack of defenders."

Another historian writes, "He was an inveterate organizer of governmental bodies." A multitude of inferior officers lay heavy on each territory and almost each city. There were conservators of different degree and deputies of administrators. A public-works program was planned. He built public halls, factories, and places of amusement. The project at Reedsville, W.Va., fostered and mothered by the First Lady of our land, was probably patterned after his plans. A great army of collectors were sent out to collect the revenue from the people. The currency was debased. Formerly the number of aurei coined from a pound of gold was 50. Diocletian ordered that this should be changed so that 60 would be the required number. Then he changed this to 72, where he pegged it in true modern style. Silver, too, was coined in true Bryan ratio of 14.7 to 1. In order to assist him the better in holding his power over money, he burned all books and scientific information teaching the art of making gold. When his money manipulations failed, he proceeded to control the prices of commodities. One of his edicts published by way of inscription is extant today. It reads like the product of the modern "brain trust." With great vehemence he dwells upon the greed of the money changers much after the fashion of a more modern executive with dictatorial tendencies, and proceeds to fix prices of all the commodities of life and to regulate the wages of laborers, artisans, and school teachers. This was a gigantic experiment in government by codes. His experiment was a disastrous failure. He also inaugurated an A.A.A., which included all the principles of the modern A.A.A., including the now famous Bankhead brothers' cotton formula. He undertook to restrict the production of grapes and ordered the plowing up of one third of the vineyards of Italy. He did not bother to write into the law any language giving him authority to inflict punishment or to lay penalties. He did that without any statutory sanction. He had that advantage over President Roosevelt, who, although enjoying more power than any other President ever enjoyed, has not yet the power to lay penalties without some sort of a trial.

In effect, though he has much of this kind of power when he turns loose that modern Nero, General Johnson, to seek out those whom he may devour and who is ever ready with his administratiion gun to crack down on those who, although probably acting within their full constitutional rights, incur his displeasure. When Diocletian found a farmer unusually prosperous, he did not give him credit for industry and frugality, but proceeded to punish him for not keeping within the restrictions. This is the practice in Soviet Russia. This is the course which the administration is taking under the guidance of that group of young agricultural reds who are headed by Secretary Wallace. Farming by force of bureaucratic power is not conducive to that great freedom that should come to him who tills the soil; but, on the contrary, it harks back to the days of peonage and feudal servitude.

Diocletian's bureaucratic system failed and loaded the government with an intolerable debt from which it was never able to extricate itself. So great were the debts and so far was the budget out of balance and so heavy were the taxes that people everywhere gave up trying to pay them until those who were delinquent with their taxes far outnumbered the wage earners of the country. How tragic, yet how modern! "Farms were abandoned, cultivated ground became woodland, and universal dismay prevailed." Verily, "there is nothing new under the sun."

The unstatesmanlike activities of Diocletian marked the beginning of the end of the Roman Empire. Gradual was the decline of the Roman Empire from that time. Thereafter followed an unending series of clamors and conflicts. (May the chain of similarity break here.) Diocletian became more and more a dictator. Access to him became more and more difficult, for he was surrounded by many scholae—which is Latin for "brain trust"—who kept him from the contact with the common people. Our President should beware of the advice of those who seem to think that our national activities so far have been a gigantic failure, and that a new deal transferring sovereignty from the people to a dictator is the only way to "proclaim liberty throughout the land and unto the inhabitants thereof." Our national memories are our richest heritage and proudest possessions.

While the points of similarity between the events of the present administration and those of the rule of Diocletian have been cited, we feel no uneasiness from any thought of imminent danger, but let us profit by the mistakes of Diocletian. Let us remember what Thomas Jefferson wrote to James Madison when he was discussing the tyranny of the legislative branch of government. He said:

> The tyranny of the executive power will come in its turn but at a more distant period. History is repeating itself making only such changes of program as the growth of the nations and citizens require.

THE ROADS BILL

Mr. CARTWRIGHT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 8781) to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the Cartwright bill, H.R. 8781, with Mr. GLOVER in the chair.

The Clerk read the title of the bill.

Mr. CARTWRIGHT. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. BLANTON. I reserve the right to object merely to ask some questions; may I ask the gentleman whether or not his committee would be favorable to an amendment to this bill which would require all those employed by the expenditure of this money to be American citizens?

Mr. CARTWRIGHT. I cannot agree to anything of that kind.

Mr. BLANTON. In some sections the contractors have employed aliens from foreign countries, and the white citizens, who have for generations lived in those States, get very little of this employment. The bill should be amended in this respect. I am going to insist on such an amendment. This ought to be an American bill for Americans only.

Mr. WHITTINGTON. It is.

Mr. BLANTON. We should restrict this expenditure in that way. I am going to offer such an amendment and I hope the committee will help us get it passed.

My attention, Mr. Chairman, has just been called to the fact that the provision we put in a former bill requiring that only Americans, or those who had already filed their papers to become American citizens, should be employed, will apply to this measure, and will prevent aliens from being employed, hence it will not be necessary for me to offer the amendment I mentioned.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. CARTWRIGHT. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, my rising at this time is caused by certain remarks made by the gentleman from Massachusetts [Mr. MARTIN], and the gentleman from Kentucky [Mr. VINSON]. As far as I am concerned I have always voted for good roads, and I am in favor of this bill. I reserve, of course, the right not to go beyond any appropriation which the administration may want.

It may be true that the great State of New York will contribute about $135,000,000 of the total amount in taxes. It is also true that that State will only receive $22,000,000, I understand, as its allotment, but I think that is a very nar-

row view to take, because the people of New York are interested in the entire country. They use the roads of the entire country to a certain extent the same as people from other States use our New York roads, and I do not think we should approach the question from any such narrow sectional viewpoint.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. The gentleman misses the point entirely. That might be true if this was a road bill coming here in the ordinary way, but this bill comes here in the disguise of a relief measure to help unemployment. That being the case, does not the gentleman think the millions of people who are unemployed in Massachusetts and New York should be given full consideration?

Mr. O'CONNOR. I think they have been and will be taken care of in other ways, as has been pointed out heretofore.

Mr. MARTIN of Massachusetts. But now is the time to take care of them.

Mr. O'CONNOR. I think any road-building program is a national program and should not be considered from that viewpoint.

[Here the gavel fell.]

EMERGENCY CONSTRUCTION OF PUBLIC ROADS

Mr. CARTWRIGHT. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, Federal responsibility in cooperating with the States in the building of roads is not a new issue. The first Federal-aid road was built under the supervision of President Thomas Jefferson in 1806. While this effort in colonial times was not continued, the Federal Government 24 years ago, by the appointment of a special committee of the Congress composed of 5 Senators and 5 Representatives, made an exhaustive study of this situation. Their investigation covered a period of 2 years. They reported to Congress, unanimously, that it was a Federal responsibility and duty to cooperate with the States in building an interstate system of highways. They based their decision on the following constitutional provisions: (a) National defense, (b) interstate commerce; (c) Postal Service, (d) general welfare. Following this report of the special congressional committee, the Congress, in 1916, made an authorization of $5,000,000 to cooperate with the States in building roads, having in mind to demonstrate the practicability of this movement.

ROAD POLICY ADOPTED

Ever since that time not a single year has elapsed that there have not been some Federal funds provided for this work. It has not been a partisan issue, and I am glad to say that every bill reported out of the House Committee on Roads during these 18 years covering this subject, has received a unanimous report from the committee.

Following the approval of the Federal Highway Act of November 9, 1921, under which a definite system of roads was outlined, for the construction of which Federal funds might be expended, each Congress has made an authorization for the carrying out of this act with varying amounts.

EMERGENCY ROAD APPROPRIATIONS

Three years ago an extra appropriation of $80,000,000 was made in addition to the regular Federal aid of $125,000,000, to aid in the employment of more men in highway work, due to the lack of employment in commercial lines. The situation not improving, the following year an emergency appropriation of $120,000,000 was made, and this was in addition to the regular authorization of $125,000,000. Last year the situation became so desperate in the unemployment problem that, under the National Recovery Act, we made an appropriation of $400,000,000. This fund, however, was not made available to the States until about the 1st of August. All lines of industry were so slow to absorb the unemployed in jobs that the administration urged the highway departments to place all of this $400,000,000 immediately under contract. This entailed a vast amount of work in the preparation of plans so that the funds might be judiciously expended. However, that part of the work has now so well advanced that today about 88 percent of that fund is obligated for contract and, of course, some has already been expended.

PURPOSES OF BILL OUTLINED

The bill before you contemplates an authorization for the same amount as made by the last session. Your committee has unanimously recommended this authorization, basing their request upon a very detailed investigation and complete statement from the Bureau of Public Roads, through the Chief of the Bureau, Thomas H. MacDonald, showing that the funds now obligated for contract will be, to a large extent, transferred into labor by the last of August.

These projects will be carried on in 90 percent of the counties of the United States, and at the peak of employment there will be directly and indirectly employed, over 1,000,000 men. In view of this situation and the fact that there are still millions of men unemployed, it seems that it would be a catastrophe should this vast number of men be thrown out of employment in September.

NEED FOR THIS AMOUNT—ROAD USER PAYS THE BILL

It was also disclosed at the hearings held by the committee that even with the authorization of the same amount as appropriated last year, the entire road program for the country for 1935 will not equal that of this year—1934. This is due to the fact that State funds have been greatly depleted or transferred to other purposes to aid in the unemployment situation. It should always be remembered that the States are required to bear all the expense of road maintenance.

Likewise we should realize that the returns to the Federal Treasury from taxes levied directly upon the road user and indirectly through sales taxes show that the entire $400,000,000 authorized will be returned to the Treasury from these sources during the period of its expenditure. The gasoline tax, together with motor-license fees and miscellaneous taxes as paid by the highway user last year, amounted to $257,000,000. If they pay, they should have more roads and better roads.

OPERATES UNDER RECOVERY ACT

As I have stated before, the first section of this bill before you would authorize $400,000,000 to be appropriated and expended under the provisions of section 204 of the National Industrial Recovery Act. This means that the funds will be expended under the Bureau of Public Roads by the same methods as have been adopted for the expenditure of the present funds. All of the provisions concerning employment, wages, hours, and so forth, that now prevail in the National Industrial Recovery Act will apply to the expenditure of these funds, including funds for the construction of "feeder roads."

The only addition to that section proposed by your committee is granting permission for the expenditure of not to exceed 1½ percent of the fund allotted to any State to be used for making surveys and preparing plans for projects for future construction on the Federal-aid system. It seems wise for us to make provision for future work and aid the States in this important particular.

ROADS THROUGH GOVERNMENT-OWNED LAND

The next section of this bill makes provision for the authorization of $50,000,000 to be expended for highways in Government-owned land, such as the main highways through the national forests, national parks, Indian reservations, and public lands. This is a rightful policy of long standing, and is so well understood that it seems to me unnecessary to make further explanations as to the necessity and value of this work.

SPECIAL RELIEF ROAD FUNDS

The third section of the bill sets up $10,000,000 as an emergency relief fund to be expended by the Secretary of Agriculture, under the provisions of the Federal Highway Act, in such States as may have suffered destruction of highways resulting from floods, hurricanes, earthquakes, or landslides. It has seemed needful for several years for the Federal Government, under these special cases, to make

special appropriation to rebuild highways destroyed under circumstances over which we have no control. This special fund will permit the carrying out of this work without it being necessary to bring in, from time to time, special bills for special States, covering conditions that warrant such appropriations.

RESTRICTIONS REMOVED

Section 4 of the bill proposes to make permanent the legislation which now exists and has existed for 3 years, of setting aside the old regulations that do not permit the construction of roads into towns of greater population than 2,500 and limits Federal funds to $15,000 per mile. This has not been a practical thing during recent conditions. In fact, authorities, both State and Federal, have felt for some time that this is a restriction that no longer is needful and which is really a hindrance in many instances.

REDUCTION REQUIREMENTS WITHDRAWN

When the emergency appropriation of $80,000,000 was provided several years since, it was thought that the unemployment situation was so temporary that deductions could be made from any future Federal aid granted to the States to replace this appropriation. Therefore that bill provided that this money was to be repaid by the States in amounts of one fifth per year out of future authorizations. Unemployment still persisting the next year when the $120,000,000 emergency road fund was provided, that bill proposed that 0.1 per year of the fund be subtracted from future Federal appropriations. It can readily be seen that the conditions of these obligations would soon leave the patient without any funds left from authorizations made. In view of the continued unemployment situation and the great value of road work well illustrated by the appropriation made last year, your committee feels that those provisions concerning the repayment of these funds should be repealed.

GREAT NEED FOR IMMEDIATE AUTHORIZATION

This is an authorization, as you well know, and not an appropriation. The amount of actual cash needed for the remainder of this calendar year from this authorization will be very small. If this bill passes, provision, of course, will be made by our Committee on Appropriations covering the needs at that time. It is highly important, however, that we make an authorization at this time in order that the States may know what to depend upon. They must provide for surveys and plans in order that there may be a continued program after the 1st of September instead of a period of time elapsing during which thousands of men will have no employment whatsoever.

OKLAHOMA

Of the funds allotted to the States under the National Recovery Act during the past session the quota for my State, Oklahoma, was $9,216,798. Of this amount on the 5th of May our highway department had under obligation for construction $8,552,000, or 92.2 percent of the entire allotment.

It can readily be seen, then, how necessary it is for my State, which is typical of most other States, that we should make arrangements at this session for a continuing road program if we desire to keep thousands of men from being thrown out of employment.

OTHER STATES

The following table gives, by States, the apportionment of this fund and the amount obligated as of May 5, 1934:

	Apportionment	Obligated	
		Amount	Percent
Alabama	$8,370,133	$6,035,000	72.1
Arizona	5,211,960	4,728,000	90.7
Arkansas	6,748,335	5,117,000	75.8
California	15,607,354	14,491,000	92.8
Colorado	6,874,530	6,473,000	94.2
Connecticut	2,865,740	2,853,000	99.6
Delaware	1,819,088	1,481,000	81.4
Florida	5,231,834	5,011,000	95.8
Georgia	10,091,185	6,768,000	67.1
Idaho	4,496,249	3,963,000	88.3
Illinois	17,570,770	15,426,000	87.8
Indiana	10,037,843	8,281,000	82.5
Iowa	10,055,660	8,800,000	87.5
Kansas	10,089,604	10,075,000	99.9
Kentucky	$7,517,359	$6,242,000	83.0
Louisiana	5,828,591	5,366,000	92.1
Maine	3,369,917	3,188,000	94.6
Maryland	3,564,527	1,871,000	52.5
Massachusetts	6,597,100	5,833,000	88.4
Michigan	12,736,227	11,395,000	89.5
Minnesota	10,656,569	8,482,000	79.6
Mississippi	6,978,675	4,477,000	64.2
Missouri	12,180,306	10,637,000	87.3
Montana	7,439,748	7,199,000	96.8
Nebraska	7,828,961	7,828,000	100.0
Nevada	4,545,917	4,339,000	95.4
New Hampshire	1,909,539	1,830,000	95.8
New Jersey	6,346,039	5,430,000	85.6
New Mexico	5,792,935	5,219,000	90.1
New York	22,330,101	21,514,000	96.3
North Carolina	9,522,293	6,576,000	69.1
North Dakota	5,804,448	3,739,000	64.4
Ohio	15,484,592	15,140,000	97.8
Oklahoma	9,216,798	8,552,000	92.8
Oregon	6,106,896	5,764,000	94.4
Pennsylvania	18,891,004	17,421,000	92.2
Rhode Island	1,998,708	1,827,000	91.4
South Carolina	5,459,165	4,431,000	81.2
South Dakota	6,011,479	4,199,000	69.8
Tennessee	8,492,619	7,205,000	84.8
Texas	24,244,024	20,588,000	84.9
Utah	4,194,708	3,855,000	91.9
Vermont	1,867,573	1,853,000	99.2
Virginia	7,416,757	6,986,000	94.2
Washington	6,115,867	6,006,000	98.2
West Virginia	4,474,234	4,033,000	90.1
Wisconsin	9,724,881	8,890,000	91.4
Wyoming	4,501,327	4,275,000	95.0
District of Columbia	1,918,469	1,918,000	100.0
Hawaii	1,871,062	1,613,000	86.2
Total	394,000,000	345,223,000	87.6

This table shows the amount of Federal funds obligated as of last Saturday, May 5, for highways in the several States under the Recovery Act total $345,223,000. It shows an average for all of the States of 87.6 percent of the total amount being obligated to definite contracts. This is complete proof that the funds under this legislation will all be transferred into labor by early fall, and unless this Congress makes arrangement before adjournment for additional funds, hundreds of thousands of men will be out of employment.

CLOSING

In closing I wish to say that much valuable time could be spent in delineating the wonderful progress made in building a system of highways in this country that are interstate in character and are of great commercial and social value to the entire country; but the work is far from completion. There are over 3,000,000 miles of highways in the United States and less than 800,000 miles of highways that have any kind of surfacing whatsoever.

It should be a matter of great satisfaction to all to realize that the funds expended for road building, in addition to furnishing employment in virtually every county in the United States, is adding to the permanent wealth of each community. This work is being supervised with economy and integrity, which should be a source of great satisfaction to all high-minded citizens. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CARTWRIGHT. I yield.

Mr. MARTIN of Massachusetts. Is there any provision in this bill which would prevent convict labor from being used on this work?

Mr. CARTWRIGHT. I do not know that there is.

Mr. MARTIN of Massachusetts. Does not the gentleman think such a provision should be included?

Mr. CARTWRIGHT. I do not think so.

Mrs. KAHN. Mr. Chairman, will the gentleman yield?

Mr. CARTWRIGHT. I yield.

Mrs. KAHN. As long as this is primarily an unemployment measure, would the committee accept an amendment confining the materials used to materials of American manufacture only, because this would certainly spread employment?

Mr. CARTWRIGHT. We should not be technical with the State highway commissions. They should have some latitude.

Mrs. KAHN. We do this in connection with other departments of government. We compel the War Department and the Navy Department to buy American-made goods and as this is an unemployment measure I do not see any objection to including a provision in the bill that the road materials used shall be of American manufacture. This certainly would spread employment.

Mr. CARTWRIGHT. Perhaps so.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, gentlemen who have criticized this bill seem to have proceeded upon the assumption that we are here authorizing the appropriation of a large amount of money which, but for the bill, would not be expended at all. This is not the case.

The money that will be used for road construction under this bill will come from the funds made available by the Public Works bill which is to be passed at this session. Nobody knows, of course, just how much this will be. It may be a billion and a half, it may be two billions, or it may be two billions and a half. But whatever the amount may be, this money to be appropriated in the Public Works bill is going to be expended for public projects throughout the United States. It is going to be spent both for the purpose of helping to solve the unemployment problem and for the purpose of building sound public works.

Now, this billion and a half or two billion dollars—it is going to be spent in any event. It is all going to be spent whether this road bill passes or not. What this bill does—and this is the whole issue here involved—is to earmark $460,000,000 of that Public Works money for road construction. Instead of allowing all of the $2,000,000,000 to be expended in the discretion of one man or one bureau, we declare by this bill that the Congress shall have something to say about how part of it, at least, is to be expended. In other words, in this bill Congress is at last reasserting itself and is recapturing a part of the jurisdiction it surrendered to the executive department last session.

We think if the Government is going to tax the people for a Public Works program of $2,000,000,000, or whatever the sum may be, that out of that fund an amount of at least as much as the $400,000,000 authorized by this bill ought to be earmarked for the purpose of building roads.

Personally, I think the entire amount to be appropriated in a Public Works bill ought to be earmarked by Congress for definite, specific purposes. That is an issue we will have to meet and solve when the time comes. So far as roads are concerned, we face the issue now, and we are going to earmark the amount of Public Works money we think ought to be expended for roads.

If this authorization is made we will have to go to the Appropriations Committee for the actual appropriation bill. Maybe we will get the entire amount and maybe we will not, but whatever we get for roads we will get it by virtue of our own authority as the lawmaking body of the Nation and not as a gift or a favor from the Public Works Administrator or any other executive officer.

Mr. McCLINTIC. Will the gentleman yield?

Mr. MOTT. I yield.

Mr. McCLINTIC. Is it not true that the allocation of this money, if appropriated, will be along the same line as set out in the National Recovery Act.

Mr. MOTT. The bill provides that it shall be expended under the provisions of section 204 of the National Recovery Act. That, however, is purely an administrative feature of this bill, providing for the manner and method of distributing and expending the money authorized to be appropriated by this bill.

Mr. COLE. Will the gentleman yield?

Mr. MOTT. I yield.

Mr. COLE. Can the gentleman tell us, if he knows, how much of the $2,900,000,000 of Public Works fund, remaining after the $400,000,000 for roads was taken out, went into roads in addition to the $400,000,000, under the 70-30 contribution?

Mr. MOTT. The gentleman refers to the Public Works expenditures for roads in last session's bill? I could not answer that question, because I do not know that any such Federal money went into roads aside from the roads allotment item in the Public Works bill.

Mr. COLE. A great deal of it went into roads, I may advise the gentleman, under a 30-percent outright gift.

Mr. MOTT. I do not see that that is important. About $400,000,000 went into road construction under last session's bill. If the Public Works Administrator spent more than that, it was because of the almost unlimited emergency power the bill gave him. His power, I think, may very properly be restricted in the next P.W.A. bill.

I was interested in the observations of the gentleman from Massachusetts [Mr. MARTIN], that this bill is pork-barrel legislation, and in the observation of the gentleman from Michigan [Mr. MAPES], that there was no demand for it.

Let me answer the first criticism by saying that if legislation which gives to all the people of the United States, and to all of the States, the same thing equally, and which gives them meritorious projects that they all are in legitimate need of, if that is pork-barrel legislation, then pork-barrel legislation is something much less objectionable than I had imagined.

As to the criticism that there is no demand for the legislation, the facts do not bear out that assertion. There is no legislation that has been proposed at this session or at the last session that has met a greater or more urgent demand than this. There is no legislation that has so met the general approval of all the people or that has been so popular as this road legislation. And the reason for it is this: The people all want roads and the road money has been expended in such a way that there has been no ground for criticism from anyone in any part of the country.

People have criticized the Government for the money that has been spent on the Boulder Dam. They have criticized the expenditure of money for Muscle Shoals. The same criticism has been directed by different people from different sections of the country against almost every public project that has been undertaken. But no criticism has ever been directed by anybody, in any section of the country, against expenditures of Federal money for roads.

The reason for that is that everybody needs roads, everybody wants roads, everybody knows about roads, and everybody uses the roads. When we use our Public Works money for road building we are using it for a purpose we are familiar with and for a purpose we all approve of.

We have commissions composed of experts who make programs for road building in every State. In every county we have county boards, and boards of county commissioners whose business it is to make roads. Road building is the one form of public works that the people themselves are familiar with.

Mr. BLANCHARD. Will the gentleman yield?

Mr. MOTT. I yield.

Mr. BLANCHARD. Does the gentleman think that this $400,000,000 is to come out of the sum for Public Works?

Mr. MOTT. Certainly. This will come out of what is appropriated for the Public Works fund. This bill earmarks $400,000,000 of the Public Works money so that it cannot be used for any other purpose than road construction.

Now, there is another point I want to bring out, and I think it is important. It has become more and more the policy of the Federal Government in recent years to participate in the road-building programs of the States. The reasons for this are two. In the first place the States alone can no longer build the kind of roads that the people of the United States need. The highway system of our country has become too extensive and too expensive for the States themselves to finance under their old obsolete systems of State taxation. Neither in my State nor in any other State can we build by State taxation alone the roads that modern interstate automobile traffic requires. No State has money enough to do that. Our highway problem has ceased to be a State problem. It has become a national problem. I think the time will come and I hope it will come soon, when

the matter of road building in all parts of the United States will be almost entirely a function of the Federal Government and this bill takes a long step toward that goal.

I do not see how there can be any just criticism of this bill. As I said a moment ago we are going to expend this money for public works anyway. Why not expend part of it for the kind of public works that will do the most permanent good to the greatest number of people? For the kind of public works that will distribute the money most equitably and which will furnish the most employment to the people who need it most. Public money spent for roads will do all this. It will furnish honest, honorable employment in every community in the United States, and that employment will result in the creation of honest public projects which everyone wants and which every community needs. This bill deserves to pass unanimously.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, I do not quite agree with some of my brethren on the Republican side in their opposition to this measure. I expect to support it. There is one feature advanced by gentlemen on the Republican side that has merit to it and that is that probably a greater proportion of this appropriation should go to the more populous States. Let me give you a little bit of the history of how this system of allocation was heretofore developed. When the N.R.A. bill was being prepared in the Ways and Means Committee, of which I have the honor to be a member, we had that matter under consideration and gave it a great deal of thought. At first it was decided that we would apportion 25 percent of this amount to be divided among the States according to population, but later, after more deliberate consideration, it was decided that 12½ percent would be probably the more accurate amount. Therefore, this proposition made by gentlemen on the Republican side is not a new proposition. While it has a good deal of merit, there is no reason why this program, if it is meritorious, which I think it is, should not be carried forward, that argument to the contrary notwithstanding.

If you will bear with me for a moment I should like to explain to you just how the road money was divided before the N.I.R.A. was passed. It was divided on three bases, first, the factor of population of the States. The second factor was the area of the State, and the next factor was the road mileage of the State, a third to each. You can see how reasonable that would be to a great State like New York, having a great population, or, let us take Massachusetts, a smaller State in area.

Massachusetts is a small State in area but quite a large State in population. She would get her road mileage because of her population. Now, take Montana, for instance. A large State in area and mileage, with a sparse population. Unless we should have some protection for her by way of mileage and area she would be cut out. So this is a properly considered formula, but when the N.I.R.A. came up for consideration, it was primarily an emergency law, it was primarily a law to relieve unemployment, and we took out the first 12½ percent and set it aside to be divided according to population. At that time I was a member of the Committee on Ways and Means, and was in favor of the 25 percent, because I thought it was right, and from the standpoint of policy. I come from a State of large population, and it would have meant eight or nine million dollars more for Ohio. However, I was glad to get 12½ percent, but would have voted for the old formula had it been necessary to employ it as the formula of distribution.

What I rose for today is not to argue for this measure, for I think it will carry. I want to propose an amendment to this bill, and I think my amendment will receive unanimous support, because it is fair and it is honest, and it is practical. I have talked to practically every member of the committee, and all of those to whom I have talked have agreed to it, and the chairman of the committee expresses no unwillingness. I know my colleagues from Ohio, especially the southern part of Ohio, will support me to the limit in what I have to say with reference to it, and I want your attention on this proposition for the remainder of my time.

The N.I.R.A. does not provide how this money shall be disposed of after this allocation is made. Take States like Ohio. She got $16,000,000. The law provides that the money will be disposed of according to the regulations laid down by the Federal Highway Department of the Department of Agriculture in collaboration with the State highway director. Very well. Let us take the $16,000,000 appropriated to the State of Ohio. The Federal highway director wrote out some regulations, and I have a copy of them here. Here is what they are. First, not more than 50 percent of the funds going to each State shall go to the main market roads. That means the Federal highways. Well, next it provides that not less than 25 percent shall go to the State highways going through municipalities. There is no restriction as to what municipalities are included or excluded. But the language says that not more than 25 percent shall go to secondary or feeder roads; I repeat not more than 25 percent. That means nothing, for all he needs to do is to apply $1 and that would be a compliance. If the State highway director wants to keep it for his own organization to work on the main thoroughfare, he may do so. I want that language changed so that it shall read "not less than 25 percent shall go to secondary and feeder roads, including rural routes and school bus routes." That is right and that is fair.

Let me put it to a test to show you how it is right and how it is fair. We tested it out in the State of Ohio. Here is the gentleman from Ohio, [Mr. SECREST] whose district adjoins mine, and he knows that I speak the truth. We started a movement in my district. It was started by the rural mail carriers. A very intelligent and up-to-date county engineer in my district, whose name is Mr. Chauncey Fife, started this movement. I want to give him credit, because he was the real originator of this idea. We put this to a test, and some of those interested went to the State highway commissioner to see if he would not give us something on township roads as feeder roads. He interpreted feeder roads to mean State roads that feed into the main-market roads. We maintained that that was not the intention, that was not the interpretation intended, because all of these State highway directors are jealous of their power. They want to distribute the money on the roads over which they have jurisdiction. They do not want to distribute the money on roads over which they have no jurisdiction because their political organization is not strengthened by that kind of a program.

Mr. FULLER. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. FULLER. Is the gentleman reading from the N.I.R.A. when he says that not less than 25 percent?

Mr. JENKINS of Ohio. No; I am reading from the regulations of the National Highway Commission in collaboration with the State commissions. There is nothing in the N.I.R.A. with reference to that.

Mr. FULLER. Oh, there certainly must be. It uses 25 percent—25 percent and 50 percent repeatedly.

Mr. JENKINS of Ohio. No. I beg the gentleman's pardon. It does not say that. That is where the language is lame. It apportions the money to the States, but it does not apportion it after the State gets it. It leaves it to the State highway department. Here is the language:

> On which projects shall be submitted by the State highway department and approved by the Secretary of Agriculture.

That is the language. That is not sufficient.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. WHITTINGTON. The allocations were made by regulation, but I am not at all in accord with the gentleman's statement, and I really think he has overstated the matter insofar as the views of the committee are concerned. I want to effectuate the purpose that you have in Ohio. My judgment is that the bill as written will do the very thing the gentleman desires. In this connection I want to call

attention to regulation 4 of the rules and regulations, so as to show that the very thing for which the gentleman is contending may be done without doing an injustice to other States in the Union under existing law.

Mr. FULLER. It is in the rules and regulations, then?

Mr. JENKINS of Ohio. I am reading regulation no. 4.

Mr. WHITTINGTON. But will the gentleman read the latter part of it? The regulation provides for not more than 50 percent for highways, not less than 25 percent for extensions through municipalities, and not more than 25 percent for feeder or secondary roads, and then further provides:

Upon a proper showing by any State that either all needed improvements on extensions of the Federal-aid highway system into and through municipalities can be completed with an expenditure less than 25 percent of the State's apportionment, or that municipal authorities are unable or unwilling to obtain the necessary rights-of-way for needed improvements, or for other reasons, the Secretary of Agriculture may revise the above percentages with reference to such State. The reconstruction of existing facilities that are adequate for traffic shall not be considered needed improvements.

Mr. JENKINS of Ohio. I can answer the gentleman's question by showing the practical method in which it is enforced. The language which the gentleman read does not mean as much as a snap of your finger. The language says "not more than 25 percent." That is captious language. That is language put in there for a particular purpose, so that they are not bound to give anything. It says "not more than 25 percent." We organized our district on this matter—the Rural Carriers' Association, the County Commissioners' Association, and the County Engineers' Association—and we got about 35 counties in southeastern Ohio into our organization, and we went before the Governor of Ohio, and how much do you suppose we were getting out of that $16,000,000? We were not getting a dime for these little roads. We took 150 citizens right into the main office of the Governor of Ohio. We met his engineers there, and we told them how this was, and we sent a representative down to Washington to the Federal Highway Department. The Federal Highway Department told us they were not going to hold up on that 25 percent but were willing for a liberal interpretation of that. But the director of highways in Ohio wanted to maintain his organization; and that is the way they are everywhere. I can prove that by the testimony of people who have been to see me about my proposed amendment.

I am not asking just for the State of Ohio. North Carolina is interested. There are many States interested in this proposition, because it is a fair proposition. It is a fair road proposition. What is the use letting the State highway director draw up regulations with the force of a law when we know what we want? Let us tell him and not let him tell us. We want 25 percent of this money to go to the school busses, the rural routes, and to the farmers' routes. I have an amendment that is carefully prepared and meets the situation in any State. It has the approval of the rural mail carriers all over the Nation. It has the approval of the school teachers of the Nation. It has the approval of the school children—God bless them. It has the approval of the farmers.

Mr. MAY. So the farmer can drive a dairy wagon into town?

Mr. JENKINS of Ohio. Yes. In most of the Southern States they are called "feeder roads" and "farm-to-market roads." Now, this amendment is not a sectional amendment. It is not a political amendment. It is a question of whether or not you want to say to the county commissioners and township trustees in the out-of-the-way places that you want to arrange that some of this money can be spent on their roads where they can put pick-and-shovel men and teams to work in their own communities, or do you want all the money spent on the main thoroughfares—on the roads that have already been built at $100,000 a mile? I say it is right and it is fair, and I want the sanction of this committee. I am a little zealous about it because I have been in the battle to bring justice to groups of the Nation's best people. I have tested it out. It is right and fair and proper.

Mr. WHITTINGTON. I suggest to the gentleman that his grievance is against his State authorities and not against the law, and that you ought not handicap every other State in the Union because you are not getting what you want.

It is not enough to say that the money may be used; we should say that the money must be used.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. TRUAX. Mr. Chairman, every word my colleague from Ohio has uttered is true; and he has not stated the half of it. The same condition exists in northwestern, northeastern, and in every other part of Ohio. We have received practically none of these funds. They have been budgeted so they could be used for further improving the good highways, such as those that run between Cleveland and Cincinnati so that the Governor and his highway director can speed over them in their Lincoln limousines.

Mr. JENKINS of Ohio. Mr. Chairman, I appreciate the force of a committee recommendation. Likewise I appreciate the force of the opposition of the committee. I appreciate the fact that individually I cannot pass this amendment. I do not approach this from the standpoint of politics. I implore you to do this because it will be supported by my Democratic colleagues from Ohio, and there are 18 Democratic Congressmen to 6 Republicans in Ohio. So it will be supported unanimously by the Members from my State; and from the statements made by the gentlemen from California and Arkansas and others, I know there are many Members who want such a provision in the bill.

Mr. DOCKWEILER. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. DOCKWEILER. In my State we got exactly $16,000,000, but Los Angeles, with over 40 percent of the unemployed of the State, got only $2,000,000 of this fund; yet I understand that this is a relief measure.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. FORD. Does the gentleman concede that this bill was originally proposed as a measure of emergency unemployment relief?

Mr. JENKINS of Ohio. Yes.

Mr. FORD. Then, why do we not write into it language that will force the State commissions to spend this money in accordance with the specific instructions of this Congress?

Mr. JENKINS of Ohio. That is what I hold should be done. I thank the gentleman.

Mr. STUBBS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. STUBBS. I come from California. I most certainly shall oppose the gentleman's amendment, because I feel that our highway commissions have adopted reasonable programs and that we should stick by the programs.

Mr. JENKINS of Ohio. Of course, each Member has the right to say what he would like to see done. But not all of us are so fortunate as to have State highway commissions which carried out the obvious intent of the act. The language of the bill should be such as will insure the carrying out of the desires of Congress.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. KENNEY. With the legislation in its present form does not the gentleman feel there is a possibility of shifting the proportion so that the great centers of unemployment may receive a greater share of this fund?

Mr. JENKINS of Ohio. I would be in favor of that, too. [Applause.]

[Here the gavel fell.]

Mr. CARTWRIGHT. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, 1 year ago last March, when our distinguished President was inaugurated, this country was faced with the problem of increasing the

purchasing power of its citizens. We were also faced with the problem of placing idle men and women to work. In order to carry out this great undertaking it was necessary that the whole country work as a unit, every group and every individual cooperating for the common good of all.

I know of no legislation that has so equitably and fairly benefited all the people alike as has that providing for the improvement of the public roads of the country. This has been the verdict expressed by the people of every one of our 48 States. So it seems that to earmark this fund similar to the way the allotments were made in the bill of last year would meet with the general satisfaction of the American people.

This is an authorization and not an appropriation, and it is necessary that this Congress authorize the roads program now in order that the States may make surveys and prepare necessary plans as each State has machinery already set up to carry on this work.

Practically all of the appropriation of $400,000,000 for last year has been allotted to the various States and contracts have been let.

The limitation to municipalities of more than 2,500 population has been removed.

I have the honor of being a member of the Roads Committee. There was not a dissenting vote to favorably report this bill.

Practically 90 percent of the money expended on the highways of our Commonwealth goes into labor of different forms, so I know of nothing more beneficial to unemployed which at the same time results in more permanent improvement. Everyone can see the positive and concrete results of the expenditure of this sum granted to the public roads of the various States, and I ask that the Members of this House support this measure. [Applause.]

Mr. CARTWRIGHT. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. SECREST].

Mr. SECREST. Mr. Chairman, I want first to address myself for a few minutes to one fundamental change in this law which I believe will be of advantage to every State in the Union, and that is the removing of the limitation of $15,000 as the amount the Federal Government may spend for each mile of road. In the State of Ohio a few years ago when times were prosperous we realized large sums of money from collections of the gasoline tax, and at that time in the building of a road the Federal Government could give us a maximum of $15,000 per mile. We took that $15,000 per mile and put with it enough of our State highway money to complete the road. In other words, if a road cost $60,000 per mile, of this sum $15,000 would be furnished by the Federal Government and $45,000 by the State government. The same thing was true in every State of the Union. Today gasoline-tax revenue has fallen off and we find in our State that we have obligated nearly every dime of our gasoline-tax money in order to receive Federal aid, and because of this we have but little money left for the improvement of the rural or smaller State roads. This bill will permit the Federal Government to spend more money per mile and the State less. It will be a real help to the rural sections of our country.

When the original public works bill was passed carrying the road appropriation with it I voted for it gladly. That provision carried a limitation that 25 percent of the fund should or could be spent on feeder roads. In Mississippi and many other States this was interpreted intelligently and 25 percent of the money was spent on the rural roads by the highway departments. However, under the terms of that bill it was not necessary to spend the entire 25 percent on county or township roads.

In the State of Ohio, where we were given an allotment of $16,000,000, we were entitled to $4,000,000 to be spent on roads in the rural sections of the State. As an actual fact, we received but $600,000, and the rest was spent on other types of roads.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. SECREST. I yield.

Mr. JENKINS of Ohio. And that is the reason causing our opposition to this bill and why we are all insisting upon the money being definitely earmarked. Not only are the rural sections of Mississippi and a few other States entitled to share in all the advantages of the National Industrial Recovery Act, but every rural section of the United States is entitled to share likewise.

Mr. SECREST. We are asking that you cooperate as nearly as you can with the State of Ohio in order that our people may be assured that 25 percent of this appropriation which I shall vote for today may be used on school bus routes, mail routes, and other rural roads because of the fact we find our appropriations for these roads gradually reduced.

May I also call your attention to one other thing? Under the C.W.A. program, in nearly every rural county of Ohio, and throughout the United States, rural roads were selected and men were placed to work improving them. We find today that with the curtailment of C.W.A. many rural roads that have been graded and partially completed stand there awaiting some further action or further appropriation. As I see it, this is the only opportunity we will get to complete these roads. This is not a problem alone of my district, but a problem of all other districts in the United States. I expect to vote for this bill, and hope that this amendment will be adopted for the benefit of countless people who live in the rural sections of our country and who look to us to fight for their common good.

Mr. WILLFORD. Will the gentleman yield?

Mr. SECREST. I yield.

Mr. WILLFORD. On the floor of the House the other day we spoke about advancing so much money per mile for rural letter carriers, which amounted to some $4,300,000. If we may spend this money to develop the rural carrier routes we can reduce the mileage and the upkeep of the rural carriers' vehicles.

Mr. SECREST. I dare say that this one amendment alone will make up for any additional appropriation we may make on behalf of carriers or other employees.

I hope the committee will consider and discuss the matter and accept this amendment. I feel it will hurt no State and will help practically every State in the Union. I believe that these two things alone would make it worthy of anyone's support. [Applause.]

[Here the gavel fell.]

Mr. CARTWRIGHT. Mr. Chairman, I yield the gentleman from Mississippi [Mr. COLLINS] such time as he may desire.

Mr. COLLINS of Mississippi. Mr. Chairman, communications in this country over vast distances and enormously populated areas have been made possible by our extensive highway systems. Our country is indeed a country of highways, and this vast network has been made possible not by State action alone but by Federal aid to the States.

In the past the 50-50 basis has been adhered to. Since the depression the State contribution has necessarily been eliminated but the Federal has been increased. Regardless of State contributions, I am firmly convinced that Federal aid to our highways should be continued. An outline of recent activities in the highway system should not be overlooked.

Development of this extensive and improved highway system has involved tremendous expenditure. In the period between 1915–25 the most rapidly expanding governmental function was the construction and maintenance of highways. In 1915 a total of $447,000,000; in 1929, $1,958,000,000. From 1923 to 1931 about $12,000,000,000 was approved for highways, of which amount 57 percent for new construction, 28 percent for maintenance, and the remainder for administration. In this development Federal aid has been beneficial in two ways: As a stimulous to increasing State expenditure and by actual contributions.

A review of Federal aid for 1934 is most instructive. The total expenditure of Public Works funds for highways as of January 31 of this year was $394,000,000, of which amount over $15,000,000 on part of 12,000 miles under con-

struction, and about $81,000,000 for 117,000 miles approved for construction.

These vast sums have had an enormous influence on the development of the country and for this reason have convinced me that assistance should be continued.

Road construction is one of the most immediate ways of relieving unemployment. During the past 6 months there were nearly 6,000 employees working on roads financed from Federal aid appropriation. All new road work is being financed by the Federal Government—taken from Public Works funds—as all previous appropriation funds for this purpose have been exhausted. There were, during January and February of this year, about 10,000 at work. Reports showed in February that there were almost 4,000 highway projects under construction, with a total estimated cost of about $213,000,000, thus giving employment to 126,000 men. In addition there were 681 highway projects completed. The $400,000,000 highway fund was approximately divided. According to the actual valuation, roads on the Federal aid highway system 50 percent, extensions of main routes through municipalities 25 percent, and secondary or feeder roads 25 percent. In this way employment was spread throughout the States. If we should fail to secure grants to roads in this Congress it would have a disastrous effect upon highway construction workers for it is readily seen that almost 90 percent of the allotment goes into labor. It is estimated that for every person directly employed on the road work two others are employed on the average in the manufacture and transportation of road materials and equipment. Federal expenditures, having for their objective the development of this country and at the same time the employment of men and women who want to work, have received my unqualified support during my work in Congress and shall continue to be the object of my solicitude.

Highway construction is self-liquidating. The manufacturers' sales tax on motor vehicles and the gasoline tax actually exceed the amount of Federal money allotted to highway construction, so that this amount is returned to assist in financing road construction. Abandoned or curtailed now, no real construction is expected. In 1933 the Public Works Act appropriated $3,300,000,000. Of this amount there was ear-marked for public highways $400,000,000, which will be used up before next session of Congress. I am taking this opportunity to urge that Congress seriously consider that funds, in addition to those already set aside, be appropriated, so that during 1935 better roads may be constructed, unemployment figures decreased, the morale of our citizens raised, a frontal attack made on the depression and general prosperity assisted throughout our land.

It will indeed be a serious blow to the country if this Congress adjourns without passing the appropriation of $460,000,000 for highway construction. The whole amount should be carried in the last deficiency bill and if I am not tied down with a rule that forbids the offering of such an amendment, I will give the Congress the opportunity to provide these necessary funds.

Mr. CARTWRIGHT. Mr. Chairman, I yield such time as the gentleman from Texas [Mr. JOHNSON] may require.

Mr. JOHNSON of Texas. This bill, which authorizes the appropriation of $400,000,000 for the construction of public highways, is, in my judgment, one of the very best emergency relief measures which Congress could pass. It will put more men to work in quicker time and leave as a result of their work permanent and needed improvements in every State, which the entire citizenship will both use and enjoy.

In all of the vast expenditures of the Federal Government that which is expended for public highways brings more direct benefit to the citizens of the United States than any other.

The Government is expending large sums of money in a building program throughout the United States to put the unemployed to work. According to Mr. Thomas H. MacDonald, Chief of the Bureau of Public Roads, of the funds expended for highways, about 80 to 85 percent goes into labor or employment of some kind.

Such a high percentage for labor will not be found in any other type of public construction. The celerity with which highway funds are expended is in striking contrast with the amounts allocated for other construction work by the Government.

The act approved June 16, 1933, appropriated $400,000,000 for public roads, and every State in the Union has already realized benefits therefrom, while of the remaining amount appropriated for other public construction very little has yet been expended.

According to Mr. MacDonald's testimony before the Committee on Roads, in the summer of 1934, when the Bureau expects to have 280,000 continuous jobs going, it is estimated that 1,350,000 men will be employed by the Federal and State highway programs.

Another advantage that the highway-construction program has over other kinds of building projects is due to the fact that each State has its highway commission already organized, and these commissions, cooperating with the Bureau of Public Roads, are prepared to begin construction immediately and intelligently, whereas other public works require considerable time in setting up personnel, in passing upon the individual projects, and as a result their construction is greatly delayed, as has been clearly demonstrated during the past year.

In Texas, of the $24,000,000 allocated to Texas last year, on March 2 of this year Mr. Gibb Gilchrist, State highway engineer, wrote me as follows:

> We have already awarded 359 projects and have 35 additional ones due for bids, this work being spread over 226 counties (89 percent) at this time and involving a total of $20,379,014.04.

Mr. Gilchrist also stated in his letter to me of that date that by April 15 he thought the entire program for Texas would be contracted.

So far as I am informed, not one penny of money allocated for other public works at the same time the appropriation for roads was made has been expended in Texas.

Those from the thickly populated States who oppose this measure, on the ground that their States will not receive as large a sum as some of the newer and undeveloped States, manifest selfishness and shortsightedness. It is to the interest of the entire Nation that highways be improved in every State in the Union, and the Government has for years had a most equitable plan of distributing these funds, taking into consideration three elements: Population, area, and aggregate mileage of rural routes.

In the younger and more sparsely settled States the need is obviously greater than in the older and more highly developed States. To illustrate, Texas ranks thirty-ninth among the States in proportion of improved State highways. Only 63 percent of her State system is improved at all, and only 23 percent is paved in any manner. For comparison: California has 75 percent; Illinois, 78 percent; Pennsylvania, 83 percent; Ohio, 99 percent; North Carolina, 89 percent; and West Virginia, 79 percent. Our entire section, from Nebraska south and Georgia west, lags far behind, and even in this area half a dozen States surpass Texas in improvement.

I am indebted to Mr. W. O. Huggins, president of the Texas Good Roads Association, for this thought:

The situation in Texas is aggravated by the fact that, given reasonable road improvement, Texas will be the focal point for North America's motor travel in the next 3 years. Already the magnificent new Pan American Highway from Laredo to Mexico City is passable, and beginning next year it will draw millions of vacationers. Colliers and Cosmopolitan magazines have already had feature articles about the trip, and it is expected to get remarkable publicity. In addition, Texas' own centennial in 1936 is sure to be a tourist magnet of first rank; and while motor touring has declined, due to the depression, we must remember that 42 percent more automobiles were sold in 1933 than in 1932.

That Texas will receive more funds under this bill than any other State is due to the fact that we have the largest area, hence the greatest road mileage, and our needs are

therefore greatest. The highways in Texas will be used and enjoyed, not only by the citizens of our State but tourists from every State in the Union.

I trust that the equitable and just method of allocating funds to the various States, based upon area, population, and road mileage, which method we have used for many years, will be continued under this bill, and that any effort to change that method may be defeated by the House. This bill should pass by an overwhelming majority.

Mr. WOLCOTT. Mr. Chairman, I yield 8 minutes to the gentleman from California [Mr. EVANS].

Mr. EVANS. Mr. Chairman, I shall vote for this measure as I voted for the measure a year ago, providing for the same general purpose. May I say just one or two things with all the emphasis that I am able to bring forth that in order that this money may be expended and reach the purpose for which it is being appropriated some amendments, and especially one amendment, should be made to this bill. Unless such an amendment as I have in mind is adopted, then so far as California is concerned, the money appropriated under this bill will go far wide of its purpose, as it did last year.

Mr. Chairman, we have in Los Angeles County today, and this is just 1 county of 58 counties in the State of California, according to the records of the Relief Bureau in Washington, under Mr. Hopkins, not my figures, but those of the Bureau, approximately 500,000 men, women, and children living from daily aid. That is more people than live in the District of Columbia altogether, in one county alone. There are people there on the daily aid list, I dare say, from every congressional district of the United States with the possibility of a few exceptions. People naturally gravitate to that section by reason of the warm climatic condition where they may live as they believe under favorable circumstances. I repeat that 500,000 men, women, and children are on the daily aid list in one county.

Of the $16,000,000 that was allocated to California under this bill last year, Los Angeles County, with 49 percent of all the unemployed in the State of California, according to official figures, got 13.45 percent of the money allocated to that State, and that is exactly the way this thing is going to operate this year unless the amendment which will be offered by the gentleman from California [Mr. FORD] is adopted. I sincerely hope when the amendment is offered that it will be accepted.

Mr. FULLER. What amendment is that?

Mr. EVANS. The amendment which will be offered by the gentleman from California [Mr. FORD].

Mr. FULLER. Is that the same as the amendment of the gentleman from Ohio [Mr. JENKINS]?

Mr. EVANS. I do not know. I was not here when Mr. JENKINS spoke. I will state to the gentleman the substance of the amendment. It will provide that the money allocated to the States shall be distributed on the basis of unemployment in the political subdivisions of the State. I am not exactly familiar with the wording, but that is the substance of the amendment. The county or other political subdivision of the State should be the unit for allocation of the funds, based on unemployment.

There can be nothing wrong, nothing unfair, or inequitable in that at all. This will place the money right where we want to place it. How can employment be relieved in Los Angeles County unless the money goes there?

Mr. BLANCHARD. Will the gentleman yield?

Mr. EVANS. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. This amendment will not disturb the allocation to the States on the basis of population?

Mr. EVANS. Not at all. It leaves the allocations undisturbed in the States, but makes it mandatory that the money go where the unemployment is located.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. EVANS. I yield to my colleague from California.

Mr. DOCKWEILER. I am afraid the gentleman may overlook this point, and I want to bring it out: California cannot help itself, and the State highway commission cannot help itself in the way it must allocate this money. It could not help last year, giving us only $2,000,000 out of the $16,000,000, because of the state of the law that requires the commission to distribute the money according to the law of the State, which was the former method of distribution of the gasoline tax.

Mr. EVANS. The gentleman from California is exactly correct. That condition prevailed last year under this allocation, notwithstanding the provision of the emergency law of 1933 allocating this fund, which is as follows:

> In selecting counties in which the projects are to be allocated, consideration shall be given to the relative need for employment in such counties.

We want to make this provision mandatory.

That was written into the law last year, but the California State Highway Commission and other authorities considered that merely advisory, so we want a provision this year with some teeth in it. The people of Los Angeles County cannot bear the expense of feeding this large army of unemployed. In large measure they are not citizens of that community, but there simply as sojourners—migratory.

Mr. DOWELL and Mr. WARREN rose.

Mr. EVANS. I yield first to the gentleman from Iowa.

Mr. DOWELL. I was simply going to suggest to the gentleman that he have teeth put in the laws of his own State and have the highway commission do what the people of the State want it to do.

Mr. EVANS. But the Legislature of the State of California is not in session, and the California State highway law was enacted years ago with no matter of unemployment in mind.

Mr. DOWELL. We certainly ought not to amend general laws here for the purpose of having States do the things that the people of that State want done.

Mr. EVANS. You are not amending any permanent law. This is an emergency provision for the allocation of this fund, and the proposed amendment can be accepted without disturbing the permanent Federal highway law. It would apply to this emergency measure only.

Mr. WARREN. Will the gentleman yield?

Mr. EVANS. I yield to the gentleman from North Carolina.

Mr. WARREN. I did not understand the gentleman, when he first got up, to say whether he was in favor of this measure or opposed to it.

Mr. EVANS. I first said I was in favor of the measure. I shall vote for the bill.

Mr. WARREN. We might as well have it understood in the very beginning that if such an amendment as the gentleman has discussed is adopted, of course, it will completely wreck and destroy the entire measure and cause me to vote against it, along with many others who are interested in the bill.

Mr. EVANS. May I ask how such an amendment will destroy the bill?

Mr. WARREN. Because you are trying to change the entire system of allocation and putting it on an entirely different basis. Personally, I do not think the amendment is germane to the bill, and I shall make a point of order against it if it is offered. If you want to wreck the bill, adopt such an amendment, and in that event, we might as well table the entire measure.

Mr. EVANS. I entirely disagree with the gentleman that it will injure the bill at all. In my opinion it will perfect the purpose of the bill.

Mr. HENNEY. Will the gentleman yield?

Mr. EVANS. I yield.

Mr. HENNEY. Did I understand the gentleman to say that under the proposed amendment 49 percent of the funds allocated to the State of California would be expended in Los Angeles County?

Mr. EVANS. Not necessarily. I stated that 49 percent of the unemployment is located in Los Angeles County, and we got only 13 percent of the fund that was allocated last year, and that will be the case again this year unless some direction such as I suggest is put in the bill.

Mr. HENNEY. I understood that, and it seems to me it would be entirely unfair to the rural communities that help to pay the taxes and need the improved roads to allocate the money in that way.

Mr. EVANS. This money is to be allocated for unemployment purposes.

Mr. HENNEY. In my State there is plenty of unemployment in the rural communities. All of the unemployment is not in the cities.

Mr. EVANS. I quite agree with the gentleman, and I think it would be wise also if some plan could be written in the bill by which the unemployment that is concentrated in the large cities could be drawn back to the rural communities, where these roads are needed worse than they are in the big congested sections. If this could be done, I think the money should be spent there. But what are you going to do about the big unemployment groups in the centers of population?

Mr. HENNEY. I certainly think the money should be distributed in the communities where the roads are needed.

[Here the gavel fell.]

Mr. CARTWRIGHT. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Chairman, during the time I have served in Congress, until I was recently elected a member of the Ways and Means Committee, I have served on this Roads Committee. Ever since we have been appropriating money to the State and Federal Governments for roads I have taken an active interest in the matter.

I feel a great interest in this particular measure. I think it will do more to build up the country and give relief than any other measure we could possibly think of. In the breakdown of a dollar spent in this way, from 85 to 90 percent of the dollar goes to labor. It not only goes to the labor that works upon the road but it also goes to the labor that hauls materials on the freight trains and to the workers in the cement factories, in the quarries, and everywhere else. It also creates a demand for the buying of equipment with which to do this work.

It not only does this but it also builds up the community and leaves a monument to the money that has been appropriated. It is not like a lot of this C.W.A. work, where we went out in an emergency and endeavored to give employment and in order to give such relief paid very little attention and devoted very little time to the formation of proper rules and regulations. We did not have time to formulate substantial projects. The money was paid to men to perform labor which in many instances left little substantial benefits. This was done just in order to give them work and a little money to allow them to get by and keep from starving and to help them clothe themselves and their families.

This road program is worked out on a real system, and the work done will leave a monument that will be of benefit to the people of the Nation.

Mr. FORD. Is the gentleman interested in monuments or in human beings who are out of work?

Mr. FULLER. I am interested in both. Why does the gentleman ask such a question?

Mr. FORD. I am not interested in building monuments now; I am interested in giving work to people where the unemployment is great.

Mr. FULLER. The gentleman's question is not germane to my argument that when you build these roads you leave a monument for the money you have spent and relieve unemployment.

Mr. SABATH. Will the gentleman yield?

Mr. FULLER. Yes.

Mr. SABATH. If that is the intent of the legislation, why not put in a provision that will provide employment in the districts where unemployment is the greatest?

Mr. FULLER. I rather agree with the gentleman from North Carolina [Mr. WARREN], although I can see the force of the argument of the gentleman from California and others about having it allocated in the communities where unemployment is greatest; but that is a local matter. If you have not people in whom you have confidence running your highway departments, you ought to put some pressure back of them and make them do right. They are not in line with this administration or the new deal or the best thought in your own State as to what ought to be done. We cannot remedy all of those matters. We cannot cover up every little gap here, and I am rather of the opinion that you would change the organic law by procedure of that kind. However, I do believe that this money should be spent in the communities where men are out of employment and where the necessity for taking care of the people is the greatest.

The only authority we have under the Constitution to appropriate money for roads is that provision that provides for rural mail routes. We have to provide the money, and yet, do you know, my colleagues, a great portion of the money has been spent for building turnpikes—military roads—from one end of the country to the other. Well, that is right; that is the only way we have to build them. It gives the main traveled ways from the Atlantic to the Pacific and from the Gulf to Canada. But we have got these roads pretty well built.

Mr. PARSONS. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. PARSONS. Does the gentleman hold that this bill has any chance of being passed and getting the money to build the roads?

Mr. FULLER. This is only an authorization, and we know the views of the administration. It is true the President may not favor as much as the Congress demands, but we are hopeful. We hope that we will get a large sum. We will have it earmarked in the bill, not only the $400,000,000 authorized but the $60,000,000.

Now, I want to say to you that it is time you were looking after the feeder roads, when we go back to the forks of the creeks, where people are out of employment. We have not had any trouble in our State because of the requirement of 25 percent for the feeder roads, 25 percent for city paving, and 50 percent for Federal highways. We want the highway departments to know that this Congress demands that this 25 percent be spent on rural and farm-to-market roads and not on high-class State roads.

Well, if in Ohio they do not do what is contemplated by the rules and regulations, what is the matter with earmarking it and saying that they shall not use more than 25 percent for this purpose and 25 percent for the other, and so forth?

Now, here is an amendment I am going to offer: On line 8, page 2:

Provided, That not less than 25 percent of the allotment of this appropriation shall be applied to secondary or feeder roads, including farm-to-market roads, Rural Free Delivery mail roads, the public-school and bus roads.

There is no reason why this amendment should not be adopted; it does not hurt the bill in any way but improves the same.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I think this bill goes altogether too far with the road question. I think it provides for more money than we ought to spend at this time and more money than will be expended efficiently. I call attention to several situations that exist throughout the country. There is just one argument for the bill, and that is that the expenditure that is provided probably will not be any worse than the other expenditures that are going to be provided in the so-called "relief work." I was very much interested in what the gentleman from Oklahoma [Mr. CARTWRIGHT] said when he opened the debate on this bill—that first we appropriated $100,000,000 in the nature of emergency relief for roads, and then we got up to $120,000,000, and all the time conditions got worse. Now, we got up to $400,000,000 last year besides the regular appropriations, and this year we are proposing $450,000,000, and unemployment conditions are getting worse. If we want to keep them getting worse right along, we want to go right on

with our spending program. Things are not going to get better until the Government takes hold of itself and stops this spending program.

It has been said that these things provide a lot of employment. Let us take the hearings and figure the thing out and see for ourselves whether they do or not.

Mr. MacDonald, on page 1, said:

So that in the summer of 1924, at the peak, when we have 280,000 continuous jobs going, we will reach, with the supplementary employment added, about 1,350,000 employed by the Federal and State highway program.

For that summer there is a hold-over of approximately $200,000,000 of the $400,000,000 allocated in the N.I.R.A. bill for roads. There is $30,000,000 of the appropriation that is made in the agricultural appropriation bill, as I remember it. There will be large amounts, probably fifty to one hundred million dollars, appropriated by the States. There will be, probably, if this bill goes through, $200,000,000 of this, so that there will be available for this job approximately $450,000,000 to $500,000,000, and with $450,000,000 to $500,000,000 we have 1,354,000 people employed, at a cost of $3,000 per man to put one man to work, and that will not be continuous employment through the year either.

That is the situation you are working to, and that is the headway that you are making in this thing.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. TABER. I decline to yield. I have three or four things I want to explain to the House. If I have any time, I shall do it later. On top of that, instead of going ahead with the kind of roads that are worst needed—and, frankly, most all of our main highways are pretty well built throughout the country—we are going ahead in many places with solid, high-priced concrete roads, where cold-pack roads would be better and provide more employment and not cost so much. We are spending so everlastingly much money that there is no way out of this depression for the Government or the people if we go on piling up this burden on our taxpayers. Let us use a little sense about it. If we authorize $200,000,000, we would be going a long way. I am going to suggest when we get to that point that we cut that authorization down to $200,000,000 instead of having it at $400,000,000.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. TABER. In a moment. I am going to suggest cutting down this item for roads and trails and that sort of thing, and I think we are going pretty far in this authorization of $10,000,000 for emergency relief work, available for expenditure by the Secretary of Agriculture in his discretion. In the past, when there has been anything in the nature of an emergency, where people could not take care of themselves, they have come to the Congress, and the Congress has acted upon it. Is it not time that we stop delegating to somebody else the power to determine whether we should appropriate money? That is the curse of the situation that we are in at this time. Congress has given up almost all of its authority to appropriate money, and we ought to stop that kind of thing and take care of our own job and do our own work instead of turning it over to somebody else. The President cannot look after these things. He has to delegate them to somebody else. The result of the situation is that the delegation is made to somebody who does not know half as much about it as Congress knows with the experience that it has had.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. MOTT. Is it not true that in appropriating or earmarking this money we are recapturing our jurisdiction, and instead of letting the Director of Public Works say how the $400,000,000 shall be expended, we say in this bill how it shall be expended?

Mr. TABER. We did that last year on the $400,000,000 for roads. That part was taken care of in the same way, with practically the same language, but we do allot a great amount of money to public works for general allotment. What is going to be proposed this year when the bill comes in I do not know. No one knows. It has not been taken up for consideration.

Mr. MOTT. The gentleman is quite satisfied that a public works bill will be passed at this session of Congress?

Mr. TABER. Oh, I should not expect so.

Mr. MOTT. Would not the gentleman rather have the $400,000,000 of that put into roads than to leave it in the discretion of the Public Works to administer?

Mr. TABER. That is the only argument for this bill. It is too much money for us to spend, and if we do not stop spending so much money on this sort of thing we are never going to get out of the depression. If we go on spending this money and more money and more money we will just make the depression worse and get the people deeper into the slough, and we will never get out of it by spending.

Mr. MOTT. The gentleman's argument might better be made against the Public Works bill than against this bill.

Mr. TABER. It will be directed against the Public Works bill when it comes out, I do not have any doubt, if I am able to be here, and I expect to be here.

Mr. ELTSE of California. Will the gentleman yield?

Mr. TABER. I yield.

Mr. ELTSE of California. If this is reduced to $200,000,000, will that not also cause a reduction in the P.W.A. appropriation?

Mr. TABER. I should hope so.

Mr. ELTSE of California. So that it does not follow that we have to vote this in order to get that much out of the general appropriation for P.W.A., does it?

Mr. TABER. Of course, the general appropriation for P.W.A. will probably come in under a rule, and I do not know what it will be proposed to do. I will not favor anything in that bill which delegates to anybody else any authority as to how it shall be spent where Congress is responsible for that delegation. [Applause.]

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. CARTWRIGHT. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. STUBBS].

Mr. STUBBS. Mr. Chairman, I think we all realize that this is the day of national planning. If I interpreted the newspaper article correctly the other day, our President is thinking in terms of national planning. We have a National Bureau of Public Roads. We have State highway commissions. They have programs of highway building. In driving across the continent and up and down my State I have decided that they have, at least up to this time, done a splendid job in that planning. I know they are doing a splendid work, and I think it would be a mistake for this Congress to cumber this piece of legislation with a group of amendments that would destroy the planning of our State and National highway authorities.

I am opposed not only to the amendment of the gentleman from Ohio [Mr. JENKINS] but to the proposed amendment of my colleague from California [Mr. FORD]. The gentleman from California ought to realize that all roads run into Los Angeles from California, and I think he does realize it. I represent the great middle part of the State of California, a large area. The gentleman from California [Mr. FORD] realizes that in the planning out over a number of years, the Highway Commission means to take care of the rural districts of California. So I am opposed to this amendment because I think it will weaken the legislation.

I am heartily in favor of earmarking this $400,000,000 for highway construction. [Applause.]

[Here the gavel fell.]

Mr. CARTWRIGHT. Mr. Chairman, I yield 1 minute to the lady from Arizona [Mrs. GREENWAY].

Mrs. GREENWAY. Mr. Chairman, we have approximately 42,000 heads of families unemployed in my State out of a voting population of 153,000. Those men who work on the roads are the men who have kept their courage and their morale, because they have received legitimate, sound wages, and they know that they have a job that belongs to a man, in building the arteries and veins of the Nation. I feel that everyone of us should jump at the chance to vote

for a bill that gives our friends who have no way of earning their living, a program affording the right to earn as men like to. [Applause.]

Mr. CARTWRIGHT. Mr. Chairman, I yield 4 minutes to the gentleman from Arkansas [Mr. TERRY].

Mr. TERRY of Arkansas. Mr. Chairman, I endorse what the distinguished gentlewoman from Arizona [Mrs. GREENWAY] has said with reference to the employment that will be given by this program to those people who need it most. I think the road-building program, one nationally devised and supplemented by the advice of State highway commissions of the various States, is one that will go furthest in providing employment for the people of our Nation who need it now. I believe the time has come when the highways are more than a State problem. On account of the speed of automobiles you can go through more than one State in a single day or night. Our roads have become nationalized.

It is the duty of the Government to aid in the building of those roads. When we are seeking to provide emergency relief we should take those methods which will add to the permanency of the improvements of the country, and in no way will we find where money will be more widely distributed than in a road-building program. By this method you provide work in every nook and corner of every county in every State in the United States. This work which we seek to do now is not merely raking leaves from one side of the road to the other, but it is permanent work; work that will be there in the years to come when we shall have come back to prosperous days.

I am in favor of the amendment that was offered by the gentleman from Ohio [Mr. JENKINS]. I believe that as far as possible we should go out in the crossroads and provide work for the people there. In building these farm-to-market roads, I think it is proper to provide that a certain specific part of this money shall go to the feeder roads, the farm-to-market roads. If Ohio or any other State is not permitted by its highway commission to accomplish those purposes which the gentleman from Ohio related, I say it should be the duty of the Congress to see that that is done so that feeder roads may be provided for.

The CHAIRMAN. The time of the gentleman from Arkansas [Mr. TERRY] has expired.

Mr. CARTWRIGHT. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. SISSON].

Mr. SISSON. Mr. Chairman, I am in favor of the bill in the form in which it was reported by the committee. I am in favor of the bill even though I represent a district of the State of New York, the most populous State in the Union, the State incidentally which will contribute the greatest amount to the Federal Treasury. I am in favor of the bill because I think it is a national project and I do not believe we should resolve the question upon any narrow or sectional lines. The fact that Texas is larger than New York, that Oklahoma may not be so rich in resources, and that because of these facts these States may get a larger proportion of the money than my own State, does not deter the people of my district and of my State from wishing me to register my vote in favor of a national project.

We are not a sectional nation. I shall be very happy if some of this money will go to the States that need it, because we are using those roads, and indirectly the money will react to the benefit of employment in the State of New York. Not only will money be spent for actual road work in New York State but employment will be furnished indirectly through the manufacture of machinery and materials for road building.

The gentleman from Texas [Mr. BLANTON] spoke this morning in favor of an amendment that would limit the relief to be extended under this bill to citizens of the United States. I appreciate that, perhaps, in some sections there exists what amounts to contract labor, and I am willing to support the gentleman's amendment, provided it is qualified to allow the benefits to be extended to aliens who have filed a declaration of intention to become citizens.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. SISSON. I yield.

Mr. WHITTINGTON. Both of those matters are taken care of by existing law.

Mr. SISSON. There are aliens in my district for whom we have to care—people who have filed declarations of intention—and in this respect I think they should be treated as citizens.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 7 minutes to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Chairman, perhaps it is unnecessary to say more with reference to this legislation, but I want to emphasize, if I may, the fact that no money expended by the Government is more equitably distributed amongst the people than the money which goes for road building. In every State of the Union there is a highway department well organized and well equipped to take care of the road work in that State. There will be, in my judgment, less waste of appropriations for the construction of highways than there will be of appropriations for almost any other purpose. This gives to the man who seeks employment a job where he can earn pay for the support of his family.

It is my judgment that more economy in its expenditure and better results from its expenditure will come from road construction than from almost any other construction work for which appropriations are made by Congress.

I wish now to say a word with regard to the amendment proposed by the gentleman from Ohio, but first I want to refer to the gentleman from Massachusetts. Up in Massachusetts they have only short roads; most of them have been constructed; and, therefore, the gentleman from Massachusetts does not need more roads.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DOWELL. Certainly.

Mr. MARTIN of Massachusetts. I am not opposed to road building. I believe we ought to spend a reasonable amount for this purpose; but I say that when we make an appropriation for road building it ought to be made under a road-building program and not under the cloak of being a measure for the relief of unemployment.

Mr. DOWELL. Mr. Chairman, I come now to the amendment of the gentleman from Ohio [Mr. JENKINS]. I really hope the amendment he intends to offer will be adopted. This bill has for its purpose the building of roads where they are needed, and where they will be used by the farmers to bring their produce to market. When this road system was first inaugurated the roads were known as the farm-to-market roads. And I hope the amendment will be adopted.

[Here the gavel fell.]

Mr. WOLCOTT. I yield 5 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, I am in sympathy with the thought that if there is to be a large appropriation for public works, as much of that appropriation as possible should be for road building, because I am informed that money expended for road building gives more employment to labor than in any other kind of public works. Nevertheless, I have some misgivings about this measure, and I am wondering whether we have thus far made a sufficiently careful survey of the probable relief needs of the country during the next year to be able to make any definite allocation of relief funds at this time.

I am led to ask that question by the deplorable condition which exists at the present time in the section of the country in which I live, the Middle West. At this very moment a cloud of dust 1,500 miles long, 900 miles wide, and 2 miles high is sweeping over this city, and we are informed that it comes from the Dakotas. Yesterday Dr. Willis R. Clegg, Chief of the United States Weather Bureau, made the statement that the present drought in the Middle West breaks the record of all time; and at the same time the United States

Department of Agriculture made the statement that the hay crop will be smaller this year than it has been for 50 years. The present indication is that in large areas there will be no small grain whatever raised this year, and unless rain comes soon, no corn.

Only this week Dr. Coffey, dean of the College of Agriculture of the University of Minnesota, told me that he had recently visited Lincoln County in western Minnesota and had found conditions that beggar description. One farmer, with many horses, cattle, and chickens to feed, had no grain on the premises except two bushels of wheat, and no forage except some straw. On one farm the cattle were trying to sustain life by salvaging feed from manure piles. Farmers were working their fields with horses so weakened and emaciated that anyone putting a harness on them under ordinary conditions would have been prosecuted by the Society for the Prevention of Cruelty to Animals.

Such is the situation with which we are confronted in the great middle western region. I fear that before next year's crop can be matured we shall be called upon to provide the means of sustenance, not for thousands, but for hundreds of thousands of people in that midwestern empire. In the large cities of the country there is a condition of unemployment that will probably test to the utmost the capacity of the people of this Nation to prevent actual starvation and privation.

The situation is one that should challenge the conscience of the Congress. The administrative officials of the Government have made contributions from the regular $950,000,000 appropriation for relief of distress in the Middle West, but what they have been able to do is not enough. The amount of feed doled out has been pitifully inadequate. There should be no attempt to disguise the fact that heroic measures will have to be taken to prevent a major catastrophe during the next year, a catastrophe that will give the Nation a blow from which it may take a generation to recover. It is my conviction that we should quit frittering away the resources and credit of the Government by expending billions of dollars for expensive buildings and such other forms of public works as give the minimum of relief to the unemployed, considering the amounts invested, and that we should husband the Nation's borrowing and taxing power in order to make it go as far as possible in preventing actual privation.

The depression is not over. It is due to be with us for a long time, and we should not deceive ourselves. I would urge upon the appropriate committee of this House to begin immediately to reconsider the whole relief problem, to recast our policy on a long-time basis, acting on the presumption that the march back to normality has hardly begun.

[Here the gavel fell.]

Mr. WOLCOTT. I yield the gentleman 3 additional minutes.

Mr. CHRISTIANSON. I am not in sympathy with the proposal to appropriate $10,000,000,000 or some other fantastic or extravagant amount. Such an expenditure would leave us with an aftermath of debt that would prolong the depression, exhaust national debt, and force us speedily into unmanageable inflation. Let us, on the other hand, so recast our policy and methods of relief that every dollar of the taxpayer's money spent provides 100 cents' worth of the necessaries of life, that no one may want. The end of the session is approaching, and there is no time to lose. We cannot afford to adjourn, we must not adjourn until we have provided the means and outlined the policy necessary to avert the greatest calamity that ever confronted the American people in peace or in war. We must provide means and outline a policy that will make it possible for millions of distressed people in this country to live; and we shall not meet that responsibility, in my opinion, unless we adopt a plan that will make the money available do its utmost in effective assistance to the people.

In general I favor this above all other appropriations for public works, because in road construction $3,000 keeps a man employed a year, whereas in the erection of needless and extravagant public buildings it takes $5,600 to give a laborer a year's employment. But I am wondering whether even this does not involve a program the American people cannot afford at this time, in view of the unusual demands this critical condition has imposed and is due to continue to impose upon us. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I yield 1½ minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, this bill is an emergency measure to increase employment through the authorization of additional appropriations to provide for the construction of public highways and related projects.

It follows very closely the provisions of section 204 of the National Industrial Recovery Act, approved June 16, 1933. In that act the President, from the $3,300,000,000 made available for emergency purposes, was authorized to make grants to the highway departments of the several States in an amount not less than $400,000,000 to be expended by such departments in accordance with the provisions of the Federal Highway Act approved November 9, 1921.

The hearings disclose that approximately all of this money has or will be allocated, perhaps before this bill becomes a law.

The National Industrial Recovery Act changes the formula of apportionment of the funds to the several States, and this bill follows that apportionment so that the money will be apportioned as follows: Ten twenty-fourths on population, seven twenty-fourths on area, and seven twenty-fourths on mileage. Under legislation enacted prior to passage of that act, it was apportioned one third each on population, area, and mileage.

In my judgment, the expenditure of public funds through the improvement of highways relieves more unemployment, reaches more people, and does more permanent good than through the expenditure of any other money made available by the National Industrial Recovery Act. That act, subsection 2, provides for expenditures in emergency construction on secondary or feeder roads, to be agreed upon by the highway departments of the States and the Secretary of Agriculture.

I should like to see more of the funds authorized to be appropriated by this bill allocated to the construction of secondary or feeder roads. If I had the writing of this bill, I would make it mandatory to apportion the money so that a part of it would be expended on every road used by rural mail routes and star routes.

If you will take a map of the respective States and congressional districts, and examine the rural and star routes over which mail is carried, you will find that they traverse all the populous and more productive rural areas and connect them with the marketing centers. If more money were expended on these roads it would enable every farmer to remain at home and secure a share of this work. This would connect up all rural communities with the marketing centers, would add to the value of all farm lands, and result in permanent benefit to the people all over the country. The county commissioners of the various counties, out of other funds which they have available, could be relied upon to improve the connecting links. When this money is expended there should be a fair system of secondary or feeder roads gridironing the entire country. This is the one thought I want to emphasize. Of course I am in favor of building the better type of roads, but this is emergency legislation and its principal objection is to relieve unemployment. The improvement of roads such as I have suggested would do two things, first, relieve unemployment at the least expense to those who are desirous of securing work which will permit them to remain at home; and, second, it would connect up marketing centers and be of lasting and permanent benefit.

The Chief of the Bureau of Public Roads, as shown by the hearings, estimates that 85 percent of the money expended for road improvement goes for labor. If men could remain at home and at the same time secure work, it would permit them to pay taxes, buy clothing and other necessities for their families.

I have always been a good roads enthusiast. During my first term in Congress I made a speech in support of a bill then pending creating a Bureau of Roads and to authorize the expenditure of a sum of money over a period of years. This bill was approved July 11, 1916. This was really the beginning of road building and increased amounts have been authorized for road improvement from year to year and appropriations have followed. The largest amount was that provided for in the National Industrial Recovery Act, when $400,000,000 was set apart as grants to States for road improvements. Under that act Oklahoma was allocated $9,216,798, and inasmuch as the same formula is used in this bill as was used in the National Industrial Recovery Act for the distribution of the funds, the several States should and will receive the same amounts they received under the Recovery Act.

I heartily favor the legislation, and repeat that from every standpoint appropriations for road improvements for emergency purposes are justified.

In conclusion, let me repeat, in order to emphasize it, that I should like to see a mandatory provision in the bill requiring a larger amount to be expended on secondary or feeder roads, including all roads over which mail is carried either by rural or star routes. Improvement of these roads does not require the use of so much machinery. Men with teams and picks and shovels are prepared and equipped to do this work. With a small amount for the maintenance of these roads, they can be kept in good condition for travel at all times. Their improvement will reduce the cost of marketing farm products. It will greatly aid in the back-to-the-farm movement. We already have fairly good roads leading to the more important commercial centers. We need to improve the rural roads connecting up every county seat, town, and the smaller marketing centers. I am going to support any amendment that will earmark the expenditure of this money so as to require it to be spent in part on improvement of rural roads. I want to interpret feeder roads. This is Federal money. The States do not match it. Why should we not direct how it shall be spent? I know the sentiment of my district, and the people there want rural roads—farm-to-market roads—improved.

Mr. WOLCOTT. Mr. Chairman, I yield the balance of my time to the gentlewoman from Kansas [Mrs. MCCARTHY].

Mrs. MCCARTHY. Mr. Chairman, I rise in favor of the amendment submitted by the gentleman from Ohio [Mr. JENKINS]. I had prepared a similar amendment myself, which I intend to offer. The only change I have in my amendment is in the way the money shall be spent.

I heartily agree that this money should be spent on secondary roads, feeder roads, mail routes, and public-school bus routes. The only additional suggestion I have is that this money be spent for reemployment as is intended, and, therefore, be spent under the supervision of the State reemployment director and by him disbursed to the county commissioners, instead of being spent, as in the present system, under the State highway commissions. In our own State this money is used for political purposes, while people of both parties are in need, and should not be the subject of a political distribution. [Applause.]

[Here the gavel fell.]

Mr. CARTWRIGHT. Mr. Chairman, several Members have been harping on the idea that this measure interferes with relief. Mr. Hopkins called me up the other day and stated:

> I understand you have received word I am opposed to the public-roads appropriation. It is quite the contrary. I think road money has been a lifesaver to this country. I just wanted to relieve any misapprehension you may have regarding my attitude on the road bill.

Mr. Chairman, I yield the remainder of my time to the gentleman from Mississippi [Mr. WHITTINGTON].

FEDERAL HIGHWAY CONSTRUCTION SELF-LIQUIDATED

Mr. WHITTINGTON. Mr. Chairman, the country is without a definite program for highway construction. Population is increasing, traffic is multiplying. There are 25,000,000 automobiles in daily operation on the highways of the Nation. A continuing program of highway construction is essential to meet new needs.

The pending bill is primarily an authorization. There must be an authorization, so that an appropriation can be made. The authorization of $400,000,000 for highways and the authorization of $50,000,000 for roads in national parks, forest roads, forest highways, public lands, and Indian reservations is identical with the authorization and appropriation that was made in the National Industrial Recovery Act in 1933 not to relieve unemployment altogether but to contribute to the relief of unemployment.

The Public Works title of the National Industrial Recovery Act provided for $3,200,000,000 for public works to relieve unemployment. No one has ever contended that highway construction would altogether relieve unemployment. The conditions in the country differ from conditions in the cities. Conditions in the industrial areas are different from the conditions in the agricultural regions. Four hundred million dollars were definitely allocated as grants for the construction of highways to relieve unemployment.

It is my judgment that the money appropriated for highway construction in the Public Works Act of 1933 as grants to the State highway commissions has been more generally satisfactory in aid of unemployment than any other Federal public works. [Applause.]

The provisions for highway construction in the Public Works Act of 1933, adopted by Congress under the leadership of President Franklin D. Roosevelt, is the most constructive legislation ever passed for highway building. [Applause.]

Heretofore, Federal appropriations had been to aid only Federal highways. The Public Works Act of 1933 liberalized the existing law. The appropriation was available for construction of Federal highways, for extensions of Federal highways through municipalities, and for emergency construction of secondary or feeder roads. In municipalities provision was made for the elimination of traffic hazards, the elimination of grade crossings, the building of footpaths, and the replacement of unsafe bridges.

The basis of allocation was changed so as to provide for larger allocations to the more populous States. From the beginning of Federal aid in 1916 the allocations were based upon area, mileage, and population, with one third to each. The formula adopted in the Public Works Act of 1933 is ten twenty-fourths population, seven twenty-fourths area, and seven twenty-fourths mileage.

Moreover, labor is safeguarded. Minimum wages are established. The 30-hour week obtains. Only citizens of the United States and aliens who have declared their intention of becoming citizens are to be employed. Mr. BLANTON, of Texas, suggested he would offer an amendment that only citizens of the United States should be used in such employment. Such is the law. We wrote that law a year ago. It is said that veterans should have the preference. That is the law now. The provision is contained in the Public Works Act of 1933.

The bill authorizes $400,000,000 to be appropriated, allocated, and expended as provided by section 204 of the National Industrial Recovery Act of 1933. This section is under the Public Works title. Section 206 provides the legislation with respect to labor and employees to which I have referred. Inasmuch as the pending bill provides for the expenditure of the appropriation as provided by said section 204, and inasmuch as section 206 contains the provisions that cover all appropriations under the Public Works title, it is my view that said section 206 will apply to the pending bill.

Let me make this suggestion insofar as amendments or changes in the provisions of the bill are concerned: The provisions have been tried. They are generally satisfactory. They embody the best features of highway construction since Congress first passed legislation for Federal highway aid in 1916. I, therefore, suggest we be exceedingly careful in making amendments on the floor to the substantive law that is continued in the pending bill.

I appreciate the viewpoint of those who come from the more populous States and from the large cities. Highway legislation, under the present administration, has been more liberal to the cities and more populous States than previous highway legislation. The provision for larger allocations to the wealthier and more populous States obtain in the bill under consideration.

During the depression every administration, both Democratic and Republican, has promoted the building of highways in aid of unemployment. It is not a partisan or a political question.

Under the administration of Herbert Hoover, in the Emergency Act of December 20, 1930, Congress appropriated $80,000,000 to supplement the annual appropriation of $125,000,000 for Federal aid to highway construction. In 1932, $120,000,000 was contained in the Emergency Relief Act. With the regular appropriation, more than $200,000,000 was thus available. In 1933, with from twelve to fifteen million out of employment, the Democratic administration doubled the allocation, making the appropriation a grant instead of an aid.

Congress has conferred unprecedented authority on departments in public building and in public works during the depression, but in every emergency appropriation thus far Congress has insisted that there be a definite amount allocated for the building of highways. I believe this policy should be continued. Such is the purpose of the pending bill.

But the gentleman from Massachusetts and the gentleman from Michigan say that the larger and more populous States are discriminated against. We live under the dual system of government. There is the State and the Federal sovereignty. In modern commerce, for many purposes State lines are disappearing. Massachusetts cannot live within herself. She must sell her products to other States. Many of the leading insurance companies are located in Massachusetts, and yet their profits are derived from business with citizens in Arkansas, New Mexico, and Mississippi. No State can live unto itself. In a national emergency it is more important than ever that national questions should be considered from the national viewpoint.

It is said that New York pays from 25 to 30 percent of the income taxes of the United States. It may be that this percentage is collected from citizens of New York, but the taxes are paid by the people of the entire country. Let me give you an illustration: The Union Pacific Railroad is located west of the Mississippi River. Its general offices are in New York City. Its income is credited to the city of New York and the State of New York. It paid some years ago an annual income tax of about $4,000,000. New York obtained credit for the payment, but the property was located west of the Mississippi River and the earnings came from the citizens of that part of the United States. The people of the United States, 125,000,000 citizens, no matter where they reside, pay the income and other taxes of this country, regardless of their residence or location. [Applause.]

The pending bill authorizes an appropriation of $400,000,000. Under regulations adopted by the Secretary of Agriculture and the State highway commission, approximately 50 percent will be expended on highways, 25 percent on extensions in municipalities, and 25 percent on secondary or feeder roads.

I am familiar with the amendment respecting secondary or feeder roads that has been suggested. I live in an agricultural State. I am in sympathy with the building of roads from the farm to the market. The pending bill provides for a Federal grant. The principle is that those who use the roads should pay for them. Primarily the obligation of Congress is to provide for the construction of those roads that are largely used by the people of the entire country. Congress, in the very nature of the case, cannot provide for main thoroughfares and all secondary or feeder roads. The Federal highway program contemplates the building of 206,000 miles of Federal-aid highways. Only about 108,000 miles have been completed.

The gentleman from Michigan [Mr. MAPES] criticized the pending legislation. As I recall, he lives in a congressional district that embraces a large city and probably one county. Grand Rapids has been able to construct her highways because her furniture is sold in every State in the Union. In Michigan, however, less than half of the Federal-aid highways has been completed. In the State of Massachusetts the same situation obtains—about one half of the system has been completed.

I shall discuss the proposed amendments when the bill is being read for amendments. I call attention to the fact that in Ohio, as disclosed by the hearings, substantially one fourth of the amount allocated to the State of Ohio has been used in the building of secondary or feeder roads.

I am sympathetic with the problems of the great cities and the industrial centers. The greater part of the $500,000,000 for Federal relief appropriated in 1933 went to the large cities and the industrial centers. An additional allocation of $400,000,000 was made for civil works. The larger part went to the industrial centers. While the municipalities share in the benefits of highway legislation, such legislation is not intended to solve altogether the problems of unemployment in the cities.

Much has been said about secondary roads. Provision was made for the building of these roads under the Civil Works program primarily in aid of unemployment in the areas where unemployment was most wide-spread. The amendments, therefore, that would undertake to limit the expenditures of Federal-aid funds would do an injustice to the less populous areas of the country.

One of the first acts of the present session of Congress was to appropriate $950,000,000 for the relief of distress and unemployment. It is now available in the drought areas in Kansas and the Middle West generally. Our friends from the cities and the more populous industrial centers should be satisfied. If they receive, as they view it, less benefit from Federal-aid legislation, they certainly receive more benefit from relief legislation.

I believe that the expenditure of the appropriation should be left largely to the State authorities. I am an advocate of State rights. There is too much centralization. If some States have done an injustice to certain areas in those States, the remedy is to change the administration in the States and not to change the general law so as to do injustice to other States.

It has been suggested that $400,000,000 is a large amount. It was inserted in the pending bill after careful hearings. These hearings disclosed that contracts would be awarded for the entire $400,000,000 appropriated in 1933 by the 1st of July 1934. The amount will be largely expended by the close of the calendar year 1934. The Chief of the Bureau of Public Roads estimated that it would require the grant of an additional $375,000,000 to hold employment without a precipitous drop during the latter part of the year 1934 and during the year 1935 on the assumption that regular Federal aid would be resumed for the fiscal year 1936. Unless provision is made for Federal-aid construction from 500,000 to 1,000,000 men who have been engaged in highway construction for the past 4 years will be out of employment. Under the appropriation of 1933 the construction will be largely completed in the latter part of 1934.

We are interested in the relief of unemployment in the cities, but what about unemployment among the people who live in the countryside? The proposed authorization will provide for employment in 75 percent of all of the counties in the United States. Highway construction is the most generally satisfactory of all public works.

SELF-LIQUIDATING

Highway construction is superior to all other public works in providing employment and permanent benefits. If those who use the highways should pay for them, it follows that there must be better roads.

Federal aid and Federal grants for highways are self-liquidating. In every emergency for public works, highway construction has provided for employment in every State. The American motorists have more than paid for the cost of all appropriations for Federal highways. The original Federal Highway Act was passed in 1916. For the period 1917 to March 1, 1934, collections for motor vehicles, in-

cluding, for 1933 and 1934, the excise tax on gasoline, oils, tires, and tubes, as reported by the United States Internal Revenue Department, amounted to $1,502,584,784.95. According to the records of the United States Bureau of Public Roads for the same period, the total Federal-aid highway expenditures aggregated $1,472,250,824.15.

In the Public Works Act of 1933 there was a definite allocation of $400,000,000 for highways. For the first 6 months of the year 1933 the excise tax on automobiles, motorcycles, parts and accessories, trucks, tubes, gasoline, and oil aggregated $167,000,000, and for the calendar year 1933 aggregated approximately $257,000,000. By the time, therefore, the appropriation of $400,000,000 has been finally expended the collections will equal substantially the expenditures.

Under the leave to extend my remarks, I include herein a tabulation showing the highway expenditures and income as follows:

Comparison of Federal-aid highway expenditures and Federal-tax income from motor vehicles

[Income figures from records of U.S. Bureau of Internal Revenue. Expenditure figures from records of U.S. Bureau of Public Roads]

Year	Federal-aid expenditures	Motor-vehicle-tax income [1]
1917	$34,337.85	
1918	574,816.30	[2] $23,981,208.35

[1] Manufacturers' excise tax on automobiles, motorcycles and accessories and including for 1933 manufacturers' excise tax on gasoline, lubricating oils, tires, tubes, etc.
[2] 9-month period. Tax effective Oct. 1, 1917.

Comparison of Federal-aid highway expenditures and Federal-tax income from motor vehicles—Continued

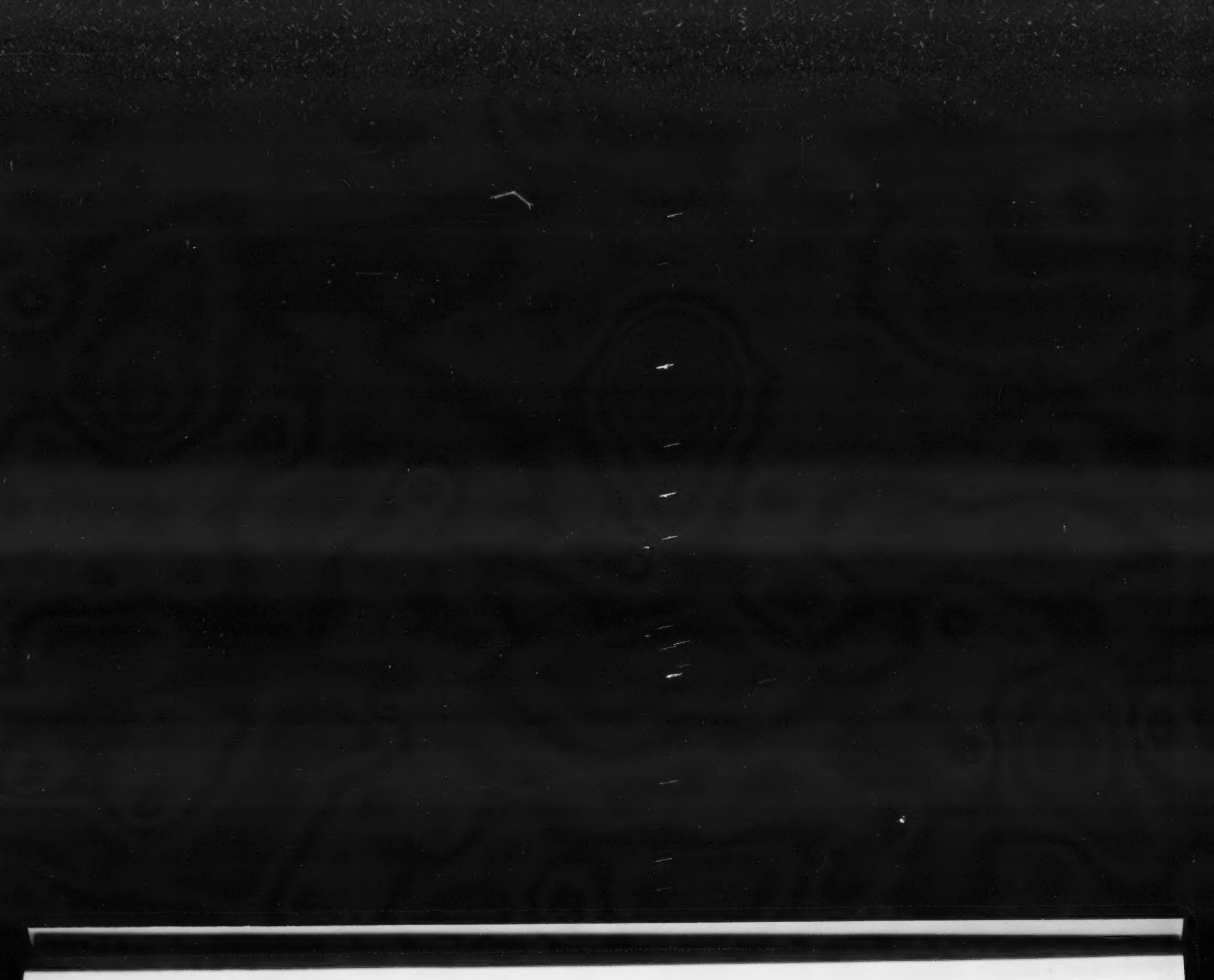
Year	Federal-aid expenditures	Motor-vehicle-tax income
1919	$2,915,282.76	$48,834,271.47
1920	20,340,774.24	143,922,792.01
1921	57,462,768.07	115,546,249.31
1922	89,946,603.64	104,433,762.75
1923	71,604,708.75	144,290,490.28
1924	80,447,823.78	158,014,709.40
1925	97,472,506.13	124,686,745.30
1926	89,362,110.64	138,155,194.80
1927	82,977,565.95	66,437,881.32
1928	82,513,833.66	[3] 51,628,265.96
1929	84,006,619.00	
1930	77,892,192.33	
1931	155,887,639.60	
1932	188,717,619.89	
1933	165,868,106.97	173,967,660.00
1934 [4]	[4] 124,225,514.89	[4] 208,685,494.00
Total	[5] 1,472,250,824.15	1,502,584,784.95
Taxation credit balance		30,333,960.80

[3] 11-month period. Tax repealed May 29, 1928.
[4] To Mar. 1, 1934.
[5] This total includes all regular Federal-aid expenditures plus those made from the first emergency appropriation, the second emergency appropriation (Emergency Relief and Construction Act of 1932), and the Public Works highway funds. The total expenditures from these 3 emergency funds amounted to $230,860,543 to Mar. 1, 1934.

Under the leave to extend my remarks I include the following schedule, furnished by the Chief of the Bureau of Public Roads, showing the apportionment of the $400,000,000 in the Public Works Act of 1933 among the States, and the allocations for highways, municipal extensions, and feeder roads, as follows:

SCHEDULE 1.—*Approved assignment of the apportionment of Public Works highway funds, as of Jan. 31, 1934*

State	Date of original approval	Date of latest revision	Federal-aid highways system, N.R.H.		Extensions through municipalities, N.R.M.		Secondary or feeder roads, N.R.S.		Total apportionment
			Percent	Amount	Percent	Amount	Percent	Amount	
Alabama	Aug. 1, 1933		50.00	$4,185,067	25.00	$2,092,533	25.00	$2,092,533	$8,370,133
Arizona	July 21, 1933		73.00	3,804,731	15.00	781,794	12.00	625,435	5,211,960
Arkansas	July 18, 1933		50.00	3,374,167	25.00	1,687,084	25.00	1,687,084	6,748,335
California	July 24, 1933		50.00	7,803,677	25.00	3,901,839	25.00	3,901,838	15,607,354
Colorado	July 29, 1933		50.00	3,437,265	25.00	1,718,633	25.00	1,718,632	6,874,530
Connecticut	July 21, 1933		49.00	1,404,213	28.00	802,407	23.00	659,120	2,865,740
Delaware	July 14, 1933		50.00	909,544	25.00	454,772	25.00	454,772	1,819,088
Florida	do		50.00	2,615,917	25.00	1,307,959	25.00	1,307,958	5,231,834
Georgia	Sept. 26, 1933		50.00	5,045,592	27.00	2,724,620	23.00	2,320,973	10,091,185
Idaho	July 14, 1933		50.00	2,243,125	25.00	1,121,562	25.00	1,121,562	4,486,249
Illinois	Aug. 1, 1933		25.22	4,431,348	39.14	6,877,190	35.64	6,262,223	17,570,770
Indiana	July 13, 1933		47.00	4,717,786	48.00	4,818,165	5.00	501,892	10,037,843
Iowa	July 17, 1933		50.00	5,027,830	28.00	2,815,585	22.00	2,212,245	10,055,660
Kansas	do		50.00	5,044,802	25.00	2,522,401	25.00	2,522,401	10,089,604
Kentucky	July 13, 1933		48.00	3,608,332	27.60	2,029,587	25.00	1,879,340	7,517,359
Louisiana	July 14, 1933		50.00	2,914,295	25.00	1,457,148	25.00	1,457,148	5,828,591
Maine	do		50.00	1,684,959	25.00	842,479	25.00	842,479	3,369,917
Maryland	Aug. 5, 1933		50.00	1,782,263	25.00	891,132	25.00	891,132	3,564,527
Massachusetts	July 8, 1933	Jan. 26, 1934	16.70	1,101,716	75.90	5,007,199	7.40	488,185	6,597,100
Michigan	July 19, 1933		40.00	5,094,491	35.00	4,457,679	25.00	3,184,057	12,736,227
Minnesota	July 18, 1933		48.00	5,115,153	32.00	3,410,102	20.00	2,131,314	10,656,569
Mississippi	July 17, 1933		50.00	3,489,337	25.00	1,744,669	25.00	1,744,669	6,978,675
Missouri	July 12, 1933		50.00	6,090,153	25.00	3,045,077	25.00	3,045,076	12,180,306
Montana	July 14, 1933	Nov. 4, 1933	60.00	4,463,849	15.00	1,115,962	25.00	1,859,937	7,439,748
Nebraska	July 17, 1933		50.00	3,914,491	25.00	1,957,240	25.00	1,957,240	7,828,961
Nevada	July 21, 1933		64.00	2,900,387	11.00	500,051	25.00	1,136,479	4,545,917
New Hampshire	July 14, 1933	Jan. 12, 1934	38.00	725,739	37.00	706,640	25.00	477,460	1,909,839
New Jersey	July 25, 1933	Aug. 22, 1933	48.30	3,065,137	50.70	3,217,442	1.00	63,460	6,346,039
New Mexico	July 18, 1933		50.00	2,896,467	25.00	1,448,234	25.00	1,448,234	5,792,935
New York	June 30, 1933	Aug. 1, 1933	48.50	10,830,099	35.10	7,837,865	16.40	3,662,137	22,330,101
North Carolina	July 20, 1933		50.00	4,761,147	25.00	2,380,573	25.00	2,380,573	9,522,293
North Dakota	July 14, 1933		50.00	2,902,224	25.00	1,451,112	25.00	1,451,112	5,804,448
Ohio	July 8, 1933		45.00	6,968,066	30.00	4,645,378	25.00	3,871,148	15,484,592
Oklahoma	July 12, 1933		50.00	4,608,399	25.00	2,304,200	25.00	2,304,199	9,216,798
Oregon	do		50.00	3,053,448	25.00	1,526,724	25.00	1,526,724	6,106,896
Pennsylvania	Aug. 1, 1933		30.48	5,757,978	28.67	5,416,051	40.85	7,716,975	18,891,004
Rhode Island	July 22, 1933		50.00	999,354	25.00	499,677	25.00	499,677	1,998,708
South Carolina	July 13, 1933		50.00	2,739,583	25.00	1,364,791	25.00	1,364,791	5,459,165
South Dakota	July 19, 1933		50.00	3,005,739	25.00	1,502,870	25.00	1,502,870	6,011,479
Tennessee	July 17, 1933		50.00	4,246,309	25.00	2,123,155	25.00	2,123,155	8,492,619
Texas	July 18, 1933		50.00	12,122,012	25.00	6,061,006	25.00	6,061,006	24,244,024
Utah	July 8, 1933	Jan. 5, 1934	56.60	2,374,205	18.40	771,826	25.00	1,048,677	4,194,708
Vermont	July 13, 1933		49.90	931,919	25.20	470,628	24.90	465,026	1,867,573
Virginia	July 12, 1933		50.00	3,708,379	25.00	1,854,189	25.00	1,854,189	7,416,757
Washington	do		50.00	3,057,934	30.70	1,877,571	19.30	1,180,362	6,115,867
West Virginia	July 14, 1933		45.00	2,013,405	30.00	1,342,270	25.00	1,118,559	4,474,234
Wisconsin	July 12, 1933		50.00	4,863,441	25.00	2,431,220	25.00	2,431,220	9,724,881
Wyoming	July 10, 1933		50.00	2,250,663	25.00	1,125,332	25.00	1,125,332	4,501,327
District of Columbia	July 13, 1933	Dec. 1, 1933			50.00	959,235	50.00	959,234	1,918,469
Hawaii	July 24, 1933		90.00	1,683,956			10.00	187,106	1,871,062
Total			47.15	185,768,083	28.78	113,402,967	24.07	94,828,950	394,000,000



P.W.A. ALLOTMENTS FOR FOREST, NATIONAL PARK, AND INDIAN RESERVATION ROADS AND PHYSICAL IMPROVEMENTS AND PUBLIC-LAND ROADS, TOGETHER WITH STATEMENT AS TO RATIOS OF FEDERAL-AID APPROPRIATIONS AND APPROPRIATIONS FOR FOREST, PARK, INDIAN RESERVATION, AND PUBLIC-LAND ROADS

SUMMARY

Summary P.W.A. allotments to Forest, National Park, and Indian Services and public-land roads

	Allotments from $50,000,000 section 205 (1)	Additional road allotments (2)	Physical improvement allotments other than roads (3)	P.W.A. totals (4)
Forest Service:				
Forest, highways	(A) $15,000,000		[1]$15,967,745	$40,967,745
Forest, road, and trails	(B) 10,000,000			
National Park Service	(C) 16,000,000	[2]$9,049,994	7,042,456	32,092,450
Indian affairs	(D) 4,000,000	[2]100,000	14,928,550	19,028,550
Public land roads	(E) 5,000,000			5,000,000
Total	[4]50,000,000	9,149,994	37,938,751	97,088,745

1. Allotment sec. 205 (minimum) $50,000,000
2. Additional road allotment 9,149,994
Total road allotment 59,149,994
3. Physical improvement allotments to Forest, Park, and Indian Services for other than roads 37,938,751
4. Grand total P.W.A. allotments to Forest, Park, and Indian Services and public-land roads 97,088,745

[1] See exhibit C for distribution by States.
[2] See exhibit B for project allocations.
[7] Roads, drainage, and also including some sanitation—Alaskan reservations only.
[4] See exhibit A for distribution by States.

Under leave to extend my remarks I include the summary, statements, exhibits, and supplemental statement covering the $50,000,000 for forest highways and roads, national parks roads, roads in Indian reservations, and public-land roads given in the above table; and I include the additional allotments by the Public Works Administrator of $9,149,994. I also include the additional allocations made by the Administrator of Public Works for physical equipment in the Forest Service, the national parks, and the Indian reservations up to May 5, 1934, aggregating $37,938,751.

The amounts were taken from the records of the Public Works Administration and include the allotments up to May 5, 1934:

STATEMENT

Statement accompanying exhibit A. Distribution by States of $50,000,000 fund, section 205, N.I.R.A.

Thirty-eight States, Alaska, Hawaii, and Puerto Rico shared in the $50,000,000 fund provided by section 205 of the N.I.R.A.

The distribution by States for the various kinds of projects under section 205 (A), (B), (C), (D), and (E) is given on the next sheet.

(A) Forest highways.
(B) Forest roads and trails.
(C) National-park roads.
(D) Roads on Indian reservations.
(E) Public-land highways.

Ten States and the District of Columbia did not share in this fund. Those States not sharing are as follows: Connecticut, Delaware, Indiana, Kansas, Maryland, Massachusetts, New Jersey, New York, Ohio, Rhode Island, and the District of Columbia.

EXHIBIT A

Distribution by States of funds ($50,000,000) provided under sec. 205 (A), (B), (C), (D), and (E) of the National Industrial Recovery Act

State	Forest highways (A)	Forest roads, trails, etc. (B)	National park roads (C)	Roads on Indian reservations (D)	Public land highways (E)	Total
Alabama	$14,732	$49,000				$63,732
Arizona	980,996	383,000	$1,261,300	$1,465,000	$748,310	4,838,606
Arkansas	192,527	267,000	50,000			509,527
California	2,351,177	2,972,000	1,947,000	53,000	475,740	7,798,917
Colorado	1,217,346	274,000	771,400	53,000	176,751	2,492,497
Florida	63,763	19,000				82,763
Georgia	46,542	94,000				140,542
Idaho	1,710,825	1,052,000		40,000	265,590	3,068,415
Illinois	15,675					15,675
Iowa				5,000		5,000

Distribution by States of funds ($50,000,000) provided under sec. 205 (A), (B), (C), (D), and (E) of the National Industrial Recovery Act—Continued

State	Forest highways (A)	Forest roads, trails, etc. (B)	National park roads (C)	Roads on Indian reservations (D)	Public land highways (E)	Total
Kentucky	$24,691	$143,000				$167,691
Louisiana	23,297	72,000				95,297
Maine	5,597	8,000	$235,750			249,347
Michigan	94,966	168,000				262,966
Minnesota	157,300	150,000		$43,000		350,300
Mississippi	34,709	93,000				127,709
Missouri	21,488					21,488
Montana	1,344,773	465,000	1,111,100	457,000	$263,230	3,641,103
Nebraska	16,251	8,000		5,000		29,251
Nevada	312,310	6,000		35,000	1,129,958	1,483,268
New Hampshire	86,628	85,000				171,628
New Mexico	687,273	333,000	221,000	[7] 760,000	396,203	2,397,476
North Carolina	81,326	373,000	1,317,500	23,000		1,794,826
North Dakota				85,000	63,739	148,739
Oklahoma	22,078	24,000	22,000	60,000	45,517	173,595
Oregon	2,186,449	1,064,000	892,950	155,000	335,141	4,273,540
Pennsylvania	41,976	66,000				107,976
South Carolina	20,025	62,000				82,025
South Dakota	130,565	60,000		190,000	95,691	476,256
Tennessee	89,776	124,000	1,317,500			1,531,276
Texas	14,325					14,325
Utah	559,047	212,000	498,100	53,000	556,699	1,878,846
Vermont	8,334	49,000				57,334
Virginia	73,068	112,000	2,575,000			2,760,068
Washington	1,207,245	735,000	1,331,500	355,000	64,780	3,693,526
West Virginia	44,812	135,000				179,812
Wisconsin	60,442	169,000		43,000		272,442
Wyoming	725,712	163,000	2,041,900	120,000	382,651	3,443,263
Alaska	350,000	60,000	250,000			660,000
Hawaii			516,000			516,000
Puerto Rico	1,953	11,000				12,953
Total	15,000,000	10,000,000	16,000,000	4,000,000	5,000,000	50,000,000

EXHIBIT B

Department of Interior, National Park Service for Roads and Trails

[Additional and over and above apportionment out of minimum specifically provided by law]

States	Location	Amount	Project number
			F.P.
Arizona	Grand Canyon	$125,000.00	A 226
Do	do	301,103.00	C 227
Do	do	3,432.78	228
Arkansas	Hot Springs	258,180.00	A229
California	Sequoia	4,500.00	A230
Do	do	4,500.00	B230
Do	do	9,000.00	A231
Do	do	31,500.00	232
Do	do	5,120.00	233
Do	do	18,000.00	234
Do	Yosemite	18,000.00	235
Do	do	7,200.00	236
Do	do	1,800.00	237
Do	do	70,975.08	238
Do	do	11,700.00	240
Colorado	Rocky Mountains	22,500.00	243
Idaho	Craters of the Moon	2,475.00	244
Do	do	2,700.00	245
Maine	Acadia	143,750.00	A 246
Do	do	3,780.00	247
Montana	Glacier	18,000.00	248
Tennessee and North Carolina	Great Smoky Mountains	22,010.00	A 249
Virginia	Washington's birthplace	1,350.00	250
Do	do	9,000.00	251
Washington	Mount Rainier	5,059.14	252
Do	Olympus	2,590.86	A 252
Wyoming	Yellowstone	9,000.00	253
Georgia	Chickamauga-Chattanooga	504,900.00	381
Do	Kenesaw Mountain Battlefield	13,860.00	382
Kentucky	Abraham Lincoln	900.00	383
Louisiana	Chalmette	9,900.00	384
Maryland	Antietam Battlefield Site	19,800.00	385
Do	Fort McHenry	3,600.00	386
Mississippi	Vicksburg	749,250.00	387
North Carolina	Guilford Court House, National Park	29,700.00	388
Do	Kill Devil Hill Monument, Kitty Hawk	37,350.00	389
Do	Moores Creek National Park	14,850.00	390
Pennsylvania	Gettysburg National Military Park	225,770.00	391
Tennessee	Chattanooga National Cemetery	19,350.00	392
Do	Chickamauga and Chattanooga	78,750.00	393
Do	Fort Donelson National Military Park	78,210.00	394
Do	do	3,500.00	395
Do	Meriwether Lewis National Monument	41,100.00	396
Do	Shiloh National Cemetery	366,750.00	397
Do	do	4,500.00	398
Do	Stones River National Military Park	19,800.00	399
Virginia	Fredericksburg National Cemetery	200.00	400
Do	Fredericksburg and Spotsylvania County Battlefield Memorial	855,850.00	401
Do	Petersburg National Military Park	376,360.00	402

Department of Interior, National Park Service for Roads and Trails—Continued

States	Location	Amount	Project number
			F.P.
Vermont	Proposed Green Mountain Parkway	$50,000.00	505
Virginia, Tennessee, and North Carolina.	Shenandoah-Great Smoky Mountains	4,000,000.00	525
District of Columbia	Washington-Arlington Memorial Bridge.	30,494.00	531
Georgia	Fort Pulaski	49,500.00	532
Montana	Glacier	113,000.00	533
Various	Technical supervision (engineering and landscaping).	241,025.00	560
Total		9,049,993.86	

EXHIBIT C

Department of Agriculture, Forest Service, for physical improvements (physical improvements and control of tree-destroying diseases and insects provided that any building to cost more than $2,500 must be specifically authorized by the Administrator of Public Works)

States:	Amount
Alabama	$17,560
Alaska	24,315
Arizona	987,500
Arkansas	295,457
California	2,260,599
Colorado	394,409
Connecticut	2,180
Florida	76,104
Georgia	128,808
Idaho	2,486,355
Illinois	19,980
Indiana	1,070
Kentucky	71,150
Louisiana	119,881
Maine	2,500
Michigan	633,217
Minnesota	782,525
Mississippi	163,765
Missouri	5,000
Montana	1,062,863
Nebraska	52,695
Nevada	111,502

Department of Agriculture, Forest Service, for physical improvements, etc.—Continued

States:	Amount
New Hampshire	$106,170
New Jersey	6,410
New Mexico	722,399
New York	10,715
North Carolina	115,734
North Dakota	2,500
Ohio	1,100
Oklahoma	81,510
Oregon	737,483
Pennsylvania	95,730
South Carolina	66,561
South Dakota	120,183
Tennessee	113,134
Texas	21,000
Utah	351,845
Vermont	24,000
Virginia	79,941
Washington	741,947
West Virginia	151,250
Wisconsin	1,280,657
Wyoming	236,598
General administration, salaries, and expenses	201,443
Regular appropriation items: General administration, protection, and administration of national forests, aerial fire control, classification of lands, sanitation and fire prevention, planting national forests, reconnaissance, improvement of national forests, forest surveys, soil-erosion investigation	1,000,000
Total	15,967,745

SUPPLEMENTAL STATEMENT

Statement as to previous ratios of appropriations for Federal highway aid and for forest, park, Indian reservations, and public-land roads

Prior to the first emergency appropriation for roads in December 1930 it had been the policy of Congress to authorize regular Federal-aid appropriations and appropriations for forest roads and trails in the ratio of 10 to 1, such as for the fiscal years 1931 and 1932, when Federal aid was given $125,000,000 and forest roads and trails $12,500,000.

In addition, appropriations for the National Park Service covering park roads were made separately in varying amounts from year to year without reference to the amounts appropriated for Federal highway aid.

In the emergency acts the following amounts were allotted for the purposes indicated:

Legislative acts	Federal aid	Forest highways	Forest roads and trails	National-park roads	Indian-reservation roads	Public-land roads
Emergency, December 1930	$80,000,000	$3,000,000		$1,500,000	$3,000,000	
Emergency-relief construction, 1932	120,000,000	5,000,000	$5,000,000	3,000,000	1,000,000	$2,000,000
N.I.R.A., 1933	400,000,000	[1] 15,000,000	[1] 10,000,000	[1] 16,000,000	[1] 4,000,000	[1] 5,000,000

[1] From lump sum of $50,000,000 distributed by P.W.A.

It will be observed that, in addition to the $50,000,000, the Administrator of Public Works allocated approximately $47,000,000 additional for roads and physical equipment and other improvements in the forests, national parks, and Indian reservations.

Under the Public Works title of the National Industrial Recovery Act, the Administrator was authorized to make grants of 30 percent and make loans for 70 percent of the cost of construction of roads, highways, and other public improvements. I am advised that in addition to the amounts hereinbefore appropriated, the Administrator of Public Works had made loans for highway construction with 30 percent grants up to March 15, 1934, to the amount of $41,742,811.

EARMARKED

The pending bill will provide for definitely earmarking grants for highway construction. It is an authorization. The whole amount may not be appropriated either for highways or for forests and parks during the current year. The matter rests largely with the President. The amount appropriated will depend upon his Public Works message, but I insist that Congress shall make definite allocations and appropriations for all public works, including highways, public buildings, rivers and harbors, and flood-control works. It is essential that the public funds be safeguarded and that permanent improvements be provided. Congress has a responsibility. Congress levies the taxes. It should provide for definite appropriations.

URGENCY

The States are unable to match Federal aid. They cannot borrow money, nor can they sell bonds. They are unable to provide, in many cases, for local relief, hence the necessity for Federal grants. It is my view that the grants should continue until provision is made for regular Federal aid. Such provision, I believe, should be made for the fiscal year 1936. Meantime, the States have difficulty in maintaining their highways. In the interest of employment and to promote the public good, the pending legislation should be passed.

ANALYSIS

Section 1 and section 2 of the pending bill provide for grants in the amounts and under the provisions of the Public Works Act of 1933. One and one half percent is allowed for surveys and plans. The allocations and the provisions of the Public Works Act of 1933 were eminently satisfactory. The Committee on Roads conducted hearings. They believe the amounts and the provisions should continue.

Section 3 is new legislation, or rather I should say it provides for a definite policy so as to eliminate special acts that have been passed from time to time. A fund is provided for the rebuilding of Federal-aid highways destroyed

by floods, hurricanes, earthquakes, and landslides. Inasmuch as a permanent policy is provided, the authorization of $10,000,000 is not a grant but is to aid in rebuilding Federal-aid highways, as provided by the Federal Highway Act, on a 50-50 basis.

The Public Works Act of 1933 stipulated that the limitations of highway construction within municipalities imposed by the Federal Highway Act should not apply to the program of 1933. The pending bill makes permanent the provision.

In the Emergency Act of December 20, 1930, and in the Emergency Relief and Construction Act of 1932, provision was made for the repayment by way of deduction of prior advances or loans in future allocations to the States. The pending bill definitely eliminates the provision. The program of 1933 was a grant and not a Federal aid. The pending bill is a grant, and the public interest and public good will be promoted by the elimination of the requirement for repayment of the emergency advances in all future Federal-aid legislation.

ALLOCATIONS

Under the Public Works Act of 1933 the method of allocations was changed so as to provide for larger allotments to the more populous States. Formerly, allocations were based upon population, area and mileage, one third being allocated for each purpose. The formula is now 10/24 population, 7/24 area, and 7/24 mileage. It will obtain in the pending bill.

SECONDARY ROADS

Provision is made for secondary or feeder roads and employment is thus provided for. Secondary roads employ a much larger percentage of common labor. I favor farm-to-market roads. More labor and less machinery is used on secondary roads; unemployment is thus aided.

MUNICIPALITIES

Construction through municipalities is continued as it was in the Public Works Act of 1933. Cities as well as the country are again provided for.

GRANTS

The States are unable to match Federal-aid highway funds. It is believed that by 1936 conditions will be normal. A Federal-aid highway program is then contemplated. On account of the depression and the inability of the States to match Federal highway funds and that the States may know definitely how to provide their future programs, it is essential that provision be made during the remainder of the emergency for grants for highway construction.

GENERALLY MORE SATISFACTORY

There is no more satisfactory public work than highway construction. All States are benefited. All counties in all of the States are aided. Labor in both the city and country is benefited.

The passage of the pending bill is important in the completion of the program for recovery. [Applause.]

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. Yes.

Mr. HASTINGS. Inasmuch as this is a grant to the States, not to be matched by the States, why should not the Congress here earmark and say how it shall be expended?

Mr. WHITTINGTON. That is a fair question. I stand for highway construction. As the Congress of the United States we cannot build all of the highways in the country. We have a Federal-aid system. It has 207,000 miles in round numbers. We have completed about one half of it. Take the State of Michigan for instance. In Grand Rapids, where my friend MAPES lives, they may have built all of their roads, but they have not completed half of their Federal-aid system in the State of Michigan. That same condition obtains in Ohio. I maintain that last year we went further than any administration has ever gone, and we provided for the first time for feeder roads and secondary roads.

Mr. HASTINGS. But what was "feeder roads" interpreted as? It did not mean anything rural in my country.

Mr. WHITTINGTON. We said secondary and feeder roads, in the language of the law, and if you say it again, you cannot make it any plainer. The fault is not in the legislation, it is in the administration of it, by the State highway commissions. The responsibility of Congress is to provide the funds. It is the responsibility of the States to provide for their allocation and disbursement in the States.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. Yes.

Mr. SNELL. There is nothing new or novel about this system. We have had it before. Of course, there is a limit to good things that you can do. What definite information came before the gentleman's committee that made them feel that they were justified in appropriating $50,000,000 for roads and trails in public reserves?

Mr. WHITTINGTON. That is also a fair question. We have authorized $400,000,000 for highways. The question occurred to me: Why allow $50,000,000 for roads in national parks, forests, public lands, and Indian reservations? There is none in my district. The only additional funds for highways in order to provide satisfactorily for the national parks, forests, and public lands was that the Administrator supplemented the $16,000,000 of the $50,000,000 by an additional $9,000,000, and moreover, provided for $37,000,000 more for providing for necessary improvement in the forests of the country, as I have heretofore shown. The committee was of the opinion that inasmuch as the Administrator supplemented the $50,000,000 of 1933 by almost $50,000,000 more, in the pending bill an authorization of $50,000,000 would be reasonable in the continuing emergency.

I say, in all fairness, the provision for $50,000,000 carried in this bill in reality will be approximately $47,000,000 less than that expended during the current year for that same or similar purposes as I have pointed out.

Mr. SNELL. Was there any evidence produced to show that it was necessary to put that amount at this time in that work?

Mr. WHITTINGTON. No. This is an authorization. Yours is a fair question. If the testimony before the Committee on Appropriations shows that it is not necessary to appropriate that entire amount, it is not compulsory and will not be appropriated.

Mr. SNELL. I know the gentleman says it is only an authorization, but the statement has been made on the floor of the House that they want this authorization so that they can go ahead and make their plans, and the gentleman knows that when we pass this authorization, you will expect the Committee on Appropriations to appropriate that money.

Mr. WHITTINGTON. In many cases the entire authorization is not appropriated in 1 year.

Mr. SNELL. But you admit you have not any facts before your committee?

Mr. WHITTINGTON. Oh, I have said that they have spent this year approximately $97,000,000 on this and similar items, and that we only provide for $50,000,000.

Mr. SNELL. But they have done all the work that is necessary.

Mr. WHITTINGTON. If it is not necessary I say the money should not be appropriated.

Mr. TABER. Will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. TABER. You say "not less than $50,000,000"?

Mr. WHITTINGTON. I have no objection to saying "$50,000,000" if that will satisfy the gentleman.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. WHITTINGTON] has expired. All time has expired.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include, first, a schedule showing the amounts collected from motor-vehicle and gas taxes from 1917 up to 1934, and expenditures for Federal-aid highways; secondly, the allocation of the $400,000,000 appropriation of 1933 to the States, and thirdly, allotments of the $50,000,000 to the various national

parks and forest highways, roads, and public lands, and Indian reservations, trails, and the allocation of the additional approximated $9,000,000 and $37,000,000 to which I referred, for the national parks and the improvement of the national forests, parks and Indian reservations, and generally to revise and extend my remarks on the pending bill.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That for the purpose of increasing employment by providing for emergency construction of public highways and other related projects there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of not less than $400,000,000 for allocation under the provisions of section 204 of the National Industrial Recovery Act, approved June 16, 1933 (in addition to any sums heretofore allocated under such section), in making grants under such section to the highway departments of the several States to be expended by such departments pursuant to the provisions of such section, and to remain available until expended: *Provided*, That not to exceed 1½ percent of the allotment of this appropriation to any State may be used for surveys and plans of projects for future construction on the Federal-aid system in such State.

Mr. TABER. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. The language of this section provides that there is authorized to be appropriated the sum of not less than $400,000,000. That is, in effect, a mandatory piece of legislation, and must result in an appropriation. This bill does not come from the Committee on Appropriations and therefore this section, with that language in it, is out of order.

Mr. WHITTINGTON. Mr. Chairman, I submit that the point of order is not well taken. This is not an appropriation. If it were, the point of order would be well taken, but this is an authorization. Therefore, the point of order does not lie.

I want to say, Mr. Chairman, that I have an amendment in my hands which I propose to offer making the amount definitely $400,000,000. I stated a moment ago that such an amendment would be satisfactory to the committee.

The CHAIRMAN (Mr. GLOVER). The Chair is ready to rule. This is simply an authorization, and the point of order is overruled.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: Page 1, line 7, after the words "sum of", strike out the words "not less than."

Mr. WHITTINGTON. Mr. Chairman, I desire to say that this amendment, as I understand it, is satisfactory to the members of the committee on both sides, and it is offered as a committee amendment. It simply provides definitely for $400,000,000, rather than an uncertain and indefinite amount.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WHITTINGTON].

The amendment was agreed to.

Mr. FULLER. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. FULLER: On line 8, page 2, strike out the period after the word "State", insert in lieu thereof a semicolon, and add the following: "and provided that not less than 25 percent of the allotment of this appropriation shall be applied to secondary or feeder roads, including farm-to-market roads, and rural free-delivery mail roads, and public-school bus routes."

Mr. WHITTINGTON. Mr. Chairman, I make the point of order against the amendment that it is not germane.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. WHITTINGTON. I do not desire to argue the matter.

Mr. DOWELL. Mr. Chairman, I should like to be heard if there is any question about it in the mind of the Chair.

Mr. JENKINS of Ohio. I should like to be heard, Mr. Chairman.

Mr. DOWELL. Mr. Chairman, this is not subject to a point of order. It is germane. It is dealing with identically the same subject, and the appropriation or authorization is for the purpose of road building, and the amendment is specifying in what manner it shall be used.

Mr. JENKINS of Ohio. I should like to be heard on the point of order, Mr. Chairman. This is the same amendment that I proposed to offer. I have consented that Mr. FULLER introduce it so as to remove any claim that it is partisan. I maintain that this is germane, because it follows the proviso in the same section. It provides for the disposition of a certain percentage of this money, and it says how it shall be disposed of. This amendment does the same thing. It designates how the money appropriated under this section shall be disposed of. Both of them are positive amendments and do the same identical thing.

It is therefore absolutely germane. The point of order should be sustained.

The CHAIRMAN. The Chair is ready to rule. On February 27, 1932, the gentleman from Texas [Mr. BLANTON] was presiding, when a similar question arose. The Chair held at that time that a similar amendment was germane.

The Chair overrules the point of order.

Mr. FULLER. Mr. Chairman, at the outset I may say that this amendment, to all practical purposes, is the Jenkins amendment. I discussed the amendment with the gentleman from Ohio a few moments ago. In my own mind I am convinced that it is perfectly satisfactory to Mr. MacDonald, Chief of the Bureau of Public Roads. If it were not, I would not favor it.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. WHITTINGTON. I have a communication here saying it is not satisfactory.

Mr FULLER. I should like to see it.

Mr. WHITTINGTON. I shall be very glad to read it in my own time to save the gentleman's time.

Mr. FULLER. In other words, the Chief of the Bureau of Public Roads is doing this very same thing now, in a way, through rules and regulations carrying out the intent of Congress which was that not more than 25 percent should be used for rural post roads or feeder roads. Some State commissions, however, take the attitude that if they use $1,000 for this purpose that is sufficient to comply with the language "not more than 25 percent." In my own State there is no controversy about this provision. We feel that it is mandatory; at least we know the intention of Congress, and we seek to carry out the spirit and the letter of the law and use 25 percent for secondary roads, 25 percent for pavements inside cities, and 50 percent on Federal or main trunk lines.

The difficulty arising in the interpretation of the law is that in certain States the highway commissions have held that the classification "feeder roads" means first-class State roads. We know that is not what was originally intended. The result of such an interpretation is that the little communities and townships suffer most, yet they are the places which have the most desperate need. They do not get the relief it was intended they should receive when this law was passed.

The effect of this amendment is to make it mandatory that 25 percent shall be spent on these secondary and feeder roads in every congressional district in the United States. This will prove to be the most popular provision of the bill. The only way we can appropriate money for this purpose under the Constitution is to appropriate it for rural post roads. Adopt this amendment and it will be carrying out the wishes of our constituents.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. MAY. This legislation is for the purpose of building roads; that is the purpose for which the money is to be appropriated. Does not the gentleman think it would be of decided advantage in this particular amendment to

specify the places and projects for which the money should be earmarked?

Mr. FULLER. Certainly. We all know it to be a fact that in some of the States a Congressman is looked upon as just a joke when he tries to say anything about the places in his State where money appropriated by Congress is to be expended; the State highway commissions pay no attention to him. Pass this amendment and they will pay attention to Congressmen, and you will have the experience of seeing this money spent in every congressional district reaching out into the byways and hedges; and relief will be afforded where it is most sorely needed.

Mr. CARPENTER of Kansas. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. CARPENTER of Kansas. Many counties rely on this money to afford relief in caring for the poor, and they now are asking that 50 percent of this money be earmarked as proposed by the gentleman in his amendment. The time has come when rural and farm-to-market roads should be improved, especially during these trying times. If State highway commissions and the Bureau of Public Roads desire further cooperation and appropriations, they had better carry out the intentions of Congress and stop using all the money for Federal and high-class State roads.

In the building of these feeder or rural roads Congress does not intend that the money should be used for surveys and plans on a large scale, nor for the spending of thousands of dollars per mile. If present conditions are not corrected, I predict that much of this money will be allowed to counties to be distributed by the county road commissions.

Mr. FULLER. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. FULLER. I wish to ask the gentleman from Iowa [Mr. DOWELL], who has served so many years on this committee, how he feels about specifically earmarking 25 percent of this fund for this specific use? He is well acquainted with Mr. MacDonald and Mr. MacDonald's views with reference to this work.

Mr. DOWELL. I am heartily in favor of it. I think it ought to be adopted. Mr. MacDonald is one of the finest road engineers in the country.

Mr. FULLER. In that I fully concur and know he desires the rural roads should receive aid.

Mr. DOWELL. I think we ought to follow his suggestions.

Mr. WHITTINGTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Ohio very kindly submitted substantially the same amendment to the Chairman of the Roads Committee 2 or 3 days ago. The gentleman from Arkansas submitted the amendment to the committee during the general debate. Members of the Roads Committee considered the amendment and referred it to the Chief of the Bureau of Public Roads because it was thought by members of the committee that in writing substantive legislation we should be careful. It is rather difficult to get it written properly on the floor of the House.

I call attention to the fact that this is an authorization for a grant. The Federal Government cannot build all the roads in a State. I am in sympathy with those who speak for the feeder roads. This authorization provides for the expenditure of the money under the provisions and allocations of section 204 of the National Industrial Recovery Act of 1933. This section provides in paragraph 2 for expenditure in emergency construction of secondary or feeder roads to be agreed upon by the State highway departments and the Secretary of Agriculture.

The pending amendment is that not less than 25 percent be applied to secondary or feeder roads. I cannot see that repeating the language here is going to change the meaning.

Mr. DOWELL. Will the gentleman yield?

Mr. WHITTINGTON. In just a moment I shall be glad to yield to the gentleman if he will give me a chance to make my statement. I am profoundly interested in improving these secondary roads.

I repeat, we are using Federal money not to match but to grant, and it strikes me that we had better follow the liberal provisions that we made last year in order to satisfy our friends from the cities and populous States. There was a regulation that 25 percent be expended in the cities and 25 percent in secondary or feeder roads. The regulations provided not to exceed 25 percent for feeder roads. That is the difference here. The bill contemplates not to exceed 25 percent, and the amendment not less than 25 percent.

I referred the matter to the Chief of the Bureau of Roads, and I want to read to you his report; quoting from a letter to me from Thomas H. MacDonald, Chief of the Bureau of Public Roads, dated March 9, 1934, in response to my request for his opinion as to said amendment:

> With respect to the further proviso that not less than 25 percent of the amount of the appropriation shall be applied to secondary or feeder roads, including farm-to-market roads, mail roads, and public-school-bus roads, it is believed that such a provision would work a hardship in some of the States that are so far behind in the improvement of their main highways. It is suggested, therefore, that any provision along this line should be limited to not more than 25 percent and preferably that it should be left to be taken care of in the certificate of apportionment and in the regulations in a similar manner to what was done when the $400,000,000 was apportioned among the States on June 23 of last year.

Mr. MacDonald says wherever it is possible to put that program in effect it is being done. He calls attention in this letter, from which I read, to the fact that Congress did not undertake to make the allocation in the act last year and that provision was made for 50 percent to be allotted to Federal highways, 25 percent to municipalities, and 25 percent to feeder roads by regulation. Here is the language of the regulation; I believe that it is sufficient. If in Ohio and if in Arkansas you want more feeder roads and can otherwise comply with the Federal regulations in connection with the expenditure of the money, it can be taken care of, because here is the regulation; and I quote the regulation:

> Not more than 50 percent of the funds apportioned to any State under this act shall be applied to projects on the Federal-aid highway system outside of the corporate limits of municipalities; not less than 25 percent of such funds shall be applied to projects on extensions of the Federal-aid highway system into and through municipalities; and not more than 25 percent of such funds shall be applied to secondary or feeder roads until provision has been made for the satisfactory completion of at least 90 percent of the initial limiting Federal-aid highway system in such State.

This 90-percent provision was inserted in a highway bill reported by the committee at the request of our friends from Ohio a few years ago.

Here is the further regulation:

> Upon a proper showing by any State that, either all needed improvements on extensions of the Federal-aid highway system into and through municipalities can be completed with an expenditure less than 25 percent of the State's apportionment, or that municipal authorities are unable or unwilling to obtain the necessary rights-of-way for needed improvements, or for other reasons, the Secretary of Agriculture may revise the above percentages with reference to such State. The reconstruction of existing facilities that are adequate for traffic shall not be considered needed improvements.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent that I may proceed for 4 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTINGTON. Mr. MacDonald concludes the communication by saying:

> It is believed that it will be much more desirable from the standpoint of the States as a whole.

We are legislating for the Nation. There must be some flexibility. The Chief of the Bureau of Public Roads has demonstrated that he wants to comply with the desires of our friends from Ohio and elsewhere where he can. Let us not hinder those States that have not completed as much as 40 or 50 percent of their highway program.

Mr. MacDonald states and I quote further from said letter to me:

It is believed that it will be much more desirable from the standpoint of the States as a whole to fix the percentage applicable to secondary or feeder roads by the method followed last year as indicated by the above quotations from the certificate of apportionment and the regulations, than to incorporate such provisions in the statute where it would be less flexible for meeting particular situations.

The committee follows his recommendation and thinks the amendment unnecessary and that it should be left to regulation rather than statute.

Mr. MAY. Will the gentleman yield?

Mr. WHITTINGTON. I yield to the gentleman from Kentucky.

Mr. MAY. In the last appropriation we made of $3,200,000,000 for public works were certain allocations for highways.

Mr. WHITTINGTON. Yes.

Mr. MAY. Under the very regulations that the gentleman has read, is where all of these abuses that were discussed on the floor of the House and these discriminations have occurred. May I ask the gentleman as one Member out of 435 of the House if he knows what is being done with the $3,200,000,000 which we appropriated.

Mr. WHITTINGTON. I will be glad to discuss that with the gentleman anytime. For my part I favor earmarking all Public Works funds, including highway, flood-control, public buildings, and river and harbor improvements.

Mr. FULLER. There is 75 percent earmarked now. The gentleman from Mississippi does not seek to leave the impression before the House that he is speaking for the chairman and all the members of the committee when he says that they are opposed to this amendment I offered?

Mr. WHITTINGTON. No. I endeavored to answer the gentleman's question. I am sympathetic with the gentleman's purpose, but I believe as a member of that committee or of any other committee that it is my duty, as it is yours, and I think the Members will agree with me, to give the facts to the House and when Mr. MacDonald was quoted here as favoring the amendment that the gentleman proposed, I thought the House was entitled to have the statement that Mr. MacDonald made on the subject.

Mr. FULLER. I know the gentleman has been of great service to the country, but I did not think he was attempting to quote the chairman or the members of the committee when he said they were opposed to my amendment.

Mr. WHITTINGTON. No. I was reading from a letter of the Chief of the Bureau of Roads in response to my request for his report on your amendment and I want to say in all fairness that no matter how sympathetic I may be with the gentleman's amendment and his purpose, in my judgment, it is better to go along with the act as it was written last year.

[Here the gavel fell.]

Mr. CARTWRIGHT rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. CARTWRIGHT. Mr. Chairman, may I put the gentleman right as to the amendment?

Mr. FULLER. Did not the gentleman tell me he was for the amendment not 5 minutes ago?

Mr. CARTWRIGHT. I said I was not sure.

Mr. JENKINS of Ohio. Mr. Chairman, I rise in favor of the amendment.

This is the same amendment which heretofore in these discussions has been referred to as the "Jenkins amendment." Mr. Fuller introduced it with my approval. I am glad to see the sentiment of the House is overwhelmingly for the amendment, and I appreciate it. It is very evident there is no serious opposition to this amendment and, on the contrary, there is overwhelming support for it. As to the gentleman from Mississippi [Mr. WHITTINGTON], who sought to quote Mr. MacDonald, I should like to say for his information and for the information of all those who would like to support this amendment, that an interview by an engineer from my district with Mr. MacDonald and his assistants was responsible for the agitation out of which this amendment comes.

I am not here to speak for Mr. MacDonald, but I know, with all the certainty that I know anything, that he will not oppose this amendment in the least, and I defy anybody to take that letter and find in it any serious opposition to the amendment.

Let me review the facts, Mr. Chairman. Many of you were not here at the inception of this discussion and may not appreciate how this question comes up.

Mr. MAY. Will the gentleman yield?

Mr. JENKINS of Ohio. Yes; I yield to the gentleman from Kentucky.

Mr. MAY. If we leave it to Mr. MacDonald and he leaves it, under his regulations, to the State departments or commissions, as he did last year, the matter will be handled in the same way, will it not?

Mr. JENKINS of Ohio. Yes; and I will say to the gentleman that under the language of the N.I.R.A. a State director of highways has much more authority than Mr. MacDonald, the Federal Director, and I will read the language to you and prove it. Let us read the language:

For expenditure in emergency construction on secondary and feeder roads to be agreed upon by the State highway department and the Secretary of Agriculture.

This is the language and under this language they are both on an equality, but here is the important language, in the next two lines:

Such grants shall be available for payments of the full cost of surveys, plans, improvements, and construction of secondary or feeder roads on projects which shall be submitted by the State highway departments.

Mr. MAY. That is it exactly.

Mr. JENKINS of Ohio. The State highway department has more authority than Mr. MacDonald, and when we could not get action out of the State highway department we came to Mr. MacDonald to interpret this language, and the language is that not more than 25 percent shall be spent. An expenditure of $1 would meet that requirement. Mr. MacDonald, or one of his assistants, told my people that if we would lay down the law to the State highway department he would do as we wished. But we had no way to lay down the law to him but to array public sentiment, and we arrayed public sentiment by getting every Rural Free Delivery man and every superintendent of schools and every county commissioner, as well as everybody else in that section of the State, interested and we went up to the Governor, and while he is a Democrat, he is a good fellow, and I am not here to say anything against him. [Applause.] He told us in the privacy of his own chambers what he would do, but in the State of Ohio, as everybody who lives in that State knows, we have a highway director who is more powerful than the Governor. He has the machine and the organization; but we got an assurance from the Governor that would justify us in believing that we would get one fourth, or the full 25 percent. But how much did we get? He meant to do it—and I am not criticizing him unduly—but he could not do what he should do, because the highway director wanted to keep his machine oiled up, and we only got about $600,000 for C.W.A. and everything else. We should have gotten four million.

Now, listen to this: In Ohio there are hundreds of miles of C.W.A. work started for the benefit of the country people that could not be finished, and this money will finish those roads, and you gentlemen from Ohio know this is right. The Congressman from Ohio whose district adjoins mine knows it is right, and I may say that there is not a Democratic Congressman from Ohio who should oppose this amendment, because he knows the situation there. I do not want to make it an Ohio issue, and it is not necessary to do that. While Ohio is the greatest State in the Union, it is not necessary to make this an Ohio issue. [Laughter.]

Mr. WHITTINGTON. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. WHITTINGTON. Is it not true—and I call attention to page 22 of the hearings—there was allocated $3,800,000 to secondary or feeder roads in Ohio?

[Here the gavel fell.]

Mr. JENKINS of Ohio. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS of Ohio. May I answer the gentleman in this way? I cannot give the exact figures, but the last time I saw the figures the State of Ohio had not used up half of its money, because of inefficiency of administration and politics, and the same thing is true in other States.

Mr. SECREST. If the gentleman will yield, I think I can answer the gentleman's question. Three million six hundred and seventy-seven thousand dollars had been allocated to secondary roads on May 5.

Mr. WHITTINGTON. Yes; that is right.

Mr. SECREST. But only $600,000 of that amount was on county or township roads, and the rest was on State feeder roads.

Mr. WHITTINGTON. They are secondary roads, nevertheless.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. VINSON of Kentucky. As I recall, in the consideration of the N.I.R.A. before our committee last year, it was the intention of our committee to broaden the definition of secondary or feeder roads so as to include roads which, under the regulations of the Bureau of Roads, had not theretofore been considered feeder roads.

Mr. JENKINS of Ohio. Yes. The gentleman is exactly right, and I explained that a while ago, and I am pleased that the gentleman supports my amendment. His support will go far toward aiding its passage.

Mr. MAY. This simply shows that the definition of the term is left to the State commissioner or the State director.

Mr. JENKINS of Ohio. Yes; and we want to clarify that language and make it definite and certain.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. JENKINS of Ohio. Yes; if I have any time remaining.

Mr. WHITTINGTON. Does the gentleman think it is fair and just to pick out 25 percent of the roads and make a definite allocation to them and not do a thing for the large and populous cities in your State?

Mr. JENKINS of Ohio. I will answer the gentleman in this way: If I had my way, I would take 50 percent of it and use it on the main market thoroughfares and Federal roads, and the other 50 percent I would give to the secondary or feeder roads and to the country roads. That is what I would do about it. Let us get the country people out of the mud. Let us give the countryman and small-town man a chance with his team or with his hands to make a living. [Applause.]

[Here the gavel fell.]

Mr. HASTINGS. Mr. Chairman, I want everybody to understand that this is a friendly amendment. There is no man in or out of Congress that is a greater road enthusiast than I am. I favor road improvement. From 1916 to the present I have voted for every road appropriation. I am for this bill.

But this is Federal money. I feel that it has not been equitably expended heretofore throughout the several States. Inasmuch as this is Federal money, I think we ought to earmark it.

I had prepared an amendment to require a certain amount to be expended for the improvement of all rural mail routes and star routes. If these improvements were made, then the county commissioners would have enough money to connect the roads up with connecting links. I venture the assertion that there is not a congressional district in the United States that, if the people had their way, they would not vote for this amendment, and would want their representatives in Congress to vote to have inserted in this bill more in detail how this money should be spent.

I know in my State the feeder roads have been interpreted to mean State highways. I know this money has not been expended on the farm-to-market roads.

That is what I am trying to have done in supporting this amendment to this bill. I want the money earmarked, and make it certain that more money is to be spent in the improvement of the farm-to-market roads—that they shall be graded and improved so that the farmers who live in the rural sections will be able to use them. I want it to provide that the money shall be spread more equitably throughout every county and congressional district. As a friend of road legislation and as a friend of this bill, I am in favor of the amendment.

My only fear is that the amendment is not sufficiently definite. It refers to secondary or feeder roads and is almost if not the exact language contained in section 204 of the National Recovery Act. I am afraid that if this amendment is not clarified it will be interpreted the same way by the Director of Roads. I am in favor of this amendment or any amendment that will direct that the money be expended on the rural roads. The amendment I had prepared made it mandatory to improve all roads over which the mail is carried, either rural routes or star routes.

[Here the gavel fell.]

Mrs. McCARTHY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment to the amendment by Mrs. McCARTHY: After the word "routes" in the amendment insert the following: "Such expenditure to be made under the supervision of the State reemployment director in cooperation with the county commissioners in the county where the money is allocated."

Mr. FULLER and Mr. WHITTINGTON made a point of order.

The CHAIRMAN. What is the point of order?

Mr. FULLER. The amendment it not germane, and it is contrary to organic law. The organic law is that it shall be controlled by the highway department. I will reserve the point of order.

Mrs. McCARTHY. Mr. Chairman, a point of order might be sustained if this was a case of matching Federal funds with State funds, but it should be recognized that there is no matching of funds under this bill. This is an outright grant, a relief measure, if you please, intended to relieve unemployment, and this bill will be of practically no benefit in my own district. According to recent headlines in the newspapers, western Kansas has had the driest 4 months in the history of the Weather Bureau established in 1883. This morning's Washington Post quotes Secretary Wallace as stating that the country is losing a million bushels of wheat a day on account of drought conditions. We already have a 60-percent loss of crops in my own district. The Federal Highway Commission recently sent me a map showing how they propose to allocate the funds that they are expecting to receive under this bill. Very few of my counties—and there are 26 of them, comprising one fourth of the entire State of Kansas—will share to any great extent in the benefits granted under this bill. What are you going to do for those hundreds of farmers in that drought-stricken area, when they have lost 60 percent of their crops and when they are shipping their stock out because of lack of water? The only way that we can get any benefit to earmark one fourth of these funds for use on farm-to-market roads and rural routes; and this amendment is germane because it is a relief measure and it is an allocation of relief funds to aid the unemployed.

It is incidental that part of these public works and relief funds are to be used for road work instead of public buildings, and that designation is immaterial. I ask the Members of this House to support this amendment if we really intend it to be an unemployment relief measure. In my own State, the highway commission will use these funds for political purposes, as they have in the past, according to the dozens of

letters of protest received in my office. Most of the money they will get will be spent in the eastern part of the State where the vote is the heaviest, and the rewards will go to the political workers, rather than being allocated on the basis of need for road building or unemployment relief; in other words, trafficking in politics at the expense of suffering humanity. Under the map submitted to me by the State highway commission, my own county was not to receive one dime of these funds, and several other counties in the Sixth District of Kansas would not share in the benefits under this bill. I ask support of this amendment.

Mr. CARPENTER of Kansas. Mr. Chairman, will the gentlewoman yield?

Mrs. McCARTHY. Yes.

Mr. CARPENTER of Kansas. I think this amendment should be so that each county or all of the roads are assured of their proportionate share, and it should not be left to the situation the gentlewoman describes, where a few of the counties in the eastern part of the State will get it all.

Mrs. McCARTHY. That is true.

Mr. FULLER. Mr. Chairman, while I am in favor of the principle advocated by the gentlewoman's amendment, yet I maintain that it is not germane and is subject to a point of order, and I make the point of order.

The CHAIRMAN. The Chair is ready to rule. The amendment to the amendment seeks to change the organic law. The original amendment seeks only to limit how the fund shall be used, and the amendment to the amendment is clearly not germane. The Chair sustains the point of order.

The question is on the amendment offered by the gentleman from Arkansas.

Mr. WHITTINGTON. Mr. Chairman, may we have the amendment again reported?

There was no objection, and the Clerk again reported the amendment.

The question was taken, and the amendment was agreed to.

Mrs. KAHN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mrs. KAHN: Page 2, after the last word of the previous amendment, strike out the period, insert a colon and the following: "*Provided further*, That no part of any money authorized to be appropriated by this act shall be used to purchase or contract for any article other than those of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States cost more, if such excess of cost be not unreasonable.

Mr. WHITTINGTON. Mr. Chairman, I make the point of order against the amendment.

Mrs. KAHN. Mr. Chairman, will the gentleman withhold his point of order?

Mr. WHITTINGTON. Yes.

Mrs. KAHN. Mr. Chairman, this amendment is exactly like the limitation put on every appropriation bill applying to the major departments of the Government. It is, word for word, the limitation put on the War Department and on the Navy Department and on the other department bills. If this bill is really a bill for relief and to relieve unemployment, it seems to me that if we can extend it to lines other than road building without being detrimental to the main object of the bill it should be done. It will help thousands of workmen in other branches of labor besides construction. Regarding the point of order raised against this amendment, as this is part of every other appropriation bill and is a limitation upon the appropriation, I do not see how it is out of order.

The CHAIRMAN. Does the gentleman insist upon his point of order?

Mr. WHITTINGTON. I do.

The CHAIRMAN. Does the gentleman want to be heard on his point of order?

Mr. WHITTINGTON. I ask that the amendment be again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment of Mrs. KAHN.

There was no objection, and the Clerk again reported the Kahn amendment.

Mr. WHITTINGTON. Mr. Chairman, it strikes me that the amendment is not germane to this legislation. I am not speaking to the merits.

Mr. MARTIN of Massachusetts. Will the gentleman yield? Does he not think it is a limitation?

Mr. WHITTINGTON. That is a proper place for such legislation, but it would not be here. The bill has to do with the allocation of funds among the States; not with the material that shall be used by a contractor. I suggest that it is not germane. It may be contradictory, also.

Mr. DINGELL. Will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. DINGELL. The bill specifically provides under the amendment just passed, where the Chair overruled the point of order, that we could pass upon the question of the allocation of these funds, whether they are for primary or secondary roads.

Mr. WHITTINGTON. I have no objection to allocation, but the amendment has nothing to do with allocation. It has to do with the kinds of materials used.

Mr. DINGELL. The same principle is involved.

The CHAIRMAN (Mr. GLOVER). The Chair is ready to rule. A similar question was raised on December 9, 1930. Chairman SNELL was presiding, and it was decided on that occasion that the amendment was germane. The Chair, therefore, overrules the point of order.

Mr. WHITTINGTON. Mr. Chairman, I do not care to detain the committee, except to say that I do not know that I am prepared to say what the effect of this amendment would be; but I do insist, Mr. Chairman, that the better course would be for the Members who desire to have the substantive law changed to present those matters to the Roads Committee. I do not know what the State highway commissions or the Director of the Bureau of Roads would say with respect to this character of legislation. Personally, I think it should be left to the States. I know we have passed acts of Congress to go as far as we could to provide for the use of domestic products in Government works, but I am not prepared to say whether the program provided by this act would be promoted by such an amendment. For that reason it is my thought that the amendment should be voted down. It should come along in the regular order, so the Committee on Roads could investigate and report. There is existing legislation requiring the use of domestic products where practicable. It strikes me that the amendment is for the benefit of the oil companies and oil magnates, and is not in the interest of highway construction. The existing law on the subject is ample and is satisfactory to all except the selfish oil interests.

The CHAIRMAN. The question is on the amendment offered by the lady from California [Mrs. KAHN].

The question was taken; and on a division (demanded by Mrs. KAHN) there were ayes 48 and noes 79.

Mr. MARTIN of Massachusetts. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mrs. KAHN and Mr. CARTWRIGHT to act as tellers.

The Committee again divided; and the tellers reported there were ayes 53 and noes 92.

So the amendment was rejected.

Mr. THOMPSON of Illinois. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOMPSON of Illinois: On page 2, after the word "routes" in the Fuller amendment, strike out the period, insert a colon, and add the following: "*Provided further*, That any funds allocated under the provisions of section 204 A (2) of such act shall also be available for the cost of any construction that will provide safer traffic facilities or definitely eliminate existing hazards to pedestrian or vehicular traffic."

Mr. THOMPSON of Illinois. Mr. Chairman, the purpose of this amendment is to make the funds authorized by this legislation available for the construction of facilities that will make grade crossings safer for pedestrians as well as vehicular traffic. Under the National Recovery Act, section 204, this same provision was included, but it applied only

to State and Federal-aid roads. My amendment would make this money available for that kind of protection on the secondary or feeder roads. It is exactly the same language as is included in the other section of the basic law in this case, section 204 of the National Recovery Act. I have discussed this with the chairman of the committee, and I believe it is acceptable to the committee.

Mr. CARTWRIGHT. Mr. Chairman, I am instructed by the committee to accept the amendment offered by the gentleman from Illinois [Mr. THOMPSON].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. THOMPSON].

The amendment was agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 1, line 7, after the word "of", strike out "$400,000,000" and insert in lieu thereof "$200,000,000."

Mr. TABER. Mr. Chairman, if we do not get to the point where we stop this large spending of money and getting nowhere, with conditions getting worse all the time as the result of this large expenditure of money and more people on the relief rolls all the time, we will never get out of the depression.

Now, let us pass this amendment and cut down the amount of this authorization and start in the right direction.

It appears in the hearings in this case that it would take about $3,000 to put one man to work for a year on these jobs. One million three hundred and fifty-four thousand is the number that the Commissioner estimates will be employed at the peak, and I am using that figure, and I am also using the figure of $450,000,000 which is the amount of money that will be available under this bill, under the State appropriation, and under the appropriation already made by the Agriculture Department bill. That means $3,000 to put one man to work. We cannot relieve unemployment on that basis and get by with it. We might just as well realize it now as a couple of years from now when we will be so deep in the slough that we will never get out.

I hope that the House will adopt this amendment and cut this amount down.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. KELLER. Does the gentleman hold that when one man is put to work by reason of the appropriation of this money that nobody else is put to work to supply materials?

Mr. TABER. The estimate that the Chief of the Bureau of Public Roads has made is that the number directly and indirectly to be employed at the peak—not the average, remember—will be 1,354,000 men. That estimate appears at page 1 of the hearings.

Mr. KELLER. Does the gentleman mean to say that nobody else will be put to work except that number?

Mr. TABER. That is the number who will be put to work directly and indirectly according to this estimate.

Mr. KELLER. Then I challenge the estimate.

Mr. TABER. It is the testimony of the Chief of the Bureau of Public Roads.

Mrs. KAHN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mrs. KAHN. Had my amendment been adopted, hundreds of thousands of other men would have been put to work because it would have opened up the industries of this country.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. WHITTINGTON. Let me remind the gentleman that this authorization is not for the next fiscal year only, but may cover 2 years. It is a total authorization. If the gentleman's amendment is adopted, we would have a less appropriation than we had in 1932.

Mr. TABER. If we adopt this amendment and cut the amount down, we will have made a start toward holding things down.

Mr. CARTWRIGHT. Mr. Chairman, the committee has thoroughly discussed this. The committee has presented the best bill they could work out.

Mr. Chairman, I move that all debate on the pending amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from New York.

The amendment was rejected.

Mr. FORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FORD: Page 2, line 4, after the colon, insert the following: "*Provided*, That the amount granted under this act to any State shall be pro rated for expenditure in the counties or similar political subdivisions of such State in accordance with the number of unemployed (as certified by the Federal Emergency Relief Administration reports) in said political subdivisions, notwithstanding any law of such State to the contrary."

Mr. WARREN. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. WARREN. Mr. Chairman, this amendment certainly is not germane for it proposes an entirely different system of allocation of the funds.

This matter has already been discussed but if the gentleman wishes to make a statement I will reserve the point of order. I think, however, it is very clear that the amendment is not germane.

The CHAIRMAN. Does the gentleman from California wish to be heard on the point of order?

Mr. FORD. Mr. Chairman, I call attention to the fact that the Chair overruled a point of order against a similar amendment offered earlier this afternoon.

My amendment is merely a continuation of the subject dealt with in the first section, unemployment relief. The language in my amendment does not deal with the allocation of the money by the Federal Government but only by the States after they have received it.

Mr. SABATH. Mr. Chairman, this amendment is purely a limitation.

The CHAIRMAN. The Chair is ready to rule. The amendment is in the nature of an amendment to existing law. The Chair sustains the point of order.

Mr. CARTWRIGHT. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. MARTIN of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Massachusetts: Page 1, line 9, after the figures "1933" insert the following: "except that where said section reads "one eighth" it shall hereafter read "one quarter."

Mr. MARTIN of Massachusetts. Mr. Chairman, it is not my purpose to take up any great amount of time in the discussion of this amendment. I have talked about it at length previously in the consideration of the rule.

I hold that if this were a bill carrying the usual amount, that the allocation decided upon might be reasonable. When we raise the amount from $100,000,000 to $400,000,000 it puts the measure in the classification of an appropriation to relieve unemployment. This being the case, the large industrial centers, with their many hundreds of thousands of unemployed, should be given more consideration than they are getting. I have, therefore, offered this amendment.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. WHITTINGTON. Will the gentleman state the purpose of the amendment?

Mr. MARTIN of Massachusetts. The purpose of the amendment is to double the amount allocated on the basis of population.

Mr. WHITTINGTON. What census does the gentleman take as the basis of population?

Mr. MARTIN of Massachusetts. I take the basis assumed in the original N.I.R.A. Act. In that act the figure carried is one eighth. By this amendment I seek to make it one quarter.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent that the Clerk may again read the amendment of the gentleman from Massachusetts.

The CHAIRMAN. Without objection, it is so ordered.

There being no objection, the Clerk again read the Martin amendment.

Mr. WHITTINGTON. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The point of order comes too late; the amendment has already been discussed.

Mr. MARTIN of Massachusetts. The question is whether you want to give simple justice to the industrial States with their many thousands of unemployed people and raise the amount which might be allocated for their relief. I am not going to say anything more because every one in the House knows the purpose of the amendment.

Mr. GILCHRIST. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Iowa.

Mr. GILCHRIST. The provisions of the gentleman's amendment would not distribute the money to human labor as opposed to machinery. Section 206 of the N.I.R.A. did provide that the money should be expended as follows:

Provided further, That human labor shall be used upon such construction projects in lieu of machinery wherever practical and consistent with sound economy.

Mr. MARTIN of Massachusetts. My amendment does not affect that matter one way or the other.

Mr. GILCHRIST. But this is a relief measure.

Mr. WHITTINGTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, with all deference to the gentleman, there are three matters governing in the matter of distribution. The amendment is loosely drawn. It covers only the matter of population and omits area and mileage. The gentleman is trying to increase the allocations to the more populous States, but he is likely to get both his State and every other State in trouble. The wealthier and more populous States were among the first to absorb their allotments of the $400,000,000 in 1933.

Mr. Chairman, I think the amendment should be voted down.

Mr. SABATH. Mr. Chairman, I rise in support of the amendment of the gentleman from Massachusetts.

Mr. DOWELL. Mr. Chairman, I make the point of order that the gentleman is not entitled to the floor. The one who is entitled to the floor is one who opposes the amendment, and I rise in opposition to the amendment.

Mr. SABATH. The gentleman who preceded me opposed the amendment.

Mr. MARTIN of Massachusetts. Mr. Chairman, the gentleman has been recognized already.

Mr. DOWELL. But the gentleman is not entitled to recognition.

Mr. MARTIN of Massachusetts. That stage has been passed.

Mr. DOWELL. It has not been passed. I make the point of order.

The CHAIRMAN. The gentleman from Mississippi was recognized in opposition to the amendment. The gentleman from Illinois is now recognized in support of the amendment. The point of order is overruled.

Mr. SABATH. Mr. Chairman, I am of the opinion that the gentleman from Massachusetts is not right very often, but this time he is right.

The gentleman by his amendment aims to provide employment in the sections of the country and in the States where there is the greatest unemployment. This legislation is in that direction. We are informed that it is for the purpose of providing employment. If that is the case, we should proceed with these improvements and with the road building in the sections that will give employment to these unfortunate people for whom nothing has been done.

In the large centers we still have nearly all of our labor unemployed. We are aiding the farmers, and we are aiding the rural sections, but unfortunately the people in the large centers have not been aided to the extent that they should. We still have thousands upon thousands who have been unemployed for 2 or 3 years. They are the heads of large families and they are seeking employment. They desire to work. They are not desirous of being on the charity rolls any longer. They want to earn their own living. And why should they not be given the opportunity?

Mr. CARTWRIGHT. Mr. Chairman, a point of order. All time has expired on this section.

Mr. SABATH. The time has not expired. And this should not be taken out of my time either.

Mr. CARTWRIGHT. Mr. Chairman, all time on this section has expired.

The CHAIRMAN. All time has not expired, I am informed.

Mr. CARTWRIGHT. This has been gone over and over again, and there is no use repeating what has already been said.

Mr. SABATH. It might have been gone over. The gentleman has covered a lot of things over and over again; but I am sure he has done an injustice to the people who are entitled to justice. I am only pleading for the most deserving people of our Nation.

I voted for all these appropriations—for the cotton bill and for every other bill that was brought in by you gentlemen—and I will vote for this bill; but I feel that the employment which will be created by the appropriation of the $400,000,000, and a right proportion of it, should be used in the communities where it is needed most.

Mr. DONDERO. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Michigan.

Mr. DONDERO. Is it not true that the unemployment distress is greater by percentage in the large and populous cities?

Mr. SABATH. There is no question about that, and the statistics will demonstrate it clearly. I again plead with you gentlemen to be fair and just to the hundreds of thousands of people that have had no chance to earn a dollar in the last few years.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. MARTIN].

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 31, noes 99.

So the amendment was rejected.

Mr. DOWELL. Mr. Chairman, I move to strike out the last word.

Mr. WHITTINGTON. Mr. Chairman, I make the point of order that general debate on this section has been exhausted.

Mr. DOWELL. May I propound a question to the gentleman?

Mr. WHITTINGTON. Will the gentleman wait until we get to the next section?

Mr. DOWELL. Yes.

Mr. WHITTINGTON. Mr. Chairman, I withdraw the point of order.

Mr. GILCHRIST. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST: On page 2, line 8, after the word "state", strike out the period and insert a semicolon and add the following: "*Provided further,* That the maximum of human labor shall be used in the construction of such construction projects in lieu of machinery wherever practicable and consistent with sound economic and public advantage."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GILCHRIST].

The amendment was rejected.

The Clerk read as follows:

SEC. 2. To further increase employment by providing for emergency construction of public highways and other related projects, there is hereby also authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of not less than $50,000,000 for allotment under the provisions of section 205 (a) of the National Industrial Recovery Act, approved June 16, 1933 (in addition to any sums heretofore alloted under such section), to be expended for highways, roads, trails, bridges, and related projects in national parks and forests, Indian reservations, and public lands, pursuant to the provisions of such section, and to remain available until expended.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment, in line 13, page 2, after the word "of", strike out the words "not less than."

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: Page 2, line 13, after the word "of", strike out the words "not less than."

The amendment was agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 2, line 13, after the word "than", strike out "$50,000,000" and insert in lieu thereof "$25,000,000."

Mr. TABER. Mr. Chairman, I have offered this amendment to reduce the appropriation for forest roads and trails and that sort of thing from $50,000,000 to $25,000,000.

The average expenditures in normal times for this particular purpose were something like $7,000,000 or $8,000,000. I do not believe it is necessary to go any further than this to take care of the things that need to be done along this line. We will spend a great amount of money and we will get nothing for it if we go on with these large expenditures for this particular purpose, and I think $25,000,000 is enough. In addition to this, I understand there will still be left about $40,000,000 of P.W.A. money in the year 1935, so that, if the amendment is adopted, there will be about $65,000,000 to spend.

Mr. MOTT. Mr. Chairman, I rise in opposition to the amendment. I wonder if gentlemen from the East who object to so large a proportionate allotment for roads in national forests and through public lands understand either the importance or the size of these public lands or what part of the scheme in national road building they include.

The public lands of the United States embrace an area almost as large as all the States of the Atlantic seaboard. My own State of Oregon is as large as all New England, and more than half of its area is Federal land. You cannot cross from one State to another in the West without going over a part of the public domain. You cannot cross from the eastern to the western part of any of the Pacific Coast States or of any of the Rocky Mountain States without traveling for miles over a part of the public domain.

Now, in order to make a national system of highways throughout the country the Government must provide in every road-building program for roads and highways to be built in the public domain, and, obviously, the Government must build these roads at its own expense. The Western States cannot be expected to tax themselves to build roads on Government land.

In an appropriation of $400,000,000 for road construction in the several States an allotment of $50,000,000 for roads on the public domain is a very small amount indeed, and anything less than $50,000,000 for this item in a road-building program of $400,000,000 would be detrimental to the program contemplated by this bill and wholly unjust to the land-grant States where so much of the road mileage is in the public domain. I hope, for these reasons, the amendment will be voted down.

Mrs. GREENWAY. Mr. Chairman, I move to strike out the last word.

I want to speak for a minute in protest against this amendment, and I want to plead with those people who have great, rich populations and States, and when I do it I recognize, as every man and woman sitting in this House recognizes, the fact that there is no one of us but has a district with unemployed friends in that district who must be cared for; but this is not a program for congested districts. This is a program for those of us who have roads to build and national parks and trails and scenery, and it offers to those of us who are destitute in the big States, whose areas are great and whose populations are small, the kind of relief that keeps men's souls alive, the kind of relief that means real work and real wages and a sense of peace in a job that will last.

While I am talking about this I should like to say that I do not think any of us should leave and go home until we have put our names back of a bill taking care of the unemployed of the United States until we get back next January. [Applause.]

Mr. CARTWRIGHT. Mr. Chairman, I move that all debate on this amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and the amendment was rejected.

Mr. DIMOND. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 20, strike out the period after the word "expended", insert a comma and add the following: "and the further sum of not more than $10,000,000 for allotments under the provisions of sections 202, 203, and 205 (b) of said National Industrial Recovery Act (in addition to any sums heretofore allotted under such section for the purposes hereinafter mentioned) to be expended for the construction, repair, and improvement of public highways, roads, trails, and bridges, and related projects, in Alaska, Canal Zone, Puerto Rico, and the Virgin Islands, and to remain available until expended."

Mr. WHITTINGTON. Mr. Chairman, I make the point of order that this is not the proper place for the amendment. This section refers to highways, roads, trails, bridges, and related projects in national parks and forests, and so forth, and has no relation to Territories. The amendment is not germane at this point.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

SEC. 3. There is hereby also authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $10,000,000 for an emergency relief fund, which shall be available for expenditure by the Secretary of Agriculture, in accordance with the provisions of the Federal Highway Act, after receipt from a State or States of application therefor, in the repair or reconstruction of highways and bridges on the system of Federal-aid highways damaged or destroyed by floods, hurricanes, earthquakes, or landslides when he shall find, after investigation, that the damage to or the destruction of such highways or bridges has resulted from such unusual or extraordinary condition.

Mr. TABER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 21, strike out all of section 3.

Mr. TABER. Mr. Chairman, I do not see any excuse for going ahead and authorizing an appropriation of $10,000,000 for emergency relief. If we are going to do something like this, we are delegating the authority to the Secretary of Agriculture to do things that ought not to be done unless Congress itself passes on each individual case.

If a case is not important enough to justify Congress in passing on it, it ought not to be included here.

We ought to take these things up from time to time if they are important.

Mr. MAY. Will the gentleman yield?

Mr. TABER. Yes.

Mr. MAY. Suppose a cyclone or tornado or earthquake wrecks a community when Congress is not in session.

Mr. TABER. You are not going to do anything with this except to have an appropriation in the Treasury for the Secretary of Agriculture to monkey with. I do not believe Congress is going to vote this kind of an appropriation.

Mr. COCHRAN of Pennsylvania. What States are intended to be benefited by this appropriation?

Mr. TABER. They have not let us in on that; we do not know; but they are going ahead to make a blind authorization. If the proposition has not merit enough to come before

Congress before it is passed on it ought not to be passed on at all.

Mr. WARREN. Mr. Chairman, I rise in opposition to the amendment. The gentleman from Arkansas [Mr. DRIVER] this morning particularly referred to this section of the bill, stating that it was one of the best features in it.

Section 3 comprises a bill that I have introduced for the last 6 or 7 years, and which was always strangled in the Roads Committee under Republican chairmanships.

It is admitted that practically all of the States are no longer, in the event of an emergency, able to provide further money to match any Federal appropriation. This simply provides that in case of a great calamity, such as floods, hurricanes, cyclones, earthquakes, where great destruction of Federal-aid roads occurs, the Secretary of Agriculture, in his discretion, can go there and by a lump sum immediately relieve that section.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WARREN. Yes.

Mr. SNELL. In the case of a great disaster such as the gentleman is speaking of, I doubt there would be very much opposition to some relief, but I do not remember of any time when we have ever appropriated or authorized an appropriation of money thinking that perhaps one might come in the future. Does the gentleman remember any such case as that?

Mr. WARREN. Of course the gentleman knows that Congress might not be in session, and the gentleman remembers that on three different occasions, if I recall correctly, the States of Vermont, Alabama, and Kentucky came to Congress after great disasters had happened in those States.

Mr. SNELL. But they were specific cases, and we knew all about them. Congress met the issue. This is an entirely different situation from that.

Mr. WARREN. But they had to wait for years or more before they could reconstruct the roads while this provides for immediate reconstruction.

Mr. SNELL. The gentleman cannot find a single case where we have ever gone ahead and appropriated upon the ground that perhaps there would be a disaster some time in the future.

Mr. WARREN. If there is no disaster, not a penny of it will be used.

Mr. SNELL. What is the use of supporting that kind of legislation?

Mr. WARREN. To have it ready in case of an emergency.

Mr. SNELL. I never heard of any such argument as that on the floor of the House in the 18 years that I have been here, and no man never put up such an argument as that.

Mr. WARREN. Well, you will admit it is a good argument.

Mr. WHITE. Mr. Chairman, I rise to oppose the amendment. I call the attention of the gentleman from New York [Mr. SNELL] to a condition that obtains in Idaho on the Continental Divide right this minute. Last year we were struck with terrific floods that tore out 50 miles of the main arterial highway on the northern road east and west, and we could not make the repairs. The whole traffic between the great centers of the Pacific coast and the eastern centers, like Chicago and St. Paul, was tied up because of this emergency, and it is to meet such an emergency as this that this provision is put in the bill. I certainly hope the committee will oppose the amendment and vote it down.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WHITE. Yes.

Mr. SNELL. In a situation such as the gentleman speaks of, he ought to appeal to the P.W.A. That is what they have the money for now. It is to meet those emergencies and put people to work. We will make another appropriation in a few days of a large sum of money for the same purpose. In the history of this Congress I have never heard of a man asking for an appropriation in advance to meet a condition that may arise in the future.

Mr. WHITE. I assure the gentleman that this Congress is not always in session.

Mr. SNELL. It is in session a good deal of the time.

Mr. TAYLOR of Colorado. Do we not appropriate money every year for the purpose of extinguishing fires in timberland throughout the country?

Mr. SNELL. That is partly true, because that occurs every year and everyone knows it; but when you are talking about a national catastrophe as somebody mentioned here——

Mr. TAYLOR of Colorado. But these fires may happen or they may not happen.

Mr. SNELL. But they always do happen. I have never heard that argument used before by anybody.

Mr. WHITE. Mr. Chairman, this emergency I refer to is already in existence, and the Public Works money has been exhausted. I think this is a good provision in the bill, and I ask the committee to support it.

Mr. CARTWRIGHT. Mr. Chairman, I move that all debate upon this section close in 5 minutes.

The motion was agreed to.

Mr. SABATH. Mr. Chairman, I rise to support the amendment because this authorization for $10,000,000 will establish a precedent to appropriate in anticipation of a need arising in the future. I have failed to observe from the statements of the gentleman from North Carolina any need or actual request for the expenditure of this amount or any portion of it at the present time. It is amazing how picayunish he can be when an appeal is made for a small appropriation to investigate certain vicious activities, where the Government loses millions and the people are mulcted out of hundreds of thousands of dollars. But here he is pleading for an authorization for an appropriation of $10,000,000 in the expectancy that something might occur whereby this sum may be utilized and this, notwithstanding that the Democratic administration will be charged by the Republicans with expending $10,000,000, though no one can tell when it might be spent or needed.

Mr. Chairman, this bill authorizes the expenditure of the enormous sum of $400,000,000 for roads, $50,000,000 for roads in national parks, and it is proposed under the pending amendment to authorize an additional $10,000,000 for a contingency. According to the wording of the bill, the fifty millions and the greatest part of this four hundred millions are going to be spent in the western and coast sections of our country. As it is, we in the North have already built most of our roads and find it difficult to obtain enough money to maintain them. Oh, I realize and recognize the fact that the gentlemen from the West and those on the coast are once more looking after their own States; yes, their own districts.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. SABATH. Yes.

Mr. COLDEN. Is not the gentleman from Illinois a heavy landholder in the State of California?

Mr. SABATH. I was at one time before we were struck with the Republican prosperity in 1929, 1930, 1931, and 1932. I have nothing against the gentlemen in getting everything they can for their sections of the country, and I say to them that they have done splendidly.

Mr. Chairman, though my district and the city of Chicago will not be aided or benefited to any degree, as most of this appropriation will go to the rural sections where unemployment is not as acute as in the large centers, I cannot help but congratulate these Democrats from California, Oregon, and Washington, as well as those from Colorado, Wyoming, Montana, Nebraska, and Iowa, of all they have accomplished in obtaining the passage of legislation that will be so beneficial and advantageous to their sections, yet the major portions of these appropriations will come from moneys collected in Federal taxes from the people of my and other northern and eastern sections who will not participate to any great degree in the benefits resulting from this legislation. As the oldest Member of the House, I have never heretofore seen in my 28 years' service the determination and cooperation on the part of the Members of the House as that exemplified during the present Congress by the western Democratic Members. During my years of service I have served with such men as Frank Mondell, of Wyoming; Julius Kahn, of California; Philip C. Campbell,

of Kansas; Henry Cooper, of Wisconsin, Charles B. Timberlake, of Colorado, Willis B. Hawley, of Oregon; and Burton L. French, of Idaho, all Republicans, who, due to their many years of service, were able to accomplish much for their districts, but in their palmiest days and while they were in power they never succeeded in securing so much beneficial legislation for their States that has been the good fortune of the Democrats from those sections and those States during this and the last session of Congress. This merely shows what determination and cooperation will accomplish, as during the two sessions of the Seventy-third Congress there has been more helpful and beneficial legislation enacted for the Western States and a greater percentage of the appropriations going to those States than ever before in the history of our Nation. The people of that section are to be congratulated upon sending to Congress such a large number of active Democrats, men of ability, who have accomplished so much for their States and who have proved of real service to their people.

Mr. Chairman, I fully appreciate that due to the great drought and the wind and dust storms that the Midwestern, Western, and Coast States suffered tremendous damages and in view of this condition, I shall again aid the Members from those sections in every possible way to obtain additional relief. I feel that their situation is much akin to that of the thousands who lost their all in the great fire in Minnesota some years ago, and I want to say to my colleague Mr. HOIDALE, of Minnesota, that I will do whatever I can at this session of Congress to obtain the passage of legislation which will repay to some extent the sufferers of that conflagration.

I do not regret, Mr. Chairman, my action in cooperating with my colleagues from the Middle, far Western, and Coast States, and to say that I will continue to support them in every possible way.

Mr. HOEPPEL. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. HOEPPEL. If the gentleman from Illinois and other Members of Congress will cooperate with the western delegation and enact legislation here giving us remonetization of silver, we will not need any of your appropriations.

Mr. SABATH. I will state to the gentleman [Mr. HOEPPEL] that I have, though I have been unable to attend the meetings of the so-called "silver bloc", advocated, and will continue to work with them for the remonetization of silver. [Applause.]

Before concluding, I cannot refrain from mentioning my conscientious and ever-trying colleague from California [Mr. LEA], with whom I have stood time and again in the furtherance of measures affecting the welfare of his State, which, in the present Congress, was only made possible owing to the splendid cooperation which he had from the new Democratic Members of his Commonwealth. They, like the Members of the State of Washington, under the able leadership of Mr. HILL, chairman of the subcommittee of the powerful Ways and Means, who succeeded in securing exemptions in the revenue act that will save that section, as I am informed, close to 30 to 40 millions of dollars, have done their full part. It is indeed amazing what wonderful results cooperation and determination will achieve. Take my old friend TAYLOR of Colorado, whom no one can deny what he has done for his State, who, due to his influence in the House and the cooperation of his colleagues, and working with such leaders as LEA of California, HILL of Washington, and with the astute Democrats of Nebraska, and hand in hand with that old warhorse from Kansas, Mr. AYRES, with the new Iowa Democratic delegation, who demonstrated wonderful foresight in joining with him, obtained greater consideration and results that they surely can be proud of and can go home with their heads erect in full satisfaction of their accomplishments.

The full measure of credit includes the cooperation extended by the Members of the smaller States of Idaho, Nevada, New Mexico, Arizona, and Montana, whose persistence and joint help with the membership of the other Western and Coast States brought about this wonderful record of accomplishment. They, too, can return to their constituencies, most of whom they are serving for the first term, proud in the fact that they have performed their duties well and have proved of real service in obtaining the passage of so much beneficial legislation. But in view of my cooperation with you gentlemen, aiding you in every way possible on all the many matters in which you were interested, I hope that when my colleagues and I from the large centers need your aid and cooperation that we may trust and expect to receive it. [Applause.]

In conclusion let me appeal to you gentlemen whom I have helped to the best of my ability and, in fact, obtained the aid of many others from the thickly populated urban sections to help you, that you will reciprocate in lending your support to us when the time comes in securing relief and help for the hundreds of thousands of unfortunate unemployed in our large cities.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. SABATH] has expired.

All time has expired on this amendment and this section.

The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. TABER) there were ayes 31 and noes 93.

So the amendment was rejected.

The Clerk read as follows:

SEC. 4. The limitations in the Federal Highway Act, approved November 9, 1921, as amended and supplemented, upon highway construction, reconstruction, and bridges within municipalities and upon payments per mile which may be made from Federal funds, shall hereafter not apply.

Mr. DOWELL. Mr. Chairman, I move to strike out the last word. The gentleman from Mississippi [Mr. WHITTINGTON] when he addressed the House sometime ago, as I understood him, stated that the provisions in the Recovery Act are permanent law, and that this bill would come under that law. May I inquire if section 206 of the National Industrial Recovery Act will apply to the provisions of the bill we are now considering?

Mr. WHITTINGTON. In answer to the gentleman's inquiry, it is my thought that section 206 is applicable for this reason, among others: This bill provides for the allocation and for the expenditure of the funds as provided by section 204, and section 206 provides for the expenditure not only under section 204 but all other sections of title 2 which provides for all public works.

Mr. DOWELL. In other words, for the administration of it?

Mr. WHITTINGTON. Absolutely.

Mr. DOWELL. And the gentleman interprets section 206 as permanent law, and the bill we are now considering will come under it?

Mr. WHITTINGTON. If we reenact section 205 in this bill, yes.

Mr. DOWELL. And will apply as far as this bill under consideration is concerned?

Mr. WHITTINGTON. I think so.

Mr. DOWELL. I withdraw the pro forma amendment.

Mr. DIMOND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIMOND: Page 3, line 13, insert a new section to read as follows:

"SEC. —. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated the further sum of not more than $10,000,000 for allotment under the provisions of sections 202, 203, and 205 (b) of said National Industrial Recovery Act, in addition to any sum heretofore allotted under said sections for the purposes hereinafter mentioned, to be expended for the construction, repair, and improvement of public highways, roads, trails, bridges, and related projects in Alaska, the Canal Zone, Puerto Rico, and the Virgin Islands, and to remain available until expended."

Mr. DIMOND. Mr. Chairman, the bill before us covers like a blanket all parts of the United States and all of its possessions and Territories, except Alaska, Puerto Rico, the Canal Zone, and the Virgin Islands. I do not know why those parts of the United States were omitted. I suppose by inadvertence. It is my duty, as Delegate from Alaska, to call your attention to the fact that citizens of the United

States live in the Territory of Alaska and live in these other places, and they are just as much entitled to relief as anybody else. The difficulty is that if Congress passes this bill, and I presume it will be passed, S. 8781, which takes care of all parts of the country except Alaska, Puerto Rico, Virgin Islands, and the Canal Zone, the one conclusion to which the administration officials may possibly come is that Congress did not intend to make any provision for these regions unless the bill is amended.

We find by reference to section 205 (b) of the National Industrial Recovery Act the following:

> The President may also allot funds made available by this act for the construction, repair, and improvement of public highways in Alaska, the Canal Zone, Puerto Rico, and the Virgin Islands.

Therefore, in drawing this proposed amendment I followed the language which is used in section 205 (b), since it was evidently the intent of Congress that in the original act, the National Industrial Recovery Act, the people in Alaska and these other places should be taken care of in a reasonable manner. As a matter of fact, allotments of money have been made under the original act for roads and trails in Alaska in the amount of $1,185,000, and I was informed the other day that $1,000,000 had been allotted for Puerto Rico. Undoubtedly it is true, as a matter of law, that if Congress could make a blanket appropriation for the Public Works Administration to use as it sees fit under the National Industrial Recovery Act, the Administrator could, under the broad terms of that act, specifically section 205 (b), make allotment of funds to Alaska, Puerto Rico, and so forth. But the trouble is, when the appropriation bill comes in, I have been told by Members of this body, that every dollar of it may be earmarked.

Unless, therefore, some provision is put in this roads bill under which an allotment may be made for building roads in Alaska, the chances are we may be left out. There is no sound and substantial reason for discrimination against the citizens of the United States who happen to live in Alaska.

It was said to me by the gentleman from Mississippi, one of the members of the committee, that Alaska is taken care of under the national forests provisions of the bill as written, but it is not. Only 32,000 square miles of Alaska, so far as I recall, fall within the area of the national forests. Of course, that part of the Territory which lies within the national forests can be taken care of, but more than nine tenths of that vast Territory, an area which needs roads as badly as any part of the country, cannot be taken care of under any provision of the bill as now written, as I understand the situation.

I would be glad to answer any questions any Member cares to ask about this matter in order to show that my amendment is a fair, a righteous, and a just amendment. I call attention to the fact that instead of wording my amendment to read that a certain amount is appropriated or may be allotted, I worded it to read that not more than so much is to be allotted, thus leaving it under the control of the P.W.A. as it was before to allot $1,000,000, $500,000, or $2,000,000 or $10,000,000, for roads in these places. We are not trying to bind Congress to say that we shall have a certain amount in any event. We are willing to take our chances with the Public Works Administration, but we ask in the name of fairness, that you give us a fair break in this matter.

Mr. CARTWRIGHT. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. WHITTINGTON. Mr. Chairman, I am opposed to the amendment. It has no place, I say with all kindness, in the pending bill.

Provision is made for highway construction in Alaska in the annual appropriation bills. I said, in the opening of my remarks this afternoon, that at present no provision is made for highway construction in the future in the United States, but provision for highway construction in Alaska has continued as heretofore.

Moreover, Mr. Chairman, under the Public Works Act of 1933, paragraph 205, subsection (b), it is provided that the President may allot funds made available by this act for the repair and improvement of public highways in Alaska, the Canal Zone, Puerto Rico, and the Virgin Islands. Alaska, Puerto Rico, and the Virgin Islands have never been provided for in any highway construction bill that has ever been passed by Congress, because they were always provided for otherwise. They have been provided for in the Public Works Act of 1933. I very frankly state to the Delegate from Alaska that the allocations made for that Territory were liberal. I take it the President will refer to the matter in his message. Provision will be made for a continuance of the Public Works program during the fiscal year of 1935, and I assume, further, that any funds that may be allocated to the President for expenditure will be available for all necessary needs in Alaska.

In this connection I call attention to the fact that under the Public Works Act of 1933 there was allocated to Alaska $1,662,800; that for roads and repairs to buildings in the Virgin Islands there was allotted $89,500; and $1,000,000 was allocated for roads to Puerto Rico. There was allocated for air fields and buildings in the Canal Zone $2,032,653. So we feel that all these areas were amply provided for in the Public Works Act of last year, and I take it they will be provided for in any Public Works bill that may be passed during the current session.

Mr. DIMOND. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. DIMOND. Is it the opinion of the gentleman that this amendment is entirely unnecessary in order to secure this result?

Mr. WHITTINGTON. Absolutely; and it has no place in this bill. It has never been in any similar bill.

Mr. DIMOND. The gentleman thinks that the allocation can be made out of the appropriation made for the P.W.A.?

Mr. WHITTINGTON. If it is in substantially the same terms as at present; yes.

Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. ANDREWS of New York. I should like to ask the gentleman from Mississippi whether this is an administration measure and whether or not this sum of money is provided for by the Budget?

Mr. WHITTINGTON. The President has not transmitted his message on public works to Congress as yet.

Mr. DIMOND. Mr. Chairman, in view of the statement just made by the distinguished gentleman from Mississippi, I ask unanimous consent to withdraw my amendment, since it appears to be unnecessary.

The CHAIRMAN. Is there objection to the request of the Delegate from Alaska?

There was no objection.

The Clerk concluded the reading of the bill.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GLOVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 8781) to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and for other purposes, pursuant to House Resolution 365, he reported the bill back to the House with sundry amendments adopted by the committee.

The SPEAKER. Under the rule the previous question is ordered. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. WOLCOTT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WOLCOTT. I am opposed to the bill in its present form.

The Clerk read as follows:

Mr. WOLCOTT moves to recommit the bill to the Committee on Roads with instructions to report the same back forthwith with the following amendment: On page 2, after the word "traffic" where the same appears as the last word of the amendment offered by the gentleman from Illinois [Mr. THOMPSON], insert the following: "*Provided further*, That no part of any money authorized to be appropriated by this act shall be used to purchase or contract for any article other than those of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production or manufacture of the United States cost more, if such excess of cost be not unreasonable."

The SPEAKER. The question is on the motion to recommit.

Mr. WOLCOTT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 85, nays 207, not voting 138, as follows:

[Roll No. 142]

YEAS—85

Allen	Eltse, Calif.	Lambertson	Snell
Andrew, Mass.	Englebright	Lehr	Taber
Andrews, N.Y.	Evans	Lemke	Tarver
Beedy	Fernandez	Luce	Thomas
Blanchard	Fish	Lundeen	Thurston
Bolton	Foss	McGugin	Tinkham
Britten	Frear	Mapes	Tobey
Buckbee	Gilchrist	Marshall	Traeger
Burnham	Goss	Martin, Mass.	Treadway
Carter, Calif.	Greenway	May	Vinson, Ky.
Carter, Wyo.	Guyer	Merritt	Welch
Chase	Hancock, N.Y	Mott	Whitley
Christianson	Hess	Nesbit	Wigglesworth
Clarke, N.Y.	Higgins	Parker	Withrow
Cochran, Mo.	Holmes	Perkins	Wolcott
Cochran, Pa.	Hope	Plumley	Wolverton
Collins, Calif.	James	Powers	Wood, Ga.
Connery	Jenkins, Ohio	Reed, N.Y.	Wood, Mo.
Cooper, Ohio	Kahn	Rogers, Mass.	Woodruff
Dingell	Kelly, Ill.	Sabath	
Dondero	Kinzer	Seger	
Dowell	Kocialkowski	Sinclair	

NAYS—207

Adair	Dobbins	Kenney	Rankin
Adams	Dockweiler	Kleberg	Rayburn
Arens	Doughton	Kloeb	Reilly
Arnold	Drewry	Kniffin	Richards
Ayers, Mont.	Driver	Kramer	Robertson
Ayres, Kans.	Duffey	Lambeth	Robinson
Beam	Duncan, Mo.	Lanham	Romjue
Beiter	Durgan, Ind.	Larrabee	Ruffin
Biermann	Edmiston	Lea, Calif.	Sadowski
Bland	Elcher	Lee, Mo.	Sanders
Blanton	Ellzey, Miss.	Lesinski	Sandlin
Bloom	Farley	Lewis, Colo.	Schulte
Brennan	Fiesinger	Lewis, Md.	Scrugham
Brown, Ga.	Fitzgibbons	Lloyd	Sears
Browning	Fitzpatrick	Lozier	Secrest
Brunner	Flannagan	McCarthy	Sisson
Buchanan	Fletcher	McCormack	Smith, Va.
Buck	Ford	McDuffie	Smith, Wash.
Burch	Foulkes	McFarlane	Smith, W.Va.
Burke, Nebr.	Frey	McGrath	Somers, N.Y.
Byrns	Fuller	McKeown	Spence
Caldwell	Fulmer	McReynolds	Steagall
Cannon, Mo.	Gasque	McSwain	Strong, Tex.
Carden, Ky.	Gillespie	Maloney, La.	Stubbs
Carmichael	Gillette	Martin, Colo.	Taylor, S.C.
Carpenter, Kans.	Glover	Martin, Oreg.	Terrell, Tex.
Cartwright	Gregory	Mead	Terry, Ark.
Cary	Griffin	Meeks	Thom
Castellow	Harlan	Miller	Thomason
Chapman	Harter	Mitchell	Thompson, Ill.
Chavez	Hastings	Monaghan, Mont.	Thompson, Tex.
Church	Henney	Montague	Turner
Claiborne	Hildebrandt	Montet	Umstead
Clark, N.C.	Hill, Ala.	Moran	Underwood
Coffin	Hill, Knute	Morehead	Utterback
Colden	Hill, Samuel B.	Moynihan, Ill.	Vinson, Ga.
Cole	Hoeppel	Murdock	Wallgren
Collins, Miss.	Hoidale	Musselwhite	Warren
Colmer	Howard	O'Connell	Wearin
Condon	Huddleston	O'Malley	Weaver
Cooper, Tenn.	Hughes	Oliver, Ala.	Werner
Cox	Imhoff	Owen	West, Tex.
Cravens	Jacobsen	Palmisano	White
Cross, Tex.	Jeffers	Parks	Whittington
Crosser, Ohio	Jenckes, Ind.	Parsons	Wilcox
Darden	Johnson, Minn.	Patman	Willford
Dear	Johnson, Okla.	Pettengill	Williams
Deen	Johnson, Tex.	Peyser	Wilson
DeRouen	Johnson, W.Va.	Pierce	Woodrum
Dickinson	Jones	Ramsay	Young
Dies	Kee	Ramspeck	Zioncheck
Disney	Keller	Randolph	

NOT VOTING—138

Abernethy	Cullen	Kelly, Pa.	Rich
Allgood	Cummings	Kennedy, Md.	Richardson
Auf der Heide	Darrow	Kennedy, N.Y.	Rogers, N.H.
Bacharach	Delaney	Kerr	Rogers, Okla.
Bacon	De Priest	Knutson	Rudd
Bailey	Dickstein	Kopplemann	Schaefer
Bakewell	Dirksen	Kurtz	Schuetz
Bankhead	Ditter	Kvale	Shallenberger
Beck	Douglass	Lamneck	Shannon
Berlin	Doutrich	Lanzetta	Shoemaker
Black	Doxey	Lehlbach	Simpson
Boehne	Dunn	Lindsay	Sirovich
Boileau	Eagle	Ludlow	Snyder
Boland	Eaton	McClintic	Stalker
Boylan	Edmonds	McFadden	Stokes
Brooks	Ellenbogen	McLean	Strong, Pa.
Brown, Ky.	Faddis	McLeod	Studley
Brown, Mich.	Focht	McMillan	Sullivan
Brumm	Gambrill	Maloney, Conn.	Sumners, Tex.
Bulwinkle	Gavagan	Mansfield	Sutphin
Burke, Calif.	Gifford	Mariand	Swank
Busby	Goldsborough	Millard	Sweeney
Cady	Goodwin	Milligan	Swick
Cannon, Wis.	Granfield	Muldowney	Taylor, Colo.
Carley, N.Y.	Gray	Norton	Taylor, Tenn.
Carpenter, Nebr.	Green	O'Brien	Truax
Cavicchia	Greenwood	O'Connor	Turpin
Celler	Griswold	Oliver, N.Y.	Wadsworth
Connolly	Haines	Peavey	Waldron
Corning	Hamilton	Peterson	Walter
Crosby	Hancock, N.C.	Polk	Weideman
Crowe	Hart	Prall	West, Ohio
Crowther	Hartley	Ransley	Wolfenden
Crump	Healey	Reece	
Culkin	Hollister	Reid, Ill.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. Ransley (for) with Mr. Boylan (against).
Mr. O'Brien (for) with Mr. O'Connor (against).
Mr. Gifford (for) with Mr. Bankhead (against).
Mr. Darrow (for) with Mr. West of Ohio (against).
Mr. Bakewell (for) with Mr. Brown of Michigan (against).
Mr. Connolly (for) with Mr. Cady (against).
Mr. Goodwin (for) with Mr. Gray (against).
Mr. Ditter (for) with Mr. Goldsborough (against).
Mr. Muldowney (for) with Mr. Kopplemann (against).
Mr. Brumm (for) with Mr. Corning (against).
Mr. Wadsworth (for) with Mr. Crump (against).
Mr. Wolfenden (for) with Mr. Kennedy of Maryland (against).
Mr. Doutrich (for) with Mr. Sullivan (against).
Mr. Kurtz (for) with Mr. Hamilton (against).
Mr. Culkin (for) with Mr. Cullen (against).
Mr. Turpin (for) with Mr. Richardson (against).
Mr. Hollister (for) with Mr. Peterson (against).
Mr. Bacharach (for) with Mr. Lanzetta (against).

General pairs:

Mr. Haines with Mr. Rich.
Mr. Douglass with Mr. Beck.
Mr. Kerr with Mr. Eaton.
Mrs. Norton with Mr. Lehlbach.
Mr. Lindsay with Mr. Stalker.
Mr. Brown of Kentucky with Mr. Snyder.
Mr. Auf der Heide with Mr. Millard.
Mr. Rudd with Mr. Knutson.
Mr. McClintic with Mr. McFadden.
Mr. Ludlow with Mr. Bacon.
Mr. Bulwinkle with Mr. Edmonds.
Mr. McMillan with Mr. Cavicchia.
Mr. Celler with Mr. Dunn.
Mr. Gambrill with Mr. Swick.
Mr. Greenwood with Mr. Kelly of Pennsylvania.
Mr. Delaney with Mr. Dirksen.
Mr. Busby with Mr. Boileau.
Mr. Boehne with Mr. Crowther.
Mr. Doxey with Mr. Hartley.
Mr. Granfield with Mr. Focht.
Mr. Griswold with Mr. Peavey.
Mr. Prall with Mr. Reece.
Mr. Oliver of New York with Mr. McLean.
Mr. Milligan with Mr. Simpson.
Mr. Mansfield with Mr. Waldron.
Mr. Rogers of New Hampshire with Mr. Reid of Illinois.
Mr. Swank with Mr. McLeod.
Mr. Taylor of Colorado with Mr. Stokes.
Mr. Gavagan with Mr. De Priest.
Mr. Black with Mr. Taylor of Tennessee.
Mr. Allgood with Mr. Strong of Pennsylvania.
Mr. Dickstein with Mr. Kvale.
Mr. Abernethy with Mr. Shoemaker.
Mr. Eagle with Mr. Brooks.
Mr. Lamneck with Mr. Ellenbogen.
Mr. Bailey with Mr. Burke of California.
Mr. Boland with Mr. Mariand.
Mr. Shallenberger with Mr. Crosby.
Mr. Cummings with Mr. Cannon of Wisconsin.
Mr. Healey with Mr. Walter.
Mr. Polk with Mr. Berlin.
Mr. Kennedy of New York with Mr. Schaefer.
Mr. Rogers of Oklahoma with Mr. Faddis.
Mr. Crowe with Mr. Carpenter of Nebraska.

Mr. Hart with Mr. Weideman.
Mr. Green with Mr. Truax.
Mr. Sumners of Texas with Mr. Sirovich.
Mr. Schuetz with Mr. Sweeney.

Mr. COCHRAN of Missouri and Mr. COLLINS of California changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. CARTWRIGHT. Mr. Speaker, I demand the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

The question was taken; and there were—yeas 255, nays 26, not voting 149, as follows:

[Roll No. 143]

YEAS—255

Adams	Doughton	Kleberg	Rayburn
Allen	Dowell	Kloeb	Reilly
Arens	Drewry	Kniffin	Richards
Arnold	Driver	Kramer	Robertson
Ayers, Mont.	Duffey	Lambertson	Robinson
Ayres, Kans.	Duncan, Mo.	Lambeth	Romjue
Beedy	Edmiston	Lamneck	Ruffin
Beiter	Eicher	Lanham	Sadowski
Black	Elizey, Miss.	Larrabee	Sanders
Blanchard	Englebright	Lea, Calif.	Sandlin
Bland	Evans	Lee, Mo.	Schulte
Blanton	Farley	Lehr	Scrugham
Bloom	Fiesinger	Lemke	Sears
Brennan	Fish	Lesinski	Secrest
Brown, Ga.	Fitzgibbons	Lewis, Colo.	Shallenberger
Browning	Fitzpatrick	Lewis, Md.	Sinclair
Brunner	Fletcher	Lloyd	Sisson
Buck	Ford	Lozier	Smith, Va.
Buckbee	Foulkes	Lundeen	Smith, Wash.
Burch	Frear	McCarthy	Smith, W.Va.
Burke, Nebr.	Frey	McCormack	Spence
Burnham	Fuller	McDuffie	Steagall
Byrns	Fulmer	McFarlane	Strong, Tex.
Caldwell	Gasque	McGrath	Stubbs
Cannon, Mo.	Gilchrist	McGugin	Tarver
Carden, Ky.	Gillespie	McKeown	Taylor, S.C.
Carmichael	Gillette	McReynolds	Terrell, Tex.
Carpenter, Kans.	Glover	Maloney, La.	Terry, Ark.
Carter, Calif.	Goss	Mansfield	Thom
Carter, Wyo.	Greenway	Marshall	Thomason
Cartwright	Gregory	Martin, Colo.	Thompson, Ill.
Cary	Guyer	Martin, Oreg.	Thompson, Tex.
Castellow	Hart	May	Thurston
Chapman	Harter	Mead	Tobey
Chase	Hastings	Meeks	Traeger
Christianson	Henney	Miller	Turner
Church	Hess	Mitchell	Umstead
Claiborne	Higgins	Montague	Underwood
Cochran, Mo.	Hildebrandt	Montet	Utterback
Coffin	Hill, Ala.	Moran	Vinson, Ga.
Colden	Hill, Knute	Morehead	Vinson, Ky.
Cole	Hill, Samuel B.	Mott	Wallgren
Collins, Calif.	Hoeppel	Moynihan, Ill.	Warren
Collins, Miss.	Hoidale	Murdock	Wearin
Colmer	Holmes	Musselwhite	Weaver
Condon	Hope	Nesbit	Welch
Connery	Howard	O'Connell	Werner
Cooper, Ohio	Huddleston	O'Malley	West, Tex.
Cooper, Tenn.	Hughes	Oliver, Ala.	White
Cravens	Imhoff	Owen	Whitley
Cross, Tex.	Jacobsen	Parker	Whittington
Crosser, Ohio	James	Parks	Wilcox
Cummings	Jeffers	Parsons	Williford
Darden	Jenckes, Ind.	Patman	Williams
Dear	Jenkins, Ohio	Perkins	Wilson
Deen	Johnson, Minn.	Pettengill	Withrow
DeRouen	Johnson, Tex.	Peyser	Wolcott
Dickinson	Johnson, W.Va.	Pierce	Wolverton
Dies	Jones	Plumley	Wood, Ga.
Dingell	Kahn	Powers	Wood, Mo.
Disney	Kee	Ramsay	Woodruff
Dobbins	Keller	Ramspeck	Young
Dockweiler	Kenney	Randolph	Zioncheck
Dondero	Kinzer	Rankin	

NAYS—26

Andrew, Mass.	Eltse, Calif.	Mapes	Snell
Andrews, N.Y.	Foss	Martin, Mass.	Taber
Beam	Hancock, N.Y.	Merritt	Tinkham
Bolton	Harlan	Reed, N.Y.	Treadway
Buchanan	Kelly, Ill.	Rogers, Mass.	Wigglesworth
Clarke, N.Y.	Kocialkowski	Sabath	
Cochran, Pa.	Luce	Seger	

NOT VOTING—149

Abernethy	Beck	Brown, Ky.	Carpenter, Nebr.
Adair	Berlin	Brown, Mich.	Cavicchia
Allgood	Biermann	Brumm	Celler
Auf der Heide	Boehne	Bulwinkle	Chavez
Bacharach	Boileau	Burke, Calif.	Clark, N.C.
Bacon	Boland	Busby	Connolly
Bailey	Boylan	Cady	Corning
Bakewell	Britten	Cannon, Wis.	Cox
Bankhead	Brooks	Carley, N.Y.	Crosby
Crowe	Granfield	McMillan	Simpson
Crowther	Gray	McSwain	Sirovich
Crump	Green	Maloney, Conn.	Snyder
Culkin	Greenwood	Marland	Somers, N.Y.
Cullen	Griffin	Millard	Stalker
Darrow	Griswold	Milligan	Stokes
Delaney	Haines	Monaghan, Mont.	Strong, Pa.
De Priest	Hamilton	Muldowney	Studley
Dickstein	Hancock, N.C.	Norton	Sullivan
Dirksen	Hartley	O'Brien	Sumners, Tex.
Ditter	Healey	O'Connor	Sutphin
Douglass	Hollister	Oliver, N.Y.	Swank
Doutrich	Johnson, Okla.	Palmisano	Sweeney
Doxey	Kelly, Pa.	Peavey	Swick
Dunn	Kennedy, Md.	Peterson	Taylor, Colo.
Durgan, Ind.	Kennedy, N.Y.	Polk	Taylor, Tenn.
Eagle	Kerr	Prall	Thomas
Eaton	Knutson	Ransley	Truax
Edmonds	Kopplemann	Reece	Turpin
Ellenbogen	Kurtz	Reid, Ill.	Wadsworth
Faddis	Kvale	Rich	Waldron
Fernandez	Lanzetta	Richardson	Walter
Flannagan	Lehlbach	Rogers, N.H.	Weideman
Focht	Lindsay	Rogers, Okla.	West, Ohio
Gambrill	Ludlow	Rudd	Wolfenden
Gavagan	McClintic	Schaefer	Woodrum
Gifford	McFadden	Schuetz	
Goldsborough	McLean	Shannon	
Goodwin	McLeod	Shoemaker	

So the bill was passed.

The Clerk announced the following additional pairs:

On this vote:

Mr. O'Connor (for) with Mr. O'Brien (against).

General pairs:

Mr. Boylan with Mr. Ransley.
Mr. Bankhead with Mr. Gifford.
Mr. West of Ohio with Mr. Darrow.
Mr. Brown of Michigan with Mr. Bakewell.
Mr. Cady with Mr. Connolly.
Mr. Gray with Mr. Goodwin.
Mr. Goldsborough with Mr. Ditter.
Mr. Kopplemann with Mr. Muldowney.
Mr. Corning with Mr. Brumm.
Mr. Crump with Mr. Wadsworth.
Mr. Kennedy of Maryland with Mr. Wolfenden.
Mr. Sullivan with Mr. Doutrich.
Mr. Hamilton with Mr. Kurtz.
Mr. Cullen with Mr. Culkin.
Mr. Richardson with Mr. Turpin.
Mr. Peterson with Mr. Hollister.
Mr. Lanzetta with Mr. Bacharach.
Mr. Haines with Mr. Rich.
Mr. Douglass with Mr. Beck.
Mr. Kerr with Mr. Eaton.
Mrs. Norton with Mr. Lehlbach.
Mr. Lindsay with Mr. Stalker.
Mr. Auf der Heide with Mr. Millard.
Mr. Rudd with Mr. Knutson.
Mr. Greenwood with Mr. Kelly of Pennsylvania.
Mr. McClintic with Mr. McFadden.
Mr. Ludlow with Mr. Bacon.
Mr. Bulwinkle with Mr. Edmunds.
Mr. McMillan with Mr. Cavicchia.
Mr. Celler with Mr. Dunn.
Mr. Gambrill with Mr. Swick.
Mr. Delaney with Mr. Dirksen.
Mr. Busby with Mr. Boileau.
Mr. Boehne with Mr. Crowther.
Mr. Doxey with Mr. Hartley.
Mr. Granfield with Mr. Focht.
Mr. Griswold with Mr. Peavey.
Mr. Prall with Mr. Reece.
Mr. Oliver of New York with Mr. McLean.
Mr. Mulligan with Mr. Simpson.
Mr. Flannagan with Mr. Waldron.
Mr. Rogers of New Hampshire with Mr. Reid of Illinois.
Mr. Swank with Mr. McLeod.
Mr. Taylor of Colorado with Mr. Stokes.
Mr. Gavagan with Mr. De Priest.
Mr. Griffin with Mr. Taylor of Tennessee.
Mr. Allgood with Mr. Strong of Pennsylvania.
Mr. Dickstein with Mr. Kvale.
Mr. Abernethy with Mr. Shoemaker.
Mr. Woodrum with Mr. Britten.
Mr. McSwain with Mr. Thomas.
Mr. Eagle with Mr. Brooks.
Mr. Lamneck with Mr. Ellenbogen.
Mr. Bailey with Mr. Burke of California.
Mr. Cummings with Mr. Cannon of Wisconsin.
Mr. Healey with Mr. Walter.
Mr. Polk with Mr. Berlin.
Mr. Kennedy of New York with Mr. Schaefer.
Mr. Rogers of Oklahoma with Mr. Faddis.
Mr. Crowe with Mr. Carpenter of Nebraska.
Mr. Green with Mr. Truax.
Mr. Brown of Kentucky with Mr. Snyder.
Mr. Sumners of Texas with Mr. Sirovich.
Mr. Schuetz with Mr. Sweeney.
Mr. Chavez with Mr. Crosby.
Mr. Cox with Mr. Adair.
Mr. Biermann with Mr. Carley of New York.
Mr. Fernandez with Mr. Weideman.
Mr. Clark of North Carolina with Mr. Johnson of Oklahoma.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, my colleagues, the gentleman from Tennessee, Mr. CRUMP, the gentleman from Ohio, Mr. WEST, and the gentleman from Massachusetts, Mr. GRANFIELD, are unavoidably absent on account of important business. If present they would have voted "aye" on the passage of the bill.

The result of the vote was announced as above recorded.

On motion of Mr. CARTWRIGHT, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. COLLINS of Mississippi. Mr. Speaker, I make the point of order there is not a quorum present.

Mr. MONTAGUE. Will the gentleman withhold that a moment?

Mr. COLLINS of Mississippi. I withhold it, Mr. Speaker.

CONFERENCE REPORTS

Mr. MONTAGUE. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight tonight to file conference reports on the following bills:

The municipal bankruptcy bill, H.R. 5950, and the crime bills, S. 2252, S. 2575, S. 2841, S. 2249, S. 2080, S. 2253, and S. 2845.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

MESSAGE FROM THE PRESIDENT—THE PHILIPPINE ISLANDS (H.DOC. NO. 367)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Military Affairs, and ordered printed.

To the Congress of the United States:

I transmit herewith for your information a copy of a radiogram from the Governor General of the Philippine Islands dated May 9, 1934, quoting the text of a bill passed at the special session of the Ninth Philippine Legislature, entitled: "An act to provide for the election and holding of the Constitutional Convention authorized by the act of the Congress of the United States of March 24, 1934, appropriate funds therefor, and for other purposes."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 10, 1934.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KENNEDY of Maryland, 3 days, on account of illness.

To Mr. SADOWSKI, until May 18, on account of important business.

EXTENSION OF REMARKS—H.R. 8781

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. RANDOLPH. Mr. Speaker and Members of the House, more than 3,000 years ago the great prophet Isaiah spoke the following words:

A highway shall be there for the redemption of His people.

That sentiment was true then. It is doubly true today; and as we consider this splendid piece of legislation which will make available $400,000,000 for a comprehensive highway building program for the Nation, it is well to discuss the measure from a broad viewpoint and not from the standpoint of narrow sectionalism. In my State of West Virginia we shall receive a smaller amount than many other States, but upon passage of this bill there will be spent in West Virginia millions of dollars for roads which shall not only serve the larger cities of the State but smaller rural sections will benefit.

There was a time in West Virginia when we were more or less of a sectional people, one part of the State feeling its problems were foreign to the other regions. A man was said to come from the northern or eastern panhandles or live south of the Kanawha River. But today, because of the splendid road system which has brought West Virginia out of the mud, opened up new markets, and brought our various sections closer together, we are a united people, and a citizen who lives in our Commonwealth is simply a West Virginian. White ribboned with excellent roads, our people have become neighbors even though miles upon miles separate their own firesides.

In a discussion of this measure on the floor of the House of Representatives, I have regretted to hear opponents of the provisions remark that the great industrial States should have the most roads, and that sections not populated so densely should have little. This to my mind is not the right type of logic to use at this time, because all sections of America will benefit directly or indirectly from the use of this money for a wide-spread road-building program.

America gets its money's worth when funds of the Federal Government are used for highway construction. In a time when our Nation should receive back something substantial for its expenditures we will have under this bill roads which will be permanent to a marked degree and which will serve for years and years to come. In the national forests of West Virginia thousands of dollars will be also provided under provisions of this legislation which will make more accessible to tourists from other States a vast wonderland which today is just coming into its own.

I was glad to support the amendment to the bill which makes it mandatory that 25 percent of the money be used on country-feeder roads. It is well to have great trunk lines, but we must remember to look after the welfare of the farming sections that they can have a year-round outlet to the markets for their products. Under this amendment this is taken care of as it rightly should be, for we must bring to the man at the forks of the roads his share of these needed improvements which make for a happier people.

This legislation aids in taking care of the unemployed of our Nation. It is estimated that 85 percent of each road dollar expended goes into labor of some sort. It aims to cure a condition, and does it well because the results will not be temporary, but will remain to redeem and further the best interests of a progressive people.

Mr. SMITH of Washington. Mr. Speaker, I have actively supported this bill and gladly joined with other Members from the Western States in supporting the amendment which provides that 25 percent of the $400,000,000 shall be allotted to feeder or rural roads—from home-to-market roads and school-bus roads, which will insure that the country districts will be benefited as well as the cities and towns. The $50,000,000 for roads in national parks, forests, and Indian reservations will provide funds for these worthy projects in my district.

Mr. Speaker, I have joined with our western Members in sponsoring the allotment of $10,000,000 for Federal-aid highways and bridges damaged by floods and other unnatural causes. Ever since the disastrous floods in the State of Washington last December I have sought aid and flood-control relief for southwest Washington. For 30 years the Federal Government has refused to assume any responsibility for the recurrent floods in our State, but we succeeded in obtaining substantial sums from the Civil Works Administration for restoration and repairs in the flooded area of southwest Washington and which has provided employment for thousands of citizens. My bills for preliminary examina-

tions for flood control of the Columbia, Cowlitz, Lewis, and Chehalis Rivers and their tributaries will result in a thorough investigation and survey of conditions by the United States Army engineers and bring permanent relief and protective measures against future floods.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, we have before us for consideration today H.R. 8781, a bill introduced by the gentleman from Oklahoma [Mr. CARTWRIGHT], Chairman of the Committee on Roads.

There is no bill that has been before this Congress in which the people as a whole, of the United States, are more interested than they are in the subject of Federal aid to the States in building good roads. This bill carries an authorization of $460,000,000 for all of the States, and when distribution to each State is made it will give them wonderful relief in building public highways.

There is nothing that has added so much to the development of the United States as the building of public highways. Federal responsibility in cooperating with the States in building the roads is no new issue. The first Federal aid road was built while Thomas Jefferson was President, in 1806. Many of the leading highways in the United States have been completed and they are wonderful revenue producers in producing money now to extend Federal aid assistance. Many of the States have built their concrete roads with State and Federal aid and are depending upon revenue from the sales of gasoline to redeem the obligation they have made for the purpose of building these highways. Practically every State in the Union now has a tax on gasoline and a tax on cars which produces a very large revenue. As soon as the bonded indebtedness of the various States is paid off with this tax, then a road maintenance fund can be retained and a part of this tax if continued, can be used for other purposes, such as that of running the general State governments, supporting schools, and so forth.

The authorization for Federal aid has been rightfully increased every year for the last few years. For instance, in 1916 there was only $5,000,000 appropriated for the Federal aid of the States. Three years ago an appropriation of $80,000,000 was made in addition to the regular Federal aid of $125,000,000 to aid in the employment of more men on the highway work. Last year we had an appropriation of $400,000,000.

It is my opinion, and I think it is well founded, that the Federal Government should abandon the collection of taxes against gasoline and oil and let the States utilize that as a means of getting money to pay off the indebtedness they have incurred on the States, and which will soon be done if all of the money recovered from a tax of this kind is given to the States.

The bill now being considered is not only for the purpose of building highways, but is also for the purpose of giving employment to the unemployed. The United States has spent much money in the last 2 or 3 years to relieve the unemployed, and rightfully so, but it is certainly the duty of Congress in this bill to earmark as much of this money as is possible to projects which will give the greatest amount of employment to the unemployed and to be invested in public improvement where we will get a dollar's worth of improvement for each dollar expended for labor.

Money put into the building of public highways or in public buildings where it will save the Government the immense amounts it is paying out for rent is money wisely spent.

It was the intent of Congress when they passed the bill last year for public-road works that 25 percent of it should be expended in the construction of farm-to-market and lateral post roads, but under the construction placed upon it by the highway departments in the various States very little of it was used for that purpose. In this bill we are providing and earmarking 25 percent of it to go for that purpose. An amendment was adopted to the bill on the floor of the House which reads as follows:

Provided, That not less than 25 percent of the allotment of this appropriation shall be applied to secondary or feeder roads, including farm-to-market roads, and rural free-delivery-mail roads, and public-school-bus routes.

This will insure that if this bill passes the Senate, and we have every reason to believe it will, that 25 percent of this money allotted back to the States will be allotted to the various counties in the States and worked out by the county judges under the set-up they now have for working roads.

The Constitution of the United States provides for the building of post roads. That is the character of roads that this bill and amendment seeks to build. This is the first provision of law that specifically indicates 25 percent of the money allotted to the States be used for this purpose.

I introduced a bill in Congress 2 years ago asking Federal aid for the building of these lateral post roads which is authorized by the Constitution of the United States.

I am glad, in this amendment to this bill today, to realize that we have put that principle into actual law, and an enlargement of the building of post roads and lateral roads from the farm to the market each year will be the greatest aid that could possibly come from the expenditure of public funds, and we hope to see this increased from now on from year to year until we are expending large sums for the completion of this emergency work.

I am indeed glad to have the honor of presiding as Chairman of the Committee of the Whole House on the state of the Union during the consideration of this bill. This bill is not an appropriation but an authorization for appropriation, and whatever sum that we get depends upon what is appropriated by the Committee on Appropriations. We are glad the policy of that committee is to follow the will of the Congress in appropriating and using public funds where it is made known by Congress that it should be used.

I hope in the public works bill that is to follow this week that in every instance that public funds will be so earmarked and designated that it cannot be said that any part of the funds appropriated and used by the Government was not justly used.

WILD-LIFE CONSERVATION AND ITS RELATION TO THE FARM PROGRAM

Mr. JONES. Mr. Speaker, I ask unanimous consent to print in the RECORD an address delivered over the radio by Hon. A. WILLIS ROBERTSON, of the Seventh District of Virginia, on wild-life conservation and its relation to the farm program.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address today by Hon. A. WILLIS ROBERTSON, of the Seventh District of Virginia, on Wild-Life Conservation and Its Relation to the Farm Program:

Representing, as I do, an agricultural district that includes the rich and fertile Shenandoah Valley of Virginia, I have naturally taken a keen interest in the plans of the present administration to improve the condition of our farmers. It was a happy day for the farmers when our President placed Hon. Henry A. Wallace in charge of their pressing problems. I admire his ability, his knowledge of farm conditions, his sincerity of purpose, and his intellectual honesty. He has not been able to turn water into wine because the day of miracles has passed. His refusal to endorse radical and unsound monetary policies is to be commended. The time when normal conditions are restored to agriculture is less important than the fact that such conditions when established shall be on a sound and permanent basis.

The decline of the farmer in the economic scale commenced in 1923. Throughout the succeeding years his tax burden increased, his mortgaged indebtedness increased, and at the same time the parity of farm commodities was decreasing. In other words, the farmer was the unhappy victim in a game where both ends were being played against the middle, and by the fall of 1932 the plight of millions of farmers was most distressing.

The Federal Government is now engaged in a terrific struggle to change these conditions. Already it has expended approximately $1,000,000,000 in the effort, and the floodgates of the Treasury are still open for further expenditures for farm relief. The national farm income in 1933 was increased approximately $1,000,000,000, and it is hoped that 1934 will show an additional increase of a similar amount. Parity prices of farm commodities in the spring of 1933 rapidly increased but later to be largely offset by other commodity prices as a result of the operations of the N.R.A. On April 15, 1934, the net gain of the farmer in parity prices was about 2 percent—small, it is true; but encourag-

ing by reason of the fact that it was a gain and not a further loss. We still have to deal with unconsumable surpluses. A gradual business recovery is enlarging the domestic market. If the Senate will unite with the House in conferring upon the President the power to negotiate reciprocal trade agreements, new export markets could be won for American farm products. A better regulation of the distribution of milk will help the dairy farmers, the biggest farm industry in the United States and one of the hardest hit. Recent Chicago quotations on heavy steers seemed to indicate that the surplus of heavy steers has been disposed of. The drought in the spring wheat area, while a major disaster to the wheat growers of that area, will, greatly curtail the 1934 production and solve the problem of the wheat surplus.

The present operations of the A.A.A. contemplate primarily temporary adjustments. The important thing, as I have indicated, is an adjustment on a permanent basis that will give to the farmer a fair return for his labor, with a maximum of personal freedom and liberty. Strict regimentation of the farmer is not an American principle, and, in my opinion, we should not seek permanent recovery on such a basis.

With such a thought in mind and desiring to contribute to the welfare of the farmer in a sound and purely American way, I introduced in the House at the special session a resolution to create a House committee to study the various phases of wild-life conservation. On January 29, 1934, the House adopted this resolution, and the Speaker appointed a committee of 15 active and well-posted conservationists. Since that time this committee has been holding regular hearings, taking up one at a time the various departments engaged in conservation work. These include the Department of Agriculture, that is administering through its Forest Service 163,000,000 acres of Federal lands, and through its Bureau of Biological Survey the migratory-bird situation; the Department of Commerce which, through its Bureau of Fisheries, has jurisdiction of commercial and game fish and the sealeries industry; the Department of the Interior, in which we find the National Park Service, the Reclamation Service, erosion and flood control; and certain other departments which touch conservation in a minor way.

Our committee has already discovered that millions of Federal funds, both from regular appropriations and from emergency appropriations, are being expended in conservation work of one kind or another. We find no proper coordination of these activities; we find no definite purpose on the part of some Federal agencies to make these activities contribute to the fullest extent to farm relief.

One Federal agency has in mind a plan to buy farm land and locate city people on it. This will not help the farmer, and it is doubtful if it will help the city man so transplanted. Another agency contemplates a plan to shift farmers from one type of land to another. The practical value of such a scheme is very questionable. What will be more pleasing to the average farmer and more helpful in a permanent way will be a plan to enable him to make a more adequate living right where he is now located.

No relief that could be provided by the Government will offset the effects of the present drought to the spring-wheat farmers. Recent studies have shown that the subterranean water table in North Dakota has fallen 59 feet; in Nebraska between 34 and 37 feet. Erosion experts working in Iowa claim that in one section of that State 106 tons of soil per acre have been washed off farm land per year. No one knows all the causes of drought, but we do know some of the contributing factors. It has been stated that during the past 15 or 20 years 75,000,000 acres of land in the United States have been drained.

We definitely know that 17,000,000 acres of marshes and water areas in those sections where migratory waterfowl summer and raise their young have been drained, and possibly as many additional acres have dried up during the past 4 years of drought. We know that each year millions of acres of timberland have been burned over, destroying the forest bed of humus that previously acted as a sponge to hold rainfall. Our conservation program seeks to help the farmer to get better rainfall through the restoration of these natural reservoirs.

Our conservation program likewise seeks to assist the farmer in producing for him a wild-life income from submarginal areas which no longer can be profitably farmed. Iowa, for instance, has found that by game management on such areas, the game population was increased 300 percent, and that land that was producing 25 cents per acre for agricultural purposes was made to produce $2.50 per acre for game purposes. I wish I had the time to explain to you more in detail the game management program in Iowa that can be duplicated in every State.

Our conservation program likewise contemplates the purchase of millions of acres of submarginal land to be devoted to the production of fish and game and from which the present occupants will not be moved but given employment in connection with the game management. We figure that those residing in these game-managed areas would be given a 20-acre garden plot on which to raise their own food, but nothing for the market, and that they could be given employment for 150 days a year at a rate of not less than 30 cents per hour.

These submarginal lands would include marsh areas for migratory birds and mountain and other upland areas for other types of game birds and animals. It is my understanding that a considerable fund has been or shortly will be made available to the Biological Survey for its part in that program out of a $25,000,000 fund under the control of the Federal Emergency Corporation. Our committee hopes that the entire $25,000,000 fund will be used for that purpose.

Our committee believes that an abundant supply of wild life will mean millions of dollars spent in rural sections by those who get out of doors. We believe that an increase in insectivorous birds will be of material benefit to the farmer. In the United States we have 1,420 species or subspecies of birds, but some of these species are almost extinct, and the ranks of many have been badly depleted. Of the species of migratory birds, for instance, our present supply is estimated to be only 25 percent of what it was 25 years ago.

One of the problems of the farmer is to make farm life more attractive to the boys and girls. A greater abundance of fish and game will help to do this.

The conservation of the 163 million acres of national forests, the proper utilization of the 173 million acres of the public domain, the development of national parks and monuments that will be stimulating to outside travel, the prevention of soil erosion, the utilization for fish and game crops of marsh and submarginal areas, the preservation of our birds and large and small mammals for both aesthetic and recreational opportunities, constitute a national conservation program that must of necessity be intermittently connected with any proper farm program.

HOUSE RESOLUTION 375

Mr. DOCKWEILER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. DOCKWEILER. Mr. Speaker, House Resolution 375 is as follows:

Resolved, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a special committee to be composed of seven Members of the House of Representatives, preferably members of the Committee on Military Affairs, for the purpose of conducting an investigation of (1) the type, character, and extent of military defenses and their condition of obsolescence, if any, within the Pacific Coast States, to wit: California, Oregon, Washington, and the Territory of Alaska; (2) the type, character, extent, and condition of obsolescence, if any, of munitions, supplies, and their storage facilities in conjunction with all such Pacific coast defenses, the methods and means of communications between said defenses with the view of studying the availability of such munitions, supplies, war supplies, ordnance, and other necessary articles and things of war in case of defense emergency and essential to our proper national defense so far as our Pacific coast is concerned, and the extent, type, character, and obsolescence of mobile defenses, and means of rendering mobile such defenses; (3) the extent, numbers, and efficiency of the personnel, both officers and enlisted men, of the Regular Army or other military establishments, who have charge of and custody of and are assigned to such military defenses, supply stations, and munition stores; (4) the extent, numbers, and the condition of training and efficiency of the Regular Army personnel, both officers and enlisted men, and of the National Guard establishments of said Pacific Coast States, and the Territory of Alaska and of the Reserve Officers' Training Corps and such other supplementary military forces and their efficiency as exist in said Pacific Coast States and Territory and the extent to which such military forces and training facilities may be coordinated in case of emergency in war of defense; (5) and to inquire into such other matters pertaining to the problem of national defense as it now exists in said Pacific Coast States and the Territory of Alaska; and be it further

Resolved, That said special committee, or such subcommittee thereof, shall make as thorough, exhaustive, and complete investigation as practicable in reference to the matters and things hereinbefore set forth, and as soon as practicable to report to the House of Representatives its findings in the premises and to submit with such report its recommendations for the necessary remedial legislation and such other recommendation as it may find fit and proper in the premises.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions or recesses of the present Congress, to employ such experts, clerical, stenographic, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take testimony, to have such printing and binding done, and to make such expenditures as it deems advisable.

Subpenas shall be issued under the signature of the chairman of the committee and shall be served by any person designated by him. The provisions of sections 102, 103, and 104 of the Revised Statutes shall be applicable to any person summoned as a witness under the authority of this resolution in the same manner as such provisions are applicable to any person summoned as a witness in the case of an inquiry before a committee of either House.

Mr. Speaker, on May 4 I introduced a resolution (H.Res. 375) to provide for the appointment of a special committee to investigate the military defenses and the condition thereof on the Pacific coast.

Needless to say, the purpose desired to be accomplished, if this resolution should be passed and such special committee appointed, is of great importance to the welfare of this

country. Our honest attempt for the last 12 years to accomplish disarmament by example has been utterly fruitless and futile, and we are witnessing the spectacle of world powers during this period progressively entrenching and strengthening themselves in the arts of war and armament. Events in the last year have prompted me to respectfully request the House to pass my resolution in order that adequate information and report could be supplied to the next session of Congress on the subject of national defense, particularly along the Pacific Coast States and Alaska. My views on this subject are shared by civic organizations all up and down the Pacific coast, and I believe I am articulating a growing feeling on the part of the citizens of this country residing on the Pacific slopes that their defenses are not at present adequate. In passing, permit me to state that by order of the President all of our fleet are now located in the Atlantic waters. Even though I do not agree with the removal of the fleet at this time, it bears out this fact, that a fleet of a country is not primarily a defensive weapon, but in case of warfare its primary duty is to proceed out to sea under secret orders to perform its function of offensive warfare, and while in times of peace a country's fleet might ride quietly in a protected harbor, and while it might appear on the surface that that harbor and its facilities are well defended, nevertheless witness the fact of our entire fleet in Atlantic waters and really nothing to protect our important harbors and arteries, and termini of the maritime trade in the great Pacific.

I do not recall when a special committee of Congress investigated and inspected the defenses of our country; but I do know that, if at all, it was so many years ago that in the interim Pacific coast ports have assumed great importance in maritime trade. Los Angeles Harbor perhaps exports more oil than any seaport in the world, and there are clustered on the hills that surround Los Angeles Harbor many hundreds of huge storage tanks filled with many millions of barrels of oil. This supply has always been available for commerce and trade and for the fuel necessities of our own fleet. There is an old fort on the south crest of the hills overlooking this harbor with several mortars and naval-type disappearing rifles, supposedly to defend these great facilities and this great storage of fuel oil as well as other property. The same can be said of the harbor at San Diego, through which pass volumes of trade and traffic to the Orient and southerly through the Canal into the Atlantic seaports. The same might be said of San Francisco's marvelous work of nature, the Golden Gate Harbor, and Puget Sound ports in the State of Washington and ports in Oregon, and the ports of lesser importance dotted in that great stretch of seacoast from the Canadian border to the Mexican border in the south.

It would seem to me that at this juncture of rapid events of international import, and more particularly the Japanese declaration of the hands-off policy of world powers so far as China is concerned, this resolution is important. I do not like to play the role of one of those who say, "I told you so", but that which I anticipated when I twice before spoke in this House to protest the removal of the Pacific Fleet has exactly occurred. I could not predict then just what the Japanese Imperial Government would do when our Fleet was out of Pacific waters, but I could anticipate something, and that something came in the form of this so-called "declaration of the Monroe Doctrine over the Japanese eastern neighbors."

To the so-called "silverites" of Congress, may I suggest what tangible values could follow from the adoption of the policy of the remonetization of silver if those great silver territories which we regard as purchasers of our surplus products of field and factory are denied the right to use their silver to purchase from us. To the silverite this item should present a very serious situation, because among the experiences of this depression we discovered that the so-called "gold-currency nations" scattered on the Continent cannot become heavy purchasers of American products and that the whole scheme and intent of liberalizing the law respecting remonetization of silver depends emphatically upon the open-door policy of China and its contiguous territory. But the Japanese declaration, carried to its extremity, would sever any hope of that beneficial result.

There is no intention, if this resolution should pass, that the special committee should investigate the condition of our defenses on the Pacific coast and Alaska from the point of view of a prosecutor. It should not be our intention to in any way permit this committee to find fault with any of the various departments of the military branch of our service, or to investigate in a hypercritical manner or to dig up mud or cast slurs on the past conduct of the administrators of the affairs of the military service. I intend that this committee should review the situation more from the standpoint of a survey and, in the spirit of fairness, report to this Congress its findings and suggest constructive measures for the future. It might be well said that the Army knows of its deficiencies and by way of its annual reports has called Congress' attention to the inadequacy of our defenses not only on the Pacific coast but everywhere in continental and territorial United States. But permit me to suggest that experience teaches that a department of the Government might come on bended knee to Congress and its committees to supply the needed funds for national defense, but the merits of these requests are regarded as coming from departments of the Government and are treated lightly.

I am firmly convinced that if a group of laymen from the House see and inspect for themselves, calling into conference of course proper military authorities, that this committee would come back to Congress and win over the support of their colleagues who are not familiar with the problem.

Proper public sentiment would be developed through the activities of this committee so as to compel a decent and protracted consideration of the wants of national defense. Every good citizen is today demanding national defense. What kind of national defense they do not, of course, know. The press of the country has been extremely critical of the military departments for their seeming lack of interest. But I say to you gentlemen of the House that the real responsibility must be laid at the door of Congress, for to the Congress the Constitution has given the exclusive jurisdiction of providing for the national defense; and since seeing is believing, I plead with you to support whole-heartedly my resolution so that in the years that may follow—and, if trouble ensues—at least we, as Members of the Seventy-third Congress, sworn to enforce and uphold the Constitution, may have done our official duty in this respect.

AMENDMENT OF GRAIN FUTURES ACT

Mr. JONES. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. CHASE] may have until Monday night to file minority views on the bill (H.R. 9471) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity future exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges, by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

REVISION OF AIR-MAIL LAWS

Mr. DOBBINS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3170) to revise the air-mail laws, with House amendments, insist on the House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. MEAD, ROMJUE, DOBBINS, KELLY of Pennsylvania, and FOSS.

THE STRAWBERRY INDUSTRY IN WHITE COUNTY, ARK.

Mr. MILLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to insert therein a short newspaper article touching the agricultural situation in Arkansas.

The SPEAKER. Is there objection?

There was no objection.

Mr. MILLER. Mr. Speaker, under leave to extend my remarks on the above-named subject, I include a news item appearing in the issue of the Arkansas Democrat of May 9, 1934, as follows:

RECORD SINGLE-DAY BERRY SHIPMENT

The Missouri Pacific lines have moved 316 carloads of strawberries from the White County district so far this season, rail officials said Wednesday, and are preparing to make a record-breaking movement the first of next week.

Five special trains drawing 112 cars of berries last Monday set a record for a single day's shipment from the district, which extends from Cabot to Bradford. Eighty carloads were shipped Tuesday. The Missouri Pacific officials say their line will handle a total of 1,500 cars for the season, the harvest netting the growers more than a million dollars.

The cold packing of berries, a new development in the marketing system, will be started Monday at Searcy, and it is expected that 5,000 barrels of strawberries will be packed for shipment to St. Louis, where they will be frozen.

The news article is self-explanatory. It needs no comment from me, but I feel a pride in the wonderful progress that has been made in this great industry in Arkansas and in my home county. Her people are finding success in diversified farming, and their experience leads me to believe that the independence of the American farmer depends to a great extent upon his ability to diversify. No State in our country is more favorably situated for this purpose than is Arkansas.

MINNESOTA DAY

Mr. HOIDALE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of Minnesota Day.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOIDALE. Mr. Speaker, tonight the Minnesota Society of Washington meets in this city to commemorate an event of 76 years ago, when on May 11, 1858, Minnesota was by act of Congress admitted to the Union of States. The North Star State then joined the constellation and another star was added to our flag.

The first Senator from Minnesota, James Shields, had one of the most interesting political careers in American history.

He was a Democrat, the only Democrat that has ever been elected to the Senate from Minnesota in its entire history of 76 years.

Shields was born in Ireland and, as a young man, came to Illinois. His first important office was that of judge of supreme court of that State. He served as a brigadier general in the Mexican War. At the Battle of Cerro Gordo he was shot through the lungs, the bullet passing out at his back. His recovery from what was considered a mortal wound was one of the marvels of medical history. In 1849 he was elected United States Senator from Illinois. After serving 6 years he harkened to the call of the open plains in the West and was, on the day after Minnesota's admission to the Union, elected Senator from my State. That was his second election to the Senate. He served as a general in the Civil War with great distinction and shortly thereafter took up his abode in the State of Missouri. Here, for a third time—each time from a different State—he was again sent to the United States Senate. Probably no other man in American history, outside of the distinguished sons who have served as President, has had a career more varied and distinguished than that of Minnesota's first and only Democratic Senator. A statue of Senator Shields is in Statuary Hall in this building.

Minnesota started out in 1858 with two congressional districts. She is now represented by nine Congressmen in this House.

All of these first Members of Congress were Democrats, but not since the senatorial toga fell from the shoulders of Senator Shields has any Democrat ever been elected to the Senate. That situation, however, did not result from failure on the part of Senator Shields to creditably represent our State.

But I do not intend to speak of the political history of Minnesota. Since the passing of Shields and the coming of Lincoln, not only has much water passed over the dam, but many a dam has become outworn and obsolete.

Mr. Speaker, may I briefly, on this eventful day in the history of our great State, say a few words about Minnesota, the pearl of the Middle West, that not only the Members of this Congress, but all America should know:

Bounded upon the north by the clear, sparkling waters of lakes and rivers that divide us from the Dominion of Canada, Minnesota is pierced from the east by the arrow-shaped arm of Lake Superior, giving us a matchless harbor at the city of Duluth, the head of navigation. The Mississippi River, the father of waters, has its origin in the cool, refreshing waters of Lake Itasca in Itasca Park, one of the 10,000 lakes that have made Minnesota as famous as once was Milwaukee.

The purpose of this talk is to extend to all the Members of this body a most friendly and cordial invitation to visit our great and wonderful outdoor paradise. Not only personally as the only Democrat from Minnesota but acting unofficially in behalf of a thousand summer resorts, hundreds of sporty golf links, tens of thousands of fishes that have never been caught, and men, women, and children from every nook and cranny of the State, I want to impress upon you the thought that at no place do men, tired and weary from cares and conflicting emotions, find a more peaceful haven of rest and recreation than is to be found in the fir-scented, health-restoring atmosphere of this unspoiled nature land of the North. Here you will find your appetite restored to a point that will remind you of your school days, and your sleep will be as sound and restful as that of innocent childhood. Not only physical, but mental vigor as well, will convince you that Ponce de Leon did not discover the only fountain of youth.

Entering the State from any direction you glide into Minnesota and through Minnesota over thousands of miles of scenic highways, passing through changing scenes that make every moment a thrill. Every hilltop, every rise in the land as you speed along brings to view opening vistas of green pastures, miles upon miles of golden grain waving in the gentle breeze, beautifully wooded hills and fertile valleys studded with hundreds of clear, peace-inspiring lakes that glisten like diamonds in the midsummer sun.

You will see multitudes of beavers busy at their everlasting tasks, working long hours, and at a speed that would make a Congressman look like a loafer. Tens of thousands of deer fill our northern forests, while birds of every variety and every hue abound and delight the lover of wild life. The joyous notes of a myriad of songbirds mingle with the quacking chatter of wild ducks to greet the rising sun, while at eventide is heard the weird call of the loon and that of the lonely moose signaling to his mate.

If you would only come to visit us once, we could thereafter entertain no hope of having you stay away.

But considering the prospects that some of us will be looking for a new place of abode after November, I must say just a few words about the greatness of Minnesota from a material standpoint.

Nature and nature's God have been good to the North Star State. In the bosom of her northern hills are found the greatest iron deposits in the world, with an annual output of nearly fifty millions of tons of ore. Whether you ride in a princely Pierce or a plebeian Ford, you are protected and held aloft by steel that comes from the great iron ranges of northern Minnesota.

We have the most fertile soil to be found out doors. We produce pumpkins large enough to float an elephant upon the open sea. We produce cobs of corn large enough to choke any Texas or Alabama razorback that ever lived. We produce potatoes so large and heavy that the ordinary dining table has to be supplied with reinforced legs. We raise more

potatoes and less hell than any other State in the Union. We make more butter than any State. Land O'Lakes butter is found on the best tables of every land, and so is bread from the world-famous flour produced in Minnesota. We have earned and we intend to retain the title "The Bread and Butter State."

Now, picture to yourself a State richly endowed with all the blessings that a benevolent Providence could possibly shower upon any people—a State that leads all others in the great staples of life I have mentioned—a State in which the soil groans under the weight of heavy crops; a State in which you can enjoy your breakfast in the gilded and luxurious dining rooms of the great twin cities—Minneapolis and St. Paul—eat your lunch at Duluth, and prepare your bed at night at the lakeside in a forest where the pleasant odors from majestic cedars will ease you off into the realms of dreamland; just picture to yourself this and then stay away if you have the heart to do so.

I am happy to have this opportunity today to extend this invitation to you upon this anniversary of Minnesota's birth, because it will probably be my last and only opportunity to extend a similar invitation from this floor.

Should the fates favor me, I may 1 year from today have the privilege of extending a similar invitation from the seat occupied so gracefully by Senator Shields 76 years ago.

HENRY A. BARNHART

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to extent my remarks in the RECORD upon the life and public services of Henry Barnhart, former Member of this House.

The SPEAKER. Is there objection?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, the recent death on March 26, 1934, of Hon. Henry A. Barnhart, of Rochester, Ind., former Representative in Congress for the old Thirteenth Indiana District for 12 years, including the strenuous and trying World War period, has brought a sense of profound sorrow to all who knew him. As one who now represents a large part of his old district, I wish to pay him a tribute of friendship and high respect. He was my counselor and friend.

The record of his life was one of noteworthy service to his fellow man. Many of the older Members of the House still have the warmest recollections of Mr. Barnhart.

He was born at Twelve Mile, Ind., September 11, 1858, son of the Reverend Jacob and Mary Fisher Barnhart.

His first public service was as a teacher in the public schools.

In 1884 he was elected Fulton County surveyor and the following year acquired the Rochester Sentinel, of which journal he was owner and editor for 40 years. He was made a member of the Indiana Democratic State committee in 1892, and the next year was named by Governor Matthews as a member of the board of the Indiana State Prison. He was appointed to similar duties by two succeeding governors.

First elected to Congress in 1908, he served for six terms. For half of that time he was Chairman of the Committee on Printing. He also served on the important Committees on Banking and Currency, Merchant Marine and Fisheries, and Public Buildings and Grounds.

Service on the latter committee brought him more than ordinary satisfaction, as he had a keen appreciation of the beauties of architecture. Through his work on that committee he had a part in the work which produced in Washington and elsewhere some of the finest structures known.

Mr. Barnhart derived his greatest pride, through his service on the Public Buildings Committee, from the magnificent Lincoln Memorial which graces, as no other structure could, the river end of that attractive park and monument section of Washington traditionally known as the "Mall." He loved to direct visitors to that stately structure commemorating the immortal Civil War President. Its massiveness, its simple grandeur, always was an inspiration to Mr. BARNHART, and he reflected it eloquently in his description of it to others.

Congressman Barhart was punctual and constant in his attendance at meetings of House committees to which he was assigned. He was always interested in their work, and gave freely of his energy in the performance of the tasks they marked out.

When in Washington he was a regular attendant at the Calvary Baptist Church, which was the denomination of his own church home in Rochester, Ind.

Socially he was delightful as a guest and as a host. His sparkling conversation, his mastery of dialect, and his inimitable story telling made him a welcome addition to any group. These attributes, together with his companionable disposition, accounted for much of his popularity.

Another trait recognized by those who knew him well was the steadfastness of his friendship with his neighbors and associates. In the rush of his congressional work he never forgot old friends, and he found much joy in a heavy personal correspondence with them. He was famous as an after-dinner speaker, and his services were in great demand.

In business also his was a busy life. At an early date he was secretary and manager for the board of directors in the management of the Rochester waterworks system. He was instrumental in organizing the Rochester telephone system and was its president and general manager from 1895 to the date of his death. Banking, education, and civic work occupied much of his time.

In both the newspaper and telephone fields, Mr. Barnhart was a leader. He was president of the National Independent Telephone Association and of the Indiana State Telephone Association, also president of the Indiana Democratic State Editorial Association and the Northern Indiana Nonpartisan Editorial Association. He was for many years president of his local organization of the American Red Cross and was appointed to many State and national organizations on behalf of various charitable, health, and public-welfare movements. Still another aspect of this able and versatile citizen's interests was farming, he being much interested in thoroughbred cattle.

The news of his passing after a long and full life saddened many men of prominence in the life of the Nation. Tribute was paid by the Vice President of the United States, Hon. John N. Garner, in the following words:

I had known Henry A. Barnhart for 25 years. To know him was to love him. Many men in Congress come and go without being remembered, but none of us who served with Henry Barnhart has ever forgotten him. He may be gone from us, but the memory of him will live.

He was also the colleague and close friend of Hon. Cordell Hull, now Secretary of State, who expressed similar sentiments of tribute and sorrow:

As my colleague Hon. LOUIS LUDLOW has eloquently stated:

Mr. Barnhart was made of the best quality of Hoosier homespun. His greatness was elemental and composed of many virtues, outstanding among which were honesty, sincerity, and friendship of such quality that the older it grows the tighter it binds. It seemed so fitting that he should be always happy, because he made everybody around him happy.

Henry Barnhart was proof that it is possible to succeed in public life and uphold clean politics—

Said the editor of the Marion Leader-Tribune:

He refused to have anything to do with corrupt practices either in his public or private life, and the people honored him repeatedly. He was a man they knew they could trust. He was a pioneer in the movement to take State institutions out of politics. When political leaders came to him with talk of the spoils that awaited them in the prisons, the welfare, and educational institutions if the party should succeed at the polls, they met with rebuff. He would have none of it.

There is solace in the knowledge that Mr. Barnhart's career was replete with deeds, commendable deeds, of which those who mourn, may ever be proud—

Said the News-Sentinel, of Rochester, Ind., his home city:

Reared in the humblest of rural surroundings, under the tutelage of what now would be termed "homespun Christian parentage." Mr. Barnhart early in life established a well-defined demarcation between right and wrong, and from these simple but powerful classifications of all human deeds he stood and fought indomitably for what he deemed was just. He was a fearless exponent for every worth-while movement for the benefit of his community. His outstanding personality, together with his desire to be a sincere

friend of those in all walks of life, finally embarked him on a political career, under the Democratic banner, which gained the plaudits of even many of adverse political faith. During his six terms in the United States legislative chambers, he served his constituents, district, State, and Nation, in such an unbiased, businesslike manner that the word "politician", in a professional sense, was never connected with the name of Congressman Barnhart.

Perhaps in this comment on the passing of a citizen and friend, who has left an indelible mark of honesty, efficiency, and helpfulness which will ever be remembered in this community, one of the finest tribute to Henry A. Barnhart may be said in these few words: He was a lover of his fellow man, of nature, of wholesome humor, of his home, his family, and church.

Beyond life's last barrier, Mr. Speaker, there are no parties, and I was pleased to receive from his political antagonist and mine, Hon. Andrew J. Hickey, this fine tribute to Congressman Barnhart:

Mr. Barnhart served the Thirteenth Indiana District as a Representative in Congress for 12 years. His service was outstanding. While he was a strong partisan, he never permitted partisanship to enter into the many and perplexing demands upon him by his constituents. His rule of conduct in all such matters was service. "What can I do most to serve my constituents?" This was always uppermost in his mind.

Mr. Barnhart will be greatly missed in the many fields he occupied, as publisher, business executive, and public-spirited citizen.

The career of this distinguished man carries a high inspiration to all of us. The memory of this good citizen will remain bright for many years to come as an example of high ideals being realized in public office, and it is there that we need them most.

After life's fitful fever, he sleeps well.

A life well lived is well spent and death to such a man is only another name for peace. This is true whether one is in private or public life. But one in public life, just because the office gives prominence to the name, is under a peculiar obligation to the Republic. His standards, good or bad, tend to influence the lives, not only of his own generation, but of the boys and girls who follow him. Character molds character, and patriotism begets patriots. It is here that one achieves earth's immortality. It is here that the coming generation seizes the baton from the runner who is spent.

Henry Barnhart's race is run. But the race goes on in the lives of those who learned from him that public office is a public trust.

I cannot sum up this good life better than to repeat the words of the Spartan oath given by age to youth more than 23 centuries ago:

We will never bring disgrace to this, our city, by any act of dishonesty or cowardice, nor ever desert our suffering comrades in the ranks. We will fight for our ideals and sacred things of the city, both alone and with many. We will revere and obey the city's laws and do our best to incite a like respect in those above us who are prone to annul them and set them at naught. We will strive unceasingly to quicken the sense of civic duty. Thus in all these ways we will transmit this city not less but far greater and more beautiful than it was transmitted to us.

RAILROAD PENSION LEGISLATION

Mr. KELLER. Mr. Speaker, I ask unanimous consent to proceed for half a minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. KELLER. Mr. Speaker, the other day I announced here that the gentleman from Ohio [Mr. CROSSER] and myself, representing the two sides on the railroad pension legislation, had gotten together on a bill. We were together in spirit, but not in fact, but today we both filed bills which had already passed the committee in the Senate and had been recommended, and those bills are Nos. 9596 and 9597, the first one by Mr. CROSSER and the second by myself.

BUREAU OF FISHERIES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I understand that it is intended by Executive order to transfer the Bureau of Fisheries from the Department of Commerce to the Department of the Interior. I consider this to be an unfortunate and unwise move, because the Bureau of Fisheries properly belongs within the Department of Commerce. The Department of the Interior is mainly concerned with internal matters, particularly with the conservation of our natural resources; only in a very limited sense does fisheries come within the purview of that Department. Fisheries has to do with commerce and industry, and concerns in the main, activities beyond the confines of continental United States. I sincerely trust that the Members of the House who are interested in this matter on the east coast, along the Gulf, and the west coast, will realize the inadvisability of transferring the Bureau of Fisheries from the Department of Commerce to the Department of the Interior, and take action to present their views upon this question to the proper officials.

SENATE BILLS REFERRED

A joint resolution and bill of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S.J.Res. 100. Joint resolution authorizing suitable memorials in honor of James Wilson and Seaman A. Knapp; to the Committee on the Library; and

S. 1639. An act to establish a Federal Credit Union System, to establish a further market for securities of the United States and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States; to the Committee on Banking and Currency.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 177. An act for the relief of Lottie Bryant Steel;

H.R. 190. An act for the relief of Elizabeth T. Cloud;

H.R. 200. An act for the relief of Jacob Durrenberger;

H.R. 207. An act for the relief of Homer C. Chapin;

H.R. 371. An act for the relief of Peter Guilday;

H.R. 503. An act to authorize the donation of certain land to the town of Bourne, Mass.;

H.R. 878. An act for the relief of Kathryn Thurston;

H.R. 889. An act for the relief of Frank Ferst;

H.R. 1207. An act for the relief of Robert Turner;

H.R. 1208. An act for the relief of Frederick W. Peter;

H.R. 1209. An act for the relief of Nellie Reay;

H.R. 1254. An act for the relief of H. Forsell;

H.R. 2021. An act to place Jesse C. Harmon on the retired list of the United States Marine Corps;

H.R. 2203. An act for the relief of Enoch Graf;

H.R. 2431. An act for the relief of certain newspapers for advertising services rendered the Public Health Service of the Treasury Department;

H.R. 2750. An act for the relief of Scott C. White;

H.R. 3553. An act for the relief of Harvey O. Willis;

H.R. 3673. An act to amend the law relative to citizenship and naturalization, and for other purposes;

H.R. 3868. An act for the relief of Arabella E. Bodkin;

H.R. 4060. An act for the relief of Ellen Grant;

H.R. 4274. An act for the relief of Charles A. Brown;

H.R. 4927. An act for the relief of C. J. Holliday.

H.R. 4928. An act for the relief of the Palmetto Cotton Co.;

H.R. 4929. An act for the relief of J. B. Trotter;

H.R. 5299. An act for the relief of Orville A. Murphy;

H.R. 5542. An act for the relief of Joe G. McInerney;

H.R. 7059. An act to provide for the further development of vocational education in the several States and Territories;

H.R. 8052. An act to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes;

H.R. 8208. An act to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.;

H.R. 8235. An act to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the District of Ewa, island of Oahu, Territory of Hawaii; and

H.J.Res. 311. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 752. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; and

S. 2671. An act repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

Mr. COLLINS of Mississippi. Mr. Speaker, I renew my point of no quorum.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 36 minutes p.m.), in accordance with its order heretofore made, the House adjourned until Monday, May 14, 1934, at 12 o'clock noon.

MOTION TO DISCHARGE COMMITTEE

APRIL 20, 1934.

To the Clerk of the House of Representatives:

Pursuant to clause 4 of rule XXVII, I, GARDNER R. WITHROW, move to discharge the Committee on Interstate and Foreign Commerce from the consideration of the bill (H.R. 7430) entitled "A bill to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes", which was referred to said committee January 29, 1934, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. Gardner R. Withrow
2. J. H. Sinclair
3. D. D. Glover
4. Paul J. Kvale
5. Ernest Lundeen
6. T. C. Coffin
7. Sterling P. Strong
8. Richard J. Welch
9. Hubert H. Peavey
10. Fred H. Hildebrandt
11. Jesse P. Wolcott
12. Ben Cravens
13. G. J. Boileau
14. Magnus Johnson
15. Tilman B. Parks
16. Ray P. Chase
17. Glenn Griswold
18. George R. Durgan
19. Clyde Kelly
20. William P. Connery, Jr.
21. M. J. Muldowney
22. M. A. Dunn
23. Thomas O'Malley
24. John Fitzgibbons
25. Alfred F. Beiter
26. Elmer E. Studley
27. John E. Miller
28. C. Murray Turpin
29. Loring M. Black, Jr.
30. R. T. Wood
31. Martin L. Sweeney
32. Charles Kramer
33. Warren J. Duffey
34. John A. Martin
35. William J. Granfield
36. Terry M. Carpenter
37. Raymond J. Cannon
38. Walter Nesbit
39. G. W. Blanchard
40. J. Howard Swick
41. Vincent Carter
42. J. Will Taylor
43. N. L. Strong
44. Randolph Carpenter
45. Guy M. Gillette
46. W. Frank James
47. F. H. Shoemaker
48. C. C. Dowell
49. Harold McGugin
50. Wm. Lemke
51. Morgan G. Sanders
52. John D. Dingell
53. Arthur D. Healey
54. Compton I. White
55. James J. Lanzetta
56. Henry Ellenbogen
57. George W. Lindsay
58. J. Leroy Adair
59. Thomas J. O'Brien
60. R. E. Thomason
61. W. P. Lambertson
62. J. H. Hoeppel
63. Clifford R. Hope
64. M. A. Zioncheck
65. Louis Ludlow
66. Isabella Greenway
67. Charles V. Truax
68. Kent E. Keller
69. Carl M. Weideman
70. T. A. Jenkins
71. Frank R. Reid
72. Henry Arens
73. W. H. Larrabee
74. Albert E. Carter
75. Thomas C. Cochran
76. W. G. Andrews
77. B. M. Jacobsen
78. Roy O. Woodruff
79. James Hughes
80. James A. Frear
81. D. C. Dobbins
82. Russell Ellzey
83. D. D. Terry
84. H. P. Kopplemann
85. Frank H. Lee
86. Chester Thompson
87. O. L. Auf der Heide
88. Martin A. Brennan
89. Wesley Lloyd
90. J. O. Fernandez
91. Fred Biermann
92. Harry L. Englebright
93. Clark W. Thompson
94. John Lesinski
95. J. C. Lehr
96. Joe H. Eagle
97. Wm. H. Sutphin
98. Edward T. Taylor
99. Theo. B. Werner
100. Roy E. Ayers
101. B. K. Focht
102. James W. Mott
103. Frank Gillespie
104. Wm. L. Fiesinger
105. Tom D. McKeown
106. Walter M. Pierce
107. Jennings Randolph
108. C. W. Henney
109. Marian W. Clarke
110. Edgar Howard
111. Leo E. Allen
112. Sam L. Collins
113. Wm. I. Traeger
114. U. S. Guyer
115. Sam B. Hill
116. Knute Hill
117. P. H. Moynihan
118. Martin F. Smith
119. Wilbur L. Adams
120. W. D. McFarlane
121. W. F. Brunner
122. Henry E. Stubbs
123. Edward C. Eicher
124. E. W. Goss
125. Paul H. Maloney
126. Cleveland Dear
127. A. C. Shallenberger
128. Otha D. Wearin
129. Edward R. Burke
130. Fred C. Gilchrist
131. James I. Farley
132. Fred A. Hartley, Jr.
133. Hamilton Fish, Jr.
134. J. Hardin Peterson
135. J. Mark Wilcox
136. George N. Seger
137. Brent Spence
138. J. G. Polk
139. Robert T. Secrest
140. Wm. T. Schulte
141. Oscar De Priest
142. Virginia E. Jenckes
143. Everett M. Dirksen
144. William I. Sirovich
145. Mon. C. Wallgren

This motion was entered upon the Journal, entered in the CONGRESSIONAL RECORD with signatures thereto, and referred to the Calendar of Motions to Discharge Committees, May 11, 1934.

EXECUTIVE COMMUNICATIONS, ETC.

470. Under clause 2 of rule XXIV, a communication from the President of the United States, transmitting an estimate of appropriation submitted by the Commissioners of the District of Columbia to pay a claim which has been settled by them, amounting to $5,000, and which requires an appropriation for its payment (H.Doc. No. 366), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MAY: Committee on Military Affairs. H.R. 9092. A bill to authorize the Secretary of War to lend to the housing committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16- by 80- by 40-foot assembly tents; thirty 11- by 50- by 15-foot hospital-ward tents; 10,000 blankets, olive drab, no. 4; 5,000 pillowcases; 5,000 canvas cots; 5,000 cotton pillows; 5,000 bed sacks; 10,000 bed sheets; 20 field ranges, no. 1; 10 field bake ovens; and 50 water bags (for ice water); to be used at the encampment of the United Confederate Veterans, to be held at Chattanooga, Tenn., in June 1934; with amendment (Rept. No. 1582). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. S. 3185. An act to amend the Agricultural Adjustment Act, as amended, with respect to farm prices; with amendment (Rept. No. 1583). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITE: Committee on the Public Lands. H.R. 5791. A bill to add certain lands to the Challis National Forest; with amendment (Rept. No. 1584). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES: Committee on Agriculture. S. 1800. An act to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediteranean fruit fly by the Department of Agriculture; with amendment (Rept. No. 1585). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on the Public Lands. H.R. 9273. A bill to extend the public-land laws of the United States to certain lands in the Red River in Oklahoma; without amendment (Rept. No. 1586). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON: Committee on the Public Lands. H.R. 5531. A bill for the protection of the municipal water supply of the city of Salt Lake, State of Utah; without amendment (Rept. No. 1587). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committe on the Public Lands. H.R. 9149. A bill to accept the cession by the State of Arkansas of exclusive jurisdiction over all lands now or hereafter included within the Hot Springs National Park, Ark., and for other purposes; without amendment (Rept. No. 1588). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 9567. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; with amendment (Rept. No. 1589). Referred to the House Calendar.

Mr. MONAGHAN of Montana: Committee on Interstate and Foreign Commerce. H.R. 9434. A bill granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington; without amendment (Rept. No. 1590). Referred to the House Calendar.

Mr. SOMERS of New York: Committee on Coinage, Weights, and Measures. H.R. 5522. A bill to amend the Standard Baskets Act of August 31, 1916, to provide for a 1-pound Climax basket for mushrooms; without amendment (Rept. No. 1591). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WILLFORD: Committee on War Claims. S. 2357. An act for the relief of Arthur Bussey; without amendment (Rept. No. 1580). Referred to the Committee of the Whole House.

Mr. JONES: Committee on Agriculture. H.R. 4915. A bill for the relief of A. Zappone, disbursing clerk, United States Department of Agriculture; with amendment (Rept. No. 1581). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (H.R. 2435) for the relief of Claribel Moore, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RAMSPECK: A bill (H.R. 9593) to provide for a special clerk and liaison officer; to the Committee on the Civil Service.

By Mr. WILSON: A bill (H.R. 9594) granting the consent of Congress to the Tensas Basin Levee Board of the State of Louisiana to construct, maintain, and operate a free highway bridge across Bayou Bartholomew at or near its mouth in Morehouse Parish, La.; to the Committee on Interstate and Foreign Commerce.

By Mr. STUDLEY: A bill (H.R. 9595) to increase the compensation of letter carriers in the village delivery service; to the Committee on the Post Office and Post Roads.

By Mr. CROSSER of Ohio: A bill (H.R. 9596) to provide a retirement system for railroad employees, and thereby to provide unemployment relief, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KELLER: A bill (H.R. 9597) to provide a retirement system for railroad employees, and thereby to provide unemployment relief, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. AYERS of Montana: A bill (H.R. 9598) to provide funds for cooperation with public-school districts in Glacier County, Mont., in the improvement and extension of school buildings to be available to both Indian and white children; to the Committee on Indian Affairs.

By Mr. RAYBURN: A bill (H.R. 9599) to amend the Air Commerce Act of 1926, and to increase the efficiency of the aeronautics branch of the Department of Commerce with respect to the development and regulation of civil aeronautics; to the Committee on Interstate and Foreign Commerce.

By Mr. ZIONCHECK: A bill (H.R. 9600) to authorize the Bainbridge Island Chamber of Commerce, a corporation, its successors and assigns, to construct, maintain, and operate a bridge across Agate Pass connecting Bainbridge Island with the mainland in Kitsap County, State of Washington; to the Committee on Interstate and Foreign Commerce.

By Mr. ROBINSON: A bill (H.R. 9601) to restore to the public domain portions of the Jordan Narrows, Utah, Military Reservation; to the Committee on Military Affairs.

Also, a bill (H.R. 9602) to excuse certain persons from residence upon homestead lands during 1933 and 1934, in the drought-stricken areas; to the Committee on the Public Lands.

By Mr. ANDREWS of New York: Joint resolution (H.J. Res. 341) authorizing an appropriation for the participation of the United States in the international celebration at Fort Niagara, N.Y.; to the Committee on Military Affairs.

By Mr. BLOOM: Joint resolution (H.J.Res. 342) authorizing an appropriation to defray the expense of erecting the completed Navy and Marine Memorial Monument; to the Committee on the Library.

By Mr. IGLESIAS: A joint resolution (H.J.Res. 343) to amend the Agricultural Adjustment Act, approved May 12, 1933, Public Law No. 10, Seventy-third Congress; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER (by request): A bill (H.R. 9603) for the relief of John F. Flynn; to the Committee on Military Affairs.

By Mr. CARTER of California: A bill (H.R. 9604) for the relief of Harold W. Cornwall, also recorded as Harry W. Cornwall; to the Committee on Naval Affairs.

By Mr. CHAVEZ: A bill (H.R. 9605) for the relief of Harry T. Herring; to the Committee on Military Affairs.

By Mr. DISNEY: A bill (H.R. 9606) for the relief of the Pawnee Tribe of Indians of Oklahoma; to the Committee on Indian Affairs.

By Mrs. KAHN: A bill (H.R. 9607) granting a pension to Mort Wallace Mays; to the Committee on Pensions.

Also, a bill (H.R. 9608) for the relief of William H. Locke; to the Committee on Claims.

By Mr. MOTT: A bill (H.R. 9609) granting a pension to Rhoda H. Lozier; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9610) for the relief of Ivan H. McCormack; to the Committee on the Public Lands.

Also, a bill (H.R. 9611) granting a pension to John R. Gamble; to the Committee on Pensions.

By Mr. O'CONNELL: A bill (H.R. 9612) for the relief of Joseph Henry Smith; to the Committee on Naval Affairs.

By Mr. TINKHAM: A bill (H.R. 9613) providing for the advancement in rank of Hugh A. R. Keiran on the retired list of the United States Navy; to the Committee on Naval Affairs.

By Mr. TOBEY: A bill (H.R. 9614) granting a pension to Edwin B. Palmer; to the Committee on Invalid Pensions.

By Mr. BRUNNER (by request): A bill (H.R. 9615) authorizing the Comptroller General of the United States to settle and adjust the claims of subcontractors and materialmen for material and labor furnished in the construction of a post-office building at Hempstead, N.Y.; to the Committee on Public Buildings and Grounds.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4610. By Mr. CULLEN: Petition of the Booker T. Washington Society of the Brooklyn Evening School, urging the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

4611. By Mr. HANCOCK of New York: Petitions favoring Government loans to business and industry, signed by approximately 4,000 residents of Syracuse and vicinity, submitted by Hon. Rolland B. Marvin, mayor of Syracuse, for the Industrial Recovery League; to the Committee on Banking and Currency.

4612. By Mr. HESS: Resolution adopted by the National Progressive League, whose headquarters are in Cincinnati, Ohio, requesting that Manchukuo be recognized by the United States; to the Committee on Foreign Affairs.

4613. By Mr. O'CONNELL: Petition of the Eighth Ward Women's Democratic Club, Providence, R.I., favoring Senate bill 1978; to the Committee on the Judiciary.

4614. By Mr. RUDD: Petition of the Northeastern Retail Lumbermen's Association, Rochester, N.Y., favoring legislation for the building industry through a plan of Federal financing; to the Committee on Banking and Currency.

4615. Also, petition of the Booker T. Washington Society of the Brooklyn Evening High School, Brooklyn, N.Y., favoring the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

4616. Also, petition of the Merchants' Association of New York, favoring the passage of House bill 9322; to the Committee on Ways and Means.

4617. By Mr. TARVER: Petition of J. D. Nichols, vice chairman Wayne County (Ga.) Agricultural Board, and others asking for the passage of the Tarver bill (H.R. 9457), to provide for the use of Civilian Conservation Corps Camps, when abandoned, by 4-H club boys and girls, and for other educational and recreational purposes; to the Committee on the Public Lands.

4618. By Mr. THOMAS: Petition of approximately 100 citizens of Glens Falls, N.Y., urging the adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4619. By the SPEAKER: Petition of Local Union No. 96, Plasterers and Cement Finishers, Washington, D.C., endorsing the resolution of Representative MCFADDEN, of Pennsylvania (H.Res. 343), to investigate all Federal building contracts, regarding violations of the Bacon-Davis Prevailing Wage Act; to the Committee on Rules.

4620. Also, petition of the members of the Children of Mary Sodality, of the Church of the Assumption, of the city of Ansonia, Conn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4621. Also, petition of the Court of St. Rita No. 916, Catholic Daughters of America, urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

SATURDAY, MAY 12, 1934

(Legislative day of Thursday, May 10, 1934)

The Senate met at 10 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, May 11, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Pope
Ashurst	Couzens	Kean	Reynolds
Austin	Dickinson	Keyes	Robinson, Ark.
Bachman	Dill	King	Schall
Bailey	Duffy	La Follette	Sheppard
Bankhead	Erickson	Lewis	Shipstead
Barbour	Fess	Logan	Steiwer
Barkley	Fletcher	Lonergan	Stephens
Black	Frazier	McCarran	Thomas, Okla.
Bone	George	McGill	Thomas, Utah
Borah	Gibson	McKellar	Thompson
Bulkley	Glass	McNary	Trammell
Bulow	Goldsborough	Metcalf	Tydings
Byrd	Gore	Murphy	Vandenberg
Byrnes	Hale	Neely	Van Nuys
Capper	Harrison	Norbeck	Wagner
Carey	Hastings	Norris	Walcott
Clark	Hatch	Nye	Walsh
Connally	Hatfield	O'Mahoney	Wheeler
Coolidge	Hayden	Overton	
Copeland	Hebert	Patterson	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. MCADOO] is absent because of illness; that the Senator from Georgia [Mr. RUSSELL] is absent because of a death in his family; and that the Senator from Louisiana [Mr. LONG], the Senator from Illinois [Mr. DIETERICH], the junior Senator from Arkansas [Mrs. CARAWAY], the Senator from South Carolina [Mr. SMITH], the Senator from New Hampshire [Mr. BROWN], and the Senator from Nevada [Mr. PITTMAN] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

Mr. HEBERT. I wish to announce that the senior Senator from Pennsylvania [Mr. REED], the Senator from Indiana [Mr. ROBINSON], the Senator from Maine [Mr. WHITE], the Senator from Delaware [Mr. TOWNSEND], the junior Senator from Pennsylvania [Mr. DAVIS], and the Senator from New Mexico [Mr. CUTTING] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from Dr. John J. Casey, of Wilkes-Barre, Pa., remonstrating against the confirmation of the nomination of James J. Law to be postmaster at Wilkes-Barre, Pa., which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate resolutions adopted by the Provincial Board of Abra at Bangued, P. I., protesting against the imposition of an excise tax of 5 cents per pound on coconut oil imported into the United States from the Philippines, which were ordered to lie on the table.

Mr. KING presented a resolution adopted by the city council of Springville, Utah, favoring the enactment of legislation either repealing or amending section 4 of the Interstate Commerce Act so as to place upon the railroads responsibility for determining reasonably compensatory rates for services performed in rail traffic, competitive with traffic moving via the Panama Canal, etc., which was referred to the Committee on Interstate Commerce.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2896) for the relief of James W. Carmichael, reported it with amendments and submitted a report (No. 989) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 63) for the relief of Charles E. Wilson, reported it with an amendment and submitted a report (No. 992) thereon.

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 568) for the relief of Winifred Meagher, reported it with an amendment and submitted a report (No. 991) thereon.

Mr. COPELAND, from the Committee on the District of Columbia, to which was referred the bill (S. 3479) to amend the act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia", approved February 27, 1929, reported it without amendment and submitted a report (No. 990) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 1578) to amend the Code of Laws for the District of Columbia in relation to providing assistance against old-age want, reported it with an amendment and submitted a report (No. 993) thereon.

He also, from the same committee, to which was referred the bill (S. 2685) to provide for the conservation and settlement of estates of absentees and absconders in the District of Columbia, and for other purposes, reported it with amendments and submitted a report (No. 994) thereon.

He also (for Mr. TYDINGS), from the same committee, to which was referred the bill (S. 3483) to exempt from taxation certain property of the American Legion in the District of Columbia, reported it without amendment and submitted a report (No. 995) thereon.

He also (for Mr. REYNOLDS), from the same committee, to which was referred the bill (H.R. 8525) to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of classes A and B in residential districts, reported it with amendments and submitted a report (No. 996) thereon.

He also (for Mr. MCCARRAN), from the same committee, to which was referred the bill (S. 3471) supplementary to and amendatory of the incorporation of Columbus University, of Washington, D.C., organized under and by virtue of a certificate of incorporation pursuant to the incorporation laws of the District of Columbia as provided in subchapter 1 of chapter 18 of the Code of Laws of the District of Columbia, reported it without amendment and submitted a report (No. 997) thereon.

He also (for Mr. CAPPER), from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 741. An act for the relief of Jennie Bruce Gallahan (Rept. No. 1000);

S. 3459. An act to exempt from taxation certain property of the Daughters of Union Veterans of the Civil War in the District of Columbia (Rept. No. 998); and

S. 3261. An act to permit the stepchildren of certain officers and employees of the United States to be admitted to the public schools of the District of Columbia without payment of tuition (Rept. No. 999).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GLASS:

A bill (S. 3596) to amend section 21 of the Federal Reserve Act, and for other purposes; to the Committee on Banking and Currency.

By Mr. COPELAND:

A bill (S. 3597) authorizing the Comptroller General of the United States to settle and adjust the claims of subcontractors and materialmen for material and labor furnished in the construction of a post-office building at Hempstead, N.Y.; to the Committee on Claims.

By Mr. BONE:

A bill (S. 3598) granting the consent of Congress to the county of Pierce, a legal subdivision of the State of Washington, to construct, maintain, and operate a toll bridge across Puget Sound, State of Washington, at or near a point commonly known as "The Narrows"; to the Committee on Commerce.

By Mr. KING:

A bill (S. 3599) to facilitate the control of soil erosion and/or flood damage originating upon lands within the exterior boundaries of the Uinta and Wasatch National Forests, Utah; to the Committee on Public Lands and Surveys.

A bill (S. 3600) to amend section 22 (g) of the Federal Reserve Act, as amended (relating to loans by member banks to their executive officers); to the Committee on Banking and Currency.

By Mr. O'MAHONEY:

A bill (S. 3601) for the relief of the estate of James H. Sutherland; to the Committee on Claims.

A bill (S. 3602) granting a pension to Pearl Helms; to the Committee on Pensions.

AMENDMENT—INDEMNITY BONDS FOR NATIONAL BANKS

Mr. NEELY submitted an amendment intended to be proposed by him to the bill (S. 2915) requiring national banks to obtain indemnity bonds from State-qualified bonding companies, which was ordered to lie on the table and to be printed.

EMERGENCY CONSTRUCTION OF HIGHWAYS AND RELATED PROJECTS—AMENDMENT

Mr. HAYDEN submitted an amendment intended to be proposed by him to the bill (H.R. 8781) to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and for other purposes, which was referred to the Committee on Post Offices and Post Roads and ordered to be printed.

POTASH RESOURCES

Mr. HATCH submitted a resolution (S.Res. 239), which was ordered to lie on the table, as follows:

Resolved, That the Secretary of the Interior be, and he is hereby, requested to submit to the Senate, at his early convenience, a report based on information already available or readily procurable covering:

(a) The extent to which the United States now depends upon imports of potash salts, muriate of potash, sulphate of potash, and sulphate of potash magnesia to meet national requirements; and

(b) Whether and the extent to which it is now possible to supply from the natural deposits of the United States all of the aforesaid potash compounds to meet the national requirements, agricultural, chemical, and pharmaceutical; and

(c) What experiments, explorations, investigations, and resources are possible and necessary to make the United States self-supporting in its potash requirements; and

(d) What policies and/or regulations governing the conservation of natural potash deposits on the public domain or elsewhere in the United States are being enforced or are in contemplation for promulgation and enforcement.

CHIPPEWA INDIAN TREATIES

Mr. SHIPSTEAD. Mr. President, day before yesterday the Senate passed a bill which I ask to have reconsidered. It is Senate bill 2980, to modify the effect of certain Chippewa Indian treaties on areas in Minnesota. I have consulted the leaders on both sides of the Chamber, and I find that there is no objection to having the bill reconsidered for the purpose of offering an amendment to it.

I therefore ask unanimous consent that the vote whereby Senate bill 2980 was passed be reconsidered.

The PRESIDING OFFICER (Mr. MCGILL in the chair). Without objection, the vote will be reconsidered.

Mr. SHIPSTEAD. I now send to the desk an amendment to the bill, which I ask to have stated.

Mr. ROBINSON of Arkansas. I suggest to the Senator that he let the bill remain on the calendar for the day.

Mr. SHIPSTEAD. Very well. I ask to have the amendment printed in the RECORD.

The PRESIDING OFFICER. Without objection, that order will be made.

Mr. SHIPSTEAD's amendment is, on page 2, line 1, after the word "treaties" and the colon, to insert the following proviso:

Provided, That in that portion in the said State of Minnesota affected by this act the Indian liquor laws shall continue to apply to the sale, gift, barter, exchange, etc., of liquors to ward Indians of the classes set forth in the act of January 30, 1897 (29 Stat.L. 506), and to the manufacture or sale of liquors on individual Indian allotments or other individual Indian-owned lands while the title to same is held in trust by the United States or while the same shall remain inalienable by the Indian without the consent of some governmental officer.

PIONEER NATIONAL MONUMENT, KENTUCKY

Mr. BARKLEY. Mr. President, there has been organized in Kentucky the Daniel Boone Bicentennial Commission to provide for a proper celebration of the two hundredth anniversary of the birth of Daniel Boone. The commission desires to purchase certain tracts of land in four or five places associated with Boone's activities in Kentucky, and to present them to the Government. There is on the calendar a bill authorizing the President to accept that donation without any expense on the part of the United States. I ask unanimous consent for the present consideration of the bill.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky?

There being no objection, the Senate proceeded to consider the bill (S. 3443) to provide for the creation of the Pioneer National Monument in the State of Kentucky, and for other purposes, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Whereas no provision has been made to preserve some of the great shrines of pioneer history that played their part in the drama of the American Revolution, both in resistance to the efforts of the British and their Indian allies to wipe out the American colonists west of the Alleghenies and thus close in on the colonists along the Atlantic seaboard and in waging a counter offensive that resulted in the conquest and acquisition of the Old Northwest; and

Whereas four of these shrines in Kentucky represent in continuity a counterpart of the American Revolution east of the Alleghenies, to wit: (1) Boonesborough, where the first fort "in the West" was erected, the first highway to "the West, the Wilderness Road", terminated, the first colonization was effected, and the first legislature met; (2) Boones Station, whence Daniel Boone, as lieutenant colonel of the Fayette County Militia, rushed troops to the assistance of various other besieged stations as well as joined in the retaliatory campaigns under Gen. George Rogers Clark into the Old Northwest, and where he buried his son and nephew, who fell at the Battle of Blue Licks; (3) Bryans Station, where the women of the fort sallied forth under the rifles of some 600 Indians to procure water for the besieged pioneers on August 18, 1782, contributing in large measure to the successful defense of the fort; and (4) Blue Licks Battlefield, scene of the accredited "Last Battle of the Revolution", August 19, 1782, which aroused all of the western colonists to unitedly launch a devastating campaign into the Ohio country, under the leadership of Gen. George Rogers Clark, that effectually stopped further invasion of Kentucky by the British and Indians and was the forerunner of the final conquest of the entire Northwest Territory for the United States: Therefore

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized and directed to accept donated lands, without cost to the United States, of an area appropriate for the proper commemoration of the valor and sacrifices of the pioneers at the sites of Fort Boonesborough, Boones Station, Bryans Station, and Blue Licks Battlefield in the State of Kentucky, comprising noncontiguous tracts to be united by a memorial highway, all in its entirety to be dedicated to the pioneers of "the West", and established and set apart as the Pioneer National Monument for the preservation of the historical structures and remains thereon and for the benefit and enjoyment of the people.

SEC. 2. That the President of the United States is hereby authorized to designate a commission, that shall serve without salary, to recommend the areas to be preserved for inclusion in the Pioneer National Monument.

SEC. 3. That the said commission shall be authorized to use the franking privilege of the United States mails for the purpose of carrying on correspondence relating to, and in furtherance of, said work.

The preamble was agreed to.

ANTIDUMPING LAWS BY GREAT BRITAIN

Mr. FESS. Mr. President, I have here a dispatch with a London date line in reference to the attitude of Great Britain in her dispute with Japan on trade matters, resulting from the announcement of Mr. Runciman, head of the British Board of Trade, as to the new policy of Great Britain. It is stated in the dispatch:

Japan today found the gates to British colonies barred to two thirds of her former sales of cotton textiles there as a result of Runciman's edict, sounded before a surprised Commons yesterday.

Quick steps will be taken to revise the duties upward in the homeland on silk and other Japanese products, and then the Dominions will be asked to do likewise.

The Government anticipates full Dominion cooperation.

I ask that the dispatch may be inserted in full in the RECORD. I call attention to it because it indicates that Britain is entering upon a policy to end dumping by additional protective legislation rather than by tariff bargaining.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

[From the Washington Star, May 8, 1934]

NEW LAWS TO END DUMPING PLANNED BY GREAT BRITAIN—SENTIMENT GROWS FOR PROTECTION AGAINST LOW-PRICED GOODS

LONDON, May 8.—New antidumping laws, it was indicated today, will be added to Great Britain's ultra protectionist policy—a policy which has led her into declaring an open trade war on Japan.

News of the new development came today fast upon the heels of declarations by Walter Runciman, board of trade head, and Dominions Secretary J. H. Thomas that Britain is prepared to fight with all the means at her command to improve the Empire's trade.

PROTECTIONIST SENTIMENT GROWS

It was revealed that there is a growing sentiment in the House of Commons for laws to protect home manufacturers and producers against the competition of low-priced goods here and in the colonies and dominions.

Japan today found the gates to British colonies barred to two thirds of her former sales of cotton textiles there as a result of Runciman's edict, sounded before a surprised Commons yesterday.

Quick steps will be taken to revise the duties upward in the homeland on silk and other Japanese products, and then the dominions will be asked to do likewise.

FULL COOPERATION EXPECTED

The Government anticipates full dominion cooperation, it was said in high circles today, because of Britain's willingness to extend Empire trade.

Thomas, who entered into the debate following the Runciman announcement of moves to halt Japanese competition, declared every effort will be made to intensify the exchange of products among the Empire's dominions and colonies.

Besides import quotas on cotton and rayon goods from Japan, which colonies and protectorates will be asked to introduce, Runciman disclosed the Government is considering placing quotas against other commodities.

It was revealed that Neville Chamberlain, Chancellor of the Exchequer, already had asked the imports advisory committee for a detailed report on silk duties.

WASHINGTON AIRPORT

Mr. GIBSON. Mr. President, some days ago I introduced a bill to provide for a national airport in the Capital City of the Nation. I now ask unanimous consent to insert in the RECORD a short editorial from the Washington Post, a short editorial from the Washington Star, and two brief articles in relation to the subject.

There being no objection, the editorials and articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post]

APATHY OVER THE AIRPORT

Further delay in the construction of an airport for Washington is forecast by the apathy of both Congress and the District Commissioners. Congress is content to investigate the subject and squabble over proposed sites. The Commissioners have indicated their disapproval of a bill to develop an airport at Gravelly Point because other improvements are considered more urgent.

A considerable sum will be needed in the next few years for construction of schools, hospitals, fire and police stations, penal institutions, the Municipal Center, and the proposed sewage-disposal plant. No one who is familiar with the urgent needs of many District institutions would be inclined to impede these plans. Yet the airport project cannot be treated as if it were merely a desirable improvement for some future period.

Dozens of aviators have testified to the hazards resulting from the continued use of Washington Airport in its present condition. It is a menace to motorists as well as to aviators and their passengers. From this viewpoint, if from no other, the Commissioners ought to give the project further attention. This is not strictly a local undertaking, however. Construction of a permanent air terminal here must be regarded as part of the general plan of developing the Nation's Capital. Obviously the planning of an airport that is of national significance ought not to be delayed merely because local funds are needed for strictly municipal improvements.

It may be assumed that the District will be required to pay part of the cost of the proposed airport. But under the bill in question payment of the District's share would begin 10 years hence. It would be far better to obligate District funds for

essential improvements of this kind than to have them accumulate in surpluses which encourage Congress to reduce its allowance to the Capital City.

[From the Washington Evening Star]

THE GIBSON AIRPORT BILL

A delegation of citizens has won from the Commissioners a promise of "careful consideration" of their recent adverse report on the Gibson bill to develop an airport at Gravelly Point. The Commissioners' original objection to this measure was based on the priority of other pressing local needs, for which no funds are now available, and the additional fact that they cannot predict what the financial condition of the District will be 10 years hence, when the District would begin repaying advances for construction of the airport.

While the Commissioners are perfectly correct in pointing to other municipal needs that must be met, there is also merit in the contention of the citizens' delegation that the Gibson bill establishes a convenient method of financing the development. The Star erroneously indicated in these columns recently that the entire expense of this seminational development would be thrown on the local community. That is not the case, as the bill provides for Federal appropriations at the rate of $750,000 a year until the total estimated cost of $2,500,000 is met, and at the end of 10 years the District would repay half the cost, spreading the repayment over 5 years.

The District is now handicapped by its inability to plan in advance for future improvements, or even to finance the needs which are immediate, because of the unsatisfactory system of fiscal relationship with the National Government. The commitments for future expenditures under the Gibson bill are, however, relatively small, and the division of expense, as proposed, is an equitable one.

[From the Washington Herald, May 11, 1934]

COMMERCE, POSTAL OFFICIALS CONCERNED OVER AIRPORT HAZARD—VIDAL AND BRANCH CITE DANGER IN LOCATION OF MILITARY ROAD; URGE IMMEDIATE RELIEF

Ranking officials of the Commerce and Post Office Departments today expressed grave concern over the crowded and unsafe conditions prevalent at Washington's airline terminal and urged immediate relief from the critical situation by emergency legislation in Congress.

Eugene L. Vidal, Director of Aeronautics, Commerce Department, declared an emergency to exist at Washington Airport, brought on by the imminent advent of two new air lines and the seasonal increase of air traffic at the field.

"The Department has been concerned about conditions there for some time", Vidal said, "and now it appears the situation is to become worse.

"The evils will have to be corrected, or we will be forced to take steps to restrict the use of the field."

ROAD HAZARDOUS

Vidal pointed to the existence of Military Road, running through the middle of the landing area, as the primary obstacle to favorable regard of the airport. Only a congressional act can do away with the highway.

Maj. Rudolph Schroeder, Chief of the Air Line Inspection Service, Commerce Department, supported his superior's views.

In the Post Office Department, Second Assistant Postmaster General Harllee Branch, charged with the administration of the air mail, spoke strongly of the "inadequacy of the Capital's airline terminal."

"We are cognizant of the hazards surrounding the operation of aircraft from the Washington Airport", he said. "There is an obvious danger in the presence of Military Road with its heavy vehicular traffic bisecting the main runway.

MEAD PLEDGES AID

"Steps certainly should be taken immediately toward the elimination of this hazard and the general improvement of the airport. I have landed there, and I know how it is."

Branch said the Post Office Department was also interested in seeing an improvement in airplane and airline office-housing facilities at Washington Airport.

Echoes of the growing sentiment in favor of immediate elimination of the airport hazard were heard from Capitol Hill, where Representative JAMES MEAD (Democrat, New York), Chairman of the House Post Office Committee, announced he would throw his support and the support of his committee to whatever adequate emergency airport legislation might be introduced.

[From the Daily News, Wednesday, May 9, 1934]

AIRPORT IMPROVEMENT VITAL IN VIEW OF TRAFFIC INCREASE—WASHINGTON AIRPORT FACES CRISIS WITH ADDITION OF NEW SERVICES; IMMEDIATE PUBLIC ACTION NECESSARY

By Bob Ball

The affairs of Washington Airport have reached a crisis. Promised the greatest air-traffic flow in history, Washington faces the prospect of throwing up its hands in despair and saying to the Post Office Department and the air lines: Thanks, but we can't handle it. Give it to some other city.

For years this city has skimped along with one of the smallest, dirtiest, and most poorly equipped metropolitan air terminals in the country.

And as the volume of air traffic has increased from year to year, louder have become the pleas for improvement from pilots, passengers, air-line heads, and air-minded citizens.

But never have the city fathers lifted a finger to relieve the situation nor the Federal Government cooperated to the best of its ability.

Nor has there ever been unanimity among the seekers of relief. Bill after bill has been introduced into congressional committees, only to languish and die, while airport proponents fought over technicalities and quibbled over details.

But today the situation is acute.

With 3 transport lines already operating into Washington from 4 points on the compass, 2 new lines soon are to be added by the Post Office Department.

By July 1 lines will be operating direct to New York, Detroit, Chicago, Fort Worth, New Orleans, and Miami. There will be a minimum of 42 daily arrivals and departures upon Washington Airport. And probably more.

There will be as many as 10 arrivals and departures in 1 hour. Safety will be at a premium.

HOUSING PROBLEM

Every inch of available office space in the administration building already is occupied, with one line forced to do business behind a tiny counter out in the waiting room.

And shortly space will have to be found for two new air transport companies and a field post office.

Already the passenger waiting room is hopelessly inadequate for afternoon rush-period crowds. It will be worse next month.

Something has got to be done and done immediately. Quibbling must cease.

SOLUTION

There are several possibilities for immediate solution to the problem—and it must be realized that this is an emergency and must be dealt with accordingly.

Most reasonable would be for the Federal Government, through one of its departments, to lease Washington Airport for a period of 5 years, close Military Road by War Department order, and secure P.W.A. funds for improvement to the landing area and enlargement of the administration building.

This program could be placed into effect immediately and material improvement noted within 2 weeks.

Or, by congressional authorization, the District could carry out the same program. This method would require more time.

DISPUTE

Washington Airport is privately owned. Its owners have made many minor improvements in recent years, but any extensive development has been blocked by a disputed title to the land and the existence of the Federal road bisecting the two landing areas.

Only public action will accomplish the desired result.

Citizens' groups and other associations of the District, in their support of the proposed Gravelly Point airport development, have opposed the temporary improvement of Washington Airport.

But a minimum of 5 years must elapse before an airport possibly could be constructed at Gravelly Point, conceding that such a project is feasible—and the development of commercial aviation in the District would be seriously retarded in the interim.

NEVERMORE!—EDITORIAL FROM THE NEW YORK HERALD TRIBUNE

Mr. HEBERT. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an editorial entitled "Nevermore!" appearing in the New York Herald Tribune of Saturday, May 12, 1934.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune of May 12, 1934]

NEVERMORE!

The news permitted to leak out of the White House that something drastic is to be done to N.R.A. will hardly amaze the American public. For weeks it has been plain that this vast plan to regiment all industry was in serious trouble. Most of its 425 codes were simply not functioning. Public opposition was mounting steadily in every section of the country.

The statement that a major operation is now to be performed and that the codes for all service trades are to be jettisoned comes late, not soon. Such a decision would, in fact, do hardly more than ratify a rejection already resolved upon and largely effected by the general public. The jailing of tailor Maged in Jersey City for a nickel undercharge was a small episode in itself. But it brought home to the Nation as nothing else could the truth about N.R.A.—in particular, its viciously un-American interference with the freedom of the individual.

It remains to be seen just what a "service trade" is and just how far the administration is prepared to admit the appalling blunders that have been committed in the name of the blue eagle. It was in July, 10 months ago, that this ill-fated bird was hatched. No such emblem was needed for the first limited and sensible steps taken under the Recovery Act. The project as then announced did not go beyond the voluntary organization of sick industries like textiles, oil, and coal. The vicious blunder came with the announcement of the blanket code and the mad effort that followed to codify all industry.

It is not pleasant to look back through these 10 months and reflect upon the waste effort, the huge expense to which American industry has been put by this mistake. No one can pretend to estimate the extent to which recovery has been retarded by these futile motions, these foolish restraints. But the cost has unmistakably been great.

Nor is it easy to forgive the spirit of arrogance with which this herding of the American people was undertaken. When the newspapers of the country felt obliged to assert their constitutional right of free speech they were opposed and insulted. Any industry which attempted to assert its views was liable to be threatened and bullied. The radio, controlled by the administration through its licensing power, was made the spokesman of the new deal and largely restricted to Government propaganda. Let us hope that the administration has learned its lesson and that such a mad, futile effort will never be made again.

The truth is unmistakable now that N.R.A., as thus expanded, did not, and could not work in a free America. For the enforcement of such price fixing and such wage and hour regulations a bureaucratic army of spies would have been necessary compared to which the army of prohibition agents would be as a squad. It would have been necessary to multiply the courts and the jails indefinitely and to find a Siberia to which to send the conscientious offenders. And, after such a process of enforcement, America, as it was founded and preserved through a century and a half, would have been dead.

Fortunately for the historic American eagle there is still a good deal of life left in the old bird. The dark bird which was scheduled to supplant him and which first flapped its wings last summer always had an alien look. It seemed more Russian than American, and so it has proved to be. His doom was certain. May the system of voluntary codes be preserved in those industries for which they are suited and which want them! May the effort to tell every American what he may charge and how long he can work and what he shall be paid be sent back to the land from which it came!

THE DARROW REPORT—EDITORIAL FROM THE WASHINGTON POST

Mr. HEBERT. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an editorial entitled "The Darrow Report", appearing in the Washington Post of Saturday, May 12, 1934.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, of May 12, 1934]

THE DARROW REPORT

It is fairly safe to assume that the Darrow report, if it had been published promptly, in its original form, would never have aroused the excitement created by its failure to appear. Unconfirmed rumors that the findings are to be suppressed or toned down have aroused senatorial critics of the N.R.A. and have elicited outcries against censorship. As a matter of fact, the contents of the report, whatever they may be, seem much less important than the method of handling it.

Mr. Darrow's ultraradical views are so well known that few people would be shocked by any hostile opinions that he may have endorsed in the much-discussed document. Unless he was made chairman of the national review board on the theory that the best way to disarm a hostile critic is to take him into the fold, the President must have been prepared for a report that would not follow conventional lines.

The aversion of the present administration to outside criticism, even when offered in a friendly spirit, is well known. It is especially conspicuous in view of the experimental character of the emergency legislation and the professed desire of Government officials to profit by constructive suggestions. In this case, inside criticism has been invited, and there is no excuse for a refusal to deal with it openly and let the public judge whether it is justified. It is a sign of weakness and poor political strategy to suppress criticism, regardless of whether it may be justifiable.

Unless the mystery that surrounds the Darrow report is cleared up speedily, therefore, the public will conclude that there is a good deal to hide, and the report may have an influence out of all proportion to its real significance.

THE SILVER ISSUE—ARTICLE BY ROBERT H. HEMPHILL

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an article appearing in the Washington Herald of this day entitled "The Silver Issue", by Robert H. Hemphill.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Herald of Saturday, May 12, 1934]

THE SILVER ISSUE

By Robert H. Hemphill, Financial Authority

A report from the United States Monetary Commission in 1877 says in part:

"As the volume of money shrinks the prices fall.

"When money is decreasing in volume prices have no bottom except a receding one, and they are inexorably ruled by the volume of money.

"In the whole history of the world every great and general fall in prices has been preceded by a decrease in the volume of money."

"At the Christian era the metallic money of the Roman Empire amounted to $1,800,000,000. At the end of the fifteenth century it had shrunk to $200,000,000.

"During this period a most extraordinary and baleful change took place in the history of the world. The people were reduced by poverty to the most degraded condition of serfdom and misery. The disintegration of society was almost complete.

"The conditions of life were so hard that individual selfishness was the only instinct consistent with self-preservation.

"All public spirit, all generous emotions, all noble aspirations of men shriveled and disappeared as the volume of money shrunk and prices fell.

"Without money civilization could not have had a beginning; with a diminishing supply it must languish, and unless relieved, finally perish."

Since 1929 we have had here in the United States, to a limited extent, a repetition of the historic dark ages which all real students of financial history ascribe to the progressive contraction of the money in circulation and the consequent parallel cessation of the creation and exchange of wealth, with its increasing poverty.

The patriots in Congress who are struggling to increase the supply of money in circulation, who refuse to accept dictation of the administration, are struggling to prevent in these United States a repetition of the pathetic picture described by the Monetary Commission.

It is high time the thoughtful and courageous agriculturists, merchants, and industrialists of this country come awake and inquire into just what is going on behind the scenes in Washington.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 8781) to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and for other purposes, in which it requested the concurrence of the Senate.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

HOUSE BILL REFERRED

The bill (H.R. 8781) to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and for other purposes, was read twice by its title and referred to the Committee on Post Offices and Post Roads.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. FLETCHER obtained the floor.

Mr. KEAN. Mr. President, will the Senator yield to enable me to offer an amendment?

Mr. FLETCHER. I yield to the Senator from New Jersey for that purpose.

Mr. KEAN. I offer the amendment which I send to the desk and ask that it may be read.

The VICE PRESIDENT. Does the Senator desire the amendment read, or does he merely desire it printed in the RECORD?

Mr. FLETCHER. Mr. President, the amendment has been printed. I do not believe the Senator cares to have it read.

Mr. KEAN. I will make a statement about it. I have here a comparison of the United States Securities Act with the British Companies Act. The comparison is only about 20 pages long. Shall I go over it?

Mr. FLETCHER. The Senator may do whatever he wishes. I do not care. I am ready to vote on the amendment. Let the Senator present his amendment and we will vote on it.

Mr. KEAN. Perhaps I had better withdraw my amendment and offer it as a substitute for the amendment of the Senator from Florida. Would that be more satisfactory?

Mr. FLETCHER. I will leave that entirely to the Senator from New Jersey. It would not be properly a substitute for my amendment, but I leave that to the Senator.

Mr. KEAN. I do not want unnecessarily to take up any time, but I do want to get the amendment properly before the Senate. I think it is a very important amendment to the people of the United States, and I am very anxious to have it considered.

Mr. FLETCHER. We will pursue the course suggested. I will offer my amendment and the Senator may then offer his amendment as a substitute for mine.

Mr. KEAN. That will be satisfactory.

The VICE PRESIDENT. The Chair has recognized the Senator from Florida who yielded to the Senator from New Jersey to offer an amendment. The Senator from New Jersey offered the amendment. Does he now withdraw it?

Mr. KEAN. I withdraw my amendment at the request of the Senator from Florida.

The VICE PRESIDENT. The Senator from New Jersey withdraws his amendment. The Senator from Florida has the floor.

Mr. FLETCHER. Mr. President, I offer the amendment which I send to the desk. The amendment was printed nearly 2 weeks ago and has been on the desks of Senators fully that long. The amendment which I am now offering is the same as printed except that I have made one slight change. Perhaps the clerk had better read the entire amendment.

Mr. HASTINGS. Mr. President, before the clerk reads the amendment may I invite the Senator's attention to the fact that, as I recollect, we are by unanimous consent proceeding under a 15-minute limitation upon debate upon the bill and upon any amendment. I am quite certain those of us who consented to that arrangement had no idea at the time that this important amendment was to be offered. I think the general impression was, and I certainly am not blaming anybody for it, that the two amendments to the Securities Act would not be offered. That impression persisted in my mind until late yesterday when I did what I perhaps ought to have done in the first place. I went to the chairman of the committee who had prepared the amendment and asked him about it.

It was late yesterday when we learned definitely that the particular amendments were to be offered to the Securities Act. I have for 2 or 3 hours this morning been trying to find out what one of the amendments is intended to accomplish. I say to the Senate that it will be impossible for any Senator, within a period of 15 minutes or 30 minutes, or even an hour, in my judgment, to explain the amendment to the Senate. We have not had the advantage of any report from the committee. We have not had a word of explanation except that which we are now to hear from the Senator from Florida. I think the Senate ought to consent that the agreement into which we entered some time day before yesterday limiting debate should be set aside. This is a very important amendment and it will take a good deal of time to consider it.

Mr. ROBINSON of Arkansas. Mr. President, may I inform the Senator from Delaware that I should object to any such arrangement? We have been a whole week considering the bill. The amendments of the Senator from Florida, to which the Senator from Delaware refers, have been pending since the 26th of April, more than 2 weeks.

Mr. FLETCHER. Mr. President, how anyone can say he did not suppose I was going to offer the amendments is beyond my comprehension. I have insisted on offering them. I offered them early in the consideration of the bill, but the Senator from Oregon [Mr. McNARY] suggested that we ought to amend the bill itself before we took up title II to amend the Securities Act. I yielded to that suggestion because I thought he was right about it. Therefore, I have given way to all amendments that were offered to the bill itself. I have been patiently waiting until we reached these two amendments, but I never have indicated or even thought that the amendments were not to be presented. I have been insisting upon presenting them all the while. They have been here for 2 weeks, and Senators have certainly had an opportunity to study them. It is absurd to come here at the last minute and say there has not been time to consider them.

Mr. HASTINGS. Mr. President, I ask unanimous consent that the agreement with respect to 15-minute limitation on debate shall not apply to the chairman of the committee who has offered the amendment.

Mr. ROBINSON of Arkansas. I object.

The VICE PRESIDENT. Objection is heard. Does the Senator from Florida desire the amendment read?

Mr. FLETCHER. I think the amendment had better be read.

Mr. JOHNSON. Mr. President, may I call attention simply to a matter of title? The amendment is entitled "Title II." There is a title II now in existence in the Securities Act. It is a title which has never been put in operation, but nevertheless exists.

Mr. FLETCHER. The amendment has reference to title II of the bill now before the Senate, and not title II of the Securities Act.

Mr. JOHNSON. I beg the Senator's pardon. I thought the amendment had reference to title II of the Securities Act.

Mr. FLETCHER. No. I ask that my amendment may be read.

The VICE PRESIDENT. The amendment will be read.

The CHIEF CLERK. On page 57, after line 9, it is proposed to insert the following:

TITLE II—AMENDMENTS TO SECURITIES ACT OF 1933

SECTION 201. (a) That paragraph (1) of section 2 of the Securities Act of 1933 is amended to read as follows:

"The term 'security' means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, or, in general, any interest or instrument commonly known as a 'security', or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing."

(b) Paragraph (4) of such section 2 is amended to read as follows:

"(4) The term 'issuer' means every person who issues or proposes to issue any security; except that with respect to certificates of deposit, voting-trust certificates, or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors (or persons performing similar functions) or of the fixed, restricted management, or unit type, the term 'issuer' means the person performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which such securities are issued; and except that with respect to equipment-trust certificates or like securities, the term 'issuer' means the person by whom the equipment or property is or is to be used; and except that with respect to fractional undivided interests in oil, gas, or other mineral rights, the term 'issuer' means the owner of any such right or of any interest in such right (whether whole or fractional) who creates fractional interests therein for the purpose of public offering."

(c) Paragraph (10) of such section 2 is amended to read as follows:

"(10) The term 'prospectus' means any prospectus, notice, circular, advertisement, letter, or communication, written or by radio, which offers any security for sale; except that (a) a communication shall not be deemed a prospectus if it is proved that prior to or at the same time with such communication a written prospectus meeting the requirements of section 10 was sent or given to the person to whom the communication was made, by the person making such communication or his principal, and (b) a notice, circular, advertisement, letter, or communication in respect of a security shall not be deemed to be a prospectus if it states from whom a written prospectus meeting the requirements of section 10 may be obtained and, in addition, does no more than identify the security, state the price thereof, and state by whom orders will be executed."

SEC. 202. (a) Paragraph (2) of section 3 (a) of such act is amended to read as follows:

"(2) Any security issued or guaranteed by the United States or any Territory thereof, or by the District of Columbia, or by any State of the United States, or by any political subdivision of a State or Territory, or by any public instrumentality of one or more States or Territories, or by any person controlled or supervised by and acting as an instrumentality of the Government of the

United States pursuant to authority granted by the Congress of the United States, or any certificate of deposit for any of the foregoing, or any security issued or guaranteed by any national bank, or by any banking institution organized under the laws of any State or Territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or Territorial banking commission or similar official; or any security issued by or representing an interest in or a direct obligation of a Federal Reserve bank";

(b) Paragraph (4) of such section 3 (a) is amended by striking out "corporation" and inserting in lieu thereof "person."

(c) Such section 3 (a) is further amended by striking out the period at the end of paragraph (8) and inserting in lieu thereof a semicolon, and by inserting immediately after such paragraph (8) the following new paragraphs:

"(9) Any security issued by a person where the issue of which it is a part is exchanged by it with its own security holders exclusively and where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange;

"(10) Any security which is issued in exchange for one or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the conditions of such issuance are subject to the supervision of any court, or of any official or agency of the United States authorized to exercise such supervision, or of any State banking or insurance commission or similar authority;

"(11) Any security which is a part of an issue sold only to persons resident within a single State or Territory, where the issuer of such security is a person resident and doing business within, or, if a corporation, incorporated by and doing business within, such State or Territory."

SEC. 203. (a) Paragraph (1) of section 4 of such act is amended (1) by striking out "not with or through an underwriter and"; and (2) by striking out "last" and inserting in lieu thereof "first."

(b) Paragraph (3) of such section 4 is hereby repealed.

SEC. 204. Subsection (c) of section 5 of such act is hereby repealed.

SEC. 205. Paragraph (1) of section 10 (b) of such act is amended to read as follows:

"(1) When a prospectus is used more than 13 months after the effective date of the registration statement, the information in the statements contained therein shall be as of a date not more than 12 months prior to such use, so far as such information is known to the user of such prospectus or can be furnished by such user without unreasonable effort or expense."

SEC. 206. (a) Section 11 (a) of such act is amended by adding, after the last line thereof, the following new sentence: "If such person acquired the security after the issuer has made generally available to its security holders an earning statement covering a period of at least 12 months beginning after the effective date of the registration statement, then the right of recovery under this subsection shall be conditioned on proof that such person acquired the security relying upon such untrue statement in the registration statement or relying upon the registration statement and not knowing of such omission, but such reliance may be established without proof of the reading of the registration statement by such person."

(b) Clauses (C) and (D) of paragraph (3) of section 11 (b) of such act are amended to read as follows: "(C) as regards any part of the registration statement purporting to be made on the authority of an expert (other than himself) or purporting to be a copy of or extract from a report or valuation of an expert (other than himself), such part was made by an expert selected after reasonable investigation and with reasonable ground for belief in his ability for such purpose, and he had no reasonable ground to believe and did not believe, at the time such part of the registration statement became effective, that the statements therein were untrue or that there was an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that such part of the registration statement did not fairly represent the statement of the expert or was not a fair copy of or extract from the report or valuation of the expert; and (D) as regards any part of the registration statement purporting to be a statement made by an official person or purporting to be a copy of or extract from a public official document, he had no reasonable ground to believe and did not believe, at the time such part of the registration statement became effective, that the statements therein were untrue, or that there was an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that such part of the registration statement did not fairly represent the statement made by the official person or was not a fair copy of or extract from the public official document."

(c) Subsection (c) of such section 11 is amended to read as follows:

"(c) In determining, for the purpose of paragraph (3) of subsection (b) of this section, what constitutes reasonable investigation and reasonable ground for belief, the standard of reasonableness shall be that required of a prudent man in the management of his own property."

(d) Subsection (e) of such section 11 is amended to read as follows:

"(e) The suit authorized under subsection (a) may be to recover such damages as shall represent the difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and (1) the value thereof as of the time such suit was brought, or (2) the price at which such security shall have been disposed of in the market before suit, or (3) the price at which such security shall have been disposed of after suit but before judgment if such damages shall be less than the damages representing the difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and the value thereof as of the time such suit was brought: *Provided*, That if the defendant proves that any portion or all of such damages represents other than the depreciation in value of such security resulting from such part of the registration statement, with respect to which his liability is asserted, not being true or omitting to state a material fact required to be stated therein or necessary to make the statements therein not misleading, such portion of or all such damages shall not be recoverable. In no event shall any underwriter (unless such underwriter shall have received for acting as an underwriter some benefit, directly or indirectly, greater than underwriters similarly situated with reference to the issuer, or other underwriters) be liable in any suit or as a consequence of suits authorized under subsection (a) for damages in excess of the total price at which the securities underwritten by him were offered to the public. In any suit under this or any other section of this title the court may, in its discretion, require an undertaking for the payment of the costs of such suit, including reasonable attorney's fees, and if judgment shall be rendered against a party litigant, upon the motion of the other party litigant, such costs may be assessed in favor of such party litigant (whether or not such undertaking has been required) if the court believes the suit or the defense to have been without merit, in an amount sufficient to reimburse him for the reasonable expenses incurred by him in connection with such suit, such costs to be taxed in the manner usually provided for taxing of costs in the court in which the suit was heard."

SEC. 207. Section 13 of such act is amended (a) by striking out "2 years" wherever it appears therein and inserting in lieu thereof "1 year"; (b) by striking out "10 years" and inserting in lieu thereof "5 years"; and (c) by inserting immediately before the period at the end thereof a comma and the following: "or under section 12 (2) more than 5 years after the sale."

SEC. 208. Section 15 of such act is amended by inserting immediately before the period at the end thereof a comma and the following: "unless the act for which such controlled person is alleged to be liable under section 11 or 12 was not performed at the direction of the controlling person nor to enable such controlling person to evade liability under said sections."

SEC. 209. (a) The first sentence of subsection (a) of section 19 of such act is amended by striking out the word "accounting" and inserting in lieu thereof the following: "terms deemed by the Commission to be accounting, technical."

(b) Subsection (a) of such section 19 is further amended by adding at the end thereof the following new sentence: "Acts done or omitted in good faith in compliance with the rules and regulations of the Commission authorized by this title shall be deemed, for the purpose of determining any and all liability under this title, to be in compliance with its provisions, notwithstanding the fact that such rules and regulations may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to have been made by the Commission in excess of, or contrary to, the authority conferred upon it by the provisions of this title."

SEC. 210. Upon the expiration of 90 days after the date upon which a majority of the members of the Federal Securities Exchange Commission appointed under section 4 of title I of this act have qualified and taken office, all powers, duties, and functions of the Federal Trade Commission under the Securities Act of 1933 shall be transferred to such Commission, together with all property, books, records, and unexpended balances of appropriations used by or available to the Federal Trade Commission for carrying out its functions under the Securities Act of 1933.

On page 1, after line 2, insert:

"TITLE I—REGULATION OF SECURITIES EXCHANGES"

In sections 2 to 30, both inclusive, of the bill, except in section 7 (d), strike out the word "act" wherever it appears and insert in lieu thereof the word "title."

Mr. FLETCHER. Mr. President, it will be observed after listening to the reading of this amendment that its purpose is to clarify certain provisions of the present Securities Act to relieve it of some ambiguities and to liberalize it. The effort has been to meet objections and criticisms and complaints which have come to the committee that the present act is too drastic, and is interfering with business. We have tried to meet those objections by this amendment; and, so far as I know, no objection has been raised to the amendment.

I have conferred with a number of Senators, and, so far as I know, the amendment has met with their universal approval. I have heard no objection to it. At any rate, Mr. President, I have not only had the amendment printed, but it has been on the desks of Senators, and I have talked with them about it. There never has been any other purpose than to present the amendment at the proper time.

Last Monday I had inserted in the RECORD a memorandum explanatory of the amendment, and it has been in the CONGRESSIONAL RECORD ever since then. I now ask that the clerk read—because he has a better voice than I have—the memorandum which I send to the desk, which will explain the provisions of the amendment.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Without objection, the memorandum will be read.

The legislative clerk read as follows:

MEMORANDUM EXPLANATORY OF SUGGESTED AMENDMENTS TO THE SECURITIES ACT

Amendment to section 2 (1): The purpose of this amendment is to make it clear that certificates of deposit, fractional oil royalties, and similar interests are included within the definition of a security and thus subject to the Securities Act. Some doubt exists whether they are so included under the present language of the act.

Amendment to section 2 (4): The purposes of this amendment are (1) to eliminate a guarantor from the definition of an issuer and (2) to define the issuer of fractional undivided interests in oil, gas, or other mineral rights. The words "or persons" have also been deleted from the definition of an issuer of certificates of deposit, etc. The singular will include the plural where necessary, and the express use of the plural word has caused some doubts about the commission's interpretation that a committee, trust, or other entity, and not the individual member, is the issuer intended by the definition. Putting the status of an issuer of the guaranteed security upon the guarantor raises serious practical difficulties in connection with the filing of registration statements. The act will adequately cover guarantors and the furnishing of information concerning them without this clause. The amendment respecting fractional undivided interests in oil, gas, or other mineral rights is necessary in connection with the amendment to section 2 (1).

Amendment to section 2 (10): The purposes of this amendment are (1) to make clear beyond any doubt the interpretation of the commission that literature accompanying a prospectus as well as literature sent subsequent to the sending of a prospectus shall not be required to conform to the prospectus requirements of section 10 of the act, and (2) to remove from a person required to furnish a prospectus the absolute duty to see that the prospectus is received by the person to whom it is sent. It seems sufficient to require proof of the actual sending of a prospectus without making the sender take all risks of nondelivery.

Amendment to section 3 (a) (2): The purposes of this amendment are: (1) to put the District of Columbia upon a parity with the States with reference to the exemption of bank stocks issued by banks organized under the laws of the District of Columbia; (2) to exempt municipal bondholders' protective committees; and (3) to extend the scope of the public instrumentality exemption to expanding activities in which governments are indulging. The exemption of municipal bondholders' protective committees is dictated purely by considerations of expediency. These committees have generally had a good record in the past. There is far from the urge present in these cases as contrasted with industrial and real-estate reorganizations for committee members to take responsibility for the sake of profit, so that as a practical matter there is hesitation on the part of committee members to assume even a slight responsibility. The extension of the public instrumentality exemption is dictated by conservative decisions of courts which have refused to regard as "essential governmental functions" such activities as the furnishing of light, transportation, power, and even water.

Amendment to section 3 (a) (4): The purpose of this amendment is to correct an obvious error in the original act which limited this exemption simply to corporate organizations when its extension to unincorporated associations is equally defensible in practice and in theory.

Amendment adding sections 3 (a) (9), (10), and (11): This amendment has several purposes. The primary purpose of the amendment is to make clear that the exemptions accorded by the present sections 4 (3) and 5 (c) of the act extend beyond the particular transactions therein covered, to the security itself. Considerable confusion has existed on this point, and the amendment is merely a confirmation of interpretations of the sections by the Commission. The new section 3 (a) (9) incorporates the first clause of the existing section 4 (3), and makes clear, in accordance with the interpretation of the Commission, that in order that the exemption may be available the entire issue must be exchanged exclusively with existing security holders. This paragraph also effects a change which makes clear that the type of commission or other remuneration the payment of which will remove the exemption is that paid for soliciting an exchange. This conforms to the interpretation of the Commission. The new section 3 (a) (10) incorporates the second clause of the existing section 4 (3) and substantially extends the present provisions in order to cover various forms of readjustments of the rights of holders of outstanding securities, claims, and property interests where the holders will be protected by court supervision of the conditions of the issuance of their new securities. Also, such readjustments under the supervision of officials and agencies of the United States and under the supervision of State banking, insurance, and similar officials are brought within the exemption. Thus, the amended section will afford an exemption to securities issued in connection with a readjustment of outstanding real estate bond issues, and the exemption will also cover securities issued under the supervision of the Comptroller of the Currency, the Federal Reserve Board, and similar Federal officials, as well as State banking and insurance officials. By the requirement that securities, claims, and property interests must be bona fide outstanding, the new section will provide protection against resort to the exemption for the purpose of evading the registration requirements of the act. The new section 3 (a) (11) incorporates the existing section 5 (c) of the act and further makes clear that the exemption is not limited to the use of the mails. Thus, a person who comes within the purpose of the exemption but happens to use a newspaper for the circulation of his advertising literature, which newspaper is transmitted in interstate commerce, does not thereby lose the benefits of the exemption.

Amendment to section 4 (1): The purposes of this amendment are (1) to remove the phrase "not with or through an underwriter" in the second clause of the section; and (2) to correct an error in the third clause of the section, making it clear that the original date of the public offering is the date from which the year is to be calculated during which a dealer is bound to supply his customers with a prospectus. The Commission has recognized by its interpretations that a "public offering" is necessary for "distribution." Therefore, there can be no underwriter within the meaning of the act in the absence of a public offering and the phrase eliminated in the second clause is really superfluous.

Repeal of sections 4 (3) and 5 (c): These are in accordance with the amendment provided by the new sections 3 (a) (9) (10) and (11).

Amendment to section 10 (b) (1): The purpose of this amendment is to place only a reasonable instead of an absolute duty upon the user of a prospectus 13 months after its issuance of keeping the information therein up to date. It was originally conceived that users of prospectuses could protect themselves herein by contract with the issuer, but it appears only too likely that users of the prospectus will not have the forethought, and therefore will be left in a situation where they cannot of their own accord conform with the requirements of the act.

Amendment to section 11 (b) (3): This amendment restates the existing section. It seems that the section as written, though meaning the same thing, has had an unfortunate psychological effect.

Amendment to section 11 (c): This amendment has the same purpose as the preceding amendment. The term "fiduciary relationship" has been terrifyingly portrayed. The amendment substitutes for that language the accepted common-law definition of the duty of a fiduciary.

Amendment to section 11 (e): This amendment is the most important of all. It has three purposes: (1) it permits the defendant in an action under section 11 to reduce the damages so that he will not be liable for damages which he proves had no relation to his misconduct; (2) it provides that an underwriter who does not receive any preferential treatment is permitted to limit his total liability for all suites brought under section 11 to the extent of the public offering price of the securities which he underwrote; and (3) it provides, as a defense against blackmail suits as well as a defense against purely contentious litigation on the part of the defendant, that a court can require a bond for costs and can assess costs against either the plaintiff or the defendant, where the court is convinced either that the plaintiff's suit had no merit or that the defendant's defense had no merit. The suggested amendment seems equitable.

Amendment to section 13: The purpose of this amendment is to reduce the periods of limitations on actions to one half of those at present provided by the section; and also to correct an apparently inadvertent omission by making the 5- (formerly 10-) year period of limitation on actions expressly applicable to section 12 (2).

Amendment to section 15: The purpose of this amendment is to restrict the scope of the section so as more accurately to carry out its real purpose. The mere existence of control is not made a basis for liability unless that control is effectively exercised to bring about the action upon which liability is based.

Amendment to section 19 (a): The purpose of this amendment is to permit the regulations of the Commission, under the powers conferred upon it, adequately to protect persons who rely upon them in good faith. The powers of the Commission are also extended to include the defining of technical as well as trade terms.

Mr. FLETCHER. Mr. President, I offer the amendment, and I hope the Senate will agree to it.

Mr. KEAN. Mr. President, I now offer my amendment as a substitute for the amendment of the Senator from Florida, and should like to have it read.

The PRESIDING OFFICER. The clerk will read.

The reading clerk proceeded to read the amendment.

Mr. BARKLEY. Mr. President, has this amendment been printed in the RECORD?

Mr. KEAN. No; it has not been printed in the RECORD.

Mr. BARKLEY. It has been printed for the benefit of Senators for some days?

Mr. KEAN. Yes.

Mr. BARKLEY. Is the Senator willing to have the further reading of the amendment dispensed with and let it be printed in the RECORD?

Mr. KEAN. If the Senator wishes to make a motion to that effect, I shall agree to it.

Mr. BARKLEY. I ask unanimous consent that the further reading of the amendment be dispensed with and that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, the further reading of the amendment will be dispensed with, and the amendment will be printed in the RECORD.

Mr. KEAN's amendment entire is as follows:

TITLE II

PART I

PROSPECTUS

SECTION 1. (1) A prospectus issued by or on behalf of a company or in relation to an intended company shall be dated, and that date shall, unless the contrary is proved, be taken as the date of publication of the prospectus.

(2) A copy of every such prospectus, signed by every person who is named therein as a director or proposed director of the company, or by his agent authorized in writing, shall be delivered to the commission for registration on or before the date of its publication, and no such prospectus shall be issued until a copy thereof has been so delivered for registration.

(3) The commission shall not register any prospectus unless it is dated, and the copy thereof signed, in manner required by this section.

(4) Every prospectus shall state on the face of it that a copy has been delivered for registration as required by this section.

(5) If a prospectus is issued without a copy thereof being so delivered, the company, and every person who is knowingly a party to the issue of the prospectus, shall be liable to a fine not exceeding $25 for every day from the date of the issue of the prospectus until a copy thereof is so delivered.

SEC. 2. (1) Every prospectus issued by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company, must state the matters specified in part I of the schedule of this act and set out the reports specified in part II of the schedule, and the said parts I and II shall have effect subject to the provisions contained in part III of the schedule.

(2) A condition requiring or binding an applicant for shares in bonds or debentures of a company to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus, shall be void.

(3) It shall not be lawful to issue any form of application for shares in bonds or debentures of a company unless the form is issued with a prospectus which complies with the requirements of this section: *Provided*, That this subsection shall not apply if it is shown that the form of application was issued either (a) in connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures; or (b) in relation to shares, bonds, or debentures which were not offered to the public.

If any person acts in contravention of the provisions of this subsection, he shall be liable to a fine not exceeding $2,500.

(4) In the event of noncompliance with or contravention of any of the requirements of this section, a director or other person responsible for the prospectus shall not incur any liability by reason of the noncompliance or contravention, if (a) as regards any matter not disclosed, he proves that he was not cognizant thereof; or (b) he proves that the noncompliance or contravention arose from an honest mistake of fact on his part; or (c) the noncompliance or contravention was in respect of matters which in the opinion of the court dealing with the case were immaterial or was otherwise such as ought, in the opinion of that court, having regard to all the circumstances of the case, reasonably to be excused: *Provided*, That in the event of failure to include in a prospectus a statement with respect to the matters specified in paragraph 15 of part I of the schedule to this act, no director or other person shall incur any liability in respect of the failure unless it be proved that he had knowledge of the matters not disclosed.

(5) This section shall not apply to the issue to existing members, bond holders, or debenture holders of a company of a prospectus or form of application relating to shares in bonds or debentures of the company, whether an applicant for shares, bonds, or debentures will or will not have the right to renounce in favor of other persons, but, subject as aforesaid, this section shall apply to a prospectus or a form of application whether issued on or with reference to the formation of a company or subsequently.

(6) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this act apart from this section.

SEC. 3. (1) A company limited by shares or a company limited by guaranty and having a share capital shall not, previous to the statutory meeting, vary the terms of a contract referred to in the prospectus, or statement in lieu of prospectus, except subject to the approval of the statutory meeting.

(2) This section shall not apply to a private company.

SEC. 4. (1) Where a prospectus invites persons to subscribe for shares in bonds or debentures of a company—

(a) every person who is a director of the company at the time of the issue of the prospectus;

(b) every person who has authorized himself to be named and is named in the prospectus as a director or as having agreed to become a director either immediately or after an interval of time;

(c) every person being a promoter of the company; and

(d) every person who has authorized the issue of the prospectus,

shall be liable to pay compensation to all persons who subscribe for any shares, bonds, or debentures on the faith of the prospectus for the loss or damage they may have sustained by reason of any untrue statement therein, or in any report or memorandum appearing on the face thereof, or by reference incorporated therein or issued therewith, unless it is proved—

(i) that having consented to become a director of the company he withdrew his consent before the issue of the prospectus, and that it was issued without his authority or consent; or

(ii) that the prospectus was issued without his knowledge or consent and that on becoming aware of its issue he forthwith gave reasonable public notice that it was issued without his knowledge or consent; or

(iii) that, after the issue of the prospectus and before allotment thereunder, he, on becoming aware of any untrue statement therein, withdrew his consent thereto, and gave reasonable public notice of the withdrawal, and of the reason therefor; or

(iv) that—

(a) as regards every untrue statement not purporting to be made on the authority of an expert or of a public official document or statement, he had reasonable ground to believe, and did up to the time of the allotment of the shares or debentures, as the case may be, believe that the statement was true; and

(b) as regards every untrue statement purporting to be a statement by an expert or contained in what purports to be a copy of or extract from a report or valuation of an expert, it fairly represented the statement, or was a correct and fair copy of or extract from the report or valuation; and

(c) as regards every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document:

Provided, That a person shall be liable to pay compensation as aforesaid if it is proved that he had no reasonable ground to believe that the person making any such statement, report, or valuation as is mentioned in paragraph (iv) (b) of this subsection was competent to make it.

(2) Where the prospectus contains the name of a person as a director of the company, or as having agreed to become a director thereof, and he has not consented to become a director, or has withdrawn his consent before the issue of the prospectus, and has not authorized or consented to the issue thereof, the directors of the company, except any without whose knowledge or consent the prospectus was issued, and any other person who authorized the issue thereof, shall be liable to indemnify the person named as aforesaid against all damages, costs, and expenses to which he may be made liable by reason of his name having been inserted in the prospectus, or in defending himself against any action or legal proceedings brought against him in respect thereof.

(3) Every person who, by reason of his being a director or named as a director or as having agreed to become a director, or of his having authorized the issue of the prospectus, becomes liable to make any payment under this section may recover contribution, as in cases of contract, from any other person who, if sued separately, would have been liable to make the same payment, unless the person who has become so liable was, and that other person was not, guilty of fraudulent misrepresentation.

(4) For the purposes of this section—

The expression "promoter" means a promoter who was a party to the preparation of the prospectus, or of the portion thereof containing the untrue statement, but does not include any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of the company:

The expression "expert" includes engineer, valuer, accountant, and any other person whose profession gives authority to a statement made by him.

SEC. 5. (1) Where a company allots or agrees to allot any shares in bonds or debentures of the company with a view to all or any of those shares, bonds, or debentures being offered for sale to the public, any document by which the offer for sale to the public is made shall for all purposes be deemed to be a prospectus issued by the company, and all enactments and rules of law as to the contents of prospectuses and to liability in respect of statements in and omissions from prospectuses, or otherwise relating to prospectuses, shall apply and have effect accordingly, as if the shares, bonds, or debentures had been offered to the public for subscription and as if persons accepting the offer in respect of any shares, bonds, or debentures were subscriber for those shares, bonds, or debentures, but without prejudice to the liability, if any, of the persons by whom the offer is made, in respect of misstatements contained in the document or otherwise in respect thereof.

(2) For the purposes of this act, it shall, unless the contrary is proved, be evidence that an allotment of, or an agreement to allot, shares, bonds, or debentures was made with a view to the shares, bonds, or debentures being offered for sale to the public if it is shown (a) that an offer of the shares, bonds, or debentures or of any of them for sale to the public was made within 6

months after the allotment or agreement to allot; or (b) that at the date when the offer was made the whole consideration to be received by the company in respect of the shares, bonds, or debentures had not been so received.

(3) Section 1 of this act as applied by this section shall have effect as though the persons making the offer were persons named in a prospectus as directors of a company, and section 2 of this act as applied by this section shall have effect as if it required a prospectus to state in addition to the matters required by that section to be stated in a prospectus (a) the net amount of the consideration received or to be received by the company in respect of the shares, bonds, or debentures to which the offer relates; and (b) the place and time at which the contract under which the said shares, bonds, or debentures have been or are to be allotted may be inspected.

(4) Where a person making an offer to which this section relates is a company or a firm, it shall be sufficient if the document aforesaid is signed on behalf of the company or firm by two directors of the company or not less than half of the partners, as the case may be, and any such director or partner may sign by his agent authorized in writing.

ALLOTMENT

SEC. 6. (1) No allotment shall be made of any share capital of a company offered to the public for subscription unless the amount stated in the prospectus as the minimum amount which, in the opinion of the directors, must be raised by the issue of share capital in order to provide for the matters specified in paragraph 5 in part I of the schedule to this act has been subscribed, and the sum payable on application for the amount so stated has been paid to and received by the company.

For the purposes of this subsection, a sum shall be deemed to have been paid to and received by the company if a check for that sum has been received in good faith by the company and the directors of the company have no reason for suspecting that the check will not be paid.

(2) The amount so stated in the prospectus shall be reckoned exclusively of any amount payable otherwise than in cash and is in this act referred to as "the minimum subscription."

(3) The amount payable on application on each share shall not be less than 5 percent of the nominal amount of the share.

(4) If the conditions aforesaid have not been complied with on the expiration of 40 days after the first issue of the prospectus, all money received from applicants for shares shall be forthwith repaid to them without interest, and, if any such money is not so repaid within 48 days after the issue of the prospectus, the directors of the company shall be jointly and severally liable to repay that money with interest at the rate of 5 percent per annum from the expiration of the forty-eighth day: *Provided*, That a director shall not be liable if he proves that the default in the repayment of the money was not due to any misconduct or negligence on his part.

(5) Any condition requiring or binding any applicant for shares to waive compliance with any requirement of this section shall be void.

(6) This section, except subsection (3) thereof, shall not apply to any allotment of shares subsequent to the first allotment of shares offered to the public for subscription.

SEC. 7. (1) A company having a share capital which does not issue a prospectus on or with reference to its formation, or which has issued such a prospectus but has not proceeded to allot any of the shares offered to the public for subscription, shall not allot any of its shares, bonds, or debentures unless at least 3 days before the first allotment of either shares, bonds, or debentures there has been delivered to the Commission for registration a statement in lieu of prospectus, signed by every person who is named therein as a director or a proposed director of the company or by his agent authorizing in writing, in the form and containing the particulars set out in the schedule to this act.

(2) This section shall not apply to a private company.

(3) If a company acts in contravention of this section, the company and every director of the company who knowingly authorizes or permits the contravention shall be liable to a fine not exceeding $500.

SEC. 8. (1) An allotment made by a company to an applicant in contravention of the provisions of the two last foregoing sections of this act shall be voidable at the instance of the applicant within 1 month after the holding of the statutory meeting of the company and not later, or, in any case where the company is not required to hold a statutory meeting, or where the allotment is made after the holding of the statutory meeting, within 1 month after the date of the allotment, and not later, and shall be so voidable notwithstanding that the company is in course of being wound up.

(2) If any director of a company knowingly contravenes, or permits or authorizes the contravention of, any of the provisions of the said sections with respect to allotment, he shall be liable to compensate the company and the allottee, respectively, for any loss, damages, or costs which the company or the allottee may have sustained or incurred thereby: *Provided*, That proceedings to recover any such loss, damages, or costs shall not be commenced after the expiration of 2 years from the date of the allotment.

SEC. 9. (1) Whenever a company limited by shares or a company limited by guaranty and having a share capital makes any allotment of its shares, the company shall within 1 month thereafter deliver to the commission for registration (a) a return of the allotments, stating the number and nominal amount of the shares comprised in the allotment; the names, addresses, and descriptions of the allottees; and the amount, if any, paid or due and payable on each share; and (b) in the case of shares allotted as fully or partly paid up otherwise than in cash, a contract in writing constituting the title of the allottee to the allotment, together with any contract of sale, or for services or other consideration in respect of which that allotment was made, and a return stating the number and nominal amount of shares so allotted, the extent to which they are to be treated as paid up, and the consideration for which they have been allotted.

(2) Where such a contract as above mentioned is not reduced to writing, the company shall within 1 month after the allotment deliver to the commission for registration the prescribed particulars of the contract.

(3) If default is made in complying with this section, every director, manager, secretary, or other officer of the company, who is knowingly a party to the default, shall be liable to a fine not exceeding $250 for every day during which the default continues: *Provided*, That, in case of default in delivering to the Commission within 1 month after the allotment any document required to be delivered by this section, the company, or any person liable for the default, may apply to the court for relief, and the court, if satisfied that the omission to deliver the document was accidental or due to inadvertence, or that it is just and equitable to grant relief, may make an order extending the time for the delivery of the document for such period as the court may think proper.

COMMISSIONS AND DISCOUNTS

SEC. 10. (1) It shall be lawful for a company to pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company if—

(a) The payment of the commission is authorized by the articles; and

(b) The commission paid or agreed to be paid does not exceed 10 percent of the price at which the shares are issued or the amount or rate authorized by the articles, whichever is the less; and

(c) The amount or rate percentage of the commission paid or agreed to be paid is—

(i) in the case of shares offered to the public for subscription, disclosed in the prospectus; or

(ii) in the case of shares not offered to the public for subscription, disclosed in the statement in lieu of prospectus, or in a statement in the prescribed form signed in like manner as a statement in lieu of prospectus and delivered before the payment of the commission to the commission for registration, and, where a circular or notice, not being a prospectus, inviting subscription for the shares is issued, also disclosed in that circular or notice; and

(d) the number of shares which persons have agreed for a commission to subscribe absolutely is disclosed in manner aforesaid.

(2) Save as aforesaid, no company shall apply any of its shares or capital money either directly or indirectly in payment of any commission, discount, or allowance to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares of the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, whether the shares or money be so applied by being added to the purchase money of any property acquired by the company or to the contract price of any work to be executed for the company, or the money be paid out of the nominal purchase money or contract price, or otherwise.

(3) Nothing in this section shall affect the power of any company to pay such brokerage as it has heretofore been lawful for a company to pay.

(4) A vendor to, promoter of, or other person who receives payment in money or shares from, a company shall have and shall be deemed always to have had power to apply any part of the money or shares so received in payment of any commission, the payment of which, if made directly by the company, would have been legal under this section.

(5) If default is made in complying with the provisions of this section relating to the delivery to the commission of the statement in the prescribed form, the company and every officer of the company who is in default shall be liable to a fine not exceeding $125.

SEC. 11. (1) Where a company has paid any sums by way of commission in respect of any shares or debentures, or allowed any sums by way of discount in respect of any bonds or debentures, the total amount so paid or allowed, or so much thereof as has not been written off, shall be stated in every balance sheet of the company until the whole amount thereof has been written off.

(2) If default is made in complying with this section, the company and every officer of the company who is in default shall be liable to a default fine.

SEC. 12. (1) Subject as provided in this section, it shall not be lawful for a company to give, whether directly or indirectly, and whether by means of a loan, guaranty, the provision of security, or otherwise, any financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the company: *Provided*, That nothing in this section shall be taken to prohibit (a) where the lending of money is part of the ordinary business of a company, the lending of money by the company in the ordinary course of its business; (b) the provision by a company, in accordance with any scheme for the time being in force, of money for the purchase by trustees

of fully paid shares in the company to be held by or for the benefit of employees of the company, including any director holding a salaried employment or office in the company; (c) the making by a company of loans to persons, other than directors, bona fide in the employment of the company with a view to enabling those persons to purchase fully paid shares in the company to be held by themselves by way of beneficial ownership.

(2) The aggregate amount of any outstanding loans made under the authority of provisos (b) and (c) to subsection (1) of this section shall be shown as a separate item in every balance sheet of the company.

(3) If a company acts in contravention of this section, the company and every officer of the company who is in default shall be liable to a fine not exceeding $500.

ISSUE OF REDEEMABLE PREFERENCE SHARES AND SHARES AT DISCOUNT

SEC. 13. (1) Subject to the provisions of this section, a company limited by shares may, if so authorized by its articles, issue preference shares which are, or at the option of the company are to be liable, to be redeemed: *Provided*, That—

(a) no such shares shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;

(b) no such shares shall be redeemed unless they are fully paid;

(c) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called "the capital redemption reserve fund", a sum equal to the amount applied in redeeming the shares, and the provisions of this act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve fund were paid-up share capital of the company;

(d) where any such shares are redeemed out of the proceeds of a fresh issue, the premium, if any, payable on redemption, must have been provided for out of the profits of the company before the shares are redeemed.

(2) There shall be included in every balance sheet of a company which has issued redeemable preference shares a statement specifying what part of the issued capital of the company consists of such shares and the date on or before which those shares are, or are to be liable, to be redeemed.

If a company fails to comply with the provisions of this subsection, the company and every officer of the company who is in default shall be liable to a fine not exceeding $500.

(3) Subject to the provisions of this section, the redemption of preference shares thereunder may be effected on such terms and in such manner as may be provided by the articles of the company.

(4) Where in pursuance of this section a company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued, and accordingly the share capital of the company shall not for the purposes of any enacuments relating to stamp duty be deemed to be increased by the issue of shares in pursuance of this subsection: *Provided*, That where new shares are issued before the redemption of the old shares, the new shares shall not, so far as relates to stamp duty, be deemed to have been issued in pursuance of this subsection unless the old shares are redeemed within 1 month after the issue of the new shares.

(5) Where new shares have been issued in pursuance of the last foregoing subsection, the capital redemption reserve fund may, notwithstanding anything in this section, be applied by the company, up to an amount equal to the nominal amount of the shares so issued, in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.

SEC. 14. (1) Subject as provided in this section, it shall be lawful for a company to issue at a discount shares in the company of a class already issued: Provided, That (a) the issue of the shares at a discount must be authorized by resolution passed in general meeting of the company, and must be sanctioned by the State under which the company is chartered; (b) the resolution must specify the maximum rate of discount at which the shares are to be issued; (c) not less than 1 year must at the date of the issue have elapsed since the date on which the company was entitled to commence business; and (d) the shares to be issued at a discount must be issued within 1 month after the date on which the issue is sanctioned by the State or within such extended time as the State may allow.

(2) Where a company has passed a resolution authorizing the issue of shares at a discount, it may apply to the State for an order sanctioning the issue, and on any such application the State, if, having regard to all the circumstances of the case, it thinks proper so to do, may make an order sanctioning the issue on such terms and conditions as it thinks fit.

(3) Every prospectus relating to the issue of the shares and every balance sheet issued by the company subsequently to the issue of the shares must contain particulars of the discount allowed on the issue of the shares or of so much of that discount as has not been written off at the date of the issue of the document in question.

If default is made in complying with this subsection, the company and every officer of the company who is in default shall be liable to a default fine.

PART II

RESTRICTIONS OF SALE OF SHARES AND OFFERS OF SHARES FOR SALE

SEC. 15. (1) It shall not be lawful for any person—

(a) to issue, circulate, or distribute in the United States any prospectus offering for subscription shares in bonds or debentures of a company incorporated or to be incorporated outside the United States, whether the company has or has not established, or when formed will or will not establish, a place of business in the United States, unless—

(i) before the issue, circulation, or distribution of the prospectus in the United States a copy thereof, certified by the chairman and two other directors of the company as having been approved by resolution of the managing body, has been delivered for registration to the commission;

(ii) the prospectus states on the face of it that the copy has been so delivered;

(iii) the prospectus is dated;

(iv) the prospectus otherwise complies with this part of this act; or

(b) to issue to any person in the United States a form of application for share(s) in bonds or debentures of such a company or intended company as aforesaid, unless the form is issued with a prospectus which complies with this part of this act: *Provided*, That this provision shall not apply if it is shown that the form of application was issued in connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures.

(2) This section shall not apply to the issue to existing members or bond or debenture holders of a company of a prospectus or form of application relating to shares in bonds or debentures of the company, whether an applicant for shares, bonds, or debentures will or will not have the right to renounce in favor of other persons, but, subject as aforesaid, this section shall apply to a prospectus or form of application whether issued on or with reference to the formation of a company or subsequently.

(3) Where any document by which any shares in bonds or debentures of a company incorporated outside the United States are offered for sale to the public would, if the company concerned had been a company within the meaning of this act, have been deemed by virtue of section 38 of this act to be a prospectus issued by the company, that document shall be deemed to be, for the purposes of this section, a prospectus issued by the company.

(4) An offer of shares, bonds, or debentures for subscription or sale to any person whose ordinary business or part of whose ordinary business it is to buy or sell shares, bonds, or debentures, whether as principal or agent, shall not be deemed an offer to the public for the purposes of this section.

(5) Section 4 of this act shall extend to every prospectus to which this section applies.

(6) Any person who is knowingly responsible for the issue, circulation, or distribution of any prospectus, or for the issue of a form of application for shares or debentures, in contravention of the provisions of this section shall be liable to a fine not exceeding $2,500.

(7) In this and the next-following section the expressions "prospectus", "shares", and "debentures" have the same meanings as when used in relation to a company incorporated under this act.

SEC. 16. (1) In order to comply with this part of this act a prospectus in addition to complying with the provisions of subparagraphs (ii) and (iii) of paragraph (a) of subsection (1) of the last foregoing section must—

(a) contain particulars with respect to the following matters:

(i) the objects of the company;

(ii) the instrument constituting or defining the constitution of the company;

(iii) the enactments, or provisions having the force of an enactment, by or under which the incorporation of the company was effected;

(iv) an address in the United States where the said instrument, enactments, or provisions, or copies thereof, and if the same are in a foreign language a translation thereof certified in the prescribed manner, can be inspected;

(v) the date on which and the country in which the company was incorporated;

(vi) whether the company has established a place of business in the United States and, if so, the address of its principal office in the United States:

Provided, That the provisions of subparagraphs (i), (ii), (iii), and (iv) of this paragraph shall not apply in the case of a prospectus issued more than 2 years after the date at which the company is entitled to commence business.

(b) Subject to the provisions of this section, state the matters specified in part I of the schedule to this act (other than those specified in paragraph 1 of the said part I) and set out the reports specified in part II of the schedule subject always to the provisions contained in part III of the schedule:

Provided, That—

(i) where any prospectus is published as a newspaper advertisement, it shall be a sufficient compliance with the requirement that the prospectus must specify the objects of the company if the advertisement specifies the primary object with which the company was formed; and

(ii) in paragraph 3 of part I of the schedule a reference to the constitution of the company shall be substituted for the reference to the articles; and

(iii) paragraph 1 of part III of the schedule shall have effect as if the reference to the memorandum were omitted therefrom.

(2) Any condition requiring or binding any applicant for shares, bonds, or debentures to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus, shall be void.

(3) In the event of noncompliance with or contravention of any of the requirements of this section, a director or other person responsible for the prospectus shall not incur any liability by reason of the noncompliance or contravention, if—

(a) as regards any matter not disclosed, he proves that he was not cognizant thereof; or

(b) he proves that the noncompliance or contravention arose from an honest mistake of fact on his part; or

(c) The noncompliance or contravention was in respect of matters which, in the opinion of the court dealing with the case, were immaterial or were otherwise such as ought, in the opinion of that court, having regard to all the circumstances of the case, reasonably to be excused:

Provided, That in the event of failure to include in a prospectus a statement with respect to the matters contained in paragraph 15 of part I of the schedule to this act, no director or other person shall incur any liability in respect of the failure unless it be proved that he had knowledge of the matter not disclosed.

(4) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this act, apart from this section.

PART III

SEC. 17. (1) It shall not be lawful for any person to go from house to house offering shares for subscription or purchase to the public or any member of the public.

In this subsection the expression "house" shall not include an office used for business purposes.

(2) Subject as hereinafter provided in this subsection, it shall not be lawful to make an offer in writing to any member of the public (not being a person whose ordinary business or part of whose ordinary business it is to buy or sell shares, whether as principal or agent) of any shares for purchase, unless the offer is accompanied by a statement in writing (which must be signed by the person making the offer and dated) containing such particulars as are required by this section to be included therein and otherwise complying with the requirements of this section, or, in the case of shares in a company incorporated outside the United States, either by such a statement as aforesaid, or by such a prospectus as complies with this part of this act: *Provided*, That the provisions of this subsection shall not apply—

(a) where the shares to which the offer relates are shares which are quoted on, or in respect of which permission to deal has been granted by, any recognized stock exchange in the United States and the offer so states and specifies the stock exchange; or

(b) where the shares to which the offer relates are shares which a company has allotted or agreed to allot with a view to their being offered for sale to the public; or

(c) where the offer was made only to persons with whom the person making the offer has been in the habit of doing regular business in the purchase or sale of shares.

(3) The written statement aforesaid shall not contain any matter other than the particulars required by this section to be included therein, and shall not be in characters less large or less legible than any characters used in the offer or in any document sent therewith.

(4) The said statement shall contain particulars with respect to the following matters:

(a) whether the person making the offer is acting as principal or agent, and if as agent the name of his principal and an address in the United States where that principal can be served with process;

(b) the date on which and the country in which the company was incorporated and the address of its registered or principal office in the United States;

(c) the authorized share capital of the company and the amount thereof which has been issued, the classes into which it is divided, and the rights of each class of shareholders in respect of capital dividends and voting;

(d) the dividends, if any, paid by the company on each class of shares during each of the 3 financial years immediately preceding the offer, and if no dividend has been paid in respect of shares of any particular class during any of those years, a statement to that effect;

(e) the total amount of any bonds or debentures issued by the company and outstanding at the date of the statement, together with the rate of interest payable thereon;

(f) the names and addresses of the directors of the company;

(g) whether or not the shares offered are fully paid up, and, if not, to what extent they are paid up;

(h) whether or not the shares are quoted on, or permission to deal therein has been granted by, any recognized stock exchange in the United States or elsewhere, and, if so, which, and, if not, a statement that they are not so quoted or that no such permission has been granted;

(i) where the offer relates to units, particulars of the names and addresses of the persons in whom the shares represented by the units are vested, the date of and the parties to any document defining the terms on which those shares are held, and an address in the United States where that document or a copy thereof can be inspected.

In this subsection the expression "company" means the company by which the shares to which the statement relates were or are to be issued.

(5) If any person acts, or incites, causes, or procures any person to act, in contravention of this section, he shall be liable to imprisonment for a term not exceeding 6 months or to a fine not exceeding $1,000, or to both such imprisonment and fine, and in the case of a second or subsequent offense to imprisonment for a term not exceeding 12 months or to a fine not exceeding $2,500, or to both such imprisonment and fine.

(6) Where a person convicted of an offense under this section is a company (whether a company within the meaning of this act or not), every director and every officer concerned in the management of the company shall be guilty of the like offense unless he proves that the act constituting the offense took place without his knowledge or consent.

(7) In this section, unless the context otherwise requires, the expression "shares" means the shares of a company, whether a company within the meaning of this act or not, and includes bonds or debentures and units; and the expression "unit" means any right or interest (by whatever name called) in a share, and for the purposes of this section a person shall not, in relation to a company, be regarded as not being a member of the public by reason only that he is a holder of shares in the company or a purchaser of goods from the company.

(8) Where any person is convicted in the United States of having made an offer in contravention of the provisions of this section, the court before which he is convicted may order that any contract made as a result of the offer shall be void, and, where it makes any such order, may give such consequential directions as it thinks proper for the repayment of any money or the retransfer of any shares.

Where the court makes an order under this subsection (whether with or without consequential directions) an appeal against the order and the consequential directions, if any, shall lie to the Supreme Court of the United States.

SCHEDULE

PART I

MATTERS REQUIRED TO BE STATED IN PROSPECTUS

1. Except where the prospectus is published as a newspaper advertisement, the contents of the memorandum, with the names, descriptions, and addresses of the signatories, and the number of shares subscribed for by them respectively.

2. The number of founders or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the company.

3. The number of shares, if any, fixed by the articles as the qualification of a director, and any provision in the articles as to the remuneration of the directors.

4. The names, descriptions, and addresses of the directors or proposed directors.

5. Where shares are offered to the public for subscription, particulars as to—

(i) the minimum amount which, in the opinion of the directors, must be raised by the issue of those shares in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums, required to be provided in respect of each of the following matters;

(a) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;

(b) any preliminary expenses payable by the company, and any commission so payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for, any shares in the company;

(c) the repayment of any moneys borrowed by the company in respect of any of the foregoing matters;

(d) working capital; and

(ii) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue and the sources out of which those amounts are to be provided.

6. The amount payable on application and allotment on each share, and, in the case of a second or subsequent offer of shares, the amount offered for subscription on each previous allotment made within the 2 preceding years, the amount actually allotted, and the amount, if any, paid on the shares so allotted.

7. The number and amount of shares and debentures which within the 2 preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash, and in the latter case the extent to which they are so paid up, and in either case the consideration for which those shares or debentures have been issued or are proposed or intended to be issued.

8. The names and addresses of the vendors of any property purchased or acquired by the company, or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus, or the purchase or acquisition of which has not been completed at the date of issue of the prospectus, and the amount payable in cash, shares, bonds, or debentures, to the vendor, and where there is more than one separate vendor, or the company is a subpurchaser, the amount so payable to each vendor.

9. The amount, if any, paid or payable as purchase money in cash, shares, bonds, or debentures for any such property as aforesaid, specifying the amount, if any, payable for goodwill.

10. The amount, if any, paid within the 2 preceding years, or payable as commission (but not including commission to sub-

underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any share in, bonds or debentures of, the company, or the rate of any such commission.

11. The amount or estimated amount of preliminary expenses.

12. The amount paid within the 2 preceding years or intended to be paid to any promoter, and the consideration for any such payment.

13. The dates of and parties to every material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company or a contract entered into more than 2 years before the date of issue of the prospectus, and a reasonable time and place at which any such material contract or a copy thereof may be inspected.

14. The names and addresses of the auditors, if any, of the company.

15. Full particulars of the nature and extent of the interest, if any, of every director in the promotion of, or in the property proposed to be acquired by, the company, or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares or otherwise by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company.

16. If the prospectus invites the public to subscribe for shares in the company and the share capital of the company is divided into different classes of shares, the right of voting at meetings of the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively.

17. In the case of a company which has been carrying on business, or of a business which has been carried on for less than 3 years, the length of time during which the business of the company or the business to be acquired, as the case may be, has been carried on.

PART II

REPORTS TO BE SET OUT IN PROSPECTUS

1. A report by the auditors of the company with respect to the profits of the company in respect of each of the 3 financial years immediately preceding the issue of the prospectus, and with respect to the rates of the dividends, if any, paid by the company in respect of each class of shares in the company in respect of each of the said 3 years, giving particulars of each such class of shares on which such dividends have been paid and particulars of the cases in which no dividends have been paid in respect of any class of shares in respect of any of those years, and, if no accounts have been made up in respect of any part of the period of 3 years ending on a date 3 months before the issue of the prospectus, containing a statement of that fact.

2. If the proceeds, or any part of the proceeds, of the issue of the shares, bonds, or debentures are or is to be applied directly or indirectly in the purchase of any business, a report made by accountants who shall be named in the prospectus upon the profits of the business in respect of each of the 3 financial years immediately preceding the issue of the prospectus.

PART III

PROVISIONS APPLYING TO PARTS I AND II OF SCHEDULE

1. The provisions of this schedule with respect to the memorandum and the qualification, remuneration, and interest of directors; the names, descriptions, and addresses of directors or proposed directors; and the amount or estimated amount of the preliminary expenses, shall not apply in the case of a prospectus issued more than 2 years after the date at which the company is entitled to commence business.

2. Every person shall for the purposes of this schedule be deemed to be a vendor who has entered into any contract, absolute or conditional, for the sale or purchase, or for any option of purchase, of any property to be acquired by the company, in any case where—

(a) The purchase money is not fully paid at the date of the issue of the prospectus;

(b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus;

(c) the contract depends for its validity or fulfillment on the result of that issue.

3. Where any property to be acquired by the company is to be taken on lease, this schedule shall have effect as if the expression "vendor" included the lessor, and the expression "purchase money" included the consideration for the lease, and the expression "subpurchaser" included a sublessee.

4. For the purposes of paragraph 8 of part I of this schedule where the vendors or any of them are a firm, the members of the firm shall not be treated as separate vendors.

5. If in the case of a company which has been carrying on business, or of a business which has been carried on for less than 3 years, the accounts of the company or business have only been made up in respect of 2 years or 1 year, part II of this schedule shall have effect as if references to 2 years or 1 year, as the case may be, were substituted for references to 3 years.

6. The expression "financial year" in part II of this schedule means the year in respect of which the accounts of the company or of the business, as the case may be, are made up, and where by reason of any alteration of the date on which the financial year of the company or business terminates the accounts of the company or business have been made up for a period greater or less than a year, that greater or less period shall for the purpose of the said part of this schedule be deemed to be a financial year.

The Securities Act of 1933 is repealed.

Mr. KEAN. I ask to have printed in the RECORD as part of my remarks a comparison of the United States Securities Act of 1933 with the British companies act of 1929.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

COMPARISON OF THE UNITED STATES SECURITIES ACT OF 1933 WITH THE BRITISH COMPANIES ACT OF 1929

Since the approval by the President of the Securities Act of 1933 on May 27, 1933, much has been published concerning that act. A great many of these publications have criticized the act and compared it generally with the British companies act of 1929. However, there has been, apparently, no effort made to set up in parallel columns the comparable provisions of the two acts. Such a parallel comparison has been attempted in this memorandum with the hope that it may be helpful to those who wish to familiarize themselves with the similarities and differences between the acts in question.

In considering these acts it should be noted that the United States act deals solely with securities and the offering and sale thereof, its central idea being the protection of investors through the imposition upon sellers of responsibility for full disclosure, while the British act deals comprehensively with companies, their organization, operation, etc. Consequently only relatively few of the provisions of the British act are comparable to the United States act. The particular provisions of the British act which deal with matters relating to the issue of securities and are, therefore, comparable to the United States act, are largely included in the following-named sections of the British act, to wit: Sections 34 to 38, inclusive, sections 354 to 356, inclusive, section 380, and the fourth schedule.

In considering the following parallel column comparison of the two acts, the following general differences, among others, will be apparent:

(1) The United States act covers original and subsequent transactions in securities; the British act deals chiefly with the original offer of securities to the public and not to subsequent transaction in those securities.

(2) Under the United States act the Federal Trade Commission has broad powers as to requiring the filing of additional information, making investigations of companies whose securities are registered or sought to be registered, and as to suspending the effectiveness of a registration statement; the registrar under the British act merely acts in a ministerial capacity as respects a prospectus; there are no "rules and regulations" nor bureaucracy as the act itself sets forth all the matters required for full disclosure and leaves nothing to the discretion of executive officers.

(3) Under the United States act there is a 20-day "waiting period" between the filing of the registration statement and the time the security can be offered; under the British act the security can be offered as soon as the prospectus is filed.

(4) Under the United States act a greater number of persons are subjected to civil liability than under the British act; for example, experts (accountants, appraisers, attorneys, etc.) are not liable under the British act.

(5) The United States act gives the right of recovery not only to the original purchasers of securities but to all others who may subsequently purchase such securities; under the British act the right of recovery is limited to the original purchasers and consequently there can be no "pyramiding" of damages.

(6) Under the United States act the same civil liabilities (with the same defenses) are created for the omission to "state a material fact required to be stated therein or necessary to make the statement therein not misleading" as for "an untrue statement of a material fact" in the registration statement; under the British act civil liability is imposed only for untrue statements, although by court decisions this has been construed to include partial statements and some omissions.

(7) Under the United States act one suing for damages need not show that he relied on the statements contained in the registration statement nor that the damages resulted from an error or omission in that statement but need only show the error or omission; under the British act the person suing must prove that he relied on the prospectus and also that the damages resulted from an untrue statement therein contained.

(8) Under the United States act directors, in order to escape liability, must show not only that they had reasonable grounds to believe and did believe the statement to have been true but also that they had made a "reasonable investigation", and the standard of reasonableness is the highest— i.e., that of a fiduciary; under the British act the directors need only show they had reasonable grounds to believe the statements to be true (and if the statement is that of an "expert" the person suing must show that the directors had no reasonable ground to believe the expert "competent").

In the following comparison the provisions of the British act have been separated and rearranged so as to place them insofar as possible opposite comparable provisions of the United States act and, in so doing, the continuity of the British act has necessarily been destroyed. Therefore, in order that the reader may, if he so desires, consider the provisions of the British act as a

whole and so that citations in the comments may be more readily followed and understood, it has seemed advisable to set out in full the above-referred-to provisions of the British act. These provisions appear following the parallel column comparison.

COMPARISON OF THE UNITED STATES SECURITIES ACT OF 1933 WITH PROVISIONS OF THE BRITISH COMPANIES ACT OF 1929 DEALING WITH SIMILAR MATTERS, WITH COMMENTS

NOTE.—The provisions of the United States act appear in regular sequence and the British act is rearranged so as to place opposite each United States provision the British provision most nearly corresponding thereto (so far as this can be done and leave the British act understandable). The exact language of the British provisions is given with citation.

UNITED STATES SECURITIES ACT OF 1933	BRITISH COMPANIES ACT OF 1929	COMMENTS
TITLE I		
SHORT TITLE		
SECTION 1. This title may be cited as the "Securities Act of 1933."	This act may be cited as the Companies act, 1929 (sec. 385).	
Definitions		
SEC. 2. When used in this title, unless the context otherwise requires—	380. (1) In this act, unless the context otherwise requires, the following expressions have the meanings hereby assigned to them (that is to say):	
(1) The term "security" means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment, contract, voting-trust certificate, certificate of interest in property, tangible or intangible, or, in general, any instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for or warrant or right to subscribe to or purchase, any of the foregoing.	"Share" means share in the share capital of a company, and includes stock, except where a distinction between stock and shares is expressed or implied. "Debenture" includes debenture stock, bonds, and any other securities of a company, whether constituting a charge on the assets of the company or not.	It should be noted that the British act only applies to "shares" and "debentures" of a "company", whereas the United States act applies to securities by whomever issued (with certain exceptions).
	"Company" means a company formed and registered under this act or an existing company. "Existing company" means a company formed and registered under the Joint Stock Companies Acts, the Companies Act, 1862, or the Companies (Consolidation) Act, 1908, but does not include a company registered under the said enactments in Northern Ireland or the Irish Free State.	"The context otherwise requires" in certain portions of the British act that the word "company" be extended to mean a corporation organized outside of Great Britain, and the provisions as to prospectus and liability apply to such corporations offering securities in Great Britain. (See secs. 354, 355.)
(2) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, or a government or political subdivision thereof. As used in this paragraph the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.		
(3) The term "sale", "sell", "offer to sell", or "offer for sale" shall include every contract of sale or disposition of, attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value; except that such terms shall not include preliminary negotiations or agreements between an issuer and any underwriter, any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase and to have been sold for value. The issue or transfer of a right or privilege, when originally issued or transferred with a security, giving the holder of such security the right to convert such security into another security of the same issuer or of another person, or giving a right to subscribe to another security of the same issuer or of another person, which right cannot be exercised until some future date, shall not be deemed to be a sale of such other security; but the issue or transfer of such other security upon the exercise of such right of conversion or subscription shall be deemed a sale of such other security.		It should be noted that the British act applies principally to the original offer or sale to the public.
(4) The term "issuer" means every person who issues or proposes to issue any security or who guarantees a security either as to principal or income; except that with respect to certificates of deposit, voting-trust certificates, or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors (or persons performing similar functions) or of the fixed, restricted management, or unit type, the term "issuer" means the person or persons performing the acts and assuming the duties of depositor		

UNITED STATES SECURITIES ACT OF 1933—CON.

or manager pursuant to the provisions of the trust or other agreement or instrument under which such securities are issued, and except that with respect to equipment-trust certificates or like securities, the term "issuer" means the person by whom the equipment or property is or is to be used.

(5) The term "Commission" means the Federal Trade Commission.

(6) The term "Territory" means Alaska, Hawaii, Puerto Rico, the Philippine Islands, Canal Zone, the Virgin Islands, and the insular possessions of the United States.

(7) The term "interstate commerce" means trade or commerce in securities or any transportation or communication relating thereto among the several States or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia.

(8) The term "registration statement" means the statement provided for in section 6, and includes any amendment thereto and any report, document, or memorandum accompanying such statement or incorporated therein by reference.

(9) The term "write" or "written" shall include printed, lithographed, or any means of graphic communication.

(10) The term "prospectus" means any prospectus, notice, circular advertisement, letter, or communication, written or by radio, which offers any security for sale; except that (a) a communication shall not be deemed a prospectus if it is proved that prior to such communication a written prospectus meeting the requirements of section 10 was received, by the person to whom the communication was made, from the person making such communication or his principal, and (b) a notice, circular, advertisement, letter, or communication in respect of a security shall not be deemed to be a prospectus if it states from whom a written prospectus meeting the requirements of section 10 may be obtained and, in addition, does no more than identify the security, state the price thereof, and state by whom orders will be executed.

(11) The term "underwriter" means any person who has purchased from an issuer with a view to, or sells for an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking; but such term shall not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission. As used in this paragraph the term "issuer" shall include, in addition to an issuer, any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer.

(12) The term "dealer" means any person who engages either for all or part of his time, directly or indirectly, as agent, broker, or principal in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person.

Exempted securities

SEC. 3. (a) Except as hereinafter expressly provided, the provisions of this title shall not apply to any of the following classes of securities:

(1) Any security which, prior to or within 60 days after the enacting of this title, has been sold or disposed of by the issuer or bona fide offered to the public, but his exemption shall not apply to any new offering of any such security by an issuer or underwriter subsequent to such 60 days;

BRITISH COMPANIES ACT OF 1929—CON.

"The registrar of companies" or, when used in relation to registration of companies, "the registrar", means the registrar or other officer performing under this act the duty of registration of companies in England or Scotland, or in the stannaries, as the case requires.

"Prospectus" means any prospectus, notice, circular, advertisement, or other invitation, offering to the public for subscription or purchase any shares or debentures of a company.

COMMENTS—CON.

It shall be noted that the British act requires the "prospectus" to be filed, so that the "registration statement" under the United States act and the "prospectus" under the British act are comparable for most purposes.

The United States act applies (disregarding the exceptions) to all transactions in all securities, whereas the British act applies to the original offer of securities of companies to the public; however, under the United States act certain securities are exempted, and this exemption, therefore, exempts all transactions in that security.

UNITED STATES SECURITIES ACT OF 1933—con.

(2) Any security issued or guaranteed by the United States or any Territory thereof, or by the District of Columbia, or by any State of the United States, or by any political subdivision of a State or Territory, or by any public instrumentality of one or more States or Territories exercising an essential governmental function, or by any corporation created and controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or by any national bank, or by any banking institution organized under the laws of any state or Territory, the business of which is substantially confined to banking and is supervised by the State or Territorial banking commission or similar official; or any security issued by or representing an interest in or a direct obligation of a Federal Reserve bank;

(3) Any note, draft, bill of exchange, or banker's acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, and which has a maturity at the time of issuance of not exceeding 9 months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited;

(4) Any security issued by a corporation organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual;

(5) Any security issued by a building-and-loan association, homestead association, savings-and-loan association, or similar institution, substantially all of the business of which is confined to the making of loans to members (but the foregoing exemption shall not apply with respect to any such security where the issuer takes from the total amount paid or deposited by the purchaser, by way of any fee, cash value or other device whatsoever, either upon termination of the investment at maturity or before maturity, an aggregate amount in excess of 3 percent of the face value of such security), or any security issued by a farmers' cooperative association as defined in paragraphs (12), (13), and (14) of section 103 of the Revenue Act of 1932;

(6) Any security issued by a common carrier which is subject to the provisions of section 20a of the Interstate Commerce Act, as amended;

(7) Certificates issued by a receiver or by a trustee in bankruptcy, with the approval of the court;

(8) Any insurance or endowment policy or annuity contract or optional annuity contract, issued by a corporation subject to the supervision of the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any State or Territory of the United States or the District of Columbia.

(b) The Commission may from time to time by its rules and regulations, and subject to such terms and conditions as may be prescribed therein, add any class of securities to the securities exempted as provided in this section, if it finds that the enforcement of this title with respect to such securities is not necessary in the public interest and for the protection of investors by reason of the small amount involved or the limited character of the public offering; but no issue of securities shall be exempted under this subsection where the aggregate amount at which such issue is offered to the public exceeds $100,000.

Exempted transactions

SEC. 4. The provisions of section 5 shall not apply to any of the following transactions:

BRITISH COMPANIES ACT OF 1929—con.

COMMENTS—con.

In addition to exempting certain securities from almost all provisions of the act, the United States act exempts certain transactions in connection with any secur-

UNITED STATES SECURITIES ACT OF 1933—con.	BRITISH COMPANIES ACT OF 1929—con.	COMMENTS—con.
		ity from the provisions of section 5. It should be noted that this exemption is limited to section 5, and that the other portions of the act apply to these transactions. See particularly sections 12 A (2) and 17 of the United States act. Although a transaction in a security may be exempted by this section 4, nevertheless subsequent transactions in the security may be covered by section 5, the exemption going to the transaction only and not to the security or future transactions.
(1) Transactions by any person other than an issuer, underwriter, or dealer; transactions by an issuer not with or through an underwriter and not involving any public offering; or transactions by a dealer (including an underwriter no longer acting as an underwriter in respect of the security involved in such transaction), except transactions within 1 year after the last date upon which the security was bona fide offered to the public by the issuer or by or through an underwriter (excluding in the computation of such year any time during which a stop order issued under section 8 is in effect as to the security), and except transactions as to securities constituting the whole or a part of an unsold allotment to or subscription by such dealer as a participant in the distribution of such securities by the issuer or by or through an underwriter.	Provided that this subsection shall not apply if it is shown that the form of application was issued either— (a) in connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures; or (b) in relation to shares or debentures which were not offered to the public (sec. 35 (3)).	" This subsection " referred to in this proviso in the British act is the subsection making it unlawful " to issue any form of application for shares in or debentures of a company unless the form is issued with a prospectus which complies with the requirements " as to information, etc., to be contained in a prospectus (sec. 35).
	38. (1) Where a company allots or agrees to allot any shares in or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public, any document by which the offer for sale to the public is made shall for all purposes be deemed to be a prospectus issued by the company, and all enactments and rules of law as to the contents of prospectuses and to liability in respect of statements in and omissions from prospectuses, or otherwise relating to prospectuses, shall apply and have effect accordingly, as if the shares or debentures had been offered to the public for subscription and as if persons accepting the offer in respect of any shares or debentures were subscribers for those shares or debentures, but without prejudice to the liability, if any, of the persons by whom the offer is made, in respect of misstatements contained in the document or otherwise in respect thereof. (2) For the purposes of this act, it shall, unless the contrary is proved, be evidence that an allotment of, or an agreement to allot, shares or debentures was made with a view to the shares or debentures being offered for sale to the public if it is shown— (a) That an offer of the shares or debentures or of any of them for sale to the public was made within 6 months after the allotment or agreement to allot; or (b) That at the date when the offer was made the whole consideration to be received by the company in respect of the shares or debentures had not been so received (sec. 38).	Although the British act as shown above provides an exemption as to dealing with underwriters, the offer to the public (by the underwriters or others) is deemed a prospectus and is subject to the pertinent provisions of the act.
(2) Broker's transactions, executed upon customers' orders on any exchange or in the open or counter market, but not the solicitation of such orders.	Provided that the provisions of this subsection shall not apply— (a) Where the shares to which the offer relates are shares which are quoted on, or in respect of which permission to deal has been granted by, any recognized stock exchange in Great Britain and the offer so states and specifies the stock exchange; or (sec. 356 (2)).	This proviso in the British act is contained in the subsection which otherwise requires any written offer to the public or a member of the public (with certain other exceptions) to be accompanied by a writing containing certain information. (See sec. 356.)
(3) The issuance of a security of a person exchanged by it with its existing security holders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with such exchange; or the issuance of securities to the existing security holders or other existing creditors of a corporation in the process of a bona fide reorganization of such corporation under the supervision of any court, either in exchange for the securities of such security holders or claims of such creditors or partly for cash and partly in exchange for the securities or claims of such security holders or creditors.	(5) This section shall not apply to the issue to existing members or debenture holders of a company of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures will or will not have the right to renounce in favor of other persons, but subject as aforesaid, this section shall apply to a prospectus or a form of application whether issued on or with reference to the formation of a company or subsequently (sec. 35 (5)).	This exception in the British act applies to the entire section 35. In addition to the requirements shown in the next preceding comment, section 35 contains provisions relating to civil liability, etc., none of which apply to offers to existing stockholders or debenture holders.

UNITED STATES SECURITIES ACT OF 1933—con.

Prohibitions relating to interstate commerce and the mails

SEC. 5. (a) Unless a registration statement is in effect as to a security, it shall be unlawful for any person, directly or indirectly—

(1) to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell or offer to buy such security through the use or medium of any prospectus or otherwise; or

(2) to carry or cause to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale.

(b) It shall be unlawful for any person, directly or indirectly—

(1) to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to carry or transmit any prospectus relating to any security registered under this title, unless such prospectus meets the requirements of section 10; or

(2) to carry or to cause to be carried through the mails or in interstate commerce any such security for the purpose of sale or for delivery after sale, unless accompanied or preceded by a prospectus that meets the requirements of section 10.

(c) The provisions of this section relating to the use of the mails shall not apply to the sale of any security where the issue of which it is a part is sold only to persons resident within a single State or Territory, where the issuer of such securities is a person resident and doing business within, or, if a corporation, incorporated by and doing business within, such State or Territory.

Registration of securities and signing of registration statement

SEC. 6. (a) Any security may be registered with the Commission under the terms and conditions hereinafter provided by filing a registration statement in triplicate, at least one of which shall be signed by each issuer, its principal executive officer or officers, its principal financial officer, its comptroller or principal accounting officer, and the majority of its board of directors or persons performing similar functions (or, if there is no board of directors or persons performing similar functions, by the majority of the persons or board having the power of management of the issuer), and in case the issuer is a foreign or Territorial person by its duly authorized representative in the United States; except that when such registration statement relates to a security issued by a foreign government, or political subdivision thereof, it need be signed only by the underwriter of such security. Signatures of all such persons when written on the said registration statements shall be presumed to have been so written by authority of the person whose signature is so affixed and the burden of proof, in the event such authority shall be denied, shall be upon the party denying the same. The affixing of any signature without the authority of the purported signer shall constitute a violation of this title. A registration statement shall be deemed effective only as to the securities specified therein as proposed to be offered.

BRITISH COMPANIES ACT OF 1929—con.

(3) It shall not be lawful to issue any form of application for shares in or debentures of a company unless the form is issued with a prospectus which complies with the requirements of this section (sec. 35 (3)).

(2) Subject as hereinafter provided in this subsection, it shall not be lawful to make an offer in writing to any member of the public (not being a person whose ordinary business or part of whose ordinary business it is to buy or sell shares, whether as principal or agent) of any shares for purchase, unless the offer is accompanied by a statement in writing (which must be signed by the person making the offer and dated) containing such particulars as are required by this section to be included therein and otherwise complying with the requirements of this section, or, in the case of shares in a company incorporated outside of Great Britain, either by such a statement as aforesaid, or by such a prospectus as complies with this part of this act (sec. 356 (2)).

Provided that the provisions of this subsection shall not apply—

(a) where the shares to which the offer relates are shares which are quoted on, or in respect of which permission to deal has been granted by, any recognized stock exchange in Great Britain and the offer so states and specifies the stock exchange; or

(b) where the shares to which the offer relates are shares which a company has allotted or agreed to allot with a view to their being offered for sale to the public; or

(c) where the offer was made only to persons with whom the person making the offer has been in the habit of doing regular business in the purchase or sale of shares (sec. 356 (2)).

(2) A copy of every such prospectus, signed by every person who is named therein as a director or proposed director of the company, or by his agent authorized in writing, shall be delivered to the registrar of companies for registration on or before the date of its publication, and no such prospectus shall be issued until a copy thereof has been so delivered for registration (sec. 34 (2)).

(3) The registrar shall not register any prospectus unless it is dated, and the copy thereof signed, in manner required by this section (sec. 34 (3)).

(3) Section 34 of this act as applied by this section shall have effect as though the persons making the offer were persons named in a prospectus as directors of a company * * * (sec. 38 (3)).

(4) Where a person making an offer to which this section relates is a company or

COMMENTS—con.

The United States act makes it unlawful to make any interstate sale or offer of sale of any security covered by the act unless a registration statement is in effect and further, prohibits the use of any prospectus that does not meet the requirements of section 10, and requires a security to be accompanied by or preceded by such a prospectus. The United States act covers many more transactions than the British act. Section 35 of the British act makes it unlawful to make an original offer to subscribe for securities unless the offer is accompanied by a prospectus which has been filed pursuant to the act.

This subsection of the British act requires any offer of shares (other than as excepted as shown below) to be made in writing, but the exceptions are very broad.

The exemptions from the requirements under the British act that an offer must be in writing (sec. 356 (2)) cover all securities quoted on or dealt in on stock exchanges in Great Britain, or securities allotted for sale to the public (see sec. 38), or where the offer was made to regular customers.

Section 38 of the British act relates to the instances "where a company allots or agrees to allot any shares in or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public" (for example, sold to a dealer for resale to the public) and pro-

UNITED STATES SECURITIES ACT OF 1933—CON.	BRITISH COMPANIES ACT OF 1929—CON.	COMMENTS—CON.
	a firm, it shall be sufficient if the document aforesaid be signed on behalf of the company or firm by two directors of the company or not less than half of the partners, as the case may be, and any such director or partner may sign by his agent authorized in writing (sec. 38 (4)).	vides that the offer for sale to the public by such person (i.e., dealer) shall be deemed a prospectus. The dealer is required in such instance to sign the prospectus.
(b) At the time of filing a registration statement the applicants shall pay to the Commission a fee of 0.01 of 1 percent of the maximum aggregate price at which such securities are proposed to be offered, but in no case shall such fee be less than $25. (c) The filing with the Commission of a registration statement, or of an amendment to a registration statement, shall be deemed to have taken place upon the receipt thereof, but the filing of a registration statement shall not be deemed to have taken place unless it is accompanied by a United States postal money order or a certified bank check or cash for the amount of the fee required under subsection (b). (d) The information contained in or filed with any registration statement shall be made available to the public under such regulations as the Commission may prescribe, and copies thereof, photostatic or otherwise, shall be furnished to every applicant at such reasonable charge as the Commission may prescribe. (e) No registration statement may be filed within the first 40 days following the enactment of this act.		
Information required in registered statement SEC. 7. The registration statement, when relating to a security other than a security issued by a foreign government, or political subdivision thereof, shall contain the information, and be accompanied by the documents, specified in schedule A, and when relating to a security issued by a foreign government, or political subdivision thereof, shall contain the information, and be accompanied by the documents, specified in schedule B; except that the Commission may by rules or regulations provide that any such information or document need not be included in respect of any class of issuers or securities if it finds that the requirement of such information or document is inapplicable to such class and that disclosure fully adequate for the protection of investors is otherwise required to be included within the registration statement. If any accountant, engineer, or appraiser, or any person whose profession gives authority to a statement made by him, is named as having prepared or certified any part of the registration statement, or is named as having prepared or certified a report or valuation for use in connection with the registration statement, the written consent of such person shall be filed with the registration statement. If any such person is named as having prepared or certified a report or valuation (other than a public official document or statement) which is used in connection with the registration statement, but is not named as having prepared or certified such report or valuation for use in connection with the registration statement, the written consent of such person shall be filed with the registration statement unless the Commission dispenses with such filing as impracticable or as involving undue hardship on the person filing the registration statement. Any such registration statement shall contain such other information, and be accompanied by such other documents, as the Commission may by rules or regulations require as being necessary or appropriate in the public interest or for the protection of investors.	35. (1) Every prospectus issued by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company, must state the matters specified in part I of the fourth schedule to this act and set out the reports specified in part II of that schedule, and the said parts I and II shall have effect subject to the provisions contained in part III of the said schedule (sec. 35). (4) Every prospectus shall state on the face of it that a copy has been delivered for registration as required by this section (sec. 34).	The British act applies only to securities offered by a company not to those issued by governments or political subdivisions thereof. The British act does not require consent from "experts", etc., who have prepared reports that may be used in the prospectus—nor is liability imposed on these "experts" as it is under the United States act.
Taking effect of registration statements and amendments thereto SEC. 8. (a) The effective date of a registration statement shall be the twentieth day after the filing thereof, except as hereinafter provided, and except that in case of securities of any foreign public authority, which has continued the full service of its obligations in the United States, the pro-	34. (1) A prospectus issued by or on behalf of a company or in relation to an intended company shall be dated, and that date shall, unless the contrary is proved, be taken as the date of publication of the prospectus.	Under the British act the prospectus need only be filed with the registrar, that official having only the clerical duty to receive and file such prospectus. Under the British act the date of filing is the important date, but under the United States act the statement does not become "effective"

UNITED STATES SECURITIES ACT OF 1933—con.

ceeds of which are to be devoted to the refunding of obligations payable in the United States, the registration statement shall become effective 7 days after the filing thereof. If any amendment to any such statement is filed prior to the effective date of such statement, the registration statement shall be deemed to have been filed when such amendment was filed; except that an amendment filed with the consent of the Commission, prior to the effective date of the registration statement, or filed pursuant to an order of the Commission, shall be treated as a part of the registration statement.

(b) If it appears to the Commission that a registration statement is on its face incomplete or inaccurate in any material respect, the Commission may, after notice by personal service or the sending of confirmed telegraphic notice not later than 10 days after the filing of the registration statement, and opportunity for hearing (at a time fixed by the Commission) within 10 days after such notice by personal service or the sending of such telegraphic notice, issue an order prior to the effective date of registration refusing to permit such statement to become effective until it has been amended in accordance with such order. When such statement has been amended in accordance with such order, the Commission shall so declare, and the registration shall become effective at the time provided in subsection (a) or upon the date of such declaration, whichever date is the later.

(c) An amendment filed after the effective date of the registration statement, if such amendment, upon its face, appears to the Commission not to be incomplete or inaccurate in any material respect, shall become effective on such date as the Commission may determine, having due regard to the public interest and the protection of investors.

(d) If it appears to the Commission at any time that the registration statement includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, the Commission, may, after notice by personal service or the sending of confirmed telegraphic notice, and after opportunity for hearing (at a time fixed by the Commission) within 15 days after such notice by personal service or the sending of such telegraphic notice, issue a stop order suspending the effectiveness of the registration statement. When such statement has been amended in accordance with such stop order the Commission shall so declare and thereupon the stop order shall cease to be effective.

(e) The Commission is hereby empowered to make an examination in any case in order to determine whether a stop order should issue under subsection (d). In making such examination the Commission or any officer or officers designated by it shall have access to and may demand the production of any books and papers of, and may administer oaths and affirmations to and examine, the issuer, underwriter, or any other person, in respect of any matter relevant to the examination, and may, in its discretion, require the production of a balance sheet exhibiting the assets, and liabilities of the issuer, or its income statement, or both, to be certified to by a public or certified accountant approved by the Commission. If the issuer or underwriter shall fail to cooperate, or shall obstruct or refuse to permit the making of an examination, such conduct shall be proper ground for the issuance of a stop order.

(f) Any notice required under this section shall be sent to or served on the issuer, or, in case of a foreign government or political subdivision thereof, to or on the underwriter, or, in the case of a foreign or Territorial person, to or on its duly authorized representative in the United States named in the registration statement, properly directed in each case of telegraphic

BRITISH COMPANIES ACT OF 1929—con.

COMMENTS—con.

until the twentieth day after its filing, and this date may be postponed by the Federal Trade Commission in certain events.

Under the United States act the Commission has supervisory powers over the statement and can require its amendment and refuse to permit it to become effective.

Under the United States act the Commission may issue a "stop order" which suspends the effectiveness of a statement registered with it. The British registrar has no such power—a prospectus once filed with him, his duties and powers in respect thereto cease.

Under the United States act, the Commission has broad powers to investigate the books, etc., of the issuer, underwriter and others if it wishes to determine whether a "stop order" should issue. The registrar has no such powers.

UNITED STATES SECURITIES ACT OF 1933—CON.

notice to the address given in such statement.

Court review of orders

SEC. 9. (a) Any person aggrieved by an order of the Commission may obtain a review of such order in the Circuit Court of Appeals of the United States, within any circuit wherein such person resides or has his principal place of business, or in the Court of Appeals of the District of Columbia, by filing in such court, within 60 days after the entry of such order, a written petition praying that the order of the Commission be modified or be set aside in whole or in part. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission shall certify and file in the court a transcript of the record upon which the order complained of was entered. No objection to the order of the Commission shall be considered by the court unless such objection shall have been urged before the Commission. The finding of the Commission as to the facts, if supported by evidence, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order. The jurisdiction of the court shall be exclusive and its judgment and decree affirming, modifying, or setting aside, in whole or in part, any order of the Commission, shall be final, subject to review by the Supreme Court of the United States upon certiorari, or certification, as provided in sections 239 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 346 and 347).

(b) The commencement of proceedings under subsection (a) shall not, unless specifically ordered by the court, operate as a stay of the Commission's order.

Information required in prospectus

SEC. 10. (a) A prospectus—

(1) when relating to a security other than a security issued by a foreign government or political subdivision thereof, shall contain the same statements made in the registration statement, but it need not include the documents referred to in paragraphs (28) to (32), inclusive, of schedule A;

(2) when relating to a security issued by a foreign government or political subdivision thereof shall contain the same statements made in the registration statement, but it need not include the documents referred to in paragraphs (13) and (14) of schedule B.

(b) Notwithstanding the provisions of subsection (a)—

(1) when a prospectus is used more than 13 months after the effective date of the registration statement, the information in the statements contained therein shall be as of a date not more than 12 months prior to such use;

(2) there may be omitted from any prospectus any of the statements required under such subsection (a) which the Commission may by rules or regulations designate as not being necessary or appropriate in the public interest or for the protection of investors;

(3) any prospectus shall contain such other information as the Commission may by rules or regulations require as being necessary or appropriate in the public interest or for the protection of investors.

BRITISH COMPANIES ACT OF 1929—CON.

(3) The written statement aforesaid shall not contain any matter other than the particulars required by this section to be included therein, and shall not be in characters less large or less legible than any characters used in the offer or in any document sent therewith.

(4) The said statement shall contain particulars with respect to the following matters:

(a) Whether the person making the offer is acting as principal or agent, and if as agent the name of his principal and an address in Great Britain where that principal can be served with process.

(b) The date on which and the country in which the company was incorporated and the address of its registered or principal office in Great Britain.

(c) The authorized share capital of the company and the amount thereof which has been issued, the classes into which it is divided, and the rights of each class of shareholders in respect of capital, dividends, and voting.

(d) The dividends, if any, paid by the company on each class of shares during each of the 3 financial years immediately preceding the offer; and if no dividend has been paid in respect of shares of any particular class during any of those years, a statement to that effect.

(e) The total amount of any debentures issued by the company and outstanding at the date of the statement, together with the rate of interest payable thereon;

(f) The names and addresses of the directors of the company.

COMMENTS—CON.

Under the United States act an aggrieved party can obtain a review of any order issued by the Commission, but in any such review the findings of facts by the Commission, if supported by evidence, shall be conclusive.

These provisions of the British act specify what must be contained in or accompany an offer of shares to the public if that offer is in writing. (See sec. 356.) In the British act such offer is not termed a "prospectus" but appears to be very analogous to the "prospectus" of the United States act. There are broad exemptions in the British act dispensing with the requirements as to the contents of the written offer in certain instances. (See sec. 356 (2) proviso.)

UNITED STATES SECURITIES ACT OF 1933—CON.

(4) in the exercise of its powers under paragraphs (2) and (3) of this subsection, the Commission shall have authority to classify prospectuses according to the nature and circumstances of their use and by rules and regulations and subject to such terms and conditions as it shall specify therein, to prescribe as to each class the form and contents which it may find appropriate to such use and consistent with the public interest and the protection of investors.

(c) The statements or information required to be included in a prospectus by or under authority of subsection (a) or (b), when written, shall be placed in a conspicuous part of the prospectus in type as large as that used generally in the body of the prospectus.

(d) In any case where a prospectus consists of a radio broadcast, copies thereof shall be filed with the Commission under such rules and regulations as it shall prescribe. The Commission may by rules and regulations require the filing with it of forms of prospectuses used in connection with the sale of securities registered under this title.

Civil liabilities on account of false registration statement

SEC. 11. (a) In case any part of the registration statement, when such part became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated herein or necessary to make the statements therein not misleading, any person acquiring such security (unless it is proved that at the time of such acquisition he knew of such untruth or omission) may, either at law or in equity, in any court of competent jurisdiction, sue—

(1) every person who signed the registration statement;

(2) every person who was a director of (or person performing similar functions), or partner in, the issuer at the time of the filing of the part of the registration statement with respect to which his liability is asserted;

(3) every person who, with his consent, is named in the registration statement as being or about to become a director, person performing similar functions, or partner;

(4) every accountant, engineer, or appraiser, or any person whose profession gives authority to a statement made by him, who has with his consent been named as having prepared or certified any part of the registration statement, or as having prepared or certified any report or valuation which is used in connection with the registration statement, with respect to the statement in such registration statement, report, or valuation which purports to have been prepared or certified by him;

(5) every underwriter with respect to such security.

BRITISH COMPANIES ACT OF 1929—CON.

(g) Whether or not the shares offered are fully paid up; and if not, to what extent they are paid up.

(h) Whether or not the shares are quoted on, or permission to deal therein has been granted by, any recognized stock exchange in Great Britain or elsewhere, and, if so, which, and, if not, a statement that they are not so quoted or that no such permission has been granted.

(i) Where the offer relates to units, particulars of the names and addresses of the persons in whom the shares represented by the units are vested, the date of and the parties to any document defining the terms on which those shares are held, and an address in Great Britain where that document or a copy thereof can be inspected.

In this subsection the expression "company" means the company by which the shares to which the statement relates were or are to be issued (sec. 356 (3)).

37. (1) Where a prospectus invites persons to subscribe for shares in or debentures of a company—

(a) every person who is a director of the company at the time of the issue of the prospectus; and ("director" includes any person occupying the position of director by whatever name called;) (Sec. 380)

(b) every person who has authorized himself to be named and is named in the prospectus as a director or as having agreed to become a director either immediately or after an interval of time; and

(c) every person being a promoter of the company; and

(d) every person who has authorized the issue of the prospectus,

shall be liable to pay compensation to all persons who subscribe for any shares or debentures on the faith of the prospectus for the loss or damage they may have sustained by reason of any untrue statement therein, or in any report or memorandum appearing on the face thereof, or by reference incorporated therein or issued therewith, unless it is proved—

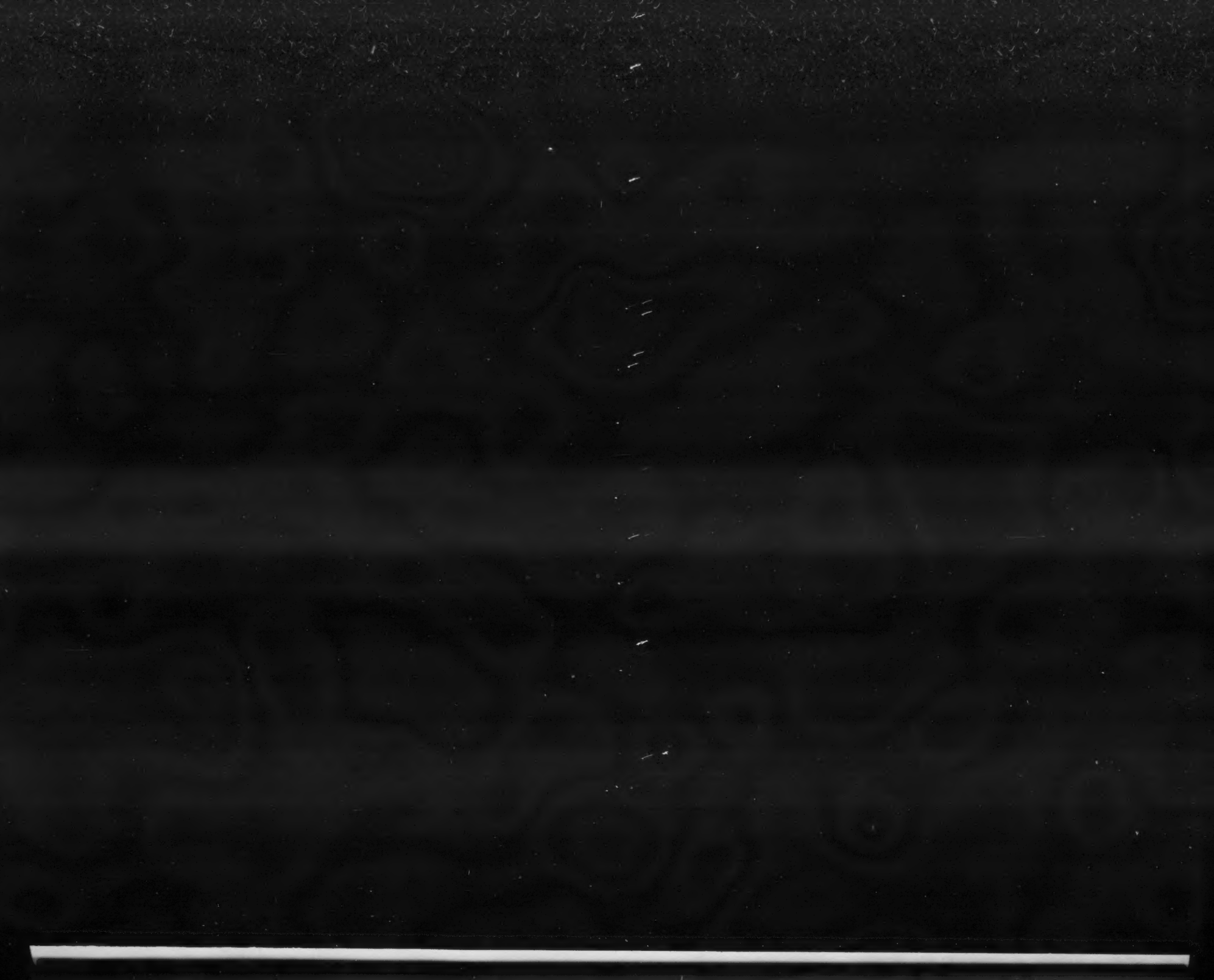
COMMENTS—CON.

Under the United States act any person acquiring the security may recover from the persons liable, whereas under the British act only the person who originally subscribed "on the faith of the prospectus" can recover. Moreover, under the British act the person can only recover the "loss or damage" sustained by reason of the "untrue statement" (sec. 37) or of "the omission" (sec. 35).

Section 37 of the British act provides liabilities where an "untrue statement" is contained in the prospectus. Section 35 of the British act provides for liability where the prospectus does not comply with the requirements of that section (omits to state facts required to be stated). No definite civil liability is set up by section 35, but the British courts have held civil liability to arise by violation of that section. Section 35 gives broader defenses than section 37. The provisions of section 35 are set forth separately at the end of section 11 of the United States act as the provisions of sections 37 and 35 could not both be parallel to section 11.

See section 38 of the British act where an offer for sale to the public in relation to securities allotted by the company with a view to their being offered to the public is made a "prospectus", and civil liability is the same as if the securities had been offered direct to the public, "but without prejudice to the liability, if any, of the persons by whom the offer is made in respect to misstatements contained in the document or otherwise in respect thereof." (Sec. 38.)

UNITED STATES SECURITIES ACT OF 1933—CON.	BRITISH COMPANIES ACT OF 1929—CON.	COMMENTS—CON.
(b) Notwithstanding the provisions of subsection (a) no person, other than the issuer, shall be liable as provided therein who shall sustain the burden of proof—		Under the United States act the "issuer" (usually the company whose securities are offered) is not given the benefit of the following defenses, but is liable in any event. The British act does not by its terms make such company liable in the first instance (but see below as to right to recision under general law of contracts induced by misrepresentation).
(1) that before the effective date of the part of the registration statement with respect to which his liability is asserted (A) he had resigned from or had taken such steps as are permitted by law to resign from, or ceased or refused to act in, every office, capacity, or relationship in which he was described in the registration statement as acting or agreeing to act, and (B) he had advised the Commission and the issuer in writing that he had taken such action and that he would not be responsible for such part of the registration statement; or	(i) that having consented to become a director of the company he withdrew his consent before the issue of the prospectus and that it was issued without his authority or consent; or	
(2) that if such part of the registration statement became effective without his knowledge, upon becoming aware of such fact he forthwith acted and advised the Commission, in accordance with paragraph (1), and, in addition, gave reasonable public notice that such part of the registration statement had become effective without his knowledge; or	(ii) that the prospectus was issued without his knowledge or consent, and that on becoming aware of its issue he forthwith gave reasonable public notice that it was issued without his knowledge or consent; or	
	(iii) that after the issue of the prospectus and before allotment thereunder, he, on becoming aware of any untrue statement therein, withdrew his consent thereto, and gave reasonable public notice of the withdrawal, and of the reason therefor; or	
(3) that (A) as regards any part of the registration statement not purporting to be made on the authority of an expert, and not purporting to be a copy of or extract from a report or valuation of an expert, and not purporting to be made on the authority of a public official document or statement, he had, after reasonable investigation, reasonable ground to believe, and did believe, at the time such part of the registration statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statement therein not misleading; and	(iv) that— (a) as regards every untrue statement not purporting to be made on the authority of any expert, or of a public official document or statement, he had reasonable ground to believe, and did up to the time of the allotment of the shares or debentures, as the case may be, believe, that the statement was true; and	Under the United States act the defendant must show not only that he had reasonable grounds to believe, and did believe, the statement to have been true but also that he had made a "reasonable investigation", and the standard of a reasonableness is the highest—i.e., that of a fiduciary. The British act contains no such unreasonable requirement for investigation.
(B) as regards any part of the registration statement purporting to be made upon his authority as an expert or purporting to be a copy of or extract from a report or valuation of himself as an expert, (i) he had, after reasonable investigation, reasonable ground to believe, and did believe, at the time such part of the registration statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) such part of the registration statement did not fairly represent his statement as an expert or was not a fair copy of or extract from his report or valuation as an expert; and		
(C) as regards any part of the registration statement purporting to be made on the authority of an expert (other than himself) or purporting to be a copy of or extract from a report or valuation of an expert (other than himself), he had reasonable ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that such part of the registration statement fairly represented the statement of the expert or was a fair copy of or extract from the report or valuation of the expert; and	(b) as regards every untrue statement purporting to be a statement by an expert or contained in what purports to be a copy of or extract from a report or valuation of an expert, it fairly represented the statement or was a correct and fair copy of or extract from the report or valuation; and	Under the United States act the defendant must show he had reasonable ground to believe the statements were true and that there were no material omissions. Under the British act it must be proved that the defendant "had no reasonable ground to believe" the expert "was competent."
(D) as regards any part of the registration statement purporting to be a statement made by an official person or purporting to be a copy of or extract from a public official document, he had reasonable ground to believe and did believe, at the time such part of the registraton statement became effective, that the statements therein were true, and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that such part	(c) as regards every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document; Provided that a person shall be liable to pay compensation as aforesaid if it is proved that he had no reasonable ground to believe that the person making any such statement, report, or valuation as is mentioned	Under the United States act the defendant must show he had reasonable ground to believe and did believe that the statements contained in a public document were true, whereas under the British act it is only necessary to show a correct and fair extract.



UNITED STATES SECURITIES ACT OF 1933—CON.

of the registration statement fairly represented the statement made by the official person or was a fair copy of or extract from the public official document.

(c) In determining, for the purpose of paragraph (3) of subsection (b) of this section, what constitutes reasonable investigation and reasonable ground for belief, the standard of reasonableness shall be that required of a person occupying a fiduciary relationship.

(d) If any person becomes an underwriter with respect to the security after the part of the registration statement with respect to which his liability is asserted has become effective, then for the purposes of paragraph (3) of subsection (b) of this section such part of the registration statement shall be considered as having become effective with respect to such person as of the time when he became an underwriter.

(e) The suit authorized under subsection (a) may be either (1) to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or (2) for damages if the person suing no longer owns the security.

(f) All or any one or more of the persons specified in subsection (a) shall be jointly and severally liable, and every person who becomes liable to make any payment under this section may recover contribution as in cases of contract from any person who, if sued separately, would have been liable to make the same payment, unless the person who has become liable was, and the other was not, guilty of fraudulent misrepresentation.

(g) In no case shall the amount recoverable under this section exceed the price at which the security was offered to the public.

(NOTE.—Sec. 11 of the United States act covers alike untrue statements and omissions. See above.)

BRITISH COMPANIES ACT OF 1929—CON.

in paragraph (iv) (b) of this subsection was competent to make it.

(2) Where the prospectus contains the name of a person as a director of the company, or as having agreed to become a director thereof, and he has not consented to become a director, or has withdrawn his consent before the issue of the prospectus, and has not authorized or consented to the issue thereof, the directors of the company, except any without whose knowledge or consent the prospectus was issued, and any other person who authorized the issue thereof, shall be liable to indemnify the person named as aforesaid against all damages, costs, and expenses to which he may be made liable by reason of his name having been inserted in the prospectus, or in defending himself against any action or legal proceedings brought against him in respect thereof.

(3) Every person who, by reason of his being a director or named as a director or as having agreed to become a director or of his having authorized the issue of the prospectus, becomes liable to make any payment under this section may recover contribution, as in cases of contract, from any other person who, if sued separately, would have been liable to make the same payment, unless the person who has become so liable was, and that other person was not, guilty of fraudulent misrepresentation.

(4) For the purpose of this section—

The expression "promoter" means a promotor who was a party to the preparation of the prospectus, or of the portion thereof containing the untrue statement, but does not include any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of the company.

The expression "expert" includes engineer, valuer, accountant, and any other person whose profession gives authority to a statement made by him.

(NOTE.—Sec. 35 of the British act specifies the matters which must be set out in the prospectus. The following provisions relating to civil liability for failure to comply with these requirements then follow.)

COMMENTS—CON.

Under the British act no specific provision is made for the return of the security and the recovery of the purchase price, but, considering his contract of purchase under the general law, the person who originally applied for shares on the faith of the prospectus (and only such person) can rescind the contract and recover back his purchase price from the company if he can show—

(A) that a misstatement was made by or on behalf of the company;

(B) that it was a material one;

(C) that he relied upon it in taking the shares;

(D) that he commenced proceedings before liquidation and within a reasonable time.

The British act gives the right to recover damages from directors, etc. (not from the company), but such right is limited to the original purchaser and there can be no pyramiding by suits by successive purchasers from the original purchaser.

Under cases decided in England the measure of damages is the difference between the actual value (not the market price) of the shares at the time of allotment and the sum paid for them. The United States act although limiting the recovery by any one person to the amount of the price at which the security was first offered permits successive purchasers to sue and therefore the final aggregate liability may be much more than the original price.

Section 35 of the British act requires certain things to be set forth in the prospectus, but does not contain any provisions as to what the civil liability is if any of the things are omitted to be set out. However, that it

UNITED STATES SECURITIES ACT OF 1933—CON.

Civil liabilities arising in connection with prospectuses and communication

SEC. 12. Any person who—

(1) sells a security in violation of section 5, or

(2) sells a security (whether or not exempted by the provisions of section 3, other than paragraph (2) of subsection (a) thereof), by the use of any means or instruments of transportation or communication in interstate commerce or of the mails, by means of a prospectus or oral communication, which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading (the purchaser not knowing of such untruth or omission) and who shall not sustain the burden of proof that he did not know, and in the exercise of reasonable care could not have known, of such untruth or omission.

shall be liable to the person purchasing such security from him, who may sue either at law or in equity in any court of competent jurisdiction, to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or for damages if he no longer owns the security.

Limitation of actions

SEC. 13. No action shall be maintained to enforce any liability created under section 11 or section 12 (2) unless brought within 2 years after the discovery of the untrue statement or the omission, or after such discovery should have been made by the exercise of reasonable diligence, or, if the action is to enforce a liability created under section 12 (1), unless brought within 2 years after the violation upon which it is based. In no event shall any such action be brought to enforce a liability created under section 11 or section 12 (1) more than 10 years after the security was bona fide offered to the public.

Contrary stipulations void

SEC. 14. Any condition, stipulation, or provision binding any person acquiring any security to waive compliance with any provision of this title or of the rules and regulations of the Commission shall be void.

BRITISH COMPANIES ACT OF 1929—CON.

(4) In the event of noncompliance with or contravention of any of the requirements of this section, a director or other person responsible for the prospectus shall not incur any liability by reason of the noncompliance or contravention, if—

(a) as regards any matter not disclosed, he proves that he was not cognizant thereof; or

(b) he proves that the noncompliance or contravention arose from an honest mistake of fact on his part; or

(c) the noncompliance or contravention was in respect of matters which in the opinion of the court dealing with the case were immaterial or was otherwise such as ought, in the opinion of that court, having regard to all the circumstances of the case, reasonably to be excused;

Provided, That in the event of failure to include in a prospectus a statement with respect to the matters specified in paragraph 15 of part I of the fourth schedule of this act, no director or other person shall incur any liability in respect of the failure unless it be proved that he had knowledge of the matters not disclosed.

(8) Where any person is convicted in England of having made an offer in contravention of the provisions of this section, the court before which he is convicted may order that any contract made as a result of the offer shall be void, and, where it makes any such order, may give such consequential directions as it thinks proper for the repayment of any money or the retransfer of any shares (sec. 356 (8)).

(2) A condition requiring or binding an applicant for shares in or debentures of a company to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract,

COMMENTS—CON.

was intended to impose a liability is fairly clear from subsection 4, which states there is no liability in certain instances. It has been held in England that a plaintiff in order to establish his right to recovery of damages must show not merely the omission to state some matter required to be stated in the prospectus but that the omission was equivalent to misstatements, and that the plaintiff has suffered loss as a result of the omission.

The United States act places excuses for false statements and for omissions on the same basis. Section 11 (a) and 11 (b). The British act more readily excuses omissions.

Under the British act a person is excused from omitting to state something which he can prove he did not know or if he can prove he made an honest mistake of fact. This is reasonable and does not require directors and others to be "insurers" but only to use proper care.

Omission of matters which the court feels were immaterial or the omission otherwise excusable do not give rise to liability under the British act. This seems to be about the same thing the United States act aims at when it creates liabilities in re omissions of "material facts."

Paragraph 15 referred to in this section deals with disclosing in the prospectus of the interest of any director in property to be acquired by the company and places the burden of proof on the party seeking to recover by reason of the omission of any such statement to show that the defendant had knowledge of the matter not disclosed. Throughout the entire provisions of the United States act section 11 (b) the burden of proof is on the defendant.

This provision of the British act appears most nearly analogous to section 12 of the United States act. "This section" referred to in the British provision is section 356, which requires a written offer to the public to contain certain information.

In England, the general statute of limitations applies and will be a bar to proceedings after 6 years and the time commences to run from the date of allotment, unless there was "concealed fraud." (Handbook on Joint Stock Companies, Gore-Browne, 38th ed.)

"This section" referred to in the provision of the British act is section 35 which requires a prospectus to contain certain information. A similar provision is contained in section 355 relating to a prospectus of a

UNITED STATES SECURITIES ACT OF 1933—CON.	BRITISH COMPANIES ACT OF 1929—CON.	COMMENTS—CON.
	document, or matter not specifically referred to in the prospectus, shall be void (sec. 35(2)).	company organized outside of Great Britain. (See sec. 355(2).)
Liability of controlling persons SEC. 15. Every person who, by or through stock ownership, agency or otherwise, or who, pursuant to or in connection with an agreement or understanding with one or more other persons by or through stock ownership, agency, or otherwise, controls any person liable under section 11 or 12, shall also be liable jointly and severally with and to the same extent as such controlled person to any person to whom such controlled person is liable.		The British act does not carry the liability of the company to stockholders who may control the company.
Additional remedies SEC. 16. The rights and remedies provided by this title shall be in addition to any and all other rights and remedies that may exist at law or in equity.	(6) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this act apart from this section (sec. 35 (6)).	"This section" referred to in the provision of the British act is section 35, which requires a prospectus to contain certain information and deals with civil liability. A similar provision is contained in section 355, relating to offers of securities of companies organized outside of Great Britain. (See sec. 355 (4).) The British act does not cover fraudulent transactions as such, but leaves the parties to their rights under general law relating to fraud.
Fraudulent interstate transactions SEC. 17. (a) It shall be unlawful for any person in the sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly— (1) to employ any device, scheme, or artifice to defraud; or (2) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (3) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser. (b) It shall be unlawful for any person, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, to publish, give publicity to, or circulate any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof. (c) The exemptions provided in section 3 shall not apply to the provisions of this section.		It should be noted that the acts declared by section 17 of the United States act to be unlawful apply even as to securities that are otherwise exempt from the act under section 3.
State control of securities SEC. 18. Nothing in this title shall affect the jurisdiction of the securities commismission (or any agency or office performing like functions) of any State or Territory of the United States, or the District of Columbia, over any security or any person.		
Special powers of Commission SEC. 19. (a) The Commission shall have authority from time to time to make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this title, including rules and regulations governing registration statements and prospectuses for various classes of securities and issuers, and defining accounting and trade terms used in this title. Among other things, the Commission shall have authority, for the purposes of this title, to prescribe the form or forms in which required information shall be set forth, the items or details to be shown in the balance sheet and earning statement, and the methods to be followed in the preparation of accounts, in the appraisal or valuation of assets and liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the preparation, where the Commission deems it necessary or desirable, of consolidated balance sheets or income ac-		Under the United States act the Commission is given broad power to prescribe rules and regulations to carry out the provisions of the act and in its investigations under the act can require persons to testify and submit books, etc., for scrutiny. The Registrar under the British act has no such powers.

UNITED STATES SECURITIES ACT OF 1933—CON.

counts of any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer; but insofar as they relate to any common carrier subject to the provisions of section 20 of the Interstate Commerce Act, as amended, the rules and regulations of the Commission with respect to accounts shall not be inconsistent with the requirements imposed by the Interstate Commerce Commission under authority of such section 20. The rules and regulations of the Commission shall be effective upon publication in the manner which the Commission shall prescribe.

(b) For the purpose of all investigations which, in the opinion of the Commission, are necessary and proper for the enforcement of this title, any member of the Commission or any officer or officers designated by it are empowered to administer oaths and affirmations, subpena witnesses, take evidence, and require the production of any books, papers, or other documents which the Commission deems relevant or material to the inquiry. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States or any Territory at any designated place of hearing.

Injunctions and prosecution of offenses

SEC. 20. (a) Whenever it shall appear to the Commission, either upon complaint or otherwise, that the provisions of this title, or of any rule or regulation prescribed under authority thereof, have been or are about to be violated, it may, in its discretion, either require or permit such person to file with it a statement in writing, under oath, or otherwise, as to all the facts and circumstances concerning the subject matter which it believes to be in the public interest to investigate, and may investigate such facts.

(b) Whenever it shall appear to the Commission that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this title, or of any rule or regulation prescribed under authority thereof, it may in its discretion, bring an action in any district court of the United States, United States court of any Territory, or the Supreme Court of the District of Columbia to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. The Commission may transmit such evidence as may be available concerning such acts or practices to the Attorney General who may, in his discretion, institute the necessary criminal proceedings under this title. Any such criminal proceeding may be brought either in the district wherein the transmittal of the prospectus or security complained of begins, or in the district wherein such prospectus or security is received.

(c) Upon application of the Commission the district courts of the United States, the United States courts of any Territory, and the Supreme Court of the District of Columbia, shall also have jurisdiction to issue writs of mandamus commanding any person to comply with the provisions of this title or any order of the Commission made in pursuance thereof.

Hearings by Commission

SEC. 21. All hearings shall be public and may be held before the Commission or an officer or officers of the Commission designated by it, and appropriate records thereof shall be kept.

Jurisdiction of offenses and suits

SEC. 22. (a) The district courts of the United States, the United States courts of any Territory, and the Supreme Court of the District of Columbia shall have jurisdiction of offenses and violations under this title and under the rules and regulations promulgated by the Commission in respect thereto, and, concurrent with State and Territorial courts, of all suits in equity

BRITISH COMPANIES ACT OF 1929—CON.

COMMENTS—CON.

Under the United States act the Commission may institute proceedings for an injunction to prohibit practices which are in violation of the act or may refer the matter to the Attorney General for a criminal prosecution. Under the British act the registrar has no such powers.

UNITED STATES SECURITIES ACT OF 1933—con.

and actions at law brought to enforce any liability or duty created by this title. Any such suit or action may be brought in the district wherein the defendant is found or is an inhabitant or transacts business, or in the district where the sale took place, if the defendant participated therein, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 225 and 347). No case arising under this title and brought in any State court of competent jurisdiction shall be removed to any court of the United States. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against it in the Supreme Court or such other courts.

(b) In case of contumacy or refusal to obey a subpena issued to any person, any of the said United States courts, within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides, upon application by the Commission, may issue to such person an order requiring such person to appear before the Commission, or one of its examiners designated by it, there to produce documentary evidence, if so ordered, or there to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof.

(c) No person shall be excused from attending and testifying or from producing books, papers, contracts, agreements, and other documents before the Commission, or in obedience to the subpena of the Commission or any member thereof or any officer designated by it, or in any cause or proceeding instituted by the Commission, on the ground that the testimony or evidence, documentary or otherwise, required of him, may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

Unlawful representations

SEC. 23. Neither the fact that the registration statement for a security has been filed or is in effect nor the fact that a stop order is not in effect with respect thereto shall be deemed a finding by the Commission that the registration statement is true and accurate on its face or that it does not contain an untrue statement of fact or omit to state a material fact, or be held to mean that the Commission has in any way passed upon the merits of, or given approval to, such security. It shall be unlawful to make, or cause to be made, to any prospective purchaser any representation contrary to the foregoing provisions of this section.

Penalties

SEC. 24. Any person who willfully violates any of the provisions of this title, or the rules and regulations promulgated by the Commission under authority thereof, or any person who willfully, in a registration statement filed under this title, makes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statement therein not misleading, shall upon conviction be fined not more than $5,000 or imprisoned not more than 5 years, or both.

BRITISH COMPANIES ACT OF 1929—con.

(5) If a prospectus is issued without a copy thereof being so delivered, the company, and every person who is knowingly a party to the issue of the prospectus, shall be liable to a fine not exceeding £5 for every day from the date of the issue of the prospectus until a copy thereof is so delivered (sec. 34 (5)).

If any person acts in contravention of the provisions of this subsection, he shall be liable to a fine not exceeding £500 (sec. 35 (3)).

COMMENTS—con.

The "so delivered" appearing in this subsection of the British act refers to the requirement of section 34 that a copy of the prospectus must be filed with the registrar.

"This subsection" here referred to in the British act provisions is (3) of section 35, which makes it unlawful to issue a form of application for shares unless accompanied by a prospectus.

UNITED STATES SECURITIES ACT OF 1933—CON.

Jurisdiction of other governmental agencies over securities

SEC. 25. Nothing in this title shall relieve any person from submitting to the respective supervisory units of the Government of the United States information, reports, or other documents that are now or may hereafter be required by any provision of law.

Separability of provisions

SEC. 26. If any provision of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SCHEDULE A

(1) The name under which the issuer is doing or intends to do business.

(2) The name of the State or other sovereign power under which the issuer is organized.

(3) The location of the issuer's principal office, and if the issuer is a foreign or territorial person, the name and address of its agent in the United States authorized to receive notice.

(4) The names and addresses of the directors or persons performing similar functions, and the chief executive, financial and accounting officers, chosen or to be chosen if the issuer be a corporation, association, trust, or other entity; of all partners, if the issuer be a partnership; and of the issuer, if the issuer be an individual; and of the promoters in the case of a business to be formed, or formed within 2 years prior to the filing of the registration statement.

(5) The names and addresses of the underwriters.

(6) The names and addresses of all persons, if any, owning of record or beneficially, if known, more than 10 percent of any class of stock of the issuer, or more than 10 percent in the aggregate of the outstanding stock of the issuer as of a date within 20 days prior to the filing of the registration statement.

(7) The amount of securities of the issuer held by any person specified in paragraphs (4), (5), and (6) of this schedule, as of a date within 20 days prior to the filing of the registration statement, and, if possible, as of 1 year prior thereto, and the amount of the securities for which the registration statement is filed, to which such persons have indicated their intention to subscribe.

(8) The general character of the business actually transacted or to be transacted by the issuer;

BRITISH COMPANIES ACT OF 1929—CON.

(6) Any person who is knowingly responsible for the issue, circulation or distribution of any prospectus, or for the issue of a form of application for shares or debentures in contravention of the provisions of this section shall be liable to a fine not exceeding £500 (sec. 354 (6)).

(5) If any person acts, or incites, causes, or procures any person to act, in contravention of this section, he shall be liable to imprisonment for a term not exceeding 6 months or to a fine not exceeding £200, or to both such imprisonment and fine, and in the case of a second or subsequent offence to imprisonment for a term not exceeding 12 months or to a fine not exceeding £500, or to both such imprisonment and fine (sec. 356 (5)).

(6) Where a person convicted of an offence under this section is a company (whether a company within the meaning of this act or not), every director and every officer concerned in the management of the company shall be guilty of the like offence unless he proves that the act constituting the offence took place without his knowledge or consent (sec. 356 (6)).

FOURTH SCHEDULE

(v) The date on which and the country in which the company was incorporated (sec. 355 (1)).

(vi) Whether the company has established a place of business in Great Britain, and, if so, the address of its principal office in Great Britain (sec. 355 (1)).

4. The names, descriptions, and addresses of the directors or proposed directors (fourth schedule, pt. I, 14).

14. The names and addresses of the auditors, if any, of the company (fourth schedule, pt. I, 14).

(1) the objects of the company (sec. 355 (1));

Provided, That—

(1) where any prospectus is published as a newspaper advertisement, it shall be a sufficient compliance with the requirements that the prospectus must specify the objects of the company if the advertisement specifies the primary object with which the company was formed; and (sec. 355 (1))

COMMENTS—CON.

Section 354 of the British act here referred to is a section dealing with the prospectus of companies organized outside of Great Britain.

"This section" here referred to is section 356 of the British act which requires, among other things, that an offer, if in writing, must be accompanied by a statement containing specified information.

Under the British act this need be shown only in a prospectus of a company organized outside of Great Britain (sec. 355).

Under the British act this need be shown only in a prospectus of a company organized outside of Great Britain (sec. 355).

Under the British act this need be shown only in a prospectus of a company organized outside of Great Britain (sec. 355).

UNITED STATES SECURITIES ACT OF 1933—CON.	BRITISH COMPANIES ACT OF 1929—CON.	COMMENTS—CON.
(9) A statement of the capitalization of the issuer, including the authorized and outstanding amounts of its capital stock and the proportion thereof paid up, the number and classes of shares in which such capital stock is divided, par value thereof—or, if it has no par value, the stated or assigned value thereof—a description of the respective voting rights, preferences, conversion, and exchange rights, rights to dividends, profits, or capital of each class, with respect to each other class, including the retirement and liquidation rights or values thereof.	16. If the prospectus invites the public to subscribe for shares in the company and the share capital of the company is divided into different classes of shares, the right of voting at meetings of the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively (fourth schedule, pt. I, 16). 2. The number of founders or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the company (fourth schedule, pt. I, 2).	
(10) A statement of the securities, if any, covered by options outstanding or to be created in connection with the security to be offered, together with the names and addresses of all persons, if any, to be allotted more than 10 percent in the aggregate of such options.		
(11) The amount of capital stock of each class issued or included in the shares of stock to be offered.		
(12) The amount of the funded debt outstanding and to be created by the security to be offered, with a brief description of the date, maturity and character of such debt, rate of interest, character of amortization provisions, and the security, if any, therefor. If substitution of any security is permissible, a summarized statement of the conditions under which such substitution is permitted. If substitution is permissible without notice, a specific statement to that effect.		
(13) The specific purposes in detail and the approximate amounts to be devoted to such purposes, so far as determinable, for which the security to be offered is to supply funds, and if the funds are to be raised in part from other sources, the amounts thereof and the sources thereof, shall be stated.	5. Where shares are offered to the public for subscription particulars as to— (i) the minimum amount which, in the opinion of the directors, must be raised by the issue of those shares in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums, required to be provided in respect of each of the following matters: (a) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue; (b) any preliminary expenses payable by the company, and any commission so payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for, any shares in the company; (c) the repayment of any moneys borrowed by the company in respect of any of the foregoing matters; (d) working capital; and (ii) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue and the sources out of which those amounts are to be provided (fourth schedule, pt. I, 5).	
(14) The remuneration, paid or estimated to be paid, by the issuer or its predecessor, directly or indirectly, during the past year and ensuing year to (a) the directors or persons performing similar functions, and (b) its officers and other persons, naming them wherever such remuneration exceeded $25,000 during any such year.	3. The number of shares, if any, fixed by the articles as the qualification of a director, and any provision in the articles as to the remuneration of the directors (fourth schedule, pt. I, 3).	The British act requires a statement of any provisions in the charter of a company as to the remuneration of directors but does not require that the amounts actually paid be shown.
(15) The estimated net proceeds to be derived from the security to be offered.	(ii) In paragraph 3 of part I of the said Fourth Schedule a reference to the constitution of the company shall be substituted for the reference to the articles; and (sec. 355 (1))— (a) the net amount of the consideration received or to be received by the company in respect of the shares or debentures to which the offer relates; and (sec. 38 (3) a)—	This provision of the British act applies only as respects companies organized outside of Great Britain (sec. 355).
(16) The price at which it is proposed that the security shall be offered to the public or the method by which such price is computed and any variation therefrom at which any portion of such security is proposed to be offered to any persons or classes of persons, other than the underwriters, naming them or specifying the class. A variation in price may be proposed prior to the date of the public offering of the security, but the Commission shall immediately be notified of such variation.	The amount payable on application and allotment on each share * * * (fourth schedule, pt. I, 6).	Under the British act this need be shown only where the securities have been allotted to one or a few persons with a view to their disposing of the securities to the public (sec. 38).
(17) All commissions or discounts paid or to be paid, directly or indirectly, by the issuer to the underwriters in respect of the	10. The amount, if any, paid within the 2 preceding years, or payable, as commission (but not including commission to sub-	

UNITED STATES SECURITIES ACT OF 1933—CON.

sale of the security to be offered. Commissions shall include all cash, securities, contracts, or anything else of value, paid, to be set aside, disposed of, or understandings with or for the benefit of any other person in which any underwriter is interested, made, in connection with the sale of such security. A commission paid or to be paid in connection with the sale of such security by a person in which the issuer has an interest or which is controlled or directed by, or under common control with, the issuer shall be deemed to have been paid by the issuer. Where any such commission is paid, the amount of such commission paid to each underwriter shall be stated.

(18) The amount or estimated amounts, itemized in reasonable detail, of expenses, other than commissions specified in paragraph (17) of this schedule, incurred or borne by or for the account of the issuer in connection with the sale of the security to be offered or properly chargeable thereto, including legal, engineering, certification, authentication, and other charges.

(19) The net proceeds derived from any security sold by the issuer during the 2 years preceding the filing of the registration statement, the price at which such security was offered to the public, and the names of the principal underwriters of such security.

(20) Any amount paid within 2 years preceding the filing of the registration statement or intended to be paid to any promoter and the consideration for any such payment.

(21) The names and addresses of the vendors and the purchase price of any property, or goodwill, acquired or to be acquired, not in the ordinary course of business, which is to be defrayed in whole or in part from the proceeds of the security to be offered, the amount of any commission payable to any person in connection with such acquisition, and the name or names of such person or persons, together with any expense incurred or to be incurred in connection with such acquisition, including the cost of borrowing money to finance such acquisition.

(22) Full particulars of the nature and extent of the interest, if any, of every director, principal executive officer, and of every stockholder holding more than 10 percent of any class of stock or more than 10 percent in the aggregate of the stock of the issuer, in any property acquired, not in the ordinary course of business of the issuer, within 2 years preceding the filing of the registration statement or proposed to be acquired at such date.

(23) The names and addresses of counsel who have passed on the legality of the issue.

(24) Dates of and parties to, and the general effect concisely stated of every material contract made, not in the ordinary course of business, which contract is to be executed in whole or in part at or after the filing of the registration statement or which contract has been made not more than 2 years before such filing. Any management contract or contract providing for special bonuses or profit-sharing arrangements, and

BRITISH COMPANIES ACT OF 1929—CON.

underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in, or debentures of, the company, or the rate of any such commission (fourth schedule, pt. I, 10).

11. The amount or estimated amount of preliminary expenses (fourth schedule, pt. I, 11).

6. The amount payable on application and allotment on each share, and, in the case of a second or subsequent offer of shares, the amount offered for subscription on each previous allotment made within the 2 preceding years, the amount actually allotted, and the amount, if any, paid on the shares so allotted (fourth schedule, pt. I, 6).

7. The number and amount of shares and debentures which within the 2 preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash, and in the latter case the extent to which they are so paid up, and in either case the consideration for which those shares or debentures have been issued or are proposed or intended to be issued (fourth schedule, pt. I, 7).

12. The amount paid within the 2 preceding years or intended to be paid to any promoter, and the consideration for any such payment (fourth schedule, pt. I, 12).

8. The names and addresses of the vendors of any property purchased or acquired by the company, or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus, or the purchase or acquisition of which has not been completed at the date of issue of the prospectus, and the amount payable in cash, shares, or debentures, to the vendor, and where there is more than one separate vendor, or the company is a subpurchaser, the amount so payable to each vendor (fourth schedule, pt. I, 8).

9. The amount, if any, paid or payable as purchase money in cash, shares, or debentures, for any such property as aforesaid, specifying the amount, if any, payable for good will (fourth schedule, pt. I, 9).

15. Full particulars of the nature and extent of the interest, if any, of every director in the promotion of, or in the property proposed to be acquired by, the company, or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares or otherwise by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company (fourth schedule, pt. I, 15).

13. The dates of and parties to every material contract, not being a contract entered into in the ordinary course of the business carried on, or intended to be carried on, by the company or a contract entered into more than 2 years before the date of issue of the prospectus, and a reasonable time and place at which any such material contract or a copy thereof may be inspected (fourth schedule, pt. I, 13).

COMMENTS—CON.

The United States act requires a concise statement of the general effect of every material contract and also requires (sec. 30 of schedule A) a copy of the contracts to be filed. The British act requires only the dates and the parties with a statement of where and when the contracts may be inspected.

UNITED STATES SECURITIES ACT OF 1933—CON.	BRITISH COMPANIES ACT OF 1929—CON.	COMMENTS—CON.
every material patent or contract for a material patent right, and every contract by or with a public-utility company or an affiliate thereof, providing for the giving or receiving of technical or financial advice or service (if such contract may involve a charge to any party thereto at a rate in excess of $2,500 per year in cash or securities or anything else of value), shall be deemed a material contract.		
(25) A balance sheet as of a date not more than 90 days prior to the date of the filing of the registration statement showing all of the assets of the issuer, the nature and cost thereof, whenever determinable, in such detail and in such form as the Commission shall prescribe (with intangible items segregated), including any loan in excess of $20,000 to any officer, director, stockholder, or person directly or indirectly controlling or controlled by the issuer, or person under direct or indirect common control with the issuer. All the liabilities of the issuer in such detail and such form as the Commission shall prescribe, including surplus of the issuer showing how and from what sources such surplus was created, all as of a date not more than 90 days prior to the filing of the registration statement. If such statement be not certified by an independent public or certified accountant, in addition to the balance sheet required to be submitted under this schedule, a similar detailed balance sheet of the assets and liabilities of the issuer, certified by an independent public or certified accountant, of a date not more than 1 year prior to the filing of the registration statement, shall be submitted.		
(26) A profit-and-loss statement of the issuer showing earnings and income, the nature and source thereof, and the expenses and fixed charges in such detail and such form as the Commission shall prescribe for the latest fiscal year for which such statement is available and for the 2 preceding fiscal years, year by year, or, if such issuer has been in actual business for less than 3 years, then for such time as the issuer has been in actual business, year by year. If the date of the filing of the registration statement is more than 6 months after the close of the last fiscal year, a statement from such closing date to the latest practicable date. Such statement shall show what the practice of the issuer has been during the 3 years or lesser period as to the character of the charges, dividends, or other distributions made against its various surplus accounts, and as to depreciation, depletion, and maintenance charges, in such detail and form as the Commission shall prescribe and if stock dividends or avails from the sale of rights have been credited to income, they shall be shown separately with a statement of the basis upon which the credit is computed. Such statement shall also differentiate between any recurring and nonrecurring income and between any investment and operating income. Such statement shall be certified by an independent public or certified accountant.	1. A report by the auditors of the company with respect to the profits of the company in respect of each of the 3 financial years immediately preceding the issue of the prospectus, and with respect to the rates of the dividends, if any, paid by the company in respect of each class of shares in the company in respect of each of the said 3 years, giving particulars of each such class of shares on which such dividends have been paid and particulars of the cases in which no dividends have been paid in respect of any class of shares in respect of any of those years, and, if no accounts have been made up in respect of any part of the period of 3 years ending on a date 3 months before the issue of the prospectus, containing a statement of that fact (fourth schedule, pt. II, 1).	
(27) If the proceeds, or any part of the proceeds, of the security to be issued is to be applied directly or indirectly to the purchase of any business, a profit-and-loss statement of such business certified by an independent public or certified accountant, meeting the requirements of paragraph (26) of this schedule, for 3 preceding fiscal years, together with a balance sheet, similarly certified, of such business, meeting the requirements of paragraph (25) of this schedule of a date not more than 90 days prior to the filing of the registration statement or at the date such business was acquired by the issuer if the business was acquired by the issuer more than 90 days prior to the filing of the registration statement.	2. If the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in the purchase of any business, a report made by accountants who shall be named in the prospectus upon the profits of the business in respect of each of the 3 financial years immediately preceding the issue of the prospectus (fourth schedule, pt. II, 2).	
(28) A copy of any agreement or agreements (or, if identic agreements are used, the forms thereof) made with any underwriter, including all contracts and agree-	(b) The place and time at which the contract under which the said shares or debentures have been or are to be allotted may be inspected (sec. 38 (3) (b).	Under the British act this need be shown only where the securities have been allotted to one or a few persons with a view to their disposing of the securities to the

UNITED STATES SECURITIES ACT OF 1933—CON.

ments referred to in paragraph (17) of this schedule.

(29) A copy of the opinion or opinions of counsel in respect to the legality of the issue, with a translation of such opinion, when necessary into the English language.

(30) A copy of all material contracts referred to in paragraph (24) of this schedule, but no disclosure shall be required of any portion of any such contract if the Commission determines that disclosure of such portion would impair the value of the contract and would not be necessary for the protection of investors.

(31) Unless previously filed and registered under the provisions of this title, and brought up to date, (a) a copy of its articles of incorporation, with all amendments thereof and of its existing bylaws or instruments corresponding thereto, whatever the name, if the issuer be a corporation; (b) copy of all instruments by which the trust is created or declared, if the issuer is a trust; (c) a copy of its articles of partnership or association and all other papers pertaining to its origanization, if the issuer is a partnership, unincorporated association, joint-stock company, or any other form of organization.

(32) A copy of the underlying agreements or indentures affecting any stock, bonds, or debentures offered or to be offered.

In case of certificates of deposit, voting-trust certificates, collateral-trust certificates, certificates of interest or shares in unincorporated investment trusts, equipment-trust certificates, interim or other receipts for certificates, and like securities, the Commission shall establish rules and regulations requiring the submission of information of a like character applicable to such cases, together with such other information as it may deem appropriate and necessary regarding the character, financial or otherwise, of the actual issuer of the securities and/or the person performing the acts and assuming the duties of depositor or manager.

BRITISH COMPANIES ACT OF 1929—CON.

1. Except where the prospectus is published as a newspaper advertisement, the contents of the memorandum, with the names, descriptions, and addresses of the signatories, and the number of shares subscribed for by them, respectively (fourth schedule, pt. I, 1).

* * * Particulars with respect to—

(ii) the instrument constituting or defining the constitution of the company;

(iii) the enactments, or provisions having the force of an enactment, by or under which the incorporation of the company was effected;

(iv) an address in Great Britain where the said instrument, enactments, or provisions, or copies thereof, and if the same are in a foreign language, a translation thereof certified in the prescribed manner, can be inspected (sec. 355 (1)).

17. In the case of a company which has been carrying on business, or of a business which has been carried on for less than 3 years, the length of time during which the business of the company or the business to be acquired, as the case may be, has been carried on (fourth schedule, pt. I, 17).

PART III

PROVISIONS APPLYING TO PARTS I AND II OF SCHEDULE

1. The provisions of this schedule with respect to the memorandum and the qualification, remuneration, and interest of directors, the names, descriptions, and addresses of directors or proposed directors, and the amount or estimated amount of the preliminary expenses, shall not apply in the case of a prospectus issued more than 2 years after the date at which the company is entitled to commence business.

(iii) Paragraph 1 of part III of that schedule shall have effect as if the reference to the memorandum were omitted therefrom (sec. 355 (1)).

2. Every person shall for the purpose of this schedule be deemed to be a vendor who has entered into any contract, absolute or conditional, for the sale or purchase, or for any option of purchase, of any property to be acquired by the company, in any case where—

(a) the purchase money is not fully paid at the date of the issue of the prospectus;

(b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus;

(c) the contract depends for its validity or fulfillment on the result of that issue.

COMMENTS—CON.

public. The British act does not require copies to be filed, but only that they be available for inspection (sec. 38).

Under the British act this information is not required in a prospectus of a company organized outside Great Britain (sec. 355 (b)).

Under the British act this need be shown only in a prospectus of a company organized outside Great Britain (sec. 355). The British act does not require copies to be filed but only that they be available for inspection. These provisions do not apply to a prospectus issued "more than 2 years after the date at which the company is entitled to commence business" (proviso to sec. 355 (1) (a)).

Under the United States act the Federal Trade Commission can make rules and regulations as to the information which must be stated in a registration statement covering securities of other than corporations. There are no similar provisions in the British act, as that act only covers securities of "companies."

The provisions of part III of the fourth schedule of the British act clarify and qualify to a certain extent the previously quoted provisions of parts I and II of that schedule. Part III is here given in its entirety instead of splitting provisions up and placing these provisions under the provisions of parts I and II to which part III applies.

Under the British act this applies only where the prospectus is of a company organized outside of Great Britain.

UNITED STATES SECURITIES ACT OF 1933—CON.

SCHEDULE B

(1) Name of borrowing government or subdivision thereof.

(2) Specific purposes in detail and the approximate amounts to be devoted to such purposes, so far as determinable, for which the security to be offered is to supply funds, and if the funds are to be raised in part from other sources, the amounts thereof and the sources thereof, shall be stated.

(3) The amount of the funded debt and the estimated amount of the floating debt outstanding and to be created by the security to be offered, excluding intergovernmental debt, and a brief description of the date, maturity, character of such debt, rate of interest, character of amortization provisions, and the security, if any, therefor. If substitution of any security is permissible, a statement of the conditions under which such substitution is permitted. If substitution is permissible without notice, a specific statement to that effect.

(4) Whether or not the issuer or its predecessor has, within a period of 20 years prior to the filing of the registration statement, defaulted on the principal or interest of any external security, excluding intergovernmental debt, and, if so, the date, amount, and circumstances of such default, and the terms of the succeeding arrangement, if any.

(5) The receipts, classified by source, and the expenditures, classified by purpose, in such detail and form as the Commission shall prescribe for the latest fiscal year for which such information is available and the 2 preceding fiscal years, year by year.

(6) The names and addresses of the underwriters.

(7) The name and address of its authorized agent, if any, in the United States.

(8) The estimated net proceeds to be derived from the sale in the United States of the security to be offered.

(9) The price at which it is proposed that the security shall be offered in the United States to the public or the method by which such price is computed. A variation in price may be proposed prior to the date of the public offering of the security, but the Commission shall immediately be notified of such variation.

(10) All commissions paid or to be paid, directly or indirectly, by the issuer to the underwriters in respect of the sale of the security to be offered. Commissions shall include all cash, securities, contracts, or anything else of value, paid, to be set

BRITISH COMPANIES ACT OF 1929—CON.

3. Where any property to be acquired by the company is to be taken on lease, this schedule shall have effect as if the expression "vendor" included the lessor, and the expression "purchase money" included the consideration for the lease, and the expression "subpurchaser" included a sublessee.

4. For the purposes of paragraph 8 of part I of this schedule where the vendors or any of them are a firm, the members of the firm shall not be treated as separate vendors.

5. If in the case of a company which has been carrying on business, or of a business which has been carried on for less than 3 years, the accounts of the company or business have only been made up in respect of 2 years or 1 year, part II of this schedule shall have effect as if references to 2 years or 1 year, as the case may be, were substituted for references to 3 years.

6. The expression "financial year" in part II of this schedule means the year in respect of which the accounts of the company or of the business, as the case may be, are made up, and where by reason of any alteration of the date on which the financial year of the company or business terminates the accounts of the company or business have been made up for a period greater or less than a year, that greater or less period shall for the purpose of the said part of this schedule be deemed to be a financial year.

COMMENTS—CON.

The British act does not require a prospectus in connection with securities of foreign governments or subdivisions thereof, being limited to companies, and has no provisions corresponding to schedule B of the United States act.

aside, disposed of, or understandings with or for the benefit of any other persons in which the underwriter is interested, made, in connection with the sale of such security. Where any such commission is paid, the amount of such commission paid to each underwriter shall be stated.

(11) The amount or estimated amounts, itemized in reasonable detail, of expenses, other than the commissions specified in paragraph (10) of this schedule, incurred or borne by or for the account of the issuer in connection with the sale of the security to be offered or properly chargeable thereto, including legal, engineering, certification, and other charges.

(12) The names and addresses of counsel who have passed upon the legality of the issue.

(13) A copy of any agreement or agreements made with any underwriter governing the sale of the security within the United States.

(14) An agreement of the issuer to furnish a copy of the opinion or opinions of counsel in respect to the legality of the issue, with a translation, where necessary, into the English language. Such opinion shall set out in full all laws, decrees, ordinances, or other acts of Government under which the issue of such security has been authorized.

FULL EXTRACTS FROM THE BRITISH COMPANIES ACT, 1929

PART II—SHARE CAPITAL AND DEBENTURES

Prospectus

34. (1) A prospectus issued by or on behalf of a company or in relation to an intended company shall be dated, and that date shall, unless the contrary is proved, be taken as the date of publication of the prospectus.

(2) A copy of every such prospectus, signed by every person who is named therein as a director or proposed director of the company, or by his agent authorized in writing, shall be delivered to the registrar of companies for registration on or before the date of its publication, and no such prospectus shall be issued until a copy thereof has been so delivered for registration.

(3) The registrar shall not register any prospectus unless it is dated, and the copy thereof signed, in manner required by this section.

(4) Every prospectus shall state on the face of it that a copy has been delivered for registration as required by this section.

(5) If a prospectus is issued without a copy thereof being so delivered, the company, and every person who is knowingly a party to the issue of the prospectus, shall be liable to a fine not exceeding £5 for every day from the date of the issue of the prospectus until a copy thereof is so delivered.

35. (1) Every prospectus issued by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company, must state the matters specified in part I of the fourth schedule to this act and set out the reports specified in part II of that schedule, and the said parts I and II shall have effect subject to the provisions contained in part III of the said schedule.

(2) A condition requiring or binding an applicant for shares in or debentures of a company to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus, shall be void.

(3) It shall not be lawful to issue any form of application for shares in or debentures of a company unless the form is issued with a prospectus which complies with the requirements of this section:

Provided, That this subsection shall not apply if it is shown that the form of application was issued either—

(a) In connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures; or

(b) In relation to shares or debentures which were not offered to the public.

If any person acts in contravention of the provisions of this subsection, he shall be liable to a fine not exceeding £500.

(4) In the event of noncompliance with or contravention of any of the requirements of this section, a director or other person responsible for the prospectus shall not incur any liability by reason of the noncompliance or contravention, if—

(a) as regards any matter not disclosed, he proves that he was not cognizant thereof; or

(b) he proves that the noncompliance or contravention arose from an honest mistake of fact on his part; or

(c) the noncompliance or contravention was in respect of matters which in the opinion of the court dealing with the case were immaterial or was otherwise such as ought, in the opinion of that court, having regard to all the circumstances of the case, reasonably to be excused:

Provided, That in the event of failure to include in a prospectus a statement with respect to the matters specified in paragraph 15 of part I of the fourth schedule to this act, no director or other person shall incur any liability in respect of the failure unless it be proved that he had knowledge of the matters not disclosed.

(5) This section shall not apply to the issue to existing members or debenture holders of a company of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures will or will not have the right to renounce in favor of other persons, but subject as aforesaid, this section shall apply to a prospectus or a form of application whether issued on or with reference to the formation of a company or subsequently.

(6) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this act apart from this section.

36. (1) A company limited by shares or a company limited by guarantee and having a share capital shall not previously to the statutory meeting vary the terms of a contract referred to in the prospectus, or statement in lieu of prospectus, except subject to the approval of the statutory meeting.

(2) This section shall not apply to a private company.

37. (1) Where a prospectus invites persons to subscribe for shares in or debentures of a company—

(a) every person who is a director of the company at the time of the issue of the prospectus; and

(b) every person who has authorized himself to be named and is named in the prospectus as a director or as having agreed to become a director either immediately or after an interval of time; and

(c) every person being a promoter of the company; and

(d) every person who has authorized the issue of the prospectus, shall be liable to pay compensation to all persons who subscribe for any shares or debentures on the faith of the prospectus for the loss or damage they may have sustained by reason of any untrue statement therein, or in any report or memorandum appearing on the face thereof, or by reference incorporated therein or issued therewith, unless it is proved—

(i) that having consented to become a director of the company he withdrew his consent before the issue of the prospectus and that it was issued without his authority or consent; or

(ii) that the prospectus was issued without his knowledge or consent, and that on becoming aware of its issue he forthwith gave reasonable public notice that it was issued without his knowledge or consent; or

(iii) that after the issue of the prospectus and before allotment thereunder, he, on becoming aware of any untrue statement therein, withdrew his consent thereto, and gave reasonable public notice of the withdrawal, and of the reason therefor; or

(iv) that—

(a) as regards every untrue statement not purporting to be made on the authority of any expert, or of a public official document or statement, he had reasonable ground to believe, and did up to the time of the allotment of the shares or debentures, as the case may be, believe, that the statement was true; and

(b) as regards every untrue statement purporting to be a statement by an expert or contained in what purports to be a copy of or extract from a report or valuation of an expert, it fairly represented the statement, or was a correct and fair copy of or extract from the report or valuation; and

(c) as regards every untrue statement purporting to be a statement made by an official person or contained in what purports

to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document:

Provided, That a person shall be liable to pay compensation as aforesaid if it is proved that he had no reasonable ground to believe that the person making any such statement, report, or valuation as is mentioned in paragraph (iv) (b) of this subsection was competent to make it.

(2) Where the prospectus contains the name of a person as a director of the company, or as having agreed to become a director thereof, and he has not consented to become a director, or has withdrawn his consent before the issue of the prospectus, and has not authorized or consented to the issue thereof, the directors of the company, except any without whose knowledge or consent the prospectus was issued, and any other person who authorized the issue thereof, shall be liable to indemnify the person named as aforesaid against all damages, costs, and expenses to which he may be made liable by reason of his name having been inserted in the prospectus, or in defending himself against any action or legal proceedings brought against him in respect thereof.

(3) Every person who, by reason of his being a director or named as a director or as having agreed to become a director, or of his having authorized the issue of the prospectus, becomes liable to make any payment under this section may recover contribution, as in cases of contract, from any other person who, if sued separately, would have been liable to make the same payment, unless the person who has become so liable was, and that other person was not, guilty of fraudulent misrepresentation.

(4) For the purpose of this section—

The expression "promoter" means a promoter who was a party to the preparation of the prospectus, or of the portion thereof containing the untrue statement but does not include any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of the company.

The expression "expert" includes engineer, valuer, accountant, and any other person whose profession gives authority to a statement made by him.

38. (1) Where a company allots or agrees to allot any shares in or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public, any document by which the offer for sale to the public is made shall for all purposes be deemed to be a prospectus issued by the company, and all enactments and rules of law as to the contents of prospectuses and to liability in respect of statements in and omissions from prospectuses, or otherwise relating to prospectuses, shall apply and have effect accordingly, as if the shares or debentures had been offered to the public for subscription and as if persons accepting the offer in respect of any shares or debentures were subscribers for those shares or debentures, but without prejudice to the liability, if any, of the persons by whom the offer is made, in respect of misstatements contained in the document or otherwise in respect thereof.

(2) For the purposes of this act it shall, unless the contrary is proved, be evidence that an allotment of, or an agreement to allot, shares or debentures was made with a view to the shares or debentures being offered for sale to the public if it is shown—

(a) that an offer of the shares or debentures or of any of them for sale to the public was made within 6 months after the allotments or agreement to allot; or

(b) that at the date when the offer was made, the whole consideration to be received by the company in respect of the shares or debentures had not been so received.

(3) Section 34 of this act as applied by this section shall have effect as though the persons making the offer were persons named in a prospectus as directors of a company, and section 35 of this act as applied by this section shall have effect as if it required a prospectus to state in addition to the matters required by that section to be stated in a prospectus—

(a) the net amount of the consideration received or to be received by the company in respect of the shares or debentures to which the offer relates; and

(b) the place and time at which the contract under which the said shares or debentures have been or are to be alloted may be inspected.

(4) Where a person making an offer to which this section relates is a company or a firm, it shall be sufficient if the document aforesaid is signed on behalf of the company or firm by two directors of the company or not less than half of the partners, as the case may be, and any such director or partner may sign by his agent authorized in writing.

PART XII. RESTRICTIONS ON SALE OF SHARES AND OFFERS OF SHARES FOR SALE

354.—(1) It shall not be lawful for any person—

(a) to issue, circulate or distribute in Great Britain any prospectus offering for subscription shares in or debentures of a company incorporated or to be incorporated outside Great Britain, whether the company has or has not established, or when formed will or will not establish, a place of business in Great Britain, unless—

(i) before the issue, circulation or distribution of the prospectus in Great Britain a copy thereof, certified by the chairman and two other directors of the company as having been approved by resolution of the managing body, has been delivered for registration to the registrar of companies;

(ii) the prospectus states on the face of it that the copy has been so delivered;

(iii) the prospectus is dated;

(iv) the prospectus otherwise complies with this part of this act; or

(b) to issue to any person in Great Britain a form of application for shares in or debentures of such a company or intended company as aforesaid, unless the form is issued with a prospectus which complies with this part of this act;

Provided, That this provision shall not apply if it is shown that the form of application was issued in connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures.

(2) This section shall not apply to the issue to existing members or debenture holders of a company of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures will or will not have the right to renounce in favor of other persons, but, subject as aforesaid, this section shall apply to a prospectus or form of application whether issued on or with reference to the formation of a company or subsequently.

(3) Where any document by which any shares in or debentures of a company incorporated outside Great Britain are offered for sale to the public would, if the company concerned had been a company within the meaning of this act, have been deemed by virtue of section 38 of this act to be a prospectus issued by the company, that document shall be deemed to be, for the purposes of this section, a prospectus issued by the company.

(4) An offer of shares or debentures for subscription or sale to any person whose ordinary business or part of whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, shall not be deemed an offer to the public for the purposes of this section.

(5) Section 37 of this act shall extend to every prospectus to which this section applies.

(6) Any person who is knowingly responsible for the issue, circulation, or distribution of any prospectus, or for the issue of a form of application for shares or debentures, in contravention of the provisions of this section shall be liable to a fine not exceeding £500.

(7) In this and the next following section the expressions "prospectus", "shares", and "debentures" have the same meanings as when used in relation to a company incorporated under this act.

355. (1) In order to comply with this part of this act a prospectus in addition to complying with the provisions of subparagraphs (ii) and (iii) of paragraph (a) of subsection (1) of the last foregoing section must—

(a) contain particulars with respect to the following matters—

(i) the objects of the company;

(ii) the instrument constituting or defining the constitution of the company;

(iii) the enactments, or provisions having the force of an enactment, by or under which the incorporation of the company was effected;

(iv) an address in Great Britain where the said instrument, enactments or provisions, or copies thereof, and if the same are in a foreign language a translation thereof certified in the prescribed manner, can be inspected;

(v) the date on which and the country in which the company was incorporated;

(vi) whether the company has established a place of business in Great Britain, and, if so, the address of its principal office in Great Britain:

Provided, That the provisions of subparagraphs (i), (ii), (iii), and (iv) of this paragraph shall not apply in the case of a prospectus issued more than 2 years after the date at which the company is entitled to commence business.

(b) Subject to the provisions of this section, state the matters specified in part I of the fourth schedule to this act (other than those specified in paragraph I of the said part I) and set out the reports specified in part II of that schedule subject always to the provisions contained in part III of the said schedule:

Provided, That—

(i) where any prospectus is published as a newspaper advertisement, it shall be a sufficient compliance with the requirement that the prospectus must specify the objects of the company if the advertisement specifies the primary object with which the company was formed; and

(ii) in paragraph 3 of part I of the said fourth schedule a reference to the constitution of the company shall be substituted for the reference to the articles; and

(iii) paragraph I of part III of that schedule shall have effect as if the reference to the memorandum were omitted therefrom.

(2) Any condition requiring or binding any applicant for shares or debentures to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus, shall be void.

(3) In the event of noncompliance with or contravention of any of the requirements of this section, a director or other person responsible for the prospectus shall not incur any liability by reason of the noncompliance or contravention, if—

(a) as regards any matter not disclosed, he proves that he was not cognizant thereof; or

(b) he proves that the noncompliance or contravention arose from an honest mistake of fact on his part; or

(c) the noncompliance or contravention was in respect of matters which, in the opinion of the court dealing with the case, were immaterial or were otherwise such as ought, in the opinion of

that court, having regard to all the circumstances of the case, reasonably to be excused:

Provided, That in the event of failure to include in a prospectus a statement with respect to the matters contained in paragraph 15 of part I of the fourth schedule to this act, no director or other person shall incur any liability in respect of the failure unless it be proved that he had knowledge of the matters not disclosed.

(4) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this act, apart from this section.

356. (1) It shall not be lawful for any person to go from house to house offering shares for subscription or purchase to the public or any member of the public.

In this subsection the expression "house" shall not include an office used for business purposes.

(2) Subject as hereinafter provided in this subsection, it shall not be lawful to make an offer in writing to any member of the public (not being a person whose ordinary business or part of whose ordinary business it is to buy or sell shares, whether as principal or agent) of any shares for purchase, unless the offer is accompanied by a statement in writing (which must be signed by the person making the offer and dated) containing such particulars as are required by this section to be included therein and otherwise complying with the requirements of this section, or, in the case of shares in a company incorporated outside Great Britain, either by such a statement as aforesaid, or by such a prospectus as complies with this part of this act:

Provided, That the provisions of this subsection shall not apply—

(a) where the shares to which the offer relates are shares which are quoted on, or in respect of which permission to deal has been granted by, any recognized stock exchange in Great Britain and the offer so states and specifies the stock exchange; or

(b) where the shares to which the offer relates are shares which a company has allotted or agreed to allot with a view to their being offered for sale to the public; or

(c) where the offer was made only to persons with whom the person making the offer has been in the habit of doing regular business in the purchase or sale of shares.

(3) The written statement aforesaid shall not contain any matter other than the particulars required by this section to be included therein, and shall not be in characters less large or less legible than any characters used in the offer or in any document sent therewith.

(4) The said statement shall contain particulars with respect to the following matters—

(a) whether the person making the offer is acting as principal or agent, and if as agent the name of his principal and a; address in Great Britain where that principal can be served with process;

(b) The date on which and the country in which the company was incorporated and the address of its registered or principal office in Great Britain;

(c) the authorized share capital of the company and the amount thereof which has been issued, the classes into which it is divided and the rights of each class of shareholders in respect of capital, dividends, and voting;

(d) the dividends, if any, paid by the company on each class of shares during each of the 3 financial years immediately preceding the offer, and if no dividend has been paid in respect of shares of any particular class during any of those years, a statement to that effect;

(e) the total amount of any debentures issued by the company and outstanding at the date of the statement, together with the rate of interest payable thereon;

(f) the names and addresses of the directors of the company;

(g) whether or not the shares offered are fully paid up, and, if not, to what extent they are paid up;

(h) whether or not the shares are quoted on, or permission to deal therein has been granted by, any recognized stock exchange in Great Britain or elsewhere, and, if so, which, and, if not, a statement that they are not so quoted or that no such permission has been granted;

(i) where the offer relates to units, particulars of the names and addresses of the persons in whom the shares represented by the units are vested, the date of and the parties to any document defining the terms on which those shares are held, and an address in Great Britain where that document or a copy thereof can be inspected.

In this subsection the expression "company" means the company by which the shares to which the statement relates were or are to be issued.

(5) If any person acts, or incites, causes or procures any person to act in contravention of this section, he shall be liable to imprisonment for a term not exceeding 6 months or to a fine not exceeding £200 or to both such imprisonment and fine, and in the case of a second or subsequent offense to imprisonment for a term not exceeding 12 months or to a fine not exceeding £500, or to both such imprisonment and fine.

(6) Where a person convicted of an offense under this section is a company (whether a company within the meaning of this act or not), every director and every officer concerned in the management of the company shall be guilty of the like offense unless he proves that the act constituting the offense took place without his knowledge or consent.

(7) In this section, unless the context otherwise requires, the expression "shares" means the shares of a company, whether a company within the meaning of this act or not, and includes debentures and units, and the expression "unit" means any rights or interest (by whatever name called) in a share, and for the purposes of this section a person shall not in relation to a company be regarded as not being a member of the public by reason only that he is a holder of shares in the company or a purchaser of goods from the company.

(8) Where any person is convicted in England of having made an offer in contravention of the provisions of this section, the court before which he is convicted may order that any contract made as a result of the offer shall be void and where it makes any such order may give such consequential directions as it thinks proper for the repayment of any money or the retransfer of any shares.

Where the court makes an order under this subsection (whether with or without consequential directions) an appeal against the order and the consequential directions, if any, shall lie to the high court.

380. (1) In this act, unless the context otherwise requires, the following expressions have the meanings hereby assigned to them (that is to say):

* * * * * * *

"Company" means a company formed and registered under this act or an existing company.

"Existing company" means a company formed and registered under the joint stock companies acts, the companies act, 1862, or the companies (consolidation) act, 1908, but does not include a company registered under the said enactments in Northern Ireland or the Irish Free State.

* * * * * * *

"Debenture" includes debenture stock, bonds, and any other securities of a company whether constituting a charge on the assets of the company or not;

"Director" includes any person occupying the position of director by whatever name called;

* * * * * * *

"Prospectus" means any prospectus, notice, circular, advertisement, or other invitation, offering to the public for subscription or purchase any shares or debentures of a company;

* * * * * * *

"The registrar of companies", or, when used in relation to registration of companies, "the registrar", means the registrar or other officer performing under this act the duty of registration of companies in England or Scotland, or in the stannaries, as the case requires;

"Share" means share in the share capital of a company, and includes stock except where a distinction between stock and shares is expressed or implied.

FOURTH SCHEDULE

PART I. MATTERS REQUIRED TO BE STATED IN PROSPECTUS

1. Except where the prospectus is published as a newspaper advertisement, the contents of the memorandum, with the names, descriptions, and addresses of the signatories, and the number of shares subscribed for by them respectively.

2. The number of founders or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the company.

3. The number of shares, if any fixed by the articles as the qualification of a director, and any provision in the articles as to the remuneration of the directors.

4. The names, descriptions, and addresses of the directors or proposed directors.

5. Where shares are offered to the public for subscription, particulars as to—

(i) the minimum amount which, in the opinion of the directors, must be raised by the issue of those shares in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums, required to be provided in respect of each of the following matters:

(a) The purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;

(b) any preliminary expenses payable by the company, and any commission so payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for, any shares in the company;

(c) the repayment of any moneys borrowed by the company in respect of any of the foregoing matters;

(d) working capital; and

(ii) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue and the sources out of which those amounts are to be provided.

6. The amount payable on application and allotment on each share, and, in the case of a second or subsequent offer of shares, the amount offered for subscription on each previous allotment made within the 2 preceding years, the amount actually allotted, and the amount, if any, paid on the shares so allotted.

7. The number and amount of shares and debentures which within the two preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash, and in the latter case the extent to which they are so paid up, and in either case the consideration for which those shares or debentures have been issued or are proposed or intended to be issued.

8. The names and addresses of the vendors of any property purchased or acquired by the company, or proposed so to be purchased or acquired, which is to be paid for wholly or partly

out of the proceeds of the issue offered for subscription by the prospectus, or the purchase or acquisition of which has not been completed at the date of issue of the prospectus, and the amount payable in cash, shares, or debentures, to the vendor, and where there is more than one separate vendor, or the company is a subpurchaser, the amount so payable to each vendor.

9. The amount, if any, paid or payable as purchase money in cash, shares, or debentures, for any such property as aforesaid, specifying the amount, if any, payable for goodwill.

10. The amount, if any, paid within the 2 preceding years, or payable, as commission (but not including commission to subunderwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in, or debentures of, the company, or the rate of any such commission.

11. The amount or estimated amount of preliminary expenses.

12. The amount paid within the 2 preceding years or intended to be paid to any promoter, and the consideration for any such payment.

13. The dates of and parties to every material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company, or a contract entered into more than 2 years before the date of issue of the prospectus, and a reasonable time and place at which any such material contract or a copy thereof may be inspected.

14. The names and addresses of the auditors, if any, of the company.

15. Full particulars of the nature and extent of the interest, if any, of every director in the promotion of, or in the property proposed to be acquired by, the company, or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or, otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company.

16. If the prospectus invites the public to subscribe for shares in the company and the share capital of the company is divided into different classes of shares, the right of voting at meetings of the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively.

17. In the case of a company which has been carrying on business, or of a business which has been carried on for less than 3 years, the length of time during which the business of the company or the business to be acquired, as the case may be, has been carried on.

PART II. REPORTS TO BE SET OUT IN PROSPECTUS

1. A report by the auditors of the company with respect to the profits of the company in respect of each of the 3 financial years immediately preceding the issue of the prospectus, and with respect to the rates of the dividends, if any, paid by the company in respect of each class of shares in the company in respect of each of the said 3 years, giving particulars of each such class of shares on which such dividends have been paid and particulars of the cases in which no dividends have been paid in respect of any class of shares in respect of any of those years, and, if no accounts have been made up in respect of any part of the period of 3 years ending on a date 3 months before the issue of the prospectus, containing a statement of that fact.

2. If the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in the purchase of any business, a report made by accountants who shall be named in the prospectus upon the profits of the business in respect of each of the 3 financial years immediately preceding the issue of the prospectus.

PART III. PROVISIONS APPLYING TO PARTS I AND II OF SCHEDULE

1. The provisions of this schedule with respect to the memorandum and the qualification, remuneration, and interest of directors, the names, descriptions, and addresses of directors or proposed directors, and the amount or estimated amount of the preliminary expenses, shall not apply in the case of a prospectus issued more than 2 years after the date at which the company is entitled to commence business.

2. Every person shall for the purposes of this schedule be deemed to be a vendor who has entered into any contract, absolute or conditional, for the sale or purchase, or for any option of purchase, of any property to be acquired by the company, in any case where—

(a) the purchase money is not fully paid at the date of the issue of the prospectus;

(b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus;

(c) the contract depends for its validity or fulfillment on the result of that issue.

3. Where any property to be acquired by the company is to be taken on lease, this schedule shall have effect as if the expression "vendor" included the lessor, and the expression "purchase money" included the consideration for the lease, and the expression "subpurchaser" included a sublessee.

4. For the purposes of paragraph 8 of part I of this schedule where the vendors or any of them are a firm, the members of the firm shall not be treated as separate vendors.

5. If in the case of a company which has been carrying on business, or of a business which has been carried on for less than 3 years, the accounts of the company or business have only been made up in respect of 2 years or 1 year, part II of this schedule shall have effect as if references to 2 years or 1 year, as the case may be, were substituted for references to 3 years.

6. The expression "financial year" in part II of this schedule means the year in respect of which the accounts of the company or of the business, as the case may be, are made up, and where by reason of any alteration of the date on which the financial year of the company or business terminates the accounts of the company or business have been made up for a period greater or less than a year, that greater or less period shall for the purpose of the said part of this schedule be deemed to be a financial year.

Mr. KEAN. Mr. President, my amendment was prepared from a photostatic copy of the British companies act, an act which, in my opinion, is far superior to the United States Securities Act of 1933. The United States Securities Act has been found unworkable; it has been found impractical; it has been found to be detrimental to the recovery of business; and it is nothing but a hindrance to business. It has prevented practically any public issues of securities being made. My firm in New York has had public issues of securities offered to it, and I have said that I would not consent to take any issue so long as this statute is on the books.

The British companies act goes further than our act does. There is great complaint about the hawking of securities from house to house by what is called supersalesmanship. That has been a continual menace to the public. When a man dies and leaves his widow an insurance fund from which she receives $5,000 or $10,000, she is immediately besieged by people she never heard of before who try to get the money away from her. Under my amendment it is specified that securities may not be hawked from house to house; that people may not be solicited in their homes to buy securities by persons with whom they have not previously done business.

There are many features of the British companies act which are far superior to our act. The British companies act protects the public in every way, and its provisions have been tried in the courts and proven, while our act has not been tried in the courts, and there are many features of our act which are either detrimental to business or else are impossible of execution.

Therefore, I hope that my amendment will be favorably considered by the Senate. I ask for a vote on the amendment.

Mr. FLETCHER. Mr. President, I merely wish to say that in substance the Securities Act is the British companies act. It is founded on the British companies act. It is practically that act, modified to come within the constitutional power of the legislative authority of the United States with respect to interstate commerce, for instance. In England they have no such question as the difference between intrastate and interstate commerce. Consequently the British companies act does not apply fully in this country. The whole United States act is founded upon the British companies act.

I wish to read from an article by Bernard Flexner entitled "The Fight on the Securities Act", appearing in the Atlantic Monthly of February 1934:

In substance the Securities Act is the English company's act, modified to come within the constitutional power of the Federal Legislature to regulate interstate commerce and to recognize the fact that in England, except for a very unusual Hatry or Kylsant, the distribution of securities is a decorous, traditional business, offering its wares only to institutions and wary family solicitors, while in the United States it has been a high-pressure racket that jangled every housewife's doorbell.

Mr. President, there is quite a different situation in the United States from the situation existing in England.

Mr. KEAN. That is just the reason, Mr. President, why I am offering my amendment. My amendment absolutely specifies that securities may not be offered to the housewife by people unknown to her.

Mr. FLETCHER. Mr. President, I ask for a vote on the amendment in the nature of a substitute.

Mr. KEAN. Mr. President, before the vote is taken I should like to say further to the Senator from Florida that I have asked unanimous consent to have printed as a part of my remarks an exact comparison of the United States Securities Act of 1933 with the British companies act of 1929.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New Jersey [Mr. KEAN] in the nature of a substitute for the amendment of the Senator from Florida [Mr. FLETCHER].

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on the amendment offered by the Senator from Florida [Mr. FLETCHER].

Mr. WALCOTT. Mr. President, I have tried to view this whole question as sanely and as fairly as possible; I have tried to keep my feet on the ground. I have been familiar from the beginning with the investigation of the stock exchange, conducted by the Banking and Currency Committee. I am familiar with business, having been in business for a good part of my life. I am familiar with banking, having practiced banking for many years. I am familiar with the British securities act, having worked under that act for many years. I know its advantages and how fair it is to investors. I am entirely in sympathy with certain of the amendments proposed by the Senator from Florida to the Securities Act, particularly those amendments which define certain terms and then, in my opinion, considerably liberalize the present law known as the "Securities Act of 1933." However, Mr. President, in my opinion, they do not go far enough. The Securities Act, as it exists today, and the bill which we shall very likely pass in a short time, known as the "national stock exchange bill", are companion bills. I hope, if the stock exchange bill shall pass, that the two bills will be administered by the same commission, a commission other than the Federal Trade Commission.

But, Mr. President, we are confronted with a grave situation. After all, unemployment is the great peril, the great problem confronting this country. We are not going to solve it by artificial methods; we are not going to solve it by taxing people to defray the living expenses of those who do not work because they cannot obtain work. Those people must be put to work at normal employment by having a recovery in our business institutions. Our business must prosper before unemployment can very materially be reduced. That will be the test of recovery; that is always the test of society. Society can never succeed unless it can take care, at least with a meager subsistence, of the poorest and lowliest of its members. Otherwise, it breaks down; it falls, leading to riots, and even to revolution and chaos.

The Securities Act of 1933 and the pending bill are, in my opinion, too illiberal. I do not criticize in any way a proper effort to regulate stock exchanges; it seems to me that is an exceedingly useful, and, in fact, necessary undertaking. But the portion of the pending bill affecting business and the treatment accorded securities under the Securities Act are so restrictive as to give a black eye to business. They will keep business from properly financing its requirements.

Those requirements have not been pressing during the last year since the Securities Act was passed; therefore, we have not heard very much about its defects; but from now on, assuming a recovery or even a partial recovery of normal business the Securities Act is going to appear in glaring fashion as a restrictive and almost a paralyzing measure. It will so restrict business that business will not be able to finance its requirements properly. It would be difficult to get the proper personnel on a board of directors today if one were starting a new business, or to hire the proper attorneys, because the restrictions imposed upon the men holding such relations to a corporation are so great.

I hope that many of the amendments proposed by the Senator from Florida will be adopted, and I am sure they will be, as they tend to liberalize the law. I desire, however, to offer some other amendments, and I wish to offer them now for the consideration of the Senate. They have been prepared by a group of business men which is known as the "Association of Durable Industries", who met together to see whether they could not suggest reasonable amendments. I want these amendments to be passed on by this body today, if possible, before a vote is had on the Fletcher amendments, because, in my opinion, they are not only useful but they are necessary. I send the amendments to the desk and offer them now as amendments to the amendment proposed by the Senator from Florida.

The PRESIDING OFFICER. The clerk will state the amendments proposed by the Senator from Connecticut to the amendment offered by the Senator from Florida.

The legislative clerk proceeded to read the amendments submitted by Mr. WALCOTT.

Mr. WALCOTT. Mr. President, may I interrupt the reading for a moment to say that the amendments submitted by me all tend to synchronize our Securities Act to a greater extent with the British securities act than does the Fletcher amendment, and, in addition, propose to furnish such protection to normal legitimate business as is needed. I think the amendments are complicated, and it is difficult to follow them carefully unless one has before him the Securities Act of 1933. I beg the Senate to pay careful attention to the reading of the amendments, because, in my opinion, if they should be ignored or passed by flippantly and without careful consideration, we would do the business of the country a great injury. I ask not only the patience and indulgence of the Senate but careful attention, and even, if necessary, the postponement of final action until Monday or Tuesday of next week, so that the committee may consider the amendments submitted by me.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WALCOTT. I do.

Mr. BARKLEY. The Senator offers these as amendments to the amendment offered by the Senator from Florida when, as a matter of fact, in some respects, they are intended to be substitutes, are they not, because they conflict in some respects with the amendment which the Senator from Florida has offered and which is now pending?

Mr. WALCOTT. I think they do not conflict in any way. The committee of the Association of Durable Industries, which prepared these amendments, has carefully considered the Fletcher amendment, and approved of the Fletcher amendment, so that the amendments offered by me merely supplement the amendment offered by the Senator from Florida and, in my opinion, clarify it.

Mr. WAGNER. Mr. President, may I ask the Senator whether his amendments have been printed?

Mr. WALCOTT. No; they have not been printed; they are new amendments; and that is why I am asking that careful attention be given to the reading and that time be given for their consideration, for they are complicated, and I doubt whether there is time today adequately to consider them.

Mr. FLETCHER. Mr. President, as the amendments have been presented by the Senator from Connecticut they do not seem to be amendments to the amendment which I have offered; rather they seem to be amendments to the Securities Act, which should, obviously, be presented in the same way as the amendment proposed by the Senator from New Jersey [Mr. KEAN], that is, as a substitute for my amendment. If the Senator has any amendment to the amendment which I have offered, it would be in order, of course, but it should be presented in that way.

Mr. WALCOTT. Mr. President, strictly these are not, in my opinion, amendments to the amendment which is before us at this time, but I should like to have them added to the amendment of the Senator from Florida. In other words, they are amendments to the Securities Act of 1933, and I wish to add them at the end of the amendment now under consideration.

Mr. BARKLEY. Mr. President, if they do not conflict with the amendment of the Senator from Florida but refer to other provisions of the present Securities Act not covered by his amendment, why can we not vote on the amendment of the Senator from Florida, and then let the Senator from Connecticut offer his as independent amendments to the bill and not as amendments to the amendment?

Mr. WALCOTT. I would rather have them considered as amendments to come in at the end of the amendment of the Senator from Florida.

Mr. STEIWER. Mr. President, I merely want to suggest that it would seem that the amendments offered by the

Senator from Connecticut relate to the same identical paragraphs of the Securities Act of 1933 as does the amendment offered by the Senator from Florida. I am not sure that I am correctly advised, but I have here on my desk a copy of the amendments which the Senator from Connecticut just sent to the desk. I suggest that he allow the amendments to be read at this time, so that we may ascertain whether or not we are correct in understanding that they relate to the same provisions of the Securities Act as does the amendment of the Senator from Florida.

The PRESIDING OFFICER. The clerk will proceed with the reading of the amendments offered by the Senator from Connecticut.

The legislative clerk resumed the reading of the amendments submitted by Mr. WALCOTT.

Mr. FESS. Mr. President, may I interrupt the reading to submit an inquiry? I have followed the reading of the clerk, and thus far I have not seen any difference between the amendment being read by the clerk from the amendment offered by the Senator from Florida. Is the clerk reading the wrong amendment? The reading is identical, so far as I have been able to follow it, with the amendment offered by the Senator from Florida.

Mr. BARKLEY. Mr. President, there is one difference I have noted. The word "may" is inserted instead of the word "shall." So far as I can trace it, that is the only difference.

Mr. WALCOTT. Mr. President, I think that is the only difference in the first amendment. It will be found by very careful comparison, however, that there are other slight changes. These are new amendments, and I have not had sufficient time to thoroughly familiarize myself with them. I believe in them all. I believe they would materially help the bill. I want them considered, and I prefer that we be given more time to consider them in some way by referring the entire matter of amendment of the Securities Act to the committee or a subcommittee, or at least take a day or two longer to consider them on the floor of the Senate. It is most important and vital to the recovery of business.

The Senator from Ohio, I think, has not followed the reading closely, because there is a change of one or two words as compared with the Fletcher amendment. Therefore my amendment could fairly be construed as a substitute.

Mr. FESS. That is the reason why I rose. If there is any difference whatever, then it should be offered as a substitute.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Connecticut a question?

Mr. WALCOTT. Certainly.

Mr. ROBINSON of Arkansas. If the difference between the amendment proposed by the Senator from Connecticut and the amendment offered by the Senator from Florida consists in only a few words, may I ask why he does not offer to amend the amendment of the Senator from Florida, which process would point out and make clear to the Senate the changes he proposes? It seems to me that would be the more simple procedure.

Mr. WALCOTT. I expect to do that. While that is true of the first amendment, which merely changes one word, it is not true of some of the others.

Mr. ROBINSON of Arkansas. Of course we are only considering one amendment at a time.

Mr. BARKLEY. No; it is all one amendment.

Mr. ROBINSON of Arkansas. Very well.

Mr. FESS. That answers my question. I thought the clerk might be reading the wrong amendment. If there are other changes further on, that will become apparent as the reading proceeds.

The PRESIDING OFFICER. The Chair will state that the Parliamentarian advises that the amendment should be considered as an amendment in the nature of a substitute.

Mr. FLETCHER. I think there is no doubt about that. I think that is the proper way to consider it.

Allow me to say to the Senator that there is not much difference, as he suggests; only a difference of a word or two here and there. The whole matter has to go to conference if our plans are followed. If we shall agree to my amendment, the Senator's suggestions and the proposal as read and placed in the RECORD will all be considered by the conferees, and we can adjust the matter in conference.

Mr. WALCOTT. Mr. President, I feel so strongly about the whole matter and I deem it so vital to our recovery program that the Securities Act of 1933 be further liberalized, and liberalized to a greater extent than is proposed by the amendment of the Senator from Florida, that I am unwilling to trust the conferees with the complete liberalization of it until we have thoroughly considered the whole matter in the Senate. Therefore I feel that I should insist upon having the amendment read and placed before and considered by the Senate.

The PRESIDING OFFICER. The amendments will be considered as an amendment in the form of a substitute for the amendment of the Senator from Florida. The clerk will continue the reading of the proposed substitute.

The legislative clerk resumed and concluded the reading of the amendment submitted by Mr. WALCOTT in the nature of a substitute for Mr. FLETCHER's amendment, as follows:

On page 57, after line 9, insert the following:

"TITLE II. AMENDMENTS TO SECURITIES ACT OF 1933

"SEC. 201. (a) That paragraph (1) of section 2 of the Securities Act of 1933 is amended to read as follows:

"'The term "security" means any note, stock, Treasury stock, bond, debenture, evidence of indebtedness, certificate of interest, or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, or, in general, any interest or interest commonly known as a "security", or any certificate of interest or participation temporary or interim certificate for, receipt for, or warrant or right to subscribe or to purchase any of the foregoing.'

"(b) Paragraph (4) of such section 2 is amended to read as follows:

"'(4) The term "issuer" means every person who issues or proposes to issue any security, except that with respect to certificates of deposit, voting-trust certificates, or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors (or persons performing similar functions), or of the fixed, restricted management or unit type, the term "issuer" means the person performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which such securities are issued; and except that with respect to equipment-trust certificates or like securities, the term "issuer" means the person by whom the equipment or property is or is to be used; and except that with respect to fractional undivided interests in oil, gas, or other mineral rights, the term "issuer" means the owner of any such right (whether whole or fractional) who creates fractional interests therein for the purpose of public offering.'

"(c) Paragraph (10) of such section 2 is to be amended to read as follows:

"'(10) The term "prospectus" means any prospectus, notice, circular, advertisement, letter, or communication, written or by radio, which offers any security for sale; except that (a) a communication shall not be deemed a prospectus if prior to or at the same time with such communication a written prospectus meeting the requirements of section 10 was sent, mailed, or given to the person to whom the communication was made by the person making such communication or his principal, and (b) a notice, circular, advertisement, letter, or communication in respect of a security shall not be deemed to be a prospectus if (1) it states from whom a written prospectus meeting the requirements of section 10 may be obtained and in addition does no more than (1) identify the security and state the price thereof, and (2) state by whom subscriptions will be received or orders executed or similar information.'

"(d) Paragraph (11) of such section 2 is amended to read as follows:

"'(11) The term "underwriter" means any person who has purchased from an issuer with a view to, or sells for an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking. A person shall not be deemed an underwriter by reason of (a) the receipt of a commission from an underwriter or dealer not in excess of the usual and customary distributors' commission, or (b) the purchase of a security from an underwriter or dealer at a concession or discount from the price at which the security is offered to the public which is not in excess of the usual and customary distributors' commission, or (c) making an actual underwriting agreement with an issuer or underwriter or participating therein or receiving compensation therefor or purchasing, pursuant to such agreement, all or any part of such security, provided such person does not dispose of the security so purchased until more than 6 months after he shall have made payment in

full for such security, or (d) performing the duties of a fiscal agent, depositary, transfer agent, or registrar, or duties of a similar nature, and receiving compensation therefor, or (e) recommending the purchase, sale, or exchange of a security, provided that any compensation which such person receives for making such recommendation from an issuer, underwriter, or dealer shall be fully disclosed. As used in this paragraph, the term "issuer" shall include, in addition to an issuer, any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer.'

"(e) Paragraph (12) of such section 2 is amended to read as follows:

"'(12) The term "dealer" means any person engaged in the business of buying and selling securities, as agent, broker, or principal, but does not include any person insofar as he buys or sells securities for his own account, either individually or in some fiduciary capacity, but not as a part of a regular business of distributing securities.'

"(f) Such section 2 is further amended by inserting after paragraph (12) three new paragraphs:

"'(13) An "untrue statement of a material fact" shall mean (a) a statement which is untrue of itself, or (b) a statement which though literally true is incomplete by reason of the omission of a material fact and which is misleading by reason of such omission; and (2) a material fact shall mean a fact which, if truthfully stated at the time the untrue statement was made, would have materially adversely affected the market value of the security with respect to which the statement was made.

"'(14) The terms "public offering", "new offering", "distribution", or "offered to the public" mean any offering of any security for sale to persons other than holders of securities of the issuer, or employees of the issuer, or banks, trust companies, insurance companies, or investment trusts and made by means of one or more advertisements in a newspaper of general circulation or by means of a general distribution of a prospectus, or by means of solicitation by retail salesmen. These terms shall in no event include an offering to 100 persons or less.

"'(15) The term "control", if exercised through stock ownership, shall mean the ownership by the controlling person of stock of the controlled person at the time entitled to a number of votes for the election of directors equal to or greater than 51 percent of the votes cast for such purpose at the last preceding annual meeting of the controlled person.'

"SEC. 202. (a) Paragraph (2) of section 3 (a) of such act is amended to read as follows:

"'(2) Any security issued or guaranteed by the United States or any Territory thereof, or by the District of Columbia, or by any State of the United States, or by any political subdivision of a State or Territory, or by any public instrumentality of one or more States or Territories, or by any person controlled or supervised by one acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or any certificate of deposit for any of the foregoing, or any security issued or guaranteed by any national bank, or by any banking institution organized under the laws of any State or Territory or the District of Columbia, the business of which is supervised by the State or Territorial banking commission or similar official; or any security issued by or representing an interest in or a direct obligation of a Federal Reserve bank';

"(b) Paragraph (3) of such section 3 (a) is amended by striking out 'which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, and.'

"(c) Such section 3 (a) is further amended by striking out the period at the end of paragraph (8) and inserting in lieu thereof a semicolon, and by inserting immedately after such paragraph (8) the following new paragraphs:

"'(9) Any security of a person exclusively exchanged by it with, or issued by it to, the security holders or creditors of such person or of any person directly or indirectly controlled by it, or any security of a person, which is a party to a reorganization (including any merger or consolidation), exclusively exchanged by it with, or issued by it to, the security holders or creditors of such person and of any other persons which are parties to such reorganization, provided that any commission or other remuneration paid or given for soliciting such exchange or the acceptance of such issue shall be disclosed; or any security issued pursuant to a plan of reorganization or readjustment of, or a composition by, or in payment for assets of a person which is, or involving any properties which are, (a) in receivership, bankruptcy, or foreclosure, or (b) in process of reorganization, readjustment, rehabilitation, or liquidation in or pursuant to judicial proceedings or by State officials pursuant to law, including certificates of deposit issued by any committee or depositary representing the securities of or claims against any such person (but not including securities which are sold for cash and have not been or are not to be offered in exchange or for subscription to security holders or creditors of such person); or any security issued pursuant to a plan of reorganization or readjustment bona fide announced prior to July 27, 1933.

"'(10) Any security which is a part of an issue sold only to persons resident within a single State or Territory, where the issuer of such security is a person resident and doing business within, or if a corporation, incorporated and doing business within, such State or Territory.

"'(d) Section 3 (b) is amended by striking out "but no issue of securities shall be exempted under this subsection where the aggregate amount at which such issue is offered to the public exceeds $100,000." and substituting therefor "or for any other reason.'"

"SEC. 203 (a) Paragraph 1 of section 4 of such act is amended to read as follows:

"'(1) Transactions by any person other than issuer, underwriter, or dealer; transactions by an issuer not involving any public offering; or transactions by a dealer (including an underwriter no longer acting as an underwriter in respect of the security involved in such transaction), except transactions as to securities constituting the whole or a part of an unsold allotment to or subscription by such dealer as a participant in the distribution of such securities by the issuer or by or through an underwriter acting as such.'

"(b) Paragraph (3) of such section 4 is hereby repealed.

"SEC. 204. Subsection (c) of section 5 of such act is hereby repealed.

"SEC. 205. Section 7 of such act is amended by striking out the last sentence and by amending the first sentence to read as follows:

"'SEC. 7. The registration statement, when relating to a security other than a security issued by a foreign government or political subdivision thereof, shall contain the information, and be accompanied by the documents specified in schedule A; and when relating to a security issued by a foreign government or political subdivision thereof, shall contain the information and be accompanied by the documents specified in schedule B; except that to facilitate the operation of the provisions of this act and to the end that the issuance of securities may not be made unduly costly, the Commission is authorized, in its discretion, to waive and dispense with the filing with it by any applicant for the registration of securities of any papers, documents, data, and/or information which in its judgment may be unnecessary in compliance with the purpose and spirit of this act, including any papers, documents, data, or information required by schedule A or schedule B hereof.'

"SEC. 206. (a) Paragraph (1) of section 10 (a) of such act is amended to read as follows:

"'(a) A prospectus—

"'(1) when relating to a security other than a security issued by a foreign government or political subdivision thereof shall contain the same statements made in the registration statement, but it need not include the documents referred to in paragraphs (24) to (27), inclusive, of schedule A; '

"(b) Subsection (b) of section 10 of such act is amended to read as follows:

"'(b) Notwithstanding the provisions of subsection (a)—

"'(1) when a prospectus is used more than 13 months after the effective date of the registration statement, the information in the statements contained therein shall be as of a date not more than 12 months prior to such use, so far as such information is known to the user of such prospectus;

"'(2) there may be omitted from any prospectus any of the statements required under such subsection (a) which the commission may designate as not being necessary for the protection of investors, and any of the statements required under such subsection (a) may be included in the prospectus in summarized form, unless the commission shall determine that it is necessary for the protection of investors to include such statement in full.'

"SEC. 207. (a) The first paragraph of section 11 (a) is amended (1) by striking out 'or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading,' and (2) by striking out 'acquiring' and inserting in lieu thereof 'who, in reliance on such registration statement or on a prospectus which complied with section 10 and contained such untrue statement, acquires', and (3) by striking out 'or omission.'

"(b) Paragraph (4) of such section 11 (a) is amended by striking out 'with respect to the statement in such registration statement' and inserting in lieu thereof 'if the untrue statement is contained in the part of the registration statement, or in any.'

"(c) Paragraph (5) of such section 11 (a) is amended to read as follows:

"'(5) Every underwriter with respect to such security, if such person purchased such security from an underwriter or dealer participating in the distribution.'

"(d) The first paragraph of subsection (b) of such section 11 is amended by striking out 'other than' and inserting in lieu thereof 'including', and clauses (A) and (B) of such subsection (b) are amended by striking out in each of such clauses 'after reasonable investigation' and by striking out in each of such clauses 'and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading'; and clauses (C) and (D) of such subsection (b) are amended to read as follows: '(C) as regards any part of the registration statement purporting to be made on the authority of an expert (other than himself) or purporting to be a copy of or extract from a report or valuation of an expert (other than himself) such part was made by an expert selected after the reasonable investigation and with reasonable ground for belief in his ability for such purpose, and he had no reasonable ground to believe and did not believe, at the time such part of the registration statement became effective, that the statements therein were untrue or that such part of the registration statement did not fairly represent the statement of the expert or was not a fair copy of or extract from the report or valuation of the expert; and (D) as regards any part of the registration statement purporting to be a statement made by an official person or purporting to be a copy of or extract from a public official document, he had no reasonable ground to believe and did not

believe at the time such part of the registration statement became effective that the statements therein were untrue or that such part of the registration statement did not fairly represent the statement made by the official person or was not a fair copy of or extract from the public official document.'

"(c) Subsection (c) of such section 11 is amended to read as follows:

"'(c) In determining, for the purpose of paragraph (3) of subsection (b) of this section, what constitutes reasonable investigation and reasonable ground for belief, the standard of reasonableness shall be that required of a prudent man in the management of his own property.'

"(f) Subsections (e), (f), and (g) of such section 11 are hereby amended to read as follows:

"'(e) For the purpose of subparagraphs (A) and (B) of paragraph 3 of subsection (c) of this section, an officer, director, underwriter, or expert shall be deemed to have reasonable ground to believe any statement, if such statement is made by any officer (other than himself) or employee of the issuer or of any person controlling or controlled by or under common control with the issuer, who he believes is competent to make such statement; and for all purposes of paragraph 3 of subsection (c) of this section, any underwriter (other than the one having the largest interest in the aggregate profit or compensation, or if no one underwriter has the largest interest, then other than the several underwriters who each have the largest interests), shall be deemed to have exercised reasonable care, or to have reasonable ground to believe, if he reasonably believes the underwriter or any one of the underwriters having the largest interest as aforesaid has exercised reasonable care, or has reasonable ground to believe; any any issuer shall be deemed to have exercised reasonable care, to have reasonable ground to believe, and to believe the truth of a statement if an officer of the issuer or any person controlling, controlled by or under common control with the issuer, exercised reasonable care, had reasonable ground to believe and did believe in the truth of the statement in question.

"'(f) All or any one or more of the persons specified in subsection (a) shall be jointly and severally liable, and every person, other than an issuer who becomes liable to make any payment under this section may recover contribution as in the cases of contract from any person who, if sued separately, would have been liable to make the same payment, unless the person who has become liable was, and the other was not, guilty of fraudulent misrepresentation, and any such person may recover the entire amount of such payment, whether made directly or as contribution, from the issuer, unless such person was guilty of fraudulent misrepresentation: *Provided*, That the aggregate amount recoverable by any person under this paragraph as contribution and from the issuer shall not exceed the aggregate amount of the payment made by him.

"'(g) The suit authorized under subsection (a) shall be for the damage caused by the untrue statement and such damages shall in no event exceed the difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and (1) the value thereof as of the time such suit was brought, or (2) the price at which such security shall have been disposed of in the market before suit, or (3) the price at which security shall have been disposed of after suit but before judgment if such damages shall be less than the damages representing the difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and the value thereof as of the time such suit was brought. In no event shall an underwriter be liable in any suit or as a consequence of suits authorized under subsection (a) for damages in excess of the total price at which the securities underwritten by him were offered to the public, in any suit under this or any other section of this title the court may, in its discretion, require an undertaking for the payment of the costs of such suit, including reasonable attorney's fees, and if judgment shall be rendered against a party litigant, upon the motion of the other party litigant, such costs may be assessed in favor of such party litigant (whether or not such undertaking has been required) if the court believes the suit or the defense to have been without merit, in an amount sufficient to reimburse him for the reasonable expenses incurred by him in connection with such suit, such costs to be taxed in the manner usually provided for taxing of costs in the court in which the suit was heard.'

"SEC. 208. Section 12 of such act is hereby amended to read as follows:

"'SEC. 12. (1) Any person who willfully sells a security in violation of section 5 shall be liable to the person purchasing such security from him.

"'(2) Any person who sells for his own account (or, if acting as agent, fails to disclose that he is not acting for his own account) a security (whether or not exempted by the provisions of section 3, other than paragraph (2) of subsection (2) thereof) by the use of any means or instruments of transportation in interstate commerce or of the mails, by means of a prospectus or oral communication, which includes an untrue statement of a material fact, and who knows or in the exercise of reasonable care should have known that such statement was untrue, shall be liable to the person purchasing such security from him if such purchaser relied on such untrue statement and did not know or in the exercise of reasonable care would not have known that such statement was untrue. If an untrue statement made by a seller is contained in a prospectus which complies with section 10 or in a registration statement, the seller shall be deemed to have exercised reasonable care in relying upon such prospectus or registration statement without further investigation provided such seller is not a person described in section 11 (a).

"'(3) The suits authorized under subsections (1) and (2) may be either at law or in equity in any court of competent jurisdiction, to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or for damages caused by such violation or untruth, if the purchaser no longer owns the security. Such damages shall not be more than the excess of the amount paid by the person suing over the amount received by the person suing.'

"SEC. 209. Section 13 of such act is amended (a) by striking out '2 years' wherever it appears therein and inserting in lieu thereof '1 year'; (b) by striking out '10 years' and inserting in lieu thereof '5 years'; and (c) by inserting immediately before the period at the end thereof a comma and the following: 'or under section 12 (2) more than 5 years after the sale.'

"SEC. 210. Section 15 of such act is hereby amended to read as follows:

"'SEC. 15. Every person who, by or through stock ownership, or agency or who, pursuant to an agreement with one or more other persons by or through stock ownership, or agency, controls any person and who for the purpose of evading liability under section 11 or section 12 causes such controlled person to take any action which renders such controlled person liable under section 11 or section 12 shall be subject to liability under section 11 and section 12 to the same extent as if such controlling person had taken such action directly.'

"SEC. 211. (a) The first paragraph of section 17 (a) of such act is amended by adding at the end thereof 'willfully and with intent to deceive.'

"(b) Paragraph (2) of such section 17 (a) is amended by striking out 'or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

"(c) Section 17 (b) is amended to read as follows:

"'(b) It shall be unlawful for any person by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails to publish, give publicity to, or circulate any notice, circular, advertisement, newspaper article, letter, investment service, or communication which does not offer a security for sale but describes such security in such a manner as to indicate that such person is acting in a disinterested capacity if in fact such person has or will receive consideration directly or indirectly for such services.'

"SEC. 212. Section 19 (a) of such act is amended to read as follows:

"'(a) The Commission shall have authority from time to time to make, amend, and rescind rules and regulations defining terms deemed by the Commission to be accounting, technical, and trade terms used in this title. The rules and regulations of the Commission shall be effective upon publication in the manner which the Commission shall prescribe. Acts done or omitted in good faith in compliance with the rules and regulations of the Commission authorized by this title shall be deemed, for the purpose of determining any and all liability under this title, to be in compliance with its provisions, notwithstanding the fact that such rules and regulations may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to have been made by the Commission in excess of, or contrary to, the authority conferred upon it by the provisions of this title.'

"SEC. 213. Section 22 of such act is amended by inserting before the word 'jurisdiction' the word 'exclusive' and by striking out 'concurrent with State and Territorial courts.'

"SEC. 214. Section 24 of such act is amended to read as follows:

"'SEC. 24. Any person who willfully violates any of the provisions of this title, or any person who, in a registration statement filed under this title, willfully makes any untrue statement of a material fact, shall upon conviction be fined not more than $5,000 or imprisoned not more than 1 year, or both.'

"SEC. 215. (a) Paragraphs (4) and (5) of schedule A of title I of such act are amended to read as follows:

"'(4) The names and addresses of the directors or persons performing similar functions, and the chief executive, financial, and accounting officers, chosen or to be chosen if the issuer be a corporation, association, trust, or other entity; and of all partners, if the issuer be a partnership.

"'(5) The names and addresses of the underwriters contracting directly with the issuer.'

"(b) Paragraph (6) of such schedule A is repealed.

"(c) Paragraph (7) of such schedule A is amended to read as follows:

"'(6) The amount of securities of the issuer held of record by any person specified in paragraphs (4) and (5) of this schedule, as of a date within 20 days prior to the filing of the registration statement, and the amount of the securities, for which the registration statement is filed, to which such persons have indicated their intention to subscribe.'

"(d) Paragraph (10) of such schedule A is amended to read as follows:

"'(9) A statement of the securities, if any, covered by options outstanding or to be created in connection with the security to be offered, together with the names and addresses of all persons, if any, to be allotted by the issuer or an underwriter specified in paragraph (5) more than 10 percent in the aggregate of such options.'

"(e) Paragraph (13) of such schedule A is amended to read as follows:

"'(12) The general purposes and the estimated amounts to be devoted to such purposes, for which the security to be offered is to supply funds, and if the funds are to be raised in part from other sources the amounts thereof and the sources thereof shall be stated.'

"(f) Paragraph (14) of such schedule A is repealed.

"(g) Paragraphs (17) and (18) of such schedule A are amended to read as follows:

"'(15) The aggregate amount of all commissions or discounts paid or to be paid, directly or indirectly, by the issuer to the underwriters in respect of the sale of the security to be offered. Commissions shall include all cash, securities, contracts, or anything else of value, paid, to be set aside, disposed of, or understandings with or for the benefit of any other persons in which any underwriter is interested, made, in connection with the sale of such security. A commission paid or to be paid in connection with the sale of such security by a person which is controlled or directed by, or under common control with, the issuer shall be deemed to have been paid by the issuer.

"'(16) The aggregate amount or estimated amount of expenses, other than commissions specified in paragraph (15) of this schedule, incurred or borne by or for the account of the issuer in connection with the sale of security to be offered or properly chargeable thereto, including legal, engineering, certification, authentication, and other charges.'

"(h) Paragraphs (19) and (20) of such schedule A are repealed.

"(i) Paragraph (22) of such schedule A is amended to read as follows:

"'(18) Full particulars of the nature and extent of the interest, if any, of every director or principal executive officer, in any property to be acquired, not in the ordinary course of business of the issuer, out of the proceeds of the security.'

"(j) Paragraphs (24), (25), (26), (27), and (28) of such schedule A are amended to read as follows:

"'(20) Dates of and parties to, and a brief description of any contract to be performed in whole or in part after the filing of the registration statement, or made not more than 2 years before such filing which (1) provides for special bonuses or profit-sharing arrangements for the officers or directors or (2) is made by or with a public utility company or an affiliate thereof, and provides for the giving or receiving of technical or financial advice or service (if such contract may involve a charge to any party thereto at a rate in excess of $2,500 per year in cash or securities or anything else of value).

"'(21) A balance sheet prepared in accordance with any generally accepted accounting practice as of a date not more than 90 days prior to the date of the filing of the registration statement showing all of the assets of the issuer, the nature (and cost thereof if acquired within 5 years), including any loan in excess of $20,000 to any officer, director, stockholder, or person directly or indirectly controlled by the issuer, or person under direct or indirect common control with the issuer, and all the liabilities of the issuer, including surplus of the issuer showing how and from what sources such surplus was created. If such balance sheet be not certified by an independent public or certified accountant, in addition to the balance sheet required to be submitted under this schedule, a similar detailed balance sheet of the assets and liabilities of the issuer, certified by an independent public or certified accountant, of a date not more than 1 year prior to the filing of the registration statement shall be submitted.

"'(22) A profit and loss statement, prepared in accordance with any generally accepted accounting practice of the issuer, showing earnings and income, the nature and source thereof, and the expenses and fixed charges for the latest fiscal year for which such statement is available and for the 2 preceding fiscal years, year by year, or if such issuer has been in actual business for less than 3 years, then for such time as the issuer has been in actual business, year by year. If the date of the filing of the registration statement is more than 6 months after the close of the last fiscal year, a statement from such closing date to the latest practicable date. Such statement shall show what the practice of the issuer has been during the 3 years or lesser period as to the character of the charges, dividends, or other distributions made against its various surplus accounts, and as to depreciation, depletion, and maintenance charges, and if stock dividends or avails from the sale of rights have been credited to income, they shall be shown separately with a statement of the basis upon which the credit is computed. Such statement shall also differentiate between any recurring and nonrecurring income and between any investment and operating income. Such statement shall be certified by an independent public or certified accountant.

"'(23) If the proceeds, or any part of the proceeds, of the security to be issued is to be applied directly or indirectly to the purchase of any business, a profit-and-loss statement of such business, certified by an independent public or certified accountant, meeting the requirements of paragraph (22) of this schedule, for the 3 preceding fiscal years, together with a balance sheet, similarly certified, or such business, meeting the requirements of paragraph (21) of this schedule of a date not more than 90 days prior to the filing of the registration statement or at the date such business was acquired by the issuer if the business was acquired by the issuer more than 90 days prior to the filing of the registration statement.

"'(24) A copy of any agreement or agreements (or, if identic agreements are used, the forms thereof) made by the issuer with the underwriter, including all contracts and agreements referred to in paragraph (15) of this schedule.'

"(k) The last unnumbered paragraph of such schedule A is amended to read as follows:

"'In case of certificates of deposit, voting trust certificates, collateral trust certificates, certificates of interest or shares in unincorporated investment trust, equipment trust certificates, interim or other receipts for certificates, and like securities, the Commission shall establish rules and regulations requiring the submission of information of a like character applicable to such cases, together with information of like character about the actual issuer of the securities and/or the person performing the acts and assuming the duties of depositor or manager.'

"(l) Paragraphs (8), (9), (11), (12), (16), (21), (23), (29), (30), (31), and (32) are hereby respectively renumbered (7), (8), (10), (11), (14), (17), (19), (25), (26), (27), and (28).

"SEC. 216. Upon the expiration of 90 days after the date upon which a majority of the members of the Federal Securities Exchange Commission appointed under section 4 of title I of this act have qualified and taken office, all powers, duties, and functions of the Federal Trade Commission under the Securities Act of 1933 shall be transferred to such Commission, together with all property, books, records, and unexpended balances of appropriations used by or available to the Federal Trade Commission for carrying out its functions under the Securities Act of 1933.

"On page 1, after line 2, insert:

"TITLE I. REGULATION OF SECURITIES EXCHANGES

"In sections 2 to 30, both inclusive, of the bill, except in section 7 (d), strike out the word 'act' wherever it appears and insert in lieu thereof the word 'title.'"

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Connecticut [Mr. WALCOTT] in the nature of a substitute for the amendment of the Senator from Florida [Mr. FLETCHER].

Mr. WALCOTT. Mr. President, I do not want a vote on this amendment today. I have a right to ask for a division of the amendment by subjects. I do not want a record vote on any part of it. I desire to save time. I desire to have this measure move along as rapidly as possible, but I do want these suggestions preserved in connection with the bill, and I want them to go to conference with the sympathetic consideration of the conferees. I do not know who the conferees are going to be. The subject, I know, is a complicated one. These are complicated measures; and it may be wiser to stop here, with the reading of the amendment.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. STEIWER. I am not sure that I understand the full force and effect of all the amendments embodied in this substitute. Like other Senators I have had but little opportunity to make comparisons. Apparently, the amendment offered by the Senator from Connecticut deals with the same sections of the Securities Act as the amendment offered by the Senator from Florida; but the proposals made by the Senator from Connecticut are more extensive and liberalize the act to a greater degree than the amendments offered by the Senator from Florida.

Mr. WALCOTT. That is correct.

Mr. STEIWER. The result is, if I am right in that statement, that if the Senate should agree to the amendments offered by the Senator from Florida, and the bill should go to conference with those amendments in it, the more liberal proposals suggested by the Senator from Connecticut would not be in conference. There would be no way for the conferees to consider them, either sympathetically or otherwise. If, therefore, the Senator from Connecticut earnestly desires his amendments to be considered, they must be considered here and now, else they will be entirely done away with and will receive no consideration.

Mr. BARKLEY. Mr. President, if the Senator from Connecticut will yield, the Senator from Oregon may not be correct about that. The House bill has nothing at all in it with reference to the Securities Act. If the amendments of the Senator from Florida should be adopted, that action would throw open to conference all the sections touched by his amendments, and the conferees would be free to consider the suggestions offered by the Senator from Connecticut; but if the suggestions of the Senator from Connecticut should be voted down in the Senate, the conferees would feel more or less bound by that result, and, in my judgment, they would not have the freedom to consider them which they otherwise would have.

Mr. STEIWER. I think the Senator's last suggestion is correct. I am entirely in accord with it.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. BARKLEY. The Senator from Connecticut has the floor.

Mr. WALCOTT. I yield to the Senator from Ohio.

Mr. FESS. Is the Senator from Kentucky clear that the committee of conference would be empowered to enlarge on the amendment that goes from this body? The amendment offered by the Senator from Connecticut is broader than the one offered by the Senator from Florida. Would the conferees have it within their power to add to the amendment offered by the Senator from Florida?

Mr. BARKLEY. I think undoubtedly so, for the reason that where the Senate strikes out all the language of a House bill and inserts practically a new bill, even where there is in the Senate amendment language which is identical with that in the House bill, it has frequently occurred that the conferees have had almost carte blanche in writing a section or a proposal.

I recall that in the consideration of the Transportation Act of 1920, when the House passed the bill and the Senate struck out all the language of the bill as it passed the House and inserted the Cummins Act, it went to conference and the conferees rewrote the entire Transportation Act, as far as both Houses were concerned, and that was accepted as a proper exercise of the functions of the conferees.

Mr. CLARK rose.

Mr. FESS. Mr. President, I should be glad to hear the opinion of the Senator from Missouri in regard to the question.

Mr. CLARK. Mr. President, similar procedure was followed in the consideration of the Federal Reserve Act. The House passed a bill and the Senate struck out all after the enacting clause and inserted its own bill. While many sections were identical, it was ruled in the House, when the conferees reported, that the Senate having struck out all after the enacting clause, the whole subject was in conference, and the conferees had carte blanche to write any section they pleased.

Mr. FESS. So the opinion of the Senator from Missouri is that the conferees could consider the amendment of the Senator from Connecticut?

Mr. CLARK. I am very clearly of that opinion.

Mr. DILL. The same thing happened in connection with the framing of the Radio Act.

Mr. BARKLEY. Mr. President, the Senator from Connecticut would be in much better position in conference than if the amendment were voted down, for while the conferees could still consider the proposal which had been voted down by the Senate, they would not feel as free to do so as if there had been no adverse action on the amendment taken by the Senate. They would be somewhat bound by the action of the Senate in rejecting the amendment. The action of the Senate would be more or less in the nature of an instruction to the conferees.

Mr. FLETCHER. Mr. President, the situation is this: When the Senate amends a House bill, the amendment goes to conference, the whole of it, if the House does not accept the amendment of the Senate. The question before the conferees is, then, Will the Senate recede from the amendment, or will the House recede from its dissent? The House can either accept the Senate amendment in toto or it can accept it with an amendment, and that would be the procedure in this case. The House, we hope, would recede from its disagreement with such amendments as might be recommended, and the result would go into the report of the conferees. The House need not take the whole thing or nothing. It can recede with an amendment.

Mr. FESS. Mr. President, if the Senator will permit, I am aware of that, but my question was whether the conferees could enlarge upon an amendment that was adopted in the Senate. That was the only point I made.

Mr. BARKLEY. Where the Senate strikes out all the language of a bill and inserts entirely new language, the sky is almost the limit in the writing of the measure.

Mr. WALCOTT. Mr. President, I want to be perfectly frank about this matter. There is not the slightest partisan feeling in my mind about it. All I am trying to do is to have some action to protect the business interests of this country by liberalizing the Securities Act, which does not protect business but injures business very seriously.

We are facing here a practical issue. I want the suggestions contained in my proposed substitute, which I know are sound, because I have studied them carefully, to have the consideration of the conferees. How can we best accomplish that end? I can see that the worst thing we could do would be to have the amendments now voted down by this body. Is there any way by which the amendments can be accepted by the Senate for the consideration of the conferees? That is all I want to accomplish, because there is no time for anything else. May I ask the Senator from Florida to consider that point? I know he seeks the same result at which I aim. He wants to modify the Securities Act in order to make it safe, and I am satisfied that these suggestions would help toward that end. The Senator from Florida has had no opportunity to study them; he does not know what they embrace, and other Senators do not. There has been no time to study them. They have just come in.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. BARKLEY. The committee considered this whole subject; it has been under consideration and under discussion for months.

Mr. WALCOTT. That is true.

Mr. BARKLEY. I would not, of course, suggest that the Senator did not offer the amendment as soon as he had it prepared, but all other amendments were offered here days ago, and printed, so that Senators could study them. The Senator comes in today with a typewritten amendment and asks that the bill go over until next week in order that Senators may study the amendment. Was there any insurmountable difficulty in the way of offering these amendments some time ago so they could have been studied?

Mr. WALCOTT. The amendments have been changed from time to time. I saw the amendments in this form possibly only 3 days ago. They have been radically modified since then. There was a good deal in them with which I did not agree, and I spent all yesterday afternoon going over them, and the hearing granted to this particular group, the Durable Industries Association, was allowed only last Tuesday; I think either Tuesday or Wednesday. There has not been much time; it has been very hurried, I admit. It is very complicated, and I am not trying to hasten the deliberations of the Senate. I should like to get the amendments before the conferees if we cannot get a favorable vote on them today.

Mr. BARKLEY. They undoubtedly will be before the conferees, regardless of the action taken here.

Mr. WALCOTT. I do not think there is a very good chance of them being before the conferees, unless that can be accomplished in a parliamentary way.

Mr. FESS. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. FESS. In the light of the question raised a while ago, would it be proper for the Senator from Connecticut to appear before the conference committee to present these amendments? His point is, how are we to get them before the conference committee in a parliamentary way?

Mr. McNARY. Mr. President, will the Senator from Connecticut yield to me?

Mr. WALCOTT. I yield.

Mr. McNARY. I was attracted by the inquiry addressed by the Senator from Ohio to the Senator from Florida. The parliamentary situation is not complicated. If the Senator from Connecticut would not offer the amendments as a substitute, but would offer them as one amendment, to be inserted at the end of the last section of the Fletcher proposal, and it should be agreed to, the whole subject matter would go to conference, having been treated by the Senate, and there having been no action by the House. The conferees then could write, out of both the measures, that

which would meet the situation. The amendments should not be offered as a substitute, but as one amendment.

Mr. BARKLEY. The difficulty about that is that some of the provisions of the Senator's amendment are utterly in conflict with the amendment of the Senator from Florida.

Mr. McNARY. That is true.

Mr. BARKLEY. And it would put the Senate in a rather ridiculous position to adopt amendments which were contradictory within themselves.

Mr. McNARY. But that in no fashion militates against the proposal I have made. It would be the duty of the conferees to strike out all conflicting provisions, and to bring in a logical substitute for the two proposals.

Mr. FLETCHER. Mr. President, I cannot consent to these amendments at all. I have not had time to examine them fully. I know something of their source and origin and have had some discussion about the views of their proponents. I cannot consent to do what is suggested, though I am willing to consider the matter.

In answer to the question of the Senator from Ohio, I think the conferees have the right to allow a Senator to appear before them and to present such matters as he may wish to present. It is my understanding that they have a right to do that.

This matter can be considered in conference, and I think much better results could be secured in that way than by now having a vote on it. We are asked to go too far. As the Senator from Kentucky has said, some of these suggestions are in absolute conflict with the proposal which I have made. I think some of them go too far.

Mr. McNARY. Mr. President, there would be no parliamentary limitations or inhibitions against the proposal I suggest. It would be the duty of the conferees to take both of these amendments and work out something to meet the situation. If the Senator from Florida says he will not agree to it, that is the end of my proposal. It should be done, in fairness to the Senator.

Mr. FLETCHER. We can consider these questions without adopting the amendments.

Mr. McNARY. Mr. President, unless there shall have been action by the Senate, when the conferees meet, they will not consider any voluntary proposal by a Senator. He would not have any standing in conference at all. If I were a conferee I would not have a Senator come before me with a proposal unless it had theretofore had Senate action. The Senator knows that if the Senator from Connecticut should go before the conferees with a mere proposal which had never had the sanction of the Senate, it would not receive careful and due consideration.

Mr. FLETCHER. That is an assumption with which I do not agree.

Mr. BARKLEY. Does the Senator think it would receive as much consideration at the hands of the conferees if the Senate had acted on it and voted it down as if the Senate had not voted on it at all?

Mr. HASTINGS. That is not the proposal of the Senator from Oregon.

Mr. BARKLEY. The Senator's proposal is that we accept these amendments. That is an impossibility.

Mr. McNARY. There is no impossibility from the standpoint of the Senate rules or procedure. I say that the amendments should not be offered as a substitute, but as an amendment at the conclusion of the amendment offered by the Senator from Florida, taken to conference, where the conferees would have the whole subject matter before them, and something could be drafted that would not be inconsistent. The parts of the amendment which were inconsistent would be harmonized, and there would be brought back the compromise agreed upon by the conferees.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. VANDENBERG. Mr. President, I should like to offer a suggestion which, it seems to me, is practical, and which would reach the objective which we all have in mind.

The Senator from Connecticut does not want to leave this suggestion in a purely nebulous status, with no Senate credentials whatever behind these proposals when the bill shall reach conference. He apparently is perfectly willing to leave the consideration to the conference, if he can be assured of an acknowledged status.

What would be the objection—and I am addressing myself to the Senator from Florida [Mr. FLETCHER] and the Senator from Kentucky [Mr. BARKLEY]—to a unanimous-consent request that when the conference shall meet it consider the suggestions submitted in the amendments by the Senator from Connecticut in whatever respect they bear upon the problems of the conference? Such a request has no conclusive authority behind it, and yet it does not leave the Senator from Connecticut wholly without some acknowledgment of his right to be heard.

May I ask the Senators whether there would be any objection to taking that course?

Mr. FLETCHER. I have no objection, so far as I am concerned, to such action by the Senate. Of course, it will not bind the House.

Mr. VANDENBERG. Certainly not. Would that comply with the wishes of the Senator from Connecticut?

Mr. WALCOTT. Yes; I think it would. Of course, I do not want these suggestions smirched by an antagonistic vote. I do want them to be considered seriously by the conferees, because I believe they will find in them a great deal that is valuable, and that they will be of help to the conferees.

Mr. FLETCHER. I have no objection to such a suggestion as the Senator from Michigan makes.

Mr. CLARK. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield.

Mr. CLARK. My understanding is that the Senator from Michigan was making a request for unanimous consent.

Mr. VANDENBERG. I was suggesting such a request to see whether satisfactory results could be achieved under it.

Mr. CLARK. If the Senator will further yield, I will say that I have an amendment which I had decided not to offer, but I am perfectly willing to submit the amendment to the conferees; and if the Senate will agree to the request of the Senator from Michigan that the amendments of the Senator from Connecticut be submitted to and considered by the conferees, I desire to have my amendment included in the unanimous-consent request.

My amendment is, on page 9, after line 15, to insert the following new section:

SEC. —. Section 12 (2) of such act is amended by inserting, after the words "The purchaser not knowing of such untruth or omission" and before the parenthesis, the following: "(a) and relying upon such prospectus or oral communication or statement included therein."

Mr. VANDENBERG. I ask unanimous consent that both the proposed amendments submitted by the Senator from Connecticut and the proposed amendment submitted by the Senator from Missouri shall be referred to the conferees, with the request that they be considered by the conferees.

Mr. CONNALLY. Mr. President, reserving the right to object, is this not rather an innovation in parliamentary procedure?

Mr. VANDENBERG. Very decidedly so; but we live in an age of innovation, Mr. President.

Mr. CONNALLY. The Senator is an innovator, I will admit. How can the Senate bind the conferees?

Mr. VANDENBERG. The Senate is binding no one.

Mr. CONNALLY. It seems to me this procedure will be introducing a rather troublesome precedent for the future.

Mr. CLARK. Mr. President, if the Senator will further yield, I will state that I understand the Senator's request does not contemplate that it is in any sense to be an attempt to bind the conferees.

Mr. VANDENBERG. Not at all.

Mr. CLARK. It would be simply an expression on the part of the Senate that these are matters which may be subject to consideration by the conferees.

Mr. CONNALLY. That does not bind anyone, either. It seems to me it is a bad precedent to set. The rule with

regard to conference action is well established. If the Senator desires these matters to go to conference, the way to get them there is to adopt the amendments and let them go. I think it is a dangerous thing to undertake a procedure of this kind. Another body sits at the other end of the Capitol. That body can indulge in the same sort of procedure; and the result may be that time and time again, in order to accommodate Senators or Representatives, such a procedure as the one now suggested will be indulged in for the purpose of having a record made with respect to proposed legislation, the adoption of which the Member cannot secure, with the result that all the time spent in conference may be taken up with such questions.

Mr. VANDENBERG. Mr. President, has the Senator from Texas been on the floor during the last half hour, while this discussion has taken place?

Mr. CONNALLY. The Senator from Texas has been on the floor only a short time. The Senator came in while the Senator from Michigan was discussing the matter.

Mr. VANDENBERG. Then, the Senator from Texas is uninformed with respect to the efforts which have been made during the last 30 minutes to find a way whereby we shall not be foreclosed from having in the conference a complete survey of all the various phases of the Securities Act of 1933. The sole purpose of this suggestion is to conclude the matter promptly and effectively without foreclosing anyone.

Mr. CONNALLY. The Senator from Texas is more concerned with legislating according to some well-established rule, and legislating by the Senate itself, rather than by the conference committee. I do not believe the conference committee ought to be the legislative branch of the Government. I shall not object, but I want my own observations with regard to a practice of this sort to appear in the RECORD.

Mr. BARKLEY. Mr. President, of course it is well known in the Senate, and has been all along, that when matters go to conference any Senator who has a suggestion to bring to the attention of the conferees is accorded the right to do so. The conferees could invite the Senator from Connecticut, or the Senator from Missouri, or any other Senator who desires to present to them a matter that is within their jurisdiction, to come before them, or the Senator could ask to be allowed to do so. We do that all the time. When conferees are considering a measure we always feel free to go to any conferee, or to all of them together, or separately, and make suggestions.

The unanimous-consent suggestion of the Senator from Michigan is irregular. It does not bind anyone. It does not bind the conferees, except to consider the matter, which they would do anyway. They can throw it out unceremoniously after they have considered it if they desire to do so. I do not think any advantage is gained for the amendment by the request of the Senator for unanimous consent, although I shall not object to it.

I think the procedure is irregular. It does not give any greater rights than the conferees have anyway. If it is going to be entered into with respect to the amendments of the Senator from Connecticut and the Senator from Missouri, undoubtedly there are other Senators here who have had in mind amendments they would have liked to offer, but who have not offered them, in some instances that I personally know about, because the members of the committee have assured the prospective proponents of amendments that they would be considered in conference.

Mr. VANDENBERG. Mr. President, since the only purpose I had was to facilitate matters, and apparently my request is operating in the other direction, I withdraw the request.

The PRESIDING OFFICER. The question is on agreeing to the amendment, in the nature of a substitute, offered by the Senator from Connecticut [Mr. WALCOTT]. [Putting the question.] By the sound, the noes seem to have it.

Mr. WALCOTT. I ask for a division.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hebert	Overton
Ashurst	Couzens	Johnson	Patterson
Austin	Dickinson	Kean	Pope
Bachman	Dill	Keyes	Reynolds
Bailey	Duffy	King	Robinson, Ark.
Bankhead	Erickson	La Follette	Schall
Barbour	Fess	Lewis	Sheppard
Barkley	Fletcher	Logan	Steiwer
Black	Frazier	Lonergan	Stephens
Bone	George	McCarran	Thomas, Okla.
Borah	Gibson	McGill	Thomas, Utah
Bulkley	Glass	McKellar	Thompson
Bulow	Goldsborough	McNary	Tydings
Byrd	Gore	Metcalf	Vandenberg
Byrnes	Hale	Murphy	Van Nuys
Capper	Harrison	Neely	Wagner
Carey	Hastings	Norbeck	Walcott
Clark	Hatch	Norris	Walsh
Connally	Hatfield	Nye	Wheeler
Coolidge	Hayden	O'Mahoney	

The PRESIDING OFFICER. Seventy-nine Senators have answered to their names. A quorum is present. The question is on the amendment, in the nature of a substitute, offered by the Senator from Connecticut [Mr. WALCOTT] for the amendment of the Senator from Florida [Mr. FLETCHER].

Mr. WALCOTT. I demand the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. KEYES (when his name was called). I have a pair with my colleague, the junior Senator from New Hampshire [Mr. BROWN]. I understand that if he were present he would vote "nay." If permitted to vote, I should vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I do not know how he would vote if he were present. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN], and will vote. I vote "nay."

Mr. McKELLAR (when his name was called). On this vote I have a pair with the junior Senator from Delaware [Mr. TOWNSEND], who, I understand, is not present. I, therefore, transfer that pair to the junior Senator from Illinois [Mr. DIETERICH], and vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). I transfer my general pair with the Senator from Pennsylvania [Mr. REED] to the junior Senator from Georgia [Mr. RUSSELL], and vote "nay."

The roll call was completed.

Mr. LEWIS. I announce the absence of the Senator from Louisiana [Mr. LONG], the junior Senator from Arkansas [Mrs. CARAWAY], the Senator from South Carolina [Mr. SMITH], the junior Senator from Illinois [Mr. DIETERICH], the Senator from New Hampshire [Mr. BROWN], the Senator from Colorado [Mr. COSTIGAN], the Senator from Nevada [Mr. PITTMAN], and the Senator from Florida [Mr. TRAMMELL], called away on official business; the absence of the Senator from California [Mr. McADOO], occasioned by illness, and the absence of the Senator from Georgia [Mr. RUSSELL], occasioned by a death in his family. I ask that this announcement remain for the day, and to add that my colleague, the junior Senator from Illinois [Mr. DIETERICH], if present, would vote "nay."

I also wish to announce the following general pairs:

The Senator from California [Mr. McADOO] with the Senator from New Mexico [Mr. CUTTING], and

The Senator from Florida [Mr. TRAMMELL] with the Senator from Minnesota [Mr. SCHALL]. The Senator from Florida would vote "nay" and the Senator from Minnesota would vote "yea", if present.

Mr. HEBERT. I announce the following general pairs:

The Senator from Maine [Mr. WHITE] with the Senator from Arkansas [Mrs. CARAWAY]; and

The Senator from Indiana [Mr. ROBINSON] with the Senator from Mississippi [Mr. STEPHENS].

I am not advised as to how the Senator from Maine and the Senator from Indiana would vote on this question if present.

Mr. STEPHENS. I have a pair with the senior Senator from Indiana [Mr. ROBINSON]. I transfer that pair to the Senator from South Carolina [Mr. SMITH] and will vote. I vote "nay."

The result was announced—yeas 30, nays 46, as follows:

YEAS—30

Adams	Dickinson	Hebert	Thomas, Okla.
Austin	Fess	Kean	Tydings
Barbour	Gibson	Lonergan	Vandenberg
Bulkley	Goldsborough	McNary	Wagner
Byrd	Gore	Metcalf	Walcott
Carey	Hale	Patterson	Walsh
Coolidge	Hastings	Reynolds	
Copeland	Hatfield	Stelwer	

NAYS—46

Ashurst	Connally	King	O'Mahoney
Bachman	Couzens	La Follette	Overton
Bailey	Dill	Lewis	Pope
Bankhead	Duffy	Logan	Robinson, Ark.
Barkley	Erickson	McCarran	Sheppard
Black	Fletcher	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Utah
Borah	George	Murphy	Thompson
Bulow	Glass	Neely	Van Nuys
Byrnes	Harrison	Norbeck	Wheeler
Capper	Hatch	Norris	
Clark	Hayden	Nye	

NOT VOTING—20

Brown	Dieterich	Pittman	Shipstead
Caraway	Johnson	Reed	Smith
Costigan	Keyes	Robinson, Ind.	Townsend
Cutting	Long	Russell	Trammell
Davis	McAdoo	Schall	White

So Mr. WALCOTT's amendment in the nature of a substitute for the amendment of Mr. FLETCHER was rejected.

Mr. HASTINGS. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In Mr. FLETCHER's amendment on page 5, after the word "first", in line 19, it is proposed to add the following:

and (3) by adding after the word "underwriter" the following words:

"As used in this paragraph, the term 'public offering' shall not be deemed to include an offering made solely to employees by an issuer or by its affiliates in connection with a bona fide plan for the payment of extra compensation or stock investment plan for the exclusive benefit of such employees."

Mr. HASTINGS. Mr. President, I may say that the amendment comes in section 4 of the Securities Act after paragraph 1.

Mr. FLETCHER. Mr. President, is this an amendment to the amendment which I have offered?

Mr. HASTINGS. That is correct.

Mr. FLETCHER. I have examined the amendment, and I see no objection to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. HASTINGS] to the amendment offered by the Senator from Florida [Mr. FLETCHER].

Mr. LEWIS. Mr. President, I should like to say, if I may be permitted, to the chairman of the committee and his aide, the Senator from Kentucky [Mr. BARKLEY], in the matter touching the school teachers of Illinois, I desire, if I may be allowed to do so, to withdraw the amendment suggested by me and to accept the amendment which the chairman himself now proposes to offer.

Mr. FLETCHER. Mr. President, the question now, as I understand, is on the amendment offered by the Senator from Delaware [Mr. HASTINGS].

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware [Mr. HASTINGS] to the amendment of the Senator from Florida [Mr. FLETCHER].

The amendment to the amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, early in the present session I introduced a bill proposing to liberalize the Securities Act of 1933. I realize that at that time the duties of the committee were such that they could not reach that bill for consideration. When the pending bill came before the Senate I offered the substance of my bill as an amendment to it, and it is now lying on the table.

Mr. President, I call up that amendment and offer it as a substitute for the amendment of the Senator from Florida [Mr. FLETCHER]. I will not ask that the amendment be read but I will ask that it be printed in the RECORD in full at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment proposed by Mr. THOMAS of Oklahoma in the nature of a substitute for the amendment of Mr. FLETCHER is as follows:

On page 57, after line 9, insert the following:

"PART II—AMENDMENT OF SECURITIES ACT OF 1933

"SEC. 1. Sections 11, 12, 13, 14, 15, and 16 of the Securities Act of 1933 are hereby repealed.

"SEC. 2. Such act is amended by inserting after section 10 two new sections, as follows:

"'SEC. 11. To facilitate the operation of the provisions of this act and to the end that the issuance of securities may not be made unduly costly, the Commission is hereby authorized and empowered in its discretion to waive and dispense with the filing with it by any applicant for the issuance of securities any papers, documents, data, and/or information which in its judgment may be unnecessary in compliance with the purpose and spirit of this act, including any papers, documents, data, or information required by schedule A or schedule B hereof.'

"'SEC. 12. Except as provided in sections 20 and 24, the common law shall apply to any violation of the provisions of this act.'

"SEC. 3. Section 17 of such act is renumbered as section 13, and is amended by striking out, where they appear in subsection (a) (2), the following words: 'or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading'; and such section is further amended by striking out subsection (b) and by relettering subsection (c) as subsection (b).

"SEC. 4. Sections 18, 19, 20, 21, 22, and 23 of such act are hereby renumbered as sections 14, 15, 16, 17, 18, and 19, respectively.

"SEC. 5. Section 3 (a), first sentence and paragraph (1) of said act be amended to read as follows:

"'SEC. 3. (a) Except as hereinafter expressly provided, the provisions of this act shall not apply to any of the following classes of securities: (1) Any security which, prior to July 26, 1933, has been sold or disposed of by the issuer or bona fide offerer to the public.'

"SEC. 6. Section 24 of such act is hereby renumbered as section 20, and is amended by inserting immediately before the word 'omits' the word 'willfully.'

"SEC. 7. Sections 25 and 26 of such act are hereby renumbered as sections 21 and 22."

Mr. THOMAS of Oklahoma. Mr. President, there are only one or two points I wish to take a brief time to explain. There are two objections in the main to the Securities Act of 1933. The first is that it requires mandatory reports of great volume. Some corporations in submitting their reports had to file them in volumes. I have information that one corporation has been required to file reports to such an extent that if the volumes were placed one on top of the other they would be 40 inches high. I doubt if anyone reads the reports. Of course, they are there for the purpose of reading if anyone wants to read them.

My amendment provides that the Commission in its discretion may waive the requirement for filing certain reports. If the Commission sees fit to order the reports as per the law, of course, the reports will be made. But my amendment would make it discretionary with the Commission as to whether the reports should be filed.

The second objection I have to the Securities Act is the severity of the penal clauses and the damage liability. The amendment I have submitted, instead of making the penalties as stringent as now contained in the law, would change the form of the penalties from statutory penalties to the common law. If that should prevail, then one who is damaged through false representation or misrepresentation may go into court and bring suit under the common law and get damages to the extent of his injury.

The existing law makes the company issuing the securities liable as follows:

First. A purchaser of securities may use the person named even though he purchased in the market after the securities had been sold several times.

Second. A purchaser may sue although he had never read or knew of the untrue statements or misleading statements before he purchased the securities.

Third. A purchaser need not establish a causal connection between the untruth and the loss sustained, nor is the purchaser barred if such causal connection be disproved.

Fourth. The burden of proof under the present law is on the defendant to establish the reasonableness of his investigation and belief rather than on the plaintiff to establish the contrary.

Mr. President, it is well known that because of this law the issuance of securities has practically ceased. I wish to place in the RECORD a statement of what has happened during the past 10 years. In the year 1928 the corporations of America issued and sold securities to the extent of $8,000,000,000. I shall omit the odd millions and thousands. That year corporations floated and sold $8,000,000,000 of securities, and the new money was used in the purchase of material and in the employment of labor. That was as much as our total export and import trade; in other words, the floating of securities has been of as much benefit to the United States during the past 10 years as all of our export trade and import trade combined.

In 1924 the total of securities issued was $5,500,000,000. In 1925 it was $6,220,000,000. In 1926 it was $6,000,000,000. In 1927 it was $7,000,000,000.

In 1929, the year the depression struck, companies issued $10,000,000,000 of securities. That was $10,000,000,000 for material, for transportation, and for labor in 1929. Last year, 1933, the total sum issued was $716,000,000. In other words, the money available for labor, material, and transportation last year was less than $1,000,000,000, while in 1929 it was more than $10,000,000,000.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Kentucky?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. Does the Senator attribute the falling off in 1933 entirely to the Securities Act?

Mr. THOMAS of Oklahoma. Of course, I have no means of knowing.

Mr. BARKLEY. The Securities Act did not go into effect until after the middle of the year. It was not passed until June, and then it took some time to set up the machinery. I doubt whether the act was in full operation for more than 3 months of the year 1933. It would not be fair to leave the implication that all the decline was due to that act.

Mr. THOMAS of Oklahoma. Of course, there is much in what the Senator from Kentucky has said.

Mr. BARKLEY. We know we had in the early part of the summer——

Mr. KEAN. Mr. President, will the Senator from Kentucky kindly repeat his statement? On this side we cannot hear what he is saying.

Mr. BARKLEY. I have said that no one in fairness could attribute to the Securities Act the decline in the issuance of securities in 1933. That act was passed about the first of June and did not become effective for quite a while, until the machinery was set up. I doubt whether the act was in full effect for more than 3 months of 1933. Of course we are all familiar with the bank holiday and the collapse of credit and the whole confused situation that brought Congress into extra session and made it necessary to enact a number of laws to relieve and safeguard the situation.

It is not fair to attribute the entire decline in the issuance of securities in 1933 to the operation of the Securities Act, which as a matter of fact was in operation for only about 3 months of that year. I have no doubt if the Securities Act had not been enacted there would have been a very material decline anyway in 1933. Of course no one could say just what it would have been.

Mr. TYDINGS. Mr. President, will the Senator from Oklahoma yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I think it is also true that practically every depression has been cured primarily by a revival of the capital-issues market. Certainly today, I may say, in support of the observation of the Senator from Oklahoma, there is vast need for capital. There is a bill pending in Congress to enable the Federal Government itself to lend capital to industries. But in some of the measures we have passed we have gone so far as to prevent private investment houses from financing individuals because of the stringent restrictions thrown around them. I think the capital-issue revival has to precede any move out of the depression. Until we realize that fact, capital is not going to flow into the channels of industry and trade.

Mr. BARKLEY. Mr. President, will the Senator from Oklahoma yield further?

Mr. THOMAS of Oklahoma. I yield to the Senator from Kentucky.

Mr. BARKLEY. The reason why the Federal Government is lending money or preparing to lend money and why there are bills on the calendar to make direct loans to industry, is not because of any lack of issue of new securities, but because there is not now available credit for private industry through banking operations. We are all familiar with the situation. The concerns which are in need of money during the last 5 years could not sell securities in the markets if they issued them, because they could not even borrow money from banking institutions.

Mr. TYDINGS. Mr. President, I do not want to interfere unduly with the Senator from Oklahoma, but, if he will yield further, I should like to say that we have recently enacted a law which compels private banking houses to abandon all private deposits. Many people prefer to keep their money in private banking houses, yet we have forced them within a short time to take all that money out, notwithstanding it is all in investments. We have demoralized the investments of some of the oldest concerns in America. There is one in my State which dates back 100 years which has never been connected with any questionable transaction. I cannot see how there can be any movement out of the depression until private capital has a chance to go to the rescue of some of these concerns. The atmosphere of insecurity created by Congress is stopping the revival of many businesses because capital is loath to invest in them under existing circumstances.

Mr. KEAN. Mr. President, will the Senator from Oklahoma yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New Jersey?

Mr. THOMAS of Oklahoma. I yield.

Mr. KEAN. I have in my office a list of fully 100 companies which need investment capital and are anxious to obtain it, but owing to the Securities Act they cannot obtain capital at the present time. Some of them have applied to me personally for capital and I have refused to do any underwriting on account of the Securities Act.

Mr. BARKLEY. Mr. President, will the Senator give the Senate the benefit of the names of some of those concerns which want to issue capital stock and will not do it because of the Securities Act?

Mr. KEAN. I shall be glad to file a list.

Mr. BARKLEY. I have been hearing there are companies which could not issue any stock because of the act referred to. I have never heard one named. If the Senator can name one, I should like to have him do so. I am not saying that to dispute what the Senator has said, but I should like to have what the lawyers call a proffer in open court.

Mr. KEAN. I have a list of about 100 of them.

Mr. BONE. Mr. President, will the Senator from Oklahoma permit me to ask the Senator from New Jersey a question?

Mr. THOMAS of Oklahoma. I yield to the Senator from Washington.

Mr. BONE. Were any of the companies to which the Senator referred desirous of making loans in 1932?

Mr. KEAN. I do not know about that.

Mr. BONE. Can the Senator enlighten us as to why they want the money now and did not want it in 1932?

Mr. KEAN. Yes. At the present time business is such that they are borrowing too much money from the banks, and they want to get it in the form of refunded capital, permanent capital, instead of borrowing money from the banks.

Mr. THOMAS of Oklahoma. Mr. President, under the existing law, if a corporation desires to issue securities in the nature of bonds, the managing officers, the president, vice president, secretary, treasurer, and the directors must get out a statement or prospectus giving the financial set-up of the corporation. In the case of the larger companies, the president cannot know all about the details of the corporation. He must have his engineers, auditors, and other high-class expert assistants.

The president and the other officers must rely upon the work of the assistants in preparing these representations and prospectuses. Under existing law, if a company issues such a prospectus, relying upon the expert advice of engineers and auditors, and if the prospectus inadvertently, honestly, makes a statement of fact which later turns out to be a misstatement, the president, secretary, treasurer, and directors are personally liable. Because of that, men who have lived for some time and have acquired a competency hesitate to step out and start to finance new expansion and new development, taking a chance, where they have to rely upon their assistants for facts which they cannot secure themselves. They hesitate, and in fact refuse, to put out such prospectuses; and, because of that fact, practically nothing at present is being done in the way of flotation of securities.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. THOMAS of Oklahoma. I do.

Mr. DILL. Is it not a fact also that a great many corporations that are ready to abide by the law, and ready to issue prospectuses, find themselves prevented by the Federal Trade Commission from even being given permission to do so?

I desire to say to the Senator that the mining business in the Northwest, the section from which I come, has been absolutely stopped so far as new financing is concerned for the reason that the Federal Trade Commission refuses to permit even the issuance of prospectuses and makes demand after demand for more information and new information. As a result, there is not any development of the mining business in the Northwest, at least, and there will not be so long as these restrictions are contained in the law.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I do.

Mr. TYDINGS. Is it not a fact that the more difficult it is to obtain capital, the higher the interest rate the borrowing concern has to pay?

Mr. THOMAS of Oklahoma. There is no doubt about that.

Mr. TYDINGS. I heard the other day about a concern that was called upon to refinance and had to pay 12 percent for the money, because the broker told the officers frankly that financing under existing conditions would require a heavy discount. I also know that in my own State the obligations of some of our large concerns are maturing next year, and as things are now projected there is no hope that they can refinance; and, if they do, under this bill they will get less money than they would have gotten otherwise, because the charge will be exorbitant.

Mr. THOMAS of Oklahoma. The Senator from Kentucky asked me a moment ago if there are any companies that are ready to finance if they can float their securities. Of course, I cannot answer that question definitely; but I have the name of a company that I could give, and I will give it to the Senator privately if he desires, whose officers tell me they are ready to build a pipe line from Oklahoma and Texas through the North and East. This pipe line will cost $250,000,000. That is a quarter of a billion dollars.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. THOMAS of Oklahoma. I will use time on the bill.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized on the bill.

Mr. THOMAS of Oklahoma. This financing, if allowed, would involve the expenditure of labor to obtain the iron, the transportation of the iron ore to the smelters and to the mills to make it into pipe, the transportation of the pipe to the particular territory in which the pipe line is to be laid, the acquisition of land over many miles from farmers and others on which to lay the pipe line, the employment of labor in laying the pipe line, and then, of course, other labor that might be required in connection with it. So it seems to me that until these large concerns can float their securities and get the necessary money, there is no chance to revive the vast expenditures of this kind which we witnessed in previous years.

Mr. President, I do not desire to take the time of the Senate, because I realize that no material amendment has been adopted to this bill so far, and probably will not be. I have taken this occasion to call to the attention of the Senate, the committee, and especially the conferees, the difficulties as I see them.

The first one is the requirement as to elaborate reports. I suggest that when the conferees meet that point be considered, and that the Commission which is to administer the act be given power to waive the submission of such reports as may not be material.

The second suggestion I make is that the conferees minimize and liberalize the penalties. Of course, one who deliberately makes a misstatement of fact should be punished. No one will controvert that contention; but where presidents and corporate heads are forced to rely upon auditors and others in making out their reports it occurs to me that the common law penalty against a corporation would be ample.

With these suggestions, Mr. President, I shall not ask that the amendment be put to a vote; but I will ask the conferees to consider these features when they come to write the bill in conference, especially the amendments to the Securities Act of 1933.

The PRESIDING OFFICER. Does the Senator withdraw his amendment?

Mr. THOMAS of Oklahoma. I do.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida [Mr. FLETCHER].

The amendment was agreed to.

Mr. FESS. Mr. President, in line with what the Senator from Oklahoma [Mr. THOMAS] has just been saying, there is a very interesting article from a finance writer in this morning's Washington Post analyzing the credit situation. I ask unanimous consent that it be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, the article will be printed in the RECORD.

The article is as follows:

[From the Washington Post of Saturday, May 12, 1934]

ANALYSTS CREDIT STOCK MARKET WEAKNESS TO BAD TRADE OUTLOOK, UNCERTAINTY OVER GOVERNMENTAL POLICIES, EXCHANGE BILL

By Ralph West Robey

Among stock-market analysts in New York the decline of this week is credited on the whole to three things: First, the increasing volume of evidence that business has passed the seasonal peak and now is on the downgrade; secondly, a growing uncertainty over governmental policies of the next few months and the fear that we are faced with still more regimentation and experimentation; thirdly, the rather wide-spread, although more or less indefinite apprehension over the possible effects of the security-exchange bill.

If one could assign definite weights to these factors it appears the greatest importance would be given to the first one listed. On all sides in the New York financial district one now hears bearish prophecies as to the future of business. Insofar as I have discovered no one questions that the decline will be more than seasonal. It merely is a question of how much more than seasonal it is to be. Among the more optimistic, 5 percent is a commonly quoted figure. Others estimate it will be as much as 20 percent.

BUSINESS FIGURES STILL REFLECT BETTER CONDITIONS

To those who give only casual attention to business statistics such prophecies may appear strange, for it is true that several of the major indicators of the trend still are climbing, and the Federal Reserve Board indices continue to reflect improvement. The reason for the discrepancy between this record and the views of the analysts is partly because of unusual forces tending to hold up particular lines of business and partly because of the shortcomings in the corrections of the indices for seasonal variations.

Thus in the case of steel production it is emphasized that current buying is anticipating the needs of the third quarter to an unusual degree. This anticipation is the result of a desire of the buyers to get their orders filed before the announced price advance takes place. Steel scrap prices, which are taken as a reliable indicator of the trend in the industry, recently have shown marked weakness.

Seasonal corrections are viewed as important because the spring improvement has lasted beyond the usual date. In consequence the normal corrections give a false picture of the actual situation, tending to hold the indexes at an abnormally high figure. Later they will work in the opposite direction.

REPORTS ON GOVERNMENTAL POLICY SHOW INCONSISTENCY

The uncertainty over future governmental policies is the inevitable consequence of trying to conclude where we are headed from the inconsistent stories coming out of Washington. To some extent there has been such inconsistency from the start of this administration, but many people in the street feel that it is greater today than at almost any earlier period. Time after time recently the entire outlook has been changed over night. A notable example have been the reports this week on silver. On Monday it was stated nothing was to be done, on Tuesday the President had agreed to a far-reaching program, on Wednesday the whole program was in a deadlock.

Apprehension over the stock exchange bill probably is the least important of the three factors mentioned. So far as I can determine, it amounts in the final analysis to little more than disliking the idea of a governmental group having a whip hand over the market at all times.

Mr. FLETCHER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. FLETCHER. Mr. President, the amendment has been printed, and I have made no change at all in it. I ask to have it printed in the RECORD, and that the further reading be dispensed with.

The PRESIDING OFFICER. Without objection, that order will be made.

Mr. FLETCHER's amendment is to insert at the end of the bill the following new sections:

SEC. 211. Section 2 of the Securities Act of 1933 is amended by adding at the end thereof the following new paragraphs:

"(13) The term 'protective committee' means any persons or group of persons who propose or purport to act, or who on the date this paragraph takes effect are acting, for and in behalf of owners or holders of securities for the purpose of protecting, preserving, and/or forwarding the common interests of owners or holders of such securities (A) in connection with a reorganization, rehabilitation, or liquidation of, or composition by, the issuer of the securities, (B) the substitution of other securities therefor, (C) a readjustment or modification of the rights or liabilities evidenced by or embodied in the securities, or (D) the assertion of any such rights other than voting rights; except that such term shall not include any person or group of persons upon whom authority so to act was or is conferred by the instrument under which the securities were originally issued or by any amendment to such instrument.

"(14) The term 'protective committee agreement' means any agreement, consent, authorization, power of attorney, or other instrument, by whatever name called, by which the owners or holders of securities confer upon a protective committee authority to act for and in their behalf.

"(15) The term 'plan of reorganization' means any plan or agreement for reorganization, rehabilitation, liquidation, or composition, or for readjustment or modification of securities, or for the assertion of rights (other than voting rights) evidenced by or embodied in any securities."

SEC. 212. (a) Section 17 of such act is amended by adding after subsection (b) thereof the following new subsections:

"(c) From and after 60 days after this subsection takes effect, it shall be unlawful for any protective committee, directly or indirectly, to make use of any means or instruments of transportation or communication in interstate commerce or of the mails in order to solicit a protective committee agreement or any amendment thereto, or in order to solicit adherence, assent, or consent to any such agreement or amendment, or in order to submit any such agreement or amendment for an expression of assent or dissent, or in order to solicit adherence, assent, or consent to any plan of reorganization or any amendment thereto, or in order to submit any such plan or amendment for an expression of assent or dissent, unless—

"(1) a statement concerning such agreement, plan, or amendment, complying with the requirements of subsection (d) shall be in effect;

"(2) at the time of filing of the statement referred to in paragraph (1), such committee shall file with the Commission (A) an undertaking to file monthly thereafter, until the Commission shall determine by appropriate order that the committee has ceased operation, a written report under oath, for the period not covered by previous reports, in such form and containing such information concerning the activities of the committee as the Commission, by rules and regulations, may require as necessary or appropriate for the proper protection of investors, and a list showing the names and the last-known addresses of any persons (other than those listed in any list previously filed) to whom any individual solicitation or submission is proposed to be addressed at the date of the filing of the list, or was addressed during the period since the filing of the last previous list; and (B) an undertaking to file with the Commission copies of any amendments thereafter made to the protective committee agreement or plan of reorganization, and copies of any plan of reorganization thereafter adopted pursuant to the provisions of the protective committee agreement, such filing to be made not later than 10 days after such amendment is made or such plan is adopted;

"(3) at or before the time of solicitation or submission by any such means, the committee shall, (A) in the case of an individual solicitation or submission, send or give to each person to whom the solicitation or submission is addressed a copy of a summary of such of the information contained in the statement required under paragraph (1) as the Commission may by rules and regulations require as necessary or appropriate for the proper protection of investors, or (B) in the case of solicitation or submission by general notice or advertisement, offer to furnish or request a copy of such summary to any member of the group to which the solicitation or submission is addressed; and

"(4) In any case in which the terms of the protective committee agreement, the composition of the protective committee, and/or the qualifications of its members, fail to conform to the recommendations which may be established by the Commission from time to time for various classes of securities and types of situations, all written communications or communications by radio, made by the committee in the course of any solicitation or submission of the character referred to in this subsection, shall contain a clear statement to that effect. In the case of a written communication, such statement shall be in print, type, or writing as legible as that used generally throughout the communication and shall be followed by a brief summary of the provisions or matters in which there is failure to conform to the Commission's recommendations.

"(d) The statement required under subsection (c) (1) shall be filed with the Commission in triplicate, shall be signed by every member of the committee, shall include such information, documents, and exhibits as the Commission by rules and regulations may require as necessary or appropriate for the proper protection of investors, comparable in character to that required in registration statements for certificates of deposit, and shall include specifically a list giving the last-known address of each person known or believed to be the owner or holder of securities to whom any individual solicitation and/or submission is, at the date of filing such statement, proposed to be addressed. A statement with respect to an amendment to a plan of reorganization or a protective committee agreement concerning which a statement has previously been filed, or with respect to a plan of reorganization adopted pursuant to any such agreement, may be filed as an amendment to such previously filed statement. The provisions of section 6 (d) and section 8 with reference to registration statements shall apply to statements required under subsection (c) (1), and the term 'issuer' as used in such sections shall apply to the protective committee. At the time of filing any statement required under such subsection the committee filing the same shall pay to the Commission a fee of $25. The filing of any such statement or of an amendment thereto shall be deemed to have taken place upon the receipt thereof if it is accompanied by a United States postal money order or certified bank check or cash for the amount of the fee required. No such statement shall be filed within the first 30 days after subsection (c) takes effect.

"(e) The provisions of subsection (c) of this section shall not apply to any protective committee which proposes or purports to act for and in behalf of (1) a group of not more than 25 persons; (2) security holders who are all persons resident in, and/or corporations incorporated by and doing business in, the State or Territory in which the members of the committee are all resident; (3) holders of securities of the classes referred to in section 3 (a) (2) or (3); or (4) holders of securities of a value of not more than $100,000, as determined in accordance with the rules and regulations of the Commission, if the committee complies with such terms and conditions as the Commission may by rules and regulations prescribe as necessary or appropriate for the proper protection of investors."

(b) The last subsection of section 17 of such act is amended by striking out "(c)" and inserting in lieu thereof "(f)."

SEC. 213. Section 23 of such act is amended to read as follows:

"SEC. 23. Neither the fact that a registration statement for a security or a statement required under section 17 (c) has been filed or is in effect, nor the fact that a stop order is not in effect with respect thereto, shall be deemed a finding by the Commission that such statement is true and accurate on its face or that it does not contain an untrue statement of fact or omit a material fact,

or be held to mean that the Commission has in any way passed upon the merits of, or given approval to, any security, or any protective committee, protective committee agreement, or plan of reorganization. It shall be unlawful to make, or cause to be made, to any person, any representation contrary to the foregoing provisions of this section."

SEC. 214. Section 24 of such act is amended to read as follows:

"SEC. 24. Any person who willfully violates any of the provisions of this title, or the rules and regulations promulgated by the Commission under authority thereof, or any person who willfully fails to carry out the terms of any undertaking filed with the Commission as required by the provisions of this title, or any person who willfully, in a registration statement, or in any statement, list, or report required to be filed under section 17 (c) (1) or (2), or in any summary required to be sent, given, or furnished under section 17 (c) (3), makes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than $5,000 or imprisoned not more than 5 years, or both."

Mr. FLETCHER. I have a memorandum explaining the amendment, which I ask to have printed in the RECORD without reading.

The PRESIDING OFFICER. Without objection, that order will be made.

The memorandum is as follows:

MEMORANDUM EXPLANATORY OF THE ATTACHED PROPOSED AMENDMENTS TO THE SECURITIES ACT OF 1933 OFFERED AS AMENDMENTS TO THE NATIONAL SECURITIES EXCHANGE ACT

Section 211: This section adds definitions of the terms "protective committee", "protective committee agreement", and "plan of reorganization." The definition of the term "protective committee" is based upon the definition contained in the Public Trust Commission Act of Michigan, section 2 (d) (Mich. 1933, Public Act No. 89, as amended by Act No. 205). The term is so defined as to apply to committees existing at the time of the passage of the act. It excludes therefrom a trustee under the trust indenture under which the bonds were originally issued. The term "protective committee agreement" is intended to be drawn broadly enough to include any instrument by which committees secure power from security holders. In order to avoid the provisions of the Securities Act, which apply only in case of a sale of securities, many committees have adopted the device of securing powers of attorney rather than of issuing certificates of deposit. This definition will subject such committees to the provisions of section 17 as proposed to be amended.

Section 212: This section proposes to amend section 17 of the Securities Act. Section 17 was chosen because its provisions are left untouched by the proposed amendment to the Bankruptcy Act (H.R. 5884).

This section adds three new subsections to section 17. Subsection (c)(1) requires of committees the filing of a statement with the Commission, which, as described by subsection (d), will correspond to a registration statement now required for nonexempt certificates of deposit. Paragraph (2) requires an undertaking of each committee to furnish monthly reports on its activities, to furnish supplemental lists of security holders solicited and copies of plans and of amendments to agreements and plans later adopted. Paragraph (3) requires each committee to furnish the security holders it solicits copies of a summary of the statement required by paragraph (1), which will correspond to the prospectus provided for in section 10 for registered securities. Paragraph (4) authorizes the Commission to establish recommendations as to the terms of protective committee agreements and the composition and membership qualifications of protective committees, and requires all literature and broadcasts of committees to contain statements that there is failure to conform to such recommendations if such is the case. The subsection takes active effect after 60 days.

Subsection (d) describes the statement required under subsection (c). It is to contain information corresponding to that required in registration statements for certificates of deposit. The Commission is given the power to issue stop orders against the effectiveness of any statement, as in the case of registration statements. A filing fee of $25 is charged. No statements are to be filed for the first 30 days after the subsection takes effect, so that the Commission may evolve machinery for handling the new requirements.

Subsection (e) provides exemptions which correspond, in general, to the following exemptions from registration provided in the act: Section 4 (1), second clause, exemption for nonpublic offerings; section 5 (c)—or as proposed in the amendments heretofore submitted, section 3 (a) (11)—exemption for local offerings; section 3 (a) (2) and (3), exemptions for governmental and bank securities, and for short-term obligations, here applied to protective committees acting for such securities; section 3 (b), exemptions for issues of less than $100,000, on conditions established by the Commission.

Section 213: This amendment applies the present provisions of section 23 to the statements required under new subsection (c) (1) of section 17.

Section 214: The proposed amendment to section 24 imposes criminal liability for violation of the new provisions, including misstatements in the required statements, lists, reports, or summaries, and failures to carry out any agreements required by the new provisions.

It is to be noted that enforcement of the provisions of the new subsection is left to injunction, stop order, and criminal prosecution. No civil liability attaches for any violation thereof.

Mr. FLETCHER. I will state that the purpose of the amendment is to place under the jurisdiction of the Federal Trade Commission, so far as the Securities Act goes, bondholders' committees or protective committees. Senators know about them. I need not take the time of the Senate to tell about their operations.

Where bonds are in default, protective committees or bondholders' committees are immediately formed, very often controlled by the people who issued or distributed the bonds. Such committees call for the bonds to be sent in to them, under the representation that they will look after the interests of the bondholders. The bonds are sent in and the committees issue receipts or certificates of some kind against them, and are supposed to endeavor to realize upon the bonds and to take care of the interests of the bondholders.

I have numbers of letters from all parts of the country, from people who have put up their bonds with these committees, in which they say, "We cannot find out anything about our bonds. We understand that a receiver has been appointed, and that receivers' fees and lawyers' fees and other expenses are eating up everything, but we hear nothing as to any interest payments or prospects of realizing anything on the bonds."

Of course, a bondholder may go into court, I take it, and compel an accounting, and reach an adjustment of some kind in that way; but that is too burdensome. It is practically prohibitory, because a bondholder would have to pay out for lawyers' fees and expenses in procuring court action more than his bond would be worth; so that now the bondholders are practically helpless. They are entirely in the hands of the committees; and I think there ought to be some requirement that such committees shall file with the Federal Trade Commission their agreements with the bondholders, and shall be required to make reports there.

The amendment is a rather long one to accomplish that purpose. I thought it might be shortened; but it is very specific and leaves nothing in doubt about what the Federal Trade Commission will do and what it will require of bondholders' or protective committees. Of course, under the amendment the functions of the Federal Trade Commission are transferred to the special commission.

That is the whole proposition. I think there is need for this proposed legislation.

Mr. BORAH. Mr. President, do I understand the Senator to say that in view of the fact that the functions of the Federal Trade Commission are transferred to the proposed special commission, such reports will be made to the special commission rather than to the Federal Trade Commission?

Mr. FLETCHER. Yes; precisely. All the duties under the Securities Act will go to the new commission if the amendment shall be agreed to.

Mr. BORAH. Then this amendment takes that function away from the Federal Trade Commission?

Mr. FLETCHER. It puts it under the Securities Act, and the whole matter will now go to the new commission.

Mr. BARKLEY. Mr. President, these reports are not now made to anybody. The amendment covers a situation which is not covered at present, so that it is part of the securities situation.

Mr. FLETCHER. It is a new provision.

Mr. BARKLEY. It will go to whatever commission is finally given jurisdiction.

Mr. ROBINSON of Arkansas. Mr. President, if the result of the conference should be that the duties under this act should devolve upon the Federal Trade Commission, jurisdiction would go to the Federal Trade Commission?

Mr. FLETCHER. Yes.

Mr. BORAH. The amendment, then, would simply send that question to conference?

Mr. FLETCHER. Yes.

Mr. BONE. Mr. President, as I understand, the amendment simply creates the mechanism and machinery through which the committees would function.

Mr. FLETCHER. Yes; it gives an additional duty to the Federal Trade Commission in connection with the Securities Act.

Mr. BONE. The amendment adds nothing to the amendment, except the feature as to the machinery under which creditors and security holders can act?

Mr. FLETCHER. Yes.

Mr. JOHNSON. Mr. President, may I ask the Senator from Florida whether the corporation that has now been created under the laws of Delaware and is now functioning in relation to defaulted bonds would be within the purview of this amendment?

Mr. FLETCHER. I think the amendment does not affect that corporation at all.

Mr. JOHNSON. Why not? Why should it not do so?

Mr. FLETCHER. I really do not know just what they are doing. We originally provided in the Securities Act for setting up some control over foreign bonds; but that was never carried out, as the Senator will remember. The corporation referred to by the Senator was organized, but I do not know just what it is doing. Does the Senator mean whether they would be required——

Mr. JOHNSON. To do the acts which are required to be done by the so-called "protective committees", and the like, under this amendment?

Mr. FLETCHER. I should think so.

Mr. JOHNSON. I wanted to get of record a statement as to whether or not, in the opinion of the chairman of the committee, that was the fact.

Mr. FLETCHER. I think so.

Mr. JOHNSON. The chairman of the committee will recall that title II was annexed to the Securities Act for the formation of a public corporation. In the conference between the two Houses there was inserted a sentence to the effect that title II should not become operative until it had been proclaimed by the President. The President has never proclaimed it.

Mr. FLETCHER. That is my understanding.

Mr. JOHNSON. In lieu of that, a private corporation was organized under the laws of the State of Delaware, and is now operating. That private corporation was designed to perform the function required under title II of the Securities Act, and I was curious to know, as I glanced hastily through this amendment, whether, under the amendment, that private corporation, now acting for bondholders throughout the country, or endeavoring to do so, would continue to act. That is the opinion of the chairman of the committee?

Mr. FLETCHER. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Florida.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I have one or two amendments I desire to offer. I send the first amendment to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. In section 30, it is proposed to strike out the words "in any material respect" wherever they appear and to insert in lieu thereof the words "with respect to any material fact."

Mr. BYRNES. Mr. President, in explanation of the necessity for that amendment, let me say that I find that those words appear in one or two places in the measure other than the places where they were corrected by the amendment of the Senator from Oregon and the amendment is to make the entire bill in accord with the action of the Senate with reference to those words.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I send another amendment to the desk and ask that it be agreed to.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 21, line 20, it is proposed to strike out the words "party to the transaction."

Mr. BYRNES. The necessity for this amendment lies in the fact that in drafting the bill there was a mistake in including the words "party to the transaction", which really is a limitation which was not intended by the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 44, beginning with the comma in line 19, it is proposed to strike out down to the word "action" in line 21, as follows:

unless the controlling person acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action.

Mr. BYRNES. Mr. President, that, too, is a clarifying amendment which it is necessary to adopt.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I send another amendment to the desk and ask for its adoption.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to insert at the end of the bill a new section, as follows:

SEC. 215. Section 3 (a) (10) of the Securities Act of 1933 is amended to read as follows:

"(10) Any security which is issued in exchange for one or more bona fide outstanding securities, claims, or property interests, or partly in such exchange and partly for cash, where the conditions of such issuance and exchange (including the fees or remuneration chargeable directly or indirectly to the persons to whom it is proposed to issue securities or to the issuer of such securities, in connection with the preparation or execution of the plan under which such securities are issued) are approved, after a hearing upon the fairness of such conditions of which all persons to whom it is proposed to issue securities in such exchange shall be given reasonable notice and in which all such persons shall be given an opportunity to appear, by any court, or by any official or agency of the United States, or by any State banking or insurance commission or similar authority."

Mr. BYRNES. Mr. President, the members of the Federal Trade Commission, charged with the administration of the act, state that if the amendment of the Senator from Florida shall be adopted as to the bondholders' protective situation, which has been explained by the Senator, it will be essential to adopt this amendment in order to correct language which would be inconsistent with the language of the existing law. It is solely to clarify the situation that would arise as a result of the adoption of the amendment of the Senator from Florida.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, all the amendments now having been agreed to, I ask that the Senate proceed to the consideration of the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill.

Mr. FLETCHER. Mr. President, I move to amend the bill now before the Senate by striking out all after the enacting clause and inserting in lieu thereof Senate bill 3420, which has been under consideration in the Senate, as it has been amended.

Mr. BULKLEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Hayden	O'Mahoney
Ashurst	Couzens	Hebert	Overton
Austin	Dickinson	Johnson	Patterson
Bachman	Dill	Kean	Reynolds
Bailey	Duffy	King	Robinson, Ark.
Bankhead	Erickson	La Follette	Schall
Barbour	Fess	Lewis	Sheppard
Barkley	Fletcher	Logan	Steiwer
Black	Frazier	Lonergan	Stephens
Bone	George	McCarran	Thomas, Okla.
Borah	Gibson	McGill	Thomas, Utah
Bulkley	Glass	McKellar	Thompson
Bulow	Goldsborough	McNary	Tydings
Byrd	Gore	Metcalf	Vandenberg
Byrnes	Hale	Murphy	Van Nuys
Capper	Harrison	Neely	Wagner
Carey	Hastings	Norbeck	Walcott
Clark	Hatch	Norris	Walsh
Connally	Hatfield	Nye	Wheeler

The VICE PRESIDENT. Seventy-six Senators having answered to their names, there is a quorum present.

The question is on agreeing to the amendment proposed by the Senator from Florida [Mr. FLETCHER], that all after the enacting clause of the House bill now before the Senate be stricken out, and that there be inserted in lieu thereof Senate bill 3420, as it has been amended in the Senate.

The amendment was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question now is, Shall the bill pass?

Mr. ROBINSON of Arkansas. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). Upon this vote I have a pair with the junior Senator from Maine [Mr. WHITE]. Not knowing how that Senator would vote, in his absence I withhould my vote.

Mr. LA FOLLETTE (when Mr. CUTTING's name was called). I have been requested to announce the unavoidable absence of the senior Senator from New Mexico [Mr. CUTTING]. If he were present, he would vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS]. Not knowing how he would vote, I make the same transfer as on the previous vote, and will vote. I vote "yea."

Mr. McKELLAR (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the junior Senator from Illinois [Mr. DIETERICH], and will vote. I vote "yea."

Mr. STEPHENS (when his name was called). Making the same announcement as before regarding my pair with the senior Senator from Indiana [Mr. ROBINSON] and its transfer, I vote "yea."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO], who is detained from the Senate on account of illness. Not knowing how he would vote, I refrain from voting. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. LEWIS. I beg to reannounce the absence of certain Senators as announced on the previous roll call, and for the reasons given, to which I add that my colleague [Mr. DIETERICH], if present and voting, would vote "yea" on this roll call.

I further wish to announce that if present and voting the Senator from New Hampshire [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from California [Mr. McADOO], the Senator from Louisiana [Mr. LONG], the Senator from Nevada [Mr. PITTMAN], the Senator from Idaho [Mr. POPE], the Senator from Georgia [Mr. RUSSELL], the Senator from South Carolina [Mr. SMITH], and the Senator from Florida [Mr. TRAMMELL] would vote "yea." These Senators are necessarily detained from the Senate.

Mr. ROBINSON of Arkansas (after having voted in the affirmative). Announcing my general pair with the senior Senator from Pennsylvania [Mr. REED], and making the same transfer as on the previous roll call, I will permit my vote to stand.

Mr. NEELY. I am authorized to announce that the Senator from Colorado [Mr. COSTIGAN] is unavoidably absent. If he were present, he would, on this roll call, vote "yea."

Mr. HEBERT. The Senator from New Hampshire [Mr. KEYES] is paired with his colleague from that State [Mr. BROWN]. I am advised that if the senior Senator from New Hampshire [Mr. KEYES] were present, he would vote "nay" on this question, and the junior Senator from New Hampshire [Mr. BROWN], if present, would vote "yea."

I also desire to announce that the senior Senator from Pennsylvania [Mr. REED], the senior Senator from Indiana [Mr. ROBINSON], the junior Senator from Maine [Mr. WHITE], the senior Senator from New Hampshire [Mr. KEYES], the junior Senator from Pennsylvania [Mr. DAVIS], the junior Senator from Delaware [Mr. TOWNSEND], and the senior Senator from Minnesota [Mr. SHIPSTEAD] are necessarily absent.

The result was announced—yeas 62, nays 13, as follows:

YEAS—62

Adams	Coolidge	La Follette	Robinson, Ark.
Ashurst	Couzens	Lewis	Schall
Bachman	Dickinson	Logan	Sheppard
Bailey	Dill	Lonergan	Steiwer
Bankhead	Duffy	McCarran	Stephens
Barkley	Erickson	McGill	Thomas, Okla.
Black	Fletcher	McKellar	Thomas, Utah
Bone	Frazier	McNary	Thompson
Borah	George	Murphy	Tydings
Bulkley	Gibson	Neely	Vandenberg
Bulow	Glass	Norbeck	Van Nuys
Byrd	Harrison	Norris	Wagner
Byrnes	Hatch	Nye	Walsh
Capper	Hayden	O'Mahoney	Wheeler
Clark	Johnson	Overton	
Connally	King	Reynolds	

NAYS—13

Austin	Goldsborough	Hastings	Kean
Barbour	Gore	Hatfield	Metcalf
Carey	Hale	Hebert	Patterson
Fess			

NOT VOTING—21

Brown	Dieterich	Reed	Trammell
Caraway	Keyes	Robinson, Ind.	Walcott
Copeland	Long	Russell	White
Costigan	McAdoo	Shipstead	
Cutting	Pittman	Smith	
Davis	Pope	Townsend	

So the bill was passed.

The VICE PRESIDENT. Without objection, Senate bill 3420 will be indefinitely postponed.

Mr. SHIPSTEAD subsequently said: Mr. President, when the vote was taken on the securities bill I was unavoidably absent at the White House on official business, and could not return for the vote. I favor the bill, and if I had been here I should have voted for it. I should like to have the RECORD so show.

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a communication from James M. Landis, Commissioner of the Federal Trade Commission, which bears on the so-called "Hastings amendment." It is a very instructive communication.

There being no objection, the communication was ordered to be printed in the RECORD, as follows:

FEDERAL TRADE COMMISSION,
Washington, May 2, 1934.

MY DEAR SENATOR FLETCHER: I have examined the bill introduced by Senator HASTINGS for the amendment of the Securities Act of 1933, Senate bill 3301, and am pleased to furnish you herewith certain comments on the provisions of that bill. The bill for the most part presents verbatim the amendments to the Securities Act proposed in a report of the special committee of the American Bar Association on amendments to the Securities Act of 1933, which was published last month after approval by the executive committee of the American Bar Association. Therefore, in certain instances I shall discuss the bill in the light of the comments upon its provisions contained in the foregoing report, and I shall also attempt to point out certain of the changes which have been made from the proposals contained in that report.

1. AMENDMENT TO SECTION 2 (11)

The most important change which would be made by this amendment would effect a complete elimination from the status of an underwriter under the act of all persons who are what may be termed "the traditional type of underwriter", or, as the Bar Association report states: "Actual underwriters; that is, persons who agree to take up securities if the distribution to the public is a failure." It is probably true that in many cases such persons do not openly and actively promote the sale of an issue of securities which they have underwritten. Nevertheless, they really are a vital cause of the distribution of an issue to the public, and, having assumed such responsibility, I do not believe that they should be permitted to escape legal liability for any dereliction from the responsibility which they so assume. Even though such underwriters may not openly and actively promote the sale of an underwritten issue, it is almost always to their interest to see that the issue is successfully marketed to the public and by indirect methods they frequently will attempt to promote the distribution of the issue. Even though such underwriters may not intentionally undertake any such promotion, the very fact that such a person which may be a prominent and responsible banking house has underwritten the issue will become an important factor in the public mind in the passing of judgment upon the merit of the security. Such underwriters, practically without exception, will undertake a careful examination of the terms and merits of an issue before assuming the underwriting commitment. The investing public knows this fact, and therefore the sale of the security is promoted by the mere indirect dissemination of knowledge of such underwriting. The present provisions of section 2 (11) of the act place underwriters of this type within the definition of underwriters under the act, and I believe that persons who frequently play such an important part in connection with the public distribution of a security should not be permitted to escape from all responsibility under the act.

Certain of the provisions contained in the second sentence of the proposed amendment effect changes beyond the elimination of the traditional type of underwriter. Clause (a) contains language already in the act, except insofar as a very dangerous change has been made in the introduction to this sentence. The act now provides that the term "underwriter" "shall not include a person whose interest is limited to a commission", etc. The proposed amendment would merely state: "a person shall not be deemed an underwriter by reason of * * *." While the proper effect of these two forms of phraseology would probably be the same, there is a very grave possibility that the new language would not be as specifically limiting as the old. The danger would be eliminated if the new language read: "by reason only of * * *."

The clause (b) in the second sentence simply states specifically what the Commission, by a regulation, has already interpreted clause (a) to include.

Clause (c), together with the preceding elimination in the section to which I have referred, effects the change which would eliminate the old-fashioned type of underwriter from liability. I would also point out that it effects the impractical result of having the status of an underwriter depend ex post facto upon whether the underwriter may or may not sell any part of the commitment which he takes up within 6 months.

Clause (d) simply states specifically what the Commission has consistently recognized to be a proper interpretation of the existing provisions of section 2 (11).

Clause (e) appears particularly dangerous. It is entirely unnecessary unless the recommendation for the purchase, sale, or exchange of a security is made by a person who is purchasing from or selling for an issuer in connection with distribution; while in such case an underwriter certainly should not be allowed to escape from his responsibility by reason of lack of proof of his compensation. Under the proposed language it might very likely be argued that an underwriter purchasing and reselling at a profit to himself was not receiving "compensation." Also, if an underwriter should sell as agent for an issuer or for another underwriter, it might be urged that he was not an underwriter if he received no commission directly from the issuer or other underwriter, although he should receive payment for his activities by reason of a commission from other sources.

2. AMENDMENT ADDING SECTION 3 (9)

This proposed amendment is in accordance with an interpretation which the Commission has already placed upon the existing language of section 4 (3) of the act, and to that extent is unobjectionable. Securities issued under the exemptions of the second clause of section 4 (1), however, should by no means be made exempted securities. To do so might give securities an exempt status by a transaction immediately preceding a public offering by one other than the issuer.

3. AMENDMENTS TO SECTION 4

The proposed amendment to section 4 (1) completely eliminates from the third clause thereof any duty of a dealer to furnish a prospectus in connection with the sale of a security within 1 year of its public offering. The trading activities of dealers, even though such persons are not to be classed as underwriters, are a very important factor in connection with the public distribution of a new security. It is indeed rare that an issue is sold directly to scattered investors either by the issuer or by an underwriter. Issuers and underwriters fully expect that a substantial part of the distribution of a new security will be carried out through the activities of dealers having no direct relation with them. Where a dealer undertakes to promote the distribution of a new issue, I believe that it is fully as important that he be required to furnish a prospectus conforming to the requirements of the Securities Act as it is that the issuer or an underwriter be required to furnish such a prospectus. I recognize that there has been some confusion and fear created by the present provision of the act which, in effect, requires that dealers must furnish a prospectus in connection with transactions "within 1 year after the last date upon which the security was bona fide offered to the public." Such a date might undoubtedly be practically impossible of ascertainment by particular dealers. I would, therefore, simply suggest a change in this provision so that the requirement relates to the first date upon which the security was offered.

The amendment to section 4 (2) strikes out the last clause of the present provision which withdraws from the exemption afforded by the provision the solicitation of orders by brokers. It is urged in the comments upon this proposal in the bar association report that the provision "does not tie up with the other provisions of the act" and that it merely creates confusion because of the fact that the act deals with sales of securities, whereas this provision would appear to restrict a principal-agent relation between a broker and his client. The act includes within the definition of a "sale" in section 2 (3) a "solicitation of an offer to buy a security." I do not, therefore, believe that the provision is inconsistent with the use of the term "sale" in the other provisions of the act, and I think it highly important that the act cover the activities of brokers who may be accomplishing the effective distribution of a new issue to the public. Brokers will, of course, be dealers, and the requirement for the furnishing of a prospectus imposed upon them where they solicit market orders will apply only to the extent that such a requirement is imposed upon dealers under section 4 (1).

The provisions for the amendment of section 4 (3) contained in the bill are substantially altered and less extensive than the proposals which were made in the bar association report. The change in the first clause of this section consists essentially in restricting the general language which prohibits the payment of a commission or other remuneration "in connection with" an exchange, so that only a commission or other remuneration paid "for soliciting" an exchange is forbidden. This is in accordance with the interpretation which the Commission has consistently applied to the general language now in the act, and I believe that the clarifying change is desirable. I wish to point out, however, that the bill (perhaps inadvertently, since the omission does not appear in the bar association proposal) has omitted the phrase "directly or indirectly" from the limitation against payment of remuneration. This phrase should certainly be left standing.

The second clause of section 4 (3) has been very materially changed by the proposed amendment. The change is apparently intended to extend the exemption therein contained to cover transactions in connection with various forms of court reorganizations, rehabilitations, and readjustments of outstanding securities, in addition to the issuance of securities under court supervision in connection with corporate reorganizations, to which the clause is at present limited. I am in sympathy with the apparent object of this amendment, but I do not believe that it has been properly framed, and, in particular, I desire to point out that the proposed language would actually remove entirely the requirement for court supervision over the issuance or the terms of issuance of the new securities. The provisions of the bill simply require that court proceedings be in progress. In such case any securities, including certificates of deposit issued by any protective committee, are made exempt if issued to security holders or creditors of the person which is, or the property of which is, the subject of the court proceedings. The entire basis of the exemption of the second clause of section 4 (3) rests upon the assumption that court supervision will be an adequate protection for investors in substitution for the registration requirements of the act. Such court supervision will, of course, afford protection only if the court actually supervises the terms of or the issuance of the securities. The proposed amendment contains no such requirement. I wish also to point out that the specific addition of a provision concerning certificates of deposit is unnecessary, since the existing language of the act fully covers such securities and has been so interpreted by the Commission.

There is added a final clause to section 4 (3) which would exempt the issuance of securities pursuant to a plan of reorganization or bona fide readjustment "promulgated prior to the enactment of this title." Such a provision is at most a clarifying addition to section 3 (a) (1) of the act and, if placed anywhere, should be added to that section. The provision, however, is entirely unnecessary, as section 3 (a) (1) fully covers such securities and has consistently been so interpreted by the Commission. I would point out that the proposal made in the bill is actually narrower than the exemption afforded by section 3 (a) (1), since the exemption of this last clause which would be added to section 4 (3) would apply only to securities issued pursuant to a plan promulgated prior to the enactment of the Securities Act of 1933, whereas section 3 (a) (1) covers any such securities under a plan promulgated "within 60 days after the enactment" of the act.

For your information I would point out that the bill has not included the proposal of the Bar Association report to add a new section 4 (4) to the act.

4. AMENDMENTS TO SECTION 11

The amendments to section 11 are substantial and are of two types. Certain of the amendments very materially modify and restrict the liability of various persons in connection with the

registration statement. Others of the amendments are primarily of a clarifying character.

Throughout section 11 several proposed changes would predicate liability only upon "an untrue statement of a material fact" and eliminate from the basis for liability the expression, "an omission to state a material fact required to be stated in the registration statement or necessary to make the statements therein not misleading." By the terms of the proposed section 11 (h) an untrue statement is defined so that, in effect, the omission of a material fact necessary to make the facts stated not misleading is retained, by definition, as a basis for liability. The elimination of any civil liability for an omission to state a material fact required to be stated in the registration statement is, nevertheless, carried throughout this section and is not reinstated by the definition in section 11 (h). As a result, the change would leave any violation of the requirements of a registration statement in the nature of an omission solely for stop-order proceedings by the Commission or criminal prosecution under section 24 if the omission should be willful. As a result, the responsibility for compelling a full compliance with the requirements of the registration statement would be thrust entirely upon the Commission and the salutary threat of civil liability on account of an omission of required material facts would be lost.

A change has been made in the opening paragraph of section 11 (a) which was not contained in the bar association report, whereby the right of a purchaser of a security to sue is removed if such person "in the exercise of reasonable care would have known that such statement was untrue." The section as it now exists negatives the purchaser's right of action only if it is proved that at the time of acquisition of a security he knew of the existence of the untrue statement complained of. The additional restriction on the right to sue proposed by the bill would open up a very large field for the defense of actions and I do not believe that an investor should be subjected to a duty of exercising reasonable care to discover an untruth or omission in the registration statement. This might well mean that no action would be successful unless the purchaser of the security had himself undertaken to investigate the accuracy of every statement made in a registration statement.

A slight change is contained in section 11 (a) (4) which appears to be purely clarifying, except insofar as it adopts the definition of an untrue statement proposed in section 11 (h).

Section 11 (b) of the bill is new. It contains the most important change proposed and inserts a requirement of reliance upon the registration statement or the prospectus in order that a purchaser may recover under most circumstances. Section 11 (b) (1) permits a suit against the issuer without the necessity of proving reliance if a security was purchased within 6 months after its sale by the issuer. Thereafter a suit against the issuer will be successful only if the purchaser sustains the burden of proof of showing that he purchased the security in reliance on the registration statement or on a prospectus which contained the untrue statement of a material fact which was contained in the registration statement. By section 11 (b) (2) the liability of underwriters is limited to persons who can sustain the burden of proving the purchase of a security from the underwriter sued or the purchase of a security in reliance upon a prospectus published over the name of the underwriter sued. Section 11 (b) (3) requires that the purchaser can successfully bring a suit against any persons other than the issuer or underwriters covered by section 11 (b) (2), i.e., directors, officers, experts, and such other underwriters, if the purchaser sustains the burden of proving that he purchased in reliance upon the registration statement or upon a prospectus containing an untrue statement contained in the registration statement. I do not believe that the requirement of reliance is consonant with the present-day methods of distributing securities in this country.

While the proposed section 11 (b) (1) would make an issuer absolutely liable if a purchaser could sustain the burden of proof that he purchased a security within 6 months after its sale by, and the receipt of consideration therefor by, the issuer, that period is, in my opinion, entirely too short, even if any limitation is to be placed upon the period of absolute liability. It very frequently requires more than 6 months fully to distribute a new issue. Purchases made after that time from underwriters or dealers should certainly remain subject to absolute liability of the issuer where such purchases are in connection with a distribution.

I am in sympathy with a part of the apparent object of the proposed section 11 (b) (2), insofar as it is directed to restricting the liability of an underwriter to that part of an issue underwritten by him. I do not, however, believe that this object should be attained upon the basis of a requirement of reliance. A limitation of liability may be accomplished otherwise, and the requirement of reliance, especially with the burden of proof upon the purchaser, will place altogether too hopeless a burden upon any attempt at recovery by the purchaser of a security.

The proposed section 11 (b) (3) imposes the requirement of proof of reliance upon the plaintiff wherever he attempts to hold a responsible person, such as a director, officer, or expert, who may have caused to be put into circulation a statement violating the requirements of the act. There is no real justification for imposing this added burden upon a plaintiff, suing such persons as against a suit against an issuer or an underwriter from whom the plaintiff purchased a security, and the only practical object of the provision is to relieve responsible persons of the major possibility of a successful action against them.

The proposed new section 11 (c), which is the present section 11 (b) of the act, contains only changes with respect to the definition of an untrue statement and eliminating an omission to state a required material fact as a basis for liability. With regard to these changes, my previous comments are applicable, and I cannot agree that such changes are desirable.

The present section 11 (c) of the act is eliminated by the proposed amendment. The present section 11 (c) fixes as the standard of reasonableness the standard required of a person occupying "a fiduciary relationship." This definition has apparently created considerable consternation, and I would be agreeable to a change which would state the meaning of a fiduciary relationship in commonly accepted legal terminology. I do not, however, believe that a definition of the standard of reasonableness as a fiduciary standard should be omitted from this section of the act.

The proposed section 11 (d) attempts to define what constitutes a reasonable investigation within the requirements of section 11. For the most part I think that this proposed section contains a superfluous reiteration of the standard of reasonableness under particular circumstances and to such extent it is objectionable only in the sense of being unnecessary. I believe, however, that the definition also goes too far in permitting responsibility for investigations to be passed on entirely to other persons than the person who might be the defendant to an action. This section has not expressed the fiduciary character of the standard of reasonableness which the act should contain.

The present section 11 (d) of the act has been omitted. As a result of this omission an underwriter becoming such after a registration statement is effective will assume no responsibility for the accuracy of the registration statement at the time he commences distribution of the securities registered hereunder.

Under the amendments to section 11 (e), an action for rescission is limited to suits against the issuer or against an underwriter from whom the plaintiff may have purchased. Against all other persons only damages may be recovered. I should not object to the elimination from the act of a statutory cause of action for rescission, and would be content to leave rescission actions to the principles of the common law and of equity.

The amendment to section 11 (f) removes any right of contribution from an issuer and any persons controlling the issuer and liable under section 15 of the act. It also makes the issuer absolutely liable to any persons against whom a recovery may be had under the act unless such person was guilty of "fraudulent misrepresentation." I do not consider these changes desirable.

The proposed section 11 (g) contains an express statement of the basis for damages which I believe is unobjectionable.

The proposed section 11 (h) contains a definition of "an untrue statement" and a definition of "a material fact." As I have previously pointed out, I believe that the definition of an untrue statement is little different from that which would result from the present language of the act, which predicates liability upon an untrue statement or an omission to state a material fact necessary to make the statements made not misleading. I do not think that the definition of a material fact is at all satisfactory, since it defines the word "material" in its own terms.

5. AMENDMENTS TO SECTION 12

The amendment to section 12 (1) of the act inserts the word "willfully." I do not at all believe that civil liabilities resulting from a violation of the act should be limited to cases where willfulness can be proved. Innocent misrepresentations are a well-recognized ground for actions of rescission at common law, and to provide that a violation of the act shall carry similar civil liability is entirely reasonable and most essential for the protection of investors.

By an amendment at the opening of section 12 (2), the bill would insert a limitation upon liability so that only a person selling for his own account would be liable for misrepresentations. A person selling as agent for another would incur no liability if he disclosed his agency. This would entirely remove all responsibility for misrepresentations from the very person making the misrepresentation in probably the great majority of instances.

The proposed new section 12 (2) would remove the meaning of a misrepresentation as described in the act and insert the meaning of an "untrue statement" as defined in the proposed section 11 (h). A requirement of reliance is further inserted in the section. The section also limits damages to those "caused by such violation or by such untruth." I do not believe that the element of causation to be added changes the meaning of the present section. There is added to section 12 a final sentence which specifically limits damages to the amount by which the consideration paid by the person suing is greater than the consideration received by the person suing. This is probably intended to express the ordinary rule of damages which would be applied by a court and to eliminate punitive damages, but I think the definition would be extremely dangerous, since it might be subject to the interpretation that payment of a price no greater than the current market value of a security at the time of a purchase would give rise to no damages.

6. AMENDMENTS TO SECTION 13

The proposed new section 13 reduces the period of limitation upon an action after discovery of an untrue statement or omission from 2 years to 6 months and reduces the period of limitation for the bringing of any action from 10 years to 6 years. I think the 6 months period after discovery, and particularly "after such discovery should have been made by the exercise of reasonable diligence" is entirely too short, when it must be recognized that a security issue might be distributed widely over the

country and actual knowledge of the discovery of a misrepresentation might be very slow to be disseminated. For the ordinary investor, also, the institution of suit within 6 months would be a very serious requirement. I do not believe that a 10-year general limitation is unnecessarily long in the light of the periods of limitation for actions of various types generally in force under the laws of the several States.

7. AMENDMENT TO SECTION 15

According to the Bar Association report, the proposed changes which are made in section 15 are intended to make that section applicable only to prevent the use of dummies in order to evade liability. I am wholly in sympathy with this object, but I do not believe that the proposed changes are well framed for this purpose alone. The changes proposed might very likely be interpreted so narrowly as to make it almost impossible to establish liability by a controlling person.

8. AMENDMENT TO SECTION 17

In the opening clause of section 17 (a) the bill adds the words "willful and with intent to deceive." The insertion of the word "willful" is superfluous, since this section creates criminal liabilities, and section 24 of the act requires that criminal liability shall be predicated only upon a willful violation. The phrase "with intent to deceive" is probably no more than reiterative of the requirements of subsections 1, 2, and 3, but I believe it unwise insofar as it might impose any limitation upon liability extending further than the present language of the section.

Section 17 (b) is changed by making it apply only to a notice which "does not" offer a security for sale instead of a notice "not purporting to" offer a security for sale. The change is probably not one of substance, but I believe that it offers a risk of a narrowing of the requirements of the section. The concluding clause of section 17 (b) has been changed so as to omit entirely any requirement for disclosure of the amount of any consideration received for the description of a security. It also omits a requirement of full disclosure. Both of these requirements in the present section are most vital, and their purpose is obvious.

A change which has been made in section 17, without any reference thereto in the Bar Association report, and which is extremely important and most undesirable, consists of the complete elimination of the present section 17 (c). Under section 17 (c) the exemptions of section 3 of the act do not apply to the provisions of section 17 (a) and 17 (b). Therefore, transactions with respect to securities which are designated as "exempted securities" under the act, are subject to these criminal liability provisions. I do not believe that any policies sustaining the exemptions of section 3 of the act can extend to exempting from liability willful wrongdoing of the character defined in section 17.

9. AMENDMENT TO SECTION 22 (A)

The proposed new section 22 (a) eliminates the concurrent jurisdiction of State and Territorial courts for the enforcement of the Securities Act. The frequent inaccessibility, burdensome procedure and added expense of Federal court proceedings, as against State court proceedings, makes this change undesirable.

10. AMENDMENT TO SECTION 24

The proposed section 24 of the bill has omitted between the word "willfully" and the word "makes" in line 17 the phrase "in a registration statement filed under this title." This omission is not suggested in the Bar Association Report and is probably inadvertent, since it makes the following language meaningless. Assuming the reinsertion of this phrase, the only change in the section is the omission of the phrase, "necessary to make the statements therein not misleading." Thus, the definition of an untrue statement is referred back to the new section 11 (h). In addition, as I have pointed out under section 11, the criminal penalties imposed by section 24 remain as the only penalties, aside from stop-order proceedings, for an omission to state a material fact required to be stated in a registration statement.

11. NEW SECTION 24 (B)

This provision is entirely inequitable, I believe, since it provides for compensatory damages only on behalf of a defendant where a plaintiff is unsuccessful. I would be inclined to favor a provision for compensatory damages if it should work equally in proper cases in the discretion of a court in favor of either a successful plaintiff or a successful defendant.

Sincerely yours,

J. M. LANDIS.

Hon. DUNCAN U. FLETCHER,
Chairman Senate Banking and Currency Committee,
Washington, D.C.

GENERAL LA FAYETTE MEMORIAL DAY

Mr. LONERGAN. Mr. President, I ask unanimous consent for the present consideration of House Joint Resolution 317, requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the President of the United States is authorized and requested to issue a proclamation calling upon officials of the Government to display the flag of the United States on all governmental buildings on May 20, 1934, and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies in commemoration of the death of General La Fayette.

LOANS BY FEDERAL RESERVE BANKS TO INDUSTRIES

Mr. ROBINSON of Arkansas. Mr. President, in my judgment only a few more minutes will be required to dispose of the business which it is my purpose to bring to the attention of the Senate today. I move that the Senate proceed to the consideration of Order of Business 901, Senate bill 3487, relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3487) relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. BARKLEY. I offer an amendment to the bill, which I understand the Senator from Virginia [Mr. GLASS] is willing to accept.

The VICE PRESIDENT. There is an amendment pending at the present time. The Chair understands the parliamentary situation to be as follows: The banking bill (S. 3487) is now the pending business; and the amendment offered by the Senator from Oklahoma [Mr. THOMAS], known as the "silver amendment", is the pending question.

Mr. ROBINSON of Arkansas. Mr. President, the situation is that the amendment of the Senator from Oklahoma in the nature of a substitute for the amendment of the Senator from Louisiana [Mr. LONG] is the pending question.

The VICE PRESIDENT. That is the parliamentary situation, as understood by the Chair. The amendment offered by the Senator from Kentucky [Mr. BARKLEY], therefore, could not be considered at this time.

Mr. BARKLEY. I have no desire to offer my amendment until the other matters shall have been disposed of.

Mr. THOMAS of Oklahoma. Mr. President, when this bill was before the Senate on a previous occasion the senior Senator from Louisiana [Mr. LONG] offered an amendment. To that amendment I offered a substitute. The amendment and the substitute dealt with silver. Since that time there have been several conferences between Senators interested in the silver and money questions and responsible Government officials in Washington. While no agreement in detail has been reached, yet I feel that an agreement has been reached in principle, and because we have an agreement in principle, as I understand and verily believe, and with an understanding that at a later date it will be agreeable to the leaders of the Senate to call up for consideration House bill 7581, being the Dies bill, at which time, if an agreement shall have been reached with the Treasury Department, it will be the plan to offer the agreement that may be reached as a substitute for the text of the Dies bill—with that understanding, and reserving the right to reoffer the amendment to some other bill, if no agreement shall be reached, I desire at this time to withdraw my amendment in the nature of a substitute.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the amendment is withdrawn.

Mr. THOMAS of Oklahoma. Mr. President, I sent a telegram to the senior Senator from Louisiana [Mr. LONG], inasmuch as he offered the amendment proposing to incorporate part 2 to the pending bill. I have no reply from the senior Senator from Louisiana, but I think I know of his interest, and I think that if he were here he would agree to the suggestion which I will make, and that is that this

agreement, as I have stated it, be the understanding of the Senate; that, if the agreement shall be reached, at an opportune time we will have a chance to call up the Dies bill and consider it, and if no agreement shall be reached at some time before the session closes, the amendment will be offered to some other bill to which it will be germane. With that understanding, I am going to ask unanimous consent to withdraw, in the name of the Senator from Louisiana, the substitute or amendment offered by him.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the amendment is withdrawn.

Mr. BARKLEY. Mr. President, I offer an amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to add the following:

That the Reconstruction Finance Corporation Act, as amended (U.S.C., supp. VII, title 15, ch. 14), is amended by inserting before section 6 thereof the following new section:

"SEC. 5d. For the purpose of maintaining and increasing the employment of labor, when credit at prevailing bank rates for the character of loan applied for is not otherwise available at banks or at the Federal Reserve bank of the district in which the applicant is located, the Corporation is authorized and empowered to make loans to any industrial or commercial business established prior to January 1, 1935. Such loans shall in the opinion of the board of directors of the Corporation be adequately secured, may be made directly, in cooperation with banks or other lending institutions, or by the purchase of participations, shall have maturities not to exceed 5 years, shall be made only when deemed to offer reasonable assurance of continued or increased employment of labor, shall be made only when, in the opinion of the board of directors of the Corporation, the borrower is solvent, shall not exceed $250,000,000 in aggregate amount at any one time outstanding, and shall be subject to such terms, conditions, and restrictions as the board of directors of the Corporation may determine. The aggregate amount of loans to any one borrower under this section shall not exceed $1,000,000.

"The power to make loans given herein shall terminate on January 31, 1935, or on such earlier date as the President shall by proclamation fix; but no provision of law terminating any of the functions of the Corporation shall be construed to prohibit disbursement of funds on loans and commitments, or agreements to make loans, made under this section prior to January 31, 1935, or such earlier date."

Mr. BARKLEY. Mr. President, this amendment is the language of a bill unanimously reported by the Committee on Banking and Currency, which the Senator from Virginia, I think, is prepared to accept.

Mr. GLASS. Mr. President, the bill having been reported unanimously, as the Senator from Kentucky has stated, I feel justified in accepting the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BARKLEY].

The amendment was agreed to.

Mr. BONE. Mr. President, I offer an amendment to the pending bill. I may say that I desire to offer the amendment not in the form in which it is printed but to offer that part of it down to and including line 4 on page 2, omitting the last two lines on the second page.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 1, line 6, to strike out "In exceptional circumstances" and insert in lieu thereof "For the purpose of maintaining and increasing the employment of labor."

On page 2, lines 3 and 4, to strike out "for the purpose of providing it with working capital"; and in line 6, before the period, to insert a comma and the following:

"for the following purposes: To provide it with funds for working capital, for reducing and refinancing outstanding indebtedness if such refinancing is concurrent with a substantial write-down of such outstanding indebtedness, for rehabilitating and making improvements to plants, for reopening plants not in operation on the date this section takes effect, and for new buildings and new machinery."

Mr. BONE. Mr. President, I will occupy but very little time on this amendment. For some reason, which probably seems best to them, the R.F.C. Board has adopted a set of rules which have made it difficult, if not impossible, for that body to provide adequate financing for industrial plants. The section of country from which I come is notoriously undercapitalized. I have examined the record of the R.F.C., and the number of loans made to industries is, I may say, regrettably small, and their amount is likewise small. I found a statement in the New York Times of April 20 in which Mr. Jones said that the R.F.C. was doing everything in its power to expend loans to industry made through community mortgage-loan companies which groups of industries form.

He said:

One hundred and fourteen loans, aggregating $11,786,250, had been authorized; but of this little had been disbursed.

Unless there be a broadening of the policy of the R.F.C., or the rules under which the Federal Reserve banks are permitted to make loans are relaxed, there is little or no hope for private industries in the West receiving loans of the character to which they seem clearly entitled and which, I believe, they must have if they are to have any real relief.

I submitted a copy of this amendment to the Senator from Virginia a short time ago, but I do not know whether he has had time to examine it.

I did not have time to read the amendment of the Senator from Kentucky [Mr. BARKLEY], which was just submitted and which was adopted, and I am not certain whether that amendment covers the ground I have attempted to cover by my amendment. If it does, I shall be very happy. I should like to have the Senator from Kentucky advise me as to that.

Mr. BARKLEY. Mr. President, the amendment which I suggested, and which was adopted, authorizes the Reconstruction Finance Corporation to make loans to industries where they are unable to obtain them under the provisions of the Glass bill as it was originally reported by the committee. In other words, it makes it necessary for any industry seeking direct loans from the Reconstruction Finance Corporation for working capital or for purposes contemplated in the amendment, which is the same as the bill reported a few days ago from the committee, to show that they have made every effort to obtain credit from member banks or from the Federal Reserve banks, as provided in the bill of the Senator from Virginia [Mr. GLASS], and in the case of making such showing the Reconstruction Finance Corporation is authorized to make direct loans to the industry.

Mr. BONE. I should like to make a further statement before I take my seat. It is an expression of opinion, but I find a great many people in public life agree with this viewpoint. I think the Government might be more helpful in this crisis if it was willing to accept a 10- or even a 20-percent loss in the case of loans made to industry in an attempt to spiral upward the industrial trend, than to refuse such loans while it is pouring out millions and hundreds of millions of dollars in C.W.A. work from which it gets no return at all. I want the relief work to continue until its necessity disappears, but I also want to see the rule relaxed either with respect to the Federal Reserve banks or the R.F.C. and have Uncle Sam take at least some little chance of getting back 75 to 100 percent of his money. Under the present set-up very little relief is given to certain industries which I think are clearly entitled to such loans.

Mr. LEWIS. Mr. President, I wish to withdraw an amendment, and to state why I do so, with the indulgence of the able Senator from Virginia [Mr. GLASS], in charge of the bill, and the distinguished Senator from Kentucky [Mr. BARKLEY], who has just tendered an amendment which has been adopted. I find that an amendment proposed by myself, which I was anxious to press, and which had for its object a provision that would take care of the prospective needs of the Chicago school teachers as an organization of commerce and business based on real-estate ownership, which, under the law, is allowed, has been covered by the thoughtfulness as well as the agreement of the eminent members of the committee. I wish to say that I accept the amendment as tendered, and the proposition also presented by the Senator from Virginia and the Senator from Kentucky, and beg to withdraw the amendment I had proposed touching this subject on the ground that it is now unnecessary.

The VICE PRESIDENT. The Senator from Illinois withdraws his amendment.

Mr. GLASS. Mr. President, I could wish that the Senator from Washington [Mr. BONE] would also withdraw his amendment and let us pass this bill, in response to the very urgent appeals from all over the country. This bill embarks the Federal Reserve System upon an entirely new and experimental form of loans. Under the existing system, the discounting bank at the Federal Reserve bank has to assume 100-percent responsibility. Now we are proposing to make a different kind of loan, and we require the financial institution obtaining the accommodation directly from the Federal Reserve bank, instead of from the member bank, to assume at least 20 percent of the loss, or in lieu thereof to put up 20 percent of the fund sought. It seems to me, as it seemed to the committee unanimously, that that was a very reasonable requirement, and I hope the Senator from Washington——

Mr. BONE. Mr. President, will the Senator yield?

Mr. GLASS. Yes.

Mr. BONE. May I invite the attention of the Senator from Virginia to the fact that I struck out the last two lines in the amendment offered by me which left in the 20-percent provision. I felt if the amendment was to be offered that that provision should be presented separately.

Mr. GLASS. I had not noted that, but the real purpose of this bill is similar to that of the Senator's amendment. It ought only to apply in exceptional circumstances. Where there is a proposed borrowing for a going industry in order to retain employment of those engaged in the industry and in order to increase employment by the expansion of industry, where they cannot get credit accomodations at current bank rates, then they may borrow directly from the Federal Reserve banks. I think the bill ought to be safeguarded in some particulars. The committee thought so too and reported the two bills unanimously. I hope they may be passed. I hope, therefore, that the amendment offered by the Senator from Washington may either be withdrawn or rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was rejected.

Mr. VANDENBERG. Mr. President, since the amendment of the Senator from Kentucky [Mr. BARKLEY] just adopted undoubtedly withdraws from the Senate all immediate opportunity to consider use of the Reconstruction Finance Corporation facilities for the further and extended advantage of the American people, I have no alternative but to offer at this point an amendment which I contemplated offering to the second bill which the Senator from Kentucky has attached to the Glass bill as an amendment. None of us knew until 10 minutes ago that this second bill would be disposed of in this quick fashion, and in this summary way this afternoon.

It seems to me it would be exceedingly unfortunate if this session of Congress were to be concluded without effective additional consideration of legitimate-depositor relief in respect to closed banks. I am not talking about the so-called "McLeod bill" which remains in the House, because it seems probable that this bill may not reach the Senate at this session.

I am talking about some such measure as that which was submitted by the Senator from New York [Mr. COPELAND] a few days ago, and I am talking about the proposal with reference to which I have been in consultation with the Treasury and officers of the Reconstruction Finance Corporation during the last week. Unfortunately, the matter now comes to an issue here in the Senate before I can have conclusive reports from the Treasury and the Reconstruction Finance Corporation, and I have no alternative except to offer, in cooperation with the senior Senator from New York [Mr. COPELAND], and in our joint behalf the amendment which I now tender. I submit a proposal which will release heavy additional liquidating dividends to depositors, and yet it will not risk the public credit in respect to prospective loss.

The amendment is a very simple matter. It proceeds upon the theory that the Reconstruction Finance Corporation should be directed to lend to receivers of banks and kindred liquidating offices the full appraisal value of the assets which are held by the Reconstruction Finance Corporation behind those loans. It proceeds upon the theory that the Government has not discharged its full obligation to the bank depositors of this country until it has exhausted every rational recourse to recoup these depositors who trusted these banks and the Government's persistent warrant as to their solvency. It asks recognition for these depositors' rights.

At the present time the Reconstruction Finance Corporation is lending only from 60 to 75 percent of the values in this collateral behind these bank liquidation loans. The appraisals were made in the main a year ago. They should be remade. The appraisals are utterly conservative. The margin of safety is wider than necessary and the rates of interest on these loans are indefensively high. The margin of safety which would be left even if the Reconstruction Finance Corporation were directed to make loans at the rate of 100 percent of the liquidating value of the assets behind the loans as I suggest would still be ample. The margin of safety would be covered by the prospective recovery values of the future plus the stockholders' liability and plus the judgment of the Reconstruction Finance Corporation in respect to the appraisals. We owe the bank depositors of the country this minimum consideration at the very least. This is not a radical plan. It is absolutely sound. It is just. It is the discharge of a public obligation. It is currency expansion of the most direct and practical sort.

Mr. President, I am offering the amendment in behalf of the senior Senator from New York [Mr. COPELAND] and myself. I send the amendment to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to add a new section to the bill, as follows:

That the Reconstruction Finance Corporation Act is hereby amended by adding at the end of paragraph 1 of section 5 the following sentence:

"Notwithstanding any other provisions of law with respect to all loans as aforesaid to receivers or liquidating agents for banks and savings banks that are closed or in process of liquidation, the Corporation shall loan 100 percent of the fair estimated liquidating value of the assets tendered as security for such loans, and shall charge interest thereon at a rate not to exceed 3 per cent per annum."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan.

Mr. BARKLEY. Mr. President, I merely want to say that this is a proposal which the Committee on Banking and Currency has had no opportunity to consider. No one knows what the effect would be on the Treasury or upon the funds of the Reconstruction Finance Corporation; and certainly it ought not to be adopted.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. I did not hear the Senator object to the consideration of the amendment of the Senator from Florida [Mr. FLETCHER] to the Securities Act on the theory that the committee had not had an opportunity to consider it.

Mr. BARKLEY. That would not have been true if I had made that observation, because the committee did consider it very carefully and in detail.

Mr. VANDENBERG. The committee also has had depositor-relief legislation before it for 3 months and has given it no consideration. There is not much time left. We cannot wait indefinitely for committee action. Depositors themselves already have waited too long. They deserve at least the fullest possible and immediate use of the maximum value of the assets which represent their deposits. If we wait for the committee, I fear we shall wait in vain..

Mr. BARKLEY. We have given consideration to urgent legislation through conferences with the Chairman of the Federal Reserve Board and the Chairman of the Reconstruction Finance Corporation. For many weeks there has been pending in the other body of the Congress a bill, in-

troduced by a Member of that body from the Senator's State, which has received wide publicity. No action has been taken upon it. Certainly it is not quite in keeping with the proper deliberation of matters of legislation of this kind to bring an amendment before the Senate which has never been considered by the committee or reported on by any official of the Treasury or other department of the Government and which requires a 100-percent loan upon the assets of closed banks. I think the amendment certainly ought to be rejected.

Mr. VANDENBERG. Would the Senator object to taking the amendment to conference for consideration with those officials?

Mr. BARKLEY. Yes; I object to it's being adopted for any purpose. I do not think it ought to be adopted without the effect of it being known.

Mr. VANDENBERG. The Senator understands he has misstated, though I am sure inadventently, the purport of the amendment. It is not a 100-percent loan against the assets of the closed banks. It is a 100-percent loan against the Reconstruction Finance Corporation's own appraisal of what the assets may be worth. Could this challenge in behalf of bank depositors be reduced to more modest terms?

Mr. BARKLEY. I did not intimate it was 100 percent of the face value of the assets.

Mr. COPELAND. Mr. President, one who has had any experience in connection with the reopening of closed banks, as many Senators have had, must realize that the hard and fast rules which prevail in realizing on assets of closed banks have interfered seriously with the reopening of the banks and the restoration of business. What I have in mind is the experience I have had many times during the past year in my State where those of us who have been familiar with the locality and with the individuals who have made loans in the banks and with the assets back of them, have been convinced that in many instances those assets in the long run are worth 100 cents on the dollar. They have not been so treated by the Reconstruction Finance Corporation or by the Treasury.

I believe that the wording of the amendment, which was prepared by the Senator from Michigan who has courteously included my name in the authorship, is a perfectly safe one. It provides merely that "the corporation shall loan 100 percent of the fair estimated liquidating value of the assets tendered as security." It is not proposed to take "cats and dogs" and lend money on them. It is simply a question of taking assets which in all human probability are worth 100 cents on the dollar, but which have not been so treated by the operation of the laws as applied in the past.

I think the committee might well consider taking the amendment to conference, because it is in the interest of humanity, in the interest of the stockholders of the banks, in the interest of the various communities which have suffered because of a deprivation of banking facilities. I hope the committee may be willing to take the matter to conference to see if some plan cannot be worked out to give the protection in the direction indicated.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan.

Mr. GLASS. Mr. President, I think I may say for the chairman of the committee—who perhaps is too tired to say anything for himself, after the arduous duties that have been imposed upon him—that the Committee on Banking and Currency is perfectly willing to consider this matter, but it is not willing to have too much legislation go to the conferees.

As a matter of fact, if the distinguished Senator from Michigan will examine the existing Bank Act of 1933, he will see that we there authorized primarily the Insurance of Deposits Corporation to loan money to buy the assets and to wind up and liquidate the business of closed banks. They have already acquired a fund of something over $300,000,000 for that purpose; and if there is any urgent reason for doing anything of the kind, that Corporation, organized 6 months ago, could give it attention. I do not think we ought to embark upon a proposition of this kind, about which the committee has not heard anything whatever. It has not had a report from the Treasury, from the Comptroller of the Currency, or from the Reconstruction Finance Corporation, having charge of these matters.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. GLASS. Yes; I yield.

Mr. COPELAND. The trouble in the application of the law as it is at present has been that in the consideration of the assets of the bank, consideration has been given to the immediate value, the immediate liquidity of those assets. Here it is proposed that consideration shall be given to the possible value of the assets over a reasonable length of time. It is all left to the administrative officers of the Government.

Mr. GLASS. No; I will say to the Senator that under the existing law the transactions are not confined to the immediate assets of the banks, but the matter is left to the determination of the Insurance Corporation Board.

Mr. COPELAND. But, as a matter of fact, I may say to my friend, the only consideration that has been given, in the experience I have had with half a dozen banks in my State, is to the immediate value of the assets.

Mr. GLASS. That may be so in regard to a half dozen banks; but we ought not to pass legislation of this grave importance without knowing exactly what we are doing.

I hope very much the amendment will not be adopted.

The VICE PRESIDENT. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

The amendment was rejected.

Mr. JOHNSON. Mr. President, I understand that there has been presented by the Senator from Kentucky [Mr. BARKLEY] an amendment which attaches to this bill, the Reconstruction Finance Corporation loan bill.

Mr. BARKLEY. Yes; that is true.

Mr. JOHNSON. I have an amendment which I wish to present to that bill. I did not intend to attach to the bill of the Senator from Virginia an amendment of any kind or character; but, inasmuch as this short cut to legislation is taken—of which I do not at all complain—I wish to present an amendment which I have just been advised is appropriate to the Reconstruction Finance Corporation loan bill.

Mr. GLASS. I will say to the Senator from California that there was no short cut here.

Mr. JOHNSON. I am not complaining of it.

Mr. GLASS. Both of these measures—the bill bearing my name and the amendment presented by the Senator from Kentucky—were carefully considered for days by the Banking and Currency Committee, and both of them were unanimously approved.

Mr. JOHNSON. I am not complaining of the mode of legislation; but I did not assume that to the bill of the Senator from Virginia the bill relating to the loans of the Reconstruction Finance Corporation, a separate measure entirely, would be attached. That is the matter to which I referred.

Mr. GLASS. I may say to the distinguished Senator that it was attached only because it is supplemental to the bill presented by me. I may say to the Senator also that two other bills involving amendments to the Reconstruction Finance Corporation Act will be presented at an early day, perhaps early next week, from the Banking and Currency Committee; and the Senator then will have an opportunity to propose his amendment.

Mr. JOHNSON. No; the amendment I desire to submit is an amendment that is appropriate to the bill which relates to loans made by the Reconstruction Finance Corporation. It has been considered by a subcommittee of the Banking and Currency Committee, and on one occasion I appeared before the subcommittee—I am saying this in explanation to the Senator from Virginia—but the subcommittee has not yet acted concerning it because of the limitations of time, as I understand. It is a bill which is of extraordinary importance to the particular locality from which I come and of importance as well to other sections.

Mr. President, I offer as an amendment to the bill—I assume it must be so offered, although properly it is an amendment alone to the amendment which has been, as I

understand, presented by the Senator from Kentucky [Mr. BARKLEY]——

Mr. BARKLEY. Mr. President, I will say to the Senator from California that his amendment is on a different subject and does not have to be offered as an amendment to the amendment which I have offered, and which has been agreed to. It can be offered as a separate section if the Senator so desires. It need not be attached to the amendment.

The VICE PRESIDENT. In order to offer an amendment to the so-called "Barkley amendment", it will be necessary to reconsider the vote by which that amendment was agreed to.

Mr. BARKLEY. The Senator from California can offer his amendment as a separate proposition.

The VICE PRESIDENT. He can.

Mr. BARKLEY. It has no relationship to the kind of loans referred to in the amendment offered by me.

The VICE PRESIDENT. The Senator from California can offer his amendment now as an amendment to the bill.

Mr. BARKLEY. He can offer it as section 7 of the bill.

Mr. JOHNSON. Mr. President, if the Senator will pardon me, I do not care how the amendment may be offered so long as it may be offered and may be considered by the Senate.

Mr. BARKLEY. My point is that it is unnecessary to reconsider the vote by which my amendment was agreed to.

The VICE PRESIDENT. That is correct.

Mr. BARKLEY. The Senator from California can offer his amendment independently.

Mr. JOHNSON. That is quite so; but it is an appropriate part of the amendment of the Senator from Kentucky. I did not think it was so appropriate to the bill of the Senator from Virginia, so I have not at any time thought of offering it as an amendment to his bill.

Mr. President, I may have been utterly in error. If so, I apologize to those who are here. When I left the Chamber for a very brief period I was laboring under the delusion that the bill of the Senator from Virginia [Mr. GLASS] was to be put before the Senate, and that it would with very little debate, probably, be passed. I had no interest in that bill save to see that it was passed, and to aid as well as I could in that regard. I had not the slightest conception that the bill relating to loans by the Reconstruction Finance Corporation was to be made a part of the bill of the Senator from Virginia. I do not deny the right of anybody to make it a part, but I had no conception that it was to be a part, and supposed that when the bill was called upon the calendar regularly I should have an opportunity to present this amendment. Indeed, when the calendar was called the other day, and the Senator from Florida asked that the Reconstruction Finance Corporation bill be taken up, I announced the fact that an amendment would be offered to that bill, and that it was my desire to be heard upon the amendment, and to have the amendment passed upon by the Senate.

Now, as the Senator from Kentucky had a right to do, at a time when there was no warning at all of the fact that the bill was coming up today, he presented the bill as an amendment to the bill of the Senator from Virginia. That is what makes the situation perplexing, and causes the peculiar circumstance in which I find myself.

Mr. BARKLEY. Mr. President, if the Senator will yield, I have no recollection of knowing that the Senator had taken that course, except that today I was told that the Senator had offered an amendment the other day.

When this bill was reported out of the Committee on Banking and Currency I stated that it was my purpose to offer it as an amendment to the Glass bill, because they are companion measures. They supplement each other. There is no complexity here. The Senator has a right to offer his amendment.

Mr. JOHNSON. Yes; I shall do so.

Mr. BARKLEY. There is no trouble about the Senator's offering the amendment. I will say that my action in offering my amendment was not based upon any desire at all to cut off the Senator. I though it was the best method of legislating. I thought originally that these two bills—the original Glass bill and the Reconstruction Finance Corporation bill—ought to be combined. They were combined when first introduced. Then it became necessary to consider the Reconstruction Finance Corporation prong of the matter a little more deliberately than the other. So the committee voted out the Glass bill first, and this bill second; and what I have done here is again to join them together as they were joined when first introduced by the Senator from Florida.

Mr. JOHNSON. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The Senator from California offers an amendment, which will be stated.

The CHIEF CLERK. It is proposed to insert in the bill at the proper place, as a new section, the following:

That the Reconstruction Finance Corporation is authorized to make loans, for periods not exceeding 20 years, to finance the acquisition of any system, plant, or works for the production, transmission, or distribution of electrical energy by such public corporations, bodies, or instrumentalities as are referred to in section 201 (a) (1) of the Emergency Relief and Construction Act of 1932 which enter into contracts with the United States or any department, agency, or instrumentality thereof for the purchase of electfical energy, or for the use of any property, rights, or facilities employed in the production, transmission, or distribution of electrical energy. No loan shall be made except with the approval of the department, agency, or instrumentality of the United States with which such contract is entered into. The provisions of title II of the Emergency Relief and Construction Act of 1932, as amended, and of acts supplementary thereto, applicable to loans to such public corporations, bodies, or instrumentalities, so far as consistent with the terms hereof, shall apply to loans made under the terms of this act.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California [Mr. JOHNSON].

Mr. JOHNSON. Mr. President, I ask if the amendment cannot be accepted. In order to save time, so that I shall not be bothersome on a bill which I should like to see passed, I ask whether it is not possible for the Senator from Kentucky to accept my amendment.

Mr. BARKLEY. Mr. President, I will say to the Senator that, as he suggested awhile ago, the Senator from Ohio [Mr. BULKLEY]——

Mr. JOHNSON. This is not the amendment of my colleague [Mr. MCADOO].

Mr. BULKLEY. I was misinformed.

Mr. JOHNSON. This is not the same amendment at all.

Mr. BARKLEY and Mr. GLASS addressed the Chair.

The PRESIDING OFFICER. The Senator from California has the floor. Does he yield; and if so, to whom?

Mr. JOHNSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Patterson
Ashurst	Couzens	Kean	Pope
Austin	Dill	Keyes	Reynolds
Bachman	Duffy	King	Robinson, Ark.
Bailey	Erickson	La Follette	Schall
Bankhead	Fess	Lewis	Sheppard
Barbour	Fletcher	Logan	Shipstead
Barkley	Frazier	Lonergan	Steiwer
Black	George	McCarran	Stephens
Bone	Gibson	McGill	Thomas, Okla.
Borah	Glass	McKellar	Thomas, Utah
Bulkley	Goldsborough	McNary	Thompson
Bulow	Gore	Metcalf	Trammell
Byrd	Hale	Murphy	Tydings
Byrnes	Harrison	Neely	Vandenberg
Capper	Hastings	Norbeck	Van Nuys
Carey	Hatch	Norris	Wagner
Clark	Hatfield	Nye	Walcott
Connally	Hayden	O'Mahoney	Walsh
Coolidge	Hebert	Overton	Wheeler

Mr. LEWIS. Mr. President, I desire to announce the absence of the Senators whose names I have heretofore given, and the reasons for their absence as heretofore stated, to which I add the name of my colleague [Mr. DIETERICH], called to his State on official business.

The PRESIDING OFFICER. Eighty Senators having answered to their names, there is a quorum present.

The question is on agreeing to the amendment offered by the senior Senator from California [Mr. JOHNSON].

Mr. JOHNSON. Mr. President, may I have for a very brief period the attention of the Senate to this amendment, first apologizing for taking up the time of the Senate with respect to it, and stating that, so far as I am concerned, it is now before the Senate by reason of the facts which I detailed before the quorum call was made.

This little amendment authorizes the Reconstruction Finance Corporation—

To make loans for the production, transmission, or distribution of electrical energy by such public corporations, bodies, or instrumentalities as are referred to in section 201 (a) (1) of the Emergency Relief and Construction Act of 1932 which enter into contracts with the United States through any department, agency, or instrumentality thereof for the purchase of electricity—

And so forth.

The amendment is safeguarded by every provision which now attaches to loans which are made by the Reconstruction Finance Corporation.

It is, let me first emphasize, a mere authorization to the Reconstruction Finance Corporation. It is not mandatory, but it confers on the Reconstruction Finance Corporation the right, only if it sees fit, to grant the loans which are asked. It provides that such loans may be made to those public agencies which are today really customers of the United States, and, being customers of the United States, it asks that loans may thus be made to enable them to acquire the plants or works of another corporation.

Concretely, I may be able to make plain just the reason for this measure. The bureau of water and power of the city of Los Angeles is a public utility owned by the municipality. It furnishes to the people of the city of Los Angeles water and power, and has been a very successful institution. It is now something over 20 years old. It has grown with the years, and grown with the city, and grown with the territory until it is today a very remarkable instance of a publicly owned, municipally operated public utility, furnishing water, light, and power to the citizens of that great community.

The Boulder Dam, as Senators will recall, is a structure now in process of completion under the aegis of the Government of the United States. The act which created the Boulder Dam project required that before there could be any expenditure on the part of the United States Government, the Government had to have firm contracts for the sale of its electrical power, which would ultimately pay every dollar which might be expended by the Government of the United States on that great undertaking at Boulder Dam. It is one of the projects which are being paid for and will be paid for out of the electricity and water generated by the project itself.

The chief contracting party with the Government of the United States for power delivered and generated at Boulder Dam is the bureau of water and power of the city of Los Angeles. So that the public agency which now furnishes water and power to the city of Los Angeles is in this peculiar relationship, as well, with the Government of the United States in being the United States Government's chief customer for the power generated at Boulder Dam.

It happens that in the city of Los Angeles there are private power companies as well as this publicly operated institution. One of the private power companies is situated in one of the parts of the city of Los Angeles, and it parallels the lines of the publicly owned utility, so that a portion of the city of Los Angeles, 60 percent in reality, is served with electricity by the bureau of water and power and the other portion, 40 percent, by a privately owned utility.

Necessarily, in the first place, this situation is uneconomic. Necessarily, in the second place, it leads to controversy and difficulty. There has been constant bickering between the privately owned power company and that which is operated by the municipality, the publicly owned power company.

Recently the two have come together, so that the city may acquire, if it be possible, the privately owned company. Thus the controversies which have existed in the past will be eliminated; uneconomic methods of furnishing the people of that particular territory with electric power will be done away with as well; and the city, with its bureau of water and power, may do all the business that is required to be done in that whole territory.

It happens, of course, that in these days the bonds of the bureau of water and power cannot be sold with profit, and, I imagine, can hardly be sold at all. It is in most excellent financial shape. No one questions its solvency in the slightest degree; if it shall do what it desires to do, and what the privately owned utility wishes to do, it is essential that it obtain the money to make the trade which the private utility and the public utility are ready to make at this time and thus aid all parties and have an economically sound arrangement in that particular part of the city of Los Angeles.

That, concretely, is one thing which it is desired shall be done by this bill.

Is there any logical reason on the face of the earth why the Reconstruction Finance Corporation should not make a loan that is perfectly safe and sound, the making of which is left wholly in its discretion, under circumstances such as I have detailed? I fail to see that there can be any objection logically, legally, from any standpoint of any kind or of any character at all, to the making of such a loan.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. LEWIS. I should like to have a statement from the Senator from California as to what reason now exists if the security is good—as perhaps it is—why the Reconstruction Finance Corporation cannot now—under the present law—make such loans. I understand they have made similar loans in the past.

Mr. JOHNSON. No; I understand they have no power to make such loans. It is the assertion of the Reconstruction Finance Corporation that they have no power to make them. That is the reason for this proposed legislation.

Mr. LEWIS. It is the theory that they have no power; and is this amendment to give power where under the old law it does not now exist?

Mr. JOHNSON. The R.F.C. says the power does not exist. That is their assertion; and, necessarily, we have to bow to that assertion. I am endeavoring to remedy what thus they say exists.

It is not alone this particular territory that is interested. Since the bill has been pending I received a letter from Mr. Lilienthal, of the T.V.A. That is the Tennessee Valley Administration; is it not?

Mr. BARKLEY. The Tennessee Valley Authority.

Mr. JOHNSON. Yes; it is conducting the Muscle Shoals project. I was surprised to find from his letter that he was interested in the bill, although I did not know it when the bill was introduced, and he is very anxious for it to pass. I think other localities are interested in it as well.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. BARKLEY. As a matter of equity and of justice to all sections of the country, what is the justification for the framing of a law which will allow Los Angeles, or any other community that happens to have a contract with some governmental agency, to borrow money for the purpose of constructing a public-utility plant and deny to the people of every city which may want to construct a public-utility plant the right to borrow money from the R.F.C. for that purpose? Why does the existence of a contract with the Government or some agency of the Government give such a community a sacred right to borrow money from the Government while it is denied to all other communities which might, regardless of any contract, wish to embark upon the construction of public-utility plants?

Mr. JOHNSON. That is a perfectly legitimate question, I grant. The Senator is quite right. There is no sacred right in that; but it does make the situation a little clearer and a little better, and it does curtail to a minimum the loans which may be made. It is quite true, as well, that a particular corporation or a particular entity which stands in a relationship to the United States Government, and is con-

tracting with it, may have a little better reason for a loan to be made to it than some other.

Let the measure be broadened if the Senator desires. I am not objecting to broadening it. I have limited it just as much as I could in order to meet and relieve every objection that may be made.

When the bill was first presented someone said, "It will take so much money to do this; and there is not any reason why the Government, in a case where it is not interested, should do a thing of this sort." That is the reason why the qualifying clauses will be found in the bill—first, because they answer the objection that it will take too much money; and, second, they answer the objection that the Government is not interested, because the Government is interested today in the contracts that it has made with any agency, for power or otherwise.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. BARKLEY. I see no limitation in the amendment as to any amount of loan that may be made, if one should be made. To what did the Senator refer when he said he had hedged the amendment about with limitations?

Mr. JOHNSON. The latter limitation which the Senator spoke of as a sacred right; the limitation that it was dealing with the United States Government in a contractual relationship.

Mr. BARKLEY. In other words, the situation is that the Government has provided the money for the construction, we will say, of Boulder Dam, which in turn is to furnish power to the city of Los Angeles?

Mr. JOHNSON. Oh, no; not that alone.

Mr. BARKLEY. Of course it has a good many other purposes.

Mr. JOHNSON. It has a good many other purposes—power and other things.

Mr. BARKLEY. What the Senator is really asking is that the Government also loan the city of Los Angeles the money which will enable it to take advantage of the facilities the Government is building at Boulder Dam?

Mr. JOHNSON. I am asking no such thing, and the amendment admits of no such construction. I am asking that the Government be permitted to make loans of the character indicated in the amendment; and in order that Senators might understand the situation exactly I put forward the concrete example in which I am deeply interested.

Mr. BARKLEY. Of course, I appreciate that; but, as a matter of fact, if the Government were not building the dam at Boulder Canyon there would be no occasion for the legislation which the Senator is seeking, because it would not apply.

Mr. JOHNSON. There might be no occasion for the legislation with respect to the city to which I have referred, but there might be occasion for it with relation to projects in the Northwest, in relation to the T.V.A., and the like.

Mr. BARKLEY. Yes. That still bears out my suggestion that the ultimate object is to allow communities to borrow money in order to take advantage of the facilities which the Government is erecting in the sections where those communities are located.

Mr. JOHNSON. Not a bit of it. The purpose is not to enable them to take advantage of the facilities which the Government has erected. I state that as an incident of the relationship which exists, in order that there may be a stronger case in behalf of the particular recipient of the loan; not upon the theory which the Senator suggests at all.

Mr. LEWIS. Mr. President, I will say to the able Senator from California that in behalf of my own constituency I have before the R.F.C. a proposition very similar to that suggested by the Senator; and I ask the Senator, upon what theory does he assume that the board as at present constituted can say that it has no power, even though the security be good, to grant relief to the institution to which he has referred, and a similar one that I am representing, in the face of the wording of section 201 (a) (1) of the act with regard to the power of the R.F.C. "to aid in financing projects authorized under Federal, State, or municipal law which are self-liquidating in character"? Why is not the enterprise of which he speaks one which has been organized under the State or city, and "self-liquidating in character"?

Mr. JOHNSON. Mr. President, if the Senator will permit me, the reason is because the R.F.C. says that it cannot loan under those circumstances. The logic of the contention I will not discuss with the Senator.

Mr. LEWIS. Despite this section?

Mr. JOHNSON. Yes. The logic I will not discuss. There might be 152 reasons why the loan ought to be made, but the group of men who determine the fact give one reason why it should not be made, and that is that they will not make it under the law; and that ends it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California [Mr. JOHNSON].

Mr. BONE obtained the floor.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. BONE. I yield.

Mr. GLASS. First speaking to the question of procedure, I will say that I had no knowledge whatsoever of this proposed amendment. So far as I know, it has never been discussed in the general Banking and Currency Committee. It may have been discussed in some subcommittee thereof, but I do not recall that the matter has been reported to the general committee. Therefore, no discourtesy whatsoever was ever intended toward the Senator from California in not apprising him of the fact that the Barkley bill, which is purely supplemental to the so-called "Glass bill", was to be presented as an amendment to the Glass bill.

As a matter of fact, nothing whatsoever may be done under the provisions of the Barkley bill until first every effort to obtain credit is exhausted under the Glass bill. Therefore, the two bills having been unanimously reported from the Committee on Banking and Currency after full consideration, I very readily accepted the amendment proposed by the Senator from Kentucky to my bill.

In the second place, it always genuinely distresses me to have to appear in opposition to anything which the Senator from California proposes. I imagine, however, the Senator has learned, as other colleagues of mine have learned, that I am fundamentally opposed to the Government of the United States constituting itself a central bank to be loaning money to every sort of enterprise which may be conceived of.

I was opposed to the Reconstruction Finance Corporation bill, and warned the Senate that I was only going along with it because I did not care to be classified among those who were unwilling to cooperate with the then President of the United States in rescuing us from the emergency; but it is a well-known fact that the Reconstruction Finance Corporation was intended to be, and was at every stage of the procedure represented to be, purely an emergency organization. This is not an emergency proposition. It does not involve the employment of anybody who is not now employed. It is a mere community loan to one of the greatest cities in this country which, in common with other cities, has the taxing power. If it wants to engage in facilities of this sort, it ought not to come to the Federal Treasury to borrow money; it ought to tax its own people.

I advert to the objection raised by the Senator from Kentucky. I think the bill constitutes a privileged class, making Government loans only to people who have been fortunate enough to enter into a contract with the Government. I think the fact that they have been enabled to enter into a contract ought to give them complete satisfaction without wanting, in addition to that, to come here and take the taxpayers' money. I do not think government was instituted to tax all the people and take their money and loan it to special enterprises. I do not think that was ever the conception of government on the American Continent, and I do not think it ought to be.

The Reconstruction Finance Corporation was erected as an emergency measure, to give employment to people, to help get us out of the depression, and its loans were limited to a

period of 10 years. Now it is here proposed to permit them to make a peculiar sort of loan for a period of 20 years.

Mr. President, it is not particularly apposite, but I wish again to express the view that we have made mendicants of 48 States of this Union and of nearly every community in every State of the Union. We have practically by statute extended engraved invitations to people to rush here to Washington and to borrow money through the Federal Treasury—the taxpayers' money, for that is the only sort of money the Federal Treasury has or ought ever to have.

We do not even know, unless the distinguished Senator from California may assure us, whether the Reconstruction Finance Corporation wants this additional power. We have had no report from them; we do not know what that Corporation may say as to the soundness of the proposition.

I am perfectly willing to assure the Senator from California, so far as I am individually concerned, and I can assure him for the committee, that we shall be glad to take the bill up in committee and have the members of the board of directors of the Reconstruction Finance Corporation come before us and let us have their view of this matter, and to report the bill back, either favorably or adversely, so that the Senator may have ample opportunity to present it and have it passed, if the Senate wishes to pass it; but I very earnestly wish that the Senator would not offer the bill as an amendment to my pending bill.

We do not even know, we have had no intimation in the world, at least, I have not, that the proposition would meet with Executive approval. Suppose it should not, then the whole bill would go down, and many hundreds, if not thousands, of industries of this country now seeking aid through banking agencies and procedure would be denied these loans. Therefore, I very regretfully decline to accept the amendment presented by the Senator from California, and I hope the Senate may take that view.

Mr. BONE. Mr. President, I can only express regret that the Senator from Virginia [Mr. GLASS] entertains any objection to annexing Senate bill 3246 by Mr. JOHNSON, to the pending bill, although I can understand his attitude as a matter of parliamentary procedure, and I take it that he is opposed fundamentally to the purpose that underlies this bill. I cannot, however, quite bring myself to agree with him that the United States Government has made mendicants of 48 States.

Mr. GLASS. Mr. President, there may be one or two exceptions, but I do not remember them.

Mr. BONE. My reason for saying that is that the people of the States were made mendicants long before the United States Government, through its Congress, tendered any financial relief to them. They were the victims of conditions over which they had no control. They turned to the only agency they knew and to which they could turn, with any assurance of getting relief, and that agency was the Government.

I am as painfully aware of the implications of this type of legislation as is the Senator from Virginia; I think I understand his philosophy and his attitude toward proposals such as this; but in a great crisis such as confronted the people of this country they were made to realize nationally that economic necessity knows no law except the law of self-preservation.

Mr. GLASS. Mr. President, may I ask the Senator wherein consists any crisis? As the Senator from California presented his views on this bill, what is the crisis?

Mr. BONE. I had not intended to expand my remarks and make a speech about the financial crisis that attracts the attention of everyone. This bill is, however, a part and parcel of the whole program of reconstruction. We are not beginning this program; we are in the midst of it. If I may briefly refer to the policy of the Government as adopted in recent years, I want to try to show, if I can, why it is now necessary to have this sort of legislation, because of the fact that the Government has deliberately adopted certain policies with respect to the creation of great hydroelectric developments in this country.

Mr. BARKLEY. Mr. President, will the Senator yield there?

The PRESIDING OFFICER (Mr. MCGILL in the chair). Does the Senator from Washington yield to the Senator from Kentucky?

Mr. BONE. Yes.

Mr. BARKLEY. In that connection it ought to be said they were not necessarily emergency propositions; they were not brought forward to meet a particular emergency. It might be said that the Muscle Shoals law was hastened by conditions and probably some consideration was given to the question of unemployment in its passage at the last session of Congress, but many of us had been seeking that legislation for years, ever since the war, and we were seeking it even in the most prosperous times of 1928 and 1929. The Boulder Dam was not constructed as an emergency measure, but as a permanent improvement.

I wish to say that I do not know whether I would be against this proposal or not if the committee and the interested Government agencies were permitted to confer about it. I might be for the Senator's bill; I certainly am sympathetic to almost anything he proposes; but to add an amendment here under the guise of an emergency because of a permanent improvement that Congress provided for long before the depression, or certainly not because of the depression, is to me a little bit unfair to the Senate. We do not know whether we are going up a blind alley in this instance.

I join with the Senator from Virginia, so far as I am concerned, in giving assurance that we will be glad to consider this subject independently. I do not think the committee is guilty of any negligence in not having considered it heretofore. The committee has been overworked for many weeks and months, but we do now begin to see a little daylight, and I wish that we might consider this question independently. It might be that after the Board of Directors of the Reconstruction Finance Corporation and other Government agencies came down and conferred about it there might not be any opposition, but none of us now knows anything about just what we are doing here.

Mr. BONE. Mr. President, in view of the statement of the able Senator from California [Mr. JOHNSON] with reference to the attitude of the Reconstruction Finance Corporation toward the statute which was enacted by the Congress conferring upon it certain powers and, I think along with them, duties, I want to read the law under which that agency of the Government operates in the field we are now discussing. It is section 201 (a) and reads:

> The Reconstruction Finance Corporation is authorized and empowered—
>
> (1) to make loans to, or contracts with, States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public corporations, boards and commissions, and public municipal instrumentalities of one or more States, to aid in financing projects authorized under Federal, State, or municipal law which are self-liquidating in character, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided*, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this paragraph, from purchasing securities having a maturity of more than 10 years.

That might mean from 10 years to infinity. Frankly I am at a loss to understand upon what sort of legal authority or advice the Reconstruction Finance Corporation acts when it says that a loan of the character authorized by the amendment of the Senator from California may not be made, and refuses to make loans to municipalities of the character described in his amendment. The statute I have read seems to clearly authorize such loans.

Sometimes when I see that sort of an attitude taken, and a set of regulations issued based on what seems to be a misconception of the plain provisions of the law, I am reminded of Bassanio, in the Merchant of Venice, where he said:

> His reasons are as two grains of wheat hid in 2 bushels of chaff. You shall seek all day ere you find them, and when you have them they are not worth the search.

I am reminded of that rather pungent statement of Shakespeare's character when I see the effect of the legal

advice given to some of the departments by lawyers connected with them.

Getting down to the fundamental thing that underlies this matter, I would not presume to rise and write into the RECORD what I am about to say unless I had in mind a picture of what the future is going to offer concerning the legislation that has been passed by this body and the body at the other end of the Capitol. By authority of acts of Congress the United States Government is now beginning to build a great power plant in the State of Washington, a tremendous enterprise. On the Columbia River, farther down toward the city of Portland, another great publicly owned plant is under construction, known as the "Bonneville plant." A plant capable of developing over 600,000 horsepower of electric energy is to be developed there. These plants may ultimately develop in the neighborhood of 2,000,000 horsepower when fully completed. There is to be a market developed for that power somehow somewhere. Is that market to be a public market or a private market? I presume to say what I am saying now because I want to write my own convictions into cold type before that thing happens which I fear may happen unless proper steps are taken.

The United States Government is either going to sell that power through publicly owned agencies or it is going to be compelled to distribute it through privately owned agencies. Let me say to the Senator from California [Mr. JOHNSON] that if there is a repetition of the Muscle Shoals fiasco, a thing which I think reflected discredit on the country—the sale of huge blocks of power to the Alabama Power Co. and its affiliates for as low as 2 mills per kilowatt-hour, afterward redistributed and supplied to customers at rates as high as 12, 14, and 16 cents per kilowatt-hour, 50 or 60 or 70 times what the company paid the United States Government for the power—if there be in my section of the country a repetition of that scandal, then every man in Congress from that section of the United States will have to tell the people sometime why he did not protest against private exploitation of his Government.

How is the Government going to handle that problem? It must be in just one of two ways, either through publicly owned distribution systems or through private power systems. If we build these great plants out there only to distribute the current through privately owned power companies, then we have made more laws here that will serve only to enrich private power companies. There is not a man in the Senate who can prove otherwise. I say to all the Members of this body that if we put more handcuffs on the wrists of the Government, then there will follow the only remaining method of distributing the power, which is through private agencies. In such case the profit, instead of being reflected in cheap rates and cheap power for the people, will be reflected in dividends and enormous salaries to the people operating and owning private power systems.

The purpose of the bill of the Senator from California [Mr. JOHNSON] is to enable cities and other public agencies to borrow the money to enable them to take over certain distribution systems now privately owned. There was a complaint registered in the State of New York recently in a power controversy that raged there, in which it was asserted that the bill presented and offered did not require a municipality, when it went into the power business, to acquire the existing privately owned systems. That was one of the arguments made against the bill. There is nothing in the pending amendment that raises that question. There is a calm invitation here in the legislation itself for the city to acquire the existing facilities and to pay for them.

I say to my friends in this body if there is any type of business on earth that is self-liquidating it is the electric-power business. I know. I have seen my own city indulge in that business for 40 years. I saw it build a fine hydroelectric plant which cost $2,000,000, and in 12 years, out of the earnings of that plant, in addition to giving us the cheapest light and power in the country, pay off and retire every dollar of the bonded debt representing the cost of the plant. I saw a thing as remarkable in the world of finance as was the financial wizardry of Aladdin's lamp. And yet that venture rested on the solid rock of financial soundness in every particular.

Today my city will give to the householder in that city for $4 an amount of electric energy for which the Westchester Electric Co., in the State of New York, privately owned, charges $20, or five times as much. My city has made as much as almost a million dollars net profit in 1 year on that beautiful publicly owned system, giving its people at the same time the cheapest light and power in this country and paying the prevailing standard of union wages.

Mr. GLASS. Mr. President, if the Senator will permit me——

Mr. BONE. Certainly.

Mr. GLASS. That is what every community ought to do which wants to build an electric plant. It ought to tax its own people and not the people of some other State.

Mr. BONE. I agree with the Senator, but I think he perhaps misunderstands the purpose behind this amendment. It is not proposed to tax anyone. The building of the Tacoma plant, which is a publicly owned power development, did not make it necessary to tax the people. This plant retired its bonded or funded debt from earnings. In the pending amendment, it is proposed that public bodies be permitted to borrow money from the Government and to pay that money back; not to make the taxpayers of the United States pay the bill.

But unfortunately some of the legislation which has passed the Congress of the United States has not provided for loaning money but has given it away to wealthy private corporations; millions and millions; aye, billions of dollars. We enacted laws under which men came to Washington and bought billions of dollars' worth of Government property for as low as 1½ cents on the dollar.

I recall the so-called "sale" of fine steamships which cost $2,250,000, for $30,000. Who pays for that? The lash is laid on the back of every taxpayer in the country to pay the difference between the cost and the sale price, and that lash will continue for years to be laid on his back because we have enacted that kind of legislation.

We are not satisfied even with that. We wrote and enacted another law under which the company that bought that steamship for one seventieth of its cost could get $24,000 for carrying a letter across the ocean—one trip, one letter, $24,000—which almost paid for a beautiful Government steamer which cost the taxpayers $2,250,000. That cost is reflected in the Government's bonds now outstanding and which generations to come must pay.

But to return to the amendment before us. Mr. President, if there is any agency on earth that is a self-liquidating agency, it is the power business. I want to say to the Members of the Senate that there is no business on earth that hires so few men for the amount of money invested. One can walk into a great modern hydroelectric plant, as I have done time after time, where fifty, seventy-five thousand horsepower of energy is being unleashed and sent out over the wires, and what does he find? One or two or three men walking around the plant, dressed as well as any Member of the Senate. The plant is automatic. If anything goes wrong with it, the plant automatically shuts off. When the cause of the shut-down is corrected, the plant automatically goes on. Fifty—seventy-five thousand horsepower is controlled there by a tiny little device locked up in a little iron box. Such are the marvels of science.

From the States of the Northwest there come many Members of this body representing States that are tied in with these great power developments. The municipalities of those States want the cheap power that will be so generously produced at Bonneville and Grand Coulee and at other places. I have a list of many of the public generating plants out in the West shown on a map prepared by Mr. Scattergood, chief engineer of the Los Angeles Light & Power System, showing the great proposed electrical intertie along the Pacific coast that will turn out millions and millions of horsepower of electric energy. The time is

coming when these Western cities will want to buy their distributing systems, and there is no reason why they should not be permitted to come to the Government and borrow the money to acquire these systems. The loans are certainly legitimate and safe. I quite thoroughly agree with the Senator from California that the bond market is such that it is almost an impossibility at present for a city to borrow money; and Senate bill 3246, introduced by the Senator from California [Mr. JOHNSON], permits the Reconstruction Finance Corporation to make loans to cities that desire to acquire their own distribution systems in cases where they intend to purchase power from Government power plants. If it is wrong for a city to distribute power, it is wrong for the United States Government to manufacture power. The Government should make it possible for Western cities to utilize its own product. That is the purpose of this amendment.

The time we are to be here is passing rapidly, and I know that some relief should be given. I want every city in the Northwest to have the right to enjoy the same privileges we now accord private corporations.

It is almost like loaning money to the United States Government to loan it to a city to acquire its own power system. No better or safer security exists in our economic system. Private companies have moved heaven and earth to prevent cities from going into the power business. They have not hesitated to debauch institutions of learning and to come down here and even use the Smithsonian Institution as a foil for the celebrated Wyer attack on Ontario. They have not hesitated to corrupt men in public life all over the country in their efforts to throttle public ownership. That is one field where we need have no fear about the financial solvency of a plant. Public ownership of power is profitable.

We shall have to meet this question, and I do not want the time to come when the people of my State can point to a great governmental agency that is turning the power produced by the Government into power lines to be distributed and sold by private power companies for private profit. If that time comes we shall confront a thing that in itself is a disgrace—the money of the people of the United States being used to build a great social instrumentality only to enrich the Power Trust, and not to bring cheap electric energy into the homes of the people.

God forbid that that time shall come! I want to write my protest into the CONGRESSIONAL RECORD, and I intend to write it later if there is any effort out in my part of the country to pervert the functions of those great plants so that they shall be instruments to enrich private power companies.

We have too long utilized governmental agencies to enrich private concerns, instead of making these agencies serve the people.

I know that I can make no such contribution, nor even a fragment of the great contribution, made by the Senator from Nebraska [Mr. NORRIS] in his battles in the power fields; but out in my part of the country the Government is now going into the power business on a greater scale than even in this great thing which was the dream and the vision of the Senator from Nebraska, the Muscle Shoals plant. I do not want to see the great electrical giants out there harnessed for the benefit of the Electric Bond & Share Corporation and the Stone & Webster power monopoly of Boston; and I may add that I do not intend to see it so long as I can register an effective protest in this body. I trust we shall adopt the amendment of the Senator from California. I want to see it written into law, because the Government ought to give aid, as far as it can with no loss to itself, to cities so that they may take advantage of these great agencies that we are now building with public money.

Mr. ROBINSON of Arkansas. Mr. President, when I moved the consideration of this bill, I had not understood that the question of loans for the Reconstruction Finance Corporation was to be raised. It was my understanding then that the bill of the Senator from Virginia [Mr. GLASS] would be disposed of probably in 5 or 10 minutes. The discussion has been prolonged, however, and the statement is made that it will be continued.

For this reason, and for the further reason that there is scarcely a quorum of Senators present, and it would be difficult to obtain a quorum, I shall presently move that the Senate proceed to the consideration of executive business, and that it then take a recess until Monday.

Mr. COPELAND. Mr. President, on behalf of the junior Senator from Michigan [Mr. VANDENBERG] and myself, I offer an amendment to the pending measure, the Glass bill. This amendment is to be an additional section. I ask that the amendment be printed in the RECORD and lie on the table, so that it may be brought up on Monday.

Mr. VANDENBERG. Mr. President, I wish the Senator from New York would indicate, so that there will be no misunderstanding about the matter and everyone will be on notice, that the amendment he has offered is the amendment which has been offered in the House with respect to broadening the powers of the Federal Deposit Insurance Corporation for the purpose of the further liquidation of bank deposits and the relief of bank depositors.

Mr. COPELAND. The Senator is correct.

The PRESIDING OFFICER. Without objection, the amendment will lie on the table and be printed, and also will be printed in the RECORD.

Mr. COPELAND's amendment is to add to the pending bill as an additional section the following:

That section 12B of the Federal Reserve Act is amended—

(1) by striking out the word "three" in subsection (o) and inserting in lieu thereof the word "five";

(2) by adding after subsection (y) a new subsection to read as follows:

"(z) The Federal Deposit Insurance Corporation is hereby authorized and directed to purchase, or to make a loan on, the assets of any bank, savings bank, or trust company or any part of such assets, upon such terms and conditions as the Corporation may, by regulations, prescribe. The Corporation is further authorized and directed, in case the Reconstruction Finance Corporation has made a loan to any such closed bank, to negotiate with the liquidating agent or receiver of such bank for an appraisal of its assets and the purchase thereof or the making of a loan thereon to take up the loan or any part thereof made by the Reconstruction Finance Corporation, if the Federal Deposit Insurance Corporation deems it desirable in the public interest and the loan will be reasonably secured. In making any purchase of or loan on assets of any closed bank, the Corporation shall appraise such assets at such value as they would be appraised under normal business conditions and in anticipation of an orderly liquidation over a period of years, rather than on the basis of forced-selling values in a period of business depression. The Corporation is authorized and empowered to sell any assets acquired under this subsection and shall, with respect to such selling and to the liquidation of assets of closed banks, pursue and encourage a policy of extending the period of liquidation so as best to conserve the values of such assets and to prevent unreasonable sacrifice thereof."

RELIEF TO HOME OWNERS

Mr. FESS. Mr. President, I have received a communication on the subject of loan associations from Hon. Roy Fitzgerald, a former Representative in Congress from Ohio, with special reference to the situation in Ohio. As it is very illuminating, I am sure Senators will be interested in what the writer says. The letter is as follows:

APRIL 20, 1934.

Hon. SIMEON D. FESS,
United States Senate, Washington, D.C.

DEAR SENATOR: The alarming loss of mortgaged homes by thousands of Ohio people prompts me to direct your attention to the deplorable conditions of the Ohio building associations, and the barrier which tends to prevent in large measure the relief which the National Government is apparently anxious to give.

The building association as originally conceived and operated was the organization of a limited group of thrifty individuals contributing to a common fund to be loaned to its members for the construction or purchase of homes. Each member subscribed for such number of shares, usually $100 par, as he felt able and disposed to pay for at the rate of 25 cents per share per week and was entitled to borrow from the fund as it accumulated such amount as could be secured by first mortgage on real estate, not in excess of the total par value of the shares to which he had subscribed. The priority of members to borrow from the fund was determined by an auction and the one bidding the highest premium in addition to the rate of interest fixed by the mutual association got the loan. The membership was limited by the total shares of stock. The association was not permanent. It was intended to be and was self-liquidating. The management

was economical. Financial troubles were unknown except in the few instances of embezzling officers. Each member, borrower or other, continued to pay on his stock or subjected himself to fines and forfeiture. When the borrowing member had paid for his stock in full, his mortgage was released and his stock canceled. Dividends were paid from surplus earnings derived from interest, premiums, and fines, and when there were no more members to borrow, final liquidation commenced. During the course of the years from 1875, such associations served a great public need. There were few savings banks. People were enabled and encouraged to save, and hundreds of thousands came to own their homes, who never could have acquired them otherwise. So great was the contribution to good and stable citizenship that the associations became popular, and they were favored by legislation, State and national.

Then innovations were introduced. The original capital stock was permitted to be increased. Persons were permitted to pay in full for shares of stock. They had no desire, perhaps no need, of building or acquiring homes. "Paid-up" stock certificates were issued, almost invariably earning attractive dividends. Associations accumulated idle funds. These were permitted to be loaned on apartment houses, on office buildings, on churches, and on manufacturing buildings. "Straight loans" at a fixed rate of interest payable quarterly were permitted. Mutuality was impaired. The unpopular fines and premiums were abolished, and the process of making loans standardized in accordance with general commercial practice.

The idea of permanency known nationally as the "Dayton plan" was established. Rivalries among building associations for increase in size and opportunity for more than meager compensation for the officers and employees developed. Opportunities to make profitable loans beyond available funds were presented. Building associations sought money and were permitted not only to borrow money but receive money on deposit at rates of interest definitely fixed from nonshareholders. The amounts of deposits were not restricted to any proportion of the capital stock. Competition for money to loan at certain periods became intense. An association would attract money in large sums from another by offering higher rates of interest and by paying larger dividends than to those others seemed wise. At other periods, when money was plentiful, there was competition for loans. Borrowers shopped from one association to another for interest rates, but especially for increased amounts. Enterprising speculators were occasionally able to borrow the entire cost of the property and perhaps in a few instances more. Loans were made to corporations with no other assets. The unrestrained competition was demoralizing.

The conservative or better-managed associations were handicapped in the struggle. They strove to avoid deposit money. They resisted "straight loans." They tried to keep down unsafe dividend rates and unsafe interest rates on deposits. Large sums of money were transferred from them to their more aggressive rivals. When money was plentiful, the more ambitious associations were willing to loan more money to applicants on the security offered and on more desirable terms.

These aggressive building associations at Dayton, the great building association center of the United States, are now all in the hands of the State authorities for liquidation.

The others, which in the unrestrained struggle for existence, had been compromised to a greater or less extent have ceased for more than 3 years to function normally. No loans have been made. Depositors and stockholders have been unable to withdraw but pittances, though in the aggregate considerable, and the large depositors and stockholders protest against even this "bread line" distribution which helps thousands in distress. They believe that their ultimate security is thereby impaired. This relief is immediately denied when an association is taken over by the State superintendent of building associations.

Here is a clipping from a daily paper showing the market prices of the stock and deposits of the building associations in Dayton and vicinity which are not in State liquidation, as well as the others, marked with an "X."

Building and loan quotations, Friday, Apr. 20

Stock	Bid	Asked
American X	5	
Central	30	40
Dayton X	5	
Fidelity	44	47
Franklin X	8	
Gem City	59	62
Homestead	34	
Miami X	5	
Miamisburg B. & L	43	
Montgomery		33
Mutual X	17	24
Permanent X	19	29
Security X	3	
Washington	30	
West Dayton	24	
West Side	33	37
CERTIFICATES OF DEPOSIT		
American X	36	
Arcanum	45	
Brookville X	28	
Central	65	
Dayton X	36	
Fidelity		75

Building and loan quotations, Friday, Apr. 20—Continued

Stock	Bid	Asked
CERTIFICATES OF DEPOSITS—continued		
Franklin X	38	
Homestead	65	
Miami X	37	
Montgomery	60	70
Mutual X		75
Permanent	53	
Security X	36	48
State		71
Washington		71
West Dayton	63	
West Side	60	65
West Milton	35	

The associations have been compelled to foreclose upon and buy in millions of dollars' worth of real estate. There are no other bidders. Thousands have lost their homes. The unfortunate mortgagors not only have lost their property, but their hopes for the future are blighted by judgments for deficiencies which hang over them.

People, faced with foreclosure, petition the association to accept deeds for the mortgaged properties. Unfortunates have compromised the deficiency judgments and others, besides their deeds, have paid what they could and even given their, for the present, worthless notes.

Some unproductive property because of accumulation of taxes and heavy assessments must be abandoned to the State by both mortgagor and mortgagee; for with no market nor prospective market, the building association can better take the total loss of its loan than pay the taxes and assessments, and continue to pay them for years in addition to the foreclosure expense. This does not help our insolvent county.

Directors have reduced their compensation and all expenses. They remain in session until late hours. They are compelled to exercise discretion and bear responsibilities from which large stockholders when asked to take places on the board shrink and refuse.

They and the officers and employees are cursed alike by two great masses of our citizens, those who are importuned to pay what they owe, and those who cannot withdraw the money for which they have desperate need, because the others do not pay.

The associations have acquired millions of dollars of real estate. The taxes, assessments, and repairs are burdensome. The income is meagre. New organizations have had to be made to meet the new conditions efficiently. Sales of this real estate have been possible for but small amounts of each and the depreciated securities of the associations. If such securities were not accepted in payment, there could be no sales. The State superintendent of building associations permits it. Several millions of dollars' worth have been sold with but small loss.

In this city of 200,000, where for a half a century the building associations have been universally used as savings banks, there is scarcely a soul not effected and exasperated by the conditions. Few understand and all are resentful.

Suddenly relief was offered by the Federal Government through the Home Owners' Loan Corporation. Building associations were offered bonds secured by real estate with interest guaranteed to maturity by the United States in exchange for "distressed" loans, loans with impaired security on property with delinquent taxes. The bonds today are selling above par. Of course, the amount of bonds offered was almost invariably only a fraction of the amount due on the loans, but if the bonds could be sold as real estate was permitted to be exchanged for the depreciated securities of the associations on the open market, the losses to the associations could be made good or reduced to a trifle.

The way to recovery in Dayton seemed assured. The plan was ideal. The distressed home owner, whose property was no longer worth the mortgage and taxes, was to have his taxes paid, his mortgage reduced, and his home restored with a real value to him above the reduced mortgage, and all without any expense to him nor loss to the building association and all through the benevolent intervention of Uncle Sam.

For example, a family before 1929 had bought their home, supposed to be worth $7,500, with the aid of a building-association loan of $5,000. Because of unemployment they still owe the $5,000. The property is no longer worth $7,500. They also owe delinquent taxes of $200 and delinquent interest of $200, a total owing of $5,400. The Federal Government, however, thinks the home worth $4,800 and will loan 80 percent of $4,800, or $3,840, on it in bonds, if the building association will allow the $200; taxes to first be paid and accept the rest of the bonds, $3,600 worth, in full of the amount, $5,200, due on its mortgage. As the $3,840 of bonds would buy more than $5,200 worth of the depreciated securities of the building association, the association is eager to get rid of the bad loan without loss and so cooperate with the Federal Government and help the family save the home.

One association in Dayton alone agreed to accept $981,307.37 in these H.O.L.C. bonds from the Federal Government and cancel mortgages on Dayton homes totaling $1,306,403.25, knowing that by exchanging the bonds for its own depreciated stock it would lose less than $500, and that out of interest which it never could have collected. It sold its foreclosed real estate for stock; it

would sell the bonds for stock. If it did not, it would sustain the tremendous loss of $325,095.88, and this was but the beginning. Such losses would mean ruin.

THE BARRIER TO RECOVERY

Even more sudden and disastrous than the flood of 1913, on February 10, came from the State superintendent of building associations rule III forbidding building associations throughout the State to purchase their depreciated securities with the proceeds of the Home Owners' bonds.

The State superintendent apparently followed a mistaken policy of emphasized tenderness toward large investors and actually against their best interests and a misconception of the law giving fancied priorities to those who had given early notice of a desire to withdraw their stock or other deposits. Such priorities have invariably been denied by the courts when the affairs of associations have come to them for administration.

Protests and arguments have been presented at Columbus. The attorney general of the State seems to view neither the policy nor legality of rule III with approval, but nothing apparently can shake the conviction of the State superintendent of building associations that the rule is lawful, wise, and desirable.

In the meantime Uncle Sam stands waiting on the border of Ohio with bags of money to pay into our insolvent county treasuries and to save the homes of our distressed. We may well ask, "How long will he stand there waiting?"

Very truly yours,

ROY FITZGERALD.

HOSTILITY TO THE JEWS IN GERMANY

Mr. KING. Mr. President, on the 23d of January, the Senator from Maryland [Mr. TYDINGS] offered a resolution (S.Res. 154), which was referred to the Committee on Foreign Relations. That committee has not acted upon the resolution. In my opinion it should have received consideration at its hands. The chairman of the committee is absent from the city for a few days, but upon his return I shall inquire of him what, if any, action will be taken by the committee on the resolution referred to. If no action is to be taken by the committee, I shall take the liberty of asking that the committee be discharged from further consideration of the resolution and that the resolution be laid before the Senate for action. The resolution in substance declares that the present government of the German Reich has deprived certain groups of its citizens of many of their civil and political rights and has imposed upon them restrictions, pains, and penalties, harsh and severe in nature.

It particularly refers to the discrimination against 600,000 Jewish citizens and a great number of Christians of partly or wholly Jewish descent. The resolution further declares that actual causes for the discriminations against the groups and persons referred to are their religious beliefs or professions, and their racial origin, and then adds that there are no grounds reasonably affecting their rights and privileges as citizens of a modern state. The resolution refers to occasions when there have been intercessions by our Government on behalf of the citizens of other countries who are oppressed or persecuted, and further states that for nearly 100 years the traditional policy of the United States has been to take cognizance of such invasions of human rights. The resolution asks that the Senate express its feelings of profound surprise and pain as representatives of the people of the United States upon learning of the discriminations and oppressions imposed by the Reich upon its minority groups including its Jewish citizens and expresses the earnest hope that this policy will be speedily changed so that the minority groups may have restored to them the civil and political rights of which they have been deprived.

Mr. President, since offering this resolution there has been no change in the attitude of the German Government toward its Jewish citizens as well as other German citizens who have not subordinated their religious and political views to the will of the governing regime of that country.

In the New York Times of this date appears an article dated May 11 in Berlin which indicates that there will be no abatement of the persecution to which the Jews have been subjected, but, upon the contrary, that they are to be the victims of further discriminations, persecutions, and oppressions. The article further states that Dr. Goebbels, who speaks for Hitler and for the German Government, "was almost as unsparing if not as contemptuous of Catholicism." Following this article and in the same issue of the Times is a wireless dispatch from Munich which further shows the hostile attitude of the German Government to the Jews.

Mr. President, I ask unanimous consent to have inserted in the RECORD the article to which I have referred.

There being no objection, the matter was ordered to be printed in the RECORD as follows:

GOEBBELS UTTERS THREATS TO JEWS—GERMANS WILL VENT RAGE IF THE BOYCOTT CONTINUES, HE SAYS IN "LAST WARNING" SPEECH—ASSAILS CATHOLICS ALSO—HIS NEWSPAPER ASKS READERS TO REPORT CASES OF JEWISH "SHAMELESSNESS" TO IT

BERLIN, May 11.—The heavy artillery in the new Nazi campaign against "killjoys", grumblers, and "critic bugs" was unlimbered by Dr. Paul Joseph Goebbels, the Minister of Propaganda, tonight with a speech in the Sportpalast, but it was not at all what was to be expected from advance notices of the campaign.

The new drive had been foreshadowed as a joyous drumfire, continuing for weeks with speeches, broadcasts, newspaper articles, and flying columns of minute men swooping down on cafes and restaurants in their hours of relaxation to exercise grousing and carping and preach the Nazi brand of optimism.

Dr. Goebbels did point out that if there were spots on national socialism, as there are on the sun, it was unbecoming to talk of them and that the ruling powers would not stand for carping criticism. But the burden of his address was an apology for national socialism's not having done better, especially with regard to wages, as promised in his "socialist plans", and a bitter attack on the Jews and the Catholics.

LAYS BOYCOTT TO GERMAN JEWS

He told his audience that all Germany was "aware of the fact that if part of the outside world continues the anonymous boycott against German goods, this is due to our own Jewish fellow citizens", and he warned that part of the outside world, and especially foreign Jews, that they were doing the worst service possible to the German Jews. He declared:

"If the boycott were carried to lengths, actually endangering our economic situation, it would not mean that we would let the Jews go free. No! The hatred, rage, and despair of the German people would first of all vent itself on those who can be grabbed in the homeland.

"If the Jews imagine that the bloodless course of the German revolution gives them right to disport themselves again in their habitual impudence and arrogance and provoke the German people, let them be warned not to tax our patience too severely.

"We have spared the Jews, but if they think they can therefore reappear on the stage and in the editorial office, if they imagine they can again stroll along the Kuerfurstendamm as if nothing at all had happened, let them take my words as a last warning."

This evoked tremendous applause from the audience.

German Jews must conduct themselves in Germany in a manner befitting "guests", Dr. Goebbels declared, and they had better place no hope on any move of their coreligionists abroad.

BARS EQUAL RIGHTS

"German Jews will be left alone by us if they will quietly and modestly retire within their four walls and if they will refrain from putting forth a claim to equal worth and equal rights with Germans", he said. "If they do not, they will have to blame themselves for the consequences."

Dr. Goebbels was almost as unsparing, if not as contemptuous, of Catholicism.

He charged that Catholic pulpits were being used as screens for "Centrist politics", and he admonished "militant churchmen" to have regard how their activities were viewed by the German people.

He thus paid his compliments to Cardinal Michael von Faulhaber of Munich:

"I never once could discover that the cardinal ever raised a protest (before the Nazi regime) against the demoralization of the German people through the theater and the film. Now, all at once, he finds his heart oppressed with concern for Christianity. This comes a bit late."

Toward the end of his speech Dr. Goebbels disavowed any intention of Nazifying France.

"We must prefer a democratic to a National Socialist France", he said, "for national socialism makes a nation stronger."

WATCH ON JEWS ASKED

Previous evidence that a second Nazi wave of active anti-Semitism was getting under way was furnished today by Der Angriff, the organ of Dr. Goebbels. It calls upon all its readers and all party members to report to it any examples of "Jewish shamelessness."

The text of the declaration is as follows:

"The brazen fashion in which many Jews have begun once again to behave themselves has attracted general attention in the last few months. Last year they got thoroughly frightened and became as still as mice. Now that they have discovered that the Germans are gentle people, they seem to think that they can indulge again their usual arrogant behavior.

"Numberless Jews have returned from abroad, many have found new positions and new contracts. They appear not only in business life but in society wholly undisguised, in the noisy and insolent fashion with which we are acquainted and which has played a considerable role in making them generally unpopular.

"We do not ask a pogrom, and we are not asking for persecution of the Jews, but we intend to show how the Jew is behaving once again and how he should behave. Our purpose is simply to give our tolerated and protected Jewish citizens lessons in proper manners.

We have already received a mass of material on this subject. We are constantly adding to it.

We expect every reader, party member, storm trooper, and worker to report to us every case of Jewish shamelessness in the last months and weeks, so that we can publish it in Der Angriff.

Let no one lay a hand on the Jews. But let every man watch them on the street, in the open, in cafes and restaurants, in their professions, and on voyages, every place where the Jew is to be found individually, but especially where they appear in crowds. You cannot possibly miss them.

And report to Der Angriff what is happening.

A warning of the same kind for Jews who might regard themselves as the equals of other citizens was contained in a recent address by Julius Streicher, the Nazi party leader in Nuremberg.

STUERMER PURSUES ATTACKS

MUNICH, May 11 (London Times dispatch).—Despite the indignation aroused by its special "ritual murder" number, the two issues of the Stuermer that have since appeared show no signs of any modification in the attitude of its editor, Julius Streicher.

Both numbers are as full of anti-Jewish hatred as their predecessors and contain the usual caricatures and epithets. Christ's denunciation of the scribes and Pharisees is interpreted as a "curse on the Jews", and commented on with the words:

"The defenders of Christ's murderers still live among us, yet there are people who are not ashamed to defend the Jews."

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MCGILL in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations and a convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the calendar.

Mr. ROBINSON of Arkansas. Mr. President, on behalf of the senior Senator from Tennessee [Mr. MCKELLAR], I report favorably from the Committee on Post Offices and Post Roads the nomination of Nannie L. Connevey to be postmaster at Bauxite, Ark., and the nomination of Frank B. Ortman to be postmaster at Cotter, Ark., and I ask unanimous consent for the present consideration of the nominations.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the nominations are confirmed.

If there be no further reports of committees, the calendar is in order.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Daniel D. Moore to be collector of internal revenue for the district of Louisiana.

Mr. ROBINSON of Arkansas. Let that go over.

The PRESIDING OFFICER. The nomination will be passed over.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON of Arkansas. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations for appointment and promotions in the Army.

Mr. SHEPPARD. I ask that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

Mr. SHEPPARD. I ask that the President be notified.

The PRESIDING OFFICER. Without objection, the President will be notified.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 11 o'clock a.m. on Monday next.

The motion was agreed to; and (at 2 o'clock and 40 minutes p.m.) the Senate took a recess until Monday, May 14, 1934, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 12 (legislative day of May 10), 1934

POSTMASTERS

MASSACHUSETTS

James F. McClusky to be postmaster at Middleboro, Mass., in place of W. R. Farrington, deceased.

Lawrence D. Quinlan to be postmaster at Northfield, Mass., in place of C. F. Slate. Incumbent's commission expired January 22, 1934.

John F. Malone to be postmaster at Southwick, Mass., in place of W. C. Hastings. Incumbent's commission expired January 22, 1934.

Arthur J. Fairgrieve to be postmaster at Tewksbury, Mass., in place of A. J. Fairgrieve. Incumbent's commission expired March 18, 1934.

NEBRASKA

Edith E. Fahrlander to be postmaster at Brule, Nebr., in place of G. C. Dearing, removed.

Kenneth R. Newcomb to be postmaster at Cambridge, Nebr., in place of D. B. Dick. Incumbent's commission expired April 16, 1934.

James B. Gordon to be postmaster at Cedar Rapids, Nebr., in place of W. A. Gibson, resigned.

Gladys J. Broun to be postmaster at Crookston, Nebr., in place of R. H. Gable. Incumbent's commission expired December 16, 1933.

Charles E. Furman to be postmaster at Danbury, Nebr., in place of W. J. Stilgebouer. Incumbent's commission expired January 28, 1934.

Edmund A. Hall to be postmaster at Fairmont, Nebr., in place of W. S. Brown, deceased.

Thomas A. Siefken to be postmaster at Harvard, Nebr., in place of G. W. Miller. Incumbent's commission expired March 8, 1934.

Philo J. Hewitt to be postmaster at Lexington, Nebr., in place of Frederick Nielsen. Incumbent's commission expired February 9, 1931.

Juna M. Daly to be postmaster at Lisco, Nebr., in place of G. W. Sampson. Incumbent's commission expired September 18, 1933.

LaVern A. Breeden to be postmaster at Minatare, Nebr., in place of G. H. Cary. Incumbent's commission expired November 6, 1933.

George C. Thurman to be postmaster at Peru, Nebr., in place of H. W. Bedell, deceased.

William M. Goding to be postmaster at Potter, Nebr., in place of E. H. Bartlett. Incumbent's commission expired February 18, 1933.

Edward Emerine to be postmaster at Scottsbluff, Nebr., in place of August Dormann. Incumbent's commission expired January 28, 1934.

Beth Clary to be postmaster at Seneca, Nebr., in place of E. T. Lay. Incumbent's commission expired January 5, 1933.

George A. Hallock to be postmaster at Springview, Nebr., in place of Roscoe Buck, removed.

Frederika W. Weber to be postmaster at Wahoo, Nebr., in place of J. B. Hines. Incumbent's commission expired January 28, 1934.

Orley E. McCallum to be postmaster at Waumeta, Nebr., in place of J. W. Hann. Incumbent's commission expired September 18, 1933.

NEW YORK

Mae Nolan to be postmaster at Clark Mills, N.Y., in place of B. W. Cornwell. Incumbent's commission expired February 28, 1933.

Fred S. Tripp to be postmaster at Guilford, N.Y., in place of F. S. Tripp. Incumbent's commission expires May 29, 1934.

Olivia L. McGowan to be postmaster at Roosevelt, N.Y., in place of Frederick Harrigan, resigned.

Claude A. Bierman to be postmaster at St. Johnsville, N.Y., in place of Chris Fox. Incumbent's commission expired December 20, 1932.

NORTH CAROLINA

James J. Parker to be postmaster at Murfreesboro, N.C., in place of Cephus Futrell. Incumbent's commission expired February 25, 1933.

PENNSYLVANIA

James J. Law to be postmaster at Wilkes-Barre, Pa., in place of H. W. Merritt, removed.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 12 (legislative day of May 10), 1934

APPOINTMENT BY TRANSFER IN THE REGULAR ARMY

First Lt. John Douglas Salmon to Field Artillery.

PROMOTIONS IN THE REGULAR ARMY

Albert Bowdre Dockery to be colonel, Cavalry.

William Henry Cowles to be colonel, Cavalry.

Frederick Arthur Mountford to be lieutenant colonel, Coast Artillery Corps.

Horace Hayes Fuller to be lieutenant colonel, Field Artillery.

Henry Fred Grimm, Jr., to be major, Coast Artillery Corps.

Richard Terrell Guthrie to be major, Field Artillery.

Henry Linsert to be major, Chemical Warfare Service.

John Thomas Dollard to be captain, Quartermaster Corps.

Norman Delroy Brophy to be captain, Air Corps.

Raymond Morrison to be captain, Air Corps.

Charles Grant Goodrich to be first lieutenant, Air Corps.

Elmo Stewart Mathews to be first lieutenant, Signal Corps.

Paul Amos Gavan to be first lieutenant, Field Artillery.

Joseph Oscar Ensrud to be chaplain with the rank of captain, United States Army.

John William Westerman to be chaplain with the rank of captain, United States Army.

Andrew Thomas Francis Nowak to be chaplain with the rank of captain, United States Army.

POSTMASTERS

ALABAMA

Robert G. Davis, Gordo.
Effie Mann, Nauvoo.
Annie M. Stevenson, Notasulga.

ARKANSAS

Nannie L. Connevey, Bauxite.
Frank B. Ortman, Cotter.

COLORADO

John W. Anson, Silt.
Heman H. Davis, Springfield.
George S. Niebuhr, Walsenburg.

GEORGIA

Roy R. Powell, Arlington.
John Day Watterson, Eatonton.

ILLINOIS

John J. McGuire, El Paso.
Clyde E. Wilson, Melvin.
Charles C. Wheeler, Sandwich.
Mary I. Quinn, Wilmington.
Croy Howard, Xenia.

IOWA

Lulu M. Davis, Waukee.

KENTUCKY

Thomas E. Cooper, Beaver Dam.
John A. Van Pelt, Kenvir.

MINNESOTA

Joseph A. Heimer, Adams.
Benjamin M. Loeffler, Albert Lea.
Bert C. Hazle, Alden.
William L. Ward, Anoka.
Charles B. Fraser, Battle Lake.
Henry P. Dunn, Brainerd.
Denis J. McMahon, Breckenridge.
Patrick V. Ryan, Caledonia.
Alexander Kolhei, Cottonwood.
Glen J. Merritt, Duluth.
Norman M. Brown, Ely.
Gilbert P. Finnegan, Eveleth.
Mark R. Gorman, Fairmont.
Bernard A. Gorman, Goodhue.
James F. Fahey, Graceville.
Allen J. Doran, Grand Rapids.
Dean M. Alderman, Grey Eagle.
Dagny G. Sundahl, Grove City.
Earl Stanton, Hayfield.
Lee L. Champlin, Mankato.
Alfred W. Quinn, Markville.
William C. Robertson, Minneapolis.
Carl C. Heibel, Northfield.
Simon M. North, Olivia.
Patrick J. Hartigan, Paynesville.
Charles D. Dempsey, St. Peter.
Andrew Reid, South St. Paul.
Walter J. Mueller, Springfield.
Teresa L. Wolf, Staples.
Andrew Anderson, Thief River Falls.
Dennis Dwan, Two Harbors.
Ewald G. Krueger, Vergas.
Alfred Henderson, Vernon Center.
Oscar W. Hennings, Wanamingo.
William F. Sanger, Windom.
Sarah E. Jones, Zimmerman.

NEBRASKA

James C. Nelson, Mason City.

NEVADA

Ralph H. Burdick, Tonopah.

NEW MEXICO

Jesse L. Truett, Artesia.
Ray S. Soladay, Carlsbad.
Arthur L. England, Clayton.
Rosalie Littlefield, Elida.
Arthur L. Langford, Hobbs.
Aurora B. Pacheco, Old Albuquerque.
Mary McCullough, Roswell.
Jose Z. Sanchez, Santa Rosa.

NEW YORK

Charles Kaiser, Armonk.
Mayhew D. Tower, East Moriches.
George W. Sheahan, Elmira.
Benjamin S. Helmer, Mohonk Lake.
Denis W. Keating, Olean.
Roy Blanchard, Oneida.
Francis P. Reilly, Penn Yan.

OHIO

Clyde M. Bartlow, Felicity.
Walter T. Ault, Findlay.
Burch Trent, Leesburg.
Susan M. Ramsey, Loveland.
Alex F. Wannemacher, Ottoville.

PENNSYLVANIA

Harry W. McArthur, Conneaut Lake Park.
Charles H. Rettew, Honesdale.

James W. Hatch, North Girard.
George G. Foley, Pocono Manor.

VERMONT

Ernest A. Naylor, Alburg.
Cecelia S. Joslyn, South Hero.
James G. Boutelle, Townshend.
Ruth A. Randall, Wells River.
Timothy J. Murphy, Windsor.

WASHINGTON

George D. Magee, Aberdeen.
Vaughan Brown, Bellingham.
Jeane R. French, Skamokawa.

SENATE

MONDAY, MAY 14, 1934

(Legislative day of Thursday, May 10, 1934)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, May 12, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hayden	Overton
Ashurst	Costigan	Hebert	Patterson
Austin	Couzens	Johnson	Pope
Bachman	Cutting	Kean	Reynolds
Bailey	Davis	Keyes	Robinson, Ark.
Bankhead	Dickinson	King	Schall
Barbour	Dill	La Follette	Shipstead
Barkley	Duffy	Lewis	Steiwer
Black	Erickson	Logan	Stephens
Bone	Fess	Lonergan	Thomas, Okla.
Borah	Fletcher	McCarran	Thomas, Utah
Bulkley	Frazier	McGill	Thompson
Bulow	George	McKellar	Townsend
Byrd	Gibson	McNary	Tydings
Byrnes	Glass	Metcalf	Vandenberg
Capper	Goldsborough	Murphy	Van Nuys
Carey	Hale	Norbeck	Walcott
Clark	Harrison	Norris	Walsh
Connally	Hatch	Nye	Wheeler
Coolidge	Hatfield	O'Mahoney	White

Mr. LEWIS. Mr. President, I rise to announce the absence of the Senator from New Hampshire [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from New York [Mr. WAGNER], the junior Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. GORE], the Senator from Louisiana [Mr. LONG], the Senator from West Virginia [Mr. NEELY], the Senator from Nevada [Mr. PITTMAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Texas [Mr. SHEPPARD], the Senator from Florida [Mr. TRAMMELL], and the Senator from South Carolina [Mr. SMITH], who are necessarily detained on official business, while the Senator from California [Mr. MCADOO] continues ill. I ask that this announcement may stand for the day.

Mr. HEBERT. I wish to announce that the Senator from Pennsylvania [Mr. REED] is necessarily detained from the Senate.

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

Mr. TYDINGS presented a petition of sundry citizens of Baltimore, Md., praying for the passage of the bill (S. 3171) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes, which was referred to the Committee on Interstate Commerce.

Mr. COPELAND presented a resolution adopted by the board of trustees of the village of Manorhaven, Nassau County, N.Y., favoring the granting by the Public Works Administration of a loan in the sum of $750,000 for harbor improvement at Manorhaven, N.Y., which was referred to the Committee on Finance.

Mr. WALCOTT presented petitions and papers in the nature of petitions from the Children of Mary Society, the Holy Name Society, the Rosary Society, and sundry members of the parish of St. John the Baptist, of New Haven; Orinoco Council, No. 39, of Greenwich, Ojeda Council, No. 33, of Naugatuck, and St. Augustine Council, No. 41, of Stamford, all of the Knights of Columbus; Court Seville, No. 24, Catholic Daughters of America, and the Children of Mary Sodality of the Church of the Assumption, both of Ansonia, and the Hungarian-American Democratic Club of Norwalk, all in the State of Connecticut, praying the amendment of proposed radio legislation so as to provide adequate broadcasting facilities for religious, educational, and agricultural subjects, which were referred to the Committee on Interstate Commerce.

He also presented the memorial of Martha Washington Council, No. 16, Sons and Daughters of Liberty, of New London, Conn., remonstrating against the enactment of legislation loosening immigration restrictions, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Women's Home Missionary Society of the First Methodist Episcopal Church, of Hartford, Conn., favoring the prompt passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

REPORTS OF COMMITTEES

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (S. 1146) for the relief of John W. Beck, reported it with an amendment and submitted a report (No. 1001) thereon.

Mr. COOLIDGE, from the Committee on Military Affairs, to which was referred the bill (S. 1177) for the relief of Edward T. Costello, reported it without amendment and submitted a report (No. 1002) thereon.

He also, from the same committee, to which was referred the bill (S. 418) for the relief of William H. Connors, reported it with amendments and submitted a report (No. 1003) thereon.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 2454) for the relief of Arthur W. Adams, reported it with an amendment and submitted a report (No. 1009) thereon.

Mr. KING, from the Committee on the Judiciary, to which was referred the bill (S. 3319) to amend section 233 of the Criminal Code, as amended, reported it without amendment and submitted a report (No. 1004) thereon.

He also, from the same committee, to which was referred the bill (S. 588) to amend the Judicial Code by adding a new section to be numbered 274D, reported it with amendments and submitted a report (No. 1005) thereon.

Mr. LOGAN, from the Committee on the Judiciary, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 339. An act for the refundment of certain countervailing customs duties collected upon logs imported from British Columbia (Rept. No. 1006); and

H.R. 7353. An act granting the consent of Congress to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime, and for other purposes (Rept. No. 1007).

Mr. LOGAN also, from the Committee on the Judiciary, to which was referred the bill (H.R. 9370) to authorize an appropriation of money to facilitate the apprehension of certain persons charged with crime, reported it with amendments and submitted a report (No. 1008) thereon.

Mr. STEIWER, from the Committee on Indian Affairs, to which was referred the bill (S. 3291) providing for a

reimbursable loan to the Klamath and Modoc Tribe of Indians and the Yahooskin Band of Snake Indians, State of Oregon, reported it without amendment and submitted a report (No. 1010) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 12th instant that committee presented to the President of the United States the following enrolled bills:

S. 752. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; and

S. 2671. An act repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmaster, which were ordered to be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

(Mr. FLETCHER introduced Senate bill no. 3603, which appears under a separate heading.)

By Mr. BONE:

A bill (S. 3604) to authorize the Bainbridge Island Chamber of Commerce, a corporation, its successors and assigns, to construct, maintain, and operate a bridge across Agate Pass connecting Bainbridge Island with the mainland in Kitsap County, State of Washington; to the Committee on Commerce.

By Mr. TYDINGS:

A bill (S. 3605) to authorize the Commissioners of the District of Columbia to sell the old Tenley School to the duly authorized representative of St. Ann's Church of the District of Columbia; to the Committee on the District of Columbia.

A bill (S. 3606) to amend section 3 of the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890;

A bill (S. 3607) to authorize the incorporated town of Seward, Alaska, to issue bonds in any sum not exceeding $60,000 for the purpose of constructing and installing a municipal light and power plant in the town of Seward, Alaska;

A bill (S. 3608) to authorize the incorporated town of Fairbanks, Alaska, to undertake certain municipal public works, including construction, reconstruction, and extension of sidewalks; construction, reconstruction, and extension of sewers, and construction of a combined city hall and fire-department building, and for such purposes to issue bonds in any sum not exceeding $50,000; and

A bill (S. 3609) to authorize the incorporated town of Douglas, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $40,000; to the Committee on Territories and Insular Affairs.

By Mr. COPELAND:

A bill (S. 3610) to provide for the creation of a commission to examine into and report the clear height above the water of the bridge authorized to be constructed over the Hudson River from Fifty-seventh Street, New York, to New Jersey; to the Committee on Commerce.

By Mr. AUSTIN:

A bill (S. 3611) authorizing payment of full compensation to the Chief Justice of the Court of Claims for life in the event of his resignation due to ill health; to the Committee on the Judiciary.

By Mr. FLETCHER:

A bill (S. 3612) to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to private corporations to aid in constructing and maintaining facilities for the marketing, storing, warehousing, and/or processing of forest products; to the Committee on Banking and Currency.

By Mr. KING:

A bill (S. 3613) amending subsection (a), section 23, of the District of Columbia Alcoholic Beverage Control Act; to the Committee on the District of Columbia.

By Mr. TYDINGS:

A joint resolution (S.J.Res. 118) to harmonize the treaties and statutes of the United States with reference to American Samoa; and

A joint resolution (S.J.Res. 119) authorizing a preliminary examination or survey of a ship canal across Prince of Wales Island, Alaska; to the Committee on Territories and Insular Affairs.

CHANGE OF REFERENCE

On motion of Mr. LOGAN, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 3583) for the relief of Roy Alvey Jones, and it was referred to the Committee on Naval Affairs.

REGULATION OF COMMUNICATIONS BY WIRE AND RADIO—AMENDMENT

Mr. KING submitted an amendment intended to be proposed by him to the bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes, which was ordered to lie on the table and to be printed.

INTER-AMERICAN HIGHWAY

Mr. McNARY. I ask unanimous consent for the immediate consideration of the proposed unanimous-consent order, which I send to the desk.

The VICE PRESIDENT. The request for unanimous consent submitted by the Senator from Oregon will be read.

The legislative clerk read as follows:

Ordered, by unanimous consent, That the Committee on Post Offices and Post Roads be discharged from the further consideration of the message from the President of the United States transmitted to Congress on March 6 last, enclosing report concerning a survey of an inter-American highway, and that it, with the accompanying report, be referred to the Committee on Printing with a view to their being printed as a Senate document.

The VICE PRESIDENT. Is there objection?

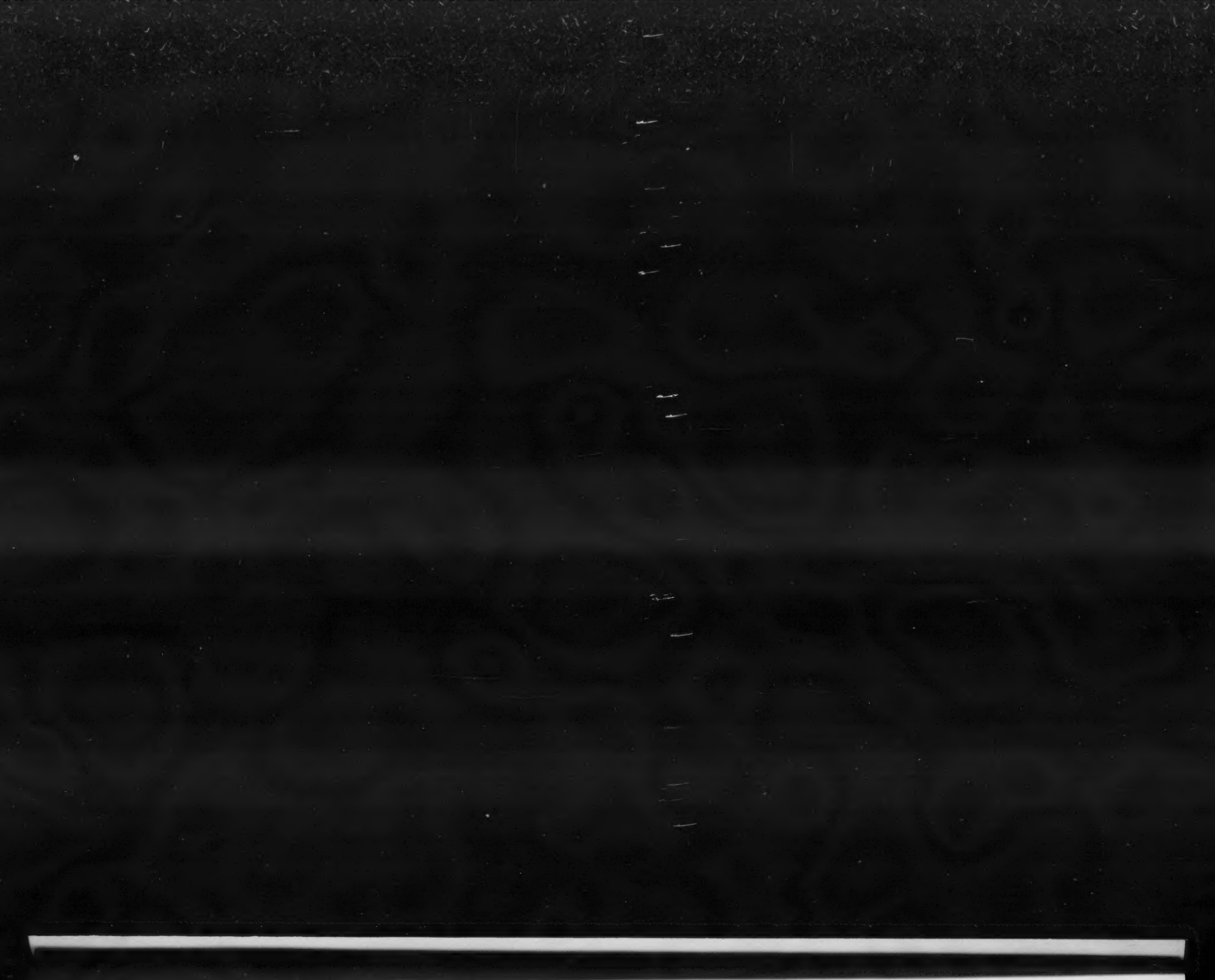
Mr. ROBINSON of Arkansas. Mr. President, I understand that the object of the Senator from Oregon is to have the document printed?

Mr. McNARY. The object of the Senator from Oregon is to procure an estimate from the committee so that the committee may determine whether it is justified in spending the amount of money required for printing the document. The unanimous consent is asked in order to obtain an estimate of the cost of printing.

Mr. McKELLAR. Mr. President, will the Senator repeat his request? I happened to be out of the Chamber for just a moment.

Mr. McNARY. On the 6th of March of the present year the President of the United States submitted to the Congress, and there was referred to the Committee on Post Offices and Post Roads, a reconnaissance survey of a proposed road or highway from the United States through Central America to Panama. The report is embodied in six volumes. I think it would be well to publish it as a public document in order to excite interest in the completion of the highway.

To enable that to be done it is necessary first to have the Committee on Post Offices and Post Roads discharged from the further consideration of the message and report in order that they may be referred to the Committee on Printing for an estimate of cost. After the estimate of cost shall have been made, then the Congress will determine whether it is of sufficient importance to justify the expenditure. I am proceeding in that way.



Mr. FLETCHER. Mr. President, I think it is a matter that properly should be referred to the Committee on Printing, and they should consider the cost.

Mr. McNARY. That is what I am asking.

Mr. McKELLAR. We have been so busy in the Committee on Post Offices and Post Roads that we have not as yet taken up the matter, but I shall be glad to look into it.

Mr. McNARY. I am not proposing finally to discharge the committee. I am only asking that the Committee on Printing make an estimate of the cost so the Committee on Post Offices and Post Roads may determine whether it should be printed.

Mr. ROBINSON of Arkansas. I do not see any objection to the request. It is being made for the purpose of having an estimate secured.

Mr. McNARY. The request was prepared by Mr. Ives, the printing clerk, and is in accordance with the rules of the Senate.

The VICE PRESIDENT. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

REVISION OF IMMIGRATION AND DEPORTATION LAWS

Mr. VANDENBERG. Mr. President, the need for humane revision of our immigration and deportation laws has been obvious for some time—not in the interests of any relaxation of our present well-founded and justified philosophy of sharply restricting general immigration into the United States, but in the interests of fair play and decent human considerations in behalf of the families of our foreign-born citizens and in behalf of perfectly sound and useful foreign-born citizens who run foul of some crucifying technicality in the law.

I have personally known many of the cases where the existing laws are not only insufferably cruel but also where they run counter to elementary common sense. The gravest of all existing difficulties seems to be that the existing laws allow no discretion to immigration authorities when technicalities call for deportation and ordinary justice points to permission for a family or alien to remain here. The same lack of discretion also frequently forbids the entry to citizenship of perfectly good and useful aliens who have long been residents in the United States, but who fail to meet all the involved requirements which trail through our multiplicity of laws upon the subject.

The whole subject matter has been recently surveyed by an estimable committee. I heartily subscribe to its findings. The committee wants to remedy accumulated abuses. So do I. The committee, incidentally, wants to make deportations more effective for alien criminals, racketeers, and gangsters. So do I. In other words, the objective is to make the laws more stringent respecting undesirables and more humane in respect to worthy foreign-born residents in the United States. Congress should act in these directions.

There was a particularly illuminating article on this subject in the Washington Post of last Sunday from the pen of Robert T. DeVore. I wish that all Members of Congress would study these demonstrated proofs of the need for reforms. I ask that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sunday, May 13, 1934]

CONGRESS ASKED TO REVISE ABUSIVE DEPORTATION LAWS—CRIMINALS SHIELDED, HONEST LIVES SHATTERED, SAY EXPERTS—UPSTANDING IMMIGRANTS OFTEN THROWN OUT ON TECHNICALITIES

By Robert T. DeVore

The heavy hand of the law sometimes bears a striking resemblance to a mailed fist, a fist that smashes blindly.

Such a fist, according to many critics, has been a little group of statutes circumscribing the alien—and frequently the citizen—within these shores. Mailed, blind, and indifferent, it has struck often and hard, they say. Families have been shattered, lives broken, and the possibilities of producing worth-while citizens have been routed, all without reason.

The statutes referred to are the deportation laws of the existing immigration and naturalization code. Sprouting in indifference, for years they have been inflicting senseless toll on the innocent while sheltering the criminal.

The faults that permitted the scattering of decent, upstanding families of immigrants after years of residence here have not been unknown to the socially minded. As with many such matters, there has been plenty of speechmaking and little action.

INVESTIGATORS REPORT GRAVE ABUSES

Accumulative abuses, however, have finally brought results. Under the chairmanship of Carlton Palmer, of New York, a committee of citizens, aided by technicians of the Immigration and Naturalization Bureau, undertook a study of the Nation's immigration and deportation situation.

What they discovered was not pleasant. Deportation laws allowed the alien criminal with a string of convictions to remain in this country and rooted out his worthy brother on technicalities. The fruit of the investigation was five bills, now pending in Congress, revising the procedure of deportation on the basis of justice and common sense.

Present laws have worked to good effect in producing selective, restrictive immigration, the committee found, but have failed to be effective in ridding the country of the worst types of alien habitual criminals, racketeers, and gangsters. Their rigidity in forcing deportation on technical charges, the committee declared, works against the very end they set out to achieve.

To overcome such faults, the five bills have been introduced. They are aimed against the criminal, the alien smuggler, and the illegal entrant. They place in nonquota classes fathers and mothers over 60 years of age where their children are citizens of this country. They permit registration of aliens here who would suffer religious or political persecution if deported.

Chiefly they are aimed at remedying that inconsistency which forbids discretion to immigration authorities when technicalities call for deportation and ordinary justice points to permission for a family or alien to remain here.

That the inconsistency is sharp no one could question. Already some 465 cases where deportation would result in separation of families and breaking up American homes have accumulated, awaiting the outcome of the bills in Congress. Immigration officials want to be reasonable, and they postponed action on these cases until July 1, in the hope that new powers of discretion would be granted them by that time.

These case histories have been segregated. Each is a human document testifying to the inepitude of justice as applied to deportation laws. Each bears the imprint of the mailed fist, where the guiding hand of justice is cried for. Of these cases, typical is the affair of George Grenier, one-time French aviator.

As a French lad of 16, Grenier learned to fly an airplane. A year later the war broke and Grenier volunteered, was assigned to an aviation unit, and fought for 2 years. Then his torn nerves broke.

He set out one day on a scouting expedition and did not put down his plane until he was in a remote section of Italy. Grenier made his way to the sea, bought the papers of a Greek seaman and took up a fear-haunted existence. Finally, in 1921, he slipped ashore in an American port.

Life began anew. He made his way to Chicago, married, and settled down to a useful place in society. Then in 1926, with friends, he visited Niagara Falls. Someone suggested they view the falls from the Canadian side. Grenier drove his car across the International Bridge and unwittingly opened the way to his deportation.

For 5 years later, his first wife, divorced, informed immigration authorities of her former husband's illegal status in the United States. Then, because he had lived in this country before passage of the Immigration Act of 1924, it developed he was not deportable for any other cause than his sightseeing trip to the Canadian side of Niagara Falls. That trip had broken his continuous residence and subjected him to deportation. His case is among those awaiting the outcome of the deportation bills.

Casimir Dratch presents a similar case. Dratch, a native of Galicia, entered the country illegally from Canada in 1922, but was not deportable because of his continuous residence. He reared a family, bought a home. He took an active part in the local Ukrainian National Benefit Association at Muskegon, Mich., where he lived.

TOOK A TRAIN VIA CANADA

Dratch served seven terms as secretary of the Ukrainian group, and that led to his undoing. Dratch attended a convention of his association at Rochester, N.Y., and unwittingly took a Michigan Central train to get from Detroit to Rochester.

The Michigan Central Railroad runs east from Detroit through southern Canada to Niagara Falls. Dratch rode this route, and the fact that he was a passenger on a train which passed through Canada broke the continuity of his residence and made him deportable. His family—he has four children—lack the funds to support themselves while he might await a chance to return under a quota.

In the hands of 435 Members of the House and 96 Senators lies the destiny of Natalia Branjinikoff Odlin, who is as pretty as her first name sounds and 22 years old.

If the 531 men pass one of the five liberalizing amendments to the immigration laws now before them, Natalia may continue to live in happiness with her American husband, Clifford Odlin, and their son on a ranch in El Dorado County, Calif.

If the Congress does nothing at all about immigration this session, deportation to Manchuria—virtual exile from her husband, child, and home—await her.

Natalia's story begins with the first awakening in her of an ambition to study medicine. She was living in Harbin, China, with her parents, white Russian refugees. There she met an American woman, Mrs. Henry G——, who agreed to guarantee her

education in the United States. Natalia came to this country under a nonquota status relating to students.

For 2 years Natalia studied. Then for some unexplained reason Mrs. G—— withdrew her financial support. Ambition undampened, Natalia worked during the third year, and 3 months during one summer, sending Mrs. G—— her earnings.

In 1931 Natalia met Odlin, then 25. They were married. The early estrangement of Natalia and her American benefactress became a definite break. Through marriage Natalia had relinquished her student status, and Mrs. G—— reported her to the immigration authorities. She was arrested in May 1933.

Under the law, Natalia, married and no longer studying medicine, lives in this country illegally. She must leave, enter legally, and reside here a year before becoming eligible for permanent residence. There is no other recourse. The law makes no exceptions.

The Odlins are poor, else Natalia might avail herself of her privilege of leaving the country voluntarily and reentering from Canada or Mexico. The law will compel the Immigration Bureau to deport her to Manchuria, unless Congress changes the law.

Upon no class of immigrant, perhaps, has the mailed fist fallen harder than it has upon the white Russian. Take, for instance, the case of Nicolas Ivanoff, one-time lieutenant in the Russian Imperial Navy, whom an unyielding, indiscriminating law is about to snatch from his family and their pleasant little home in Bridgeport, Conn.

Ivanoff has no country. Russia, the new Russia, above all is not his. There a death warrant awaits his return.

It was in 1919 that Ivanoff committed the offense for which a warrant for his arrest and execution was issued. He took a transport ship of 7,000 tons capacity, of which he was the first officer, to evacuate 4,500 white Russians from Odessa.

Had Ivanoff remained ashore after entering the United States in 1924, the shadow of the mailed fist would not lie across the pleasant little house in Bridgeport. But Ivanoff returned to sea in 1925, making several trips from Miami to Cuba and return. And in 1926 he married Wilhelmine Rohmfeld, a naturalized American citizen.

Ivanoff claims that there was no landing in Cuba in 1925 and that his action cannot therefore be construed as a departure from the country. The Immigration Bureau thinks otherwise. The law says deportation.

Abdullah Cheour, born 30 years ago in north Africa, a son of the prophet, sent former Secretary of the Treasury Ogden Mills $5 to help balance the Budget.

And when Democrats replaced Republicans in Washington Abdullah Cheour, a son of the prophet, sent $2 to President Roosevelt for his White House swimming pool.

But Abdullah Cheour failed to reckon with a guileless law.

Abdullah Cheour has been a good husband, a patriotic citizen, and apparently he has understood politics. But he has not been an American. He must be deported.

"To Mexico I will not go", said the wife of Miguel Bueno. And to Mexico she did not go, thereby making things very difficult for Miguel and the immigration authorities.

Miguel's case is just another of the thousands of examples to be found in the files of the Bureau of Immigration, where human ambitions and hopes and loves clash with the law and where the law invariably wins.

Miguel unavailingly sought work in Silver City, N.Mex. He went to his native Old Mexico and found it. Then came Mrs. Bueno's ultimatum and Miguel's return to the United States.

The law says the continuity of Miguel's stay in this country has been broken Deportation must exile him from wife and family.

And George Arctic has discovered that implicit obedience to the law's command is no insurance of security from the mailed fist.

George was told he must leave the country. He did. But he forgot to notify immigration authorities of his leaving. His subsequent return was held illegal, and deportation has been ordered.

Once more the mailed fist struck out, this time against one whose will it had already bent, against the sentiments, the very instincts of those who wield it.

George Arctic is young, 20 years old. In Bridgeport, Conn., a business career with his uncle awaits him, life, richest happiness call him. In Syria there is nothing.

"FORWARD, MARCH, SCHOOLS OF AMERICA"—ADDRESS BY JOSEPH MILLER, JR.

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Joseph Miller, Jr., president of the National Association of Public School Business Officials, entitled "Forward, March, Schools of America."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

FORWARD, MARCH, SCHOOLS OF AMERICA

"Forward, March, Schools of America" will be the keynote of the Twenty-third Annual Convention of the National Association Public School Business Officials to be held August 15–24, in Commerce Hall, Port Authority Building, New York City. In addition to the convention itself, the association is arranging the first national schoolmart exposition.

During the forced economies of the World War our schools did not suffer nearly as much as they have during these years of economic depression. You can patiently wait for national recovery to restore normal activity in almost every other field, but you dare not permit millions of school children to grow up either mentally or physically starved. Childhood cannot wait. Nothing offered in later years can possibly fill the void caused by malnutrition of mind or body during the tender formative years of the growing child. Amidst the hue and cry for balanced budgets and lower taxes some of our leading citizens have forgotten entirely the very vital factor of life—that both the number and the problems of children are constantly increasing.

School boards, officials, superintendents, administrative staffs, and teachers have patiently floated with the economic tide; they have assumed a far greater share of the burden of economic depression than they should have ever been called upon to accept.

For the best interests of humanity the backward march of education must be halted. Our Nation can survive only so long as we are true to the basic ideals of universal education. We cannot be loyal to our Nation if we suffer our schools to be destroyed any further.

We must be alive to the problems of the school of tomorrw. If the nursery school is to take its place next to the kindergarten, if the high schools are to be called upon to assume the full burdens of training both for vocations and for leisure, and if adult education is to become a vital social necessity, then our schools must be ready to assume these functions for the benefit of society and for the preservation of our Nation.

The exposition will tell the story to the millions of mothers and fathers of America's school children. It will be the story of education concretely presented in a manner that will inspire them with a courageous determination to save the American school system. "Forward, march, schools of America" will be the keynote. Thousands and thousands of school executives, administrators, teachers, students, and leaders in the educational world will visit the exposition to view the displays.

More than 60,000 persons interested in education attend the summer sessions of the universities in the metropolitan area of the Empire City. To afford these students a full opportunity to visit the exposition and to attend the sessions of the convention, the executive committee of the National Association Public School Business Officials has advanced the dates usually set for the convention. The exposition will open on Wednesday, August 15, and will continue for 10 days, ending with the sessions of the convention, which will be held this year on August 21, 22, 23, and 24.

The morning sessions of the convention will be devoted to public meetings, at which important addresses will be delivered by men and women of national prominence in the educational and public life of the Nation.

These public meetings will be followed by round-table conferences extending through the luncheon periods each day during the convention. Vital problems of school administration will be discussed. I might mention the following subjects now under consideration for these round-table conferences as evidence of the plan and scope of this important work:

Sources and protection of school funds.

Our schools in relation to the N.R.A. and other national programs.

Selection, purchase, storage, and distribution of public-school supplies.

Economic and efficient maintenance of the school plant.

Modern problems in the construction of school buildings.

The sound system for handling students' funds in the high schools.

Financing the school building in the future.

Economic equipment for visual education.

Modern inventions, new materials, and industrial improvements that will add efficiency and economy for the school of tomorrow.

Causes and prevention of accidents in the schools.

The need for a national testing laboratory for school materials, equipment, and supplies.

Efficiency and safety in the transportation of school children.

Modern business methods in economic school administration.

Each round-table conference will be under the leadership of a chairman, assisted by a secretary, both of whom will be recognized authorities in the subject of the conference.

During the afternoons there will be officis' visits to the Metropolitan Museum of Art, the American Museum of Natural History, and other points of educational interest in the city of New York. And, on the evening of Thursday, August 23, the entire convention will assemble at the annual banquet of the association, to be held in the grand ballroom of the Hotel Astor.

The association has appointed Theodore Fred Kuper, executive manager of the Board of Education of the city of New York, as the national director of the exposition and convention, at which the new deal in education will be on parade for the benefit of the American public.

Frederick D. Chambers, auditor of the Board of Education of the city of New York, has consented to act as treasurer. Both of these officials and all chairmen and members of the various committees have undertaken these duties without any compensation whatsoever.

Furthermore, we have the assurance of the cooperation of Teachers' College, Columbia University; the School of Education, New York University; Manhattan College; and other leading universities, colleges, and school authorities.

The association has persuaded Thomas J. Watson to lend his aid to this important undertaking. He is president of the International Business Machines Corporation, a former president of the Merchants' Association of New York City, and he is one of

the leading forces in the most important work of the United States Chamber of Commerce. We are grateful to Mr. Watson, who has undertaken to form a national advisory committee of leading citizens throughout the country, and he has consented to act as chairman of the committee. Under such leadership there can be no question of the ultimate success of this united effort for the best interests of the school children of America.

LOANS BY FEDERAL RESERVE BANKS TO INDUSTRIES

The Senate resumed the consideration of the bill (S. 3487) relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from California [Mr. JOHNSON].

Mr. JOHNSON. Mr. President, when we recessed on Saturday there were but few Senators present, and I feel it essential very briefly to recapitulate what then was said in respect to the amendment I have offered to the pending bill. In order that those who were not present during the Saturday afternoon session may understand, I want to state what transpired in relation to the pending measure on Saturday.

The bill which was introduced by the Senator from Virginia [Mr. GLASS] was taken up for consideration. After being heard for a brief period it was amended by the adoption of the second bill relating to loans by the Reconstruction Finance Corporation. The bill of the Senator from Virginia [Mr. GLASS] relates to loans by the Federal Reserve System to business and to industry. The bill which was pending upon the calendar, introduced and reported by the distinguished Chairman of the Committee on Banking and Currency [Mr. FLETCHER], related to loans to be made to industry by the Reconstruction Finance Corporation. The latter was offered as an amendment to the former and was adopted on Saturday last.

Thereafter there was presented the amendment which is now before the Senate, which relates to a particular class or a particular sort of loans which may be authorized by the Reconstruction Finance Corporation. In order that the amendment may be understood—for all I want to do is to get an expression of the Senate in respect to it—I desire to call again the attention of the Senate to it.

First, it is permissive. There is no mandatory provision respecting it, but it authorizes the Reconstruction Finance Corporation, under certain circumstances, to make certain loans. It does it in this language:

> The Reconstruction Finance Corporation is authorized to make loans, for periods not exceeding 20 years, to finance the acquisition of any system, plant, or works for the production, transmission, or distribution of electrical energy by such public corporations, bodies, or instrumentalities as are referred to in section 201 (a) (1) of the Emergency Relief and Construction Act of 1932, which enter into contracts with the United States or any department, agency, or instrumentality thereof for the purchase of electrical energy.

Mr. McKELLAR. Mr. President, from what is the Senator reading?

Mr. JOHNSON. I am reading from a bill which was introduced by me, and which has been offered as an amendment to the bill which is now pending before the Senate. The bill which I have offered as an amendment was originally S. 3246 and has been before the Finance Committee for a considerable period of time.

I recited on Saturday a complete instance which renders the particular amendment not only right but generally appropriate. I recite it again in order that the Senate may understand it.

In the city of Los Angeles there is a municipal lighting and water plant which is under the jurisdiction of what is known as the "Bureau of Water and Power", the city, of course, having the control, supervision, and the like. The city of Los Angeles has become the greatest contracting factor for power from the Boulder Dam construction. Today it has contracts for power with the United States Government of a very considerable extent involving a tremendously large sum of money. Boulder Dam, by the way—and I say this to correct some misrepresentations and some misapprehensions which have been indulged in respecting it—is a self-liquidating project, after all, for we provided in the measure itself that there should not be a shovelful of earth turned until the Government of the United States had firm contracts which would enable it to repay every penny that might be appropriated by the Government for that monumental construction.

The contracts which were made related in the main to power, although some related to water, but those I eliminate from this particular statement. They related principally to power, and the contract for the largest value of power from the Boulder Dam is with the city of Los Angeles. Of course, the city of Los Angeles will carry out, and must carry out, that contract, and it desires to do so, of course, with meticulous care. There can be no question ultimately in respect to it.

It happens now, however, that in a certain part of the city of Los Angeles there is a privately owned utility furnishing to the people of that particular part power and light. The city furnishes to the particular part as well light and power, and it is in direct competition with the privately owned plant.

It is an uneconomical situation which presents itself. It is one which inures neither to the benefit and the welfare of the people nor of the utilities which are thus operated. Sixty percent of the power is furnished by the municipally owned plant, and 40 percent, as related to me, is furnished by the privately owned plant. Necessarily there have been constant bickerings and many controversies. The opportunity is presented at last to reach a conclusion respecting the controversies and the difficulties.

It is the desire of the city to purchase the privately owned plant and thus not only eliminate the controversies of the past but serve economically and at much smaller cost the inhabitants of that particular part of the city of Los Angeles. From the standpoint of the welfare of the people, there could be no objection to the acquisition by the city of that particular plant. From the standpoint of eliminating difficulties and controversies, of course, it is an appropriate thing to do. The only objection that is made to a loan being made by the United States Government through the Reconstruction Finance Corporation is that the Reconstruction Finance Corporation was not originally designed for any such purpose. The Reconstruction Finance Corporation, however, is now entering upon a field entirely new and different from that which was ever contemplated when we created that particular organization by edict of the Congress of the United States.

Today the Reconstruction Finance Corporation, by the amendment that has been attached to the bill of the Senator from Virginia [Mr. GLASS], is going into the lending of money to industry and the lending of money, wherever it shall be appropriate to lend it by virtue of the provisions of the particular amendment, to those who may require it and who are today engaged in business in different parts of the country. If that be so, it could not render a greater service merely to people than to authorize a loan and receive the adequate security from a publicly owned utility that is situated as this publicly owned utility is in the city of Los Angeles.

It was said to me on Saturday last that this measure had never been considered by the Banking and Currency Committee. I said in response, and I now repeat, that it has been pending before the Banking and Currency Committee since last March. It has had a hearing before a subcommittee of the Banking and Currency Committee during that period; and in that hearing the facts were presented to the subcommittee, which, I assume, because of the limitations of time, has not had the opportunity, perhaps, to report to the full committee; but there is a perfectly good precedent established for favorable action by the Senate upon the bill that is presented here as an amendment. First, as I say, it has been pending since March. Secondly, it has been before the Banking and Currency Committee during that period. Thirdly, it has been submitted to a subcommittee that heard arguments with respect to it some 2 weeks ago, and presumably many of the members, at least of the Banking and Currency Committee, are fairly familiar with it. Only last Saturday, however, there were presented from the floor here by the Senator from Florida

[Mr. FLETCHER] amendments to the stock control bill, amendments which Senators on the other side of the Chamber tell me never were presented to the full Banking and Currency Committee at all, but they were presented here on the floor relating to another subject matter on Saturday last, and were adopted by the Senate.

If I am in error in the statement—because I must rely upon that which has been told me by members of the committee—I regret it exceedingly; but they advised me that those amendments never came before the full Banking and Currency Committee. So of what avail is it to say to me, when I have had pending before the committee for 2 months this measure of mine, that there is something further that ought to be done in the presentation of this particular amendment to the Banking and Currency Committee?

Thus, these two arguments that were originally advanced on Saturday afternoon last become of no avail at all.

One argument that has been made here is that the whole system of giving money to cities or giving money to people in the fashion that we have is wrong. Perhaps it is. I do not know. I doubt very much this statement; but, at any rate, it is a policy which has been adopted and which we are pursuing; and I ought not to be, with this amendment of mine, subjected now to a determination against the amendment because somebody thinks that the policy originally adopted was entirely erroneous.

There is another aspect in relation to this amendment. It is an emergency measure. It does afford employment. I have here some of the statements which have been made by those in Los Angeles who are familiar with the subject, who insist that the taking over of the privately owned plant will of necessity require rehabilitation, reconstruction, employment, just as much as if they had started in the beginning with the construction of the particular works. So it is that from every standpoint an amendment of this sort ought to be permitted and ought to be put upon this bill.

I insist that it is appropriate, first, because it relates to a loan to be made only permissively by the Reconstruction Finance Corporation. I insist, secondly, that it is appropriate because it relates to the acquisition, in behalf of the people of a great territory, of a privately owned utility; and, thirdly, it will remove a controversy and avoid litigation that has been contemplated between the two plants and enable the people of the city, without the uneconomic situation thus presented, to have furnished to them light and power. But, above all that, there is another reason why it is appropriate, and that is, it is for the benefit of the people themselves; and for that reason, if there were no other presented here, it ought to be permitted to go on as an amendment to this bill.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California [Mr. JOHNSON].

Mr. JOHNSON. I ask for the yeas and nays on the amendment.

Mr. GLASS. Mr. President, I shall occupy only a minute or two.

The Senator from California [Mr. JOHNSON] says that this bill was considered by a subcommittee of the Banking and Currency Committee and testimony taken. I was not a member of the subcommittee; but I have very definite information to the effect that had the subcommittee voted on the bill at the time the memorandum was furnished, if that may be called testimony, the bill would have been reported adversely by an overwhelming vote of the committee. It was suggested, however, that the distinguished colleague of the senior Senator from California was interested in the bill, and was ill, and therefore that consideration of the bill should go over until the junior Senator from California [Mr. MCADOO] should have an opportunity to appear before the committee.

My objection to the bill, aside from a fundamental objection, is that it has not been considered by the Banking and Currency Committee; that it has not been considered by the departments of Government intimately affected by its provisions; and that nobody could possibly compute the amount of money that might be expended out of the Federal Treasury if the amendment should be adopted. It would open up the question of loans by the Reconstruction Finance Corporation to every community in the United States for the purchase or construction of municipal plants.

On Saturday it was suggested by the Senator from Washington [Mr. BONE] that the Reconstruction Finance Corporation under existing law is authorized to make loans of this kind. It seemed so from the provision of law introduced into the RECORD by the Senator from Washington, and I asked the chairman of the Reconstruction Finance Corporation for an explanation. He told me that the authority for making all loans of this description had been transferred to the Public Works Authority, and that if this loan could be made at all under existing law it could be made by the Public Works Authority.

This morning, without any solicitation on my part, I have a letter from the Chairman of the Reconstruction Finance Corporation, which I shall read for the RECORD:

> DEAR SENATOR GLASS: The amendment to your bill offered by Senator JOHNSON carries Government financing into a field that it seems highly undesirable that we start upon. Furthermore, there is a good market at this time for high-grade municipal securities; and if the people in Los Angeles will vote these securities, they can undoubtedly be sold in the market and at fair rates.
>
> We have had demands from all over the country for loans to municipalities, not for the purpose of buying utilities but to pay firemen, policemen, and other employees of the cities where sufficient taxes are not being collected. We have not submitted these proposals to Congress for the reason that with recovery well under way, it should not be necessary for the United States Government to help municipalities in such ways. If, however, when Congress meets again in January, it seems desirable to give further consideration to these problems, I should not hesitate to advocate them.
>
> JESSE H. JONES,
> *Chairman Reconstruction Finance Corporation.*

I respectfully submit to the distinguished Senator from California that we should not adopt this proposition as an amendment to the pending bill. The pending bill is designed strictly to help going concerns in their capital set-up and is designed to keep people employed, and, in the matter of expansions, to result in the employment of other people.

The measure proposed by the distinguished Senator from California is not designed to do that, or, if so designed, it seems to me it will fail of its purpose, because it will not involve the employment of another person. It may involve the discharge of many persons, because there are now two competing plants in Los Angeles, and if the city plant should take over the private plant, the only purpose in taking it over, it seems to me, would be one of economy, and the only way economy could be effected would be by consolidating the working forces of the two plants, which inevitably, I should suppose, would involve the discharge of many persons. Moreover, as I understand, when this bill was first introduced, it related to Los Angeles alone, some objection was raised to that fact, and the bill was revised so that it might relate to the whole of the United States.

It is simply appalling to me to consider what might be the result if a policy of that sort were adopted. Every municipality in the United States might be coming to Washington to get the money of the taxpayers to apply to industries of this sort, and heaven only knows in what it would result. I do not know, I am sure. I think the Senator from California might be willing to let the matter go over, and let his measure be deliberately and maturely considered in the Committee on Banking and Currency. There has been no intention of delay whatsoever in the committee. The bill went over out of deference to the Senator's colleague.

Mr. President, I hope very much the Senator will withdraw his amendment. If not, I hope the Senate will vote it down.

Mr. JOHNSON. Mr. President, let us for a moment consider the objections urged against the amendment. If I were interfering in the slightest degree with the very beneficent purpose of the two bills which have been before us since Saturday afternoon, I would very willingly withdraw the amendment. If in any degree I were interferring with either one of the bills performing its functions as indicated by the phraseology, I should be very glad to stand aside. But I am doing neither the one thing nor the other.

The first objection made by the distinguished Senator from Virginia is that the amendment has not been considered by the committee. I think as the Senator proceeded he indicated that the committee had in some fashion considered it. I was not aware that there had ever been any determination even by a subcommittee. But we need not worry with that, anyway, because if that were a hard and fast rule, a rule of thumb for legislation here, there never could be any amendment presented to a bill from the floor of the Senate, and there never could be any legislation adopted except that which a committee had reported. So I think we can dismiss that as of little or no consequence.

Next, the Senator from Virginia says it has not been considered by the departments. It has been considered by the R.F.C., and has been considered by the Interior Department. The Senator reads a letter from the R.F.C. which would indicate that it is opposed to it. The Interior Department is in favor of it, and the communications from these two instrumentalities of the Government are on file in the Committee on Banking and Currency.

I listened as well as I was able, as the Senator read the letter of the R.F.C., and it was perfectly obvious that the gentleman who wrote the letter wrote without an adequate conception at all of the provisions of the amendment, and of its safeguarding provisions.

I may say that I have a letter from the T.V.A.—Tennessee Valley Authority—which not only endorses the bill but expresses the hope that it will be passed, because it may be of value to that particular organization of the administration in days to come.

It is useless to say that it applies to Los Angeles alone. It will apply as well to some projects in the Northwest. But it is not a fact that every municipality in the whole United States would come here demanding that loans should be made by the R.F.C. under this measure, for only those are affected which have contracts with the United States, or any department, agent, or instrumentality thereof, for the purchase of electrical energy, and for the use of property, and so forth. So that all the bugaboos which have been created to the disadvantage of this amendment fall when they are considered at all. There is nothing that is presented here, except a distaste either for an amendment to the particular bill pending or a desire not to have this kind of loan made, which has, in my opinion, one scintilla of logic or argument to justify it.

For these reasons I submit to the Senate that, surrounded with safeguards as the amendment is, first, making it permissive, and, second, requiring not only the governmental agencies with which the municipality has a contract to approve but compelling as well that it shall produce security that is adequate for any loan which may be made, the amendment should be adopted. There can be no question of the ample security accorded under the amendment; no question whatever about the good it can do the people of this land. I ask for the yeas and nays upon the amendment.

Mr. GLASS. Mr. President, if I may address a question to the Senator from California, have the people of Los Angeles ever voted on the question of purchasing the private plant?

Mr. JOHNSON. I am unable to answer.

Mr. GLASS. Frankly, I ask the question because I am informed that they declined to approve the proposition.

Mr. JOHNSON. I think the Senator is in error as to that.

Mr. GLASS. I am not in error about being so informed. My informant may be in error.

Mr. JOHNSON. The Senator's informant I think is in error, because up to last Saturday the engineer and representative of the Bureau of Water and Power, Mr. Scattergood, was here, endeavoring to present this matter as best he could to those with whom he came in contact. I think the Senator's informant is wholly in error.

Mr. FLETCHER. Mr. President, very briefly, since the Banking and Currency Committee has been referred to, and the subcommittee of that committee mentioned in the discussion here, perhaps I should explain somewhat the history of these measures.

We are likely to be somewhat confused, perhaps, by the pending amendment practically placing before us three different bills. Senate bill 3487, which is the bill we are now considering, was reported by the Senator from Virginia under these circumstances. I introduced a bill, on the recommendation of the Federal Reserve Board, providing for loans for the benefit of industry under certain circumstances and conditions. The bill provided for the setting up of 12 regional banks. It was referred to the Committee on Banking and Currency, and by that committee referred to a subcommittee, of which the Senator from Virginia is chairman. A report was made, and an amendment was suggested providing that the loans should be made by the Federal Reserve banks, without setting up the machinery of regional banks.

After thorough consideration, and some hearings before the committee, not public hearings or reported hearings, but in executive sessions, the committee agreed to amend the bill, and the Senator from Virginia introduced a new bill containing the amendments, which is Senate bill 3487, which was the original bill amended as the committee determined.

At the instance of the R.F.C., I introduced the original bill from which Senate bill 3520 resulted. That bill was amended by the committee. I was then requested by the committee to introduce a new bill conforming to the amendment to the original bill, which I did, and that new bill is Senate bill 3520.

These bills have been very carefully considered by the committee. Federal Reserve Board and R.F.C. officials have been before the committee. The committee finally determined, after extensive hearings and study of the subject, to report the two bills, S. 3487 and S. 3520, for action by the Senate.

The Senator from California is entirely correct in his statement concerning the introduction of his bill and its reference to the Committee on Banking and Currency. The Committee on Banking and Currency, however, has not been to blame; at least, I think it has not been dilatory in dealing with the Senator's bill. First it was referred, naturally and properly, of course, to the R.F.C. The report of the R.F.C. was practically noncommittal; that is to say, it left it to Congress to determine whether, as a matter of policy, it would enter upon this class of loans. The report was neither favorable nor unfavorable.

The bill was then referred to the Interior Department. That reference took a little time. The Interior Department's first report was unfavorable to the bill; and after further consideration and after some amendments or modifications of the bill, the Interior Department reported in favor of the bill introduced by the Senator from California involving that which he now has offered as an amendment to the pending bill.

The subcommittee which dealt with the question did consider the bill, heard the senior Senator from California, considered his argument and memorandum on the subject, and having before it the reports from the R.F.C. and the Interior Department, considered the whole matter.

Subsequently I brought the matter to the attention of the full committee. The full committee was not satisfied concerning the terms of the bill; and after discussing the subject for some little time there seemed to be a very great difference of opinion. I am inclined to think that had the matter been pressed at that time the committee would have reported adversely on the Senator's bill; but it was suggested, as the Senator from Virginia has mentioned, that the junior Senator from California [Mr. McADOO] was ill, and was very much interested in this measure, and that the committee had better have it go over until he could be heard.

That was the action which was taken. There was no formal action, no resolution adopted; but that was the final decision reached by the Committee on Banking and Currency. So the matter rested there.

Now, we have the bill of the Senator from California offered as an amendment to these measures which have

been combined, because Senate bill 3520 has been adopted as an amendment to Senate bill 3487.

Mr. DILL. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. DILL. Does the present law authorizing loans by the R.F.C. permit the loaning of money to a privately owned electric power company?

Mr. FLETCHER. I doubt it, unless it is for a public use.

Mr. DILL. Of course, such a company's operation is for a public use.

Mr. FLETCHER. I think every enterprise must be for the public use in order to come within those to which the R.F.C. is authorized to make loans. As was stated, however, in the letter of the chairman of the R.F.C., which has been read this morning, all the jurisdiction and power originally vested in the R.F.C. have been transferred to the P.W.A. The P.W.A. really is handling it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. BARKLEY. If a utility plant, or a sewer system, or any public department is self-liquidating, the P.W.A., under the present law, may make loans to it. That function has been transferred from the R.F.C. to the P.W.A.

Mr. DILL. I am not talking about loans to cities for such plants or purposes. I am talking about loans to private power plants.

Mr. BARKLEY. There has been no amendment to the law authorizing it.

Mr. DILL. Does not the law allow that anyway? Are not private power plants included in "industry"?

Mr. BARKLEY. The R.F.C. can make loans only as specified in the act; that is, to railroads, banks, insurance companies, an others named in the act. The effect of the amendment which was agreed to in the Senate on Saturday will be to authorize them to make loans directly to private industry.

Mr. DILL. Then private power plants would be included?

Mr. BARKLEY. If there were no distinction between private power plants and private industry, it would include them.

Mr. DILL. I know that now the law does permit loans to public corporations, public subdivisions of States, and so forth. The law permits the buying of securities which do not mature for more than 10 years; so there is nothing particularly new in the 20-year feature of the provision offered by the Senator from California.

Mr. FLETCHER. No.

Mr. DILL. My point is that if we are to allow private companies to borrow money from the R.F.C., I do not see why we should not allow a municipality to borrow money to be used to produce electric power.

Mr. BARKLEY. There is nothing in any law specifically authorizing the R.F.C. to make loans to private power companies. The amendment to the R.F.C. Act proposed by the Senator from Florida is for the purpose of permitting the R.F.C. to loan money to small industries which have applied to the Federal Reserve banks and have not been able to get credit.

Mr. FLETCHER. The bill provides for furnishing loans to industry in order to maintain and increase employment, and so forth. The main object in allowing loans to be made to private industry is to maintain employment.

I wish to say in conclusion that I desire to see these two measures, Senate bill 3520 and Senate bill 3487, passed by Congress and go into effect. There is almost unlimited demand—certainly very strong and insistent demand—for these two measures to aid industry. The cry all over the country is to have capital supplied in order that industries may be started, and that industries may be continued by virtue of this financial assistance. I desire to see that done because, as I said, there is great demand for it and great need for it.

While in sympathy with what the Senator from California desires, which he has so clearly explained, I feel that if we put the Senator's amendment in the bill it will unduly load it down, and burden it, and endanger the final passage of the bill as amended. I am afraid of that; and for that reason I shall have to vote against his amendment.

I do not desire to detain the Senate further. Let us have a vote on the amendment.

Mr. DILL. Mr. President, I shall not take the time of the Senate to discuss the question at any length. It seems to me that the fears of the Senator from Virginia are not well founded when he says that all the cities in the country will be here applying for money. Of course this provision should not apply simply to Los Angeles. I should be opposed to allowing that right merely to some one city. Before any city of importance that I know anything about can come here and make such an application it must have some kind of authorization from the city government, and I suppose in practically all the cities there must be a vote of the people. The whole question will have to be threshed out in the community or in the city which desires to obtain the loan.

I cannot understand why we should authorize the loaning of money to private power industries and refuse to allow a municipality to borrow money to produce power. It seems to me that if one is permissible the other should be permissible. I cannot understand the reasoning of those who oppose that proposal.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. BARKLEY. Regardless of the merits of this particular amendment, it applies in a limited way only to three or four sections of the country, and in those sections to restricted territory. Does the Senator think it is fair to scores of other cities and towns in the country which do not happen to have a Government dam in their vicinity to adopt an amendment allowing communities to borrow money in order that they may take advantage of the facilities brought about by the construction of a Government dam in their neighborhood, and not enlarge it so as to give every town in the United States the same opportunity? This amendment would apply to Los Angeles, and conceivably it would apply to some communities in the Tennessee Valley, and in one or two other places.

Mr. DILL. It would apply to the entire Colorado River Valley, to the Columbia River Valley, to the Tennessee River Valley, and, if a dam should be built on the St. Lawrence River, it would apply there. To what other sections of the country would it apply?

Mr. BARKLEY. Why deny the privilege to communities which do not have a dam and never will have a dam unless they build it themselves, which they will not do? Why set up by the amendment a special class of towns near dams? Why give authority to cities which are near a dam built by the United States to borrow money to build a public plant, but deny that privilege to all the other towns of the United States? Why deny to other towns the opportunity to do the same thing?

Mr. DILL. This provision does not deny it to them. It specifically permits them to buy the plants in their communities.

Mr. BARKLEY. Not unless they have a contract with some Government agency, and that contract presupposes that a Government dam is being built in the vicinity.

Mr. DILL. Let us take the other side of this question. The Government is building these immense dams; it will have power to sell; it needs a market in these cities and communities, and thus this will in reality be an assistance to the Government in selling the power it is now producing.

Mr. BARKLEY. There is not any chance, of which I know, that it will have any better market by loaning this money to cities than it will have anyway. The cities have got to have light and power.

Mr. DILL. The difference will be that if the Government sells the power to a private company, such private company will proceed to charge such rates as it sees fit, which are always profiteering rates, while, if the Government sells to a municipal company, the power will be sold at prices simply sufficient to keep the plant in operation and take care of depreciation.

Mr. BARKLEY. I am in sympathy with all these public projects and have supported them; I have helped to vote millions and hundreds of millions of dollars out of the Treasury to build them. Now, we are asked to loan to people in the neighborhood the money in order that they may take advantage of the facilities which the Government is putting at their doors, and not allow any other town that does not have a dam near it such an opportunity. It does not seem to me to be fair.

Mr. COUZENS. Mr. President, I think this amendment, if put into proper legislative form, should carry a provision that a municipality or subdivision that applies for money shall pledge its full faith and credit for the loan. The committee almost unanimously oppose the principle involved in this form of loan, but they have not attempted, in any way, to put the amendment in better legislative form. Take my own city, for instance. It applied for some $88,000,000 to build a subway; but, so far as I know, the P.W.A. has turned it down because the faith and credit of the city were not pledged. There is nothing in the proposal now before us which would require any municipality to pledge its full faith and credit for a loan outside of the liquidating pledge of the project itself. In other words, there is nothing in the proposal which requires the municipality to charge a rate that will even make the project self-liquidating. I am in full sympathy with the desires of the Senator from California, but I think the proposal ought to be amended so that the full faith and credit of the municipality will be behind such loans, outside the fees which may be charged for service.

Mr. DILL. Mr. President, I am not going to take more time of the Senate. I simply wanted to state my position regarding this matter.

The PRESIDING OFFICER (Mr. McGILL in the chair). The question is on the amendment offered by the Senator from California [Mr. JOHNSON].

Mr. GLASS. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BONE (when Mr. NEELY's name was called). I desire to announce the necessary absence of the junior Senator from West Virginia [Mr. NEELY] and to state that were he present he would vote "yea" on this amendment.

Mr. ROBINSON of Arkansas (when his name was called). I transfer my general pair with the Senator from Pennsylvania [Mr. REED] to the Senator from Illinois [Mr. DIETERICH], and vote "nay."

Mr. VANDENBERG (when his name was called). On this vote I am paired with the senior Senator from Nevada [Mr. PITTMAN]. Not knowing how he would vote, I withhold my vote.

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. MCADOO]. I am informed that if present he would vote "yea" on this amendment. As he is detained from the Senate by sickness, and as I am unable to obtain a transfer of the pair, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. PATTERSON (after having voted in the negative). I inquire if the junior Senator from New York [Mr. WAGNER] has voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. PATTERSON. I have a general pair with the junior Senator from New York. I am not informed as to how he would vote upon this question, and, therefore, I am compelled to withdraw my vote.

Mr. KEYES (after having voted in the negative). I have a pair with my colleague the junior Senator from New Hampshire [Mr. BROWN]. I understand if he were present he would vote as I have voted. So I will allow my vote to stand.

Mr. STEPHENS. On this vote I am paired with the senior Senator from Indiana [Mr. ROBINSON]. I transfer that pair to the junior Senator from Florida [Mr. TRAMMELL] and vote "nay."

Mr. LEWIS. I reannounce at this time the absence of certain Senators whose absence I announced on the previous roll call, and, as to my colleague [Mr. DIETERICH], who also is necessarily absent, I announce that I do not know how he would vote if present.

I desire further to announce that the Senator from South Carolina [Mr. BYRNES] and the Senator from Maryland [Mr. TYDINGS] are detained from the Senate in attendance upon committees.

I wish also to announce that the Senator from Texas [Mr. SHEPPARD] has a general pair with the Senator from Delaware [Mr. HASTINGS].

Mr. HEBERT. I wish to announce that the Senator from Idaho [Mr. BORAH] is detained in the Committee on Education and Labor, and that the Senator from Pennsylvania [Mr. REED], the Senator from Delaware [Mr. HASTINGS], and the Senator from Indiana [Mr. ROBINSON] are necessarily detained from the Senate.

The result was announced—yeas 37, nays 37, as follows:

YEAS—37

Ashurst	Duffy	Logan	Shipstead
Bachman	Erickson	McGill	Steiwer
Bankhead	Frazier	McKellar	Thomas, Okla.
Black	Hatch	McNary	Thomas, Utah
Bone	Hatfield	Murphy	Thompson
Capper	Hayden	Norbeck	Van Nuys
Copeland	Johnson	Norris	Wheeler
Costigan	King	Nye	
Cutting	La Follette	Pope	
Dill	Lewis	Reynolds	

NAYS—37

Adams	Connally	Goldsborough	Overton
Austin	Coolidge	Hale	Robinson, Ark.
Bailey	Couzens	Harrison	Schall
Barbour	Davis	Hebert	Stephens
Barkley	Dickinson	Kean	Townsend
Bulkley	Fess	Keyes	Walsh
Bulow	Fletcher	Lonergan	White
Byrd	George	McCarran	
Carey	Gibson	Metcalf	
Clark	Glass	O'Mahoney	

NOT VOTING—22

Borah	Hastings	Reed	Tydings
Brown	Long	Robinson, Ind.	Vandenberg
Byrnes	McAdoo	Russell	Wagner
Caraway	Neely	Sheppard	Walcott
Dieterich	Patterson	Smith	
Gore	Pittman	Trammell	

So Mr. JOHNSON's amendment was rejected.

Mr. LEWIS. Mr. President, as I have previously stated, the sanitary district of my State, working with the city of Chicago, has a similar relation to the Government as the Senator from California has stated Los Angeles has to the Government. Therefore, I voted "yea."

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate, by Mr. Latta, one of his secretaries.

FINANCING OF HOME CONSTRUCTION AND REPAIR

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Banking and Currency, as follows:

To the Congress:

May I draw your attention to some important suggestions for legislation which should tend to improve conditions for those who live in houses, those who repair and construct houses, and those who invest in houses?

Many of our homes are in decadent condition and not fit for human habitation. They need repairing and modernizing to bring them up to the standard of the times. Many new homes now are needed to replace those not worth repairing.

The protection of the health and safety of the people demands that this renovizing and building be done speedily. The Federal Government should take the initiative immediately to cooperate with private capital and industry in this real-property conservation. We must lay the groundwork for this effort before Congress adjourns its present session.

The purpose of the program is twofold: First, to return many of the unemployed to useful and gainful occupation; second, to produce tangible, useful wealth in a form for which there is great social and economic need.

The program consists of four major, interrelated divisions:

1. Modernization, repair, and new construction;
2. Mortgage insurance;
3. Mortgage associations; and
4. Building-and-loan insurance.

The modernization phase of the program will furnish national guidance and support for locally managed renovizing campaigns throughout the country and protection for home owners against unwarranted cost advances. For these purposes and to assure adequate financing at low cost and on moderate terms of repayment, a new governmental agency is required.

Modernization of commercial and industrial structures is envisioned, as well as residential, but the new features providing governmental assistance are confined largely to home improvements.

Loans to individuals will be made by private agencies, which will be insured by a governmental agency against loss up to a certain percentage of their advances. This insurance against loss on the rehabilitation loans will be met by the Government and will be confined to advances of credit that meet standards and conditions designed to protect both the home owners and the cooperating agencies.

To make funds available for new home construction and to improve the mortgage market, the second phase of the program is long-term mortgage financing. It provides mutual mortgage insurance under governmental direction to enable private agencies to make first-mortgage loans on newly constructed houses up to 80 percent of the appraised value of the property and to make new mortgages on existing homes up to 60 percent of the appraised value of the property. The loans will usually carry not more than 5 percent interest and will be amortized by periodic payments over 20 years. Similar insurance arrangements are provided to help finance low-cost residential projects of the slum-replacement type.

The third phase provides for the incorporation of mortgage associations under strict Federal supervision to increase the amount of mortgage funds available in regions where interest rates are unduly high because sufficient local funds are lacking. The activities of these associations will be limited almost entirely to insured residential mortgages.

Insurance for share and certificate holders in building-and-loan associations, similar to the insurance provided for bank depositors, is the fourth phrase of the program. These institutions are custodians of the funds of small savers, and it is essential that they should be given every reasonable protection. Insurance of this type is necessary in order to arrest any further drain on these institutions and to put them in a position to resume their normal useful functions.

I believe that the initiation of this broad and sound program will do much to alleviate distress and to raise perceptibly the standards of good living for many of our families throughout the land.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 14, 1934.*

Mr. FLETCHER. Mr. President, in pursuance of the President's message, I request unanimous consent to introduce a bill, and ask its reference to the Committee on Banking and Currency.

The PRESIDING OFFICER. Without objection, the bill will be received and referred, as requested by the Senator from Florida.

The bill (S. 3603) to improve Nation-wide housing standards, provide employment, and stimulate industry; to improve conditions with respect to home-mortgage financing, to prevent speculative excesses in new mortgage investment, and to eliminate the necessity for costly second-mortgage financing by creating a system of mutual mortgage insurance and by making provision for the organization of additional institutions to handle home financing; to promote thrift and protect savings; to amend the Federal Home Loan Bank Act; to amend the Federal Reserve Act; and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The message also announced that the House had agreed severally to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the House to the following bills of the Senate:

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral messages, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; and

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

LOANS BY FEDERAL RESERVE BANKS TO INDUSTRIES

The Senate resumed the consideration of the bill, S. 3487, relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes.

Mr. VANDENBERG. Mr. President, Saturday, collaborating with the senior Senator from New York [Mr. COPELAND], I submitted an amendment to the pending bill which contemplated additional depositors' relief for the bank depositors of the country whose funds have been tied up in closed banks. In the form in which the amendment was submitted last Saturday it directed the Reconstruction Finance Corporation to loan 100 percent of the fair estimated liquidating value of the assets tendered as security for such loans and to reduce the interest rates upon the loans to 3 percent. The amendment was rejected.

I have modified the amendment, in consultation with my colleague and the Senator from New York, and with others, so as to limit the application of the new proposed authority to the receivers or the liquidating agents of banks and savings banks which have been closed since January 1, 1933. I have injected the element of discretion in respect to the use of this power by the Reconstruction Finance Corporation, and I have increased the rate of interest from 3 percent to 3½ percent.

In collaboration with the Senator from New York [Mr. COPELAND], and in his behalf as well as my own, I am now offering the altered amendment. I do not want to take time to argue it. That was amply done Saturday. However, I want the Senate to understand precisely what it is that is proposed. It is proposed that receivers or other liquidating agents of closed banks and closed savings banks shall be permitted, in the discretion of the Reconstruction Finance Corporation, to borrow 100 percent of the fair estimated liquidating value of the assets tendered to the Reconstruction Finance Corporation as collateral for the loans.

It is proposed that this privilege shall be permitted only to those banks which have closed since January 1, 1933, which means, of course, the vast field which closed in respect to the general bank holiday of 1 year ago. The net result of the operation of the amendment would be simply this:

At the present time the Reconstruction Finance Corporation has made its appraisal upon these assets of the various banks. It has made the appraisal on a thoroughly businesslike, conservative basis. Against that appraisal, in turn, it has loans, let us say, of 60 or 75 percent of the appraised value of the assets. This amendment would increase the loans to 100 percent of the appraisals and reduce the interest rate to 3½ percent per annum. This amendment proceeds on the theory that the Government owes a final obligation to liquidate so far as possible the deposits that are still tied in these banks. It proceeds on the theory that if we want currency expansion and bank-credit currency expansion, the best possible way to get it is in a maximum rational distribution of the deposits that are still tied in the closed banks. It proceeds on the theory that the rate of interest charged by the Reconstruction Finance Corporation upon these loans should be only such a rate of interest as permits the Corporation to break even in respect to its operation; that there should be no profit in that aspect of the operation.

Therefore, in this amended form I submit this proposal on behalf of the Senator from New York [Mr. COPELAND] and myself, in the hope that in this fashion we can close, so far as this particular bill is concerned, this particular phase of the legislation.

I offer the amendment which I send to the desk. Perhaps I had better read it myself in order to be sure that it is read correctly, since it is written in hasty longhand.

I move to add a further section reading as follows:

That the Reconstruction Finance Corporation Act is hereby amended by adding, at the end of paragraph 1 of section 5, the following sentence:

Notwithstanding any other provisions of law with respect to loans as aforesaid to receivers or liquidating agents for banks and savings banks that closed since January 1, 1933, and are in process of liquidation, the Corporation shall loan, in its discretion, 100 percent of the fair estimated liquidating value of the assets tendered as security for such loans, and shall charge interest thereon at a rate not to exceed 3½ percent per annum.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. HAYDEN. I could not tell from hearing the amendment read whether it applies only to national banks or to banks which are members of the Federal Reserve System. Is the amendment broad enough to include State banks, not members of the Federal Reserve System?

Mr. VANDENBERG. It includes all banks and savings banks that are covered by the original bill, which, as the Senator knows, includes every bank that now has a loan with the Reconstruction Finance Corporation, and covers all such classifications of banks.

Mr. COPELAND. Mr. President, it does seem to me that this modified proposal which was offered by the Senator from Michigan [Mr. VANDENBERG] on his behalf and mine might well be accepted.

Before the Senate adjourned on Saturday night I left on the table a joint proposal of the Senator from Michigan and myself. That, however, is not before us. The pending proposal does this:

The Reconstruction Finance Corporation has already made these appraisals. In many instances a percentage has been loaned upon these assets. If this particular measure shall be adopted, it will permit 100-percent loans upon such assets.

It is understood, of course, that a conservative estimate is to be made. They are not the sort of assets that could be liquidated tomorrow or the next day, but they are assets which can be liquidated if sufficient time is given those in charge of the local banks to deal with them.

I spoke the other day about experience with a half dozen banks in my State gained from personal contact with those banks. Of course, six banks or seven banks is a very small number, and yet the conditions which obtained in that number of banks must obtain throughout the country.

I have in mind one bank located in Orange County, in my State, which is in the midst of the biggest onion patch in the world. There are seven or eight thousand acres in that immediate neighborhood which are tilled by subsistence farmers. They are small farms, but nevertheless in normal times they produce enough income to make possible decent living for every farm family.

A good many of these farmers had notes or mortgages at the local bank in Florida, Orange County, N.Y. About the time it was necessary to liquidate its assets in order to have funds to continue the operation of the bank, there was a flood in the Wallkill River, which flows through this onion country. A million dollars' worth of onions were destroyed in 2 or 3 days, making it impossible for those farmers to meet their obligations to the bank.

I know many of the farmers personally. I know the conservator of the bank. We went over the assets of the bank; and it was perfectly clear, both to the conservator—who had been the cashier for a long time—and to me, knowing the farmers involved, that there could be no question that the assets in question had a 100-percent face value; that it needed only a little time to work out the problem of liquidation.

Mr. President, what happened in Florida, N.Y., no doubt happened in every county in this country. If a way could be found to release many of these deposits, it would mean much to the return of prosperity.

We cannot deny the fact that there is much discontent in America. In certain sections of America discontent is seething. Many of the persons to whom we refer as the "white-collar class", who have been dilligent and active, cannot understand why we are willing while ignoring their plight, to give millions to others through the C.W.A., where much of the work was "made" work. I am not complaining about that, because I think it was very necessary that we should do it. I am simply speaking of the fact that these persons of the white-collar class, who have all the possessions they have tied up, cannot understand why, through the C.W.A., there should be these gifts of millions of dollars and no relief given to these faithful citizens who have striven through the years to accumulate something for old age. They cannot understand, either, why millions have been loaned to railroads, while no particular effort is made to take care of the distress of the depositors in local banks.

Mr. President, in the interest of better feeling in our country, in the interest of justice to these citizens who cannot help themselves, I believe that we ought to go at least this far.

There is no need of my prolonging my remarks. Every Senator here knows exactly what the problem is. Every Senator must have been called upon, as I have been many times during the past year, to give advice regarding these local difficulties. So I hope the committee may see fit to accept the modified proposal made by the Senator from Michigan [Mr. VANDENBERG] and myself, accept this amendment to the measure, and let it go to conference, in the hope that some relief may be given to the distressed depositors in banks throughout our country.

Mr. GLASS. Mr. President, if Senators do not want us, through the usual banking channels, and now directly through the Federal Reserve banks of the country, and in the last analysis through the Reconstruction Finance Corporation, to go to the assistance of thousands of struggling industries with inadequate capital to carry on and with inadequate capital to expand their industries—if Senators do not want us to do that, they will continue to seek to load down this bill with propositions which I happen to know cannot become law.

If this particular amendment should be adopted, it would open up in another branch of Congress the entire question of so-called "relief" to depositors in failed banks. It would almost certainly insure an opportunity in another branch of Congress to vote on propositions that would literally bank-

rupt the Federal Treasury. For that reason, if for no other, I could wish that my distinguished colleagues would refrain from embarrassing this bill, which is intended to help going industries that are in trouble in a way that will insure the retention of their present force of employees, and also enable them to expand their business, and contribute thereby to lessening unemployment in this country.

Under existing law, to wit, the Bank Act of 1933, the Federal Deposit Insurance Corporation is authorized, and not only authorized, but it is made its duty, to purchase, hold, and liquidate, as hereinafter provided, the assets of national banks which have been closed by action of the Comptroller of the Currency, or by vote of their directors, and the assets of State member banks which have been closed by State authority.

Mr. President, that was confined to member banks of the Federal Reserve System for two reasons; first, for the very good reason that we appropriated $140,000,000 from the reserves of the Federal Reserve banks which are owned by the member banks of the System for this purpose, and authorized assessments against member banks for this purpose. Neither the committee nor the Congress could see the justice in taking the funds of the Federal Reserve Banking System and appropriating them to the use of nonmember banks, which endure none of the restrictions and none of the exactions which member banks in the Federal Reserve System must endure.

There was a second reason, not of less importance than the one I have mentioned; that is, that we had set aside, first, $200,000,000 for the assistance of nonmember banks in the appropriation and authorization to the Reconstruction Finance Corporation. We afterward withdrew the restriction of $200,000,000 and authorized the Reconstruction Finance Corporation to go to the assistance of these banks without restriction.

Now it is proposed in this bill, which relates to an entirely different matter, to open up the whole question of taking money from the Federal Treasury exacted from the taxpayers of the country to reimburse depositors in failed banks.

Mr. President, I pause to ask whether the amendment proposed on Saturday by the Senator from New York and the Senator from Michigan has been withdrawn; and whether the pending amendment is substituted in its place.

Mr. VANDENBERG. For the time being, Mr. President, if I may respond, we are now undertaking to get assent to this proposition, in the hope that we may conclude this phase of the legislation with this amendment.

Mr. GLASS. Which means, of course, that if the amendment shall not prevail we will go back to the amendment offered day before yesterday.

Mr. VANDENBERG. The Senator is correct, I assume.

Mr. GLASS. I want the Senate to understand that that might easily, and would inevitably, wipe out every dollar in the fund provided for the insurance of bank deposits in the act of 1933.

Just think of it; talking about loans to railroads and to other institutions, the Reconstruction Finance Corporation has made commitments to banks amounting to $783,000,000. Nearly a billion dollars have been expended by the Reconstruction Finance Corporation in aid of banks. Now we are asked to authorize that Corporation to take an unrestricted and an unlimited amount of the taxpayers' money to pay out for this purpose.

I wish to stress the first objection urged to this proposition. It opens up the whole question, and would probably, if not inevitably, mean that in another branch of the Congress there would be attached to the bill a proposal which the Treasury and the President say literally would bankrupt the Government of the United States.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. TYDINGS. I am advised that one of the agencies of the Government made a survey of the frozen deposits in the closed banks, and while I have not the figures exactly accurate, I have figures which are substantially accurate. It is stated that if the Federal Government should attempt to pay off all of the depositors, and could realize 100 cents on the dollar on the collateral against these deposits, it would lose in the neighborhood of $1,400,000,000 on the transaction.

Mr. GLASS. Mr. President, as I have said, I wish to stress this view of the question, that it opens up the whole problem, and there might be attached to the bill provisions which would inevitably result in an Executive veto, and then we would have denied to thousands of deserving and going but struggling industries in this country any aid whatsoever.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. GLASS. I yield.

Mr. LEWIS. I inform the Senator from Virginia that I have not been without a great many demands on me to take steps similar to the proposition of placing the Treasury behind these deposits all over the country, to return to those who had lost their deposits in the State banks as well as national banks.

I ask the Senator, under what law, by what authority now existing, could the Government take possession of the assets of State banks, or the securities behind these lost loans? In what manner could the Federal Government assume to take charge of these State institutions and force the stockholders to respond to the liability, or to collect from the assets such as the able Senator from Maryland alludes to, if there be such behind the loans? Where is there any law, may I ask the able Senator, acquainted with the subject from his long association with banking, under which the Federal Government could go into the States and take charge of banks which have failed?

Mr. GLASS. There is no law which would enable the Federal Government to take charge of nonmember banks, which largely outnumber member banks. If there were a law which would enable it to do so, it would be found on utter injustice. Why should the taxpayers of this country be required to go down into their pockets and pay losses of 7,000 banks over which the Federal Government has no control whatsoever? It has not even the poor privilege of sending one of its examiners into their establishment to find out whether they are doing an illicit, an irregular, or an honest business. Why should that be done? There is no consideration of justice that would warrant any such procedure.

Mr. President, I was not apprised of this proposed substitute for the amendment offered on Saturday; therefore, I cannot say literally what would be the attitude of the Comptroller of the Currency as to it, but I have in my hand a letter from him which utterly opposes the proposition presented by the Senator from New York on Saturday, and I ask to have it inserted in the RECORD immediately following my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. GLASS. I beg the Senate to understand that if Senators desire to do anything approaching that which is intended by this proposal, it should be done in a separate, independent bill, and not in the form of an amendment to the pending bill, thereby jeopardizing loans amounting to half a billion dollars through regular banking processes to the struggling industries of this country.

EXHIBIT 1

TREASURY DEPARTMENT,
Washington, May 14, 1934.

DEAR SENATOR GLASS: You have asked for my reaction to amendment offered by Senator COPELAND, of New York, to amend section 12B of the Federal Reserve Act, and particularly that part of the amendment which will add a new subsection "z."

The funds available to the Federal Deposit Insurance Corporation consist of $150,000,000 appropriated from the Treasury for the capital stock, plus $139,299,556 received from Federal Reserve bank assessment payments and $39,373,449 received from bank assessments for the temporary fund. Paragraph (y) of the Banking Act provides that the Corporation shall refund to the member banks of the temporary fund all their assessments, less expenses of operation and liabilities incurred, which therefore makes unavailable the amount paid in for temporary insurance. The provisions of paragraph (o) of the act permit the Federal Deposit Insurance Corporation to issue notes, debentures, bonds, or other obligations up to three times the amount of its capital. You will note that these securities would not be direct obligations of the United States Government and would not be guaranteed by the Government, and in my opinion they could only be floated at a

great sacrifice. You will recall that under the Home Loan Act securities were issued, but the Government guaranteed the interest, and last summer these sold in a thin market at between 60 and 70 cents on the dollar. If securities were issued under the provisions of the bank act which had neither the principal nor the interest guaranteed by the Government, it is mere conjecture what they could be sold for. In other words, under the present wording of the law no one would urge that securities be issued.

Therefore, the rather small amount contributed by the Government to the banks, as compared with a commitment of $783,000,000 already made by the Reconstruction Finance Corporation on the assets of closed banks, both State and National in the United States, would give but small relief. Moreover, of those national banks which have gone into receivership since March 1, 1933, all have received loans where it is possible to make a loan except 155, and 144 of these will receive loans within 60 to 90 days.

Again, if the funds of this Corporation under direction of the Congress are to be used to purchase the assets of closed banks or to loan on closed banks, the depositors of the Nation would hardly be justified in having confidence in an insurance corporation which had no funds with which to pay the depositors of a closed bank in the event of a failure.

This bill contemplates purchase of or loans against the assets of these banks to be made on the basis of an appraisal of their values as considered under normal conditions, thus embodying the common erroneous conclusion that these assets have an undisclosed recovery value which will greatly increase their worth when conditions are improved. This conclusion overlooks the fact that in most cases the best of these assets have been liquidated and that much of that which remains consists of real estate and mortgages, the carrying of which involves a depreciation element that may more than offset recovery appreciation. They also consist in large part of ill-advised loans and investments, and what may be gained through economic recovery in one case may be lost in another by bankruptcy or death of the debtor.

I feel that nothing should be done to undermine or destroy, or even cast reflection on, the Federal Deposit Insurance Corporation, and that to carry out the provisions of the amendment referred to would certainly do so, for it would practically be advising the depositors of banks now insured that the insurance, due to lack of funds, was carried in what might be termed a "busted" corporation.

Very truly yours,

J. F. T. O'CONNOR, *Comptroller.*

Hon. CARTER GLASS,
United States Senate, Washington, D.C.

Mr. VANDENBERG. Mr. President, I desire to apply a few correcting sentences to the statement of the Senator from Virginia.

The Senator has made a powerful argument against proposals which are not pending in this motion at all; in fact, practically his entire argument is addressed to propositions which are not pending in connection with this proposal. He has argued against a pay-off bill which is pending in the House of Representatives, and which is unrelated in terms or otherwise, in any degree or fact, to the pending amendment. He has argued forcefully against another amendment which was submitted by the Senator from New York on Saturday, which is not now before the Senate, and which is not involved in the amendment now pending before the Senate.

There is no possibility of bankruptcy or anything related to bankruptcy of the Government in the pending amendment. There is nothing in the pending amendment which asks the Reconstruction Finance Corporation to acknowledge anything except fair liquidating value in the banks of the United States which have been closed. There is nothing in the pending amendment which does not leave the determination of that value to the judgment of the Reconstruction Finance Corporation. There is nothing directly or indirectly which justifiably invites the use of the word "bankruptcy", or any paraphrase of it, in connection with the discussion of the pending amendment.

Mr. President, the Senator from Virginia suggests that this amendment may jeopardize the industrial loan bill. I should be the last man in the Chamber to jeopardize the industrial loan bill. The Senator from Virginia states that he is in position to assert that no legislation of a character similar to that which is now pending can finally become a law at the present time. I do not know whether or not he intends to apply that stricture literally to the pending amendment. I do not see how he could possibly know whether the pending amendment, which was only born an hour ago, falls within any such general category. I say to him, however, that if this amendment should go to conference, and the President of the United States should undertake to say that the industrial loan bill could not be signed with this amendment in the bill, I should consider the Senate conferees entirely justified in eliminating it.

I am not seeking to embarrass the industrial-loan bill, and I know that in this aspect I completely reflect the attitude of the Senator from New York. Neither are we contemplating one nickel's loss or burden to the Government of the United States in connection with the liquidation of these bank assets. We contemplate solely and only the maximum use of safe governmental credit for the purpose of giving the depositors of the country the maximum use of such portion of their deposits as can be liquidated at fair liquidating values.

Mr. BARKLEY. Mr. President, in order that we may understand what it is that the Senator from Michigan is attempting to amend, I desire to read the first paragraph of section 5 of the Reconstruction Finance Corporation Act, as follows:

To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products, the Corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building-and-loan association, insurance company, mortgage-loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State or of the United States, including loans secured by the assets of any bank, savings bank, or building-and-loan association that is closed, or in process of liquidation to aid in the reorganization or liquidation of such banks or building-and-loan associations, upon application of the receiver or liquidating agent of such bank or building-and-loan association, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same.

As the Senator from Virginia has already pointed out, under that authority nearly $800,000,000 have been loaned by the Reconstruction Finance Corporation to the institutions named under the authority just read. It is now proposed to add another sentence in the following language:

Notwithstanding any other provisions of law with respect to loans as aforesaid to receivers or liquidating agents for banks and savings banks that closed since January 1, 1933, and are in process of liquidation, the Corporation shall loan, in its discretion, 100 percent of the fair estimated liquidating value of the assets tendered as security for such loans, and shall charge interest thereon at a rate not to exceed 3½ percent per annum.

The words "in its discretion" have been interpolated, written in. As originally drawn, the amendment gave the Corporation no discretion either as to whether it should make the loan or as to the amount of the loan it should make.

Mr. President, we might as well look at this matter in a practical way. For a long time industries which are on the edge, which could not comply with the rigid banking requirements and meet the inspection and examination of bank examiners and the N.R.A. requirements also, as the Senator from Virginia suggests, have been asking Congress to liberalize the authority of the Reconstruction Finance Corporation in order that the Corporation may make loans directly where the circumstances justify it, by reason of the hope that the concerns may continue to operate and keep men in employment.

We realize that one of the original objects of the Reconstruction Finance Corporation was to enable concerns to continue to employ men. The Reconstruction Finance Corporation has done a great piece of work. Considering the amount of loans involved, and the condition of industry and of banks and of all those to whom loans were made under the authority of the act, I believe that there will be a smaller net loss ultimately to the Government than could have been brought about by any other similar organization, public or private, in the United States of America.

There is, and there has been, an insistent demand that industries not covered by the law at this time to be permitted to borrow money from the Reconstruction Finance Corporation, because they cannot borrow it from banks. I shall not criticize the banks for not loaning money to industries. Banks must confine their loans to what they believe to be sound loans. They must accept security which will pass the

most scrutinous eye of a bank inspector or examiner. The Reconstruction Finance Corporation has tried to meet the situation under this act, because it mentioned "mortgage-loan companies." All over the country efforts have been made by industries and concerns which needed money and could not go directly to the R.F.C. to go to it indirectly. By the process or the device of organizing a mortgage-loan company an effort has been made to borrow when otherwise it could not have been done.

Mr. President, in order to go as far as the Reconstruction Finance Corporation could possibly go in attempting to aid industry, it issued a circular, which I believe is known as "Circular No. 11", setting out the method by which such mortgage-loan companies might be organized, to be made up of the applicants for the loans themselves. There was a requirement that if there were as many as five persons forming the loan company they should each take 20 percent of the stock of the mortgage-loan company in order to qualify them to be members of the loan company, and to participate in the lending of money. There was a provision for a minimum of three. That made it necessary for each of the five concerns joining in the organization of a mortgage-loan company, for example, to qualify with respect to its individual condition to form the mortgage-loan company and get the money, paying in its 20 percent, which really meant a reduction of the actual net amount that each could borrow after having put in 20 percent as the stock of the mortgage-loan company before it could borrow a dollar. In other words, not less than three had to yoke themselves up together and all of them qualify by taking stock in the organization of the mortgage-loan company in order that any one of them might get money from the Reconstruction Finance Corporation.

I have within my knowledge concerns in my State—and my attention has been brought to concerns in other States since this matter has been agitated—which are perfectly solvent, which are going concerns, which are employing labor, but which need additional money in order that they may buy raw materials, in order that they may even carry out contracts already in existence, in order that they may continue their men and take on more men, but because they are unable to find two other concerns in the same situation in order to form a mortgage loan company, they have been unable to borrow money from the Reconstruction Finance Corporation.

The pending bill as it has now been perfected by the amendment which was agreed to last Saturday allows every concern in this country to go as a single concern to the Reconstruction Finance Corporation and lay its condition on the table before the Board of Directors, and, if entitled to it, to obtain a loan in its own name, without having to be yoked up to two or three other organizations in the community.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Texas?

Mr. BARKLEY. I yield.

Mr. CONNALLY. This bill, in neither of the provisions referred to, proposes any new agency; no new bank is set up?

Mr. BARKLEY. Not at all.

Mr. CONNALLY. It merely utilizes the agencies already in existence?

Mr. BARKLEY. Just the agencies that are now in existence.

Mr. CONNALLY. Some time back it was mentioned that we were going to have a new system of what were called, I believe, "intercredit banks." This measure, as I understand, supplies the want which was supposed to make desirable the creation of intercredit banks.

Mr. BARKLEY. It was suggested originally that 12 regional banks should be set up in addition to the 12 Federal Reserve banks. It was at that time felt by some that probably that was a better scheme than to authorize direct loans by the Federal Reserve banks themselves, already in existence; but, after mature consideration the Senator from Virginia [Mr. GLASS], the Governor of the Federal Reserve Board, the chairman of the board of directors of the Reconstruction Finance Corporation, the Banking and Currency Committee, and others, decided that there was no need to organize 12 more banks; that it would be simpler to authorize the Federal Reserve banks now in existence to make such direct loans for a period of 5 years, provided, of course, an individual concern could qualify by putting up security that would be sound and pass muster of the Federal Reserve banks. It is presumed that in all likelihood there will be greater liberality in making these loans than there has been heretofore; but under the law as it now exists the Federal Reserve banks and the member banks cannot make these long-term loans for as much as 5 years.

I have within my knowledge at least a score of industries in my own State which cannot borrow money from banks. Some of them already owe banks, and they cannot increase their borrowings; but they are solvent, and, if given a year or two or three, they may work out their industrial, economic, and financial system, keep their plants going, and keep their men employed. But they cannot do it on the short-term loan now authorized by law through banks, and they cannot obtain loans from the Reconstruction Finance Corporation directly.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Virginia?

Mr. BARKLEY. I yield to the Senator.

Mr. GLASS. May I remind my colleague also that under existing law member banks may not rediscount such loans at the Federal Reserve banks, but under this bill, for the first time, every one of the nearly 7,000 member banks is authorized to rediscount loans of this nature at the Federal Reserve banks.

Mr. BARKLEY. I happen to know of some concerns in my State—and I mention my State because, of course, I know more about it, but I am sure every Senator here has had the same experience—the presidents of which have come here to borrow money but, on account of the rigid requirements of the law and on account of the fear that has naturally been engendered in the minds of bank officers and bank directors—they have been compelled to be more cautious since the opening of the banks after the bank holiday than they were previously—it has been an utter impossibility to provide loans for many deserving companies, that ought to be preserved, that ought to be allowed to work out their condition, that ought to be allowed to continue the employment of hundreds of thousands of men, rather than to throw them out on the streets and make them objects of charity, and have Congress forced to increase appropriations in order to feed and clothe them as a matter of charity. Therefore we have before us what is ordinarily known as the "Glass bill" which authorizes member banks and Federal Reserve banks to make these loans, requiring only that they must be sound loans.

Then we have considered the possibility that, under the strict rules of banking, realizing banking psychology, the psychology of the man behind the counter in a bank, who may expect a bank examiner to come along tomorrow to inspect the kind of collateral he has exacted as security for a loan, many of these concerns might not even be able to qualify to obtain loans from banks. Under those circumstances the amendment which was agreed to last Saturday authorizes the Reconstruction Finance Corporation, after a company needing money has exhausted all its power and opportunity to borrow money from banks, to make such loans. If the Reconstruction Finance Corporation believes, under all the circumstances, that aid ought to be rendered to that concern in order to keep it going, in order to keep its men employed, in order to give it additional capital, in order to buy raw material and turn out finished products, that Corporation has the power under the amendment to make the loan. That is only supplemental to the authority conferred by the original bill on the Federal Reserve banks and the member banks.

These two provisions supplement each other. They are utterly necessary. I have for a long time felt and contended that it would be better even for the Government to take a chance on losing some of the money which it might loan

these concerns rather than to have them closed and thousands of men be thrown upon the streets to become objects of charity, and then, under the Civil Works program or some other relief program, appropriate money out of the same Treasury, which money would be given and not loaned, and from which we would obtain no return except the consciousness that we had not allowed men, women, and children to suffer from hunger or cold or for lack of shelter.

I want to say perfectly frankly that we all understand that in the other body of the Congress there has been for weeks pending a measure to pay the depositors in closed banks. It has been estimated by the Treasury, I believe, that, taking into consideration present values of the securities which might be put up and realized on by the Government, if the Government were to do this, it would involve a net loss of more than $1,000,000,000 out of the Treasury of the United States.

In other words, after taking all the assets of the closed banks, liquidating those assets and realizing upon them, that bill would involve an expenditure, a gift, out of the Treasury of the United States of more than $1,000,000,000.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Washington?

Mr. BARKLEY. I will yield in just a moment. It has been impossible—and I am not saying that in any criticism; I am simply stating a fact—it has been impossible to obtain a vote on that measure in the other body. It is well known that the President is opposed to it; that the Secretary of the Treasury is opposed to it; and that if it were passed independently or incorporated in this bill it would result in a veto. Now I yield to the Senator from Washington.

Mr. DILL. I read in the newspaper a statement to the effect that Mr. Jones testified before the House committee some weeks ago that the minimum loss would be $2,500,000,000.

Mr. BARKLEY. I am trying to be as conservative as possible.

Mr. DILL. I have seen the other statement, but I thought that applied to a more recent situation.

Mr. BARKLEY. There has been a discrepancy as to the estimates of different agencies as to how much the actual loss would be.

Mr. GLASS. Mr. President, I may interject there that Mr. Jones, perhaps, made the statement referred to by the Senator from Washington for the reason that Mr. Jones does not speak of these assets as "frozen" assets but as "lost" assets.

Mr. BARKLEY. Yes; that is the difference. However, what I am trying to do is to show that, even if the reasonable value could be realized upon these assets as they are now, we would lose anywhere from a billion to a billion and a half dollars by this transaction.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to his colleague?

Mr. BARKLEY. I yield to my colleague.

Mr. LOGAN. Mr. President, I am trying my very best to find out how I should vote on this amendment. I have listened to my colleague, and also to the Senator from Virginia, and I am wondering is this amendment substantially the same as the McLeod bill, which is pending in the House. As I understand, this amendment simply says to the Reconstruction Finance Corporation that if a receiver has been appointed for a bank and the assets of that bank certainly are reasonably worth half the face value of the assets, then the Reconstruction Finance Corporation may loan to that bank sufficient money to pay the depositors so far as it will, and then that the receiver shall collect and pay back the money to the Reconstruction Finance Corporation. If that be the provision of this amendment, it would not compel the payment of billions of dollars; and it seems to me it would not compel the loss of a cent, unless there was bad judgment on the part of the Reconstruction Finance Corporation.

Mr. BARKLEY. I have made no contention that the amendment as now drawn is the same as the McLeod bill. The contention I am making is that if we put the amendment or any similar amendment on the bill and it goes to the House of Representatives it will open up the whole situation and the McLeod bill may be offered as a substitute and a vote taken upon it. If such a substitute should be adopted then it would not be in conference. The conferees could not strike it out. The hands of our conferees would be tied. They would have to accept this amendment or the McLeod bill or something between the two, but they could not eliminate both propositions from the bill. That is the parliamentary danger. I think we might as well have it in mind when we vote on the pending amendment.

Then, infinitely more important it is that we should get some measure through that will become a law, that will bring immediate aid to hundreds of thousands of perfectly solvent business institutions in the country to enable them to keep producing goods, to keep men employed, and to fulfill their contracts than it is for us to try to adopt some provision which cannot become a law but which will probably jeopardize any assistance whatever that we might be able to afford by reason of the other provisions of the bill.

The making of loans is not a discretionary matter under the amendment. An amendment may always be changed or modified. The amendment provides that "The Reconstruction Finance Corporation, notwithstanding any other provision of law, shall in its discretion", and so forth. I do not exactly understand how the word "shall" in connection with the words "in its discretion" will be interpreted. I doubt whether the Reconstruction Finance Corporation has discretion to make loans or to figure the amount, because the amendment provides that they shall make the loans to the extent of 100 percent of the appraised value of the assets held by the bank.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Alabama?

Mr. BARKLEY. I yield.

Mr. BLACK. I want to see if my understanding is correct. Under the law as it now is, the Reconstruction Finance Corporation could lend on a 100-percent appraisal if they so desired, but the amendment would make it mandatory that they lend a full 100 percent on any appraisal that is made. Is not that the difference?

Mr. BARKLEY. That is true. Even if we admit that they have the discretion to make the loan, they would have no discretion as to the amount. They would be compelled under the terms of the amendment to lend 100 percent. That may or may not be enough to pay off the depositors.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Illinois?

Mr. BARKLEY. I yield.

Mr. LEWIS. I dare say; and I assume that the Senator from Kentucky [Mr. BARKLEY] and the Senator from Virginia [Mr. GLASS] both recall the joint measure of the Senator from Florida [Mr. FLETCHER] and myself which assumed to offer a remedy to general business by business loans from the Government, and thus that I am not unacquainted with what must have been the studied efforts in connection with the measure now under consideration, as this bill embodies the Fletcher-Lewis measure and its spirit. I ask the Senator from Kentucky, is not the meaning of the suggestion of the Senator and that of the Senator from Virginia that if the bill, which now affords a remedy to business institutions, to give them an opportunity directly to borrow that they may continue building themselves up or initiating their new operations, should have attached to it the amendment now pending, such would so complicate the measure, and invite other amendments with it, as to jeopardize the principal measure allowing business loans and of itself failing of enactment before the session should end?

Mr. BARKLEY. The Senator has stated the situation exactly. The Committee on Banking and Currency has not given any consideration to the matter of the amendment. There has been much publicity with reference to a bill on

the subject pending in another body, but the committee has not given any consideration to it. It has not had the opportunity to do it. It has not had the time to do it. Certainly we cannot or should not vote blindly here to place upon the Treasury of the United States the possibility of being compelled to lose a billion dollars.

I have no way to predict what may happen in conference to the amendment or what changes may be made if it shall be adopted. What I am saying about the particular amendment now pending applies to any other amendment of a similar character that may be offered. When we have adopted it we may have opened up a Pandora's box. No one knows the form the legislation might take before it reaches the White House for signature or disapproval if the amendment is attached to the bill, which, as everybody admits, is meritorious and is needed.

Industry all over the country is watching the vote here today to know whether tomorrow or next week it may make application for loans which it has been trying for months to get. If we load down the bill with something in the form of an amendment that may defeat any relief whatever, we will have rendered no service either to industry or to labor or to agriculture or to the people of the United States. On the contrary, we may have a larger bill for relief than we have ever had heretofore.

Mr. President, that is all I care to say about the amendment. I hope we may not lose sight of the possibilities involved in the proposed legislation and in its defeat either here or elsewhere. I hope, therefore, the amendment will be defeated.

Mr. COPELAND. Mr. President, I assume from what the Senator from Kentucky [Mr. BARKLEY] said in closing that he is opposed to the amendment. Much of what he said had nothing to do with the amendment. We have heard about what is happening in the House of Representatives, but we are not talking about events there.

This is a simple amendment which may properly be considered by the Senate. Unless it is considered here it will not be considered anywhere. The Senator from Kentucky said the Finance Committee has no time to give to extraneous matters and consequently cannot consider this. Therefore, the only place in the world we have to get any relief, and limited relief at that, for the depositors in the closed banks is through an amendment to the pending measure such as is now pending and under consideration.

It has been intimated that those of us who wish to amend the bill are somehow or other opposed to it. I am not opposed to the pending bill. On the contrary, I am heartily in favor of it. If we cannot get the banks to function as banks instead of pawnshops, it is necessary for the Government to go into the business of lending money for the sake of industrial restoration. I am heartily in favor of the bill. I believe it is a bill which together with the liberalization of the Securities Act we passed the other day will do much to restore prosperity.

It is my judgment that if the amendment proposed by the Senator from Michigan [Mr. VANDENBERG] and myself were to be adopted it would relieve the Government from the necessity of lending much of the money that it will have to lend under the operation of the bill if the amendment is not adopted. In short, our amendment will help the measure, not hurt it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COPELAND. Certainly.

Mr. BARKLEY. In other words, the money would be furnished by the Government anyway, but it would come out of a different spigot.

Mr. COPELAND. It does not make any difference out of which spigot it comes, it comes out of the Government Treasury anyhow. Money is just as likely to be lost under the pending bill as under the amendment which we have proposed. Could the Senator from Kentucky rise in his place and guarantee that the money raised under the bill would ever be returned 100 percent to the Government?

Mr. BARKLEY. Of course, not; any more than I can guarantee that I will be able to pay the notes that I owe or the notes that anybody else owes. No one can guarantee such a thing. However, I believe there will be a minimum of loss with respect to the loans under both sections of the bill we are now considering, a much smaller loss than under any other loans that have been made by the Government of the United States during the last 2 or 3 years.

Mr. COPELAND. Without any disrespect to the Senator from Kentucky I confess that I have greater confidence in the ability of the Government of the United States to pay its obligations than I have in the ability of any Senator to meet his obligations.

Mr. BARKLEY. I am perfectly willing to accept the observation; but it is not a question of passing on the responsibility of any Member or Members of this body or anyone outside of this body. The point is that under the bill which we are now considering we are providing a safeguard, so far as safeguards may be provided, for loans to industry. The proposal of the Senator covers an entirely different field. It has no connection with the proposal contained in the bill, except the possibility that under his amendment some industry might be able to get money out of a bank that is now tied up, and therefore might not have to borrow money; but in order to get it out of the bank even under his amendment, the Government of the United States has to put up the money.

Mr. COPELAND. Mr. President, the Senator talks about "safeguards"; exactly the same safeguards are attaching to the pending amendment as to the bill itself.

Under the pending amendment, the assets of a bank could be appraised and dealt with, not as assets to be liquidated tomorrow or next week but assets which may be liquidated next year, or the year after. It is not proposed that the Government shall give money to these banks. It is not proposed that the Government shall reimburse depositors in these banks, except so far as reimbursement shall come from the orderly liquidation of the assets in the possession of the banks.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BARKLEY. It is proposed, however, to advance money to banks over which the Government of the United States has never had any supervision, and has none now; with reference to deposits in which the United States Government never has held out any inducement to the public; to whom the Government of the United States owes no legal or moral obligation. They may be assets of an entirely different nature from those that are in banks supervised by the United States.

In view of the fact that the Government of the United States has never exercised any control over State banks, and that national-bank examiners have never gone into them, does the Senator think that the Government is under any obligation to include them in a general omnibus provision that all banks, trust companies, and savings banks shall be allowed to put up their assets, come to the Treasury, and get money? Does the Senator believe that that is as important as it is now to save industries which are right on the ragged edge, and which, if given credit, can save themselves?

Mr. COPELAND. Mr. President, the Senator from Kentucky would make exactly the same argument if we were to limit the amendment to the national banks; and he is proposing to lend to industry, to establishments in which we have no interest, direct or indirect, except so far as giving employment may be concerned. The Senator splits hairs.

Mr. BARKLEY. That is the main object——

Mr. COPELAND. I am not going to yield to the Senator simply to bandy words. I am here for a serious purpose, just as serious as that of the Senator from Kentucky, to try to relieve distress and to try to put money into circulation, and thereby to restore prosperity so far as it can be done in that way. I have just as sincere a purpose in my heart as that in the heart of the Senator from Kentucky.

Mr. President, it is not at all a question of whether there is an obligation upon the Federal Treasury to deal with the assets of these State banks. There is not any obligation

upon the Federal Treasury to give work to those who are out of employment. There is no obligation upon the Federal Treasury to put destitute artists at work. There is no direct obligation to do hundreds of things that we have been doing. There is no obligation upon the Federal Treasury to make loans to agriculture. There is no obligation upon the Federal Treasury to make many other loans that we have made. But if we can lend money under proper safeguards upon the assets of closed banks—assets which are capable of slow liquidation, but 100 percent liquidation—we shall put that much money into circulation at once, and have money to do many of the things which will be done by the Federal Government under the terms of the pending bill.

I realize, Mr. President, that we are up against a stone wall. An effort is made to becloud the issue by trying to make it appear that we are proposing here the same thing which the McLeod bill proposes in the House. We have pointed at us the gun of a possible veto. Is that the way to legislate, Senators? Is it not our constitutional duty to use our very best efforts as legislators to do those things which we believe make for the prosperity of our country and for the common welfare? Are we to be turned aside simply because somebody dreams that if we do thus and so there will be an executive veto?

Mr. DILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Washington?

Mr. COPELAND. I do.

Mr. DILL. I am not concerned about whether or not the President will veto a bill. I am concerned about the wisdom, about the justice, about the fairness of imposing on the Treasury a burden of large amounts, that must be met by taxing all the citizens, because of the incompetency in some cases, the downright fraud and criminality in other cases, of those who had charge of banks.

Mr. COPELAND. Did the Senator question the propriety of lending money to the railroads, or lending money to great, big banks?

Mr. DILL. I should be opposed to lending it without any chance of getting it back except by taxing the taxpayers.

Mr. COPELAND. Does the Senator believe that that is what the Senator from Michigan and I are trying to do?

Mr. DILL. I do not see how this bill can be carried out without a certain loss to the Treasury; and that loss must be made up by taxing all the people to make up for the bad deposits of certain people.

Mr. COPELAND. I am not discussing the bill. I am discussing an amendment; and the amendment proposes that the assets shall be appraised, by whom? By the lending agency.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Ohio?

Mr. COPELAND. I do.

Mr. FESS. The proposition to release funds that are in closed banks has a great appeal; first, because without doubt it would be more widely applicable to conditions from which many people are suffering than most of the amendments that have been suggested, if it is a proper function for the Government to participate in this sort of thing. I have been afraid of that, and I have so stated to those interested who consulted me about it. Furthermore, if this is a proper function of the Government, will not the Senator agree that it would have to apply to loan associations just the same as to closed banks?

Mr. COPELAND. Let me say to my friend from Ohio that we will suppose there is a bank at Akron that has a million dollars' worth of good assets. It is proposed to take the assets which are conservatively appraised as being possible of liquidation over a period of a year or 2 or 3 years—not worthless assets, not things that are "cats and dogs", not things that should be thrown out of the window—but instead of taking them and appraising them at their current value to appraise them at a liquidating value when that liquidation extends over a longer period of time than is customary in ordinary bank practice.

The reason there is so much confusion here—because so many Senators believe, as the Senator from Ohio believes, that we are trying to present here the McLeod bill. That is not the case.

Mr. FESS. No; I understand that. There is, however, inevitable loss to the Government in this proposal, is there not?

Mr. COPELAND. I do not think so.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. ROBINSON of Arkansas. The amendment now pending, of which there are no printed copies, is as follows:

> The Corporation shall loan, in its discretion, 100 percent of the fair estimated liquidating value of the assets tendered as security for such loans, and shall charge interest thereon at a rate not to exceed 3½ percent per annum.

Mr. President, who ever heard of loaning 100 percent of the estimated value of any security? Manifestly, it is not intended as an ordinary loan. It is intended to secure funds only a part of which can be realized from the assets. I never knew of a case in which 100 percent was loaned on the estimated value of the security, especially security of this character, in which all of it was collected.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. ROBINSON of Arkansas. I have not the floor. The Senator from New York was good enough to yield to me.

Mr. BARKLEY. It is impossible for anyone to go down to a bank now and take securities that are liquid and that might be sold tomorrow and borrow 100 percent on them.

Mr. ROBINSON of Arkansas. There is no discretion as to the amount that must be loaned. After the estimated value is ascertained, 100 percent of it must be loaned.

Mr. DILL. The liquidating value?

Mr. ROBINSON of Arkansas. Yes; the Senator from Washington calls my attention to the fact that it is the liquidating value, whatever that may be.

Mr. BARKLEY. Which would not be as great as the normal value.

Mr. ROBINSON of Arkansas. Oh, no; certainly not.

Mr. GLASS. Mr. President, not only that, if I may interrupt——

Mr. COPELAND. Go ahead. The floor means nothing to me.

Mr. GLASS. The Government has not been able to borrow money at 3½ percent itself; and if we keep on at the rate of our expenditures, the Government may not be able to borrow money at 4½ percent; and therefore the Government would lose money on every transaction.

Mr. ROBINSON of Arkansas. Yes; and evidently that is the purpose of the amendment—to give the closed banks the benefit of a liability on the part of the Government upon which the Government itself could not realize.

Mr. BORAH. Mr. President, I am inclined to agree with the proposition that there would be loss under this amendment, but I am equally certain that if those are assisted who need assistance, there will be loss under the bill.

Mr. COPELAND. Mr. President, if the Government body or agency or official were to go into a bank and say, "This group of securities we regard as good enough to justify us in lending you 75 percent of their value", if they had not been appraised with some degree of accuracy and reliability and dependability, it would be bad business to lend anything whatever upon them. If the loan is "rotten", as has been said, at 100 percent, then it is 75-percent rotten at 75 percent; it is not good business to lend upon securities appraised by the experts at materially less than the proposed loan rate, it makes no difference whether the loan is 50 percent of the appraised value or 100 percent. So I think we are splitting hairs when we talk about that.

On the other hand, in this day we are spending millions, even billions, of the people's money, with no regard whatever to the return of that money. Certainly when we put money into the C.W.A. we never expected to get any of it back; very much of the money we have loaned through the Public Works Administration we will never get back; much

of the money we will lend under the pending bill we will never see again. There is no hope or expectation that there will be 100-percent return upon any of these investments of the Government.

What is there that makes the depositor in the bank anathema? Why do we consider that his equity, and the security which is back of it, shall be disregarded when we give millions and billions for other purposes?

Mr. President, I do not delude myself one bit. I know that the fear of the substitution at the other end of the Capitol of a more radical measure will influence some, and the prospects of a veto will influence others; but, I say in all respect, those fears mean nothing to me. I can see no impropriety, I can see nothing that can be regarded as bad business, I can see nothing that is unstatesmanlike, in making available to the depositors in the hundreds of closed banks of the United States some measure of return of the life savings which they have placed there.

The amendment presented by the Senator from Michigan and myself has safeguarded the Government as far as may be. We have asked that the assets be appraised, and when they have been appraised and found deserving of a loan, that the loan shall be 100 percent instead of 50, or 60, or 75, or 80 percent. Then, if a loss comes, if the appraisement has been 80 percent, there will be a loss of 80 percent; if the appraisement is 100 percent, there will be a loss of 100 percent.

Mr. President, I shall not go further into the matter. I would not do one thing to embarrass the pending bill. We need to have these long-term loans to industry. The heavy industries cannot hope to operate without working capital, which they cannot get from the banks. Therefore, I am willing to hazard some more of the money of Uncle Sam and shall vote for the measure. We have not hestitated to hazard a lot of his money, we have not hesitated to put a lot of it where it is extremely probable it will never come back, but I do think that we ought to give this much consideration to the depositors in the closed banks of this country. Therefore I hope the amendment which the Senator from Michigan and I have proposed may be agreed to.

Mr. VANDENBERG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Hatfield	Patterson
Ashurst	Copeland	Hayden	Robinson, Ark.
Austin	Costigan	Hebert	Robinson, Ind.
Bachman	Couzens	Johnson	Schall
Bailey	Davis	Kean	Shipstead
Barbour	Dickinson	King	Steiwer
Barkley	Dill	Lewis	Stephens
Black	Erickson	Logan	Thomas, Okla.
Bone	Fess	Lonergan	Thomas, Utah
Borah	Fletcher	McCarran	Thompson
Bulkley	Frazier	McGill	Townsend
Bulow	George	McKellar	Tydings
Byrd	Gibson	McNary	Vandenberg
Byrnes	Glass	Metcalf	Van Nuys
Capper	Goldsborough	Murphy	Walsh
Carey	Hale	Norris	Wheeler
Clark	Harrison	O'Mahoney	White
Connally	Hatch	Overton	

Mr. LEWIS. Mr. President, I desire to reannounce on this roll call the absence of the Senators whose absence has heretofore been announced by me.

The PRESIDING OFFICER. Seventy-one Senators having answered to their names, there is a quorum present.

Mr. COUZENS. Mr. President, I wish to say a few words in behalf of the amendment proposed by the Senator from New York [Mr. COPELAND] and my colleague [Mr. VANDENBERG]. I do so because I have been a consistent and vigorous defender of the Treasury Department. Every measure which has come before the Committee on Banking and Currency which, in my judgment, would be injurious to the Government credit, or would entail losses to the Government, I have vigorously opposed. I think the distinguished chairman of the committee, the Senator from Florida [Mr. FLETCHER] will recall that over a period of years I have opposed industrial loans from the Government unless provision were made for limited loans on what we believed to be adequate security.

The distinguished Senator from Virginia [Mr. GLASS] and the distinguished Senator from Kentucky [Mr. BARKLEY] have argued that the amendment is inconsistent with the bill which is now pending as it has been amended. It is true that the committee as such has not dealt with this problem, but the committee does know emphatically the needs of industry, and even the conservative distinguished Senator from Virginia and myself joined in reporting the measure added to the pending bill, which would authorize the R.F.C. to make industrial loans.

Mr. President, I happen to have a list of 1,100 depositors in one large closed bank. The release of some of that money, with the Government adequately secured, would obviate the necessity of some of the industrial loans provided under the Glass bill and the amendment offered by the Senator from Florida. These two amendments belong to the same piece of legislation. In other words, I would rather that the depositor, the industrialist, get his own money out of a closed bank and use it himself for the development of his industry than to have him go to the R.F.C. and borrow money on what seems in many cases to be inadequate, at least doubtful, security.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. FLETCHER. I should like to ask the Senator whether in the case of the particular closed bank to which he refers, R.F.C. loans have not been made to it.

Mr. COUZENS. That is true. I do not deny that; but I state that there has been an undue hesitancy upon the part of some of the receivers or liquidators or conservators of these banks, on the theory that it costs too much in interest. The Senator from Florida knows that I have, under his jurisdiction, made some inquiries into the loans made by the R.F.C. during the closing months of the last year. The Senate also will remember that I was chairman of a committee which was authorized to make an investigation of the R.F.C. loans, and in the early part of 1933 the committee made a report in which we said we could not find any illegal or improper loans.

When it comes to a question of judgment as to whether the loans are adequately secured, one person's judgment is as good as that of another during these periods of distress.

There is nothing mandatory about this provision, and there is no danger of the credit of the Government being broken, as suggested by some of the Senators, because there is nothing in the amendment which increases the loaning power of the R.F.C. The law already provides the limit which the R.F.C. may lend. The only difference between existing law and the amendment is that the amendment expresses to the Board of Directors of the R.F.C. the opinion of Congress that they ought to be more liberal in their loans. I can verify the fact that they have not been any too liberal up to date.

I am not finding fault. I know that they are lending the Government's credit at least, if not its money; and I have insisted that, so far as humanly possible, the Government be adequately protected. This amendment, I believe, does provide adequate security for any loan the Reconstruction Finance Corporation may make to any bank after this time.

Mr. WALSH. Mr. President, will the Senator from Michigan read that feature of the amendment?

Mr. COUZENS. It reads as follows:

> Notwithstanding any other provisions of law with respect to loans as aforesaid to receivers or liquidating agents for banks and savings banks that closed since January 1, 1933, and are in process of liquidation, the Corporation shall loan, in its discretion, 100 percent of the fair estimated liquidating value—

I submit that when we broaden the language the sole discretion is with them, not only as to whether they shall make the loans at all but as to fixing the fair estimated liquidating value; and if I were a director of the Reconstruction Finance Corporation, I should certainly see that the Government was protected, either by refusing the loan

at all or by seeing that the fair estimated liquidating value did not unduly hazard the Government's credit.

Mr. BORAH. Mr. President, do I understand that if the Reconstruction Finance Corporation should estimate the value of these securities, it would still have discretion as to whether or not it would make the loan?

Mr. COUZENS. Absolutely.

Mr. BORAH. I should want to have the provision more mandatory than that.

Mr. COUZENS. It cannot be made any more mandatory, because, if it were made more mandatory, its purpose would be defeated. Whenever the board of directors of the Reconstruction Finance Corporation are told, "You must make a loan", and it is left discretionary with them to fix the value, and they are determined in advance not to make the loan, they will fix the value so low that no relief at all can be given.

Mr. BORAH. That is very likely true; but on the other hand, they will not make any of these loans, in my judgment, under the pending amendment.

Mr. COUZENS. It absolutely is discretionary, no matter how the amendment is worded, because so long as it is left to the judicial judgment of the board of directors of the R.F.C. they can do as they choose in the matter.

Mr. BORAH. It seems to me, Mr. President, that the defect of the bill and of the amendment is that those who really need help, the small industries of the country, will not get it.

Mr. COUZENS. I do not know whether the Senator is familiar with this subject or not, but I know that the Senator apparently injects himself into a subject which he has not thoroughly analyzed. I happen to have studied this subject for a period of years. I see the Senator's name blazoned in the headlines of the newspapers as endorsing the infamous McLeod bill. I do not know how accurate the newspapers are in making that statement; but anyone who is so lacking in judgment as to endorse the so-called "McLeod bill" is not entitled, in my judgment, to vote on the floor of the Senate.

Mr. BORAH. Mr. President, I asked the Senator a civil question.

Mr. COUZENS. Yes; and I am answering the civil question; but the Senator attacks my premises, and I have a right to argue with him.

Mr. BORAH. Certainly the Senator has; but what I am saying is that under the terms of this bill, the question of making the loan being left entirely discretionary with the R.F.C., it does not seem to me that the small businesses of the country, those which really need help, are likely to get help. If the Senator thinks otherwise, I shall be delighted to have his views.

Mr. COUZENS. As I said before the Senator interrupted me, under the bill introduced by the Senator from Virginia [Mr. GLASS], and under the amendment proposed by the Senator from Florida [Mr. FLETCHER], it is discretionary with the R.F.C. as to whether or not it will loan these concerns any money at all. It is wholly discretionary with the Corporation as to whether the credit is adequate. I said that I preferred to have a depositor get his money out of a closed bank with reasonable security to the Government, rather than to loan the money direct on his plant or other security. In other words, as I stated, I looked over 1,100 deposits, many of the owners of which could have continued their industries and could have augmented their employment if they had been able to obtain a reasonable amount of their so-called "frozen deposits." This is just a sort of yardstick, a measurement, conveyed by the Congress to the board of directors of the R.F.C. as to what we hope they will do. That is all we have ever done in connection with any similar legislation enacted by Congress.

Mr. BORAH. Without this amendment they could make these loans just the same.

Mr. COUZENS. Oh, yes; but the provisions of law so far have used the language "adequately secured", without fixing any yardstick as to how the securities shall be evaluated. This is the first time any provision of law has been suggested which sets a yardstick to guide the R.F.C. in fixing values, and that is the only reason why I am for it. I agree with the Senator from Idaho that under all the provisions of the law up to date substantially this could have been done. However, in this amendment we propose to set up a yardstick to measure the judgment of the R.F.C.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. WALSH. May I ask the Senator how he understands this amendment would operate? Would a receiver of a closed bank bring his assets to the R.F.C. and have them make an appraisal of those assets; and when they find the total value of the assets are they authorized to make a loan of that amount, or are they authorized to pay over to the receiver that amount and take over the assets themselves?

Mr. COUZENS. That is exactly what it provides.

Mr. WALSH. So that there is discretion in the R.F.C. in determining what is the total value of all the assets of a closed bank?

Mr. COUZENS. It does not necessarily say the entire assets of a closed bank. It says that it may loan 100 percent of the "fair estimated liquidating value."

Mr. WALSH. The complaint which is made now is that they have only been lending 50 or 60 percent, more or less, of the fair value.

Mr. COUZENS. In other words—and I have supported them generally in their attitude—they have been taking every measure to protect the Government's credit and the Government's or the taxpayer's money.

Mr. WALSH. I should like to ask the Senator a further question. Under this amendment, are the assets actually transferred to the Reconstruction Finance Corporation, or are they held as a lien?

Mr. COUZENS. They are actually deposited in one of the Federal Reserve banks, as a rule, as agent for the R.F.C. In other words, the R.F.C. retains the collateral as security for the loan.

Mr. WALSH. Would the R.F.C. perform the duty of liquidating by selling these assets from time to time?

Mr. COUZENS. That is not usually the case if a bank is still in liquidation. If a bank winds up its affairs and its debts are discharged, as in the case of one or two banks of which I know, the R.F.C. does the liquidating; but this proposal does not set up any means by which the liquidation of the assets shall be made, whether by the R.F.C. or by the conservator or by the receiver or by the liquidator of a closed bank. It would depend on the circumstances.

Mr. WALSH. The important feature of the amendment is that the R.F.C. will loan to the amount of 100 percent of the assets as they may determine and according to the liquidating value they may fix.

Mr. COUZENS. Yes; and the only difference I want to point out to the Senator from Massachusetts is that in no previous legislation have we set up any yardstick to fix the value. In this particular amendment—and that is one of the reasons I am supporting it—we say, "After you have fixed the 'fair estimated liquidating value', you are then permitted to loan up to 100 percent."

Mr. WALSH. Does not the Senator think that the words "liquidating value" give a great deal of latitude in fixing the loan to the board?

Mr. COUZENS. Yes; and I want them to have latitude.

Mr. WALSH. I know the Senator does. I thank him for permitting me to interrupt him.

Mr. COUZENS. So that there are many things which, under this provision, the R.F.C. could do which I do not think they are now inclined to do, because the Congress has never heretofore directed them as to how they should measure or value such assets.

When it comes to the McLeod bill, so called, I want to say that I have written thousands of letters and made thousands of statements in opposition to any such absurd proposal as

paying out 100 percent to all the depositors, regardless of the value of the assets of the banks.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Wyoming?

Mr. COUZENS. I yield.

Mr. O'MAHONEY. May I ask whether the amendment proposed fixes any date as of which the liquidating value may be determined?

Mr. COUZENS. Oh, I assume that it would be as of the time of the application. It may not be for a year or it may be at the time the application would be made, at which time the board of directors of the R.F.C.. would fix the liquidating value.

Mr. O'MAHONEY. Of course there would necessarily be some date fixed as of which the estimated liquidating value should be determined, for the liquidating value might be considerably less at the time of the application than 6 months or a year thereafter.

Mr. COUZENS. The amendment does not provide any time within which the value shall be fixed. I assume that the fair liquidating value cannot be fixed at any other time than the time when the loan is being considered.

Mr. O'MAHONEY. And under the amendment it is within the scope of the authority of the Reconstruction Finance Corporation to determine whether or not a loan shall be made and what estimate shall be placed upon the value of the assets?

Mr. COUZENS. That is quite true. I may say further that the appraisers or the board of directors of the R.F.C. in making a loan may estimate the value of the assets 2 or 3 years hence, dependent upon the maturity of the loan. I think that is probably what the Senator was getting at, and which I did not quite comprehend at the time.

Mr. O'MAHONEY. That is exactly it; but there is nothing in the amendment to direct the Reconstruction Finance Corporation that it may do so; that is to say, estimate the value as of some future date.

Mr. COUZENS. I think the amendment speaks for itself, because it says "the fair liquidating value." So I assume that an intelligent interpretation would mean that the time when the loan came due could be taken into consideration in estimating the fair liquidating value.

Mr. O'MAHONEY. I assume that the whole purpose is to enable the receiver to pay off the depositors?

Mr. COUZENS. Yes; so far as possible and without any risk to the Government.

Mr. O'MAHONEY. So that under the amendment, as it is drawn, it could be effective or ineffective, just as the board might decide in fixing the values.

Mr. COUZENS. There is another qualification as to that, because the receivers of a national bank are unable to make applications for a loan without the consent of the Comptroller of the Currency; so that if the Comptroller of the Currency decided that he did not want any loans made under this amendment he could prohibit the receiver from making application.

Mr. GLASS. Mr. President, what becomes of a yardstick that may be reduced one half in, say, a period of 3 years?

Mr. COUZENS. The same thing may happen when one buys a piece of real estate or a bond which may be reduced by 50 percent in time if the situation so develops.

Mr. GLASS. I understand that; but that is not the way banking business is conducted.

Mr. COUZENS. It is the way is has been conducted.

Mr. GLASS. Nobody makes a loan of 100 percent on the value of real estate, a loan which may run for 3 or 5 years. Nobody, certainly, makes a 100-percent loan at the low rate of interest of 3 percent when the Government of the United States finds itself unable to borrow money at 3 percent.

Mr. COUZENS. The Senator overlooks the fact that we have raised the rate in the amendment to 3½ percent.

Mr. GLASS. Very well; 3½ percent.

Mr. COUZENS. I would be just as satisfied with 4 percent. As I said at the beginning of my statement, I do not want the Government to lose a nickel, and I do not propose to endorse any legislation by which the Government will lose a nickel, either in the matter of interest or the matter of security.

Mr. GLASS. I call the Senator's attention to the fact that he says he has written thousands of letters against the McLeod bill.

Mr. COUZENS. Yes.

Mr. GLASS. And he pronounced an extremely harsh judgment upon any Senator who would favor the McLeod bill.

Mr. COUZENS. Yes.

Mr. GLASS. He went so far as to say that a Senator was unworthy of a seat in this Chamber if he favored the McLeod bill. Yet the Senator from Michigan is supporting an amendment to this bill which not only conceivably but, in my judgment, will inevitably disturb the parliamentary situation in another branch of the Congress and enable them to attach the McLeod bill to this bill.

Mr. COUZENS. Let me say to the Senator that no conference report can be adopted until the Senate agrees to it.

Mr. GLASS. And that would mean that the thousands of small industries in this country, for which in this bill we are providing a capital fund of more than a half billion dollars, would be denied this form of assistance; and the banks of the country, for which we are providing a great liberalization in connection with the eligilibity of rediscountable paper, would be unable for a moment to afford any assistance to small struggling industries.

Mr. COUZENS. Oh, the Senator overlooks the fact that he has defended over and over again here his own act by which the Federal Reserve banks have been equipped and enabled to lend money to industries direct for over a period of years; and yet the Federal Reserve banks have made no loans under that provision of the law; and I doubt whether they will make any loans under the so-called "new Glass bill."

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Massachusetts?

Mr. COUZENS. I yield.

Mr. WALSH. I should like to inquire of the Senator if the language "liquidating value" does not permit the Reconstruction Finance Corporation to take into consideration all the elements of uncertainty which the able Senator from Virginia has mentioned?

Mr. COUZENS. I am quite convinced of that, or I should not be supporting this amendment. I am not up for election; I am not supporting this bill in order to get votes, because otherwise I would be supporting the so-called "McLeod bill"; but this is a provision which not only helps the bill proposed by the Senator from Virginia and the proposal of the Senator from Florida, but it assists them, because it augments and releases money for industries which the Senators referred to want to help.

Mr. GLASS. It does not only not assist them——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Michigan yield to the Senator from Virginia?

Mr. COUZENS. I yield.

Mr. GLASS. It does not only not assist them, but it actually jeopardizes the bill itself and threatens all struggling industries with an actual inability to make any loans under the bill which we propose.

Mr. COUZENS. Of course, I disagree with the Senator from Virginia in that respect, because——

Mr. GLASS. That is what I am standing up for; to disagree with the Senator from Michigan.

Mr. COUZENS. I recognize that. I want to point out——

Mr. GLASS. Not only that, but let me point this out to the Senator——

Mr. COUZENS. Let me do my pointing out first.

Mr. GLASS. Certainly.

Mr. COUZENS. My colleague, when he proposed this amendment in cooperation with the Senator from New York [Mr. COPELAND], stated that if the President should notify the conferees that this proposal was out of harmony

with his financial program or that he resisted this amendment, so far as he was concerned, he would be glad to have the conferees yield on the amendment.

Mr. GLASS. Oh, yes.

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Virginia?

Mr. COUZENS. Yes.

Mr. GLASS. Assuming, which I do not assume, that the President would approve this amendment, there might be attached to the bill in the other House an amendment which the President would inevitably veto. Then we would have no bill at all; we would have no relief for struggling small industries in this country at all; we would have no liberalization in the case of the member banks of eligible paper which might be rediscounted at the Federal Reserve banks. We have criticized—and nobody more bitterly than I—the failure of the member banks to finance and to make loans; yet I realize that they also have their viewpoint. But they are not authorized to make the character of loans provided under the pending bill; and this bill would make them more willing, if not more anxious, to make loans, because they could rediscount at the Federal Reserve banks. The Federal Reserve banks now are doing nothing in the world but financing the Government of the United States. They are not financing business; they are buying United States bonds. They have scarcely got $300,000,000 of eligible commercial paper in their portfolios. Now we are trying to liberalize the definition of eligible paper so that member banks may make these loans with the assurance that they can go to the Federal Reserve banks and rediscount them for a period of 3 years, and yet the effort is being made to load it up with something that might, that will, inevitably endanger the whole measure.

Mr. COUZENS. The Senator, of course, is entitled to his own opinion, and so am I; but if I recognize the situation in the other body which the Senator fears so much, the Banking and Currency Committee in the House has blocked consideration of the so-called "McLeod bill", and, in that event, they would not, of course, consent to a modification or change in the provision.

Mr. GLASS. But it would come on the floor of the House. The Banking and Currency Committee would not have anything to do with it if it should come on the floor of the House as an amendment.

Mr. COUZENS. They do not always, under the rules of the House, if I understand them, give a chance for the offering of such amendments on the floor.

Mr. GLASS. The Senator is assuming a great deal with respect to the House.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. VANDENBERG] on behalf of himself and the Senator from New York [Mr. COPELAND].

Mr. VANDENBERG. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER], who is necessarily absent. Therefore I withhold my vote.

The roll call was concluded.

Mr. ROBINSON of Arkansas. I transfer my general pair with the senior Senator from Pennsylvania [Mr. REED] to the junior Senator from Illinois [Mr. DIETERICH] and vote "nay."

Mr. LEWIS. I reannounce the absences of the several Senators whose absences I have heretofore announced, and the reasons therefor.

I announce the necessary absence of my colleague the junior Senator from Illinois [Mr. DIETERICH], whose pair with the Senator from Arkansas [Mr. ROBINSON] has just been announced.

Mr. BONE. I beg to announce the necessary absence of the Senator from West Virginia [Mr. NEELY] on official business and to advise that, were he present, he would vote "yea."

Mr. BULOW (after having voted in the negative). On this vote I have a pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE]. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and let my vote stand.

Mr. LEWIS. I desire to announce the following general pairs:

The Senator from Georgia [Mr. RUSSELL] with the Senator from New Mexico [Mr. CUTTING];

The Senator from Texas [Mr. SHEPPARD] with the Senator from Delaware [Mr. HASTINGS];

The Senator from California [Mr. MCADOO] with the Senator from Connecticut [Mr. WALCOTT]; and

The junior Senator from New Hampshire [Mr. BROWN] with the senior Senator from New Hampshire [Mr. KEYES].

I also desire to announce the special pair of the Senator from Oklahoma [Mr. GORE] with the Senator from North Dakota [Mr. NYE]. If present the Senator from Oklahoma [Mr. GORE] would vote "nay" and the Senator from North Dakota [Mr. NYE] would vote "yea."

I also wish to announce that the Senator from Wisconsin [Mr. DUFFY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Idaho [Mr. POPE], and the Senator from North Carolina [Mr. REYNOLDS] are necessarily absent on official business.

Mr. HEBERT. I desire to announce that the following-named Senators are necessarily detained from the Senate: The Senator from New Mexico [Mr. CUTTING], the Senator from Delaware [Mr. HASTINGS], the Senator from New Hampshire [Mr. KEYES], the Senator from Wisconsin [Mr. LA FOLLETTE], the Senatof from South Dakota [Mr. NORBECK], the Senator from North Dakota [Mr. NYE], the Senator from Pennsylvania [Mr. REED], and the Senator from Connecticut [Mr. WALCOTT].

The result was announced—yeas 34, nays 36, as follows:

YEAS—34

Ashurst	Erickson	Kean	Stephens
Austin	Frazier	McCarran	Thomas, Okla.
Barbour	Gibson	McNary	Thomas, Utah
Bone	Goldsborough	Murphy	Vandenberg
Carey	Hale	Norris	Walsh
Copeland	Hatfield	Robinson, Ind.	Wheeler
Costigan	Hayden	Schall	White
Couzens	Hebert	Shipstead	
Davis	Johnson	Steiwer	

NAYS—36

Adams	Byrnes	George	McKellar
Bachman	Capper	Glass	Metcalf
Bailey	Clark	Harrison	O'Mahoney
Barkley	Connally	Hatch	Overton
Black	Coolidge	King	Robinson, Ark.
Borah	Dickinson	Lewis	Thompson
Bulkley	Dill	Logan	Townsend
Bulow	Fess	Lonergan	Tydings
Byrd	Fletcher	McGill	Van Nuys

NOT VOTING—26

Bankhead	Hastings	Nye	Sheppard
Brown	Keyes	Patterson	Smith
Caraway	La Follette	Pittman	Trammell
Cutting	Long	Pope	Wagner
Dieterich	McAdoo	Reed	Walcott
Duffy	Neely	Reynolds	
Gore	Norbeck	Russell	

So Mr. VANDENBERG's amendment was rejected.

Mr. THOMAS of Utah. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 9, after line 6, to insert the following new section:

SEC. —. Section 12 (B) of the Federal Reserve Act is hereby amended by inserting in the first sentence of the second paragraph of subsection (y), immediately after the words "District of Columbia", the following: "And the Territory of Hawaii."

Mr. THOMAS of Utah. Mr. President, the purpose of the amendment is merely to give to the Territory of Hawaii the benefits of the temporary legislation.

Mr. GLASS. Mr. President, I see no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. BLACK. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert in the bill, at the proper place, the following:

Provided, That it shall be unlawful for any Federal, State, county, or municipal official, any member of any National, State, or county committee of any political party, or any other person except a bona fide and regularly employed officer, agent, or employee of the person or corporation seeking a loan under the provisions of this section, to seek to influence in any way any agent, officer, or employee of the Reconstruction Finance Corporation in connection with a loan or any application therefor, under the provisions of this section, and if such unlawful influence is used, the person or corporation seeking such loan shall be disqualified.

Mr. BARKLEY. Mr. President, it was impossible to get the full import of the amendment from hearing it read. Is this the amendment which would make it impossible for any Member of the House or the Senate to call up any member of any of these boards and make an appointment for a constituent to go down and talk to him about a loan?

Mr. BLACK. I shall be very glad to explain the amendment. It would make it illegal for anyone, whether he be a Senator or a Representative or anyone else, to seek to exercise political influence to secure a loan from the United States Government. That is the object and purpose of the amendment.

We are proposing here a new departure. We have advanced now to the stage which many of us predicted we would reach when the Reconstruction Finance Corporation bill first came up, where it is proposed to loan to private industry out of the taxpayers' money. Of course we are providing only about $250,000,000 out of the Reconstruction Finance Corporation fund. My own prediction is that we shall have applications for about $40,000,000,000.

Someone must decide who shall get these loans. I believe that if the Government, through the Reconstruction Finance Corporation, is to go into the business of lending money to private industry, it should do so wholly free from any influence except a careful study on the part of the Reconstruction Finance Corporation of the merits of the applicant.

Speaking in reply to my friend from Kentucky, I do not believe that it is, or should be, the business of any Senator or any Representative or any national committeeman or any public official to seek to exercise any poliotical influence in an effort to have a loan granted to an applicant.

That is the purpose of the amendment. If it is our desire to have Government loans made by the Reconstruction Finance Corporation on the basis of political influence rather than on the basis of merit, of course the amendment should not be adopted. If, on the contrary, in lending the money of the American taxpayers to the industrial activities of the Nation, we propose to have it loaned on the merit of the applicant rather than on the request of a Senator or a Representative or a national committeeman or any other influential man in politics or business, the amendment should be adopted.

That is the entire object of the amendment. Does that answer the question of the Senator from Kentucky?

Mr. BARKLEY. I will take the floor after the Senator from Alabama shall have concluded his remarks.

Mr. BLACK. I shall not make any further remarks at this time. If there shall be any objection to the amendment, I shall desire the privilege of the floor again. I did not anticipate that there would be any objection to it.

Mr. BARKLEY. Mr. President, I realize the good faith of the Senator from Alabama [Mr. BLACK] in proposing this amendment. Of course, what the amendment really does, in effect—and that is probably its purpose—is to furnish Members of Congress an alibi to explain to their constituents why they cannot take up matters before a department that has to do with a loan or accommodation under the terms of this measure.

If this amendment shall be adopted, it will make it necessary for everybody who makes an application for a loan to employ a lawyer. If this amendment shall be adopted, it will be unlawful for me to call up any member of the Reconstruction Finance Corporation and make an appointment for a constituent of mine to go down there and talk about a loan for fear I shall be accused of using political influence. This amendment would be a fine thing for the lawyers in Washington; but there are many industries and many institutions in the country that are on the ragged edge and have not the money to come here and employ high-priced lawyers to recommend them before the Reconstruction Finance Corporation, or before a Federal Reserve bank. The amendment includes all the Federal Reserve banks, and all the member banks, and all the agencies of the Reconstruction Finance Corporation, and the Reconstruction Finance Corporation itself.

I am not so afraid of any influence that I have over anybody in Washington that I am unwilling to call up over the telephone, or even take a constituent of mine down there and introduce him, if he has a public matter that he desires to confer about before one of these boards. I am not so suspicious of myself or of my constituents that I am afraid somebody will say that I am going to get a fee if I take a constituent down here and introduce him or bring him in contact with somebody in the Reconstruction Finance Corporation or in some board before which he has pending an application for a loan. Any Senator who does not want to do that has a perfect right to refuse to do it; but I have been called on, as I have no doubt every other Senator here has been called on, by constituents who do not know anybody in Washington, who have no acquaintance here, who are unable to employ lawyers, who do not know anybody except us, and they do not think there is any impropriety in asking us to present them, and if necessary even to file with one of these boards a statement they might send us and ask that it be given proper consideration. If this amendment is agreed to, we cannot even do that without making ourselves liable to the suspicion that we are trying to exercise some political influence in order to get a loan for somebody out of the Treasury of the United States.

I do not see any need for this amendment. It seems to me that within its terms it casts a suspicion on everybody in Congress who might be willing to aid a constituent or a friend or an applicant to get his matter considered before one of these boards. We have done that in connection with all these activities. We have made arrangements for our constituents, for mayors of cities, and even for Governors of States, to talk to the Secretary of the Interior, Mr. Ickes, about public projects in their towns and in their States. We have sometimes accompanied honest men—men who have been elected by the people, Governors or mayors or county officials—to see the men who have charge of the Public Works program in order that they might present their claims to these public officials, not to exercise political influence but merely to give them an opening so that they may make their own presentation on the merits of the case. If this amendment should be adopted, we could not even do that. All we could do would be to say to our constituents, "We have been so afraid of ourselves, we are under such suspicion, that we cannot even call up and make an appointment for you to go down and talk over an application for a loan."

I am not willing, as I said, to put myself in any such situation or to aid in bringing about any such condition.

Mr. BORAH. Mr. President——

Mr. BARKLEY. I yield to the Senator from Idaho.

Mr. BORAH. I desire to ask a question of the Senator offering the amendment. The amendment provides—

That it shall be unlawful for any Federal, State, county, or municipal official—

To seek to exert any influence in connection with one of these loans. The words "State, county, or municipal official", it seems to me, would prohibit action on the part of those who must necessarily be the connecting link between the parties who are asking for the loan and the agency of the Federal Government.

Mr. BLACK. I shall be very glad to explain, when the Senator from Kentucky concludes, that the amendment does not at all do what he suggests.

Mr. BARKLEY. Not only does the amendment say that but it also says "or any other person." It makes it unlawful for anybody except a duly employed agent of the applicant to go to one of these boards and talk to anybody about loans. Of course I know that the Senator from Alabama does not intend to have this amendment make it necessary for every applicant to employ a lawyer, but that will be the result, because there is not anybody else who could come here and represent a man or a company; and if somebody has to be employed, of course, it will be a lawyer.

I do not see any necessity for this amendment, and I do not know of any reason for it except that we want to find some way by which we can be relieved from aiding our constituents in presenting their claims to the departments at Washington.

Mr. BLACK. Mr. President, in the first place, the amendment does not affect public loans. The amendment does not affect any loan to be made to any public enterprise. It relates wholly and exclusively to the provision which would authorize a private loan to a private industry by the Reconstruction Finance Corporation. It would not prohibit the Senator from Kentucky, or the Governor of Kentucky, or the mayor of Louisville, or any public official anywhere, from seeking to obtain a loan from the P.W.A. It has no reference to that.

Mr. BARKLEY. If the Senator will yield, I realize that, but it might as well have reference to that. If we are going to say that we cannot even communicate with the Reconstruction Finance Corporation with reference to a private loan for which an application has been made by some industry that may not want to pay out money for lawyers' fees, we ought to go all down the line and say that nobody except a hired lawyer shall appear before or present any communication to Mr. Ickes, or to the Public Works Administration, or to Mr. Hopkins, or to anybody else who has anything to do with the distribution of public funds.

Mr. BLACK. I shall be very glad to go into that matter. I desire to say to the Senator from Idaho, who asked me a question——

Mr. BORAH. Since the Senator has made the explanation, I see the effect of his amendment differently.

Mr. BLACK. In other words, the amendment relates wholly and exclusively to this new governmental proposal to lend money to private industry out of the taxpayers' funds. If money is to be loaned by the Reconstruction Finance Corporation to private industry, I take the position that it should occupy exactly the same relationship as does a bank.

Is it necessary for the Senator from Kentucky to appear at the First National Bank of Louisville in order to secure a loan for one of his constituents?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BARKLEY. If I had a constituent who did not know anybody in that bank and wanted me to take him in and introduce him, I do not think I ought to be subject to a penalty for doing so.

Mr. BLACK. The Senator would not be, nor would he be under this amendment.

Mr. BARKLEY. It would be unlawful for me to do it.

Mr. BLACK. It would be unlawful, and would disqualify the man from getting a loan, if he came to the Senator from Kentucky to aid him in getting a loan.

Mr. BARKLEY. In other words, if a constituent came to my office, and I went to Jesse Jones and said, "I would like to have you see Bill Smith, who has an application for a loan; he needs $100,000", the mere fact that I called on him might be construed into an effort to use political influence, and would prevent the man from getting a loan.

Mr. BLACK. It may be that someone is afraid that a law may be passed which will take Senators and Representatives out of the class of glorified messenger boys because he wants to get votes back in his home State. I take the position that with reference to any governmental contract, where the Government's money is to be loaned, it is not right, and it not only is not right, but it is improper for such loans to be made upon the basis of political influence.

I have run into this matter in the investigation of ocean- and air-mail contracts. It is not merely a question of a man introducing his constituents to an official of a department. It is the question of continued, repeated, insistent pressure by Senators and Representatives, who do not know the facts, but who have caused this Government to spend millions and hundreds of millions of dollars of the taxpayers' money on contracts brought about by the exercise of political influence which should never have been put into effect.

Mr. GLASS. Mr. President, will the Senator yield to me?

Mr. BLACK. I yield.

Mr. GLASS. I misconstrued the exact meaning of the proposed amendment when the Senator from Alabama presented it to me. It seems to me entirely too broad in its implication.

Mr. President, never in my life have I asked a man to vote for me, and I have never in the 34 years I have been in Congress asked any department of the Government to give anybody or any concern a contract, and I never expect to do so. But if a concern or an individual from Virginia should come here to Washington and ask me to attest its or his character to any department of this Government which had no acquaintance whatsoever with the person or concern, am I to be charged with using political influence if I so attest the character of the concern or the individual, or ask that the concern or individual may have an interview with any department of the Government? It seems to me that under the broad terms of this amendment that might be regarded as exercising political influence.

Mr. BLACK. Mr. President, proceeding further, I will state that, in my judgment, there is no reason in the world why anyone should reach the conclusion that under the provisions of the amendment it would be using political influence to introduce somebody else.

We know what using political influence is. It is the method about which Mr. Howes, the First Assistant Postmaster General, testified when he said, speaking about those with political influence who sought, as soon as he became Second Assistant Postmaster General, to obtain from him contracts that they swarmed in on him just like grasshoppers, and were just as big a pest.

They wanted certain contracts, and were asking for them, not on the basis of merit, but their correspondence has been introduced into the record by reams and reams and reams, in which they called attention to the fact and boasted about the influence of the Representatives and of the Senators and of the national committeemen and of the managers of Senators' campaigns all over the United States.

There is no use being too sensitive about this matter of influence. We know influence is exercised, and it is absolutely useless for any man to claim he is so blind as not to know there have been political influences wielded in connection with contracts of every kind and character, in order to obtain contracts, not through merit, but by reason of the political pressure that was put behind them.

I desire to make a prediction. I may be entirely wrong, but I believe absolutely that under the simple amendment proposed to be made to the Reconstruction Finance Corporation Act, providing for loans to private industry, greater dangers are involved than under any other measure which has as yet been proposed by the administration. There is nothing new in this viewpoint on my part. I had a similar viewpoint when the R.F.C. bill was first passed, and I voted against such a proposal in connection with that bill. I predicted then that the time would come when the pressure would be so great from the business enterprises all over this Nation that we would find Senators and Representatives running all over themselves in order to get loans granted to private industry which the banks would not grant them, and that has come to pass.

It is proposed that we authorize the lending of about $250,000,000. I received a letter the other day from a chamber of commerce in one little town which said that private industry in that town intended to ask for $750,000. If the money is asked for at that rate from all over the United States, $10,000,000,000 worth of applications will be a very small amount to pour in within a few weeks. What will that mean? Decisions will have to be made by the officials of the States, which later will have to be acted upon in Washington. Somebody will get that $250,000,000, but there will be many others who will be deprived of their part of the loans, even though they are just as worthy.

As one who believe whole-heartedly in this administration and in its desire and its willingness and its intention to bring about great improvement in the business activities of this Nation, I desire now to state that this is the most dangerous proposal that has yet been made, and will work great harm unless some safeguard such as this amendment shall be thrown around it.

Mr. President, the amendment may be too broad; I do not claim that it is perfect. What I am seeking to do is to establish a principle, and that principle is this: If the Government of the United States is to engage in any kind of private business, let it operate under exactly the same rules as those under which private business operates. If the Government is to enter the banking business, in part, why should it be necessary for an applicant for a loan to have the assistance of a Senator or a Representative in order to secure the loan? Does the applicant for a loan now have to go and hire a lawyer in order to get the loan? If it were true that every applicant for a loan from a bank today had to employ a lawyer, then there would be some basis for the argument that if the Senators and Representatives did not secure the loans desired, lawyers would have to be secured. But is that the way private business operates?

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. BLACK. I yield.

Mr. BARKLEY. Does not the Senator recognize any difference between a bank located in any community where it may know the applicants, who are personally acquainted with the officers, and who go in and ask for a loan, and a stranger coming to Washington, who does not know anybody?

Mr. BLACK. I recognize that these applications will be made just as they are today, in the States where the applicants live. They will not be made in Washington.

Mr. BARKLEY. They will be passed on in Washington.

Mr. BLACK. They will first be passed on in the States where the applicants live, and they will be passed on there without any Senator and without any Representative saying anything about them.

Mr. BARKLEY. Mr. President, there has been an agency of the R.F.C. in my State, located in the city of Louisville, ever since the Reconstruction Finance Corporation was organized. I have never requested of that agency, remotely, directly, indirectly, or in any other way, even the consideration of an application for a loan; but under the pending amendment even the mayor of the city of Louisville could not go to the agency in Louisville with a citizen, the president or officer of a corporation, and ask that the agency give consideration to a loan, or even introduce him, without his act being unlawful under the amendment.

Mr. BLACK. I may say that I am not sure that that should not be the law. If that had been the law down in Louisiana, where so much has happened, as we have heard, through local political influence, there would have been an entirely different story with reference to the home-loan bank in the the city of New Orleans.

I admit that I think this principle ought to go further. I think it ought to apply to every business enterprise in which the Government is engaged. I do not believe that there should be any political influence exercised or wielded by any man in political life in order to secure contracts from the Government of the United States, either for the loan of money or for the sale of commodities.

Mr. BARKLEY. Under the language of the amendment, a friend or neighbor of an applicant could not go into the agency in any State, or come to Washington, with the applicant, unless he were hired, even though he might come along as a friend, simply as a matter of accommodation. He could not do it unless the applicant hired him to come, because under the terms of the amendment—

> it shall be unlawful for any Federal, State, county, or municipal official, any member of any National, State, or county committee of any political party, or any other person except a bona fide and regularly employed officer, agent, or employee of the person or corporation seeking a loan—

And so forth. A man could not bring his friend along and let him pay his own expenses and go before one of these agencies to borrow some money.

Mr. BLACK. Mr. President, I do not think anybody is worried about these "friends." That is not the worry. They are not worried about somebody's not bringing his friends.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BYRNES. With reference to the words indicated by the Senator from Kentucky [Mr. BARKLEY], "or any other person except a bona fide and regularly employed officer, agent, or employee of the person or corporation seeking a loan under the provisions of this section"—does the Senator object to eliminating those words from the amendment?

Mr. BLACK. As I have heretofore said, I have no pride of authorship in this amendment. It could be greatly improved, perhaps, by many minds. What I am after is the principle. But I will state to the Senator why I suggested that language. One of the reasons was to avoid exactly what the Senator from Kentucky said would happen with reference to Washington lawyers. Under this provision those seeking loans would not come here and hire one of the Washington lawyers. It would be impossible for them to do that.

Mr. BARKLEY. They could not even bring a lawyer with them.

Mr. BLACK. Not if he were not a regularly employed lawyer.

Mr. BARKLEY. If he were an attorney employed by the year, they might bring him along; but they could not employ any attorney in Washington in view of the fact that no one here in Washington is allowed to say anything in furtherance of a loan. They could not employ an extra good lawyer to represent them before the Department. They would have to bring someone who was regularly on their pay roll.

Mr. BLACK. In my judgment, that is the way people usually get loans. If a man wants to borrow money from the Louisville National Bank, I do not think he gets a lawyer to represent him in borrowing the money. Such borrowing of money is a usual business transaction. He does it as a business man should. When we are proposing to lend the money of the taxpayers, with the theory of getting it back, why should we leave the transaction open to the use of influence by various people in order to get the loan?

Mr. BARKLEY. In that connection anyone who wants to go to a bank to make a loan, of course, goes to a bank which he knows. He goes usually to a bank with whose officers he is acquainted. He goes usually to the bank in his own town. Some people in the country, however, probably have a notion that some of us in Washington are bigger than we are, and they do not even know how to approach Members of Congress, let alone officials of boards, in order to be able to present their matters to them. I do not think such people should be required to bring along a whole coterie of lawyers on yearly pay in order that they may not make a mistake in presenting their matters to the board.

Mr. BLACK. If we do not put in the bill such a provision as the one I have suggested, I am afraid that Washington will be visited by a swarm of lawyers. My own theory is that if they are going to get money from the Reconstruction Finance Corporation, they should go in just as they do their banks and seek their loans. I see no reason why we should

get all worked up and anxious about someone's coming to Washington to get a loan. There is no reason for coming to Washington to get the loan. The place to apply for it is in the home town of the man who makes the application.

There is one other point to which I desire to call attention. It may be altogether improper. It may not fit. I have an idea that the time has almost arrived when Senators and Representatives should engage to some extent in the business to which they are elected, to wit, lawmaking. That is an old-fashioned theory, I admit. There is no question about its being an old-fashioned theory. My own judgment is that one of the purposes for which men are elected to the Senate and the House is to legislate. I am perfectly free to confess that one of the easiest ways to stay in the House or the Senate is for the Senator or Representative to spend all his time in trying to get special favors for his constituents.

I admit that it is old fashioned to have an idea that, perhaps, Senators and Representatives ought to spend at least a reasonable part of their time in connection with the enactment of legislation; but, somehow, I believe that, perhaps, Senators and Representatives might have a little better standing in the country if they spent more of their time at the work of lawmaking rather than spending most of their time, as many have done, by force of circumstances, in trying to do things which it never was contemplated they should do.

The Government is more and more taking part in various business activities. I am familiar with the history of the State bank in my State. I know what happened with reference to the idea of having friends who could induce loans to be made. I know that when that bank finally toppled and fell, it brought on a wave of disgrace all over the State; and I know that the same thing happened in every other State of the Union that had a State bank.

I have not yet forgotten that there was a bank in Philadelphia to which old fighting Andrew Jackson was opposed. I have not yet forgotten the slimy trail of political corruption which was exposed in connection with that bank. Why were there such corrupt conditions connected with the bank? Because of political influence. When, finally, its affairs were exposed to the public, in calling the list of those who owed the bank one could call the roster of the political celebrities wherever that bank had done business and find very few names missing. Then when those who had recommended others for loans were exposed, the same condition was found—political influence. In that case the use of political influence was not because people were called upon to take care of their friends and constituents in a lawful and legitimate enterprise but the money of the taxpayers of the United States in that bank had been turned over to the political favorites and the favorites of the political favorites.

My amendment is based on a very simple principle. If it is wrong, it ought to be defeated. If the principle is right, and the amendment goes too far, or does not go far enough, the amendment should be rewritten and the principle should be carried out.

I will state the principle on which the amendment is based. I have arrived at the conclusion that this principle ought to prevail largely as the result of what I have seen in the past year. I believed before then that so far as possible, political influence should not govern in connection with governmental affairs. All the evidence in connection with the air-mail investigation has not come out—I saw no reason to bring it out—but the people of this country would be absolutely amazed if they knew how many contracts for millions and millions and millions of dollars had been made, not because of the fact that the contract itself justified it, but because of pressure, pressure, pressure.

I desire to have it understood that pressure never has been, and never will be, limited to any one party. If a limited amount of money is available, and 100 people want to borrow that money to every one person who can get it, we know from our knowledge of human nature that the person who will get it will be, in the main, the one who had influence behind him, because that has been true throughout all human history in connection with the lending of money by governments and governmental agencies.

The principle is that if the Government is to engage in any kind of business, either directly or through agencies or bureaus, those agencies and bureaus should act wholly free from any kind of political influence, and solely and exclusively by reason of a paramount sense of public duty, and they should be free from the pressure of political agents; and I include in that the principle that they should be free from the pressure of Senators and Representatives. That may be a wrong principle, but it is one in which I believe.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BARKLEY. I recall a little incident in my own experience within the past year. In my home city there is a chamber of commerce, one of whose duties and functions is to bring new factories into the town. It has been the practice there for many years, as it has been in other communities, to induce factories to come there by relieving them from taxation for a period of 5 years.

An opportunity came to the community to bring a factory there which would employ from 1,000 to 1,500 people, which would absorb the entire unemployed list in the city. Under the charter of the city it had a right to buy a building and turn it over to the coming factory for a period of 5 years, and charge rent upon it until the cost of the building had been amortized. The town council passed an ordinance authorizing the city to borrow enough money to buy the building, or to build one and to turn it over to the new factory which was to employ from 1,000 to 1,500 people, which has since been built, and the company is now employing 1,000 people.

The mayor of the city came to Washington. The city attorney came to Washington. I went to the Reconstruction Finance Corporation with them and introduced them. I undertook to tell the members of the board of directors what it would mean to the community in the way of employment of unemployed men and women if the loan were granted and the factory brought there. They were unable to get the loan. They finally got it from private sources, and erected the building, and the factory is in operation, and is now employing 1,000 people.

If the amendment proposed by the Senator from Alabama had been in force, however, I would have been a criminal for going to the Reconstruction Finance Corporation with the mayor of my home city and asking them to give their consideration to an application for a loan of that sort.

Mr. BLACK. Mr. President, in the first place, there is no reason why it should be necessary for a Senator to go to a department and ask that its officials give fair consideration to a proposal which has been submitted.

Mr. BARKLEY. I will say that it may be that it would have been entirely the proper and statesmanlike thing for me to have said to my friends, "I cannot go with you; I am a statesman; I am above the petty things that affect the community in which I live; you must employ a lawyer; bring your lawyer with you." It might have been wise for me to say that; it might have been a statesmanlike thing for me to say it; but I did not say it. I went with them; I am glad I went; I have no apology for going; and I would go again under the same circumstances. I am not ashamed to try to render a little service to the people of my State, and I am not ashamed nor afraid that somebody is going to call me a crook if I do accommodate them now and then by presenting them and their causes to the department in Washington.

Mr. BLACK. I am very glad to know the Senator has no fear that anybody will accuse him of anything wrong. I do not consider, however, that that has very much bearing on the question at issue before us. My idea is that we are talking here about a principle and not any individual's feelings with reference to what he has done or what somebody might or might not think about him. I raise no question about what the Senator has done, but what I am saying is that we are now proposing to let the Government go into the business of lending money——

Mr. GLASS. Now proposing it!

Mr. BLACK. Well, we are going further than we have heretofore gone.

Mr. GLASS. What has the Government been doing for the last 3 or 4 years?

Mr. BLACK. The Government is now proposing to extend loans to private business. The Senator, as I understand, has an amendment which will extend loans to private industry to the extent of $250,000,000. My own judgment is that if the Government is going to lend money to private industry, it ought to make the amount sufficient really to fill the bill. If we are going to take the place of banks, I think we ought really to take the place of the banks, and do the work, whether it involves $250,000,000 or $10,000,000,000. I believe that when the Government goes into the banking business for private industry, the Government should operate exactly as banks do. Why leave ourselves open to exactly the same situation and a repetition of exactly the same events that have always happened when the Government lends public money? When a Government agency lends money to private individuals, it will be found that the energy of those individuals is spent not to prove that they can pay the money back, not to establish in a legitimate business way that they are entitled to a loan from a business standpoint, but their energy will be expended in having letters and telegrams sent to the Members of Congress urging them to use their influence; and the Members of Congress will not have the ability nor the time to determine whether that loan should or should not be made. I would not say that the Members of Congress would not have the ability, because I think that most of them would have the ability if they had the time to give to the subject and consider it on its merits and the arguments for and against. I am willing to assume that they would then have the ability to pass upon the matter, but I do deny that there is a single Member of this body or a single Member of the other House who, with the various duties he has to perform in connection with the functions of his office, has time to pass upon the merits of the individual applications for loans which will be made.

Mr. ASHURST. Mr. President, does the Senator from Alabama believe if a Senator should examine the request for a loan which is urged and asked in his State and should find that the loan should not be made, that there are more than two Senators here who would say, "We do not want that loan to be made to and in our State"?

Mr. BLACK. Of course, they would not say that they would not want the money loaned. I should like to have the roll called on that question. I am wondering how many there are here who have ever told their constituents that they did not want a loan made in their behalf.

Mr. GLASS. Mr. President, I suggest, then, that the Senate ought to be abolished.

Mr. COUZENS. I second the motion.

Mr. GLASS. If we have not more than two Members of this body who are honest enough to advise against what they know to be bad loans, we are just a disgrace to the Nation; that is all there is about it.

I never have told a department of this Government to let a contract to anybody in my State. What I object to about this amendment is its broad terms. I want to know what may be regarded as "political influence."

Supplementing the incident given by the Senator from Kentucky, there was a concern in my State, in my town, employing 436 people, men and women, which needed a loan. It first went to Richmond and applied to the branch of the R.F.C. in my State and had its application for a loan fully approved. It came here to Washington and asked me to go to the Reconstruction Finance Corporation and request prompt consideration. I did not go, because I rarely ever or never go on missions of that kind, but I unhesitatingly wrote to the Reconstruction Finance Corporation saying that I had no knowledge whatsoever as to the merits of the application, but asking that it be given prompt attention, because the loan, if it were to be made available at all, should be promptly available. Under this amendment I would be a criminal for making that suggestion to the Reconstruction Finance Corporation.

As a matter of fact, the Reconstruction Finance Corporation was so dilatory in the consideration of the application that the concern went to a private financial institution and got there the loan which it desired to get here. But, for one, I do not need to have any statutory limitations put upon my sense of propriety.

Mr. BLACK. Mr. President, I desire to state to the Senator from Virginia that, in my judgment, the amendment would not cover the circumstance which he mentions.

Mr. GLASS. Oh, yes. Who would not regard that as "political influence", attesting the character of men I had known all my life?

Mr. BLACK. I would not.

Mr. GLASS. Perhaps the Senator would not, but perhaps somebody else would. I agree with the Senator that the Government ought to be conducted on business principles, but, of all the departments that ought to be conducted on business principles, the Post Office Department is, perhaps, first.

I assume, of course, the Senator from Alabama has never recommended the appointment of a postmaster in Alabama; or if he has ever recommended the appointment of a postmaster, I assume, of course, he has not taken the pains to find out whether the appointee was a Democrat or whether he was a Republican. [Laughter.] If we are going to enter upon the work of constituting a strictly business institution of every department of the Government, we might apply the principle to the Post Office Department.

Mr. BLACK. I should be very glad to answer two of the statements the Senator has made. In the first place, the Senator says he wants it understood that he has to have no law passed in order to tell him what to do. I admit that. There are many people all over the United States who do not need laws to tell them what to do; but my able friend from Virginia has been here for many years, loyally and zealously serving as a Member of this body, engaged in enacting laws for some who needed laws in connection with their conduct.

Now, with reference to the appointment of postmasters, although, in my judgment, that has nothing to do with this case, I voted for the amendment of the Senator from Nebraska [Mr. NORRIS], and I am perfectly willing to vote for a bill which will give us a real, honest, genuine civil service, taking every postmaster away from the political patronage of Senators and Representatives in Congress. If that does not answer the Senator's suggestion, I have tried to answer it.

Mr. President, there is not any use in trying to evade the issue before us by suggesting that the amendment does not fit it. I assume that probably it will be defeated, just as many other movements in this direction have been defeated, but if a Senator is in favor of the principle of having Government loans made according to business principles, and this amendment does not do it, let him offer an amendment to this amendment, so that we can make it fit the principle of which he is in favor if he wants to let the business of the Government be operated upon business principles.

Mr. President, perhaps I have taken more time than I should have taken. I think an amendment such as this should be attached to every bill that has anything to do with the expenditure of Government money according to contract. I think the time has come when, if we do not let Government contracts be made on business principles, so far has the Government gone into the field of private business today, that we are destined to wake up to find some very sorrowful people. I frankly believe, with reference to these particular loans, that this administration has taken no more dangerous step than will be taken if we provide for loans to private industries, providing only for $250,000,000, when it is known that there will be more than $10,000,000,000 of applications, unless we put some kind of safeguard so as to provide that our public servants shall make the loans free from political influence.

This is no new doctrine on my part. I have read in this body in recent months opinions of the Supreme Court of the United States announcing these principles. A contract made between the very lawyer whom my friend from Kentucky mentioned and an applicant for a loan is a case

in point. The principle has been held to be contrary to law and contrary to public policy by the Supreme Court of the United States. The very principle of having Representatives and Senators seek to obtain loans has been held to be contrary to public policy by the highest court of the Nation. That is exactly what the amendment attempts to prevent. If it is too broad it should be modified.

If a Senator is opposed to the principle then the thing to do is to vote against the entire amendment, but if Senators favor the principle of having loans made of the taxpayers' money—and it is the taxpayers' money—according to the standards of merit and justice and fairness rather than because of political influence, then the amendment should be adopted. If the amendment is not correct I hope some Senator may offer a substitute.

Mr. GLASS. Mr. President, I may remark briefly that it is by no means certain that the Reconstruction Finance Corporation under the terms of the bill will ever be called upon to loan a dollar. As a matter of fact, the most important provision of the bill is its liberalization of the eligibility of paper that may be rediscounted at Federal Reserve banks by member banks.

If the Senator from Michigan [Mr. COUZENS] will just listen to me a moment, I shall try to convince him, but he turns away in such disdain as to discourage further remarks on my part. [Laughter.]

The $280,000,000 fund provided in the bill that may be loaned directly by Federal Reserve banks is not a circumstance to the amount of loans that may be made under the provisions of the bill. The nearly 8,000, if not quite 8,000, members of the Federal Reserve System, both National and State banks, may with confidence make hundreds of millions of loans under the provisions of the bill, because they will realize that they may go to the Federal Reserve banks and have the obligations rediscounted for a period of 5 years, something that has never been permitted under any statute we have ever previously enacted. The dangers of the bill are simply frightfully magnified by the Senator from Alabama [Mr. BLACK].

Moreover, if the Reconstruction Finance Corporation were to loan every dollar that it contingently may loan under the provisions of the bill, it could not loan more than $250,000,000, and that is all.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from Virginia yield to the Senator from Kentucky?

Mr. GLASS. Certainly.

Mr. BARKLEY. The authority to loan even that much expires next January.

Mr. GLASS. Yes. It prevails for 7 months only. Not only that but the borrowers will not be able to get a dollar of that $250,000,000 until they first shall have exhausted every possible effort to get credit at the member banks or nonmember banks at the current bank rates and, having failed at their local banks, have failed to get credit at the Federal Reserve banks. So where is this frightful danger that we ought to avoid?

The $250,000,000 of possible loans of the taxpayers' money is nothing. We have been pouring out money like water running through a sewer, with no prospect of ever getting a dollar of it back. Yet the bill is characterized as a measure of "frightful danger" to the pockets of the taxpayers. There is not one particle of danger in it. I doubt if ever a dollar will have to be loaned by the Reconstruction Finance Corporation under the terms of the bill. But I hope and I confidently expect that hundreds of millions of dollars will be loaned under the terms of the bill by the member banks which are chockful of money and know not what to do with it except to buy United States bonds. I am tired of seeing the Federal Reserve banks and member banks of the Federal Reserve System concentrating their whole activities upon financing the United States Government instead of financing business and giving employment to people who are unemployed.

Mr. NORRIS. Mr. President, I want to commend to the best of my ability the Senator from Alabama [Mr. BLACK] for proposing his amendment. It has been ridiculed. Fun has been poked at it. It has been said that it will not accomplish any good. Nevertheless the principle involved in the amendment proposed by the Senator from Alabama is a principle which, in my humble judgment, will go a long way, if it is enforced, toward saving the Government from ruin and incidentally toward saving also the Democratic Party which is now in power.

In all probability I have said all that I ought to say on the subject. I have not anything new to say. If there is anything wrong in the principle involved, it seems to me that under the present depression I can see the end. If we are going to take the taxpayers' money by the hundreds of millions and loan it out on political influence, then we ought not to stand as a nation. Naturally, we would go down. Such a proposal is unscientific, unbusinesslike, unfair. I think it is a dishonest use of the taxpayers' money.

That does not mean, if we shall not adopt the amendment, that something dishonest will happen in the loaning of the funds. I do not mean that. The amendment ought to reach every department of the Government. When the Senator from Virginia [Mr. GLASS] made the suggestion about recommending postmasters, that did not bother me at all. The same principle ought to pervade the Post Office Department, from the Postmaster General himself to the janitors who scrub out the post offices in the various cities and towns of the United States.

I have had people poke fun at me for proposing various things. The proposal of this amendment seems to bring out the same line of thought. But the principle here involved is a little more vital. I believe that some day there will go into the White House a man who will say, referring to the Post Office Department, that from top to bottom that Department is going to be operated as a business institution; a man who will say, "We are going to run it as a business proposition. We are trustees of the people's money which we appropriate to run it, and we ought to be more careful about the way those funds are expended than if it were our own money."

We passed a bill the other day to endeavor to reduce gambling. I have no objection to a man gambling if he wants to do it and if he uses his own money. If he gets any enjoyment out of gambling, I have no objection to it. He must handle his own funds, however. I do not want him to gamble with my money, and I do not want him to gamble with the money of anybody for whom I am a trustee here.

I recognize the questions that were asked the Senator from Alabama. Similar questions have been propounded to me for 10 or 15 or 25 or 35 years. I have been laughed at, because it has been said, "Why, this proposal does not apply to me. Why are you seeking to make it apply to me? I have conducted my office above any such happenings as this proposal penalizes."

That may be true. I do not deny it, at least. I am not making an accusation against a Senator or a Member of the House of Representatives; and I am not apologizing either because he says, "This proposal has no application to me. Why should the law cover me?"

Of course we cannot make exceptions to a law. Sometimes a law discommodes somebody who has no intention of doing anything wrong. That is true of every law we pass which we have to make general. Honest citizens have often been discommoded and interfered with in their business because laws are necessary on account of a lot of other men who are not so honest or so scrupulous.

I had a letter less than 10 days ago from a man whom I do not know. I never saw him or heard of him before, and it may be that it will be found on investigation that the story he told me is untrue; but this is what he said:

He is an abstractor in the county seat of a certain county in the United States. It is a town of ten or fifteen thousand people. There are several other abstractors in the town; but he said that in carrying out the new home-loan law passed by Congress, where abstracts are to be had in this county—and it applies to every town in the county—one man makes all the abstracts. It may be—I am not acquainted with the ground—that all the other abstractors are not competent

men. I do not know; but this man said in his letter that an abstract made by any other abstractor is sent to this particular abstractor, and he must certify to it, he must extend the abstract or no loan will be made. It happens that the abstractor who gets all the abstract business in that town is the chairman of the Democratic county committee. I suppose that is just an accident.

When I told that story to some Members of this body in a casual conversation I had a week or so ago, I was laughed at. They said, "That only shows that the Democratic Party are sure that they are doing business right. They are giving it to Democrats." Senators may laugh at that if they wish. They may make fun of it; but I want to warn them that that kind of an arrangement will bring discredit upon the people who put it into operation, and the Democratic Party will be no exception. It would be just the same if the Republican Party were in power and did the same or a similar thing. If a business operation is to be performed, it ought to be performed along business lines.

In my judgment, the organization or the political party which insists on performing a business operation along political lines, and for the benefit of members of a political party, will run on the rocks; and such a course will cause even the man in the White House to suffer, perhaps at a time when suffering will mean much in a political way.

Mr. President, I do not think this amendment prohibits a Member of the Senate from introducing a man whom he knows, or who comes from his State, or from some other State, to an official whom the man does not know; but we have not been able so far to close our eyes to the fact that it is just a little beyond that that the evils of the situation creep in.

What action did the President take a few weeks ago to stop a condition that had become nauseous in the eyes of the American people, where Democratic politicians, chairmen of Democratic State committees, and others under them, were charged—and there seems to have been some ground for it, because the President took action in the matter—with using their political positions to get favors for their clients?

It is not necessary to tell the ordinary official that a man is a Senator or the Vice President or a Member of the House of Representatives. He knows it; and, in addition to that, the men whose time is thus taken up have other duties to perform for which they have been elected. No Member of the House, no Member of the Senate ought to devote all his time to looking after those who want to get office or those who want to get contracts from the Government; and I think such a law as is here proposed would be a relief, rather than an impediment.

I had a conversation with a Senator the other day—in fact, I saw the letter—in a case where an individual had a claim pending against the Government of the United States on appeal from one of the various boards. The letter insisted that the Senator to whom it was addressed should go down before the board in person—that is the way the writer put it, in black and white—and appear for the writer of the letter, a constituent. The Senator declined to do it. He felt that it would be wrong and unethical for him to do so, and he wrote the constituent to that effect; and I saw the reply. His constituent took that letter and sent it to a Government official in Washington—I think it was a Government official—and asked him whether Senators could not appear before the board and argue their constituents' claims; and the answer was that they could and that they did, many of them.

In what position did that leave the Senator who took that attitude, which I think was high and professional and ethical, but whose constituent wrote to him and told him to his face that other Senators were doing this, and asked why he should not do so? Why did the constituent want the Senator to appear in person before the board? Was it because the Senator was John Smith or Jim Jones, or because he knew something about the claim? As a matter of fact, the Senator did not know anything about the claim. The constituent had a representative who did, who was not a Member of Congress. Why did the constituent want his Senator to go there and appear in person? Because of political influence.

Senators, let us not kid ourselves about this matter. This man did not say. "I want your influence as a Senator"—oh, no. I suppose the Senator could have gone down there and never have used the word "influence"; but would the officials of the board know who he was? Would they wonder why he appeared there to represent this man in a case of which he would disclose his ignorance if he had tried to argue it for a minute?

There was nothing in the world that the constituent wanted except political influence. It seems to me he was not entitled to it. It seems to me there ought to be a law to prohibit it, to protect Senators and Representatives who do no want to be dragged into unprofessional and unethical conduct by some of their constituents.

Mr. ADAMS. Mr. President, I am somewhat new here. I came here with high hopes that I was coming into a body of honest men. So far as my observation goes, I have found that to be true; and I resent the repeated charges under these forms that Members of the United States Senate are not to be trusted, that they are corrupt, that they are using their standing and their position in order to secure things for themselves or their constituents by improper methods.

Perhaps I come from the wrong neighborhood, Mr. President. In my part of the country men are sent to high office because they are trusted, not because they are dishonest. To say that a man whom the people trust, a man whom they permit to appropriate their money and to levy their taxes is not to be trusted with the very business with which the people have trusted him is something that I cannot understand.

No man is so greatly interested in having efficiency in business, in having business honestly conducted as a Senator of the United States; and yet not only today but previously we are in substance told to our faces, "If you, a Senator of the United States, go to any public official and present your views as to what is good for your constituency, either individually or as a group, you are doing an unlawful and a dishonest act."

Mr. President, this particular amendment is not limited—and I call this to the attention of the Senator from Virginia—to political influence. It forbids the exercise of any influence in any way. I, like the Senator from Virginia, happen to be one of those who have declined to go to the departments to secure favors of any kind. I have never recommended loans. I have never recommended the making of a contract. But apparently within the past week I have offended against the underlying principle of this amendment, because I called up the Reconstruction Finance Corporation and said that a friend and a neighbor of mine was coming to see them and that his word was good. I knew that; no other man in Washington knew it as I did, and I took occasion to say to them, "What this man tells you you can rely upon." That would be prohibited by the amendment.

If the board of county commissioners of my county, interested in the establishment of a factory or an industry in my county, should come here and should go to the Reconstruction Finance Corporation to present the views of my community on behalf of a loan to a local industry, they would violate the principles of the amendment in performing their duty to their community. If a man who happens to be a precinct committeeman—and who probably does not know it—should come here in the interest of some enterprise in my community, he would violate the amendment.

Mr. President, I am as much opposed to the use of improper influence as is any man who sits in this body, but I am unwilling to charge that every time a word is spoken in behalf of a loan or an enterprise that is inevitably a corrupt and a corrupting thing. I am among those who still trust the integrity of public officials, and particularly of the Members of the United States Senate.

Mr. BYRNES. Mr. President, I intend to vote for the amendment offered by the Senator from Alabama [Mr. BLACK], and I desire to give my reasons for so doing.

I do not believe that anything contained in the amendment, or anything said by the Senator from Alabama justifies the impression that it is intended to reflect in any way upon the integrity of any Member of the House or of the Senate. As a matter of fact, it would be well to consider just what the amendment provides.

It would not apply to loans sought by public bodies. It would apply only to the acts of the officials of the Reconstruction Finance Corporation in making loans to any industrial or commercial business established prior to January 1, 1935. Therefore it would not apply to county commissioners, or to municipalities, or to States, but would apply only to those who are engaged in business throughout the States of this Union.

We may as well understand exactly what would take place when an application for a loan was filed. When an application for a loan was filed it would be investigated by the officials and employees of the Reconstruction Finance Corporation out in the field. They would look into the character and the reputation of the applicant in the community in which he lived, and they would learn about him. When they passed upon the loan, if they determined that the security offered was not adequate, the application would be rejected.

It is then that the applicant would appeal to the precinct official, to the official of the county committee or the State committee, or to the Senator or the Representative. He would appeal for the purpose of securing a reversal of the decision of the official in the field who had passed upon the adequacy of the security, and who had an opportunity to ascertain the character of the applicant.

When the applicant came to Washington, if he were accompanied by the State chairman, or the national committeeman, no one can have any doubt as to why the State chairman would be requested to come, or why the national committeeman from a State would be requested to come. If he were not accompanied by the State chairman or the national committeeman, but came to a Senator or a Member of the House of Representatives he would not have the Member of Congress accompany him in order to have his cause presented upon its merits by the Senator or Representative. It would be solely because he believed that they would bring to bear political influence, in order to induce someone in Washington to reverse the action of the official in the field who had rejected the application for the loan.

When we reflect that the amendment applies to the representatives of National, State, or county committees, or Federal officials, we must bear in mind that the employees of the Reconstruction Finance Corporation are appointed by the board in charge of that organization, but those of us who have been in public life know that many of the attorneys and employees who pass upon loans are men who have been appointed upon the recommendation and endorsement of members of national committees, of State committees, of Members of the United States Senate and of the House of Representatives; and when a member of the Senate or the House goes to the Reconstruction Finance Corporation to advocate granting a loan, it is possible, and not only possible, but probable, that in some instances he will appear before a man who has been appointed upon his own recommendation. I do not believe it is good for the taxpayers of the United States that the money of the taxpayers should be loaned under such circumstances.

It is said the amendment would affect loans where a municipality or some public organization was interested. There is not so much incentive to use political influence when a municipality is asking for a loan; but in the case of private individuals, with political influence in the States of the Union, when they ask for loans which are denied upon the merits of the cases by the officials of the R.F.C. out in the field, and then come to Washington, there is an incentive to use political influence, and it is an exceedingly difficult thing for a Member of the House or of the Senate to decline to present to the officials of the Reconstruction Finance Corporation a constituent whose application has been rejected.

Mr. President, I do not think any harm would result from the amendment. There may be some one case where it would work hardship, such as that cited by the Senator from Kentucky, in which he believes justice was done because he was able to introduce some individuals to the officials of the Reconstruction Finance Corporation; but for every case of that kind there will be 10 cases where applicants whose loans have been rejected upon investigation will be coming to Washington to seek political influence in order to secure the loans.

Two hundred million or two hundred and fifty million dollars may be a small sum considering the amounts which have been spent by the Government in recent months, but even if the amount which might be loaned under the amendment were only $250,000 instead of $250,000,000, I should be happy to know that it was to be loaned solely upon the adequacy of the security and not upon the political influence of the individuals who present the applicant at the office of the R.F.C. in Washington.

Mr. McGILL. Mr. President, will the Senator yield to me?

Mr. BYRNES. I yield.

Mr. McGILL. Assuming that the principles embodied in this amendment are good, does not the Senator think that the penalty, or what might properly be described as the "penalty", is to be assessed against the wrong party? I note that the amendment provides that no member of any National, State, or county committee of any political party, or any other person, unless regularly employed by the concern seeking a loan, shall appear or attempt to exercise any influence, and that if that is done the corporation seeking the loan shall be disqualified.

Suppose a corporation seeking a loan does not ask for the aid or the assistance of any official of any county or State or National committee, or of any other organization, but that influence is attempted to be exerted; it would seem to me that, admitting the correctness of the theory embodied in the amendment, the penalty should be against the one violating the law, and not against the applicant.

Mr. BYRNES. I do not believe there is any practical danger that any National, State, or county committeeman is going to seek to use political influence except at the request of the individual.

Mr. McGILL. The point I am getting at is this: Assume there is a committeeman who would like to see a corporation denied a loan; he could very easily disqualify the corporation.

Mr. BYRNES. I think the Senator might well offer an amendment to provide that where such unlawful influence is used at the request of the applicant, and so forth. That is what the Senator has in mind. In other words, the applicant would not be disqualified unless he had really requested the influence.

Mr. McGILL. What I had in mind, if the Senator will pardon me, is that, if anyone should be punished for an act of this kind, it ought to be the party who commits the act, rather than the one seeking the loan.

Mr. BYRNES. I do not care to detain the Senate. I do not believe there would be any serious results from the adoption of the amendment of the Senator from Alabama. It might accomplish what the Senator from Alabama has stated it would accomplish, and that is a factor which must be considered. It might give to Senators and Members of the House more time to attend to the business of their respective bodies. It is a fact that, if all the applicants whose loans are rejected should come to the committeemen and to the Members of the House and Senate to follow through these loans, certainly the Members of the Senate would be unable to attend to their business and would become brokers as well as traveling salesmen and glorified secretaries of chambers of commerce and superintendents of employment agencies. The amendment might limit their activities to a few of those activities and not permit them to be extended to the field of brokerage.

If it be true, as has been said, that the individual citizen does not know that he can approach Government officials today, such legislation would have a wholesome effect. I fear that the average citizen has come to believe that he cannot approach any official of the Government except through a Senator or a Member of the House. If he could be taught that this is his Government, and that he has a right to approach any official of any department without communicating through a Senator or a Member of the House, it would be most wholesome, and be in the interest of good citizenship.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. ADAMS. I desire to call the attention of the Senator from South Carolina to the amendment, and point out that under its terms if one hires a national committeeman and pays him to act as his representative it is not contrary to the amendment. If one hires a mayor as his representative, and pays him, it is not contrary to the amendment. If one hires the district committeeman, in the same capacity, and pays him, it is not contrary to the amendment.

Mr. BYRNES. No, Mr. President; I disagree entirely with the Senator from Colorado, because the amendment says "any regularly employed officer or agent." I can see the purpose of the Senator from Alabama. As he said, whenever industries seeking a loan apply to any bank, they apply through the regularly employed officials of the institution. It is only when they get into the field of government that they believe they can no longer rely upon the regularly employed officers, but that they must go to the regularly elected committeemen and Senators and Representatives.

Mr. ASHURST. Mr. President, in Oliver Goldsmith's immortal classic, The Vicar of Wakefield, it is said:

> That virtue which requires a sentinel is not worth the sentinel's pay.

This amendment is not so much for the protection of Senators and Representatives as for the protection of the general public. Surely there cannot be a Senator here who is oblivious to the fact that now, and for many months, the air of this city is fetid with the breath of place hunters, schemers, grafters, crooks, and that many oleaginous lobbyists are here. Like obscene harpies, lobbyists are hovering not so much over the Senate and the House as they are over every department and every agency of the Government here.

It has been suggested that some Government officials—I do not refer to the Senate or the House—are now likened to hunted animals, pursued by beasts of prey. These officers are not pursued as a rule by men seeking honest things, but by men who are seeking some favor, gift, grant, or bounty from the Federal Treasury.

To adopt this amendment is not a reflection upon the Senate. I think the Senate is honest and capable of transacting public business, and needs no protection against lobbyists, because I know more than 10 Senators who within the last week have told lobbyists where they should go.

I again say that the Capital is infested with lobbyists who clutter the public buildings. These lobbyists are not here to give strength to the Government. They are not here to add permanency and durability to the Government. They are here in large numbers to line their pockets with the avails of contracts which will not stand scrutiny.

Only this morning the Judiciary Committee was required to report a bill adding more severe penalties against those who palm off fictitious bonds on the Government of the United States for the fulfilling of contracts, and who forge the names of notaries public on contracts with respect to bonds offered to the United States for the fulfillment of contracts.

I shall vote for this amendment, not that our virtue needs a sentinel but that the public needs to be assured that we are alive to what has been going on in this Capital and that we intend to protect the Government.

Mr. GLASS. It has been clearly indicated that we do not have any virtues to watch.

Mr. SHIPSTEAD. Mr. President, I am in perfect accord with the aim of the Senator from Alabama. The custom to which he refers is a custom which has grown up in recent years of a Senator or Representative neglecting his legislative duties and spending a large share of his time in going around to the executive departments to see that they operate, or to try to help his constituents get some attention so that their business may be transacted. They are entitled to courteous attention without the aid of a Representative or Senator, and should have it.

The former Senator from Minnesota, Mr. Clapp, quit the Senate in 1916. A few years ago, before he died, I asked him how many letters from his constituents he would average during the last few years he served in the Senate, and he said about half a dozen. I do not know what the experience of other Senators is, but it is a very slow day when we do not have 300 letters, and up as high as 500 or 600 letters, most of them not having to do with legislation, but having to do with the executive branch of the Government.

We have soldiers' claims for compensation. We have established by law an organization to see that that kind of business is transacted. Under the custom which has grown up, Senators and Representatives transact that business for constituents before the Veterans' Bureau and help these men prepare their cases, when under the law we have furnished attorneys for the Veterans' Bureau to help these people prepare their cases. If we go on in this direction, the ultimate result will be that the average citizen must have a Senator or Representative with him when he goes to the post office to buy a postage stamp, because we have drifted into a situation where it is very hard for the average citizen to transact business with the Federal Government without having the aid of a Senator or a Representative.

So far as I am concerned, I am glad to be of any assistance to my constituents that I can. I do not blame any political party for the custom which has grown up here. It has been in existence since long before I came here. It exists under any administration.

As the Senator from Alabama said, we were not elected to run the executive branch of the Government. When a man comes here and takes the oath of office, he swears that he will confine his activities within the sphere allotted to him by the Constitution, the legislative body. Instead of that, we find that a great part of our time is taken up outside that sphere.

I think that anything which can be done to separate the business of the legislative department from that of the executive department ought to be done, and so far as this amendment is concerned I am in hearty sympathy with its aims.

Mr. McGILL. Mr. President, I move to amend the amendment of the Senator from Alabama [Mr. BLACK] as follows: In line 11, after the word "if", I move to insert "upon the request of the person or corporation seeking a loan", so as to make it read:

> And if upon the request of the person or corporation seeking a loan such unlawful influence is used, the person or corporation seeking such loan shall be disqualified.

Mr. BLACK. I have no objection to that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas to the amendment of the Senator from Alabama.

The amendment to the amendment was agreed to.

Mr. FESS. Mr. President, I am in entire sympathy with the suggestion that contracts should not be secured by undue political influence. Every Senator, I am sure, will be glad to be relieved of the necessity of taking up the subject of a contract in person or by correspondence with a department for the person who wants the contract.

On the other hand, I am wondering how far we ought to go with this proposed legislation. I should be somewhat embarrassed if someone from Ohio should say to me that he would like to be recommended or introduced to a department which is about to let a contract and I could not do so. I should feel in honor bound to introduce him.

Does this amendment go to the point where such an action would be a violation of the law? Would it be a violation of the terms of the amendment if a Senator presented someone who wanted a contract to the department letting the contract, and asked that consideration be given him?

Mr. BLACK. Mr. President, as I said a few moments ago, it is my judgment that such an act could not be construed as using influence. I have no doubt that the line can be so clearly drawn that it would be very easily understood, and I do not believe anyone would construe the introduction of a man to an official as using influence.

Mr. FESS. I would say to the Senator from Alabama that to relieve Senators from the onus of having to appear interested in their constituents getting contracts would be a great relief to us all. I agree that we ought not to regard that as being a part of our duty; it is rather something that most of us resent; but at the same time every citizen ought to have the support, it would appear, of his representative to see that he gets an introduction to the official charged with the duty of awarding contracts. I would not hesitate to do that, and it certainly could not be construed as the use of influence on the part of the Senator merely to go that far. However, I am wondering whether that would be a violation of this amendment. If it would be, I should not support it.

Mr. BLACK. I will say to the Senator that I would not so construe it. If the Senator will think of numerous incidents with reference, perhaps, to matters connected with his own State, involving some of its citizens who have lost contracts when they should not have done so, he will understand what is meant by "influence" in the purview of the amendment. I will give the Senator an example. There has been, perhaps, more controversy over the kind of stone that shall be used in Government buildings than over any other one subject during the past few years. It is my judgment that an investigation would disclose that political influence and pressure from day to day and week to week and month to month and year to year has brought about the use of stone from a certain State in this Union to an extent that would not have been possible if natural and legitimate business competition had been allowed to prevail. It is things like that to which I object. It is not fair to the public.

Mr. FESS. I share in the suggestion which the Senator makes.

Mr. BLACK. I do not object at all, I will say to the Senator; I do not think anyone would object to such an act as that to which he refers, and the amendment was never intended to cover a situation such as the Senator from Ohio has mentioned, or as was mentioned by the Senator from Kentucky [Mr. BARKLEY].

Mr. FESS. Let me ask the Senator another question. Suppose that a contract is being let, and after bids are opened there is complaint on the part of a company, we will say, a company from Ohio, to the effect that it has been discriminated against and desires that the bids shall be reopened and that further consideration be given, would the amendment of the Senator from Alabama go to the extent that a Senator would be forbidden to ask the Department to reopen the bids?

Mr. BLACK. I will say that I do not think any influence should be used by a Senator to bring about a reopening of bids. I think if there has been an injustice done, if there has been a law violated, any Senator would have a right to call attention to it at the Department or on the Senate floor, and that he should do so.

Mr. FESS. The Senator will recall that there have been numerous cases where such a charge has been made?

Mr. BLACK. I understand that to be so.

Mr. FESS. The Senator will recall that there are frequently cases where the charge is made that the specifications have been changed so that a particular party in interest was discriminated against?

Mr. BLACK. I will state to the Senator that, so far as this amendment is concerned, it relates to nothing but loans from this fund of $250,000,000. It does not go to the extent of relating to bids.

Mr. FESS. That answers the question I have in mind.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alabama [Mr. BLACK].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is before the Senate and is still open to amendment.

Mr. JOHNSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hebert	Patterson
Ashurst	Costigan	Johnson	Pope
Austin	Couzens	Kean	Robinson, Ark.
Bachman	Davis	Keyes	Robinson, Ind.
Bailey	Dickinson	King	Schall
Bankhead	Dill	La Follette	Shipstead
Barbour	Duffy	Lewis	Steiwer
Barkley	Erickson	Logan	Stephens
Black	Fess	Lonergan	Thomas, Okla.
Bone	Fletcher	McCarran	Thomas, Utah
Borah	Frazier	McGill	Thompson
Bulkley	George	McKellar	Townsend
Bulow	Gibson	McNary	Tydings
Byrd	Glass	Metcalf	Vandenberg
Byrnes	Goldsborough	Murphy	Van Nuys
Capper	Hale	Norbeck	Walsh
Carey	Harrison	Norris	Wheeler
Clark	Hatch	Nye	
Connally	Hatfield	O'Mahoney	
Coolidge	Hayden	Overton	

The PRESIDING OFFICER. Seventy-seven Senators have answered to their names. A quorum is present.

Mr. ROBINSON of Indiana. Mr. President, I was unavoidably detained from the Senate at the time the vote was taken on the so-called "Johnson amendment." I therefore move to reconsider the vote by which that amendment was rejected.

Mr. JOHNSON. On that I ask for the yeas and nays.

Mr. BARKLEY. I move to lay the motion of the Senator from Indiana on the table.

Mr. LA FOLLETTE and Mr. JOHNSON demanded the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSON. Mr. President, the question now is, as I understand, upon the motion of the Senator from Kentucky to lay on the table the motion of the Senator from Indiana.

The PRESIDING OFFICER. The question is on the motion of the Senator from Kentucky [Mr. BARKLEY] to lay on the table the motion of the Senator from Indiana [Mr. ROBINSON]. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. McGILL (when his name was called). On this question I am paired with the Senator from Maine [Mr. WHITE] who is unavoidably absent. If the Senator from Maine [Mr. WHITE] were present, he would vote "yea." Were I at liberty to vote, I should vote "nay."

Mr. BONE (when Mr. NEELY's name was called). The Senator from West Virginia [Mr. NEELY] is unavoidably absent from the Senate. I am advised that if he were present, he would vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. REED] to the junior Senator from Illinois [Mr. DIETERICH] and will vote. I vote "yea."

Mr. VANDENBERG (when his name was called). On this vote I am paired with the senior Senator from Nevada [Mr. PITTMAN]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. LEWIS. I beg to reannounce the absence of the Senators and to restate the reasons heretofore given on the previous roll call, and to announce the absence of my colleague [Mr. DIETERICH]. Being unable to say how my colleague would vote if present, I make no announcement in that regard.

Mr. McGILL. I have heretofore announced my pair with the Senator from Maine [Mr. WHITE]. I find I can transfer that pair to the Senator from West Virginia [Mr. NEELY], which I do, and vote "nay."

Mr. COSTIGAN. The junior Senator from Arkansas [Mrs. CARAWAY] is unavoidably absent.

Mr. ROBINSON of Indiana (after having voted in the negative). I have been advised that the junior Senator from Mississippi [Mr. STEPHENS], with whom I have a general pair, has not voted.

The VICE PRESIDENT. That Senator has not voted.

Mr. ROBINSON of Indiana. I transfer my pair with that Senator to the senior Senator from South Dakota [Mr. NORBECK], and will allow my vote to stand.

Mr. LEWIS. I desire to announce the following special pairs on this question:

The Senator from Georgia [Mr. RUSSELL] with the Senator from Vermont [Mr. AUSTIN];

The junior Senator from New Hampshire [Mr. BROWN] with the senior Senator from New Hampshire [Mr. KEYES];

The Senator from South Carolina [Mr. SMITH] with the Senator from New Mexico [Mr. CUTTING];

The Senator from Arkansas [Mrs. CARAWAY] with the Senator from Vermont [Mr. GIBSON];

The Senator from Oklahoma [Mr. GORE] with the Senator from North Dakota [Mr. NYE];

The Senator from Texas [Mr. SHEPPARD] with the Senator from Delaware [Mr. HASTINGS];

The Senator from New York [Mr. WAGNER] with the Senator from Missouri [Mr. PATTERSON]; and

The Senator from California [Mr. MCADOO] with the Senator from Connecticut [Mr. WALCOTT].

I desire further to announce that the Senator from Montana [Mr. ERICKSON], the Senator from Georgia [Mr. GEORGE], the Senator from Utah [Mr. KING], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Mississippi [Mr. STEPHENS] are necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce that the Senator from Idaho [Mr. BORAH], the Senator from New Hampshire [Mr. KEYES], the Senator from New Mexico [Mr. CUTTING], the Senator from Vermont [Mr. GIBSON], the Senator from North Dakota [Mr. NYE], the Senator from Delaware [Mr. HASTINGS], the Senator from West Virginia [Mr. HATFIELD], the Senator from Missouri [Mr. PATTERSON], the Senator from Pennsylvania [Mr. REED], the Senator from Connecticut [Mr. WALCOTT], the Senator from Maine [Mr. WHITE], the Senator from Vermont [Mr. AUSTIN], and the Senator from South Dakota [Mr. NORBECK] are necessarily detained from the Senate.

The result was announced—yeas 30, nays 34, as follows:

YEAS—30

Adams	Carey	Goldsborough	Overton
Bailey	Clark	Hale	Robinson, Ark.
Barbour	Connally	Harrison	Schall
Barkley	Coolidge	Hebert	Townsend
Bulkley	Dickinson	Kean	Tydings
Bulow	Fess	Lonergan	Walsh
Byrd	Fletcher	Metcalf	
Byrnes	Glass	O'Mahoney	

NAYS—34

Ashurst	Davis	Logan	Shipstead
Bachman	Dill	McCarran	Steiwer
Bankhead	Duffy	McGill	Thomas, Okla.
Black	Frazier	McKellar	Thomas, Utah
Bone	Hatch	McNary	Thompson
Capper	Hayden	Murphy	Van Nuys
Copeland	Johnson	Norris	Wheeler
Costigan	La Follette	Pope	
Couzens	Lewis	Robinson, Ind.	

NOT VOTING—32

Austin	Gibson	Neely	Sheppard
Borah	Gore	Norbeck	Smith
Brown	Hastings	Nye	Stephens
Caraway	Hatfield	Patterson	Trammell
Cutting	Keyes	Pittman	Vandenberg
Dieterich	King	Reed	Wagner
Erickson	Long	Reynolds	Walcott
George	McAdoo	Russell	White

So the Senate refused to lay on the table the motion of Mr. ROBINSON of Indiana.

The VICE PRESIDENT. The question is on the motion of the Senator from Indiana [Mr. ROBINSON] to reconsider the vote by which the amendment of the Senator from California [Mr. JOHNSON] was rejected.

The motion to reconsider was agreed to.

The VICE PRESIDENT. The question is on the amendment of the Senator from California [Mr. JOHNSON].

Mr. HARRISON. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McGILL (when his name was called). On this question I am paired with the Senator from Maine [Mr. WHITE]. If he were present, he would vote "nay." I am informed that the junior Senator from West Virginia [Mr. NEELY], if present, would vote as I intend to vote. Therefore I transfer my pair to the junior Senator from West Virginia [Mr. NEELY] and vote "yea."

Mr. BONE (when Mr. NEELY's name was called). I announce the unavoidable absence of the junior Senator from West Virginia [Mr. NEELY], and make the further announcement that were he present he would vote "yea."

Mr. FRAZIER (when Mr. NYE's name was called). My colleague the senior Senator from North Dakota [Mr. NYE] is unavoidably absent. He is paired on this question with the junior Senator from Oklahoma [Mr. GORE]. If the Senator from North Dakota [Mr. NYE] were present, he would vote "yea", and the junior Senator from Oklahoma [Mr. GORE] would vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). Announcing the same pair and transfer as on the last vote, I vote "nay."

Mr. VANDENBERG (when his name was called). Making the same announcement as before, I withhold my vote.

The roll call was concluded.

Mr. ROBINSON of Indiana. Making the same announcement as before, I vote "yea."

Mr. COSTIGAN. I wish to make the same announcement as before respecting the junior Senator from Arkansas [Mrs. CARAWAY], who is unavoidably absent.

Mr. LEWIS. I desire to announce the following special pairs on this question:

The Senator from Georgia [Mr. RUSSELL] with the Senator from Vermont [Mr. AUSTIN];

The junior Senator from New Hampshire [Mr. BROWN] with the senior Senator from New Hampshire [Mr. KEYES];

The Senator from South Carolina [Mr. SMITH] with the Senator from New Mexico [Mr. CUTTING];

The Senator from Arkansas [Mrs. CARAWAY] with the Senator from Vermont [Mr. GIBSON];

The Senator from Texas [Mr. SHEPPARD] with the Senator from Delaware [Mr. HASTINGS];

The Senator from New York [Mr. WAGNER] with the Senator from Missouri [Mr. PATTERSON]; and

The Senator from California [Mr. MCADOO] with the Senator from Connecticut [Mr. WALCOTT].

I desire further to announce that the Senator from Montana [Mr. ERICKSON], the Senator from Georgia [Mr. GEORGE], the Senator from Utah [Mr. KING], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Mississippi [Mr. STEPHENS], the Senator from New Mexico [Mr. HATCH], and the Senator from Nebraska [Mr. THOMPSON] are necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce that the Senator from Idaho [Mr. BORAH], the Senator from New Hampshire [Mr. KEYES], the Senator from New Mexico [Mr. CUTTING], the Senator from Vermont [Mr. GIBSON], the Senator from North Dakota [Mr. NYE], the Senator from Delaware [Mr. HASTINGS], the Senator from West Virginia [Mr. HATFIELD], the Senator from Missouri [Mr. PATTERSON], the Senator from Pennsylvania [Mr. REED], the Senator from Connecticut [Mr. WALCOTT], the Senator from Maine [Mr. WHITE], the Senator from Vermont [Mr. AUSTIN], and the Senator from South Dakota [Mr. NORBECK] are necessarily detained from the Senate.

The result was announced—yeas 30, nays 32, as follows:

YEAS—30

Ashurst	Dill	McCarran	Shipstead
Bachman	Duffy	McGill	Steiwer
Bankhead	Frazier	McKellar	Thomas, Okla.
Black	Hayden	McNary	Thomas, Utah
Bone	Johnson	Murphy	Van Nuys
Capper	La Follette	Norris	Wheeler
Copeland	Lewis	Pope	
Costigan	Logan	Robinson, Ind.	

NAYS—32

Adams	Carey	Fletcher	Metcalf
Bailey	Clark	Glass	O'Mahoney
Barbour	Connally	Goldsborough	Overton
Barkley	Coolidge	Hale	Robinson, Ark.
Bulkley	Couzens	Harrison	Schall
Bulow	Davis	Hebert	Townsend
Byrd	Dickinson	Kean	Tydings
Byrnes	Fess	Lonergan	Walsh

NOT VOTING—34

Austin	Gore	Norbeck	Stephens
Borah	Hastings	Nye	Thompson
Brown	Hatch	Patterson	Trammell
Caraway	Hatfield	Pittman	Vandenberg
Cutting	Keyes	Reed	Wagner
Dieterich	King	Reynolds	Walcott
Erickson	Long	Russell	White
George	McAdoo	Sheppard	
Gibson	Neely	Smith	

So Mr. JOHNSON's amendment was rejected.

Mr. CLARK. Mr. President, I move to reconsider the vote by which the so-called "Black amendment" was adopted; and on that I ask for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on the motion to reconsider the so-called "Black amendment." On that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. ROBINSON of Arkansas (when his name was called). I transfer my pair with the Senator from Pennsylvania [Mr. REED] to the Senator from Illinois [Mr. DIETERICH], and will vote. I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). In the absence of the junior Senator from Mississippi [Mr. STEPHENS], with whom I have a general pair, I withhold my vote. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. COSTIGAN. I announce the unavoidable absence of the junior Senator from Arkansas [Mrs. CARAWAY].

Mr. McGILL. On this question I am paired with the junior Senator from Maine [Mr. WHITE]. Not knowing how he would vote, I withhold my vote.

Mr. LEWIS. I reannounce the absences announced by me on the previous roll call, and at this time announce the absence of my colleague [Mr. DIETERICH]. I do not know how he would vote if present, and therefore make no announcement as to his vote.

Mr. NYE. Upon this question I have a pair with the Senator from Oklahoma [Mr. GORE], and therefore withhold my vote. If at liberty to vote, I should vote "nay"; and if the Senator from Oklahoma were present and voting, he would vote "yea."

Mr. LEWIS. I desire to announce the following special pairs on this question:

The junior Senator from New Hampshire [Mr. BROWN] with the senior Senator from New Hampshire [Mr. KEYES];

The Senator from South Carolina [Mr. SMITH] with the Senator from New Mexico [Mr. CUTTING];

The Senator from Arkansas [Mrs. CARAWAY] with the Senator from Vermont [Mr. GIBSON];

The Senator from Texas [Mr. SHEPPARD] with the Senator from Delaware [Mr. HASTINGS];

The Senator from New York [Mr. WAGNER] with the Senator from Missouri [Mr. PATTERSON]; and

The Senator from California [Mr. McADOO] with the Senator from Connecticut [Mr. WALCOTT].

I desire further to announce that the Senator from Montana [Mr. ERICKSON], the Senator from Georgia [Mr. GEORGE], the Senator from Utah [Mr. KING], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Mississippi [Mr. STEPHENS], the Senator from New Mexico [Mr. HATCH], and the Senator from Nebraska [Mr. THOMPSON] are necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce that the Senator from Idaho [Mr. BORAH], the Senator from New Hampshire [Mr. KEYES], the Senator from New Mexico [Mr. CUTTING], the Senator from Vermont [Mr. GIBSON], the Senator from Delaware [Mr. HASTINGS], the Senator from West Virginia [Mr. HATFIELD], the Senator from Missouri [Mr. PATTERSON], the Senator from Pennsylvania [Mr. REED], the Senator from Connecticut [Mr. WALCOTT], the Senator from Maine [Mr. WHITE], and the Senator from South Dakota [Mr. NORBECK] are necessarily detained from the Senate.

I wish further to announce that if present the Senator from Maine [Mr. WHITE] would vote "nay."

The result was announced—yeas 21, nays 38, as follows:

YEAS—21

Adams	Carey	Harrison	Townsend
Austin	Clark	Lonergan	Tydings
Barkley	Connally	McKellar	Van Nuys
Bulkley	Dickinson	O'Mahoney	
Bulow	Glass	Overton	
Byrd	Goldsborough	Thomas, Utah	

NAYS—38

Bachman	Davis	Kean	Robinson, Ark.
Bankhead	Dill	La Follette	Schall
Barbour	Duffy	Lewis	Shipstead
Black	Fess	Logan	Stelwer
Brynes	Fletcher	McCarran	Thomas, Okla.
Capper	Frazier	McNary	Vandenberg
Coolidge	Hale	Metcalf	Walsh
Copeland	Hayden	Murphy	Wheeler
Costigan	Hebert	Norris	
Couzens	Johnson	Pope	

NOT VOTING—37

Ashurst	Gibson	Neely	Smith
Bailey	Gore	Norbeck	Stephens
Bone	Hastings	Nye	Thompson
Borah	Hatch	Patterson	Trammell
Brown	Hatfield	Pittman	Wagner
Caraway	Keyes	Reed	Walcott
Cutting	King	Reynolds	White
Dieterich	Long	Robinson, Ind.	
Erickson	McAdoo	Russell	
George	McGill	Sheppard	

So the motion to reconsider was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RAYBURN, Mr. HUDDLESTON, Mr. LEA of California, Mr. COOPER of Ohio, and Mr. MAPES were appointed managers on the part of the House at the conference.

The message also announced that the House had passed without amendment the following bills of the Senate:

S. 8. An act to add certain lands to the Boise National Forest;

S. 1541. An act for the relief of Mucia Alger;

S. 1807. An act to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.;

S. 1982. An act to add certain lands to the Mount Hood National Forest in the State of Oregon;

S. 1997. An act to compensate Harriet C. Holaday;

S. 2379. An act to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona;

S. 2568. An act granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934; and

S. 3144. An act to legalize a bridge across the St. Louis River at or near Cloquet, Minn.

LOANS BY FEDERAL RESERVE BANKS TO INDUSTRIES

The Senate resumed the consideration of the bill (S. 3487) relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes.

Mr. WALSH. Mr. President, I send an amendment to the desk and ask for action on it.

The PRESIDING OFFICER (Mr. CLARK in the chair). The clerk will state the amendment.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

That the Reconstruction Finance Corporation is authorized and empowered to make loans direct to municipalities and other governmental subdivisions organized pursuant to State law, said loans

to be made upon such security, in the form of tax-anticipation warrants, short-term notes, delinquent-tax certificates or other collateral as the Board may deem adequate to secure such loans; and the Reconstruction Finance Corporation is further authorized and empowered to purchase the tax-anticipation warrants, short-term notes, delinquent-tax certificates or other collateral of municipalities and governmental subdivisions organized pursuant to State law, for the purpose of aiding such municipalities and governmental subdivisions in maintaining the necessary and essential governmental expenditures and services.

Mr. WALSH. Mr. President, this amendment will put a test before the Senate as to whether or not it is in favor of discriminating against municipalities in favor of private enterprise.

We have adopted amendments to the bill extending loans to home owners, to farm owners, to railroads, to banks, to private enterprises of all kinds and descriptions, and there is not a word in the bill which would take care of distressed municipalities which are obliged to close their schools and hospitals because they cannot borrow the funds from private banks with which to carry on.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. WALSH. In just a moment. This amendment is not offered by me as a personal matter, but on the petition of the mayors representing 110 cities of over 50,000 population. I will read the resolution passed by the mayors at a meeting held in Chicago in September 1933. It is as follows:

Be it resolved, That the United States Conference of Mayors petition the President and the Congress of the United States for the enactment of legislation authorizing properly safeguarded loans to cities on tax-anticipations warrants, delinquent-tax certificates, or other short-term collateral in order that the essential revenues of government may be maintained.

And be it further resolved, That, due to the break-down of the usual channels and facilities for extending legitimate credit to public bodies, it is urged that immediate consideration of this problem be given by the Federal Government.

I now yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, I desired to inquire whether the amendment of the Senator would authorize the Reconstruction Finance Corporation, if it saw fit, to make loans to cities for all city governmental purposes, including the payment of the salaries of their officers, including the mayor, police department, fire department, and all of the city administration?

Mr. WALSH. It would not. The amendment provides for loans on short-term municipal securities, that is all.

Mr. BARKLEY. I understand, but the money may have been raised for any municipal purpose. It is not limited to any particular function of the city government?

Mr. WALSH. It is customary for most municipalities, at the beginning of the year, to borrow money in anticipation of the collection of taxes, for the purpose of carrying on the legitimate activities of the city government. The money borrowed can be used without designation just as all other loans of the R.F.C. are not earmarked.

Mr. BARKLEY. So that they would come to the Reconstruction Finance Corporation under the amendment?

Mr. WALSH. They would come there if they are unable to get the money from the banks, just as the banks and private industry goes to the R.F.C. for loans with satisfactory securities.

Mr. BARKLEY. They could deliberately refuse to levy sufficient taxes on the property of the city to meet their expenses, and could come here and borrow the money from the Government.

Mr. WALSH. They certainly could not do any such thing. That is an indictment of local officials that is not justified. They will meet their obligations as fully and honestly as private borrowers.

Mr. BARKLEY. Why not?

Mr. WALSH. They would have to and they would repay the Government when the securities became due. Cities and towns, I assert, are more financially responsible than these distressed private parties to whom we are extending loans.

Mr. BARKLEY. Unless a city took advantage of the municipal bankruptcy law, and went into bankruptcy before the date of maturity.

Mr. GLASS. I was just about to say they would not necessarily have to repay; they could go into bankruptcy, under the bankruptcy law.

Mr. McCARRAN. Mr. President, will the Senator yield to me?

Mr. WALSH. I yield. But let me add first that private industries and banks can and do go into bankruptcy easier and more freely than cities.

Mr. McCARRAN. Does the amendment offered by the Senator from Massachusetts contemplate loans to drainage, irrigation, and reclamation districts, they being taxing districts under the Federal and State authorities? I hope it does, because I should want to include those in it.

Mr. WALSH. It includes all subdivisions of State governments. I do not know that it goes so far as to include the subdivisions the Senator names. The purpose of the amendment is to permit cities, counties, and towns to sell short-term paper to the Reconstruction Finance Corporation. Now, and heretofore, they have had to raise money on them through the banks, and the banks have been unable to lend them during the depression what they need. Every Senator who has been familiar with local governments knows the great trouble they have had in borrowing money on their short-term securities. This would permit local governments to borrow through the Reconstruction Finance Corporation. The loans would be of short duration and not in the class of self-liquidating projects such as drainage canals. All this amendment would do would be to extent credit to municipalities over a short period of time. This is a request that the municipalities in distress be permitted to borrow from the Federal Government on their short-term securities for 6 months or 9 months. Who can refuse to support the amendment, in view of the fact that we have been voting to permit private enterprises of all types to borrow money?

Mr. BARKLEY. Mr. President, in reply to the Senator from Nevada, I wish to say that the Reconstruction Finance Corporation already has power to make loans to drainage districts, and is already doing so. Recently we made a $50,000,000 appropriation to enable them to go further in that direction, which makes $100,000,000 we have made available for that very purpose. They are doing it now, and they are doing it efficiently. They have done a fine piece of work in that connection, and they have gotten more for their money in relieving land under drainage districts from the burdens overhanging it than in almost any other activity of the Reconstruction Finance Corporation.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. McCARRAN. In reply to the suggestion of the learned Senator from Kentucky, while the law might be construed, and may have been construed, as applying to drainage districts, we have found great difficulty in having the authorities apply the same rule to irrigation and reclamation districts. That was the reason why I propounded the question as to whether there was any language in the proposed amendment which would include those districts. If so, I shall be glad to support it.

Mr. WALSH. Mr. President, the amendment does not require the Reconstruction Finance Corporation to make any loan; it authorizes it to do so. It permits it to do so. It does not compel it to make any loan. Are we going to refuse the municipalities of this country which are in distress the privilege which we have extended to private individuals in distress?

I want to read a paragraph from the statement of the mayors, and then I will yield the floor. I read:

We know, from a careful study of the problem, that municipal credit, similar to all other types of credit, has been in a state of collapse for the past year. The market for short-term municipal securities (tax-anticipation notes, warrants, and bonds) continues to be severely limited. The results of this are, of course, reflected not only in curtailed governmental services, such as schools, health and police and fire, reduced pay for most public employees and payless pay days for others, but in the forced use of scrip, and even in defaults. Since municipal government is the foundation stone of democratic government, this condition, too often lightly dismissed, is most serious and is a definite drag upon steps taken by the National Government leading toward economic recovery.

The causes of this are in part due to the inability (and in some cases unwillingness) of the citizen to pay his taxes. Banking institutions also offer as an excuse the existing uncertainty of the monetary and currency situation. Without appraising these elements, the fact remains public bodies today are face to face with the inability to finance the operation of essential governmental services. To bolster banks, railroads, building-and-loan associations, farm owners, home owners, and many other institutions and groups the Government has found it possible to extend credit of a legitimate character without impairment to the financial structure of the National Government. It would seem that city government itself, in times of stress, should be treated on a parity at least with private enterprises. We therefore urge extending credit to public bodies on sound collateral at reasonable interest rates in order that needed services of government may be maintained.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. WALSH. I yield.

Mr. LEWIS. It is not pleasant for me to oppose such a measure as is presented by the able Senator from Massachusetts, but I presented a plea on behalf of the school teachers of the city of Chicago who have met with such a sad fate in having their salaries withheld month after month, but my proposal was voted down, on the theory that the warrants of the city of Chicago and the tax certificates were not themselves legal securities. I ask the Senator whether this amendment of his would comprehend lending money to the teachers, based upon the tax-anticipation warrants of the schools?

Mr. WALSH. It would permit the officials of the city of Chicago to sell, if the Reconstruction Finance Corporation is willing to buy them, their short-term tax-exempt securities, and they could spend the money as they saw fit, for school purposes, for hospitals, or for any other activity. The amendment simply provides for what has been extended to private industries, providing a method for cities to raise money to carry on their legitimate activities.

Mr. COUZENS. Mr. President, I want to say, in connection with the proposed amendment, that it is much more dangerous, so far as the welfare of the Treasury is concerned, than any amendment we have refused to accept today. In other words, the communities this amendment is aimed to relieve already have adequate taxing power. The trouble is that some of the city administrators do not collect the taxes due, and so long as the Federal Government will relieve the city officials everywhere from going out and collecting taxes they will not put forth the effort to make the collections.

Mr. President, the fourth largest city in the United States has been required to take care of its own needs, its own tax delinquencies, and its own tax-anticipation certificates by the issuance of scrip, which they have paid off when that scrip has become due. That is local self-government, which ought to be insisted upon and maintained.

I dislike to disagree with the Senator from Massachusetts, but we will never educate communities or make them rely upon themselves so long as the Government unnecessarily comes to their support.

Mr. WALSH. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. WALSH. What about educating the banks, railroads, and private industries, and the private activities to which we are lending money to rely upon themselves? Why should they not also anticipate depressions and not be caught, as they are, in such financial distress as the present?

Mr. COUZENS. They have no taxing power.

Mr. GLASS. On that point there is not a particle of discrimination in this bill against any community or the private citizens of any community desirous of starting enterprises. The communities of Massachusetts can borrow money under this bill if they want to inaugurate private enterprises or extend private enterprises just as much as communities in Virginia.

Moreover, I do not attach a particle of importance to the suggestion of the mayors. The mayor of the principal city in my State signed that abominable paper, and he knows perfectly well that the credit of his city stands almost as high as that of any city in the United States; yet he signed a document such as that.

Mr. ROBINSON of Arkansas. Mr. President, it seems to me that this amendment would impose an appalling and impossible obligation on the Federal Government. There is no limit proposed except the necessities or demands of the municipalities and other subdivisions organized pursuant to State law.

We had just as well understand now that the Federal Government cannot finance everything and everybody. It cannot finance the State governments, the municipalities, the county governments, and the districts. We have already provided loans in large amounts to municipalities and other political subdivisions for the purpose of constructing public works. We have appropriated hundreds of millions of dollars for indigent relief. We may find it necessary to appropriate additional funds.

This amendment authorizes—

Loans direct to municipalities and other governmental subdivisions organized pursuant to State law, * * * for the purpose of aiding such municipalities and governmental subdivisions in maintaining the necessary and essential governmental expenditures and services.

In other words, it calls upon the Federal Government to finance the governments of the cities and the political subdivisions of all the States, and I say it cannot safely do that. It would result in disaster.

Mr. WALSH. Mr. President, I desire to read the amendment again, to indicate that it is permissive, and to indicate that the Reconstruction Finance Corporation cannot make loans unless they are satisfied with the security.

That the Reconstruction Finance Corporation is authorized and empowered to make loans direct to municipalities and other governmental subdivisions organized pursuant to State law—

That means counties and school districts, and so forth—

said loans to be made upon such security, in the form of tax-anticipation warrants, short-term notes, delinquent tax certificates, or other collateral, as the board may deem adequate to secure such loans.

Is any stronger protective language used in any amendments which have been adopted to any provisions of this bill?

Mr. ROBINSON of Arkansas. May I ask the Senator what amount would be required to finance the operations under the amendment?

Mr. WALSH. I assume that no city which could obtain money in any bank of the country would come before the Reconstruction Finance Corporation to get a loan. I assume that the R.F.C. would say what it says now to private industry: "Go back and get a loan from your bank. If you cannot, or if they have no money to loan, we will try to help you." I assume that the R.F.C. would treat municipalities the same as private enterprises are treated and not differently.

Permit me to say that I am not asking this for the cities of my State We have met this problem, and it has been solved in nearly all cases of municipal distress. It is desired, however, for many cities and towns throughout the country. I am presenting it for the mayors of the country.

All I want is a record vote. The mayors have a bill pending in the House and they have a bill pending in the Senate. No action has been taken upon those bills. This is their opportunity. I ask for a record vote.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on the amendment offered by the Senator from Massachusetts [Mr. WALSH].

Mr. WALSH. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McGILL (when his name was called). On this question I am paired with the junior Senator from Maine [Mr. WHITE]. He is unavoidably absent. Not knowing how he would vote, I withhold my vote.

Mr. BONE (when Mr. NEELEY's name was called). I desire to announce the unavoidable absence of the Senator from West Virginia [Mr. NEELY]. I am not advised as to how he would vote on this particular amendment.

Mr. NYE (when his name was called). I am paired with the junior Senator from Oklahoma [Mr. GORE] and with-

hold my vote. If I were at liberty to vote, I should vote "yea." If the Senator from Oklahoma were present and at liberty to vote, he would vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). Announcing the same pair and transfer as on the last roll call, I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I again announce my general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence I withhold my vote.

The roll call was concluded.

Mr. LEWIS. Mr. President, I reannounce the absences previously announced by me. I reannounce the reasons given. I now announce the absence of my colleague [Mr. DIETERICH]. Were he present and voting, he would vote "yea."

Mr. COSTIGAN. The junior Senator from Arkansas [Mrs. CARAWAY] is unavoidably absent. If present, she would vote "yea."

Mr. McNARY (after having voted in the negative). Has the senior Senator from Mississippi [Mr. HARRISON] voted?

The PRESIDING OFFICER. He has not.

Mr. McNARY. Then I withdraw my vote. If at liberty to vote, I should vote "nay."

Mr. LEWIS. I desire to announce the following special pairs on this question:

The Senator from Georgia [Mr. RUSSELL] with the Senator from Maryland [Mr. GOLDSBOROUGH];

The junior Senator from New Hampshire [Mr. BROWN] with the senior Senator from New Hampshire [Mr. KEYES];

The Senator from South Carolina [Mr. SMITH] with the Senator from New Mexico [Mr. CUTTING];

The Senator from Arkansas [Mrs. CARAWAY] with the Senator from Vermont [Mr. GIBSON];

The Senator from Texas [Mr. SHEPPARD] with the Senator from Delaware [Mr. HASTINGS];

The Senator from New York [Mr. WAGNER] with the Senator from Missouri [Mr. PATTERSON];

The Senator from California [Mr. McADOO] with the Senator from Connecticut [Mr. WALCOTT]; and

The Senator from Louisiana [Mr. LONG] with the Senator from New Jersey [Mr. KEAN].

I desire further to announce that the Senator from Montana [Mr. ERICKSON], the Senator from Georgia [Mr. GEORGE], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Mississippi [Mr. HARRISON], the Senator from Idaho [Mr. POPE], and the junior Senator from Mississippi [Mr. STEPHENS] are necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce that the Senator from Idaho [Mr. BORAH], the Senator from California [Mr. JOHNSON], the Senator from New Hampshire [Mr. KEYES], the Senator from New Mexico [Mr. CUTTING], the Senator from Vermont [Mr. GIBSON], the Senator from Delaware [Mr. HASTINGS], the Senator from New Jersey [Mr. KEAN], the Senator from West Virginia [Mr. HATFIELD], the Senator from Missouri [Mr. PATTERSON], the Senator from Pennsylvania [Mr. REED], the Senator from Connecticut [Mr. WALCOTT], the Senator from Maine [Mr. WHITE], the Senator from Maryland [Mr. GOLDSBOROUGH], and the Senator from South Dakota [Mr. NORBECK] are necessarily detained from the Senate.

I desire further to announce that if present the Senator from Maine [Mr. WHITE] would vote "nay."

Mr. FLETCHER. I transfer my general pair with the Senator from West Virginia [Mr. HATFIELD] to my colleague [Mr. TRAMMELL] and vote "nay."

The result was announced—yeas 16, nays 42, as follows:

YEAS—16

Ashurst	Bone	La Follette	Shipstead
Bachman	Coolidge	Lewis	Thomas, Okla.
Bankhead	Copeland	McCarran	Van Nuys
Black	Frazier	Norris	Walsh

NAYS—42

Adams	Barkley	Byrnes	Connally
Austin	Bulkley	Capper	Costigan
Bailey	Bulow	Carey	Couzens
Barbour	Byrd	Clark	Davis
Dickinson	Hatch	Metcalf	Thomas, Utah
Dill	Hayden	Murphy	Thompson
Duffy	Hebert	O'Mahoney	Townsend
Fess	King	Overton	Tydings
Fletcher	Logan	Robinson, Ark.	Wheeler
Glass	Lonergan	Schall	
Hale	McKellar	Steiwer	

NOT VOTING—38

Borah	Harrison	Neely	Sheppard
Brown	Hastings	Norbeck	Smith
Caraway	Hatfield	Nye	Stephens
Cutting	Johnson	Patterson	Trammell
Dieterich	Kean	Pittman	Vandenberg
Erickson	Keyes	Pope	Wagner
George	Long	Reed	Walcott
Gibson	McAdoo	Reynolds	White
Goldsborough	McGill	Robinson, Ind.	
Gore	McNary	Russell	

So Mr. WALSH's amendment was rejected.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RELIEF FOR DEPOSITORS OF CLOSED BANKS

Mr. COPELAND. Mr. President, on Saturday, on behalf of the Senator from Michigan [Mr. VANDENBERG] and myself, I offered an amendment to the bill which has just been passed. Having had a vote on the amendment and having listened to the discussion, it seems to me that it is useless for us to press the proposal further at this time.

Much was said in the debate about the importance of having some consideration of the subject in the Banking and Currency Committee. I assume that that was said in good faith. Therefore, in behalf of the Senator from Michigan and myself, I present the proposal in the form of a bill for reference to the Committee on Banking and Currency. I do so in the hope that it may really be considered by that committee.

The PRESIDING OFFICER. Without objection, the bill will be received and referred as requested.

The bill (S. 3614, introduced by Mr. COPELAND and Mr. VANDENBERG) to amend section 12B of the Federal Reserve Act to provide relief for depositors of closed banks, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

REGULATION OF SECURITIES EXCHANGES

The PRESIDING OFFICER (Mr. CLARK in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. FLETCHER. I move that the Senate insist on its amendment, agree to the conference requested by the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FLETCHER, Mr. BARKLEY, Mr. BYRNES, Mr. GOLDSBOROUGH, and Mr. COUZENS conferees on the part of the Senate.

PREVENTION OF CRIME

Mr. ASHURST submitted the following reports:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2080) to provide punishment for killing or assaulting Federal officers having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: Page 1, line 3, of the Senate bill strike out the words "murder

or otherwise", and in lieu of the matter proposed to be inserted by the House amendment insert the following: "kill, as defined in sections 273 and 274 of the Criminal Code, any United States marshal or deputy United States marshal, special agent of the Division of Investigation of the Department of Justice, post-office inspector, Secret Service operative, any officer or enlisted man of the Coast Guard, any employee of any United States penal or correctional institution, any officer of the customs or of the internal revenue, any immigrant inspector or any immigration patrol inspector, while"; and the House agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2249) applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, and 4, and agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
TOM D. MCKEOWN,
A. J. MONTAGUE,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2252) to amend the act forbidding the transportation of kidnaped persons in interstate commerce having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, 4, 5, 6, and agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 2, 4, and amendment to the title.

That the Senate recede from its disagreement to the amendment of the House numbered 3; and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment, strike out on page 1, line 3, of the Senate bill the word "flee" and insert in lieu thereof "move or travel in interstate or foreign commerce"; and the House agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2575) to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1 and 2, and agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2841) to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, 4, 5, 6, and 7, and agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2845) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 3, 4, and 5, and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment as follows: In the matter proposed to be inserted by the House amendment strike out, beginning in line 13, on page 1, down through line 9, page 2, of the House engrossed amendments and insert in lieu thereof the following:

"SEC. 4. Whoever shall receive, conceal, store, barter, sell, or dispose of any goods, wares, or merchandise, securities, or money, of the value of $5,000 or more, or whoever shall

pledge or accept as security for a loan any goods, wares, or merchandise, or securities, of the value of $500 or more which while moving in or constituting a part of interstate or foreign commerce, has been stolen or taken feloniously by fraud or with intent to steal or purloin, knowing the same to have been stolen or taken, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both."

And on page 1, line 7, of the House engrossed amendments insert a comma after "money."

And the House agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.
HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

Mr. ASHURST. Mr. President, these are conference reports on the so-called "antigangster bills." The Senate conferees were the Senator from Utah, Mr. KING; the Senator from Idaho, Mr. BORAH; and I. Senators will remember that the Senator from Michigan, Mr. VANDENBERG, and the Senator from New York, Mr. COPELAND, charged the Senate conferees specifically not to recede with reference to the provisions relating to fleeing felons and to fleeing witnesses. I wish to say that the House receded and the Senate provisions in those respects were retained in their original form.

I move the adoption of the conference reports.

Mr. WHEELER. Mr. President, I ask that the Senator allow the conference reports to go over until tomorrow.

Mr. ASHURST. Very well. A full explanation of the reports will be found in the RECORD of May 11, beginning at page 8775.

The PRESIDING OFFICER. Without objection, the conference reports will lie on the table.

REGULATION OF COMMUNICATIONS BY WIRE AND RADIO

Mr. DILL. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes, which had been reported from the Committee on Interstate Commerce with amendments.

Mr. DILL. Mr. President, I desire to make a statement explanatory of the bill and to answer any questions that may be asked. However, I shall not attempt to take up any amendments at this time.

Mr. MCNARY. Mr. President, I understood the Senator to desire to make a formal statement with reference to the bill this evening. I rather thought we were going to recess at this hour. Many Senators have left the Chamber. I am sure they would like to be here to hear the Senator's statement.

Mr. DILL. I am willing to yield to whatever the leaders of the Senate desire.

Mr. ROBINSON of Arkansas. Mr. President, I suggest to the Senator from Oregon that there are more Senators now present than are usually to be found on the floor of the Senate.

Mr. MCNARY. That may be true, but we met at 11 o'clock this morning, and it is now after 5 o'clock.

RECESS

Mr. ROBINSON of Arkansas. Very well, if the Senator insists. I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 7 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, May 15, 1934, at 11 o'clock a.m.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 14, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Remember, O Lord, Thy tender mercies and Thy loving-kindness, for they have been ever of old. Strong Son of God, immortal love, make us partakers of that strength and tenderness and of that glory which Thou dost have with the Father. May we seek ardently deeper truth, clearer wisdom, and purity of heart, mingled with might and mellowness. In the spirit of diligence, honor, and helpfulness, may we fulfill our tasks, securing contentment and welfare for our fellow citizens. We praise Thee that all the paths of the Lord are mercy and truth unto such as keep His covenant and His testimonies. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Friday, May 11, 1934, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J.Res. 317. Joint resolution requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette.

The message also announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 9323. An act to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3443. An act to provide for the creation of the Pioneer National Monument in the State of Kentucky, and for other purposes.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PRIVILEGES OF THE HOUSE—MOTION TO RECOMMIT

Mr. WARREN. Mr. Speaker, I wish to submit a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WARREN. Mr. Speaker, the highest privileged motion that is accorded to a minority is a motion to recommit. It is the only way that a minority has of expressing itself. I think that rule should always remain sacred and inviolate in the House.

Mr. BLANTON. Will the gentleman yield?

Mr. WARREN. Certainly.

Mr. BLANTON. That is the one privilege that, under the rules of the House, cannot be taken away even by the Committee on Rules.

Mr. WARREN. Of course, that is correct.

On page 8651 of Friday's RECORD, when the road bill was under consideration—and I may state this is entirely impersonal—the gentleman from Michigan [Mr. WOLCOTT]

rose to make a motion to recommit. The Speaker ascertained if he was qualified, and he stated:

I am opposed to the bill in its present form.

He was thereupon recognized by the Speaker to make a motion to recommit. A roll call immediately followed. The gentleman from Michigan voted "aye" on the roll call; that is, on the motion to recommit. Now, without any business transpiring, there was immediately another roll call on the passage of the bill, and the gentleman from Michigan [Mr. WOLCOTT] voted "aye" on the passage of the bill.

I respectfully submit, Mr. Speaker, that the gentleman from Michigan did not qualify and therefore should not have been recognized, had the Speaker known it, under the rules of the House.

The SPEAKER. The gentleman from North Carolina [Mr. WARREN] correctly states the rule. The motion to recommit is a motion specially reserved for the protection of the minority under the rules, and the Speaker must give preference, in recognizing for such motions, to Members on the minority side, preferably a member of the committee having charge of the bill. The Speaker is required to ask the Member proposing a motion to recommit whether or not he is against the bill. If the Member answers that he is against the bill, that is as far as the Speaker can go in the matter. The fact that the Member says he is against the bill in its present form does not qualify his statement in the least. If he is against the bill, of course he is against the bill in its present form, and there could not be any change made in the bill between a motion to recommit and the vote on the passage of the bill. It is a matter for the conscience of the Member, and the Speaker must recognize a Member on the minority side if he qualifies, and the Member did qualify in this case.

There is nothing the Speaker could do except recognize him. That is a matter within the conscience of the gentleman making the motion.

Mr. SNELL. Mr. Speaker, I am much interested in the statement of the gentleman from North Carolina [Mr. WARREN]. During my entire attendance in this House I have been a stickler, so to speak, for the rules and precedents of the House. I think the rule with regard to a motion to recommit ought to be obeyed under all circumstances. I have always stood for that. I do not care how strong the Speaker puts the proposition to a Member rising to offer that motion. I have had a little argument heretofore during this session with regard to a motion to recommit, and I am very glad the gentleman from North Carolina [Mr. WARREN] has raised this question. I hope the strict intention of the rules of the House with regard to that rule will be followed at all times in the future.

The SPEAKER. There is no other way in which the Speaker can ascertain the mental attitude of the Member proposing the motion nor what his mental reservations may be.

Mr. BANKHEAD. Mr. Speaker, of course, the statement made by the Speaker is entirely correct, and is a correct interpretation of the rule as far as the Speaker is concerned, and as far as the Speaker can control the matter. In its last analysis—and I do not say this in any harshness, of course—it seems to me that a Member who, after having qualified himself as opposed to the bill, then goes ahead immediately after that motion is rejected and votes for the bill in its present form, simply presents a matter of good faith and good conscience.

Mr. RANKIN. Will the gentleman yield?

Mr. BANKHEAD. I do not have the floor.

Mr. RANKIN. I do not think we ought to preclude a good Republican from seeing the light even on the spur of the moment, and possibly he had a change of heart.

Mr. SNELL. No. We do not change as quickly as that.

Mr. O'CONNOR. Mr. Speaker, so that the record may be more complete on this subject, I call the attention of the Speaker and the House to a practice that has grown up in the House during the last few years, which I have seen happen time and time again. It is this, a Member not really opposed to the bill has often secured recognition to offer a motion to recommit containing a technical or unimportant amendment to the bill solely and unfairly for the purpose of forestalling another Member sincerely opposed to the bill from obtaining the right to move to recommit with a real substantial amendment. I have always thought that this was a most under-handed practice.

Mr. SNELL. I fully agree with the statements made by the gentleman from New York.

Mr. O'CONNOR. For my own part I should like to see this question put by the Speaker to the Member offering a motion to recommit: "Does the gentleman intend to vote against this bill?"

Mr. SNELL. We on the minority side will try to see that Members offering motions to recommit are opposed to the bill.

THE NATCHEZ TRACE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address I made before the Committee on Roads recently.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the permission granted me on yesterday to extend my remarks in the RECORD, I submit the following address which I delivered before the Committee on Roads of the House of Representatives on Monday, March 5, 1934, in the interest of the proposed Natchez Trace Highway:

Mr. RANKIN. Mr. Chairman, I am interested in the rebuilding and marking of this Natchez Trace Highway, largely from a memorial standpoint. In order to show my reasons for supporting this measure, and the reasons for the original location of this road, I am going to give you a little of the historical background of it.

I live in the Chickasaw territory. The Chickasaws and Choctaws both occupied parts of the district which I have the honor to represent.

In 1539 Hernando De Soto, an illustrious young Spanish cavalier, who had just returned to Spain from an expedition under Pizzaro in Peru, gathered the most impressive group of men that ever made an expedition into the wilds of the new world—men from the first families of Spain—and started on his dramatic but ill-fated expedition.

He landed in Florida with about 1,000 men and about 350 horses. He also had with him about 300 hogs, and the rest of his expedition was in proportion. He came first up into Georgia and then went back down into what is now Alabama, and then turned north into the Chickasaw territory.

He was told by the Indians in southern Alabama that far to the north he would find a rich country inhabited by a powerful tribe of Indians who had plenty of corn with which to feed his horses and his hogs and supply his expedition.

He crossed the Tombigbee River somewhere between Columbus and Fulton. I have two maps in my office, one showing that he crossed just above Columbus, near old Plymouth, and the other that he crossed about where the town of Fulton now stands. Just west of the river he found the Chickasaw Indians at the town of Chicasa. He spent the winter of 1540–41 there, and in the spring he had a misunderstanding with those Indians. They made a raid on him at night, demoralized his forces, and drove them out of their territory. From that day on the Chickasaw Indians could never tolerate a Latin-speaking European.

By the way, the cause of this falling out—I will give you some history now, and if our old friend and former colleague, Charlie Carter, were here he could verify it—that falling out was over those hogs. The Spaniards gave a banquet. The Indians were to furnish the hominy, and the Spaniards were to furnish the meat. Malone, in his history of the Chickasaws, says that is where hog and hominy first met. The Indians liked the meat. They stole some of those hogs, and the Spaniards, by way of punishment, cut their hands off.

The CHAIRMAN. I have heard that story before.

Mr. RANKIN. That angered the great chief, and he prepared for this attack, which resulted in the defeat of the Spaniards.

Two hundred years later Bienville, the French Governor of the Mississippi Territory, was instructed or ordered by the French Crown to consolidate their colonies in Louisiana with those in Indiana and Canada. They managed to pacify, or overcome, all of the Indian chiefs and Indian tribes between those two points except the Chickasaws. They even pacified the Choctaws, but the Chickasaws had never forgotten their misunderstanding with De Soto, which had been passed down from generation to generation, and they had never been friendly with any of the Latin-speaking inhabitants of the New World.

The object of that expedition was to solidify those forces and to take charge of all of the western half of this continent. On the outcome of the contest with the Chickasaws depended the

fate of more territory than ever depended on the outcome of any other battle fought on American soil, with the possible exception of the Battle of Gettysburg. They sent an army up the Tombigbee River from Mobile, under Bienville, who headed it himself. De Artaguette, the lieutenant governor, headed an expedition from Fort Vincennes. He was accompanied by Vincennes himself. They were to make their way overland to Ackia, the Indian capital, after descending the Mississippi River.

By the way, the Government has gone to a good deal of trouble and expense to erect a monument to Vincennes at Fort Vincennes out in Indiana, but the truth is he was captured and burned by the Indians at Pontotoc, Miss.

The Chickasaws were probably the most enlightened of all of the American tribes and the most powerful for their numbers. Charley Carter says that they had approximately 2,000 men as well trained as any that ever followed Julius Caesar. They had through their emissaries gained the information concerning these impending attacks. They met De Artaguette and Vincennes on the 20th of May 1736 near what is now the town of Pontotoc, and routed their forces, and captured both Vincennes and De Artaguette and burned them at the stake.

Six days later, May 26, 1736, they met Bienville at Ackia, defeated his forces, sent them back in wild rout of ignominious defeat, and saved their territory from French domination. Now, I am coming down to the question of how it became possible, and necessary, for this road to be established. They saved that territory from falling into the hands of the French and possibly saved the western half of this continent for the English-speaking race.

I am having this battlefield surveyed, and the War Department has already recommended the erection of a monument there. We are now preparing a bill for the erection of such a monument there in 1936, the two hundredth anniversary of this battle, as will be worthy of its importance in American history.

You may search the records of every battle that has ever been fought and you cannot escape the conclusion that it was one of the decisive battles of the world. It is said, and I believe the French commander, Bienville, makes the statement in his report of the battle, that they saw an English flag inside this fort. I do not doubt it, because the Indians are said to have used artillery, although Bienville does not state that specifically in his report.

When Georgia was settled by the English, the Chickasaws got in touch with them or they got in touch with the Chickasaws and made friends with them. Is is said that Charles Wesley preached to some of the Chickasaws. From that day to this the Chickasaws have never in any war shed the blood of an English-speaking white man.

This battle of Ackia was the beginning of what we call the French and Indian War. If the French had won that battle the chances are that instead of that controversy being finally decided upon the Plains of Abraham it would have been fought along the Mississippi River.

One hundred years later these Indians were still friendly to the American people and we had begun to move in there. Some of my people were there at that time. When the war between Great Britain and the United States broke out in 1812 this old trail had already been laid out but you will see that the Chickasaw and Choctaw territory extended from up in Tennessee here almost to Natchez and if the Chickasaws and the Choctaws had been unfriendly to the United States, Andrew Jackson never could have gone to New Orleans.

At that time there arose a great controversy among the American Indians as to just what course they would take. Tecumseh, one of the greatest Indians who ever lived, was a Shawnee chief. He felt that his people had been badly treated by the Americans and sought to line up all the Indian tribes of the country on the side of the British.

Pushmataha was chief of the Choctaws. He is said to have been of Chickasaw descent. They called a great council of the Chickasaw and Choctaw Indians and Tecumseh addressed them. Pushmataha replied to him. That occurred also in the district which I have the honor to represent. There are not two men in the Senate today who can duplicate the speeches that were made by those two men. There are not two men in the House who could make such speeches on a great overshadowing issue as those two made by Tecumseh and his adversary Pushmataha. I should like to read those speeches showing how Pushmataha took sides with the Americans and Tecumseh with the English. During the arguments it became very bitter and the last word Pushmataha said to Tecumseh was this:

"The Americans have been our friends and we shall stand by them. We will furnish you safe conduct to the boundaries of this nation as properly befits the dignity of your office. Farewell, Tecumseh. You will see Pushmataha no more until we meet on the fateful warpath."

Pushmataha's speech was inserted in the CONGRESSIONAL RECORD of June 13, 1921, in an address made by Charley Carter, of Oklahoma, a Member of the House at that time, and who has since passed away. Charley Carter knew more of the history of the Chickasaws than any other man I have ever met, and I am going to ask to insert Mr. Carter's speech, which includes an analysis of Tecumseh's speech and also the reply of Pushmataha.

The CHAIRMAN. We will be glad to have that done.

ADDRESS OF HON. CHARLES D. CARTER, OF OKLAHOMA

"When the busy closing hours of the Sixty-first Congress were dragging along toward midnight, a page came to me on the floor and told me that Mr. Adam Byrd, from Mississippi, who was retiring from Congress, was about to leave for home and desired to see me for a few moments before departing. Mr. Byrd led me to a secluded spot in the Democratic cloakroom and after a brief explanation enjoined on me two responsibilities, which he said he felt it my duty to undertake. The first has no connection with this meeting today, but after finishing that this fine old fellow said, in a most serious way: 'Charley, you are an Indian, and I want to talk to you about another Indian. Old Chief Pushmataha was by long odds the greatest Indian who ever lived. Our Southland had many brave, heroic pioneers—Dale, Claiborne, Andrew Jackson, and others—but this primitive, unlettered Indian did as much during the early part of the nineteenth century toward saving the white population and the things it stands for as any of these, not even excepting his bosom friend, Old Hickory himself. Our American people may not be ungrateful, but they are the most thoughtless, forgetful people in the world, for they have woefully neglected giving anything like adequate credit for the valuable services Pushmataha rendered the white people then living south of the Ohio River and their descendants. While he had much to do with making my own State possible, I doubt if there is 1 school teacher out of 50 in Mississippi who knows anything about his history. I doubt if there are 10 men in Congress who even know that his body rests out here in Congressional Cemetery, and before I came here they did not even do his memory the honor to put flowers on his grave on Decoration Day. I visit his grave on every Sunday when the weather will permit, and I see that it is properly decorated at the proper time. Now, I know you are not going to visit his grave every Sunday as I have, but I do want you to promise me that you will go out there occasionally and that you will see that the old chief's grave is given proper attention on Decoration Day.' I had barely time to agree when he took me by the hand, saying, 'Good-bye and God bless you', went out of the cloakroom, and I never saw him again, for he died shortly afterward.

"I have done my best to keep this pledge, and no Decoration Day has passed since that time without appropriate decorations being placed on Pushmataha's grave, but had Adam Byrd failed to make that farewell call on me that night we might not be here today doing just honor to the memory of this truly great man. Adam Byrd was right. Pushmataha was a great chief. He was one of the greatest Indians who ever lived. He was more than that. He was one of the greatest characters of his generation. The old chief was a skillful hunter, an intrepid warrior, a close student of nature, a powerful orator, and a persuasive debater in the councils of his tribe. He had an acute sense of justice not only between man and man but between nations as well. By patient and sagacious statesmanship, and wise, far-seeing counsel he successfully steered the Choctaw ship of state through the then turbulent complications without, to use his own proud boast, ever having found it necessary 'to raise the tomahawk against the Great White Father at Washington or his children.'

"The absorbing ambition of Pushmataha was that his people might become the equal of the whites in education and civilization and take their place beside the white man in a business way, in a professional way, and in the councils of the Nation. He was always an advocate of education and industry among his people and contributed much not only of his time but of his small income to that end. He was dearly beloved by both the Choctaws and Chickasaws, and after his death one of the executive and judicial districts of his nation in Indian Territory was named in his honor. When the forty-sixth star was added to the constellation of Old Glory the Oklahoma people gave evidence of their appreciation of the memory of this grand old man by naming one of the largest and most beautiful counties of the State for him.

"But I must not trespass too greatly upon your time. You are to have the privilege of hearing this great man's life and character discussed by those much better informed and equipped than myself. I will pause only long enough to tell you something of what I believe his own people, the Choctaws, consider one of the Pushmataha's greatest achievements. This has to do with the part he took in saving the white man's civilization west of the Alleghenies and specifically his reply to the wonderful address delivered before the Choctaw council by the great Shawnee orator, Tecumseh. The War of 1812 was impending and the British authorities were doing all in their power to stir up antagonism between the Indians and the Americans. The astute Shawnee chief, Tecumseh, was sent on a tour by British agents to organize all Indians west of the Alleghenies with the purpose to expel the white Americans beyond the mountains. One of the first tribes he visited was the Choctaw. After his mission had been explained to Pushmataha, the wise old chief advised Tecumseh that he was only one of the three chiefs of the Choctaw Nation; that the Choctaws could only take part in any war upon the decision of the general council of the tribe; and that before this was done they would probably desire to consult their kindred tribe and ally, the Chickasaws. Tecumseh then requested that both tribes be called together in order that he might lay his plan before the council. After a consultation with the other two Choctaw chiefs, Masholatubby and Apuckshinubby, and the principal chief of the Chickasaws, a general council of the two tribes was called.

"Tecumseh was classed by many of his contemporaries as the most powerful debater of his generation, and this was saying much, for it was during the day of Clay, Calhoun, and Webster. Realizing the full power of his oratory, Tecumseh surmised if he could get to speak to the Choctaw people in general council they would not be able to resist his magnetic logic and eloquence. The council was assembled, and Tecumseh, with his suite of 30 warriors bedecked in panoply of paint and feathers, filed in before the council fire to deliver his address. We must bear in mind that the Shawnees spoke an entirely different language from the

Choctaws and Chickasaws, the Shawnees belonging to the Algonquin stock and speaking their dialect, while the Choctaws and Chickasaws are of the Appalachian stock and spoke the Muskogeon dialect. Therefore it was necessary for each speech to be translated by an interpreter so all might understand.

"The great Shawnee chief was thoroughly familiar with past relations between all Indian tribes and the whites, and he began by recounting all the wrongs perpetrated on the Indians by the palefaces since the landing of Columbus. He related how the white man had beguiled the Indians along the Atlantic coast to part with their lands for a few trifling beads and a little fire water, leaving them beggars, vagabonds, peons, and strangers in their own land, to be scorned and despised by their paleface neighbors. He told how the Shawnees and other northern tribes were being stripped of their patrimony. He laid down the principle that the Great Spirit had given the Western Hemisphere to all red people in common and that no particular tribe had anything more than the right of possession to any lands, and, therefore, asserted any relinquishment of title by one tribe to be null and void, because many of the owners had not joined in the transfer.

"These wrongs discussed he declared had been made possible by the ingenuity of the whites in attacking only one tribe at a time, but if all Indians would join and combine their forces in one attack at one time, the white man could be driven back over the mountains whence he came; that the golden opportunity was now at hand to join hands with the British and scourge from their revered hunting grounds eternally the hated paleface. He closed his eloquent address with a stirring appeal to the patriotism of the Choctaws and Chickasaws, asking if they would await complete submission or would they now join hands and fight beside the Shawnees and other tribes rather than submit?

"Evidently Tecumseh's purpose had been fully accomplished. His magnetic words seemed to arouse every vindictive sentiment within the souls of the Choctaws and Chickasaw warriors; their savage enthusiasm had been stirred to white heat when Pushmataha calmly strode before the council fire and began his wonderful reply to Tecumseh's speech. What a pity that no accurate account of this wonderful debate between these two giant primitive orators was at that time preserved! Lincecum, Pickett, Randall, and other historians have left us brief excerpts; Cushman undertakes to give Pushmataha's speech in full; but his recital does not even do faint justice to the original and in no measure conforms to the Choctaws' account of it. For many years it was handed down from generation to generation by tradition to the Choctaws and Chickasaws, but it can be easily understood how that method might fail to preserve all the virile force and eloquence of this wonderful address. I will undertake to give it to you in part as nearly as I remember hearing it told by some of the old Indians many years ago. Pushmataha begins his address as follows:

PUSHMATAHA'S REPLY TO TECUMSEH

"'Omiske, tushkahoma ho chukma hashche yumma! Anumpa tilofasih ish huko.

"' (Attention, my good red warriors! Hear ye my brief remarks.)

"'The great Shawnue orator has portrayed in vivid picture the wrongs inflicted on his and other tribes by the ravages of the paleface. The candor and fervor of his eloquent appeal breathe the conviction of truth and sincerity, and, as kindred tribes, naturally we sympathize with the misfortunes of his people. I do not come before you in any disputation either for or against these charges. It is not my purpose to contradict any of these allegations against the white man, but neither am I here to indulge in any indiscreet denunciation of him which might bring down upon my people unnecessary difficulty and embarrassment.

"'The distinguished Shawnee sums up his eloquent appeal to us with this direct question:

"'"Will you sit idly by, supinely awaiting complete and abject submission, or will you die fighting beside your brethren, the Shawnees, rather than submit to such ignominy?"

"'These are plain words, and it is well they have been spoken, for they bring the issue squarely before us. Mistake not, this language means war. And war with whom, pray? War with some band of marauders who have committed these depredations against the Shawnees? War with some alien host seeking the destruction of the Choctaws and Chickasaws? Nay, my fellow tribesmen. None of these are the enemy we will be called on to meet. If we take up arms against the Americans, we must of necessity meet in deadly combat our daily neighbors and associates in this part of the country near our homes.

"'If Tecumseh's words be true, and we doubt them not, then the Shawnees' experience with the whites has not been the same as that of the Choctaws. These white Americans buy our skins, our corn, our cotton, our surplus game, our baskets, and other wares, and they give us in fair exchange their cloth, their guns, their tools, implements, and other things which the Choctaws need but do not make. It is true we have befriended them, but who will deny that these acts of friendship have been abundantly reciprocated? They have given us cotton gins, which simplify the spinning and sale of our cotton; they have encouraged and helped us in the production of our crops; they have taken many of our wives into their homes to teach them useful things, and pay them for their work while learning; they are teaching our children to read and write from their books. You all remember well the dreadful epidemic visited upon us last winter. During its darkest hours these neighbors whom we are now urged to attack responded generously to our needs. They doctored our sick; they clothed our suffering; they fed our hungry; and where is the Choctaw or Chickasaw delegation who has ever gone to St. Stephens with a worthy cause and been sent away empty handed? So in marked contrast with the experience of the Shawnees, it will be seen that the whites and Indians in this section are living on friendly and mutually beneficial terms.

"'Forget not, O Choctaws and Chickasaws, that we are bound in peace to the Great White Father at Washington by a sacred treaty and the Great Spirit will punish those who break their word. The Great White Father has never violated that treaty and the Choctaws have never yet been driven to the necessity of taking up the tomahawk against him or his children. Therefore the question before us tonight is not the avenging of any wrongs perpetrated against us by the whites, for the Choctaws and Chickasaws have no such cause, either real or imaginary, but rather it is a question of carrying on that record of fidelity and justice for which our forefathers ever proudly stood, and doing that which is best calculated to promote the welfare of our own people. Yea, my fellow tribesmen, we are a just people. We do not take up the warpath without a just cause and honest purpose. Have we that just cause against our white neighbors, who have taken nothing from us except by fair bargain and exchange? Is this a just recompense for their assistance to us in our agricultural and other pursuits? Is this to be their gracious reward for teaching our children from their books? Shall this be considered the Choctaws' compensation for feeding our hungry, clothing our needy, and administering to our sick? Have we, O Choctaws and Chickasaws, descended to the low estate of ruthlessly breaking the faith of a sacred treaty? Shall our forefathers look back from the happy hunting grounds only to see their unbroken record for justice, gratitude, and fidelity thus rudely repudiated and abruptly abandoned by an unworthy offspring?

"'We Choctaws and Chickasaws are a peaceful people, making our subsistence by honest toil; but mistake not, my Shawnee brethren, we are not afraid of war. Neither are we strangers to war, as those who have undertaken to encroach upon our rights in the past may abundantly testify. We are thoroughly familiar with war in all its details, and we know full well all its horrible consequences. It is unnecessary for me to remind you, O Choctaws and Chickasaws, veteran braves of many fierce conflicts in the past, that war is an awful thing. If we go into this war against the Americans, we must be prepared to accept its inevitable results. Not only will it foretoken deadly conflict with neighbors and death to warriors, but it will mean suffering for our women, hunger and starvation for our children, grief for our loved ones, and devastation of our beloved homes. Notwithstanding these difficulties, if the cause be just we should not hesitate to defend our rights to the last man, but before that fatal step is irrevocably taken, it is well that we fully understand and seriously consider the full portent and consequences of the act.

"'Hear me, O Choctaws and Chickasaws, for I speak truly for your welfare. It is not the province of your chiefs to settle these important questions. As a people, it is your prerogative to have either peace or war, and as one of your chiefs it is mine simply to counsel and advise. Therefore, let me admonish you that this critical period is no time to cast aside your wits and let blind impulse sway; be not driven like dumb brutes by the frenzied harangue of this wonderful Shawnee orator; let your good judgment rule, and ponder seriously before breaking bonds that have served you well and ere you change conditions which have brought peace and happiness to your wives, your sisters, and your children. I would not undertake to dictate the course of one single Choctaw warrior. Permit me to speak for the moment, not as your chief but as a Choctaw warrior weighing this question beside you. As such I shall exercise my calm, deliberate judgment in behalf of those most dear to me and dependent on me, and I shall not suffer my reason to be swept away by this eloquent recital of alleged wrongs which I know naught of. I deplore this war; I earnestly hope it may be averted; but if it be forced upon us, I shall take my stand with those who have stood by my people in the past and will be found fighting beside our good friends of St. Stephens and surrounding country. I have finished. I call on all Choctaws and Chickasaws endorsing my sentiments to cast their tomahawks on this side of the council fire with me.'

"The air resounded with the clash of tomahawks cast on the side of the Choctaw chief, and only a few warriors seemed still undecided. Tecumseh, seeing the purpose of his mission thwarted and thinking Pushmataha could not understand the Shawnee language, spoke to his warriors in his native tongue, saying: 'Pushmataha is a coward, and the Choctaw and Chickasaw braves are squaws'; but Pushmataha had traveled much and knew a smattering of many Indian dialects. He understood Tecumseh, and, turning upon the Shawnee with all the fire of his eloquence, he clinched the argument and settled the decision of the few wavering Choctaw braves by saying:

"'Halt, Tecumseh! Listen to me. You have come here, as you have often gone elsewhere, with a purpose to involve peaceful people in unnecessary trouble with their neighbors. Our people have had no undue friction with the whites. Why? Because we have had no leaders stirring up strife to serve their selfish, personal ambitions. You heard me say that our people are a peaceful people. They make their way, not by ravages upon their neighbors but by honest toil. In that regard they have nothing in common with you. I know your history well. You are a disturber. You have ever been a trouble maker. When you have found yourself unable to pick a quarrel with the white man, you have stirred up strife between different tribes of your own race. Not only that, you are a monarch and unyielding tyrant within your own domain; every Shawnee man, woman, and child must bow in humble submission to your imperious will.

"'The Choctaws and Chickasaws have no monarchs. Their chieftains do not undertake the mastery of their people, but rather are they the people's servants, elected to serve the will of the majority. The majority has spoken on this question, and it has spoken against your contention. Their decision has therefore become the law of the Choctaws and Chickasaws, and Pushmataha will see that the will of the majority, so recently expressed, is rigidly carried out to the letter. If, after this decision, any Choctaw should be so foolish as to follow your imprudent advice and enlist to fight against the Americans, thereby abandoning his own people and turning against the decision of his own council, Pushmataha will see that proper punishment is meted out to him, which is death. You have made your choice; you have elected to fight with the British. The Americans have been our friends, and we shall stand by them. We will furnish you safe conduct to the boundaries of this Nation as properly befits the dignity of your office. Farewell, Tecumseh. You will see Pushmataha no more until we meet on the fateful warpath.'"

Mr. RANKIN. Now, what was the result? Did it ever occur to you that we lost every battle in the North during the War of 1812 with one or two shining exceptions; did it ever occur to you that this Capital was invaded and burned, and that the only friends we had that amounted to anything that were willing to help us were the Choctaw and the Chickasaw Indians? This old Chief Pushmataha raised a regiment and probably a brigade in that war and rose to the rank of brigadier general and fought with General Jackson at New Orleans. Those Indians never at any time antagonized the United States, but supported us in all our trials.

I have often wondered if the people of these United States would ever fully recognize the debt of gratitude they owe to the Choctaw and Chickasaw Indians for their services in the War of 1812.

They not only refused to join our enemies, but they opened up their territories for the passage of our armies, gave abundantly of their supplies, and enlisted their brave and generous sons in defense of our cause.

In one of the darkest hours of American history, when we had been abandoned by all other allies; when Winchester had been defeated in the North, when a foreign foe had invaded and burned the Capitol of this Nation, as well as the White House, the home of the Chief Executive; when a mercenary influence had inspired the representatives of Northeastern States to meet in the Hartford convention and pass resolutions of secession; when all these clouds of despondency were lowering upon the horizon of American liberty, for which Jefferson had contended and Washington had fought, in that dark hour these loyal allies, the Chickasaws and Choctaws, enlisted in America's cause, marched with Andrew Jackson to the Battle of New Orleans, where they helped to defeat the last invading foe and "made the welkin of heaven ring with the shouts of victory."

Yet, when the time came that this Government demanded their territories, they peacefully submitted to those demands. They signed on the dotted line, as it were, in obedience to the mandate of the Government they had supported, folded their tents, extinguished their camp fires, turned their backs on the lands of their fathers, and moved away toward the glow of the setting sun—to live thereafter in the traditions of the white man.

This road should be built, regardless of whom it accommodates or does not accommodate, as a memorial to those Chickasaws and Choctaws, the best friends the white people of America ever had.

THE PRIVATE CALENDAR

Mr. BYRNS. Mr. Speaker, I want to renew a request I made on two occasions last week in connection with the Private Calendar. There is a great deal of interest in having the Private Calendar called, and also a great deal of pressure is being exerted to that end. It has been impossible to fix a day for this purpose, and, as the Members know, we get along faster and better in the consideration of this calendar at night sessions.

So, Mr. Speaker, I ask unanimous consent that it may be in order tomorrow to move that the House recess for the purpose of having a night session, and that at such session bills on the Private Calendar unobjected to may be considered, the call beginning at the star.

Mr. BLANTON. Mr. Speaker, I have indicated to the House that Tuesday night is one of the most inconvenient nights of the week for some of us who watch the Private Calendar to hold a night session, because of certain appointments already agreed upon. It would be much more convenient to hold night session for any of the other nights of the week. But, since it suits the majority leader better to have this night session Tuesday night, I shall not object, and I shall arrange to be here, by rearranging our appointments.

Our mail has been so unusually heavy during the past 2 or 3 weeks that it is necessary to work in the office every night until a late hour. I fully realize, however, that while there are a number of unsound, wasteful bills on the Private Calendar that ought not to pass, there are at the same time some bills that are meritorious and should have consideration. I shall not object.

Mr. SUMNERS of Texas. Mr. Speaker, reserving the right to object, and I shall not object, I wish to advise the Speaker that the Committee on the Judiciary is desirous of calling up certain conference reports during the day.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

THE 30-HOUR WEEK BILL

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Mr. Speaker, I rise at this time to ask the Membership of the House to sign 145 names to the Zioncheck petition to discharge the Rules Committee from further consideration of the Connery 30-hour week bill. This petition is now at the desk.

May I say to the Membership that I have tried every parliamentary maneuver to get this bill before the House for action during this session. I have been in conference after conference. I went to see President Roosevelt with President Green of the American Federation of Labor. We impressed upon the President the need of legislation at this session of Congress establishing a 30-hour week, the same wages to be paid for 30 hours of labor as now paid for longer hours under the code. The President suggested that we confer with the Secretary of Labor, Miss Perkins, and Mr. Richberg, counsel of the N.R.A., and we have been in conference with them since. On Friday I asked Miss Perkins to see the President and get his reaction as to whether or not he was in favor of a bill which had been drafted in these conferences by Mr. Richberg; amendments, as it were, to the 30-hour week bill suggested by Miss Perkins, Mr. Green, Mr. Richberg, and by me. Mr. Green, President of the American Federation of Labor, and I agreed to these amendments substantially in their entirety, subject to the approval of the President and the Committee on Labor. We felt they were amendments we could accept.

This morning I called Miss Perkins' office. She had not seen the President between Friday and today. I had told her Friday that to keep faith with the gentleman from Washington [Mr. ZIONCHECK], and to keep faith with labor throughout the entire country which has asked me to do everything possible to get this bill before Congress, that I would call the Committee on Labor in session Monday, today, and we would be obliged to take action. I talked with Miss Perkins' secretary this morning and she said that Miss Perkins had not yet taken up the matter with the President. My committee met this morning and I announced to the committee that I would take the floor today to ask for 145 signers to the petition. The committee decided that after these signers were secured we would take up in the committee, amendments, some of them suggested by Mr. Richberg and Miss Perkins. Some perhaps we would not agree to, but we could offer the ones to which we did agree as committee amendments to the 30-hour week bill when the bill comes to the floor of the House.

In conclusion let me say I believe that in order to be sure of a vote on this bill it is necessary to have this petition completed by Thursday of this week, so that we will have a vote on May 18. I therefore ask every Member of the House interested in securing a 30-hour week for industry to sign this petition. Every labor union in the United States is in favor of the Connery 30-hour week bill and have expressed themselves emphatically over and over again.

I am now going to sign the petition and I hope I shall have many Members who will sign with me immediately. [Applause.]

May I state at this time the position taken at the conferences by Secretary of Labor Perkins and Mr. Richberg. They wished it made clear that they did not commit themselves in favor of the bill or in favor of the draft which

Mr. Richberg drew up. Mr. Green, of course, is emphatically in favor of the 30-hour week bill.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Washington.

Mr. ZIONCHECK. Are there not still 11,000,000 people unemployed in the United States?

Mr. CONNERY. The American Federation of Labor says that there are at least 10,000,000 unemployed in the United States. I may say to the gentleman from Washington that the President of the United States on March 5 asked those representatives of industry at that big meeting in Constitution Hall to shorten hours and increase wages, and less than one twenty-fifth of 1 percent of the big industrialists have acceded to that request.

Mr. BLANTON. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Texas.

Mr. BLANTON. Does not the gentleman know that until we stop the horde of aliens from foreign countries from coming across our borders into the United States every year we will continue to have eleven, twelve, or fifteen million Americans unemployed? It is the aliens from foreign countries who are coming here and taking jobs away from Americans.

Mr. CONNERY. These Americans unemployed to whom I refer are not aliens. They are American citizens.

Mr. BLANTON. We never will get a bill out of the Committee on Immigration to stop immigration in this country until we sign the petition to take the matter away from the Committee on Immigration. It refuses every year to favorably report such a bill. And hordes of aliens continue to come here and take jobs away from American citizens. We must stop it.

Mr. CONNERY. I hope the gentleman from Texas is not trying to becloud this 30-hour issue. There are 10,000,000 Americans out of work in this country and this 30 hour bill, if passed, will put back millions to work.

Mr. BLANTON. We want to stop immigrants from coming into this country. Then we may hope to have jobs for Americans.

Mr. FITZPATRICK. Is it not a fact that more such people left the country last year than came in?

Mr. CONNERY. I do not know about that.

Mr. BLANTON. That contention is ridiculous, for all of us know that, in addition to the lawful quotas that come here annually, many thousands of aliens are smuggled across our Mexican and Canadian borders each year.

Mr. SCHULTE. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Indiana.

[Here the gavel fell.]

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to proceed for 1 additional minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. SCHULTE. Does the gentleman know that in my particular district, one of the heavy industrial districts of the country, the chiselers today in the N.R.A. are the big business concerns to the extent that the refineries and the oil companies are not living up to any part of the code or making any attempt to live up to it, and that over 5,000 people in two industries that I know of are working from 50 to 55 hours a week?

Mr. CONNERY. Yes; I agree with my friend. I may say in conclusion that when the President of the United States, who is the greatest President, in my opinion, since Abraham Lincoln, asks industry to shorten hours and increase wages and they refuse to do it, then it is up to this legislative body to take some action and make them do it.

Many of the amendments suggested by Miss Perkins, Mr. Green, and Mr. Richberg were, in my opinion, constructive, and I believe that the Committee on Labor will so consider them and will offer them as committee amendments. Some of the amendments the committee may see fit to modify. I have had printed the draft which Mr. Richberg prepared and I am inserting it here for the information of the membership.

A bill to provide for a 30-hour work week to relieve unemployment, and for other purposes

Be it enacted, etc., That it is hereby declared that a national emergency, resulting from the unemployment of millions of willing workers, has imposed upon State and Federal Governments a burden of unemployment relief and has interfered with the free flow of interstate commerce to such an extent that action to spread employment uniformly so far as possible has become essential.

SEC. 2. During the period of this national emergency no employee shall be required or permitted by an employer subject to this act to work more than 30 hours in 1 week, 5 days in 1 week, or 6 hours in 1 day by any single employer, or through employment by more than one employer; except under the circumstances and in the manner hereinafter provided.

SEC. 3. Modification of the requirements of section 2 of this act may be granted to employers who have assented to and are complying fully with the requirements of a code of fair competition or agreement approved by the President under the provisions of the National Industrial Recovery Act, upon a petition for such an exemption duly filed with the President or any agent or agency designated by the President for that purpose: *Provided, however*, That such exemption shall be granted only upon a finding that conditions, such as an inadequate supply of labor or other conditions determined to be beyond the employer's control (in accordance with regulations prescribed by the President), exist in a specified industry or locality which make compliance with said requirements impossible without reducing the total volume of employment or restricting commerce or discriminating unfairly against individual employers or groups of employers: *And provided further*, That no modification shall be granted for a period exceeding 90 days at one time, and no modification shall permit a worker to be employed for more than an average of 40 hours per week during the period of modification, unless such a limitation of hours will result in diminishing, instead of increasing, the total volume of employment.

SEC. 4. (a) Every modification granted under section 3 of this act shall be made subject to the condition that the employer shall agree so to adjust rates of compensation that the average weekly earnings of employees for the hours of work reduced, as herein authorized or required, shall not be less than their average weekly earnings under the hours of work prevailing prior to such reduction, and such adjusted rates shall be applied to employment for any portion of the maximum hours of work so authorized or required.

(b) Any employer not conforming hours of work to the standards herein provided, or adjusting rates of compensation for the 30-hour week or any modification thereof, as hereinbefore provided, shall not be entitled to the exemption from the provisions of the antitrust laws of the United States, which is provided in section 5 of the National Industrial Recovery Act.

(c) The President is authorized, through such agencies as he may establish, to determine finally whether an employer has adopted and applied fair measures for the adjustment of rates of compensation in conformity with the requirements of this act.

SEC. 5. The requirements of this act shall extend to all forms of employment and to all employers in trades or industries engaged in producing, transporting, or distributing goods or services in or affecting interstate commerce; but shall not apply to agricultural workers or to persons employed in domestic service or to employees subject to the Railway Labor Act.

SEC. 6. Any violation of the requirements of this act shall be a misdemeanor, and upon conviction thereof an offender shall be fined not more than $500 for each offense, and each day such violation continues shall be deemed a separate offense.

SEC. 7. The President is authorized to exercise any and all of the powers conferred upon him in the National Industrial Recovery Act for the purpose of carrying out the provisions of this act, including the power to declare the end of the period of national emergency herein defined.

SEC. 8. This act shall take effect 90 days after its enactment.

I feel that this 30-hour bill is urgently needed by the country at this time, and if passed will stimulate business and do much to settle the unemployment situation in the country. I cannot urge too strongly the need of legislative action on this bill. I feel that this petition should be signed and this legislation passed. [Applause.]

[Here the gavel fell.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—REPAIR AND RECONSTRUCTION OF HOMES (H.DOC. NO. 371)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Banking and Currency and ordered printed:

To the Congress:

May I draw your attention to some important suggestions for legislation which should tend to improve conditions for those who live in houses, those who repair and construct houses, and those who invest in houses?

Many of our homes are in decadent condition and not fit for human habitation. They need repairing and modern-

izing to bring them up to the standard of the times. Many new homes now are needed to replace those not worth repairing.

The protection of the health and safety of the people demands that this renovizing and building be done speedily. The Federal Government should take the initiative immediately to cooperate with private capital and industry in this real-property conservation. We must lay the groundwork for this effort before Congress adjourns its present session.

The purpose of the program is twofold: First, to return many of the unemployed to useful and gainful occupation; second, to produce tangible, useful wealth in a form for which there is great social and economic need.

The program consists of four major, interrelated divisions:

1. Modernization, repair, and new construction;
2. Mortgage insurance;
3. Mortgage associations; and
4. Building-and-loan insurance.

The modernization phase of the program will furnish national guidance and support for locally managed renovizing campaigns throughout the country and protection for home owners against unwarranted cost advances. For these purposes and to assure adequate financing at low cost and on moderate terms of repayment, a new governmental agency is required.

Modernization of commercial and industrial structures is envisioned, as well as residential, but the new features providing governmental assistance are confined largely to home improvements.

Loans to individuals will be made by private agencies which will be insured by a governmental agency against loss up to a certain percentage of their advances. This insurance against loss on the rehabilitation loans will be met by the Government and will be confined to advances of credit that meet standards and conditions designed to protect both the home owners and the cooperating agencies.

To make funds available for new home construction and to improve the mortgage market, the second phase of the program is long-term mortgage financing. It provides mutual mortgage insurance under governmental direction to enable private agencies to make first-mortgage loans on newly constructed houses up to 80 percent of the appraised value of the property, and to make new mortgages on existing homes up to 60 percent of the appraised value of the property. The loans will usually carry not more than 5-percent interest and will be amortized by periodic payments over 20 years. Similar insurance arrangements are provided to help finance low-cost residential projects of the slum-replacement type.

The third phase provides for the incorporation of mortgage associations under strict Federal supervision to increase the amount of mortgage funds available in regions where interest rates are unduly high because sufficient local funds are lacking. The activities of these associations will be limited almost entirely to insured residential mortgages.

Insurance for share and certificate holders in building-and-loan associations, similar to the insurance provided for bank depositors, is the fourth phase of the program. These institutions are custodians of the funds of small savers, and it is essential that they should be given every reasonable protection. Insurance of this type is necessary in order to arrest any further drain on these institutions and to put them in a position to resume their normal useful functions.

I believe that the initiation of this broad and sound program will do much to alleviate distress and to raise perceptibly the standards of good living for many of our families throughout the land.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 14, 1934.*

UNIFORM SYSTEM OF BANKRUPTCY

Mr. SUMNERS of Texas. Mr. Speaker, I call up the conference report on the bill H.R. 5950, to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with amendments as follows: On page 2, line 13, of the Senate amendment, after "irrigation", insert "reclamation"; on page 3, line 5, of the Senate amendment strike out "51 percent" and insert in lieu thereof the following: "30 percent in the case of drainage, irrigation, reclamation, and levee districts and owning not less than 51 percent in the case of all other taxing districts"; and on page 9, line 18, of the Senate amendment strike out "75 percent" and insert in lieu thereof the following: "66⅔ percent in the case of drainage, irrigation, reclamation, and levee districts and creditors holding 75 percent in the case of all other taxing districts"; and the Senate agree to the same.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

M. M. NEELY,
PAT. MCCARRAN,
WARREN R. AUSTIN,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Under the House provisions, 30 percent in amount of the creditors of the taxing district can file a petition seeking the benefits of the act and stating either (a) that they are willing to have a plan of readjustment prepared and submitted to the court for confirmation, or (b) that a plan of readjustment has been prepared and is filed with the petition. The consent of 66⅔ percent in amount of the creditors is required for confirmation of the plan.

The Senate bill requires the consent of 51 percent in amount of the creditors to the filing of the petition, and that the plan of readjustment be submitted with the petition. The consent of 75 percent in amount of the creditors is required for confirmation of the plan.

The House accepted the provisions of the Senate bill, with the exception that the House provisions requiring the consent of 30 percent of the creditors to file a petition and the consent of 66⅔ percent of the creditors for confirmation of the plan are retained in the case of drainage, irrigation, reclamation, and levee districts.

The other amendments of the Senate are chiefly formal, to which the House agreed.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

Mr. SNELL. Mr. Speaker, may I ask what report this is?

Mr. SUMNERS of Texas. This is a report on the municipal bankruptcy bill.

Mr. SNELL. For communities and municipalities?

Mr. SUMNERS of Texas. It is known as the "municipality bill."

Mr. SNELL. Will the gentleman tell us in a very few words just what we can do and what we may expect in the future?

Mr. SUMNERS of Texas. In reference to what?

Mr. SNELL. In reference to various communities filing petitions in bankruptcy.

Mr. SUMNERS of Texas. I presume the gentleman is familiar with the bill as it passed the House?

Mr. SNELL. In general I am.

Mr. SUMNERS of Texas. The bill passed the House requiring 30 percent of the creditors going in with the debtor in order to initiate proceedings; then it required 66⅔ percent of the creditors to agree with the debtor to the plan. In the Senate the bill was changed in order to provide a requirement of a majority, 51 percent of the creditors, to agree in advance with the debtor on a plan. This is in regard to municipalities. Then it required 66⅔ of each class of creditors and three fourths of all the debtors to agree generally with the debtor before the plan could be made effective by the court.

Mr. SNELL. Before the plan may become effective three fourths must agree?

Mr. SUMNERS of Texas. Yes; and a majority must agree to the plan before the plan is filed in court. The House accepted that amendment.

The Senate agreed that the provisions of the House bill as to percentages of debtors may apply to drainage districts and other taxing districts, not cities. The Senate agreed to the House provision that 30 percent could go in to count with the debtor, just as the House provision called for, with two thirds agreeing to the final plan. This was believed by the House conferees to be a good arrangement. Because of peculiar difficulties in these drainage districts and similar taxing units in getting the bondholders together, the Senate agreed with the House that it would be better to leave the House provision applicable to taxing districts and districts of that character.

Mr. HASTINGS. As I understand it, as far as municipalities are concerned, 51 percent must agree to the petition and finally 75 percent must agree?

Mr. SUMNERS of Texas. Yes; that is right.

Mr. MAY. Does the bill provide merely for the bondholders to agree, or does it include holders of certificates of indebtedness and municipal warrants?

Mr. SUMNERS of Texas. I think so.

Mr. MAY. That ought to be made specific and certain.

Mr. SUMNERS of Texas. I do not think there is any doubt about that matter.

Mr. HASTINGS. Many small municipalities have not been able to issue bonds, but have issued certificates.

Mr. SUMNERS of Texas. Everyone gets in.

Mr. Speaker, I move the adoption of the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

THE CRIME BILLS

Mr. SUMNERS of Texas. Mr. Speaker, may I submit a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. SUMNERS of Texas. Mr. Speaker, there are a number of conference reports on kindred bills, known as the "crime bills", which we desire to call up. My parliamentary inquiry is whether I may submit a unanimous-consent request that the conference reports on all the bills be called up and that the statements be read in lieu of the reports.

The SPEAKER. The gentleman may call up the reports and submit the request.

Mr. SUMNERS of Texas. Then, Mr. Speaker, I desire to call up the conference reports on the bills S. 2252, S. 2575, S. 2841, S. 2249, S. 2080, S. 2253, and S. 2845, and ask unanimous consent that the statements with regard to these respective bills as they come in order may be read in lieu of the reports.

The SPEAKER. The gentleman from Texas asks unanimous consent to call up en bloc the bills enumerated and known as the "crime bills", and asks in each instance that the statement may be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statements.

The conference reports and statements are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2252) to amend the act forbidding the transportation of kidnaped persons in interstate commerce having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, 4, 5, 6, and agree to the same.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 2252) to amend the act forbidding the transportation of kidnaped persons in interstate commerce, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

All the amendments of the House are agreed to. The first amendment excludes from the operation of the act forbidding the transportation of kidnaped persons in interstate commerce, the technical case of a minor "kidnaped" by a parent thereof.

The second amendment provides for a death penalty if the verdict of the jury shall so recommend, provided that the sentence of death shall not be imposed by the court, if, prior to its imposition, the kidnaped person has been liberated unharmed. If the death penalty shall not apply nor be imposed the convicted person shall be punished by the same penalty provided in the original act, namely, imprisonment in the penitentiary for such term of years as the court in its discretion shall determine.

This amendment further provides that the failure to release the kidnaped person within 7 days after he shall have been kidnaped shall create a presumption that such person has been transported in interstate or foreign commerce, but such presumption shall not be conclusive. In the original bill this provision was to the effect that such a presumption arose in the absence of the return of the person kidnaped and in the absence of the apprehension of the kidnaper during a period of 3 days.

The remaining amendments are merely formal. The third amendment makes a separate section of the definition of interstate commerce. The fourth amendment adds the phrase "as used herein" in defining the term "interstate commerce." The fifth amendment makes a new section out of the proviso in the original act concerning conspiracy to violate provisions thereof. The sixth amendment strikes out the presumption contained in the original amendment, which presumption is replaced by the presumption referred to above in the second amendment.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2575) to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1 and 2, and agree to the same.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 2575) to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate receded on both amendments adopted by the House.

The bill as it passed the House is aimed at punishing any officer or employee of a penal institution or other person who assists any prisoner to escape or smuggles into the institution any firearm, deadly weapon, or instrument which would assist the prisoner to escape.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2841) to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, 4, 5, 6, and 7, and agree to the same.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 2841) to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate receded on all amendments and agreed to the bill as it passed the House.

The bill makes robbery of member banks of the Federal Reserve System and all banking institutions organized or operating under the laws of the United States a Federal offense. If in the commission of the offense murder or kidnaping is committed, the punishment is fixed at imprisonment for not less than 10 years or by death if the verdict of the jury shall so direct.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2249) applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, and 4, and agree to the same.

HATTON W. SUMNERS,
TOM D. MCKEOWN,
A. J. MONTAGUE,
RANDOLPH PERKINS,
Managers on the part of the House.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 2249) applying the powers of the Federal Government under the commerce clause of the Constitution to extortion by means of telephone, telegraph, radio, oral message, or otherwise, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate receded on both amendments of the House. The Senate bill provided that the penalties of the act shall apply to anyone who "shall transmit an extortion message in interstate commerce by telephone, telegraph, radio, or oral message, or by any other means whatsoever." The House struck out the words of limitation to make the act apply to "anyone who shall transmit such threat in interstate commerce by any means whatsoever." The Senate receded.

On amendment 3: The Senate bill provided for punishment by imprisonment for such term of years as the court in its discretion shall determine. The House amended the bill to make the penalty not more than $5,000 or imprisonment not more than 20 years, or both. The Senate receded.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2080) to provide punishment for killing or assaulting

Federal officers having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: Page 1, line 3, of the Senate bill, strike out the words "murder or otherwise" and in lieu of the matter proposed to be inserted by the House amendment insert the following: "kill, as defined in sections 273 and 274 of the Criminal Code, any United States marshal or deputy United States marshal, special agent of the Division of Investigation of the Department of Justice, post-office inspector, Secret Service operative, any officer or enlisted man of the Coast Guard, any employee of any United States penal or correctional institution, any officer of the customs or of the internal revenue, any immigrant inspector or any immigration patrol inspector, while"; and the House agree to the same.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.
HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 2080) to provide punishment for killing or assaulting Federal officers, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment 1: The Senate bill included by its terms all officers and employees of the United States. The House amendment limited its terms to "any United States marshal or deputy United States marshal, special agent of the Division of Investigation of the Department of Justice, post-office inspector, Secret Service operative, any officer or enlisted man of the Coast Guard, or any employee of any United States penal or correctional institution." The Senate accepted the House amendment with the inclusion of officers of the customs, of the internal revenue, immigrant inspectors, and immigration patrol inspectors.

Amendment 2 of the House is a formal amendment made necessary by the adoption of amendment 1. The Senate receded.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 2, 4, and amendment to the title.

That the Senate recede from its disagreement to the amendment of the House numbered 3; and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment, strike out on page 1, line 3, of the Senate bill the word "flee" and insert in lieu thereof "move or travel in interstate or foreign commerce"; and the House agree to the same.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.
HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The first amendment of the House was the addition, after the word "Columbia", at page 1, line 5, of the words "to another State, Territory, or the District of Columbia or to a foreign country." The purpose of this amendment was to indicate more clearly that this proposed legislation was based on the Federal power over interstate commerce. It was believed by the committee of conference that the proposed act could more certainly be sustained, insofar as constitutional objections might be raised, if it was specifically designated that the Congress intended to exercise its power to control movement and traffic in interstate or foreign commerce. Therefore, the word "flee", at page 1, line 3, has been stricken out, and there have been inserted the words "move or travel in interstate or foreign commerce." The House amendment, "to another State, Territory, or the District of Columbia or to a foreign country", was stricken out.

On the second and the fourth amendments of the House, which eliminated from the original bill the provision that placed witnesses within the scope of the proposed act, the House receded. Therefore, with respect to persons moving or traveling in interstate or foreign commerce with intent to avoid giving testimony in any criminal proceedings in the place in which the commission of a felony is charged, the bill is now in its original form.

The third amendment of the House was to limit jurisdiction to persons who fled to avoid prosecution for felonies involving violence. This amendment has been agreed to.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2845) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 3, 4, 5, 6, and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment as follows: In the matter proposed to be inserted by the House amendment, strike out beginning in line 13 on page 1 down through line

9, page 2, of the House engrossed amendments and insert in lieu thereof the following:

"SEC. 4. Whoever shall receive, conceal, store, barter, sell, or dispose of any goods, wares, or merchandise, securities, or money, of the value of $5,000 or more, or whoever shall pledge or accept as security for a loan any goods, wares, or merchandise, or securities, of the value of $500 or more which, while moving in or constituting a part of interstate or foreign commerce, has been stolen or taken feloniously by fraud or with intent to steal or purloin, knowing the same to have been stolen or taken, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both."

And on page 1, line 7, of the House engrossed amendments insert a comma after "money".

And the House agree to the same.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 2845) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property, submit the following statement in explanation of the effect of the action agreed upon by the conference and recommended in the accompanying conference report.

The first amendment of the House, page 2, line 1, to strike out "'security' shall mean" and insert "'securities' shall include", was agreed to.

The second amendment of the House was to strike out sections 3 and 4 of the original bill and insert in lieu thereof two new sections. The principal difference in section 3, as thus amended, is the limitation of jurisdiction of the proposed act to the transportation of stolen goods, wares, or merchandise, securities, or money, of the value of $5,000 or more. This section, as amended by the House, remains unchanged, except for the insertion of a comma after the word "money" on page 1, line 7, of the House engrossed amendments.

Section 4 makes it unlawful to receive, conceal, store, barter, sell, or dispose of certain goods, wares, or merchandise, securities, or money, of a value of $5,000 or more. As passed by the Senate, this section provides a penalty for the receipt or disposition of such stolen property while moving in interstate commerce, knowing such property to have been stolen. As passed in the House, this section provides a penalty for the receipt or disposition of such property while moving in interstate commerce, if such property was stolen while moving in interstate commerce, with knowledge that it was stolen while moving in such commerce. Section 4, as agreed upon in conference, provides a penalty for the receipt or disposition of such property stolen while moving in interstate commerce, knowing the property to have been stolen. The obvious purpose of section 4 was to protect interstate commerce by going after the "fence", the guilty receivers or disposers of property, stolen while being transported in such commerce. The original Senate bill does not fully accomplish this, for it includes any stolen property, so long as it is received or disposed of while moving in interstate commerce. The conference amendment is limited to the receipt or disposition of property stolen while in interstate commerce, but such property need not be received or disposed of while moving in interstate commerce.

The second amendment of the House added also a provision which authorizes Federal jurisdiction in the case of a series of transactions involving property of a total value of $5,000 or more. The Senate agreed to the amendment.

The third, fourth, and fifth amendments of the House are merely formal changes in the proposed act. They have been agreed to by the committee of conference.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

Mr. SUMNERS of Texas. Mr. Speaker, I move the adoption of the conference reports with reference to these several bills.

The conference reports were agreed to.

A motion to reconsider was laid on the table.

THE CONSENT CALENDAR

The SPEAKER. The Clerk will call the first bill on the Consent Calendar.

CONSTRUCTION OF A BRIDGE NEAR PORT ARTHUR, TEX.

The Clerk called the first bill on the Consent Calendar (H.R. 4870) to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

Mr. DIES. I object, Mr. Speaker. I want the bill to go through.

Mr. ZIONCHECK. Has not the gentleman a similar bill near the end of the calendar?

Mr. DIES. No; and I object to passing the bill over without prejudice.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. ZIONCHECK, Mr. COCHRAN of Missouri, and Mr. ELTSE of California, objected.

VALIDITY OF DECLARATIONS OF INTENTIONS

The Clerk called the next bill, H.R. 8317, to extend the validity of declarations of intention beyond 7 years.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I understand the gentleman from New York is willing that this bill may go over. The gentleman from Ohio [Mr. JENKINS] is not here, and I am not familiar with the measure.

Mr. LANZETTA. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

NATIONAL FORESTS IN COLORADO

The Clerk called the next bill, H.R. 3206, for the exchange of lands adjacent to national forests in Colorado.

Mr. ELTSE of California. I object, Mr. Speaker.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, may I ask the gentleman from California the nature of the bill?

Mr. ELTSE of California. It is proposed that lands lying within a radius of 6 miles of national forests may be exchanged for lands within the forests.

Mr. ZIONCHECK, Mr. WOLCOTT, and Mr. ELTSE of California objected.

AMENDMENT OF FOREST EXCHANGE ACT

The Clerk called the next bill, H.R. 5368, to extend the provisions of the Forest Exchange Act of March 20, 1922 (42 Stat. 465).

Mr. ELTSE of California, Mr. ZIONCHECK, and Mr. BECK objected.

REGULATION OF AMERICAN BROADCASTING COMPANIES OPERATING ACROSS THE INTERNATIONAL BORDER

The Clerk called the next bill on the calendar, S. 2660, to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162).

Mr. THOMASON, Mr. BECK, and Mr. TERRELL of Texas objected.

THE BOISE NATIONAL FOREST

The Clerk called the next bill on the calendar, H.R. 7927, to add certain lands to the Boise National Forest.

The SPEAKER. Is there objection?

Mr. CHRISTIANSON. Reserving the right to object, I should like to hear from the author of the bill.

Mr. WHITE. This is a bill to protect the watershed of the city of Boise, Idaho, which supplies water for all the big irrigation districts. The Legislature of Idaho has memorialized Congress to pass this legislation. It is approved by the Secretary of the Interior and by the Secretary of Agriculture.

It is desirable to protect the forest, the new growth, from the ravage of fires, but, as I say, the primary purpose is to protect the watershed of Boise and the irrigation districts.

Mr. CHRISTIANSON. How much is it going to cost the Federal Government?

Mr. WHITE. Nothing.

Mr. CHRISTIANSON. I withdraw my reservation of an objection.

Mr. WHITE. Mr. Speaker, I ask that Senate bill 8, an identical bill, be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That, subject to existing valid claims or entries and withdrawals, the following-described lands are hereby added to the Boise National Forest, Idaho, and made subject to all laws applicable to national forests:

Sections 25 and 26; east half section 27; east half section 34; and section 35, township 8 north, range 5 east, Boise meridian.

Sections 1 and 2; sections 11 to 14, inclusive; sections 23 to 27, inclusive; and sections 34 to 36, inclusive; township 7 north, range 3 east, Boise meridian.

Sections 1, 2, and 3; sections 6 and 7; sections 10 to 13, inclusive; and sections 15 to 36, inclusive; township 7 north, range 4 east, Boise meridian.

Sections 1 and 2; sections 4 to 28, inclusive; and sections 30 to 36, inclusive; township 7 north, range 5 east, Boise meridian.

Sections 1 to 3, inclusive; sections 10 to 15, inclusive; sections 22 to 27, inclusive; and sections 34 to 36, inclusive; township 6 north, range 3 east, Boise meridian.

Sections 1 to 36, inclusive, township 6 north, range 4 east, Boise meridian.

Sections 1 to 21, inclusive; sections 24 and 25; and sections 28 to 36, inclusive; township 6 north, range 5 east, Boise meridian.

Sections 1 to 36, inclusive, township 6 north, range 6 east, Boise meridian.

Sections 1 and 2; sections 11 to 14, inclusive; sections 23 to 26, inclusive; and sections 35 and 36; township 5 north, range 2 east, Boise meridian.

Sections 1 to 36, inclusive, township 5 north, range 3 east, Boise meridian.

Sections 1 to 36, inclusive, township 5 north, range 4 east, Boise meridian.

Sections 1 to 36, inclusive, township 5 north, range 5 east, Boise meridian.

Sections 1 to 6, inclusive; sections 8 to 17, inclusive; sections 21 to 27, inclusive; and sections 35 and 36, township 4 north, range 3 east, Boise meridian.

Sections 1 to 36, inclusive, township 4 north, range 4 east, Boise meridian.

Sections 1, 2, 11, and 12, township 3 north, range 3 east, Boise meridian.

Sections 1 to 13, inclusive; and northwest quarter of section 14; township 3 north, range 4 east, Boise meridian; not heretofore included within the Boise National Forest, Idaho; all ranges east, Boise meridian.

The bill was ordered to be read a third time, was read the third time, and passed.

The House bill was laid on the table.

A motion to reconsider was laid on the table.

APPOINTMENT OF POSTMASTERS

The Clerk called the next bill on the calendar, H.R. 7088, to amend the provisions of laws relating to the appointment of postmasters.

The SPEAKER. Is there objection?

Mr. WOLCOTT. I object.

NINTH PAN AMERICAN SANITARY CONFERENCE

The Clerk called the next resolution on the calendar, Senate Joint Resolution 59, to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference.

The SPEAKER. Is there objection?

Mr. BLANTON. I object.

APPOINTMENT OF POSTMASTERS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to return to Calendar No. 183, H.R. 7088, to amend the provisions of laws relating to the appointment of postmasters. The gentleman from California [Mr. HOEPPEL] says that I promised not to object to the bill.

The SPEAKER. Is there objection to returning to H.R. 7088?

There was no objection.

Mr. WOLCOTT. Now, Mr. Speaker, reserving the right to object, as I said, the gentleman from California says that I promised not to object to the bill. I do not want to be put in a false position, but I said I would reserve an objection to make a statement. This bill changes existing law by providing that the Postmaster General may appoint an acting postmaster at the expiration of the term of the postmaster. This bill gives him an authority that he has not heretofore had. By this appointment the acting postmaster is given a status in the civil-service examination which gives him an advantage over other applicants, so that he is always the no. 1 man. He gets that by his experience as acting postmaster. If I gave the gentleman from California the impression that I was not going to object, I was not aware of it, for I have always had in mind an objection to the bill, but I do not want to be misunderstood.

Mr. MARTIN of Oregon. Mr. Speaker, I object.

OPERATION OF SEIZED MOTOR VEHICLES

The Clerk called the next bill, H.R. 7302, to authorize the Postmaster General to receive, operate, and to maintain for official purposes motor vehicles seized for violation of the customs laws.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object. This is the bill that the Chairman of the Committee on Appropriations [Mr. BUCHANAN] made a speech against on the last consent day. He thinks it would set a very bad policy and would eventually cost the Government a vast sum of money. We have never allowed the Post Office Department the privilege of using passenger-carrying cars, and that is what this bill authorizes. Because of the objections of the gentleman from Texas [Mr. BUCHANAN], I object. We need two other objectors to kill it.

Mr. HOEPPEL. I object.

Mr. ELTSE of California. I object.

ANNOUNCEMENT OF LOTTERY WINNERS

The Clerk called the next bill, H.R. 7023, to amend section 213, United States Penal Code, as amended.

The SPEAKER pro tempore (Mr. PATMAN). Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object.

Mr. ELTSE of California. Mr. Speaker, I object.

The SPEAKER pro tempore. This requires three objectors. [After a pause.] Not a sufficient number have objected, and the Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the prohibitions contained in section 213 of the United States Penal Code, as amended, shall not apply to a newspaper which does no more than announce the names of the winners, or the list of prizes, in a lottery or drawing conducted by a local church, civic, charitable, or fraternal organization, or by the local chapter, lodge, or other like unit of any such organization which is not itself local in character.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ADDITIONAL FEE FOR DELIVERY OF REGISTERED MAIL

The Clerk called the next bill, H.R. 7301, to authorize the Postmaster General to charge an additional fee for effecting delivery of domestic registered, insured, or collect-on-delivery mail, the delivery of which is restricted to the addressee only, or to the addressee or order.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Mr. Speaker, I object.

The SPEAKER pro tempore. This requires three objectors.

Mr. MEAD. Will the gentleman reserve his objection?

Mr. BLANTON. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The regular order is, is there objection?

Mr. TRUAX. Mr. Speaker, I object.

The SPEAKER pro tempore. An insufficient number have objected. The Clerk will report the bill.

The Clerk read the bill as follows:

Be it enacted, etc., That the Postmaster General, under such regulations as he may prescribe, is authorized to collect an additional fee of 10 cents for effecting the delivery by carrier or otherwise of domestic registered, insured, or collect-on-delivery mail, the delivery of which is restricted to the addressee only, or to the addressee or order: *Provided*, That no refund shall be made of fees paid for this service unless erroneous delivery of the article or articles was made by the Postal Service.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

PROMOTION TO CHIEF CLERK, RAILWAY MAIL SERVICE

The Clerk called the next bill, H.R. 7343, to remove inequities in the law governing eligibility for promotion to the position of Chief Clerk in the Railway Mail Service.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That that part of section 7 of the act of August 24, 1912 (37 Stat. 556), which comprises section 626 of title 39 of the United States Code, be amended to read as follows:

"Clerks in the highest grade in their respective lines or other assignments shall be eligible for promotion to positions of clerks in charge in said lines or corresponding position in other assignments, and clerks assigned as assistant chief clerks and clerks in grade 6, or higher rank, in their respective divisions, shall, after 1 year of continuous service in such capacity, be eligible for promotion to positions of chief clerks in said division for satisfactory, efficient, and faithful service, under such regulations as the Postmaster General shall prescribe."

With the following committee amendment:

Page 1, lines 8 and 9, strike out "position in other assignments;" and insert in lieu thereof "positions in other assignments,".

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

TO DISCONTINUE FURLOUGHS IN THE POSTAL SERVICE

The Clerk called the next bill, H.R. 9046, to discontinue administrative furloughs in the Postal Service.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the bill be passed over with prejudice.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Mr. Speaker, I object to that request.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That such provisions of section 9 (a) of the Independent Offices Appropriation Act, 1934, as relate to rotative furloughs, and such provisions as continued and amended for the fiscal year 1935, shall not apply to the Postal Service.

SEC. 2. The number of employees in any branch of the Postal Service shall not be reduced, by reason of the discontinuance of any authority for granting furloughs, below the number as shown on the pay rolls of employees in service during the month of January 1934, after deducting the number who have been removed from the pay rolls after the effective date of this act by reason of death, normal retirements, or resignation, but not more in any one year than 5 percent of said number in service during January 1934; nor shall any employee in such service be deprived of employment such as he had during said month of January or be in worse position with respect to his compensation for such employment, by reason of any action taken pursuant to the authority conferred by other provisions of law.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

RESPONSIBILITY OF MAIL CONTRACTORS

The Clerk called the next bill, H.R. 7299, to authorize the Post Office Department to hold contractors responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or negligence of the contractor or an agent or employee thereof.

The SPEAKER pro tempore. Is there objection?

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice?

The SPEAKER pro tempore. Is there objection?

Mr. MEAD. I object to that request.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

Mr. ELTSE of California. Mr. Speaker, I object.

RESPONSIBILITY OF RAILROAD COMPANIES CARRYING MAIL

The Clerk called the next bill, H.R. 7392, to authorize the Post Office Department to hold railroad companies responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or negligence of the railroad company or an agent or employee thereof.

The SPEAKER pro tempore. Is there objection?

Mr. MEAD. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice, because the committee desires to have further hearings before we ask for its consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. WOLCOTT. Mr. Speaker, I reserve the right to object. H.R. 7392, this bill, is similar to H.R. 7299, which the gentleman from New York just let go over without prejudice.

Mr. MEAD. There is a difference in the two bills. The bill H.R. 7299 pertains to star-route contractors and mail-messenger contractors, such contractors as handle mail matter only. This bill under consideration, H.R. 7392, affects railroads, whose principal business is other than that of carrying the mail. The committee decided it would be well to give a hearing on this bill because of certain amendments suggested to the committee after the bill had been reported. With a desire to perfect the bill, I ask that it be temporarily set aside.

Mr. WOLCOTT. Mr. Speaker, on our last consent day there was a bill which appeared on the calendar as Calendar 182, which was along that same line. I call the committee's attention to the fact that Calendar 197, H.R. 7299, in my opinion, embraces the same subject matter as the bills on Calendar 182, and also 198.

I do not like to see a situation created where we are going to take up these bills separately, and for the reason that No. 197 has been objected to and because I desire to consider No. 198 with that, I will have to object to the gentleman's request to pass the bill over.

Mr. ELTSE of California. Will the gentleman reserve his objection?

Mr. WOLCOTT. I reserve the right to object.

Mr. ELTSE of California. I should like to say to the gentleman from New York that I was going to ask some questions under reservation of objection a moment ago, but I was forced to the position of objecting.

Mr. MEAD. I would have been glad to answer the gentleman, but the regular order was called for.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. MEAD]?

Mr. WOLCOTT. I object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. I object.

STOCK OWNERSHIP BY DIRECTORS OF MEMBER BANKS OF FEDERAL RESERVE SYSTEM

The Clerk called the next bill, S. 2601, to amend section 31 of the Banking Act of 1933 with respect to stock ownership by directors of member banks of the Federal Reserve System.

Mr. TRUAX, Mr. ZIONCHECK, and Mr. HOEPPEL objected.

INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS

The Clerk called the next business, Senate Joint Resolution 83, amending Public Resolution No. 118, Seventy-first Congress, Approved February 14, 1931, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts.

Mr. TRUAX, Mr. BLANTON, and Mr. ELTSE of California objected.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT

The Clerk called the next bill, H.R. 8057, to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. O'CONNOR. Will the gentleman reserve his objection?

Mr. ZIONCHECK. I reserve the objection.

Mr. O'CONNOR. I may state that a rule has been granted by the Committee on Rules on this bill, which was unanimously reported by the Judiciary Committee. There are six technical amendments to the workmen's compensation act, all of which have been approved by the Commission and all parties concerned, they having arisen by reason of the experience in administering the act of 1927. I had hoped that we might save time under the rule by passing it unanimously, because there has not been any objection heretofore, as far as I know.

Mr. BLANTON. We will have an opportunity to consider it under the rule, and that gives it a privileged status, and therefore the time ought now to be given to these other bills.

Mr. O'CONNOR. It just takes more time; that is all.

Mr. ZIONCHECK. Mr. Speaker, this is a very technical bill.

Mr. O'CONNOR. I think I can explain it to the gentleman in a few moments.

Mr. ZIONCHECK. I have read the report upon it, and it is right complicated.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. ZIONCHECK. Mr. Speaker, for the time being, I object.

LEAVE OF ABSENCE TO HOMESTEADERS ON PUBLIC DOMAIN

The Clerk called the next bill, S. 2568, granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934.

Mr. TRUAX. Reserving the right to object, is the author of this bill present?

Mr. DEROUEN. I am not the author of the bill, because this is a Senate bill. It passed the Senate and came to the Committee on Public Lands and that committee considered the bill and made a unanimous report.

Mr. TRUAX. I simply wanted a short explanation of the bill.

Mr. DEROUEN. This is a relief measure for homesteaders who have been unable to comply with the law, and in order to give them more time within which to comply with the law so that their homesteads will not be contested, this bill is required.

Mr. TRUAX. What is the compliance which the gentleman mentions?

Mr. DEROUEN. I have in mind further improvements, continuous residence on the location where they have located, and such things. It is purely an emergency measure to grant relief to those settlers in the Northwest.

Mr. TRUAX. And it involves no appropriation?

Mr. DEROUEN. Not a cent.

Mr. TRUAX. I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That any homestead settler or entryman who, during the calendar years 1932 or 1933, found it necessary, or during 1934 should find it necessary, because of economic conditions, to leave his homestead to seek employment in order to obtain the necessaries of life for himself and/or family or to provide for the education of his children, may, upon filing with the register of the district of his affidavit, supported by corroborating affidavits of two disinterested persons, showing the necessity of such absence, be excused from compliance with the requirements of the homestead laws as to residence, cultivation, improvements, expenditures, or payment of purchase money, as the case may be, during all or any part of the calendar years 1932, 1933, and 1934, and said entries shall not be open to contest or protest because of failure to comply with such requirements during such absence; except that the time of such absence shall not be deducted from the actual residence required by law, but a period equal to such absence shall be added to the statutory life of the entry: *Provided*, That any entryman holding an unperfected entry on ceded Indian lands may be excused from the requirements of residence upon the conditions provided herein, but shall not be entitled to extension of time for the payment of any installment of the purchase price of the land except upon payment of interest, in advance, at the rate of 4 percent per annum on the principal of any unpaid purchase price from the date when such payment or payments became due to and inclusive of the date of the expiration of the period of relief granted hereunder.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS OHIO RIVER NEAR SHAWNEETOWN, GALLATIN COUNTY, ILL.

The Clerk called the next bill, H.R. 8908, to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Shawneetown, Gallatin County, Ill., and a point opposite thereto in Union County, Ky.

Mr. ELTSE of California and Mr. ZIONCHECK objected.

Mr. DIES. Will the gentlemen reserve the objection? I want to propound a question as to the policy in regard to these bills to extend the time for building bridges. The gentlemen objected to my bill, no. 4870, the first bill on the calendar. I should like some explanation as to just what is the policy of these objectors.

Mr. ZIONCHECK. There is a bill later on the calendar authorizing a bridge to be built in the city of Port Arthur, in the gentleman's particular case. The first bill that was objected to was for a private concern to put in a toll bridge. There was objection by the Department of Agriculture. It is a matter of policy that if a municipality wants to go through with a bridge, we will grant that permission to the municipality and will not grant it to the private company.

Mr. DIES. I understand you are objecting to these private concerns' undertaking to operate toll bridges?

Mr. ZIONCHECK. Yes. If a municipality does not ask for it and no bridge is going to be put in, then we make no objection.

Mr. ELTSE of California. With respect to this particular bill, there was one passed last week authorizing the municipality to build this particular bridge.

Mr. ZIONCHECK. That is correct.

The SPEAKER pro tempore. Three objections are required.

Mr. WOLCOTT, Mr. ZIONCHECK, and Mr. ELTZE of California objected.

UNITED STATES MERCHANT MARINE

The Clerk called the next resolution, House Joint Resolution 282, requiring 50 percent of the cargo imported and exported under trade agreements between the United States and foreign nations to be carried in vessels of the United States.

Mr. BLAND. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

WAGES DUE AMERICAN SEAMEN

The Clerk called the next bill, H.R. 5266, to amend section 4543 (U.S.C., title 46, sec. 605) of the Revised Statutes of the United States.

Mr. BLANTON. Mr. Speaker, the Treasury Department thinks this bill is unnecessary. I object.

Mr. BLAND. Mr. Speaker, will the gentleman withhold his objection for a moment?

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

Mr. TRUAX. Mr. Speaker, to that I object.

Mr. BLANTON. Mr. Speaker, I object to the bill.

POSTAL TREATIES AND CONVENTIONS

The Clerk called the next bill, H.R. 7317, to provide for the final construction, on behalf of the United States, of postal treaties or conventions to which the United States is a party.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 398 of the Revised Statutes (U.S.C., title 5, sec. 372), is hereby amended to read as follows:

"For the purpose of making better postal arrangements with foreign countries, or to counteract their adverse measures affecting our postal intercourse with them, the Postmaster General, by and with the advice and consent of the President, may negotiate and conclude postal treaties or conventions, and may reduce or increase the rates of postage or other charges on mail matter conveyed between the United States and foreign countries: *Provided*, That the decisions of the Postmaster General construing or interpreting the provisions of any treaty or convention negotiated and concluded hereunder shall, if approved by the President, be final and conclusive upon all officers of the United States."

With the following committee amendments:

Page 2, line 4, after the word "convention", insert the words "which has been or may be"; and after the words "concluded", on page 2, line 5, strike out the word "hereunder."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF STAR ROUTES

The Clerk called the next bill, H.R. 7212, to remove the limitation upon the extension of star routes.

Mr. TRUAX. Mr. Speaker, reserving the right to object, does this bill eliminate competitive bidding in the extension of these routes?

Mr. MEAD. No, I may say to the gentleman; it prescribes the same rate on extensions as is allowed in the original contract. The law we are seeking to amend is the law which was in operation when horse-drawn vehicles carried the mail on star routes. With the advent of the automobile the Department has been hampered in the matter of extensions; in many cases where they could grant an extension of 30 or 40 miles without injury to the contractor, and with his consent, they could not do so because of existing law.

Mr. TRUAX. It is not done under competitive bidding, is it?

Mr. MEAD. Oh, yes; the original route is secured in all cases as a result of competitive bidding.

Mr. TRUAX. Does that apply to the terms of the pending bill?

Mr. MEAD. It is placed under competitive bidding in the first instance. When an extension is granted on a route, the rate may not exceed the rate agreed to in the original bid, and new bids are secured every 4 years on every star route, including all extensions.

Mr. TRUAX. The reason I make the inquiry of the gentleman is because of the fact we have gone on record as a party as strongly advocating competitive bidding in the matter of all mail-carrying contracts. I notice that the report states:

With reference to your informal request for report on bills enumerated below, I have to advise that the Department recommends their enactment.

Now, there is something left out.

Mr. MEAD. That which is left out pertains to other bills. Only this bill is mentioned in this report.

Mr. TRUAX. The gentleman gives his assurance that it does not eliminate competitive bidding.

Mr. MEAD. It does not eliminate competitive bidding. It does for the star routes just what we did for the air mail. We insist upon competitive bidding in the first instance, and insofar as limited and needed extensions are concerned, we give them the same rate for extensions as was contained in the original contracts which the carriers received as a result of competitive bidding.

Mr. TRUAX. The gentleman will say that this bill is in no way comparable with the extension contracts that were let by Postmaster General Brown when he let a contract for 60 miles and then extended it clear across the continent?

Mr. MEAD. I say that emphatically.

Mr. TRUAX. This bill will not do that?

Mr. MEAD. No. All star routes are advertised every 4 years and awarded to the lowest responsible bidder.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, I may say to the gentleman that I have not been completely convinced that this is a good bill.

Under the terms of existing law the original route can be extended 25 miles beyond its terminus. In this bill there is absolutely no limitation whatsoever. Now, there is nothing under the sun in this bill which would prevent the Postmaster General from letting a contract under competitive bids, we will say, for the first 30 miles outside of a city, and then extending that star route all over the State, or all over the Territory.

I shall have no objection to the bill if some limitation is placed in it; but, for the life of me, I can not see why, if the Postmaster General did not want to let these contracts without competitive bidding, he did not insist that the 25-mile limitation stay in the bill.

Mr. MEAD. Of course, there is a possibility under certain circumstances of a Postmaster General abusing an authority such as is contained in this act, but the law requires that only in cases where the service can be improved, and where the star-route contractor can perform the service at the pro rata base pay included in his original contract that extensions may be granted. In many instances the Department has been desirous of extending service, but because of the limitation of 25 miles contained in the present law it has been hampered. This is particularly so since the advent of motor vehicles.

Mr. WOLCOTT. I call the gentleman's attention to the fact that in those cases where new star routes are created, where there are extensions of existing service, the Postmaster General has it within his power at the present time to grant temporary contracts.

With that power there should be no curtailment of this service which he wants to give under the act, but I think it is bad legislation to remove all restrictions whatsoever on these star routes and create a situation whereby the Postmaster General may virtually award star-route contracts without competitive bids. This is what it amounts to. If a star route is, we will say, 30 miles in length, and it is deemed necessary to extend the service into a territory a hundred miles beyond that, there is nothing in this bill which prohibits the Post Office Department from granting an extension of a thousand miles if it see fit on the basis of the original contract.

I have no particular objection to the bill if there is some limitation placed. I wonder if we cannot pass the bill over without prejudice for the moment, and possibly we can get together on a reasonable limitation.

Mr. MEAD. I may say to the gentleman that I am not particularly determined on the language in the bill, but while we are discussing the subject may I say that the Post Office Department has within the last year or two readvertised for bids in one half of the United States. Competition has been so keen, due to the large number of people out of work, that contracts have been awarded at a lower price than that for which the service can be maintained. I should like to see this form of bidding eliminated, because it is cutthroat competition of the worst order. Many of these men will eventually have to turn in their contracts.

Mr. WOLCOTT. In that connection may I say that in all of these bids there is a provision that the contract shall be let to the lowest responsible bidder. The Post Office Department has always taken the attitude that the lowest responsible bidder is the lowest bidder who can obtain a bond to carry the mail under the terms of his bid. It is now within the discretion of the Postmaster General to interpret that

language in the bid in order to prevent injustices such as these by people who bid away below what they should bid. He can protect the individuals under a proper interpretation of this phraseology which would require him to give the contract to the lowest responsible bidder. Having that in mind, I cannot see what benefit there is to this legislation, or what the purpose of the legislation is, unless it is to remove the limitation upon the awarding of these contracts.

Mr. BLANCHARD. Will the gentleman yield.

Mr. MEAD. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. In connection with competitive bidding concerning star routes and delivery service within small cities and post office to depot and back again, we have permitted under this system the very thing that the Government of the United States has condemned in private business.

Mr. MAY. May I say that I have a half dozen complaints from rural carriers in my district where the Government has accepted bids from them because they could furnish the bond required by the advertisement. They are now under the higher rates of wages that have been established in industry and the additional cost of living that applies to every one of them. They are less able to carry the mail today at these contracts than they were then.

Mr. MEAD. There is no doubt about the gentleman's statement, and this service will break down in some instances unless these men are permitted to turn in their contracts, because just as soon as the cost of living increases they will be carrying the mail at a loss.

Mr. MAY. They are already doing that.

Mr. MEAD. They will be carrying the mail at a loss in many cases on contracts which were awarded within the last year or two.

Mr. MAY. Does this bill take care of that situation?

Mr. MEAD. No; this bill does not take care of that situation. It only pertains to extensions of existing star-route contracts.

The regular order was demanded.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

UNPAID MAIL MATTER

The Clerk called the next bill, H.R. 7348, to amend section 3937 of the Revised Statutes.

Mr. ELTSE of California. Reserving the right to object, I may say to the gentleman from Pennsylvania that I have a situation in my district wherein this bill would work a hardship. I have no fundamental objection to the principle of the bill. May I ask the gentleman if he would be willing to have an amendment made in order to cover the situation?

Mr. TRUAX. Will the gentleman yield?

Mr. ELTSE of California. I yield to the gentleman from Ohio.

Mr. TRUAX. What was the first statement that the gentleman made in reference to the bill?

Mr. ELTSE of California. I have no objection to the fundamental principle of the bill, and I was asking the author of the bill if he would not consent to an amendment which would take care of a condition which prevails in my district wherein there are two adjoining cities and the post offices are more than 3 miles apart.

May I call the attention of the gentleman to the fact that the language beginning at the top of page 2 is somewhat ambiguous, where it is stated, "in large cities and adjacent districts of dense population, having two or more post offices", and then the bill goes on and states that drop letters shall be delivered at the post office in such cities or adjacent districts. Letters delivered in the post offices or between post offices in a large city, even though they are 3 miles apart or more, are delivered at the drop-letter rate anyway; so I do not see the significance of the language "in large cities." I would suggest that the bill be amended in that regard.

Mr. HAINES. As I understand it, the gentleman has an amendment he would like to submit?

Mr. ELTSE of California. Yes.

Mr. HAINES. With the approval of the committee chairman, I should be glad to listen to the amendment.

Mr. ELTSE of California. I have an amendment in mind that in lieu of the use of the word "large", in line 1 at the top of page 2, the word "adjoining" be inserted. Then I have some subsequent minor amendments which would make necessary changes.

Mr. MEAD. If it will meet with the gentleman's approval, why can we not pass the bill over without prejudice until he has the amendments ready to submit?

Mr. ELTSE of California. I have the amendments ready at this time.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 3937 of the Revised Statutes (39 U.S.C. 407) is hereby amended to read as follows:

"All domestic letters deposited in any post office for mailing, on which the postage is wholly unpaid or paid less than one full rate as required by law, except letters lawfully free, and duly certified letters of soldiers, sailors, and marines in the service of the United States, shall be sent by the postmaster to the dead-letter office in Washington, or to a post office designated by the Postmaster General, to be treated in the same manner as other undelivered letters. But in large cities and adjacent districts of dense population, having two or more post offices within a distance of 3 miles of each other, any letter mailed at one of such offices and addressed to a locality within the delivery of another of such offices, which shall have been inadvertently prepaid at the drop or local letter rate of postage only, may be forwarded to its destination through the proper office, charged with the amount of the deficient postage, to be collected on delivery."

Mr. ELTSE of California. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ELTSE of California: On page 2, line 1, strike out the word "large" and insert the word "adjoining"; and after the word "and" insert the words "in those"; and in line 2, after the word "population", strike out the comma; and in line 4, after the word "such", insert the words "cities and/or"; and after the word "to" insert the following: "an adjoining city or to."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYANCE OF LETTERS BY PRIVATE HANDS

The Clerk called the next bill, H.R. 7670, relating to conveyance of letters by private hands without compensation, or by special messenger employed for the particular occasion only.

Mr. TRUAX and Mr. WADSWORTH rose.

Mr. TRUAX. Mr. Speaker, as I understand, this bill is intended to stop the practice that public utility companies have of delivering their charge accounts by messenger instead of using the mails.

Mr. DOBBINS. Let me say to the gentleman from Ohio that, while I should like to see the measure accomplish that, it does not go so far as that. It only prohibits the employment of special messengers or special messenger service to compete with the Post Office Department.

Mr. TRUAX. Is it not designed for that purpose?

Mr. DOBBINS. It is designed to prevent inroads on the monopoly of the Post Office Department in the carrying of the mail.

Mr. TRUAX. In other words, it is designed to make the Power Trust, which is strangling the people out of thousands and thousands of dollars, pay the Post Office Department for the carrying of such bills and other matters.

Mr. DOBBINS. No; I can hardly say it goes so far as that. It permits one to deliver letters by its own employees but does not permit a competing agency to be set up for delivering letters for other people.

Mr. TRUAX. I withdraw my objection.

Mr. ZIONCHECK. Would the gentleman have any objection to having the bill passed over without prejudice, so

that amendments may be prepared to prevent such employment?

Mr. DOBBINS. The objection to passing this over for the purpose of amending it and prohibiting people from delivering these letters by their own employees would be that it would bring in a controversial amendment, and, as far as this bill goes, I do not think there should be any controversy over it at all. There came to my attention only this morning an instance where one great chain-store organization, by the employment of private delivery agencies, has been evading the law that is designed to give the Post Office Department a monopoly over the mails to the extent that just the evasions of this one corporation alone have deprived the Government of some $900,000 in revenue.

Mr. WADSWORTH. Mr. Speaker, reserving the right to object, may I ask the author of the bill or the chairman of the committee if the situation which this bill is intended to correct has not grown up and reached important or acute proportions since the imposition of the 3-cent postage rate?

Mr. DOBBINS. I think that has caused a great deal of the abuse, and it will continue even if the postage rate is put back to 2 cents, because in certain cases the service can be carried on at a profit at a rate of 2 cents, and they reach out and compete with the Post Office Department only in cases where they can transact this business at a profit naturally.

Mr. WADSWORTH. As I understand, under this bill no person in the United States may employ another person to deliver more than five letters by hand.

Mr. DOBBINS. Yes.

Mr. WADSWORTH. And if a private person, entirely divorced from a utilities group, wanted to send out 12 invitations to friends of his in an adjoining city and have them delivered by hand by somebody whom he employs for that purpose, he may not do it.

Mr. DOBBINS. Yes; the limit is 5. I think this limit could very well be raised to 25 without interfering with the purpose of the bill. We discussed this in committee, and I do not believe there would be any objection to raising it to 25, because that would be only a 75-cent enterprise. The idea is to strike against the growing conditions we have of private delivery agencies growing up which will soon be vested interests and will insist upon their right to continue this practice.

Mr. WADSWORTH. In my opinion, this situation would not have arisen if it had not been for the 3-cent postage rate, and if we put the rate back to 2 cents, this practice will disappear.

Mr. DOBBINS. No; this one instance I have spoken of goes back over a period of 6 or 7 years and back to the time when the letter rate was 2 cents, and they have computed the evasions as amounting to $900,000. The matter is now before a grand jury for consideration.

Mr. WADSWORTH. Will the gentleman himself offer an amendment providing for 25 instead of 5?

Mr. BLANTON. It ought to be 50. Will the gentleman yield?

Mr. DOBBINS. Yes.

Mr. BLANTON. In answer to the gentleman from New York [Mr. WADSWORTH], to keep the record entirely straight, it must be remembered that it was the high-hatted Postmaster General Brown who put the 3-cent rate into effect and we have not been able to get rid of it since. We have been working very hard and zealously trying to get it back to 2 cents.

Mr. WADSWORTH. I shall not designate the majority here by any adjective, but it is my recollection that the majority declined to support a motion made on this side of the aisle at this session to reduce the postage rate to 2 cents.

Mr. BLANTON. We have a bill passed now to reduce it to 2 cents after a certain length of time. We are trying to get rid of the vicious 3-cent system that was brought about by the gentleman's Postmaster General.

The SPEAKER pro tempore. Is there objection?

Mr. MAY. Reserving the right to object, I understood it was agreed that there would be an amendment offered.

Mr. DOBBINS. We will offer an amendment raising it from 5 to 25.

There being no further objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 186 of the act of March 4, 1909 (35 Stat. 1124) (U.S.C., title 18, sec. 309), is hereby amended to read as follows:

"Nothing in this chapter shall be construed to prohibit the conveyance or transmission of letters or packets by private hands without compensation, or by special messenger employed for the particular occasion only: *Provided*, That whenever more than five such letters or packets are conveyed or transmitted by such special messenger, the requirements of section 3933 of the Revised Statutes (U.S.C., title 39, sec. 500) shall be observed as to each piece."

Mr. DOBBINS. Mr. Speaker, I offer the following committee amendment.

The Clerk read as follows:

Page 2, line 2, change the word "five" to "twenty-five."

The committee amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REMOVING LIMITATION UPON EXTENSION OF STAR ROUTES

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to return to Calendar No. 226, H.R. 7212, to remove the limitation upon the extension of star routes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

Mr. WOLCOTT. Reserving the right to object, I believe the chairman of the committee and myself have come to an understanding that the extension of this service by the Postmaster General without new bids shall be limited to 50 miles. If the committee will accept that, I will withdraw my reservation.

Mr. MEAD. The committee will be very glad to accept it, because it is a very liberal extension of that they already enjoy.

The Clerk read the bill, as follows:

Be it enacted, etc., That the last paragraph of section 1 of the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1912, and for other purposes", approved March 4, 1911 (36 Stat. 1327; U.S.C$_4$ title 39, sec. 442), is amended to read as follows:

"The Postmaster General may, in cases where the mail service would be thereby improved, extend service on a mail route under contract, at not exceeding pro rata additional pay."

Mr. WOLCOTT. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, line 12, after the word "pay", strike out the period, insert a comma, and add the following: "*Provided*, That such extension shall not exceed 50 miles of traveled service route."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MENOMINEE INDIAN RESERVATION, WIS.

The Clerk called the next bill on the calendar, H.R. 7759, to amend the law relating to timber operations on the Menominee Indian Reservation in Wisconsin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the act approved March 28, 1908 (35 Stat.L. 51), entitled "An act to authorize the cutting of timber, the manufacture and sale of lumber, and the preservation of the forests on the Menominee Indian Reservation in the State of Wisconsin", be, and is hereby, amended to provide that the Secretary of the Interior, insofar as practicable, shall at all times employ none but Menominee Indians upon said reservation in forest protection, logging, driving, sawing, and manufacturing into lumber for the market such timber.

SEC. 2. Section 4 of the act approved March 28, 1908 (35 Stat.L. 51), entitled "An act to authorize the cutting of timber, the manufacture and sale of lumber, and the preservation of the forests on the Menominee Indian Reservation in the State of Wisconsin", be, and is hereby, amended by adding at the end thereof the sentence: "The Secretary of the Interior shall at the end of each fiscal year ascertain and fix the fair market stumpage value of the fully

matured and ripened green timber cut on said reservation during the fiscal year and shall during the succeeding fiscal year pay said amount in equal shares to each member of the Menominee Tribe of Indians, living and on the tribal rolls, on the last day of said fiscal year.

With the following committee amendments:

Page 1, after the enacting clause, strike out all of section 1 comprised in lines 3, 4, 5, 6, 7, 8, 9, 10, and 11.

Page 2, strike out "Sec. 2" and in lieu thereof insert "That."

Page 2, line 6, after the word "following", insert a colon and strike out "sentence."

Page 2, line 13, substitute a colon for the period following the word "year" and add the following: "*Provided*, That said amount so distributed during any fiscal year shall not exceed the amount actually earned from timber operations on said reservation during the previous fiscal year.

"The expenditures proposed for the purposes specified herein shall be submitted to the tribal council, or its authorized business committee, for its advance review and approval."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS GRAND CALUMET RIVER, GARY, IND.

The Clerk called the next bill, H.R. 9064, granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Grand Calumet River at or near a point suitable to the interests of navigation, east of Clark Street, in Gary, Ind.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Indiana to construct, maintain, and operate a free highway bridge and approaches thereto across the Grand Calumet River, at a point suitable to the interests of navigation, at or near a point east of Clark Street, Gary, Ind., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

The title was amended to read: "A bill granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Grand Calumet River near Clark Street, in Gary, Ind."

MILK INVESTIGATION

The Clerk called the next business, House Concurrent Resolution 32, authorizing and directing the Federal Trade Commission to investigate conditions with respect to the sale and distribution of milk and other dairy products in the United States.

Mr. COCHRAN of Missouri. Mr. Speaker, I reserve the right to object to ask the author of the resolution how he expects the Federal Trade Commission to make an investigation of this character without providing some funds for the Trade Commission to carry on the work?

Mr. SISSON. Mr. Speaker, I am not the author of the resolution, but I am familiar with it. The Federal Trade Commission has been consulted regarding the resolution and is favorable to its passage. The Budget Director also is favorable. There probably will be some small appropriation required. The resolution cannot carry an appropriation at this time.

Mr. COCHRAN of Missouri. The resolution could carry an authorization. There must be an authorization before an appropriation can be granted. Otherwise it would be subject to the point of order.

Mr. SISSON. That is correct.

Mr. COCHRAN of Missouri. There should be some kind of an authorization in this resolution. I am not fully enough informed upon the subject to warrant my commenting upon the merits of the resolution, but I call attention to the fact that there is no authorization in the resolution. If the resolution were passed in its present form, there would have to be another resolution passed with an authorization before an appropriation could be granted. I think an authorization should be provided in this resolution in the way of an amendment.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. MAY. Why cannot the Federal Trade Commission, under appropriations made generally for an investigation of unfair trade practices, go on and make the investigation without an authorization?

Mr. COCHRAN of Missouri. If the gentleman will read the hearings before the Committee on Appropriations, he will find that the Federal Trade Commission has been piled up with work by the body at the other end of the Capitol and it is short of funds now. It cannot carry on as it is. If you want an investigation you must provide funds for that purpose.

Mr. ELTSE of California. Mr. Speaker, I reserve the right to object to state that last week I objected to the consideration of this bill for the reason that there were certain gentlemen on the Republican side of the aisle who wanted time to look into the matter further. I have no further objection to the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

There was no objection.

The Clerk read the resolution, as follows:

House Concurrent Resolution 32

Whereas an audit made by the Agricultural Adjustment Administration has revealed that distributors in four of the largest milksheds in the United States, for the 5 years ended December 31, 1933, made a net profit of 25.71 percent on their net plant investment; and

Whereas this audit shows the net profits of distributors in each of the milksheds for the 5-year period to be: Philadelphia (distributors handling 85 percent of volume), 30.76 percent; Boston (distributors handling 75 percent of volume), 22.45 percent; St. Louis (distributors handling 67 percent of volume), 14.64 percent; and Chicago (distributors handling 90 percent of volume), 25.84 percent; and

Whereas during this same 5-year period the wholesale price of milk sold by farmers declined 50 percent, resulting in severe hardships and suffering to milk producers throughout the United States and strikes and violence in many rural and metropolitan centers; and

Whereas the aforesaid audit by the Agricultural Adjustment Administration has revealed net profits of milk distributors which tends to establish that similar conditions exist in other milksheds throughout the United States; and

Whereas an investigation in the District of Columbia, pursuant to S.Res. 76, Seventy-third Congress, first session, revealed testimony which abundantly sustains the contention that over a period of years large milk distributors have attempted to create a monopoly in the District of Columbia, and largely as a result of these efforts farmers producing milk for the District of Columbia milkshed have received low returns for their product and have been placed at a serious disadvantage; and

Whereas the testimony adduced at hearings in the aforesaid investigation in the District of Columbia tends to prove that similar monopolistic efforts likewise exist in other milksheds in the United States; and

Whereas there is reason to believe that there exists a close tie between certain leaders of milk producers' cooperatives and milk distributors, which tie is unbeknown to milk producers and detrimental to their interests; and

Whereas the continuation of the practices now engaged in by milk distributors and certain leaders of milk cooperatives seriously endangers the efforts of the Agricultural Adjustment Administration and of the several States to alleviate and remedy the distress now wide-spread among dairy farmers in the United States, which distress if permitted to continue will result in the destruction of the already sorely pressed agricultural industry: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That the Federal Trade Commission is authorized and directed to investigate conditions with respect to the sale and distribution of milk and other dairy products within the territorial limits of the United States by any person, partnership, association, cooperative, or corporation, with a view to determining particularly whether any such person, partnership, association, cooperative, or corporation is operating within any milkshed of the United States in such a manner as to substantially lessen competition or to tend to create a monopoly in the sale or distribution of such dairy products, or is a party to any conspiracy in restraint of trade or commerce in any such dairy products, or is in any way monopolizing or attempting to monopolize such trade or commerce within the United States or any part thereof, or is using any unfair method of competition in connection with the sale or distribution of any such dairy products, or is in any way operating to depress the price of milk sold by producers. The Federal Trade Commission shall report to the House of Representatives as soon as practicable the result of its investigations, together with its recommendations, if any, for necessary remedial legislation.

Mr. ZIONCHECK. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. ZIONCHECK: At the end of the resolution add the following:

"There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of $60,000 for the purposes of this resolution."

Mr. ELTSE of California. Mr. Speaker, I call the attention of the gentleman from Washington to the fact that the report says that $125,000 will be necessary.

Mr. ZIONCHECK. I have put it at just one half of that.

Mr. BLANCHARD. Mr. Speaker, I move to strike out the last word for the purpose of asking the gentleman from New York [Mr. SISSON] if he has any definite knowledge of the amount that is necessary to conduct this investigation properly.

Mr. SISSON. I am advised by some of the officials of the Federal Trade Commission and also the Department of Agriculture who would be called upon to assist in this investigation, that what they regard as an adequate investigation could probably be carried on for $50,000 or $60,000.

Mr. BLANCHARD. I think $60,000 is probably too high. The Department of Agriculture, through the A.A.A., has already conducted come investigations on this subject, and of course, all that information will be available to the Federal Trade Commission. An authorization of $60,000 does not necessarily mean that the Appropriations Committee must abide by that amount. I think $60,000 is probably too high.

Mr. KVALE. Will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. KVALE. The estimated expenditures required were set at $125,000 by some of the agencies, and this amendment proposes to compromise by cutting that in half. That is a rather severe compromise, as it is.

Mr. BLANTON. It still leaves some discretion in the Committee on Appropriations.

Mr. SISSON. Will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. SISSON. I will say to the gentleman that the A.A.A. has made some investigations, but there are certain of the large distributors who have refused up to the present time to open their books, and no audit has been made of their books or of their profits or of the cost of distribution, for example, with respect to the New York milk shed or the New York City market, and I assume that same condition obtains in other parts of the country, although I am not informed. While perhaps the $60,000 may not all be expended, I think to be on the safe side, because this is one of the most important investigations that could be made, we should have $60,000.

Mr. BLANCHARD. I shall not oppose the $60,000, but I simply rose for the purpose of calling attention to the Appropriations Committee that they should go into the matter thoroughly and give an ample amount. I think we should settle this question once and for all with reference to inordinate profits made by some of these distributors and the conditions of the various milksheds. I am for the bill. Likewise, I am for an adequate amount so that an investigation may be properly conducted.

Mr. BLANTON. Mr. Speaker, I rise in opposition to the pro forma amendment.

One of the main sources of inquiry, I take it, is going to disclose just what racketeering there is going on with respect to the milk industry. I understand there is a great deal of it in connection with the large cities. I hope that that feature of it will be fully developed, so that it may disclose just who it is that is racketeering in this industry. Just who is saying, "Pay us so much for the privilege of conducting this business."

Another thing that should be developed is the large salaries that are paid high officials. I want to say, as one Member of Congress, that I hope before this Congress adjourns we will pass a bill—let it be a rider, if necessary, on some appropriation bill—that will require every corporation in the United States to disclose to its stockholders, when they demand it, every salary that they pay their officials. When I go home I am going to make a few speeches in my district, and I am going to recommend to my constituents that they cease buying a share of stock in any corporation that pays these inordinately large salaries to its officials. It is ridiculous for corporations to list their stocks on the daily market and ask people to buy their stocks when they are paying salaries of $100,000, $125,000, $150,000 $175,000, and $200,000 to some individual who does not earn one tenth or one twentieth of the salary paid.

Mr. GLOVER. Will the gentleman yield for a question?

Mr. BLANTON. Certainly, I yield.

Mr. GLOVER. Is it not true also that those big corporations evade a great deal of income tax they should be paying this Government by reason of the fact they pay these excessive salaries and they are taken off of the earnings, and they beat the Government out of that much income tax?

Mr. BLANTON. Certainly. I had a constituent not long ago who happened to own a few shares of stock in one of the big corporations of America. As a stockholder they wrote the company asking them to please give them a list of the salaries paid their officials. The company refused. They said it was none of their business; that that was a personal matter that did not concern the stockholder. When that was brought to my attention as a Member of Congress I wrote them and I called their attention to this correspondence, and I said, "I demand, as a Member of Congress, that you give me a list of the salaries that you pay your officials." They wrote back and said that it was none of the business of Congress, that it was a personal matter. In other words, it is none of the business of Congress to know what big salaries companies like the Radio Corporation of America pay. It is none of the business of the stockholders. I hope the American people before this year is out will stop buying stocks of corporation that will not list the salaries of their officials.

Mr. COLDEN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. COLDEN. I want to remind the gentleman about the American Tobacco Trust paying more than a million dollars in salaries.

Mr. BLANTON. Oh, it has to be stopped. We are responsible for it. We ought to pass a law that will force publicity and stop it. Whenever you let the American people know about it they will stop it.

Mr. COCHRAN of Missouri. Will the gentleman yield to me? I want to talk about milk.

Mr. BLANTON. I am talking now about these big salaries.

Mr. COCHRAN of Missouri. But this is a milk question we are considering.

Mr. BLANTON. Let me yield first to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Why does not the gentleman stop it? If you bring in a bill here, I think we could pass that sort of legislation. We will vote for it.

Mr. BLANTON. We are going to try to get a rider on a bill before we adjourn. It must, however, come from the other end of the Capitol.

We cannot put such a rider on a bill here in the House because our rules will not admit of it, but it can be done at the other end of the Capitol. It takes too long to get legislation through here; but if the distinguished ex-Governor of Minnesota will help me at the other end of the Capitol, we will get a rider put on some appropriation bill before we quit. [Applause.]

[Here the gavel fell.]

Mr. TRUAX. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, I am heartily in accord with all that the gentleman from Texas has said about high salaries. I am somewhat familiar with the practice that has developed this present distressing milk condition in this country.

I note that in the capital city of my State, Columbus, Ohio, the largest distributing concern we had there, the Moores & Ross Milk Co., was absorbed by the Borden Milk Co. some few years ago; and in the year 1932, I think it was, when every farmer in this country lost at least 2 cents a quart on every quart of milk they produced, the Borden milk trust made a net profit of $20,000,000.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. COCHRAN of Missouri. That is just exactly what I wanted to bring out.

Mr. TRUAX. I yield for a question, not for a speech.

Mr. COCHRAN of Missouri. To make it a matter of record, I read in a St. Louis newspaper during this past week that where milk producers received less than 3 cents a quart for milk, it is being sold to consumers in my city for 11 cents a quart. There is the trouble which causes the low prices to the farmers. You must close the gap between the consumer and the producer. Someone is getting too much profit. The farmer is not getting his share.

Mr. TRUAX. The gentleman is right; that is the trouble with the dairy farmer; but the same condition exists with respect to the hog farmer. He gets 3 cents a pound for his hogs, but by the time his hogs get to the market in the shape of pork the butchers receive 17 cents and 20 cents a pound for the choice cuts. The farmer receives 5 cents a pound for fat steers, yet beef is sold in this city as high as 50 cents a pound, and when you go down to the Occidental, the Shoreham, or to Harvey's and pay $3 for a choice steak, of that sum the farmer gets about 10 cents.

The gentleman says a means must be found to bring the producer and the consumer together. We have tried that for 15 years without success. The remedy lies in the fixing of minimum prices for every farm commodity right on the farm, 10 cents for hogs, 10 cents for cattle, $1.25 a bushel for wheat, 30 cents a pound for butterfat, 25 cents a dozen for eggs, and so on. This cannot be done by cooperation, as has been demonstrated time and time again; it cannot be done by reducing acreage. Now, Mr. Wallace says he has changed his mind, and we are going to compete with the world on wheat production and that he will probably take off the reduction program. Congress must fix a price scale for everything that is produced on the farm. In addition we must enact the Frazier bill and the McLeod bill, which goes down to the grass roots and places money in the hands of the people.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. MAY. In the event prices were fixed as suggested by the gentleman—butterfats at 30 cents, hogs at 10 cents, milk at 10 cents a quart—how much would the working people in the city have to pay for these things?

Mr. TRUAX. Not one penny more than they pay now if you restrict prices fixed by the Food Trust. We can take care of that by fixing maximum prices at the packing houses and the plants of the processors.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. DIES. I notice the gentleman overlooked silver in his list of remedies.

Mr. TRUAX. Well, I feel that the Dies silver bill is one of the most important pieces of legislation that could be passed in the interest of the farmer, because it proposes to exchange surplus farm products for silver. This would open up the markets of China and India.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. BLANCHARD. Getting back to the investigation of the milk business, will not the gentleman admit that the Secretary of Agriculture has at the present time the power to investigate; and that, by the power to license, the Secretary can prevent excessive profits?

Mr. TRUAX. As I have stated before, the Secretary of Agriculture has entirely too much work on his hands now. With all of his social duties, his speech-making and writing of books, and his religious utterances, I do not see how he gives any attention to his job as Secretary of Agriculture. [Laughter.]

Mrs. GREENWAY. Mr. Speaker, will the gentleman yield?

[Here the gavel fell.]

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to proceed for 1 additional minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. I yield to the gentlewoman from Arizona.

Mrs. GREENWAY. Does the gentleman realize that of the consumer's dollar, the dairy producer 2 years ago used to get 52 percent, whereas now he gets but 37 percent, while the distributors' profits have gone up in different cities from 26 percent to something approaching 40 percent?

Mr. TRUAX. The gentlewoman from Arizona is absolutely right; and the only remedy for this distressing condition is to fix farm prices, pass the Dies silver bill, enact the Frazier bill to refinance farmers, and enact the McLeod bill so they can get their money out of these closed banks. [Applause.]

By unanimous consent, the pro forma amendments were withdrawn.

The SPEAKER. The question is on the amendment of the gentleman from Washington.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INTERNATIONAL COUNCIL OF SCIENTIFIC UNIONS

The Clerk called the next bill, H.R. 6781, to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, may I call the attention of the chairman of the committee to the fact that on page 2 of the bill there is no limitation upon the sum which is annually authorized for the purpose of meeting our annual share after 1935? May I also call attention in this connection to the language on page 2, starting with line 5, where it is stated, after authorizing $9,000 for the fiscal year ending June 30, 1935, "and annually thereafter such sum as may be necessary for the payment of such annual share"?

It seems to me that this is somewhat inconsistent with the bill which we passed last week which did away with most of these annual authorizations, and I think the Congress should adopt the broad policy of not including in any of its bills authorizations for annual appropriations beyond the present fiscal year. For this reason I am constrained to object, but I may say to the gentleman that I have no objection to the authorization for this year, and if he will consent to an amendment striking out the language which I quoted I shall not object to the bill.

My proposed amendment will strike out this language on page 2 after "1935":

And annually thereafter such sum as may be necessary for the payment of such annual share.

Mr. BLOOM. This authorization is all right for 1935?

Mr. WOLCOTT. This amendment does not touch the appropriation of $9,000 for this year. The effect of my amendment will be to compel the sponsors of the legislation to come back to us next year and ask for the same authorization and will give us some jurisdiction over the matter.

Mr. BLOOM. I may say to the gentleman that Dr. Herbert D. Curtis, director of the observatory of the University of Michigan, is one of the sponsors of this bill. It comes from all the great educators throughout the country. But if the gentleman insists upon the amendment, which I hope he will not, I will have to agree to it, because I want to get it through. Would the gentleman make his amendment to cover the year 1937 for the time being, so we can be sure of this year and next year?

Mr. WOLCOTT. If we do that, I do not know of any reason then why we should not make it for 1938 and 1939.

Mr. BLOOM. I wish the gentleman would make it 1937.

Mr. WOLCOTT. I may say to the gentleman that I am not in a bargaining mood now.

Mr. BLOOM. I will have to accept the gentleman's amendment if he insists.

Mr. WOLCOTT. I think, in view of the fact that the money will not be needed until some time in June, and a

new Congress will have been in session for a matter of 6 months previous to that time, that it is not necessary to provide for more than the present fiscal year.

Mr. BLOOM. We could not get it through in time.

Mr. WOLCOTT. We are getting this through.

Mr. BLOOM. This has been pending for some time.

Mr. WOLCOTT. This bill was introduced in January 1934.

Mr. BLOOM. I wish the gentleman would bear with me in connection with this matter.

Mr. WOLCOTT. I may say to the gentleman that, as I stated previously, I had no objection to the appropriation of $9,000 for this year, but I am going to hereafter take the attitude that we should not make these annual authorizations. We have to be consistent. We have either to cut out the annual authorizations or the work we did last week will be of no avail.

Mr. BLOOM. You will kill all the work——

Mr. WOLCOTT. No; I am not going to kill any work.

Mr. GOSS. Could not the gentleman get this in the Budget next year?

Mr. BLOOM. No.

Mr. GOSS. It was the policy of the House last week to cut out all annual appropriations and have the Departments come up and justify their needs each year.

Mr. BLOOM. This is merely for dues. It is not to cover traveling expenses or any other kind of expense. It is merely for the dues of the Government of the United States.

Mr. GOSS. Will not the State Department put this in their budget next year?

Mr. BLOOM. It was lost last year.

Mr. GOSS. Will they not be able to put it in their budget?

Mr. BLOOM. They cannot afford to because it is taken out of their appropriations. The Appropriations Committee will not give it to them.

Mr. WOLCOTT. I will have to insist upon my amendment. If the gentleman will accept it I will not object to the passage of the bill.

Mr. BLOOM. The gentleman might just as well object to the bill in toto.

Mr. WOLCOTT. I, frankly, do not understand what the gentleman means.

Mr. BLOOM. Because the gentleman does not give us a chance. We cannot get this approved next year. We start in January. We will not have the appropriation in time, and then we will be in a worse fix.

Mr. WOLCOTT. I do not understand the gentleman's attitude when he says this amendment will prevent our participating this year. I have no objection to the sum of $9,000 being appropriated for 1935, but I do object to appropriating money for the fiscal year 1936, if there is any logic to my objection that we should not make these annual authorizations.

Mr. BLOOM. I may say to the gentleman that this means a great deal to the Government. If we do not pass this authorization for $9,000, it will cost the Government 10 times or a hundred times as much.

Mr. WOLCOTT. I cannot follow the gentleman in his argument.

Mr. BLOOM. I have letters here from Dr. George H. Hale, president of the International Hall of the Scientific Union, Dr. W. W. Campbell, Dr. Walter S. Adams, and from 20 professors of California who want this.

Mr. ELTSE of California. I have not much of a quarrel with the gentleman. May I ask the gentleman from New York why he is asking for $9,000?

Mr. BLOOM. On account of the difference in exchange.

Mr. ELTSE of California. Will not $8,000 be adequate?

Mr. BLOOM. If the exchange is changed, $4,000 might be enough or $5,000; but if you change the $9,000 to $8,000, we cannot get that equivalent of money over there to pay the dues. If it is not necessary, the State Department will not pay it.

Mr. WOLCOTT. I may say to the gentleman that I cannot offer my amendment without withdrawing my reservation of objection. I have an amendment prepared to strike out the language referred to. I should like the gentleman to agree to the amendment, because we adopted a policy last week of not making any more annual appropriations.

Mr. BLOOM. The gentleman can do whatever he wants.

Mr. WOLCOTT. However, I may say to the gentleman that was not my responsibility, and I do not consider this my responsibility. So I am going to offer my amendment, and if the gentleman accepts it, all right.

Mr. ZIONCHECK. Is the gentleman going to object if the amendment is not accepted?

Mr. WOLCOTT. I shall object unless the amendment is accepted.

Mr. BLOOM. Although there is only one objector and three objections are required, I am willing to accept an amendment to include 1937. I am offering this for the Government, and the one thing they want to go into now is the study of radio. The Government of the United States is asking for this legislation. If the gentleman wants to object, that is his responsibility.

Mr. WOLCOTT. Does the gentleman care to say whether he will accept my amendment or not?

Mr. BLOOM. No; I will not.

Mr. BLANTON. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT, Mr. ZIONCHECK, and Mr. GOSS objected.

REGULATION OF SECURITIES EXCHANGES

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, with a Senate amendment, disagree to the Senate amendment, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas. [After a pause.] The Chair hears none and appoints the following conferees: Messrs. RAYBURN, HUDDLESTON, LEA of California, COOPER of Ohio, and MAPES.

THE CONSENT CALENDAR

RELIEF FOR DISBURSING OFFICERS OF THE ARMY

The Clerk called the next bill, S. 2046, to provide relief for disbursing officers of the Army in certain cases.

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the bill may go over without prejudice.

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, to read the bill one would judge this is apparently a matter of slight concern, but I rise to say it is a most dangerous piece of legislation. Instead of passing this bill we should immediately repeal the act the bill seeks to amend, because the original act was a war-time measure, and should not be operative during peace times.

Are you aware that under this act the Secretary of the Treasury could relieve any disbursing officer charged with responsibility on account of loss or deficiency of Government funds, vouchers, records, or papers in his charge if the Secretary of War so recommended? No matter the amount, if the Secretary of War made a recommendation, it is mandatory for the Secretary of the Treasury to grant such relief. It could be millions.

Under the existing law the Secretary of the Navy can grant relief to a Navy disbursing officer today. I admit if the Navy is entitled to so provide, the Army should likewise be permitted to grant relief to its disbursing officers, but it is my opinion it should not be extended, but the present law repealed.

I have confidence in the present Secretary of the Navy and Secretary of War, but Congress should not place such responsibilities upon them.

During the period of the war when the Navy was engaged in hostilities, ships were being sunk, and records being lost, the Navy came to Congress and asked for the passage of a bill which would give the Secretary of the Navy the power to relieve certain disbursing officers where it was shown their records were destroyed, and so forth. It was a temporary measure, as the hearings show. Later, despite the fact there were two court decisions in the matter, the then Attorney General, Mr. Daugherty, rendered an opinion that threw the law wide open and gave the Secretary of the Navy the power to relieve disbursing officers of any amount he desired.

I have had some correspondence with the Comptroller General on this subject and I ask unanimous consent, Mr. Speaker, at this point in the RECORD, to include the letters I have received from him with reference to this legislation.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The matter referred to follows:

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington.

Hon. JOHN J. COCHRAN,
House of Representatives.

MY DEAR MR. COCHRAN: I have your letter of April 30, 1934, asking for a complete report on S. 2046 and H.R. 6572, originally identical bills, but the former passed the Senate April 25, 1934, in the following form:

"A bill to provide relief for disbursing officers of the Army in certain cases

"*Be it enacted, etc.*, That the act of July 11, 1919 (ch. 9, 41 Stat. 132; U.S.C., title 31, sec. 105), be, and is hereby amended as follows: 'Wherever the word "Navy" appears in said act the words "or Army" be added, and wherever the words "Secretary of the Navy" appear the words "or the Secretary of War" be added.'"

The act of July 11, 1919, 41 Stat. 132, referred to, was a provision contained in the appropriation act for the Navy for the fiscal year 1920.

"The accounting officers of the Treasury shall relieve any disbursing officer of the Navy charged with responsibility on account of loss or deficiency while in the line of his duty, of Government funds, vouchers, records, or papers, in his charge, where such loss or deficiency occurred without fault or negligence on the part of said officer: *Provided*, That the Secretary of the Navy shall have determined that the officer was in the line of his duty, and the loss or deficiency occurred without fault or negligence on his part: *Provided further*, That the determination by the Secretary of the Navy of the aforesaid questions shall be conclusive upon the accounting officers of the Treasury: *Provided further*, That all cases of relief granted under this authority during any fiscal year shall be reported in detail to the Congress by the Secretary of the Navy."

The Navy Department in urging enactment of this legislation (see hearings before the Naval Affairs Committee of the House of Representatives on estimates of appropriations for the Navy Department for the fiscal year 1919, pp. 411, 412) represented that it was to save to disbursing officers who had lost funds by reason of the sinking of naval vessels during the war, the expense of suits for relief in the Court of Claims under sections 145 and 147 of the Judicial Code (36 Stat. 1137 (28 U.S.C. 250 (3) and 253)), or the necessity of securing legislative relief for said loss. The language adopted is substantially the same as that contained in the cited two sections of the Judicial Code, conferring upon the Court of Claims jurisdiction to afford relief in such cases. The Court of Claims has held in *Malone* v. *The United States* (5 C.Cls. 486) that a disbursing officer's error or mistake, or omission or forbearance to discharge all lawful duties imposed by virtue of his office would not excuse him under the statute, and in *Hall* v. *The United States* (9 C.Cls. 270), that a loss incurred by a disbursing officer because of forged checks drawn against his depository balance was not authorized to be relieved.

Notwithstanding the judicial construction of a statute in pari materia and substantially identical in language, by the only court having such jurisdiction, Attorney General Daugherty, on October 9, 1923 (34 Ops. Atty. Gen. 5) held that the act of July 11, 1919, quoted above, applied to a deficiency in a disbursing officer's account due to payments erroneously made. A more extended discussion of the statute, its proper interpretation, and the apparent unsoundness of the opinion of Attorney General Daugherty is contained in a memorandum attached.

The War Department in its communication of March 29, 1934, as published in Senate Report 707, page 3 (73d Cong., 2d sess.), adopts this interpretation by Attorney General Daugherty as the basis of its action should the act be extended to the War Department and states that it will relieve deficiencies in disbursing officers' accounts for (1) minor overpayments occasioned by misconstruction or misinterpretation of law and regulations; (2) petty errors of calculation; (3) like inadvertent disbursements; and in that letter there is illustrated the character of deficiencies which the War Department will include, as follows: (1) Traveling expenses paid directly contrary to a prohibitory statute; (2) rental of an automobile paid directly contrary to a prohibitory statute; (3) minor errors of calculation.

Whether overpayments are "minor" or whether errors of calculation are "petty" is, under the act as construed by Attorney General Daugherty, left entirely to the judgment and discretion of the Secretary. It gives him authority to relieve for the actual loss of $10,000 or more of funds when lost by fire or other casualty, and he can also, under Attorney General Daugherty's interpretation, relieve "minor" overpayments due to misinterpretation of statutes in the aggregate of tens of thousands of dollars and "petty" errors of calculation of the same extent. The legislation as so construed simply relieves disbursing officers within its terms from the effect of the audit and practically constitutes the Department the final auditing authority; for what is approved by the Secretary, or by his authority by interested subordinates, will be certified for allowance in the disbursing officer's account, and the Government will not thereafter be afforded an opportunity to secure judicial scrutiny of the matter, as the Department of Justice will not institute suit where a certificate has been made by the Secretary of the Navy under the act of July 11, 1919, and the opinion of Attorney General Daugherty cited.

If in the judgment of the Congress it is desirable that disbursing officers of the Army shall be saved the expense of a suit in the Court of Claims to secure relief where a deficiency has been incurred on account of actual physical loss of "Government funds, vouchers, records, or papers" without fault or negligence on the part of the disbursing officer "while in the line of his duty", there is no reason why the same provision should not be extended to them as has been extended to disbursing officers of the Navy, but an appropriate proviso should be inserted to overcome the erroneous and damaging opinion of Attorney General Daugherty. If a proviso is added to the language of the bill as it passed the Senate substantially as follows, that purpose will be secured:

"*Provided*, That the said act of July 11, 1919, shall be applicable only to the actual physical loss of Government funds, vouchers, records, or papers, and shall not include deficiencies resulting from illegal or erroneous payments in the respective services."

Otherwise the passage of the bill is not recommended.

Sincerely yours,

J. R. MCCARL,
Comptroller General of the United States.

MEMORANDUM

The act of July 11, 1919 (41 Stat. 132), provides:

"The accounting officers of the Treasury shall relieve any disbursing officer of the Navy charged with responsibility on account of loss or deficiency, while in the line of duty, of Government funds, vouchers, records, or papers in his charge where such loss or deficiency occurred without fault or negligence on the part of said officer: *Provided*, That the Secretary of the Navy shall have determined that the officer was in the line of his duty, and the loss or deficiency occurred without fault or negligence on his part: *Provided further*, That the determination by the Secretary of the Navy of the aforesaid questions shall be conclusive upon the accounting officers of the Treasury: *Provided further*, That all cases of relief granted under this authority during any fiscal year shall be reported in detail to the Congress by the Secretary of the Navy."

This office has consistently maintained the position that the term "loss or deficiency while in the line of his duty, of Government funds, vouchers, records, or papers in his charge, where such loss or deficiency occurred without fault or negligence on the part of said officer", applied only to a physical loss or deficiency and not to illegal or unauthorized payments made by a disbursing officer.

In decision of October 12, 1922 (2 Comp. Gen. 277), there was sustained the former action of this office denying credit to P. J. Willett, commander (S.C.), United States Navy, for disbursements in 1914 aggregating $250, illegally paid to a third person by reason of entries of the name of a fictitious person as a laborer on the pay rolls of the Pearl Harbor Naval Station, the Secretary of the Navy on March 31, 1922, having issued his certificate purporting to be under the provisions of the act of July 11, 1919 (41 Stat. 132), that the amount erroneously paid was a loss or deficiency which occurred without fault or negligence on the part of Commander Willett and that he was in line of duty when the loss or deficiency occurred. As the basis for denying credit it was said:

"* * * In the decision of which reconsideration is requested it was held that the quoted provision of law applied only to cases of actual physical loss and afforded no relief whatever to disbursing officers of the Navy from responsibility for unlawful payments.

"The contention has been advanced in the request for reconsideration that the determination of facts relative to loss or deficiency of public funds by disbursing officers of the Navy rests solely with the Secretary of the Navy, and that the accounting officers are without authority to question such determination, being specifically directed to relieve Navy disbursing officers of amounts so certified.

"The enactment furnishes no authority to the Secretary of the Navy to determine when disbursing officers of the Navy shall be entitled to credit in their accounts for payments made.

"The proper facts must be present, and it is the duty of this office to examine every certificate of relief given under the act to see that the facts necessary to its operation are present. If the proper facts appear, no question arises as to the giving of the certificate. If the facts show there is no question of 'loss or deficiency' of funds, vouchers, records, or papers, but the question is the lawfulness of a payment made, the giving of the certificate is conclusive on none and cannot be acted upon by this office. In the present matter there was no loss of funds, no deficiency in the vouchers, records, or papers. It was simply an unlawful payment—such a payment as it is inherently the duty of the accounting officers to act upon. A certificate of relief in such a case would operate to destroy accounting."

Thereupon, Secretary of the Navy Denby, disregarding the general provision in section 304 of the act of June 10, 1921 (42 Stat. 24, 26), that "The balances certified by the Comptroller General shall be final and conclusive upon the executive branch of the Government", submitted the question to the Attorney General. On October 9, 1923 (34 Op. Atty. Gen. 5, 13), Attorney General Daugherty rendered his opinion that the term "loss or deficiency" included illegal payments, saying:

"I can find no justification for confining the act of 1919 to cases of mere 'physical loss' of funds. The words of the statute are 'loss or deficiency', and effect must be given to both terms. 'Deficiency' is not synonymous with 'loss' and is certainly of broader import than 'physical loss.' There is nothing in the general scope and purpose of the act to limit its ordinary and natural meaning (*De Ganay* v. *Lederer*, 250 U.S. 376, 380, 381). Besides, the statute is manifestly a remedial one and should receive a liberal rather than a strict and narrow construction. I am therefore clearly of the opinion that the statute applied to a 'deficiency' due to payments erroneously made, as is the case here."

The Secretary of the Navy, apparently relying on this opinion refused to take any action toward recovering the balance of $250 due the United States from Willett or his sureties and to date the amount has not been collected.

That the opinion of the Attorney General is not sound seems obvious from a survey of the field involved. It is inconceivable that Congress could have intended by a legislative provision inserted in a general appropriation act to summarily oust the accounting officers from their long-established and independent jurisdiction of determining the validity of expenditures and the responsibility for illegal payments and to place in the hands of an administrative officer the final power of relieving officers disbursing a vast sum of money each year under his immediate supervision, from their responsibility for illegal disbursements. That an administrative officer should have such unlimited power to relieve of responsibility for illegal disbursements in his own department is a proposition so revolutionary and far-reaching in its possibilities for harm that it certainly requires a foundation more secure than a forced construction of the meaning of the term "loss or deficiency of funds" to include admittedly illegal payments.

If Congress had intended to include such extensive relief for illegal payments in this provision of the act of July 11, 1919, doubtless language would have been used making that purpose clear as was done both in the same act and in subsequent legislation authorizing restricted relief for illegal payments under defined circumstances. In the same act, at 41 Statutes, 153, there appears the following provision:

"That the accounting officers of the Treasury Department are hereby authorized and directed to allow, in the settlement of the accounts of disbursing officers of the Navy and Marine Corps covering the period of the present emergency, such credits for payments to officers and enlisted men not ordinarily allowable under the statutes, as are certified to them by the Secretary of the Navy as having been incurred under military necessity, or as having been occasioned by accidental circumstances or conditions over which such disbursing officers had no control and for which they were not justly responsible: *Provided*, That the period of the present emergency as contemplated by this paragraph shall be regarded as beginning on the 6th day of April 1917 and as terminating 6 months after the expiration of the quarter in which peace is declared. And that nothing herein shall be construed to include payments under contracts for supplies or services."

Here, as always, Congress has carefully restricted the granting of relief for illegal payments. They must have been made during the period of the emergency, which is defined, and the Secretary of the Navy must certify that they were made under military necessity or were occasioned by accidental circumstances or conditions over which the disbursing officer had no control and for which he was not justly responsible. Further, payments under contracts for supplies and services were excluded. The very existence of this restrictive provision for relief from illegal payments in the same act containing the provision for relief on account of loss or deficiency of funds is practically conclusive that the provision for loss or deficiency of funds was never intended to include illegal payments. Effect must be given to the provision for illegal payments, and it cannot be assumed that Congress would have included such provision for restricted relief if in the same act they had included a general provision intended to give the Secretary unrestricted power of relief, regardless of time or class of payment, by his certificate that they were made without fault or negligence on the part of the disbursing officer.

Nor is any support found for the view of the Attorney General in the circumstances under which the provision for relief on account of loss or deficiency of funds, vouchers, etc., was included in the act of July 11, 1919. The Navy had been through a period of hostilities, ships had been sunk, funds and records had been lost or destroyed. This measure was urged as desirable in view of such circumstances to save the officers either the necessity of securing individual relief by Congress or the trouble and expense of securing relief from accountability for such funds and records through the Court of Claims under existing legislation. This is made evident from the report of the hearings before the Committee on Naval Affairs of the House of Representatives on estimates submitted by the Secretary of the Navy for 1919. See pages 411 and 412 of such report, where the following discussion took place relative to the purpose of the provision for relief here in question:

"Mr. KELLEY. How about this proviso with reference to accounting officers?

"Admiral McGOWAN. That is at the bottom of page 5.

"Mr. KELLEY. Is that a desirable provision?

"Admiral McGOWAN. Yes, sir; it is very desirable. It puts it up to the Navy Department. This is a general provision.

"Mr. KELLEY. How many cases are there of this kind intended to relieve?

"Admiral McGOWAN. At the moment, I think, five.

"Mr. REED. Five cases pending, and there have been several other ships that have gone down with funds on board, but the amounts have not been certified by the accounting officer, and those officers will be entitled to relief, although under present legislation they have to get it through a private bill or a Navy bill, or go to the Court of Claims and hire an attorney and spend several hundred dollars.

"Admiral McGOWAN. This provision was approved as covering a number of meritorious cases on which favorable action was recommended by the Secretary of the Navy.

"Mr. KELLEY. If the Secretary of the Navy should not approve this section, there would be a certain number of special cases that ought to be taken care of?

"Admiral McGOWAN. The Secretary has approved it.

"Mr. KELLEY. My impression was that he did not think this was good legislation.

"Mr. REED. The Secretary recommended it to the naval committee last June.

"The CHAIRMAN. I was sure the House accepted the provision in the bill as reported from this committee providing for the settlement of damages, but it seems to be a Senate amendment.

"Admiral McGOWAN. Yes, sir. My recollection was that the Secretary sent a letter recommending it.

"Mr. REED. I think I can straighten that out. The act of July 1, 1918, contained a provision authorizing the Secretary of the Navy to settle claims abroad in amounts not exceeding $1,000. This is intended to cover cases in the United States of losses of property.

"The CHAIRMAN. We reported this provision and endeavored to get it through the House, and I thought it remained in the bill, but I am surprised to find that it comes as a Senate amendment.

"Mr. REED. This amendment was proposed in the Senate by Mr. Calder.

"Admiral McGOWAN. Yes; I was there when the Senator brought this in.

"The CHAIRMAN. Do you know whether the Secretary of the Navy approved this provision?

"Admiral McGOWAN. I do not, sir.

"The CHAIRMAN. Have you anything further to say about this amendment?

"Admiral McGOWAN. You mean the Calder amendment?

"The CHAIRMAN. Yes, sir; that the accounting office shall relieve any officer, etc.

"Admiral McGOWAN. Yes, sir; I am strongly in favor of it because nothing suggested to the Congress would ordinarily be in a bill without the backing of the Navy Department. It saves Congress the trouble of having to legislate on each individual claim. They are coming up constantly.

"The CHAIRMAN. They go to the Claims Committee?

"Admiral McGOWAN. Usually to the Naval Committee. They go in the appropriation bill, as a rule. If they do not get through here, they find their way into the Senate.

"Mr. KELLEY. I would like to call your attention to these two cases of John R. Martin and Arthur Huntington in case they should be dropped out of the bill. Are those two meritorious cases?

"Admiral McGOWAN. Absolutely meritorious. Both of those men were simply robbed.

"Mr. KELLEY. By a subordinate officer?

"Admiral McGOWAN. Yes, sir.

"Mr. KELLEY. Without their fault.

"Admiral McGOWAN. Without any contributory fault whatever."

Nothing is apparent here of an intent to relieve officers from responsibility for illegal payments. The representatives of the Navy Department cite cases of "ships that have gone down with funds on board" and of men who "were simply robbed" by subordinate officers, meritorious cases for which there would be relief if the officer would "go to the Court of Claims and hire an attorney and spend several hundred dollars." Thus it appears that the class of cases intended for relief were those generally coming within the provisions of existing law allowing relief by the Court of Claims. Such relief was provided for in the act of May 9, 1866 (14 Stat. 44), now sections 145 and 147 of the Judicial Code (36 Stat. 1137), as follows:

"SEC. 145. The Court of Claims shall have jurisdiction to hear and determine the following matters:

* * * * * * * *

"Third. The claim of any paymaster, quartermaster, commissary of subsistence, or other disbursing officer of the United States, or of his administrators or executors, for relief from responsibility on account of loss by capture or otherwise, while in the line of his duty, of Government funds, vouchers, records, or papers in his charge, and for which such officer was and is held responsible.

* * * * * * *

"SEC. 147. Whenever the Court of Claims ascertains the facts of any loss by any paymaster, quartermaster, commissary of subsistence, or other disbursing officer, in the cases hereinbefore provided, to have been without fault or negligence on the part of such officer, it shall make a decree setting forth the amount thereof, and upon such decree the proper accounting officers of the Treasury shall allow to such officer the amount so decreed as a credit in the settlement of his accounts."

While the Court of Claims has granted relief under this authority in a large number of cases, no record is found of relief for an illegal payment. That such relief could not be granted seems clear from the statement by the court in *Malone* v. *United States* (5 Ct.Cls. 486), that a disbursing officer's error or mistake, or omission, or forbearance to discharge all lawful duties imposed by virtue of his office, will not excuse him. In *Hall* v. *United States* (9 Ct.Cls. 270) the court said:

"* * * The conclusion, then, is that those funds were not in his possession or charge; and if not, then he did not lose them by capture or otherwise; it was simply a case of more being drawn from the depositary, through forged checks and vouchers, than should have been, resulting in the claimant's being charged with the excess over the amount justly payable. This was an eventual loss to him in the settlement of his accounts, but not such a loss as the Government by the act in question authorizes this court to relieve him from.

"This conclusion is aided by the words of the act, coupling 'funds' with 'vouchers, records, and papers'; which latter would necessarily be in his possession. The kind of loss contemplated by the act was doubtless the same as to all those enumerated articles. Each might be lost by capture, by robbery or theft, by fire or flood, or by unavoidable accident; and it seems to us that it was against such kinds of loss of specific things, for which he could have no other remedy, that the act was intended to afford relief; not against losses suffered by the officer through forgeries committed by his employees or others, for which he would in law be entitled to recourse against both the forger and the depositary who paid the forged checks."

It must be taken that the court's interpretation of the existing law was in the minds of Congress when enacting similar legislation urged by the Navy Department, in view of war-time losses, to save their disbursing officers the trouble and expense incident to taking advantage of relief available in the Court of Claims.

Furthermore, it may well be argued that the authority given the Secretary of the Navy in the act of July 11, 1919, both as to relief for losses (41 Stat. 132), and relief for certain illegal payments (41 Stat. 153), was impliedly repealed by the provision of the act of June 10, 1921 (42 Stat. 24, 26), vesting and imposing "all powers and duties now conferred or imposed upon the Comptroller of the Treasury or the six auditors of the Treasury Department" upon the General Accounting Office to "be exercised without direction from any other officer", and providing that "the balances certified by the Comptroller General shall be final and conclusive upon the executive branch of the Government." Any former power in the Secretary of the Navy to direct relief of a disbursing officer seems highly inconsistent with the powers conferred on this office by the act of June 10, 1921, and to the extent that they are inconsistent were impliedly repealed by such enactment. The view that such former powers were considered by Congress as repealed is strengthened by the passage of the act of April 21, 1922 (42 Stat. 497), authorizing the Comptroller General to allow credit to and relieve disbursing officers of the War and Navy Departments, under conditions similar to those prescribed in the two provisions of the act of July 11, 1919, for loss of funds, records, etc., and for illegal payments. It is difficult to perceive why Congress should have included the Navy disbursing officers in the act of April 21, 1922, if the Secretary of the Navy still had the powers conferred by the act of July 11, 1919. It may be noted here that in the act of April 21, 1922, Congress again set forth carefully the conditions and the time limits in authorizing relief from responsibility for illegal payments, not leaving the matter to a haphazard construction of "loss or deficiency", as is contended by the Navy Department, was done in the act of July 11, 1919. And again in the act of May 26, 1926 (44 Stat. 654), Congress specifically set forth the terms for relief by the Comptroller General from responsibility for illegal payments made by disbursing officers of the Navy as well as the Army on account of commutation of quarters, heat, and light under the act of April 16, 1918 (40 Stat. 530), and for rental and subsistence allowance under the act of June 10, 1922 (42 Stat. 625), apparently considering that the Secretary of the Navy had no authority to direct relief under the act of July 11, 1919.

The position must be maintained that there is no more basis for the Attorney General's interpretation than there was warrant for the Secretary of the Navy, after having secured such an apparently harmless provision in an appropriation act, to attempt by administrative construction to expand it into a power broader than ever known to be vested in an administrative officer over the expenditures of his own department.

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

BATTLEFIELD OF MONOCACY, MD.

The Clerk called the next bill, H.R. 7982, to establish a national military park at the battlefield of Monocacy, Md.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I would call the attention of the Members of the House to the language of this bill and ask the author of the measure to explain the nature of it.

Mr. COFFIN. Mr. Speaker, I reported the bill out of the Military Affairs Committee. It is practically the same bill that passed the Seventieth Congress. It is simply to establish a national monument at the site of the battle of Monocacy, near Frederick, Md. It is to be the same character of park as the ones now established at Gettysburg and Antietam.

Mr. ELTSE of California. It is a fact, is it not, you are asking for an authorization of $50,000 to develop this property?

Mr. COFFIN. Yes; that is correct.

Mr. GOSS. There is a committee amendment that takes care of that, is there not?

Mr. COFFIN. No; the committee amendment covers the authorization of $50,000.

Mr. GOSS. But is not that to be stricken out?

Mr. COFFIN. No; we are striking out the language of the original bill which authorized the P.W.A. to expend the money and substituting a committee amendment authorizing an appropriation of $50,000.

Mr. GOSS. In other words, we are striking out the $50,000 under the P.W.A. and are inserting an authorization to take it out of any money in the Treasury not otherwise appropriated.

Mr. COFFIN. That is correct.

Mr. ELTSE of California. It will not come out of the P.W.A. funds.

Mr. COFFIN. No; it will not.

Mr. GOSS. I call attention to the last section. I understand the committee was going to offer to strike that out and then offer an amendment to make it come out of the regular fund for the Treasury. The objection was made by me in the committee, and the committee amended it in that regard.

Mr. MAY. The purpose of the committee in making it was to earmark it so that the Public Works Administration could not do with it as they have been doing with other funds.

Mr. ELTSE of California. Yes; I did not think the P.W.A. funds should be devoted to this purpose.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to commemorate the Battle of Monocacy, Md., and to preserve for historical purposes the breastworks, earthworks, walls, or other defenses or shelters used by the armies therein, the battlefield at Monocacy, in the State of Maryland, is hereby declared a national military park, to be known as the "Monocacy National Military Park", whenever the title to the lands deemed necessary by the Secretary of the Interior shall have been acquired by the United States and the usual jurisdiction over the lands and roads of the same shall have been granted to the United States by the State of Maryland.

SEC. 2. The Secretary of the Interior is hereby authorized to cause condemnation proceedings to be instituted in the name of the United States under the provisions of the act of August 1, 1888, entitled "An act to authorize condemnation of lands for sites for public buildings, and for other purposes" (25 Stat.L. 357), to acquire title to the lands, interests therein, or rights pertaining thereto within the said Monocacy National Military Park, and the United States shall be entitled to immediate possession upon the filing of the petition in condemnation in the United States District Court for the District of Maryland: *Provided*, That when the owner of such lands, interests therein, or rights pertaining thereto shall fix a price for the same, which, in the opinion of the Secretary of the Interior, shall be reasonable, the Secretary may purchase the same without further delay: *Provided further*, That the Secretary of the Interior is authorized to accept, on behalf of the United States, donations of lands, interests therein, or rights pertaining thereto required for the Monocacy National Military Park: *And provided further*, That title and evidence of title to lands and interests therein acquired for said park shall be satisfactory to the Secretary of the Interior.

SEC. 3. The Secretary of the Interior is hereby authorized to enter into leases with the owners of such of the lands, works, defenses, and buildings thereon within the Monocacy National Military Park, as in his discretion it is unnecessary to forthwith acquire title to, and such leases shall be on such terms and conditions as the Secretary of the Interior may prescribe, and may contain options to purchase, subject to later acceptance, if, in the judgment of the Secretary of the Interior, it is as economical to purchase as condemn title to the property: *Provided*, That the Secretary of the Interior may enter into agreements upon such nominal terms as he may prescribe, permitting the present owners or their tenants to occupy or cultivate their present holdings, upon condition that they will preserve the present breastworks, earthworks, walls, defenses, shelters, buildings, and roads, and the present outlines of the battlefields, and that they will only cut trees or underbrush or disturb or remove the soil, under such regulations as the Secretary of the Interior may prescribe, and that they will assist in protecting all tablets, monuments, or such other artificial works as may from time to time be erected by proper authority.

SEC. 4. The affairs of the Monocacy National Military Park shall, subject to the supervision and direction of the Office of National Parks, Buildings, and Reservations of the Interior Department, be in charge of a superintendent, to be appointed by the Secretary of the Interior.

SEC. 5. It shall be the duty of the superintendent, under the direction of the Office of National Parks, Buildings, and Reservations of the Interior Department, to superintend the opening or repair of such roads as may be necessary to the purposes of the park, and to ascertain and mark with historical tablets or otherwise, as the Secretary of the Interior may determine, all breastworks, earthworks, walls, or other defenses or shelters, lines of battle, location of troops, buildings, and other historical points of interest within the park or in its vicinity.

SEC. 6. The said Office of National Parks, Buildings, and Reservations, acting through the Secretary of the Interior, is authorized to receive gifts and contributions from States, Territories, societies, organizations, and individuals for the Monocacy National Military Park: *Provided*, That all contributions of money received shall be deposited in the Treasury of the United States and credited to a fund to be designated "Monocacy National Military Park Fund", which fund shall be applied to and expended under the direction of the Secretary of the Interior, for carrying out the provisions of this act.

SEC. 7. It shall be lawful for the authorities of any State having had troops at the Battle of Monocacy to enter upon the lands and approaches of the Monocacy National Military Park for the purpose of ascertaining and marking the lines of battle of troops engaged therein: *Provided*, That before any such lines are permanently designated the position of the lines and the proposed methods of marking them by monuments, tablets, or otherwise, including the design and inscription for the same, shall be submitted to the Secretary of the Interior and shall first receive written approval of the Secretary, which approval shall be based upon formal written reports to be made to him in each case by the Office of National Parks, Buildings, and Reservations: *Provided*, That no discrimination shall be made against any State as to the manner of designating lines, but any grant made to any State by the Secretary of the Interior may be used by any other State.

SEC. 8. If any person shall, except by permission of the Secretary of the Interior, destroy, mutilate, deface, injure, or remove any monument, column, statue, memorial structure, or work of art that shall be erected or placed upon the grounds of the park by lawful authority, or shall destroy or remove any fence, railing, enclosure, or other work for the protection or ornament of said park, or any portion thereof, or shall destroy, cut, hack, bark, break down, or otherwise injure any tree, bush, or shrubbery that may be growing upon said park, or shall cut down or fell or remove any timber, battle relic, tree or trees growing or being upon said park, or hunt within the limits of the park, or shall remove or destroy any breastworks, earthworks, walls, or other defenses or shelter or any part thereof constructed by the armies formerly engaged in the battles on the lands or approaches to the park, any person so offending and found guilty thereof, before any United States commissioner or court, of the jurisdiction in which the offense may be committed, shall for each and every such offense forfeit and pay a fine, in the discretion of the United States commissioner or court, according to the aggravation of the offense, of not less than $5 nor more than $500.

SEC. 9. The Secretary of the Interior shall have the power to make all needful rules and regulations for the care of the park, and for the establishment and marking of lines of battle and other historical features of the park.

SEC. 10. To enable the Secretary of the Interior to begin to carry out the provisions of this act, including the condemnation, purchase, or lease of the necessary land, surveys, maps, marking the boundaries of the park, opening, constructing, or repairing necessary roads, pay and expenses of the superintendent, salaries for labor and services, traveling expenses, supplies, and materials, the sum of $50,000 is hereby authorized to be allotted by the Federal Administrator of Public Works out of any moneys appropriated for use under his direction, said sum to remain available until expended, and disbursements under this act shall be annually reported by the Secretary of the Interior to Congress.

With the following committee amendment:

Strike out section 10 and insert the following:

"SEC. 10. For the purpose of carrying out the provisions of this act the sum of $50,000 is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ENROLLMENT OF MEMBERS OF THE MENOMINEE INDIAN TRIBE

The Clerk called the next bill on the calendar, H.R. 8541, to provide for enrollment of members of the Menominee Indian Tribe of the State of Wisconsin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized and directed to prepare a certified roll of the members of the Menominee Indian Tribe in the State of Wisconsin, and from time to time to add names to such roll in accordance with the provisions of this act, which roll shall constitute the official roll of members of said tribe for all purposes. The names of all persons on the tribal rolls on the date of the enactment of this act shall automatically be placed on the roll authorized to be prepared under the provisions of this act and shall be used as a basis for the compilation and preparation of said roll by the Secretary of the Interior. The Secretary of the Interior shall, from time to time, place on said roll the names of such additional persons as are entitled to the privilege of enrollment under the provisions of this act.

SEC. 2. Any person whose name is not on the roll of the Menominee Indian Tribe on the date of the enactment of this act may at any time hereafter apply to the Secretary of the Interior to have his name placed thereon. Such application shall be in writing, shall contain such information as the Secretary of the Interior may require, and shall be subscribed and sworn to before an official authorized to administer oaths; except that in the case of minors under the age of 18 years and in the case of persons who are mentally incompetent such application may be executed by any member of the Menominee Tribe of Indians in behalf of such minor or mentally incompetent person.

SEC. 3. At the end of each fiscal year the Secretary of the Interior shall compile a list of all persons who have applied for enrollment as a member of the Menominee Indian Tribe during the past fiscal year, and he shall certify such list of applicants to the general council of the Menominee Indian Tribe requesting said general council to investigate the qualifications of such applicants and to report its findings to the Secretary of the Interior. The Secretary of the Interior shall take no action on any application for enrollment until after the expiration of 1 year from the date the certified list of applicants was forwarded to the general council of the Menominee Indian Tribe, unless the said general council of the Menominee Indian Tribe shall have previously filed its findings and recommendations with reference thereto with the Secretary of the Interior.

SEC. 4. No person whose name does not appear on the tribal roll of the Menominee Indian Tribe on the date of the enactment of this act shall hereafter be eligible to enrollment unless he possesses at least one fourth of Menominee Indian blood, and any person who possesses one fourth or more of Menominee Indian blood shall be entitled to have his name placed on the tribal roll by the Secretary of the Interior in the manner provided for in this act and shall be entitled to all the privileges of membership in said tribe: *Provided*, That no person who participated in the so-called "half-breed payment of 1849" shall, for the purposes of enrollment as a member of the tribe, be considered as possessing any Menominee Indian blood, and no person claiming to possess one fourth or more of Menominee Indian blood shall hereafter be placed on the tribal roll unless he can establish the fact that he possesses the required one fourth or more of Menominee Indian blood as a descendant of a person or persons possessing Menominee Indian blood other than those persons who participated in the so-called "half-breed payment of 1849."

SEC. 5. No person whose name shall hereafter be placed on the roll of the Menominee Indian Tribe shall be entitled to any back annuities or per capita payments made to the members of the tribe out of tribal funds which were authorized to be paid to the members of said tribe before such person's name shall have been placed upon such roll.

SEC. 6. Any person whose application for enrollment as a member of the Menominee Indian Tribe is denied by the Secretary of the Interior shall have the right of appeal to the Federal District Court for the Eastern District of Wisconsin at any time within 2 years after the denial of such application by the said Secretary of the Interior, and the general council of the Menominee Indian Tribe shall have the right to appeal to said court from any order or decision of the Secretary of the Interior granting any such application or placing the name of any applicant on the tribal roll, at any time within 2 years after such order or decision of the Secretary of the Interior. Notice of such appeal and of the

hearing thereof shall be given to the Secretary of the Interior, the applicant and the general council of the Menominee Indian Tribe, in such manner as the court, by order, shall direct: *Provided*, That failure on the part of the Secretary of the Interior to approve or deny any application, within 2 years after the same has been filed with him, shall, for the purposes of this section, be deemed a denial of such application. Said district court shall consider all affidavits on file with the Secretary of the Interior with reference to the particular application and shall also consider such additional evidence as may be presented in the form of affidavits or otherwise by any of the parties in interest and shall hear such witnesses in open court as either party may present, and at the conclusion thereof the court shall either affirm or deny the right of said applicant to enrollment as a member of the Menominee Indian Tribe, which judgment shall be conclusive. In the event the court decides that the applicant is entitled to enrollment, the court shall order the Secretary of the Interior to place the applicant's name on the tribal roll as of the date upon which said application was denied by the Secretary of the Interior.

SEC. 7. The provisions of this act shall be applicable to the enrollment of members of the Menominee Indian Tribe of the State of Wisconsin notwithstanding any conflicting tribal custom of said tribe, and any act or acts of Congress in conflict with the provisions of this act are hereby repealed.

With the following committee amendments:

Page 3, line 14, after the word "blood" strike out "and any person who possesses one fourth or more of Menominee Indian blood" and insert the following: "And any person possessing one fourth or more of Menominee Indian blood who has been or may be born of parents residing, at the time of such birth, upon the Menominee Reservation, at least one of whom is an enrolled member of the Menominee Tribe, or has been or may be adopted by the Menominee Tribe."

On page 6, line 4, after the word repealed, insert "insofar as the same relates to the Menominee Indians."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ADJUSTMENT OF CO-CALLED "OLMSTEAD LANDS" CLAIMS

The Clerk called the next bill on the calendar, H.R. 8779, authorizing the Secretary of Agriculture to adjust claims to so-called "Olmstead lands" in the State of North Carolina.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Agriculture be, and he is hereby, authorized to adjust all claims to the so-called "Olmstead lands" in the State of North Carolina, which were placed under his administrative care by the act of July 6, 1912 (37 Stat. 189).

SEC. 2. That for the purpose of carrying out the provisions of this act the Secretary of Agriculture is authorized, upon a finding by him, and approved by the Attorney General, that by reason of long-continued occupancy and use thereof a party is justly entitled to any of said Olmstead lands, to convey by quitclaim deed to such party the interest of the United States therein, or to pay to such party from any appropriation which hereafter may be made to carry out the purpose of the act of March 1, 1911 (36 Stat. 936), such sum as the Secretary of Agriculture shall find to be just compensation for the release of the claim of such party to said lands, other claims of title to said Olmstead lands found to be superior to that of the United States may be settled by the Secretary of Agriculture through allowing the removal of timber from the lands claimed in such an amount as he finds equitable and acceptable to the claimant in full satisfaction of his claim, or with the approval of the National Forest Reservation Commission the Secretary of Agriculture may make payment in satisfaction of the claim from funds appropriated for carrying out the provisions of the said act of March 1, 1911 (36 Stat. 936).

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXCHANGE OF LANDS, FORT MOJAVE INDIAN RESERVATION

The Clerk called the next bill, S. 1807, to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to accept, in his discretion, under rules and regulations to be prescribed by him, conveyances to the Government of privately owned lands contiguous to the even-numbered sections added to the Fort Mojave Indian Reservation, Ariz., by Executive order of February 2, 1911, and to permit lieu selections of land approximately equal in value from the even-numbered sections by those surrendering their holdings, so that the lands retained and acquired through exchange for Indian use may be consolidated and held in a solid area so far as may be possible: *Provided*, That upon conveyance of any privately owned lands to the Government pursuant thereto, the Secretary of the Interior is hereby authorized to issue to the person or persons making the conveyance, patent of appropriate form and legal effect for the lieu lands. The areas consolidated in the Government pursuant to this act are hereby declared to be held for the benefit of the Indians of the Fort Mojave Reservation: *Provided further*, That the title or claim of any person or persons who refuse to convey to the Government shall not be affected by this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

RADIO STATION LANDS, GRAND ISLAND, NEBR.

The Clerk called the next bill, H.R. 9394, to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Federal Radio Commission is authorized to purchase an additional tract of land containing approximately 10 acres adjacent to that now owned by the United States at Grand Island, Nebr., and to enclose the same for use in connection with the constant-frequency monitoring station located at said place. There is hereby authorized to be appropriated the sum of $1,200 to carry out the purposes of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MILITARY AND NAVAL TOURS IN THE TROPICS

The Clerk called the next bill, H.R. 8567, to amend the laws relative to the length of tours of duty in the Tropics and certain foreign stations in the case of officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes.

The SPEAKER. Is there objection?

Mr. ELTSE of California. Mr. Speaker, I reserve the right to object. There is no report here from the Navy Department, although there is one from the War Department. I happen to be on the Military Affairs Committee and my chairman has asked that this bill be put over by unanimous consent.

Mr. SPENCE. Mr. Speaker, this bill was passed by the Senate on May 10, with an amendment. The amendment is as follows: After the word "hostilities", in line 10, page 2, insert the words, "and except in the discretion of the Secretary of War for temporary emergencies" so that the provision will read:

No officer or enlisted man in the Army shall, except upon his own request, be required to serve in a single tour of duty for more than 2 years in the Philippine Islands, on the Asiatic station, or in China, Hawaii, Puerto Rico, or the Canal Zone, except in case of insurrection or of actual or threatened hostilities, and except in the discretion of the Secretary of War for temporary emergency.

Mr. ELTSE of California. Do I understand that as it affects the Navy those provisions have been removed?

Mr. SPENCE. No; it merely qualifies the provision that was added after the repeal of the former acts.

Mr. ELTSE of California. I understand, but we have no report here from the Secretary of the Navy, and this has not been passed upon by the Naval Affairs Committee in the House.

Mr. SPENCE. It applies only to the Army.

Mr. ELTSE of California. It says the Navy.

Mr. SPENCE. The clause that is added is:

No officer or enlisted man of the Army shall, except upon his own request be required to serve in a single tour of duty for more than 2 years, etc.

Mr. GOSS. Is there not a similar Senate bill over here?

Mr. SPENCE. The Senate bill is here. That bill adds:

And except in the discretion of the Secretary of War for temporary emergency.

The Senate committee made this report:

As a result of the hearings and documentary evidence, the committee is convinced that the present law prescribing 3 years as a fixed tour of foreign service for personnel of the Army, Navy, and Marine Corps is unreasonable, unwarranted, and inhumane in its effect on the personnel and their families, and is contrary to the best interest of the Government and the efficiency of the service.

Mr. ELTSE of California. I ask unanimous consent that the bill be passed over without prejudice.

Mr. HOEPPEL. Will the gentleman yield to me before he makes that request?

Mr. ELTSE of California. Yes.

Mr. HOEPPEL. I should like to explain the provisions of this bill. There are very few men of the Navy on shore duty ever beyond the territorial limits of the United States. The Chief Surgeon of the Navy, I know, is fully cognizant of this bill and is in accord with its provisions. I hope the gentleman will withdraw his request and permit the bill to be enacted.

Mr. GOSS. Does the Senate bill in any way tie the Navy up?

Mr. SPENCE. It is my opinion it does not.

Mr. GOSS. If the Navy is out of it, you could substitute the Senate bill.

Mr. SPENCE. It is my opinion it only applies definitely to the Army.

Mr. ELTSE of California. It is difficult for me to understand how that could be true when you are talking about the Army and the Navy.

Mr. SPENCE. I should like to read a letter from the Surgeon General of the Army:

1. Ever since Moses led Israel out of Egypt it has been a recognized fact that protracted residence in the tropics, and even the subtropics, on the part of the white man has been associated with an increase of sickness and poor health in contrast to living conditions in temperate zones. The baneful effects of living in the tropics is properly attributed to three factors: (a) The presence in hot climates of many diseases not found in temperate zones, or, as is the case in two common diseases—malaria and dysentery—the greater prevalence and severity of these diseases in Panama and the Philippines over and above their occurrence in the continental limits of the United States; (b) factors associated with tropical climates, per se, as high temperatures, increased humidity, and the evil effects of strong solar action; it is universally conceded that subjecting the white man to the above morbid influences for any great length of time saps his vitality, diminishes his energy and activity, and increases sickness and disease; (c) isolation and its attending distractions, as changes in modes of living, character of food, and especially monotony and ennui. The last two are in a great measure due to the absence of the usual diversions and amusements that one is accustomed to at home. For the enlisted man the absence of congenial, sympathetic, and righteous companions is a large factor in reducing morale and bringing about nervous disorders.

2. Our statistics, computed over a 10-year period, tend to prove the correctness of the above views. Admission rates per 1,000 for all cases: United States, 668; China, 888; Panama, 893; Philippines, 934. In view of the above, it is the considered professional opinion of the Surgeon General of the Army that a protracted continual residence in the tropics directly promotes sickness and ill health and lowers efficiency. It is fully appreciated that some of our foreign stations from the standpoint of health and living conditions are worse than others. Our highest sick rates have always occurred in the Philippines. Hawaii has always been the most sanitary of our island possessions.

3. In my opinion, the brief submitted justifies the conclusion that a 3-year compulsory tour of duty in our tropical possessions is both unwise and uneconomical.

ROGER BROOKE,
Colonel, Medical Corps, Acting, the Surgeon General.

Mr. GOSS. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice. Meantime, the gentleman could probably get in touch with the Chairman of the Naval Affairs Committee and iron out the objection that he has given to the gentleman from California. It would not affect his bill in any way.

Mr. SPENCE. I feel this bill will not have any compulsory effect on the Navy. It simply applies to the Army.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut [Mr. GOSS]?

Mr. HOEPPEL. Mr. Speaker, I object.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. ELTSE of California. Mr. Speaker, I object.

TO AUTHORIZE DOUGLAS CITY, ALASKA, PUBLIC WORKS

The Clerk called the next bill, H.R. 9371, to authorize the incorporated town of Douglas City, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system, and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $40,000.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the incorporated town of Douglas City, Alaska, is hereby authorized and empowered to undertake the municipal public works herein especified and for such purposes to issue bonds in any sum not exceeding $40,000. Said town is hereby authorized and empowered to construct, reconstruct, enlarge, extend, and improve its water-supply system and for such purpose to issue bonds in any sum not exceeding $25,000; to construct, reconstruct, enlarge, extend, and improve sewers and for such purpose to issue bonds in any sum not exceeding $15,000.

SEC. 2. That before said bonds shall be issued a special election shall be ordered by the common council of the said town of Douglas City, at which election the question of whether such bonds shall be issued in the amounts above specified for either or both of the purposes hereinbefore set forth shall be submitted to the qualified electors of said town of Douglas City whose names appear on the last assessment roll of said town for municipal taxation. The form of the ballot shall be such that the electors may vote for or against the issuance of bonds for each of the purposes herein specified in the amounts herein authorized. Not less than 20 days' notice of such election shall be given by posting notices of the same in three conspicuous places within the corporate limits of the town of Douglas City, Alaska, one of which shall be at the front door of the United States post office. The registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued for either or both of the purposes herein authorized only upon condition that not less than a majority of the votes cast at such election in said town shall be in favor of the issuance of said bonds for such purpose.

SEC. 3. Such bonds shall be coupon in form, may bear such date or dates, may be in such denomination or denominations, may mature in such amounts and at such time or times, not exceeding 30 years from the date thereof, may be payable in such medium of payment and at such place or places, may be sold at either public or private sale, may be redeemable, with or without premium, or nonredeemable, and may carry such registration privileges as to either principal and interest, principal only, or both, as shall be prescribed by the common council of said town of Douglas City at the time such bonds are authorized to be issued. The bonds shall bear the signatures of the mayor and clerk of the town of Douglas City, and shall have impressed thereon the official seal of said town. In case any of the officers whose signatures or countersignatures appear on the bonds shall cease to be such officers before delivery of such bonds, such signatures or countersignatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Said bonds shall bear interest at a rate to be fixed by the common council of the said town of Douglas City, not to exceed 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than the principal amount thereof plus accrued interest.

SEC. 4. The bonds herein authorized to be issued shall be general obligations of said town of Douglas City, payable as to both interest and principal from ad valorem taxes which shall be levied upon all the taxable property within the corporate limits of said town of Douglas City in an amount sufficient to pay the interest on and principal of such bonds as and when the same become due and payable. Such of the bonds as may be issued to construct, reconstruct, enlarge, extend, or improve the water-supply system of said town of Douglas City may, if so provided by the common council of said town of Douglas City, be additionally secured by a direct pledge of all or any part of the revenues of said water-supply system and any subsequent additions or extensions thereto, remaining after provisions for the payment of the reasonable costs of operation and maintenance of said system and the cost of such repairs, improvements, and betterments thereto as shall be necessary to keep the same at all times in good repair and working order.

SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Said bonds shall be sold only when and in such amounts as the common council of the town of Douglas City shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of said common council from time to time as the same may be required for said purposes.

SEC. 6. The town of Douglas City is hereby authorized to enter into contracts with the United States of America or any agency or instrumentality thereof, under the provisions of the National Industrial Recovery Act and acts amendatory thereof and acts supplemental thereto, and revisions thereof, and the regulations made in pursuance thereof, and under any further acts of the Congress of the United States to encourage public works, for the sale of bonds issued in accordance with provisions of this act or for the acceptance of a grant of money to aid said town in financing any public works herein authorized; or to enter into contracts with any person or corporation, public or private, for the sale of such bonds; and such contracts may contain such terms and conditions, subject to the provisions of this act, as may be agreed upon by and between the common council of said town of Douglas City and the United States of America or any agency or instrumentality thereof, or such terms and conditions, subject to

the provisions of this act, as may be agreed upon by and between the common council of said town of Douglas City and any other purchaser of said bonds.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MOUNT HOOD NATIONAL FOREST, OREG.

The Clerk called the next bill, S. 1982, to add certain lands to the Mount Hood National Forest in the State of Oregon.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the following-described lands, title to which was conveyed to the United States in part settlement of a fire trespass and which are located within the boundaries of the Mount Hood National Forest, in the State of Oregon, be, and the same are hereby, added to said national forest and are made subject to all laws and regulations relating to the use and administration of the national forests:

Township 4 south, range 5 east, Willamette meridian: Last half northeast quarter, northwest quarter northeast quarter, northeast quarter southeast quarter section 18; southeast quarter northeast quarter, west half northeast quarter, east half northwest quarter, east half southeast quarter, northwest quarter southeast quarter, southeast quarter southwest quarter section 20; section 22; southwest quarter section 24; sections 25 and 26; north half northeast quarter, northeast quarter northwest quarter section 29; section 36.

Township 4 south, range 6 east, Willamette meridian: Lots 3 and 4, east half, east half southwest quarter section 20; southwest quarter section 28; lots 3 and 4, east half northeast quarter, northwest quarter northeast quarter, northeast quarter northwest quarter, southeast quarter, east half southwest quarter section 30; lots 1 and 2, northeast quarter, east half northwest quarter section 31.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HAMPTON ROADS NAVAL OPERATING BASE

The Clerk called the next bill, H.R. 6847, providing for the acquisition of additional lands for the naval air station at Hampton Roads Naval Operating Base, Norfolk, Va.

Mr. WOLCOTT. Reserving the right to object, it does not seem to me quite proper that a bill authorizing an expenditure of $400,000 should be passed in this House by unanimous consent. For that reason I am constrained to object.

Mr. DARDEN. Will the gentleman withhold his objection?

Mr. WOLCOTT. I reserve the objection for the purpose of allowing the gentleman to make a statement.

Mr. DARDEN. Before any final action can be taken it will have to go to the Committee on Appropriations and be returned to the House. This simply authorizes the presentation of the project to the committee. It is something that is vitally needed for the Navy. The present field at Norfolk will only accommodate 120 planes. It is a large naval base, and there are 235 planes in the fleet that will base on it in the next month or two. Certainly the House will not be prejudiced in any way by allowing it to go to the Committee on Appropriations.

Mr. WOLCOTT. In view of the fact that this will have to be ironed out later on before the Committee on Appropriations, I will withdraw my reservation of objection, but I still contend that $400,000 should not be authorized by this House under unanimous consent, as a matter of policy; however, inasmuch as I do not have the establishment of policy, I will withdraw my reservation of objection.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he hereby is, authorized and directed to acquire, by purchase or condemnation, additional tracts of land adjacent to and lying southeastwardly from the Hampton Roads Naval Operating Base, Norfolk, Va., said land being generally known as "East Camp", together with such additional land adjoining same as is necessary for the development and expansion of naval air activities at said station, and comprising approximately 540 acres and being bounded by Masons Creek on the north and east, Bush Creek on the west, and the Virginian Railway on the south; and there is hereby authorized to be appropriated for the purchase of this entire tract the sum of $400,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STILLAGUAMISH RIVER, STATE OF WASHINGTON

The Clerk called the next bill, H.R. 3353, to provide a preliminary examination of Stillaguamish River and its tributaries in the State of Washington, with a view to the control of its floods.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, this bill, Calendar No. 253, and the four succeeding bills, Calendar Nos. 254 to 257, inclusive, have about the same status. They are all bills authorizing resurveys of projects where the original survey had been authorized by the Rivers and Harbors Committee under the Rivers and Harbors Act of January 21, 1927.

There has been a good deal of comment within the last few weeks with regard to the jurisdiction of these committees. I presume I made a lifelong enemy a matter of 3 or 4 weeks ago by trying to protect the jurisdiction of the Rivers and Harbors Committee.

I am not going to object any further to these bills if it is the policy of the majority leaders to transfer jurisdiction over these bills from the Rivers and Harbors Committee to the Flood Control Committee. I am not going to object to it; but I call attention to the fact that there is absolutely no need of passing these five bills, because all that is needed is for the Committee on Rivers and Harbors to report a resolution for the resurvey desired. It will be done upon application to that committee, and it will save us all the time and bother of bringing these bills in here. For the life of me I cannot see why these bills were ever introduced.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. TRUAX. What expense is involved if these bills are passed?

Mr. WOLCOTT. There is very little expense involved.

Mr. SMITH of Washington. The expense is merely nominal.

Mr. WOLCOTT. It is not so much the matter of expense as it is the matter of precedent.

Mr. WILSON. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. WILSON. May I not call attention to the fact that where surveys are made on account of destructive floods covering the watersheds of these rivers, where these surveys are made for the purpose of flood control there is no conflict with the Rivers and Harbors Committee over the question of jurisdiction. The gentleman from Ohio [Mr. JENKINS] asked questions relative to the jurisdiction of these committees the other day when the gentleman from Texas [Mr. MANSFIELD] addressed the House. The gentleman from Texas said that when the legislation was for flood-control purposes it should come from the Flood Control Committee but that when it was for navigation purposes it should come from the Committee on Rivers and Harbors.

Mr. WOLCOTT. May I ask the gentleman if, in the case of any of these bills, a request was made for a resolution by the Rivers and Harbors Committee?

Mr. WILSON. I doubt if a resolution by the Rivers and Harbors Committee could serve the purpose, because the War Department asked for additional surveys for the purpose of flood control covering the watersheds in question. The War Department is asking this because there have been floods on these rivers which have destroyed millions of dollars worth of property and which have endangered human lives. It calls for action by the Flood Control Committee.

Mr. WOLCOTT. I hope the gentleman appreciates my position. I have no objection to the bills; I am simply trying to protect the precedent which has been established.

Mr. WILSON. There is no conflict of jurisdiction. Survey after survey has been made on various rivers throughout the United States. The same authority handles it, no matter which committee reports the legislation—the Corps of Engineers of the Army—whether the purpose of the bill is for flood control or navigation. The expense comes from the same fund, but for the one purpose legislation is reported by the Committee on Flood Control and for the other purpose by the Committee on Rivers and Harbors.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. DONDERO. I should like to ask the Chairman of the Flood Control Committee whether or not these surveys include anything except flood control? For instance, is navigation taken into consideration?

Mr. WILSON. Of course, the jurisdiction given the Flood Control Committee includes all those things where flood control is the paramount objective.

Mr. DONDERO. Does the gentleman mean that that includes navigation and commerce as well?

Mr. WILSON. It might be said to include navigation where navigation is incidental. On the other hand, where the improvement of a river is primarily for the purpose of navigation, flood control being incidental, the Committee on Rivers and Harbors would have jurisdiction.

Mr. DONDERO. If the jurisdiction of the Committee on Flood Control extended to matters of navigation, what is the necessity for having the Committee on Rivers and Harbors?

Mr. WILSON. I call the gentleman's attention to the case of the Choctawhatchee River, which runs a distance of 178 miles through Alabama. It has been improved for navigation for 27 miles. The gentleman from Alabama [Mr. STEAGALL] asked a survey for flood-control purposes of 178 miles of this river and tributaries because it endangered a number of small cities on the river and its tributaries. That survey for flood-control purposes was made and the project adopted as part of the Public Works relief program. So there is no conflict. As the gentleman from Texas [Mr. MANSFIELD] answered the gentleman from Ohio [Mr. JENKINS], if the purpose is for flood control, the Committee on Flood Control has jurisdiction; if the purpose is for navigation, the Committee on Rivers and Harbors has jurisdiction. We have never asked that anything come to the Committee on Flood Control which should go to the Committee on Rivers and Harbors, and we do not intend to.

Mr. WOLCOTT. In view of the gentleman's statement I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of the Stillaguamish River and its tributaries in the State of Washington, with a view to the control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for the control of the floods of the Mississippi River, and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS LAKE SABINE

Mr. DIES. Mr. Speaker, the official objectors inform me that they are not prepared to go farther than no. 276 on the calendar. I have a bill no. 291 on the calendar, for the construction, maintenance, and operation of a bridge over Lake Sabine similar to the first one on the calendar, which was objected to.

It is very important that this bill pass, because we have an application for a loan before the P.W.A., and everything is waiting for this bill to pass.

Mr. Speaker, I ask unanimous consent that after the bill H.R. 8513 is considered by the House this afternoon, that the bill H.R. 9526 may be called out of order.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CARMICHAEL. Mr. Speaker, I have a very important bill, H.R. 9141, pending on the calendar. This bill grants the consent of Congress to the State of Alabama, its agents or agencies, to erect a bridge across the Tennessee River. This is in the same condition as the bill of the gentleman from Texas [Mr. DIES]. We have applied for our loan, and the granting of the loan depends upon the passage of this bill.

Mr. ZIONCHECK. Mr. Speaker, I object for the time being. The gentleman from Texas [Mr. DIES] spoke to me about the other bill, and I was familiar with the matter.

SNOHOMISH RIVER AND ITS TRIBUTARIES

The Clerk called the next bill, H.R. 3354, to provide a preliminary examination of Snohomish River and its tributaries in the State of Washington, with a view to the control of its floods.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of Snohomish River and its tributaries in the State of Washington, with a view to control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of the floods of the Mississippi River, and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NOOKSACK RIVER AND ITS TRIBUTARIES

The Clerk called the next bill, H.R. 3362, to provide a preliminary examination of the Nooksack River and its tributaries in the State of Washington, with a view to the control of its floods.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of the Nooksack River and its tributaries in the State of Washington, with a view to the control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of floods of the Mississippi River, and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SKAGIT RIVER AND ITS TRIBUTARIES

The Clerk called the next bill, H.R. 3363, to provide a preliminary examination of Skagit River and its tributaries in the State of Washington, with a view to the control of its floods.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of the Skagit River and its tributaries in the State of Washington, with a view to the control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for the control of the floods of the Mississippi River, and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore and hereafter made for examinations, surveys, and contingencies of rivers and harbors.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GREEN RIVER, WASH.

The Clerk called the next bill, H.R. 5175, to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of the Green River, Wash., with a view to control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of the floods of the Mississippi River, and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONNECTICUT RIVER

The Clerk called the next bill, H.R. 8562, to provide for a preliminary examination of the Connecticut River, with a view to the control of its floods and prevention of erosion of its banks in the State of Massachusetts.

There being no objection the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of War is authorized and directed to cause a preliminary examination to be made of the Connecticut River, with a view to control of its floods and prevention of erosion of its banks in the State of Massachusetts, in accordance with the provisions of section 3 of the act entitled "An act to provide for the control of the floods of the Mississippi River and of the Sacramento River, California, and for other purposes", approved March 1, 1917 (U.S.C., title 33, sec. 701), the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONTROL OF ALCOHOLIC BEVERAGES IN THE CANAL ZONE

The Clerk called the next bill, H.R. 8173, authorizing the President to make rules and regulations in respect to alcoholic beverages in the Canal Zone, and for other purposes.

Mr. WOLCOTT. Mr. Speaker, I object.

Mr. LEA of California. Will the gentleman withhold his objection?

Mr. WOLCOTT. I withhold my objection.

Mr. LEA of California. May I inquire as to what is the gentleman's objection to the bill?

Mr. WOLCOTT. It goes to the delegation of power to the Executive to make rules and regulations which are punishable by fine and imprisonment. I think this is a power we should reserve to ourselves.

Mr. LEA of California. This has been the practice ever since the law was established in the Panama Canal Zone. There is no legislative body in the Canal Zone. Congress is the only body that has a right to legislate for the Zone.

Mr. WOLCOTT. I may say to the gentleman if it has been, then there is no justification for the bill.

Mr. LEA of California. After the prohibition law was passed it left the zone without powers to regulate the liquor business, and the transportation of liquor.

Mr. WOLCOTT. They were subject to the Volstead Act?

Mr. LEA of California. Yes.

Mr. WOLCOTT. They were subject, therefore, to an act passed by this Congress. There is no reason why these regulations should not be embodied in an act for the regulation of the liquor traffic in the Canal Zone, to be introduced and passed by this House.

Mr. LEA of California. They are without any law at the present time to regulate the liquor business, and this is no time to start in with a new law this late in this session of Congress.

Mr. WOLCOTT. My statement was there has been ample time for this Congress to pass upon a liquor control act for the Canal Zone. I am seriously, conscientiously, and fundamentally opposed to the delegation of power to any individual outside of the legislative establishment to make regulations the breach of which is punishable by fine or imprisonment.

Mr. LEA of California. All rules and regulations must be punishable under the criminal laws in order to be effective. There is nothing new in this. It is the common practice of Congress to pass such laws. It has been the practice of some 20 years in reference to Panama Canal Zone legislation. All administrations have concurred in this procedure for control of the liquor business. The Canal runs right through the Republic of Panama. If the gentleman's objection prevails it will deprive the United States of any power to control this movement of liquor. I hope the gentleman will not make his objection.

Mr. WOLCOTT. I cannot see where my objection will prevent this Congress from passing legislation immediately establishing a liquor law for the Canal Zone.

Mr. LEA of California. I think the gentleman will recognize that there is not time to institute and pass such legislation in this Congress.

Mr. EDMISTON. Is the Canal wet now?

Mr. LEA of California. They have no law down there, so I suppose you would say it is "wet."

Mr. WOLCOTT. This bill was introduced on February 21. If a bill for the regulation of liquor in the Canal Zone had been introduced on that date, there would have been ample time for its passage. The statement that, because we have not had time to pass the legislation, is no justification for the delegation of this power to the Executive. We should stay here and take the time to see that it is done properly and in accordance with the spirit of the Constitution.

Mr. LEA of California. In the last Congress we passed a law giving the President regulatory powers in reference to the Panama Canal Zone, including liquor regulation. This has been the undebated policy of Congress for 20 years.

Mr. WOLCOTT. Why should there be a necessity for this legislation if we passed a bill last year for the same purpose?

Mr. LEA of California. Since then the Prohibition Act has been repealed and a different situation exists.

Mr. WOLCOTT. Were they not operating under the Volstead Act before that?

Mr. LEA of California. They were; yes.

Mr. WOLCOTT. What was the need of the legislation last year?

Mr. LEA of California. It was simply legislation revising existing law.

Mr. WOLCOTT. I am sorry and I may be considered a fundamentalist in this particular, but I think it is time we should save to ourselves the lawmaking powers given us under the Constitution and I shall have to insist on my objection.

Mr. LEA of California. Let me call the gentleman's attention to the fact that Congress has passed numerous laws providing various penalties for violation of rules and regulations during this session and relating to matters for which there is no such necessity as in this case. I hope the gentleman will not object in this case where his objection may so greatly interfere with the proper administration of the Government's business in the Canal Zone.

Mr. WOLCOTT. All over my protest, and I have made up my mind I am not going to consent to any more delegations of power of this nature to the Executive or to anyone else outside of the legislative establishment.

I object, Mr. Speaker.

MEASUREMENT OF VESSELS USING THE PANAMA CANAL

The Clerk called the next bill, H.R. 7667, to provide for the measurement of vessels using the Panama Canal, and for other purposes.

Mr. BLAND. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

Mr. TRUAX. Mr. Speaker, I object to that request, but not to the bill.

Mr. BLAND. Then I object to the bill, Mr. Speaker.

CODE OF LAWS FOR THE CANAL ZONE

The Clerk called the next bill, H.R. 8700, to establish a code of laws for the Canal Zone, and for other purposes.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, a half hour ago was the first time I had an opportunity to look at this bill, but I understand all the members of the committee were in favor of the bill.

Mr. LEA of California. Yes; there is a unanimous report from the committee, and so far as I know the measure has the unanimous approval of everybody interested in the Panama Canal Zone.

There being no objection, the Clerk read the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS THE ST. LOUIS RIVER NEAR CLOQUET, MINN.

The Clerk called the next bill, S. 3144, to legalize a bridge across the St. Louis River at or near Cloquet, Minn.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the bridge now being constructed over St. Louis River at or near Cloquet, Minn., by the Highway Department of the State of Minnesota, if completed in accordance with plans accepted by the Chief of Engineers and the Secretary of War as providing suitable facilities for navigation, and operated as a free bridge, shall be a lawful structure, and shall be subject to the conditions and limitations of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PAINT ROCK RIVER, JACKSON COUNTY, ALA.

The Clerk called the next bill, H.R. 8234, to provide a preliminary examination of the Paint Rock River in Jackson County, Ala., with a view to the control of its floods.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of the Paint Rock River, in Jackson County, Ala., with a view to the control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of the floods of the Mississippi River, and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEN. THOMAS J. (STONEWALL) JACKSON

The Clerk called the next bill, H.R. 8513, to authorize the coinage of 50-cent pieces in commemoration of the birthplace and boyhood home of Gen. Thomas J. (Stonewall) Jackson.

Mr. WOLCOTT. Mr. Speaker, I object.

Mr. EDMISTON. Mr. Speaker, will the gentleman reserve his objection a moment?

Mr. WOLCOTT. I will be pleased to do so.

Mr. EDMISTON. I want to explain to the gentleman that this bill differs to a certain extent from the other coinage bills which have gone through on this calendar without objection.

The objection by the Treasury Department to those bills has been that the coins are not sold. The gentleman probably does not understand that this is a State 4-H camp and these 4-H boys and girls of West Virginia want to sell these coins. They will not sell them for just a year, but they will keep right at it until they dispose of the number authorized. I wish the gentleman would reconsider his objection. The bill has much more merit, to my mind, than the ones for a short exposition of 2 or 3 months or something of that sort.

Mr. WOLCOTT. I may say to the gentleman that I see nothing in the report with reference to a 4-H camp. The bill, as I read it, authorizes the Treasury Department to coin 50,000 silver 50-cent pieces to commemorate the boyhood home of Gen. Thomas J. (Stonewall) Jackson.

Mr. EDMISTON. The home has been purchased by the State of Virginia and is a State 4-H camp.

Mr. WOLCOTT. I am sorry, but I am afraid I shall have to object.

Mr. EDMISTON. On what grounds?

Mr. ELTSE of California. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. I object, Mr. Speaker.

BRIDGE ACROSS LAKE SABINE

The SPEAKER. Under the unanimous-consent agreement the Clerk will report the bill (H.R. 9526) authorizing the city of Port Arthur, Tex., or any commission designated by it, and its successors and assigns, to construct, maintain, and operate a bridge over Lake Sabine at or near Port Arthur, Tex., by title.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. ZIONCHECK. Reserving the right to object, is this going to be a toll bridge until the actual cost is paid, and then it is to be a free bridge?

Mr. DIES. That is it.

Mr. ELTSE of California. I want to call the gentleman's attention to the report of the Secretary of War.

Mr. DIES. Let me say to the gentleman that that is an error. The committee rejected the bill drawn by the P.W.A. attorneys and reported out this, and the report of the Secretary of War refers to the first bill.

Mr. ELTSE of California. This bill will supersede no. 9?

Mr. DIES. Yes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, the city of Port Arthur, Tex., or any commission designated by it, and its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across Lake Sabine, at a point suitable to the interests of navigation, between a point at or near Port Arthur, Tex., and a point opposite in Cameron Parish, La., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the city of Port Arthur, Tex., or any commission designated by it, and its successors and assigns, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said city of Port Arthur, Tex., or any commission designated by it, and its successors and assigns, is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall hereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INTERNATIONAL COUNCIL OF SCIENTIFIC UNIONS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to return to Calendar No. 238, H.R. 6781, and agree to the amendment offered by the gentleman from Michigan.

Mr. WOLCOTT. Reserving the right to object, will the gentleman agree to the amendment I suggested?

Mr. BLOOM. Certainly.

Mr. McFARLANE. What is the object of this bill?

Mr. BLOOM. This is to permit the United States to join in the scientific unions.

Mr. McFARLANE. What will it cost?

Mr. BLOOM. The regular annual fee is $4,500, but we must figure on the exchange.

The SPEAKER. Is there objection?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, to be expended under the direction of the Secretary of State, in paying the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions, including the International Astronomical Union, International Union of Chemistry, International Union of Geodesy and Geophysics, International Union of Mathematics, International Scientific Radio Union, International Union of Physics, and International Geographical Union, and such other international scientific unions as the Secretary of State may designate, the sum of $9,000 for the fiscal year ending June 30, 1935, and annually thereafter such sum as may be necessary for the payment of such annual share.

Mr. WOLCOTT. Mr. Speaker, I offer the following amendment.

The Clerk read, as follows:

Page 2, line 5, after the figures "1935", strike out the comma, insert a period, and strike out the balance of line 5 and lines 6 and 7.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS THE TENNESSEE RIVER BETWEEN SHEFFIELD AND FLORENCE, ALA.

Mr. CARMICHAEL. Mr. Speaker, I ask unanimous consent to call up the bill (H.R. 9141) granting consent to build a bridge across the Tennessee River.

There being no objection, the Clerk read the bill, as follows:

H.R. 9141

A bill granting the consent of Congress to the State of Alabama, its agent or agencies, and to Colbert County and to Lauderdale County in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., or to any two of them, or to either of them, to construct, maintain, and operate a bridge, and approaches thereto, across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala., suitable to the interests of navigation

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Alabama, its agent or agencies, and to Colbert County and to Lauderdale County in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., or to any two of them, or to either of them, to construct, maintain, and operate a bridge, and approaches thereto across the Tennessee River, at a point suitable to the interests of navigation, between the city of Florence, Ala., and the city of Sheffield, Ala., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS SAVANNAH RIVER, SYLVANIA, GA.

Mr. PARKER. Mr. Speaker, I ask unanimous consent to call up Calendar No. 287, H.R. 9313, to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Is there objection to the consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge authorized by act of Congress approved May 26, 1928, heretofore revived and reenacted by the act of Congress approved May 27, 1933, to be built by the South Carolina and Georgia State Highway Departments across the Savannah River at or near Burtons Ferry, near Sylvania, Ga., are hereby further extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 1, line 6, after the word "approved", insert "April 22, 1932, and extended by an act of Congress approved."

The committee amendment was agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

SELECTION OF CERTAIN LANDS FOR USE OF UNIVERSITY OF ARIZONA

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to call up the bill, H.R. 7237, no. 279 on the Consent Calendar, to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Is there objection to the consideration of the bill.

There was no objection.

Mrs. GREENWAY. Mr. Speaker, I ask unanimous consent to substitute Senate bill 2379, a similar bill.

The SPEAKER. Without objection, the similar Senate bill, No. 2379, will be considered in lieu of the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That, subject to lawful claims initiated by settlement or otherwise prior to August 2, 1932, and maintained in the manner required by law, the State of Arizona may select for the use of the University of Arizona by legal subdivisions all or any portions of sections 11, 14, 22, and 28 and the east half section 21, township 14 south, range 16 east, Gila and Salt River meridian, Arizona, and upon the submission of satisfactory proof that the land selected contains saguaro groves or growths of giant cacti or are necessary for the care, protection, and conservation of such groves or growths, the Secretary of the Interior shall cause patents to issue therefor: *Provided*, That there shall be reserved to the United States all coal, oil, gas, or other mineral contained in such lands together with the right to prospect for, mine, and remove the same at such times and under such conditions as the Secretary of the Interior may prescribe.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

The bill H.R. 7237 was laid on the table.

RELIEF OF GOVERNMENT CONTRACTORS OPERATING UNDER CODE

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H.R. 9002, to provide relief to Government contractors, whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes, being no. 277 on the calendar.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object. The reason these bills are being called up in this manner is because the objectors on the Democratic side have not received copies of the bills nor have they received the reports from the Clerk. After this bill, with the exception of a couple of bills with respect to Alaska, I shall object to any further consideration of the bills.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President, through such agency or agencies as he may establish or designate, be, and he is hereby, authorized and directed to hear and determine, on a fair and equitable basis, claims of persons who entered into a contract or contracts with the United States, including subcontractors and materialmen, for additional costs incurred by reason of compliance with a code or codes of fair competition approved by the President under section 3 of the act approved June 16, 1933, known as the "National Industrial Recovery Act", or by reason of compliance with an agreement with the President executed under section 4 (a) of said act. In the event that such contract was performed, wholly or in part, by a surety on the bond of the contractor, the claim may be presented by such surety.

SEC. 2. In order to be entitled to a consideration of his claim, the person presenting the same shall be required to establish (1) that the contract or contracts were entered into prior to August 10, 1933, or that the bid resulting in the contract was submitted prior to said date; (2) that the contract was performed wholly or in part subsequently to said date; (3) that in the performance of such contract or contracts, he fully complied with the terms of the approved code or codes of fair competition for his trade or industry, or subdivision thereof, or that, in the absence of such code, he entered into and fully complied with an agreement with the President under section 4 (a) of the said act of June 16, 1933; and (4) that the cost of performance of such contract or contracts has been directly increased over the cost prevailing at

the time that the bid was submitted, by reason of such compliance, and the amount of such increase.

SEC. 3. In no event shall any award exceed the amount by which the cost of performance of such part of the contract as was performed subsequently to August 10, 1933, was directly increased by reason of compliance with a code or codes of fair competition, or with an agreement with the President, as aforesaid.

SEC. 4. In no event shall any award be made which would result in a profit to the claimant exceeding 7 percent on the cost of performance of the contract in respect of which the claim is made. The agency or agencies to be created or designated thereunder shall have the authority, from time to time, to determine the actual cost and profit thereon.

SEC. 5. No claim hereunder shall be considered or allowed unless presented within 6 months after the President shall have established or designated an agency or agencies to whom such claims may be submitted; or, at the option of the claimant, within 6 months after the performance of the contract is completed.

SEC. 6. Appropriations for the purpose of paying claims allowed hereunder and the expenses of determining the claims are hereby authorized.

SEC. 7. In all proceedings under this act, the agency or agencies to be created or designated hereunder shall have the power to compel the attendance of witnesses to testify under oath and to produce books, papers, letters, or other documents.

SEC. 8. The agency or agencies created or designated hereunder are hereby authorized to make, adopt, and promulgate rules and regulations for the determination of claims.

Mr. GOSS. Mr. Speaker, is that in connection with the increase caused by N.R.A.?

Mr. SUMNERS of Texas. Yes. It is very well safeguarded.

The bill was ordered to be engrossd and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

PUBLIC WORKS, FAIRBANKS, ALASKA

Mr. DIMOND. Mr. Speaker, I ask unanimous consent for the present consideration of H.R. 9402, to authorize the incorporated town of Fairbanks, Alaska, to undertake certain municipal public works, including construction, reconstruction, and extension of sidewalks; construction, reconstruction, and extension of sewers, and construction of a combined city hall and fire-department building, and for such purposes to issue bonds in any sum not exceeding $50,000, Calendar No. 281.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the incorporated town of Fairbanks, Alaska, is hereby authorized and empowered to undertake the municipal public works herein specified and for such purposes to issue bonds in any sum not exceeding $50,000. Said town is hereby authorized and empowered to construct, reconstruct, and extend sidewalks and for such purpose to issue bonds in any sum not exceeding $10,000; to construct, reconstruct, and extend sewers and for such purpose to issue bonds in any sum not exceeding $10,000; to construct a combined city hall and fire-department building and for such purpose to issue bonds in any sum not exceeding $30,000. All of said public works are to be undertaken in the said town of Fairbanks, Alaska.

SEC. 2. Before said bonds shall be issued a special election shall be ordered by the common council of the said town of Fairbanks, at which election the question of whether such bonds shall be issued in the amounts above specified for any or all of the purposes hereinbefore set forth shall be submitted to the qualified electors of said town of Fairbanks whose names appear on the last assessment roll of said town for municipal taxation. The form of the ballot shall be such that the electors may vote for or against the issuance of bonds for each of the purposes herein specified in the amounts herein authorized. Not less than 20 days' notice of such election shall be given by publication thereof in a newspaper printed and published and of general circulation in said town before the day fixed for such election. The registration for such election, the manner of conducting the same, the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued for any or all of the purposes herein authorized only upon condition that not less than a majority of the votes cast at such election in said town shall be in favor of the issuance of said bonds for such purpose.

SEC. 3. Such bonds shall be coupon in form, may bear such date or dates, may be in such denomination or denominations, may mature in such amounts and at such time or times, not exceeding 30 years from the date thereof, may be payable in such medium of payment and at such place or places, may be sold at either public or private sale, may be redeemable, with or without premium, or nonredeemable, may carry such registration privileges as to either principal and interest, principal only, or both, as shall be prescribed by the common council of said town of Fairbanks at the time such bonds are authorized to be issued. The bonds shall bear the signatures of the mayor and clerk of the town of Fairbanks, and shall have impressed thereon the official seal of said town. In case any of the officers whose signatures or countersignatures appear on the bonds shall cease to be such officers before delivery of such bonds, such signatures or countersignatures shall nevertheless be valid and sufficient for all purposes the same as if the officers of the town signing the same had remained in office until such delivery. Said bonds shall bear interest at a rate to be fixed by the common council of the said town of Fairbanks, not to exceed 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than the principal amount thereof plus accrued interest.

SEC. 4. The bonds herein authorized to be issued shall be general obligations of said town of Fairbanks, payable as to both interest and principal from ad valorem taxes which shall be levied upon all the taxable property within the corporate limits of said town of Fairbanks in an amount sufficient to pay the interest on and principal of such bonds as and when the same become due and payable.

SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Said bonds shall be sold only when and in such amounts as the common council of the town of Fairbanks shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of said common council from time to time as the same may be required for said purposes.

SEC. 6. The town of Fairbanks is hereby authorized to enter into contracts with the United States of America or any agency or instrumentality thereof, under the provisions of the National Industrial Recovery Act and acts amendatory thereof and acts supplemental thereto, and revisions thereof, and the regulations made in pursuance thereof, and under any further acts of the Congress of the United States to encourage public works, for the sale of bonds issued in accordance with provisions of this act or for the acceptance of a grant of money to aid said town in financing any public works herein authorized; or to enter into contracts with any person or corporation, public or private, for the sale of such bonds; and such contracts may contain such terms and conditions subject to the provisions of this act, as may be agreed upon by and between the common council of said town of Fairbanks and the United States of America or any agency or instrumentality thereof, or such terms and conditions, subject to the provisions of this act, as may be agreed upon by and between the common council of said town of Fairbanks and any other purchaser of said bonds.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MUNICIPAL LIGHT AND POWER PLANT, SEWARD, ALASKA

Mr. DIMOND. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 9468) to authorize the incorporated town of Seward, Alaska, to issue bonds in any sum not exceeding $60,000 for the purpose of constructing and installing a municipal light and power plant in the town of Seward, Alaska.

The SPEAKER. Is there objection?

Mr. GOSS. Reserving the right to object, I should like to ask the gentleman if this town has any other power plant now?

Mr. DIMOND. Mr. Speaker, the town has another power plant, but the people of the town are very much dissatisfied because the service is unsatisfactory.

Mr. GOSS. Is it a privately owned plant?

Mr. DIMOND. It is a privately owned plant.

Mr. GOSS. What you want to do now is to legislate them out of business and bond the town for $60,000 for another plant; is that it?

Mr. DIMOND. The town wants to build another plant.

Mr. GOSS. Have you had a referendum on it?

Mr. DIMOND. There was a vote on it that carried, I am told, 8 to 1 in favor of it.

Mr. GOSS. You have had a vote already?

Mr. DIMOND. They have had a vote already, informally; not under any authority of any statute.

Mr. GOSS. Is it simply going to legislate this other plant out of business, or will they be able to get back some of the investment?

Mr. DIMOND. That is a question that I cannot answer with any degree of certainty, but I think the other plant will be practically out of business. It may be that a part of the other plant will be purchased, particularly the distribution system.

Mr. GOSS. Is there anything in this bill authorizing the purchase of this private plant or any of its lines?

Mr. DIMOND. No.

Mr. GOSS. There is nothing?

Mr. DIMOND. No, sir.

Mr. ELTSE of California. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. ELTSE of California. Will the gentleman from Alaska state about what the investment in the privately owned plant is?

Mr. DIMOND. That is a disputable question. It is probably around $100,000.

Mr. GOSS. Does the gentleman think it is fair to come in here and legislate a private industry out of business without giving in this bill any authority to purchase the old plant or to purchase any of the existing transportation lines or any of the equipment; just simply automatically wipe them out of existence?

Mr. ZIONCHECK. Will the gentleman yield?

Mr. GOSS. Yes; I yield.

Mr. ZIONCHECK. It is barely possible that the people of Seward have no intention of building a municipal lighting plant, but they are probably being held up in rates in such manner that they want to have the authority in order to force the rates down.

Mr. GOSS. May I ask who sets the rates?

Mr. ZIONCHECK. The Power Trust.

Mr. GOSS. They may have a utilities commission. Have they?

Mr. DIMOND. The rates are fixed in the first instance by the private utility, but the municipal corporation, acting through the common council, is given authority under the Territorial law to revise the rates.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. DOCKWEILER. Unless we can have a clear explanation of the damage to the private plant, I will have to object.

Mr. GOSS. Mr. Speaker, I object.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GOSS. Yes, Mr. Speaker; I object.

TERMINAL RAILWAY POST OFFICES

Mr. MEAD. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 9392) to reclassify terminal railway post offices.

I spoke to one of the members of the committee on the Democratic side and another member of the committee on the Republican side and explained the bill to them.

Mr. ELTSE of California. Reserving the right to object, with whom did the gentleman take it up on this side?

Mr. MEAD. With the gentleman from Michigan [Mr. WOLCOTT].

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. MEAD]?

There was no objection.

The Clerk called the bill (H.R. 9392) to reclassify terminal railway post offices.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. COCHRAN of Missouri. Reserving the right to object, I have had many letters with reference to this measure. This is a bill to reclassify the railway terminal post offices, as I understand it.

Mr. MEAD. If the gentleman will reserve his objection, I should like to proceed for a few minutes to explain the bill, and then I shall be glad to answer any objections, if there be any.

Mr. COCHRAN of Missouri. I will reserve the right to object so my friend can proceed.

Mr. MEAD. Mr. Speaker, I thank you; this is a bill to reclassify the employees of the terminal-railway post offices. In 1911 or 1912, as the result of the establishment of the Parcel Post, it was necessary to secure space in the railway terminals to handle the large volume of mail developed as the result of the inauguration of that service. In the interest of economy, space in the railroad terminals was secured because of the expensive cost of space in railway postal cars. From that time to this there has been a controversy over the jurisdiction of the terminals and the classification of the railway-terminal clerks. There has been a desire on the part of Postmasters General to transfer this work from the railway terminals to the city post offices. This transfer would entail a reduction in salary of the railway-terminal clerks. Within the last month our committee, acting as a committee of arbitration, heard the Department and the terminal clerks, and they both have agreed to this legislation. It will save the Post Office Department approximately $450,000 a year after reclassification becomes effective. It is fair to the employees and satisfactory to them as well. Therefore this bill is in the interest of economy and it is recommended by the Post Office Department. It is reported unanimously by our committee. We believe it will settle this controversy for all time and the employees will enjoy greater contentment.

About a week ago we were given a rule by the Committee on Rules for the consideration of this bill, and that action was unanimous also. In view of the fact that it effects a saving, in view of the fact that it is satisfactory to the employees, and in view of the fact that the Post Office Department has approved of it, I should like to see the bill pass at this time.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MEAD. I yield gladly to the distinguished gentleman from Missouri.

Mr. COCHRAN of Missouri. Everyone here knows that the post-office clerks have not a better friend in Congress than the gentleman from New York [Mr. MEAD]; he has demonstrated that time and time again. The employees realize that. Therefore, with his assurance that the railway postal clerks are satisfied with this bill, and with his further assurance that he will do what he can to see that the Senate does not add any amendment which might be detrimental to the interest of the railway postal clerks, I shall withdraw my reservation of objection.

Mr. MEAD. I may say to the gentleman from Missouri that a copy of this bill has been given to the Senate committee; and that committee has been informed that the Department is in favor of the measure we are acting on now.

Mr. COCHRAN of Missouri. And the gentleman can assure me that the employees are satisfied?

Mr. MEAD. I can assure the gentleman and other Members of the House that the employees have assured me through their representatives that they are satisfied with this bill, and that the Department likewise is satisfied. It represents as fair a settlement as we could secure.

Mr. COCHRAN of Missouri. Mr. Speaker, I accept the gentleman's statement and, knowing his interest in the clerks, I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the terminal-railway post office system shall be maintained for the purpose of handling and distributing all transit mail not handled or distributed in railway-post-office lines, and the clerks in said terminal-railway post offices shall be classified as railway postal clerks and progress successively to grade 4. Clerks in charge of terminals, tours, or crews consisting of less than 20 employees shall be of grade 5. Clerks in charge of terminals, tours, or crews consisting of 20 or more employees shall be of grade 6. When a terminal-railway post office is operated in three tours there shall be a relief clerk in charge: *Provided*, That the clerk in charge of terminals having 75 or more employees shall be of grade 7: *Provided further*, That no employee in the Postal Service shall be reduced in rank or salary as a result of the provisions of this act.

With the following committee amendments:

Page 1, line 4, strike out at the end of the line the words "all transit."

Page 1, line 6, at the beginning of the line insert the words "or post offices."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS MISSOURI RIVER AT BROWNVILLE, NEBR.

Mr. MOREHEAD. Mr. Speaker, I ask unanimous consent to return to Calendar No. 296, H.R. 9567, to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.

I may state that this project has the approval of the Department. The county authorities feel there is some chance of financing this project, thus providing another crossing of the Missouri River. I hope there will be no objection.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I hope the gentleman from Nebraska understands that this places the men on the floor at a great disadvantage, not having the bills before us; we have to take the gentleman's word for it, not knowing what is in the bill. I join the gentleman from Washington in expressing the hope that no more of these bills will be urged, because we have no way of examining them.

Mr. ZIONCHECK. I shall have to take the gentleman's word for what is in the bill. As I understand, this is merely an extension of authority.

Mr. MOREHEAD. I have a copy of the bill and also a report from the Department. I thought perhaps by pushing it now I might have some chance of getting it through the other body.

Mr. ZIONCHECK. As I understand, this bill provides for an extension of the time.

Mr. MOREHEAD. Yes; this is just an extension. The Department has approved it.

Mr. ELTSE of California. Is it an application by a municipality, a city, or a county?

Mr. MOREHEAD. It is an application by a county.

Mr. ELTSE of California. Mr. Speaker, I withdraw my reservation of objection.

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, does the gentleman say this authority is to be given to the county and not to individuals?

Mr. MOREHEAD. That is my understanding; that it is a request by the county.

Mr. COCHRAN of Missouri. Formerly the grant was to individuals, was it not?

Mr. MOREHEAD. I am not positive about that.

Mr. COCHRAN of Missouri. We have discussed this bill for the last 8 years. I have always contended the bridge would never be built.

Mr. MOREHEAD. Yes. This bill grants an extension.

Mr. COCHRAN of Missouri. As the gentleman from Nebraska states that this grant goes to the county, I shall not object. I will object to granting permission to a private individual or promoter to build a toll bridge.

The gentleman from Texas [Mr. DIES] had a bill on the calendar today to which I objected, because it sought to grant authority to private individuals to construct a toll bridge. There are plenty of Members here who object to such bills.

The same gentleman had another bill farther down the calendar which authorized the construction of a bridge at the same place by officials of the county. To this I did not object. We do not want any more toll bridges built by private individuals, but when the State or any subdivision accepts the responsibility for the construction and financing of a toll bridge, permission is granted without debate.

Some Members say the Public Works Administration will supply funds for toll bridges to be constructed by individuals. I have assurance from the Public Works Administration officials they will not, but they do consider assisting States and counties that make applications. The individual cannot get recognition from the Public Works Administration on a project of this character.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge authorized by act of Congress approved February 26, 1929, heretofore extended by acts of Congress approved June 10, 1930, and March 4, 1933, to be built by the Brownville Bridge Co. across the Missouri River at or near Brownville, Nebr., are further extended 1 and 3 years, respectively, from the date of approval thereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 1, line 8, after the word "are", insert "hereby"; page 2, line 2, strike out the words "the date of approval thereof" and insert in lieu thereof "March 4, 1934."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE PRIVATE CALENDAR

The SPEAKER. The Clerk will call the Private Calendar, commencing with the starred bill.

PETE JELOVAC

The Clerk called the first bill on the Private Calendar, H.R. 4913, for the relief of Pete Jelovac.

Mr. BLANCHARD. Mr. Speaker, I object.

JUDD W. HULBERT

The Clerk called the next bill, H.R. 4932, for the relief of Judd W. Hulbert.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, as far as I can gather from the bill, the claimant was over 60 years of age at the time of his injury and is now 74.

I think under the circumstances a lump sum might be agreed to, not over $1,000, because he was over 60 years of age at the time he was injured.

Mr. WEST of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. I yield.

Mr. WEST of Ohio. This bill passed the House at the last session, but failed of passage in the Senate.

This is a very worthy case.

The claimant received a lump-sum payment. It was established that his injury was service-connected and there was no question of his disability's coming from the injury. The man is totally disabled at the present time and has no means of earning a livelihood. We have the records and the reports establishing the facts in the case. There is no question of the fact that he is entitled to this compensation and then to the restoration of his status on the compensation roll that he was on before the lump-sum payment.

Mr. ZIONCHECK. Before he took the lump-sum settlement of $2,500?

Mr. WEST of Ohio. Yes; and then to have his compensation continued at the old rate. The case has been thoroughly investigated. It seems to be a perfectly reasonable thing to place him back on the roll, take the lump sum out of the balance, and then allow him to continue at the regular rate.

Mr. ZIONCHECK. In addition to the $2,500 he will be on the roll at $66 per month?

Mr. WEST of Ohio. But his age is such that the probability of the payment of a large amount is not great The man is in a feeble and invalid condition, and is totally disabled, as established by the facts in the report.

Mr. BLANCHARD. Will the gentleman yield?

Mr. WEST of Ohio. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. What justification can there be for upsetting a lump-sum settlement and going back to the compensation plan of payment?

Mr. WEST of Ohio. When the lump sum was agreed upon the gentleman did not understand the conditions. He was in such condition that he did not realize the significance of the settlement and accepted it without proper knowledge. He wants to go back to his old status, taking the lump sum away from the balance that would be due and letting the regular payments continue. In view of the fact that he has a very short expectancy of life because of his advanced age, I do not think the payments will amount to very much.

Mr. BLANCHARD. What is the man's age?

Mr. WEST of Ohio. His age is 74. His expectancy of life is not great.

Mr. BLANCHARD. How is it proposed to take out the lump-sum settlement?

Mr. WEST of Ohio. It is proposed to take the lump-sum settlement out of the balance due him according to the provisions of this act.

Mr. BLANCHARD. How is it proposed to take the lump-sum settlement out of $66 a month?

Mr. WEST of Ohio. He would be put on the rolls at the date he was taken off.

Mr. BLANCHARD. That is 1922?

Mr. WEST of Ohio. Yes; out of the balance due to date deduct $2,500, the lump-sum settlement, and give him the balance.

Mr. BLANCHARD. Twelve years is 144 months. This happened in 1922?

Mr. WEST of Ohio. Yes.

Mr. BLANCHARD. At the rate of $66 a month that amounts to $700 a year. Twelve times $700 would be over $8,000; but it is not proposed to pay him an additional lump sum settlement. He gets restoration to the compensation rolls?

Mr. WEST of Ohio. That is right.

Mr. BLANCHARD. The gentleman stated his age is 74?

Mr. WEST of Ohio. Yes.

Mr. BLANCHARD. I would be willing to accept an amendment which would make this point clear; that is, he is restored to the rolls at the old rate and the lump sum is to take the place of the balance due.

Mr. WEST of Ohio. If the bill does not make that point clear, I would be willing to accept an amendment that would make it clear.

Mr. BLANCHARD. I would be willing to accept that amendment to the bill if that will clear up the point. If the gentleman will draft an amendment to make that clear I would be willing to accept the amendment.

Mr. Speaker, I ask unanimous consent that this bill may be passed over temporarily.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

F. M. PETERS AND J. T. AKERS

The Clerk called the next bill, H.R. 4957, for the relief of F. M. Peters and J. T. Akers.

Mr. ZIONCHECK. Reserving the right to object, as I gather from this bill, it is proposed to give two claimants $3,250 and $4,400. This is money that they paid out by reason of embezzlement in a post office over which they had jurisdiction?

Mr. KEE. Yes. One of these claimants, J. T. Akers, was a former postmaster and he had a man working in the post office under the civil service. They could not discharge him. He had charge of the c.o.d. packages. The Government had a system of keeping those accounts. They simply used tags, and this clerk who had charge of the c.o.d. accounts submitted the tags to him and then money orders were issued and sent back to the shippers of the c.o.d. packages. This clerk was under bond, but the bond was for only $1,000 and had been the same as required for 10 years.

Mr. HOLLISTER. May I ask the gentleman a question? I know the case very well. There is a Supreme Court opinion which apparently is on all fours with this case.

Mr. KEE. Yes.

Mr. HOLLISTER. Can the gentleman tell me if that is true?

Mr. KEE. That is true.

Mr. HOLLISTER. The individual who had charge of the c.o.d. collections had to remit in turn by getting a money order from some other department, remitting the proceeds in that way to the sender of the c.o.d. packages. The Supreme Court decided the matter on the theory that money of that kind was not public money.

Mr. KEE. That is the decision, and the decision also held that the postmaster was not responsible. The decision was rendered by the Supreme Court after these postmasters had paid the Government.

Mr. HOLLISTER. And the facts in this case are identical?

Mr. KEE. Yes. The Government has this money which it is not entitled to under that decision.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $3,250 to F. M. Peters, former postmaster at Bluefield, W.Va., and the sum of $4,400.82 to J. T. Akers, present postmaster at Bluefield, W.Va., such sums representing those paid by the said F. M. Peters and J. T. Akers to the United States Government to replace funds embezzled by a former clerk in the post office at Bluefield, W.Va.

With the following committee amendment:

Page 2, line 1, after the words "West Virginia", insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WALLACE E. ORDWAY

The Clerk called the next bill, H.R. 4966, for the relief of Wallace E. Ordway.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, will the gentleman state what liability the Government has in a case like this where a child crawled through a fence and fell into an irrigation ditch?

Mr. PIERCE. Mr. Speaker, this is a claim I inherited from my predecessor.

In the city of Klamath Falls there was an irrigation ditch constructed by the Government. They have a right-of-way about 150 feet wide. The city has grown around that right-of-way, extending about 3 miles. The Government has never fully protected the irrigation ditch. At the upper end of it they built a woven-wire fence. There is left out for the public something like 30 to 50 feet that the public use as a sidewalk and for automobiles.

Then it was fully 50 feet down to the ditch where the water was. They allowed the water to run across there and wash away the bank until it made a hole about 10 feet wide and 6 feet deep, which went right into the ditch. Pedestrians could go around it, but this 5-year-old child came down that pathway and went in and was drowned. Suit was brought against the city for maintaining this death trap and the city defended on the ground it was Government property. Sinnott, who sat in the seat I now occupy some years ago, was in the city at the time and he had them cover up this death trap with planks and they have since moved the fence back so it is no longer a menace.

It was a pure matter of negligence on the part of the Reclamation Service in leaving this hole in the pathway that led immediately down to the water where this child had no chance to protect itself.

The bill, as originally introduced, provided for $7,500 and this was reduced by the committee to $5,000. The Senate bill has reduced the amount to $4,000. The bill has twice passed the Senate and is now up to the House.

Mr. ZIONCHECK. In the event this was a natural river instead of an irrigation ditch.

Mr. PIERCE. It was not a natural river.

Mr. ZIONCHECK. But in the event it had been a natural river instead of an irrigation ditch and the child fell into it, whom would they sue?

Mr. PIERCE. It was not a natural river, it was a ditch constructed by the Government of the United States for the irrigation of a tract of land below Klamath Falls.

Mr. ZIONCHECK. Where was the fence the gentleman speaks of in relation to the ditch—on the outside of the path?

Mr. PIERCE. The fence was not on the Government line. There was a pathway along the fence on the outside.

Mr. ZIONCHECK. On the outside of the fence and the child coming along fell through the fence.

Mr. PIERCE. No; they had allowed the water to come in and wash away the pathway and when the child came down the pathway it went into this death trap.

Mr. ZIONCHECK. Was the child on the outside of the fence at the time it fell through?

Mr. PIERCE. The child was on the path side.

Mr. ZIONCHECK. And that was on the outside of the fence?

Mr. PIERCE. And the child went under the fence where they had allowed this hole to exist.

Mr. ZIONCHECK. I do not know how the gentleman from Ohio regards this matter, but under the circumstances I shall accept the $4,000, which is the amount the Senate passed, by way of amendment. If the gentleman from Ohio wants to go further into the question of liability, of course, he can do so.

Mr. PIERCE. I think there is no question about the liability.

Mr. HOLLISTER. If the gentleman could substantiate what he has stated—and I have no doubt the gentleman means to state the facts—the situation would be quite different; but the report does not so state the facts. The report of the Acting Commissioner of the Bureau of Reclamation of the Department of the Interior states that the evidence produced showed that the child crawled through a hole under the fence.

Mr. PIERCE. He did not crawl under; he fell through the hole on the path.

Mr. HOLLISTER. What evidence have we to substantiate that statement?

Mr. PIERCE. The suit, of course, was thrown out on the ground it was Government property and not city property.

Mr. HOLLISTER. Therefore, that is immaterial.

Mr. PIERCE. Yes.

Mr. HOLLISTER. So the question is simply one of whether this is a negligence case.

Mr. PIERCE. I think so; without any question.

Mr. HOLLISTER. Can the gentleman produce any evidence that the committee had to contradict the statement I have referred to in the report?

Mr. PIERCE. The committee made a report based on the evidence.

Mr. ZIONCHECK. The report shows that the child fell through the fence and into the ditch.

Mr. PIERCE. No; it fell into this hole that was left there.

Mr. ZIONCHECK. A hole in the fence.

Mr. PIERCE. The child did not fall through the fence. There was a hole under the fence that the Government officials had allowed to remain there.

Mr. HOLLISTER. May I suggest that the gentleman produce the evidence the committee had to demonstrate that?

Mr. ZIONCHECK. May I call the attention of the gentleman from Ohio to the fact that on the first page of the report there is some language that may be so construed:

> The only protection to the public along this canal was a wire fence. A small culvert had been built across the street, emptying its water into the canal and washing away a part of the embankment, leaving a hole about 8 feet long and 4 feet wide.

Mr. HOLLISTER. But here is the point that is not made clear: It is not clear on which side of the fence that was. The claim of the Government, apparently, is that the child crawled under the fence and there was a hole on the other side and the child fell in. On that basis there could be no liability on the Government. If the hole was on the street side of the fence, then undoubtedly there could be recovery.

May I suggest to the gentleman that we pass this bill over without prejudice and the gentleman produce the evidence referred to?

Mr. PIERCE. I dislike to see the bill passed over, because it would be pretty nearly fatal at this session. It is old matter which I inherited from Nick Sinnott and then from Butler, the Member who preceded me.

Mr. HOLLISTER. The gentleman may be able to get the evidence within the next half hour.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be the first bill considered on the call of the Private Calendar tomorrow evening.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

LAURA ROUSH

The Clerk called the next bill, H.R. 4992, authorizing the payment of compensation to Laura Roush for the death of her husband, William C. Roush.

Mr. BLANCHARD. Mr. Speaker, I object.

JOE PETRAN

The Clerk called the next bill on the Private Calendar, H.R. 5004, for the relief of Joe Petran.

The SPEAKER. Is there objection?

Mr. BLANCHARD. I object.

WILLIAM S. STEWART

The Clerk called the next bill on the Private Calendar, H.R. 5122, for the relief of William S. Stewart.

The SPEAKER. Is there objection?

Mr. BLANCHARD. I object.

Mr. JONES. Will the gentleman withhold that?

Mr. BLANCHARD. I will.

Mr. JONES. We had this bill up once before. The report does not disclose the full facts of the case. I did not get the facts in before until after the bill had been presented. The purpose of this measure is to place this man on the same plane that 19 others who were injured prior to April 1916 have been put on by special bills. I have here a letter from the Secretary of War and the Governor of the Canal Zone. They show that there have been 19 bills passed for those who were injured between 1908 and 1915. The Governor of the Canal Zone says there are not more than five or six cases that could be brought in under this policy. The act of 1916 gave compensation to these injured employees. This bill is simply to put this man who was injured in 1912 on the same parity for compensation that these other men have been put on. The previous objection was made on the ground that the cases back of 1916 should not be opened up. But, as a matter of fact, that field has already been opened up. Here is a letter from the Secretary of War, who gives the names of the men injured in the same line of work from 1906 to 1912—19 of them who have been granted relief by special bills.

Mr. BLANCHARD. How many were injured in this same accident?

Mr. JONES. I do not know whether there were any injured in the same accident or not. These men that I speak of were injured between 1908 and 1912 or 1915. These other 19 men were injured in the Canal Zone in the same character of work.

Mr. BLANCHARD. Does the gentleman believe it is the proper policy to go back of 1916, when the Compensation Act was passed?

Mr. JONES. I do not know that I would have favored going back originally, but they have gone back in 19 cases—men injured in 1908, 1909, 1911, and 1914. It would be manifestly unfair to go back in some cases and not go back in others.

Mr. BLANCHARD. I am particularly interested in the policy of going back of the original act. This claimant has received $1,788, representing 1 year's salary.

Mr. JONES. They all did; they all got that prior to the 1916 act. I understand they all received the salary for 1 year.

Mr. BLANCHARD. I am perfectly willing to give this bill further consideration. Will the gentleman be satisfied to let this go over until tomorrow evening?

Mr. JONES. I am glad to do so. In the meantime I would like to have the gentleman read the report from the Secretary of War which I have here.

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent that this bill go over and be the second bill on the calendar tomorrow night.

The SPEAKER. Without objection, it is so ordered.

EUSTACE PARKS

The Clerk called the next bill, H.R. 5142, for the relief of Eustace Parks.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. I object.

WIENER BANK VEREIN

The Clerk called the next bill, H.R. 5161, for the relief of Wiener Bank Verein.

The SPEAKER. Is there objection?

Mr. TRUAX. I object.

Mr. BLOOM. Mr. Speaker, will the gentleman withhold that?

Mr. TRUAX. Yes.

Mr. BLOOM. May I give the gentleman any information that he would like to have about this bill?

Mr. TRUAX. This bill proposes to pay a claim in the amount of $30,208.67.

Mr. BLOOM. That is correct.

Mr. TRUAX. This claim originated on April 21, 1917.

Mr. BLOOM. That is correct.

Mr. TRUAX. Will the gentleman state why the claim has not been allowed before this?

Mr. BLOOM. I should be glad to do that. It is just because it got mixed up in the Private Calendar heretofore.

Mr. TRUAX. It got mixed up?

Mr. BLOOM. Yes; it got mixed up just the same as this is going to be mixed up if the gentleman objects to it. This has never been objected to. President Coolidge, President Hoover, and President Roosevelt each sent special messages to the Congress asking that the amount be paid.

Mr. TRUAX. Does the gentleman mean to tell me that President Coolidge and President Hoover and President Roosevelt have all argued on one policy?

Mr. BLOOM. With reference to this amount of money; yes.

Mr. TRUAX. On this bill?

Mr. BLOOM. Yes. Our Ambassador in Turkey at that time was requested to borrow $150,000 from this bank.

Mr. TRUAX. For what purpose?

Mr. BLOOM. To purchase food for the starving people.

Mr. ZIONCHECK. Is not this a case of the payment of salaries?

Mr. BLOOM. Oh, no. This has nothing to do with salaries. The United States paid the principal but have not paid the interest.

Mr. ZIONCHECK. Drafts for salaries.

Mr. TRUAX. The report states that the interest for the period of the delay on the transfer of $50,000, 4 years, 4 months, and 13 days, was $10,377.

Mr. BLOOM. That is at 4¾ percent.

Mr. TRUAX. To whom was the interest to be paid?

Mr. BLOOM. The Wiener Bank Verein loaned to our Ambassador in Turkey $150,000, and that money should have been deposited with their correspondent the next day in New York.

Mr. TRUAX. At what rate of interest?

Mr. BLOOM. No rate of interest then, but they withheld payment of the money for 4 years.

Mr. TRUAX. What was the nation?

Mr. BLOOM. Turkey.

Mr. TRUAX. Who made the loan?

Mr. BLOOM. The Wiener Bank Verein.

Mr. TRUAX. Does that country owe us some money?

Mr. BLOOM. This is a bank. This bank loaned the money to our Ambassador for the Government and they were to deposit immediately that money in New York City. The Government did not deposit it for 4 years, and it is for the interest on the money that the Government did not pay them from 1917 to 1920 or 1921 that this claim is made. This bank loaned the money to the United States without interest provided it would be paid immediately in New York City, which was not done. If the gentleman will read carefully this report and the bill and the last statement of President Roosevelt, I feel sure that he will not object. Three Presidents have recommended its payment.

Mr. TRUAX. But we know that it was the policy of two Presidents to refund income taxes to the extent of four and a half billion dollars. We are now trying to get away from that sort of procedure.

Mr. BLOOM. This bank trusted the Government of the United States. It did not expect any interest provided the money would be turned back to them within the course of a few days, but for 4 years the United States Government failed to pay this $150,000, and they are only asking for interest on that money for the time of the default in payment.

Mr. TRUAX. That is the reason I object to it, because it is interest. The United States Government loaned billions of dollars to Europe and those countries have never paid us that money.

Mr. BLOOM. Oh, the gentleman wants to be fair.

Mr. TRUAX. Not with an outfit like this.

Mr. BLOOM. But this is a private concern.

Mr. TRUAX. Yes; and the private bankers ruined the country, J. P. Morgan especially.

Mr. BLOOM. You can put it in the bill that Mr. Morgan will not get a cent of this.

Mr. TRUAX. If the gentleman could guarantee that, I might withdraw my objection.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I object.

Mr. BLOOM. Just one moment. I accept the gentleman's proposition. I will guarantee that J. P. Morgan will not get a cent of this. The gentleman said if I would do that he would withdraw his objection.

Mr. TRUAX. Oh, no; I did not say that. I said I might.

The SPEAKER. Is there objection?

Mr. TRUAX. I object.

FRANKING PRIVILEGE—GRACE G. COOLIDGE

The Clerk called the next bill, H.R. 5344, granting a franking privilege to Grace G. Coolidge.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That all mail matter sent by post by Grace G. Coolidge, widow of the late Calvin Coolidge, under her written autograph signature, be conveyed free of postage during her natural life.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALBERT M. JOHNSON AND WALTER SCOTT

The Clerk called the next bill, H.R. 3726, to grant a patent to Albert M. Johnson and Walter Scott.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. ENGLEBRIGHT. Will the gentleman reserve his objection, and let the bill go over until tomorrow evening?

Mr. ZIONCHECK. Yes; I will reserve it.

Mr. ENGLEBRIGHT. I want to assure the gentleman that this is a most meritorious measure, and if the gentleman wants any information between now and tomorrow night, I shall be glad to show him the whole history of the case.

Mr. ZIONCHECK. I think I have a bowing acquaintance with this case. This is Death Valley Scotty, whose place you pass as you go through Baker. I understand this was a promotion scheme by this gentleman in Chicago and Death Valley Scotty for the selling of borax.

Mr. ENGLEBRIGHT. It is 50 miles north of any borax deposits, and if the gentleman will permit me, I will give him an outline of the case. Death Valley Scotty is an old prospector, as the gentleman knows, in Death Valley. He has lived at the upper end of the valley, at what is known as Grapevine Ranch, as long as I can remember; for 25 or 30 years, to my knowledge. A number of years ago he made the acquaintance of Johnson, of Chicago. Johnson at that time, I understand, was suffering an illness. He went down into the Death Valley country and recovered his health. He started by building a substantial house on this land.

Mr. ZIONCHECK. It is a Turkish castle, is it not?

Mr. ENGLEBRIGHT. But there is nothing for sale.

Mr. ZIONCHECK. Is there any harem there?

Mr. ENGLEBRIGHT. There is nothing for sale. They endeavored to homestead it, but it was on unsurveyed land. After a survey was extended they found they were in another township. Then the Death Valley Monument, which has withdrawn a great many hundred square miles of land, was

established, and these people agreed not to make any protest, with the understanding that they could come to Congress and perfect their title. If the gentleman will read the report, he will find that the Secretary of the Interior sets out clearly that even if there was a reservation of mineral they, the Government, would not be keeping faith with the agreement.

Mr. ZIONCHECK. Death Valley Scotty is living there now, is he not?

Mr. ENGLEBRIGHT. Yes.

Mr. ZIONCHECK. And nobody is bothering him?

Mr. ENGLEBRIGHT. Nobody is bothering him.

Mr. ZIONCHECK. And nobody will bother him as long as he lives there, and then after he dies there could be an amusement park, the Death Valley Park, for the benefit of the public?

Mr. ENGLEBRIGHT. No; that is not the fact.

Mr. ZIONCHECK. Oh, it could be.

Mr. ENGLEBRIGHT. They have a color of title, and it is questionable whether they can go ahead and perfect their title, but it will involve a great deal of delay.

Mr. ZIONCHECK. It will require an act of Congress, will it not?

Mr. ENGLEBRIGHT. No; I do not agree with the gentleman. They could go ahead with proceedings in the land office, but it will take time, and it is a rank injustice to require them to do so. They have spent their money. They are one of the largest taxpayers in the county.

Mr. ZIONCHECK. It is a $2,000,000 castle, is it not?

Mr. ENGLEBRIGHT. Will the gentleman withhold his objection or let it go over?

Mr. ZIONCHECK. I will let it go over.

Mr. ENGLEBRIGHT. And I will show the gentleman the records, and I am sure he will be as enthusiastic as the people of the county are to have this straightened out.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill go over until the call of the calendar tomorrow evening.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

JEANNETTE S. JEWELL

The Clerk called the next bill, H.R. 1769, for the relief of Jeanette S. Jewell.

Mr. TRUAX. Reserving the right to object, I would like to ask the author of the bill a question or two. A few days ago the President of the United States vetoed a bill similar to this. Does the gentleman know about that?

Mr. McREYNOLDS. I can tell the gentleman about that. That was a bill that passed through the Claims Committee. It did not come out of the Committee on Foreign Affairs. It was a year's salary for a widow where the party had retired before his death. It is the policy of this committee not to report out any bill for a year's salary unless the party dies in the service.

Mr. TRUAX. Is that the policy of the President?

Mr. McREYNOLDS. I would judge so from his veto.

Mr. TRUAX. Can the gentleman assure me that the President will approve of this bill if it is enacted?

Mr. McREYNOLDS. I could not do that. I say he vetoed the other bill on the ground that the man was not in the service. He had retired prior to his death. That bill came out of the Claims Committee and it passed this House, but that was the ground upon which it was vetoed.

Mr. TRUAX. What year was this?

Mr. ALLEN. Mr. Jewell entered the foreign service in 1902, and he died while in the service in 1927.

Mr. McREYNOLDS. I had never known of a bill providing payment of a year's salary for a retired officer to be paid. One of that kind came from the Senate, and I immediately called the State Department and found this other one was there and called their attention to it.

The President's attention was called to the matter. This officer was a retired officer. He was not, therefore, in the service and his widow was not entitled to the year's salary. The Committee on Foreign Affairs have taken steps to see that no bills are reported out for a year's salary to widows in the case of retired officers.

Mr. TRUAX. With the gentleman's assurance that he believes the President will not object to this bill, I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Jeanette S. Jewell, widow of John F. Jewell, late American consul at Birmingham, England, the sum of $7,000, being 1 year's salary of her deceased husband, who died of illness incurred while in the Consular Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

The bill was ordered to be engrossed and read a third time, was read a third time, and passed, and a motion to reconsider was laid on the table.

PIERRE E. TEETS

Mr. BACON. Mr. Speaker, I ask unanimous consent to return to calendar no. 340, a bill (H.R. 206) for the relief of Pierre E. Teets.

This bill was passed over without prejudice the other day, I think through some misapprehension. The gentleman from Ohio, with whom I have consulted, says he has no objection to my request.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of Pierre E. Teets, first lieutenant, Field Artillery Reserve, United States Army, under section 6 of the act approved June 3, 1924 (Public, No. 1826, 68th Cong.), representing pay and allowances, and as reimbursement for approved amounts expended by him for medical and hospital treatment for injuries sustained while under active-duty training from July 3, 1927, to July 17, 1927, at Camp Pine, N.Y.

With the following committee amendment:

Page 1, after the enacting clause, strike out all of the remainder of page 1, and lines 1 and 2 on page 2, and insert in lieu thereof the following: "That the Comptroller General of the United States is hereby authorized and directed to certify for payment the claim of Pierre E. Teets, first lieutenant, Field Artillery Reserve, United States Army, for 6 months' pay and allowances, and reimbursement for such amounts as may be approved by the Secretary of War expended by him for medical and hospital treatment for injuries sustained while under active-duty training from July 3, 1927, to July 17, 1927, at Camp Pine, N.Y."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MUCIA ALGER

The Clerk called the next bill, H.R. 4080, for the relief of Mucia Alger.

The SPEAKER. Without objection, a similar Senate bill will be considered in lieu of the House bill.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mucia Alger, widow of William E. Alger, late American consul at Fernie, British Columbia, the sum of $2,500, being 1 year's salary of her deceased husband, who died March 19, 1917, while in the Foreign Consular Service.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

HARRIET C. HOLADAY

The Clerk called the next bill, H.R. 6647, to compensate Harriet C. Holaday.

The SPEAKER. Without objection, a similar Senate bill will be considered in lieu of the House bill.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay to Harriet C. Holaday, widow of Ross E. Holaday, late American consul at Manchester, England, the sum of $6,000, being 1 year's salary of her deceased husband, who died while in the Foreign Service, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

FRANK W. MAHIN

The Clerk called the next bill, S. 696, to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands, the brevet and insignia of the Royal Netherland Order of Orange Nassau.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That Frank W. Mahin, retired American Foreign Service officer, be, and he is hereby, authorized to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of officer of the Royal Netherland Order of Orange Nassau, which has been tendered to said officer, through the Department of State, in appreciation of services rendered the people of Holland.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EMMA R. H. TAGGART

The Clerk called the next bill, H.R. 2326, for the relief of Emma R. H. Taggart.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Emma R. H. Taggart, widow of Giles Russell Taggart, late American consul at Belize, British Honduras, the sum of $4,000, equal to 1 year's salary of her deceased husband.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LAKE OF THE WOODS

The Clerk called the next bill, H.R. 6161, to fulfill certain treaty obligations with respect to water levels of the Lake of the Woods.

Mr. TRUAX. Mr. Speaker, reserving the right to object, this is a bill to appropriate a sum exceeding $73,000 to fulfill certain treaty obligations with Great Britain. In view of the fact that Great Britain is already a large debtor of this country I object to the bill.

Mr. McREYNOLDS. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. McREYNOLDS. The gentleman has the wrong conception of the matter.

Mr. TRUAX. Many thousands of dollars are involved in such bills on the calendar.

Mr. McREYNOLDS. The gentleman misunderstands the situation. This money is not appropriated to go to Great Britain; it is to go to these farmers up in Wisconsin and Minnesota the gentleman from Ohio has been fighting for on this floor.

Mr. ZIONCHECK. The gentleman has been fighting for the people of Ohio.

Mr. TRUAX. I have been speaking for those in Ohio.

Mr. McREYNOLDS. This is a claim the United States assumed when the treaty was made between Canada and the United States.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. TRUAX. Mr. Speaker, I now realize that when I made my first objection to the bill and the statement that this money was to be paid to Great Britain that I did not understand the bill. I beg the gentleman's pardon for having made a misstatement in the premises.

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

Mr. McREYNOLDS. I object.

Mr. BLANCHARD. Then I object to the bill.

SHELBY J. BEENE ET AL.

The Clerk called the next bill, H.R. 5736, for the relief of Shelby J. Beene, Mrs. Shelby J. Beene, Leroy T. Waller, and Mrs. Leroy T. Waller.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Shelby J. Beene the sum of $14,739.58, to Mrs. Shelby J. Beene the sum of $15,227.80, and to Leroy T. Waller and Mrs. Leroy T. Waller each the sum of $14,531.79, together with interest at the rate of 6 percent per annum thereon in each case from December 28, 1929, to the date of making payment under this act. Such sums represent overpayments of income taxes made (under protest) on such date by the said persons for the years 1921 and 1922. The said persons were 4 of 48 partners composing a partnership, each member of which was assessed with deficiency assessments for 1921 and 1922. Depletion on account of certain bonuses and advanced royalties received by the partnership was not allowed, and each partner's taxable income was correspondingly increased. Forty-four of the partners paid under protest and entered suits for refunds. The other four partners named in this act appealed from the deficiency assessment, but the Board of Tax Appeals and Circuit Court of Appeals, Fifth Circuit, maintained the validity of the assessments as to them, and the United States Supreme Court refused to grant them writs of certiorari. Subsequently the United States Supreme Court in the case of *Palmer* v. *Bender* (287 U.S. 551) (being the consolidated suits of the 44 remaining partners before the Supreme Court on writs of certiorari to the Circuit Court of Appeals, Fifth Circuit) held that the depletion claimed by the partnership should have been allowed, and the 44 partners were allowed refunds accordingly. The 4 partners' claims for refunds involved the same facts and law as those of the 44 partners.

With the following committee amendment:

Page 2, line 24, after the word "partners", insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CAROLINE M. EAGAN

The Clerk called the next bill, H.R. 194, to refund to Caroline M. Eagan income tax erroneously and illegally collected.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to refund and pay, out of any money in the Treasury not otherwise appropriated, to Caroline M. Eagan, Eagan Apartment, Board Walk and Florida Avenue, Atlantic City, N.J., the sum of $10,950.19 for income tax erroneously and illegally collected from her for the calendar year 1925, together with interest thereon at the rate allowed by law on overpayments of internal-revenue taxes.

With the following committee amendment:

Page 2, line 2, after the word "taxes", insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FLORENCE OVERLY

The Clerk called the next bill, H.R. 872, for the relief of Florence Overly.

Mr. ZIONCHECK. Reserving the right to object, may I ask the author of the bill, the gentleman from Ohio [Mr. LAMNECK], why the father is liable for the support of the daughter?

Mr. LAMNECK. I do not know as I can give the gentleman the information at this time.

Mr. ZIONCHECK. Unless they can show some legal liability of the father to support the daughter at the time he was killed, or at this time, I will have to object to the bill.

Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice, to be brought up tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

GEORGE E. Q. JOHNSON

The Clerk called the next bill, H.R. 4460, to provide for the payment of compensation to George E. Q. Johnson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding the provisions of section 1761 of the Revised Statutes, as amended, George E. Q. Johnson shall be paid the sum of $5,500 as compensation for services for the period from August 17, 1932, to March 4, 1933, both days inclusive, during which time he held the office of United States district judge for the northern district of Illinois. There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

With the following committee amendment:

Page 2, line 1, after the word "act" insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JAMES P. SPELMAN

The Clerk called the next bill, H.R. 4567, for the relief of James P. Spelman.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. COCHRAN of Missouri. Will the gentleman withhold his objection? This is a meritorious bill, and should pass.

Mr. ZIONCHECK. I withhold my objection.

Mr. COCHRAN of Missouri. What is the trouble with this bill? Why does the gentleman object? I should like to answer his objections.

Mr. ZIONCHECK. I cannot understand why the Government should pay a refund to a person who made a bid because the bid required putting a sample in. What harm was there in complying with the sample?

Mr. COCHRAN of Missouri. Does the gentleman know that practically all the bids of the office of the Bureau of Indian Affairs and the Post Office Department require bidders to submit a sample? As I understand it, the Bureau of Indian Affairs accepted the sample, and after they accepted the sample and awarded the contract they came to the conclusion the sample did not meet the specifications. This was an honest bid. The Department itself recognized it was an honest bid and recommended, not the amount that was in the bill, but the difference between the lowest bidder and the next lowest bidder. They realized the bidder felt his bid should be accepted or rejected on the sample he submitted.

Mr. ZIONCHECK. Under those circumstances a person could come in here and get the difference between the lowest bidder and the next lowest bidder, and there would be no reason for bidding at all.

Mr. COCHRAN of Missouri. No. The Department accepted the bid despite the sample, and later held it did not meet the specifications.

Mr. ZIONCHECK. He furnished the material as per the sample?

Mr. COCHRAN of Missouri. Yes.

Mr. ZIONCHECK. What is wrong?

Mr. COCHRAN of Missouri. I repeat, it was found that the sample did not meet the specifications. They had changed the specifications after the previous proposal, and the bidder had not noticed the change in the specifications. This man was forced to go out of business. He is in need, and I hope the gentleman will not object.

Mr. ZIONCHECK. Mr. Speaker, I object.

JERRY O'SHEA

The Clerk called the next bill, H.R. 4666, for the relief of Jerry O'Shea.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Jerry O'Shea, of Blackwater, N.Dak., the sum of $275 in full satisfaction of his claim against the United States for damages arising out of the destruction of his crops in August 1930 by a herd of horses belonging to Indians of the Fort Berthold Indian Reservation.

With the following committee amendment:

Page 1, line 9, after the word "reservation", insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MASSACHUSETTS BONDING & INSURANCE CO.

The Clerk called the next bill, H.R. 4838, for the relief of the Massachusetts Bonding & Insurance Co., a corporation organized and existing under the laws of the State of Massachusetts.

Mr. ZIONCHECK. Mr. Speaker, I ask that this bill be passed over without prejudice, to be brought up at the next call of the Private Calendar.

The SPEAKER pro tempore (Mr. CONNERY). Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. TRUAX. Mr. Speaker, I make the point of order that there is not a quorum present. There should be more Members here. We ought to have the Members who introduced these bills here at any rate.

Mr. ZIONCHECK. As long as there are no speeches made I do not see why we need an audience.

Mr. TRUAX. We need consideration, not oratory. Mr. Speaker, I withdraw the point of no quorum.

AMERICAN-LA FRANCE AND FOAMITE CORPORATION OF NEW YORK

The Clerk called the next bill, H.R. 5170, for the relief of the American-La France and Foamite Corporation of New York.

Mr. ZIONCHECK. Mr. Speaker, I object.

ALICE M. A. DAMM

The Clerk called the next bill, H.R. 5357, for the relief of Alice M. A. Damm.

Mr. GOSS. Mr. Speaker, reserving the right to object, this bill carries an appropriation, does it not?

Mr. McREYNOLDS. It ought not to. The language is, "There is hereby authorized to be appropriated."

Mr. GOSS. The gentleman assures us of that fact?

Mr. McREYNOLDS. That is all it is; yes.

Mr. GOSS. What does the gentleman say about the amendment on page 2—

Provided, That no part of the amount appropriated in this act in excess of 10 percent—

And so forth? Why not amend it and put in the words "authorized to be"?

Mr. McREYNOLDS. I have no objection to that.

Mr. GOSS. With the understanding we adopt an amendment, in line 11, after the word "amount", inserting the words "authorized to be", and then on page 2, line 6, after the word "amount", insert the words "authorized to be", I shall not object.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Alice M. A. Damm, widow of Henry C. A. Damm, late American consul at Nogales, Mexico, the sum of $5,000, being 1 year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act:

With the following committee amendment:

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. GOSS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. Goss: In line 11, after the word "amount", insert "authorized to be"; and in line 6, page 2, after the word "amount", insert the words "authorized to be."

Mr. McREYNOLDS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McREYNOLDS. Is the Claims Committee authorized to appropriate direct?

The SPEAKER. The Claims Committee has such power.

Mr. GOSS. Mr. Speaker, as I understand, the Claims Committee usually appropriates direct, but in this instance the bill authorizes an appropriation, and my object was to have the committee amendment conform with the language of the bill.

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALBERT GONZALES

The Clerk called the next bill, H.R. 5357, for the relief of Albert Gonzales.

Mr. ZIONCHECK. Mr. Speaker, I object.

DOMINIC FRACAPANE

The Clerk called the next bill, H.R. 5417, to reimburse Dominic Fracapane for injuries sustained in an accident with a Government-owned motor truck.

Mr. TRUAX. Mr. Speaker, I object.

Mr. O'CONNOR. Mr. Speaker, in the absence of the chairman of the committee, is the gentleman willing to let this bill go over and be called up during the consideration of the calendar tomorrow night?

Mr. TRUAX. Yes; if the gentleman wants that.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that this bill may be passed over and be called tomorrow night following the last bill so passed over.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

JUDD W. HULBERT

Mr. WEST of Ohio. Mr. Speaker, I ask unanimous consent to return to Private Calendar No. 424, the bill (H.R. 4932) for the relief of Judd W. Hulbert, and if consent is granted I shall offer the amendment which I have sent to the Clerk's desk.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission be, and it hereby is, authorized and directed to restore Judd W. Hulbert to the rolls of employees entitled to compensation under the provisions of the compensation acts and to give him the benefits of said acts.

SEC. 2. That said Commission pay to the said Judd W. Hulbert out of the employees' compensation fund, which is hereby made available for this purpose, a sum equal to the amount of $66.66 per month from the date of the last monthly payment made to him, less the sum of $2,500 paid to him in lump-sum settlement under the provisions of section 14 of the Compensation Act: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent of the lump sum appropriated in section 2 shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent of the lump sum appropriated in section 2 on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The Clerk read as follows:

Amendment offered by Mr. WEST of Ohio: Page 1, lines 10 and 11, after the word "purpose" in line 10, strike out all through the word "last" in line 11; and on page 2, strike out all preceding the colon in line 3 and insert in lieu thereof "the sum of $66.66 per month from the date of enactment of this act until the date of his death"; and on page 2, after line 16, insert the following new section:

"SEC. 3. The payment of the sums authorized to be paid under this act shall be in full settlement of all claims against the United States on account of the injury of the said Judd W. Hulbert."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNIE MORAN

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to return to Calendar No. 191, H.R. 4272, for the relief of Annie Moran.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Reserving the right to object.

Mr. BLOOM. This bill was passed over March 15. At that time of the gentleman from New York [Mr. BLACK] made the unanimous request that the bill be passed over without prejudice, and to be called up on the first call of the next Private Calendar.

Mr. ZIONCHECK. What does the bill provide for?

Mr. BLOOM. It is for payment to the mother of a young boy who was killed by an automobile mail truck in New York.

Mr. HOLLISTER. Mr. Speaker, I think I ought to make a short statement. I objected to the bill at the time it first came up and told the gentleman from New York that I could not see in the facts of the case where a private individual or a corporation would be liable. I told the gentleman that I had not had much experience in handling damage cases, but I would submit the facts to someone who had. I did so, and I got a letter back from a man whom I consider an excellent lawyer in such cases saying that on those facts he would settle this case as soon as he could. I told the gentleman from New York [Mr. BLOOM] he had won.

Mr. ZIONCHECK. What was the injury?

Mr. BLOOM. The boy was killed.

Mr. ZIONCHECK. How old was he?

Mr. BLOOM. Twenty-one or twenty-two.

Mr. ZIONCHECK. And he had a mother dependent upon him?

Mr. BLOOM. Yes.

Mr. ZIONCHECK. Was he married?

Mr. BLOOM. No.

There being no further objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Annie Moran, New York City, the sum of $12,500. Such sum shall be in full satisfaction of all claims against the United States for damages sustained by the said Annie Moran as the result of the death of her son, Edward Moran, who was struck and fatally injured by a United States mail truck in New York City, May 12, 1930.

With the following committee amendment:

Page 1, line 6, strike out "$12,500" and insert "$5,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

T. BROOKS ALFORD

The Clerk called the next bill on the Private Calendar, H.R. 5543, for the relief of T. Brooks Alford.

The SPEAKER. Is there objection?

Mr. HOPE. I object.

Mr. McMILLAN. Will the gentleman withhold that for a moment?

Mr. HOPE. I will.

Mr. McMILLAN. If the gentleman is going to object in spite of anything I may say, I do not wish to delay the action of the House, but I am satisfied that the gentleman from Kansas does not sufficiently understand the merits of the case.

Mr. HOPE. I will say that I have gone over the committee report, and I cannot find anything to convince me that there is any liability on the part of the Government. However, I am willing to listen to any statement the gentleman may make.

Mr. McMILLAN. In the Sixty-eighth or Sixty-ninth Congress there was an omnibus law passed, approved by the President, taking care of many cases just like this. I have known this man personally for the past 20 years, and I know exactly the condition he was up against and the experiences he has had. If the gentleman is going to object, that is the end of it. I may say that this man appeared before the committee in an extended hearing, and I would be glad to have the gentleman look over that hearing, and I hope he will do so.

Mr. HOPE. Let me ask the gentleman. He stated that some years ago an omnibus bill was passed covering a large number of cases similar to this.

Mr. McMILLAN. Yes. It was reported out by the Committee on Foreign Affairs. I have a copy of the bill in my office, but I did not bring it over here, not knowing this matter would come up.

Mr. HOPE. Can the gentleman tell why his bill was not included in it?

Mr. McMILLAN. For the reason that the gentleman will find in the report. Let me read the gentleman a paragraph from a letter from the Acting Secretary of State, dated February 13, 1930:

The records of the Department do not reveal any circumstances which will bring Mr. Alford within the scope of existing law under which a recommendation for his relief could properly be made. Consequently I regret that the Department is obliged to conclude that any relief which may be afforded would result from action, the nature of which only Congress itself can determine.

On the strength of that statement, Mr. Alford appeared before the committee in an extended hearing. I have a copy of those hearings and I have a copy as well of the omnibus bill to which the gentleman referred. I hope the gentleman will not object to this bill.

Mr. HOPE. Mr. Speaker, if the gentleman is willing to have the bill passed over at the present time, I shall be glad to give consideration to what he says.

Mr. McMILLAN. Of course, if the gentleman is about to threaten me with an outright objection, I shall be glad to consent to anything. I should be glad to let the bill go over until tomorrow evening under the circumstances.

Mr. HOPE. I would not want to agree that the bill might be called up tomorrow night, because I am not sure that I shall have time to give the matter study between now and tomorrow night, but I shall be glad to consider what the gentleman has said.

Mr. McMILLAN. I hope the gentleman will oblige me by letting me get a copy of this hearing before him and a copy of this omnibus bill. I think the gentleman can give that attention tomorrow, and I shall be glad if he will permit me to have the bill brought up tomorrow evening.

Mr. HOPE. I would not want to go that far, but I shall be glad to have the bill passed over without prejudice, and if I have time to study it between now and tomorrow night I should be glad to consider the matter further.

Mr. McMILLAN. Very well.

Mr. HOPE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice and that we may return to its further consideration at a later date.

The SPEAKER. Is there objection?

There was no objection.

CLAIMS FOR EXTRA LABOR AT CERTAIN NAVY YARDS

The Clerk called the next bill, H.R. 5567, for the allowance of certain claims for extra labor above the legal day of 8 hours at certain navy yards certified by the Court of Claims.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. This bill calls for an appropriation of $332,347.74. I believe the gentleman from New York [Mr. SNELL] is here, and I yield to him for a statement. In advance I may say that with probably 40 Members here out of 435, in my humble judgment it is an ill-advised time in which to legislate on sums of money involving hundreds of thousands of dollars as this bill does.

Mr. SNELL. But a great many have gone through in the same way.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield to me?

Mr. TRUAX. I yield to the gentleman from New York, the minority leader.

Mr. SNELL. Mr. Speaker, I should be very glad to make a short statement. I have no personal interest in this bill. I do not know a single one of the claimants and not one of them lives in my district. A good-looking laboring man came into my office about 10 years ago and said to me that a small claimant against the United States Government had no opportunity to get his money. But if his claim was large enough he could get it. I did not like to see a good citizen go away with that feeling. I asked him to tell me why he felt that way. He went on and explained about these labor claims that were performed in the navy yard back in 1877 or 1878, a long time ago. I then said that if the situation were as he said I would personally introduce his bill and do what I could to get it through. The gentleman came to my office about a month or so after that and brought all of his proof, and it was just exactly as he said. Therefore I was forced to introduce the bill and do what I could for him, because there was not one mark against this claim from start to finish so far as I could see. These men performed the labor under the direction of the Secretary of the Navy. The Navy agreed to pay a certain amount. The matter ran along for several years because they had to have a special legislation from Congress to pay them. Every one of the 1,500 claims has been to the Court of Claims and has been passed upon, and the exact amount that is due to every man is set forth in the bill. It is as honest a claim as ever was presented to the Federal Government. The fact of whether it is more or less, large or small, has nothing to do with it, I should expect from the standpoint of the gentleman, if it is a just claim.

Mr. TRUAX. The gentleman's statement is logical, and I, of course, do not want for one moment to question his sincerity or integrity.

Mr. SNELL. There is the proof. It is not a question of logic or sincerity. It is just a question of fact ascertained by the Court of Claims.

Mr. TRUAX. I call the gentleman's attention to the fact that on Thursday last or Friday we spent 2 or 3 hours in debating on the floor of this House about an appropriation for the World's Fair at Chicago, which resulted finally in reducing the appropriation from $405,000 to $200,000. There are other bills, for instance, the Minnesota fire bill, which involves millions of dollars and a number of other bills for a million or two million dollars, but when we pass a single one of these bills we make no provision to raise the revenue with which to pay those bills.

Mr. SNELL. The gentleman forgets the fact that this has been to the Court of Claims, our own court, that it has passed upon them and that it says the Federal Government owes these men these amounts. Also the Secretary of the Navy and Comptroller General approve. In the name of justice or anything else, what right is there to deny payment? Why do we continually send claimants to the Court of Claims to have their claims adjudicated if we do not intend to pay them after they have proved their case? If this claim was against one of us and we were responsible, they could collect it.

It has passed the Senate four or five times. It has been reported by the House Committee on Claims a great number of times, but there has always been somebody who said on account of the amount of it that it ought not be paid. If a claim of $10 is just, it should be paid. If it is ten thousand or ten million and it is just, in my judgment it ought to be paid.

Mr. O'CONNOR. Will the gentleman yield?

Mr. TRUAX. In just a moment. What the gentleman from New York says is true, but the point I am making is that we are all trying to reduce the expenditures of this Government.

Mr. SNELL. But here is something that has been adjudicated by the courts, and it is a judgment against the United States.

Mr. TRUAX. But has the money been provided to pay it?

Mr. SNELL. The money has not been provided for one tenth part of all we are passing. What about all the claims you are passing here today? There has not been any money provided for a single claim that you have passed today, or those you sent to Court of Claims last week.

Mr. TRUAX. And that is the reason I am objecting.

Mr. SNELL. But the gentleman does not object to all of them.

Mr. TRUAX. That is true.

Mr. SNELL. I have told you all that I can about the case. It is an absolutely honest case. It has been adjudicated in the Court of Claims, and the Court of Claims says the Federal Government owes these men this amount of money.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. TRUAX. Certainly.

Mr. ZIONCHECK. In what years was this money earned?

Mr. SNELL. In 1877, if I remember correctly.

Mr. ZIONCHECK. 1877?

Mr. SNELL. It has been passed in the Senate five times; it has been reported from the Claims Committee of the House five or six or seven times.

Mr. TRUAX. Has it been objected to previously?

Mr. SNELL. Sometimes it has and sometimes we never reached it.

Mr. ZIONCHECK. One of the greatest injustices to the Government is the feeling that the Government takes the position that it can do no wrong, and on that basis just tramples rough-shod over the people. If it is a just claim it should be paid.

Mr. BLANTON. Mr. Speaker, this is one of my pets. I have been objecting to this $332,347.74 bill, not as far back as 1877, when it originated, but during my service here, and I object.

Mr. SNELL. Will the gentleman kindly tell the House the basis on which he makes his objection?

Mr. BLANTON. If you will look back at some of those old speeches of mine you will see why I have objected.

Mr. O'CONNOR. Mr. Speaker, regular order.

Mr. BLANTON. Mr. Speaker, I object.

W. R. M'LEOD

The Clerk called the next bill, H.R. 5605, for the relief of W. R. McLeod.

Mr. ZIONCHECK. Reserving the right to object, I will object unless the author of this bill submits to an amendment. The bill calls for $374, but the Post Office Department finds that only $100 is really involved, and that they should not have kept over $100 in the safe. I think if the author of the bill consents to an amendment to make the amount $200, which is twice the amount they should have kept in the safe at that time, I will not object.

The author of the bill does not seem to be on the floor at the moment, Mr. Speaker, and I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

HARRIET V. SCHINDLER

The Clerk called the next bill, H.R. 5639, for the relief of Harriet V. Schindler.

There being no objection, the Clerk read, as follows:

Be it enacted, etc., That sections 17 and 20 of the Employees' Compensation Act of September 7, 1916, as amended, are hereby waived in favor of Harriet V. Schindler, widow of Frederick S. Schindler, deceased, formerly employed at the post office, Utica, N.Y., and the United States Employees' Compensation Commission is authorized and directed to consider and determine her claim for compensation, notwithstanding the limitations in the first paragraph of section 10 of the aforesaid act. The Commission is further authorized and directed to pay such expenses for medical treatment furnished Frederick S. Schindler on account of his injury as it may determine to have been reasonable and necessary.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

G. T. FLEMING

Mr. BLANCHARD. Mr. Speaker, at the call of the Private Calendar on April 3, Calendar No. 316, H.R. 4930, for the relief of G. T. Fleming, was objected to. Two bills arising out of the same transaction for the relief of two other individuals passed the House on that day, but this bill for $500, for some reason, was objected to. If we are going to pass two bills arising out of the same transaction, we certainly should pass this one. This man certainly is deserving more than the other two. For that reason, Mr. Speaker, I ask unanimous consent to return to Calendar No. 316, H.R. 4930.

The SPEAKER. Is there objection?

There was no objection.

The Clerk called the bill, H.R. 4930, for the relief of G. T. Fleming.

Mr. BLANTON. Mr. Speaker, what bill is this that the gentleman has asked to return to out of regular order?

Mr. BLANCHARD. This is no. 316 on the Private Calendar.

Mr. BLANTON. What does it involve?

Mr. BLANCHARD. The payment of $500 to one G. T. Fleming, of Pelzer, S.C.

Mr. BLANTON. I remember the bill. I have no objection to it.

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent to substitute a similar Senate bill, Senate 3364, for the House bill.

The SPEAKER. Without objection, a similar Senate bill will be considered in lieu of the House bill.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $500 to G. T. Fleming, of Pelzer, S.C., which sum represents the loss sustained by the said G. T. Fleming on the bail bond of Reuben G. Johnson, who was afterward captured and returned to the United States officers by the said G. T. Fleming; record of said estreat-

ment of bond is shown in order of Hon. H. H. Watkins, United States district judge, at Greenville, S.C., May 22, 1923.

Mr. BLANCHARD. Mr. Speaker, I offer the usual attorneys' fee amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: At the end of the Senate bill add the following attorneys' fee proviso: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

WILLIAM H. CHAMBLISS

The Clerk called the next bill, H.R. 5783, for the relief of William H. Chambliss.

Mr. TRUAX. Mr. Speaker, I object.

BEN D. SHOWALTER

The Clerk called the next bill, H.R. 5900, for the relief of Ben D. Showalter.

Mr. BLANCHARD. Mr. Speaker, I object.

M. P. CREATH

The Clerk called the next bill, H.R. 6016, for the relief of M. P. Creath.

Mr. HOLLISTER. I object.

Mr. CROWE. Mr. Speaker, will the gentleman reserve his objection?

Mr. HOLLISTER. Mr. Speaker, I reserve my objection.

Mr. CROWE. Mr. Speaker, this seems to be a case of considerable merit. According to court decisions the 5,818 pounds of butter forming the basis of the claim was not adulterated but was made in the regular way. It was made at a time when the help of this young gentleman had been drafted into the Army and when he himself had been drafted into the service and had 3 weeks' time to close his business and go into the Army. The complaint of the butter was that it had too high a moisture content. There is nothing in the case to show that anything illegal was used in the manufacture of the butter or that adulterants were used. The Supreme Court decision of Justice Butler held that butter with additional moisture was not a law violation, if adulterants were not used. No adulterating compounds were used.

Mr. HOLLISTER. Was it not the law that if there were more than a certain moisture content the butter was illegal?

Mr. CROWE. According to the Court decision, the moisture content did not have to be a fixed and certain amount, but could be more or less. That is the substance of a decision rendered by Mr. Justice Butler of the Supreme Court in October 1923.

Mr. HOLLISTER. Perhaps I am not clear. Is the gentleman referring to a case involving this particular butter?

Mr. CROWE. No; it is a case involving the Lynch & Tilden Produce Co. in which a decision was handed down by Mr. Justice Butler in the October 1923 term of the Supreme Court of the United States.

Mr. HOLLISTER. As I understand the pending bill it is a claim for a refund of taxes assessed against this butter. On what grounds does the gentleman think recovery should be had?

Mr. CROWE. Because the man's help was drafted at that time, and he himself was drafted into the service. He had about 3 weeks' time in which to dispose of his plant.

Mr. HOLLISTER. What has that to do with it?

Mr. CROWE. He filed his claim and handled it as best he could while he was in the service.

Mr. HOLLISTER. With all due respect to the claimant, just because he went into the military service are we going to refund him taxes he may have properly paid? It seems to me such a course would open up a great attack on the Government. A great many men went into the service leaving their businesses to take care of themselves as best they could. A great many Members of Congress did so.

Mr. CROWE. That is all true, but according to this decision the moisture content does not have to be a certain fixed minimum; it may be more or less. No adulterant was used in the manufacture of this butter. The only thing that happened was that the moisture content was higher than expected.

Mr. HOLLISTER. Does the gentleman mean that in every case where the amount of moisture in butter exceeds a limit we should make a refund? If so, then we had better bring in a general bill covering all similar situations. What I am trying to get at is why we should pick out the case of one man who paid certain taxes and make a refund thereof to him simply because he went into the service.

Mr. CROWE. For the reason there was not anything of an adulterating nature used in the butter.

Mr. HOLLISTER. There must be other people in the same condition. Let us bring in a general bill. I object to these individual bills covering a general picture of this kind unless there are some particular facts which puts this man in a different class than perhaps 500 other men.

Mr. CROWE. I think if he had been in the position to have had an attorney file his claim, the situation might have been different.

Mr. HOLLISTER. This is just like these questions involving the statute of limitations. Individuals come in and ask the Government to return them money because they did not have an attorney and did not know about the statute of limitations. It seems to me if we grant individual bills of this kind, then we will be met with an attempt on the part of 40, 50, or 500 other individuals asking for the same kind of relief.

Mr. CROWE. This man was in the service; he was a young man and inexperienced, and he filed his claim in his own way, the best he knew how, and because he did not have it on the regular form they objected to his claim. His claim was as just as though it had been on a regular form.

Mr. HOLLISTER. But might there not be many cases of this kind?

Mr. CROWE. I do not think there would be.

Mr. HOLLISTER. I am constrained to object unless the gentleman can tell me why this individual case differs from other cases of the same nature.

Mr. CROWE. Will the gentleman object to the bill going over without prejudice?

Mr. HOLLISTER. No. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

M. R. WELTY

The Clerk called the next bill, H.R. 6238, for the relief of M. R. Welty.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to M. R. Welty the sum of $750 for damages to his automobile by a mail truck belonging to the Government.

With the following amendment:

Page 1, line 7, after the word "Government" insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating

the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was greed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. BROWNING. Mr. Speaker, I ask unanimous consent that on tomorrow evening when the Private Calendar is again taken up that the bills H.R. 6241, S. 503, and H.R. 8482 be given a preferred status for consideration at that time. These are the three jurisdictional bills that were not considered when seven others were brought up a few days ago. I understand it is agreeable that they be placed at the head of bills on the Private Calendar to be called tomorrow evening.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, I presume these are the three jurisdictional bills that were the subject of the unanimous-consent request of the majority leader?

Mr. BROWNING. Yes.

Mr. GOSS. Why should they be preferred?

Mr. BROWNING. All the jurisdictional bills except these three were preferred. There is no more reason why they should be than these. There are only three of them conferring jurisdiction on the Court of Claims. One of the arguments that the minority leader makes against them is age, and out of respect for their age we wish to bring them up.

Mr. SNELL. When they go to the Court of Claims and you get a judgment, it does not make very much difference if they are objected to here because the amounts are large. I know these claims are rather large, and you ought to let them go.

Mr. BROWNING. I think the minority leader should not object to their being called in conjunction with the consideration of the Private Calendar tomorrow.

Mr. GOSS. There are requests for four or five other bills to be called when we take up the Private Calendar. I presume these will be called after the others.

Mr. SNELL. I do not know why they should have a preferred status any more than other claims. We have had some claims passed over on account of personal objections. I think the time has come when we should start at the beginning of the Private Calendar and go through the Calendar in the regular way under the rules of the House.

Mr. BLANCHARD. I may say to the minority leader that it does not make very much difference, because if they come up out of order I am going to object to all of them, anyway.

Mr. GOSS. I understand these bills will be called after the other requests already granted have been complied with?

Mr. BROWNING. That is agreeable.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. EICHER, for 4 days on account of illness in his family.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J.Res. 317. Joint resolution requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3235. An act to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Exposition) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on May 12, 1934, present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H.R. 177. An act for the relief of Lottie Bryant Steel;

H.R. 190. An act for the relief of Elizabeth T. Cloud;

H.R. 200. An act for the relief of Jacob Durrenberger;

H.R. 207. An act for the relief of Homer C. Chapin;

H.R. 371. An act for the relief of Peter Guilday;

H.R. 503. An act to authorize the donation of certain land to the town of Bourne, Mass.;

H.R. 878. An act for the relief of Kathryn Thurston;

H.R. 889. An act for the relief of Frank Ferst;

H.R. 1207. An act for the relief of Robert Turner;

H.R. 1208. An act for the relief of Frederick W. Peter;

H.R. 1209. An act for the relief of Nellie Reay.

H.R. 1254. An act for the relief of H. Forsell;

H.R. 2021. An act to place Jesse C. Harmon on the retired list of the United States Marine Corps;

H.R. 2203. An act for the relief of Enoch Graf;

H.R. 2431. An act for the relief of certain newspapers for advertising services rendered the Public Health Service of the Treasury Department;

H.R. 2750. An act for the relief of Scott C. White;

H.R. 3553. An act for the relief of Harvey O. Willis;

H.R. 3673. An act to amend the law relative to citizenship and naturalization, and for other purposes;

H.R. 3868. An act for the relief of Arabella E. Bodkin;

H.R. 4060. An act for the relief of Ellen Grant;

H.R. 4274. An act for the relief of Charles A. Brown;

H.R. 4927. An act for the relief of C. J. Holliday;

H.R. 4928. An act for the relief of the Palmetto Cotton Co.;

H.R. 4929. An act for the relief of J. B. Trotter;

H.R. 5299. An act for the relief of Orville A. Murphy;

H.R. 5542. An act for the relief of Joe G. McInerney;

H.R. 7059. An act to provide for the further development of vocational education in the several States and Territories;

H.R. 8052. An act to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes;

H.R. 8208. An act to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.;

H.R. 8235. An act to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the district of Ewa, island of Oahu, Territory of Hawaii; and

H.J.Res. 311. Joint resolution to permit articles imported from foreign countries for the purposes of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 40 minutes p.m.) the House adjourned until tomorrow, Tuesday, May 15, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, May 15, 10 a.m.)

Continuation of the hearings on H.R. 8301, communications bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

471. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, House of Representatives, fiscal year 1934, in the sum of $4,787.92; to the Committee on Appropriations and ordered to be printed.

472. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, United States Senate, for the fiscal year 1934, in the sum of $50,000, and for the fiscal year 1935, in the sum of $100,000, amounting in all to $150,000; to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WHITE: Committee on Irrigation and Reclamation. H.R. 9583. A bill to convey to the King Hill Irrigation District, State of Idaho, all the interest of the United States in the King Hill Federal reclamation project, and for other purposes; without amendment (Rept. No. 1600). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on Indian Affairs. H.R. 8927. A bill to define the exterior boundaries of the Navajo Indian Reservation in Arizona, and for other purposes; with amendment (Rept. No. 1602). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on Indian Affairs. H.R. 8938. A bill to amend the act of Congress approved June 7, 1924, commonly called the "San Carlos Act", and acts supplementary thereto; with amendment (Rept. No. 1603). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H.R. 5043. A bill to require financial responsibility of owners and operators of vehicles for hire in the District of Columbia, and for other purposes; without amendment (Rept. No. 1604). Referred to the House Calendar.

Mr. SADOWSKI: Committee on Interstate and Foreign Commerce. H.R. 9585. A bill authorizing the city of Sault Ste. Marie, Mich., its successors and assigns, to construct, maintain, and operate a bridge across the St. Marys River at or near Sault Ste. Marie, Mich.; without amendment (Rept. No. 1605). Referred to the House Calendar.

Mr. MONAGHAN of Montana: Committee on Interstate and Foreign Commerce. H.R. 9502. A bill authorizing the State Highway Departments of the States of Minnesota and North Dakota to construct, maintain, and operate certain free highway bridges across the Red River from Moorhead, Minn., to Fargo, N.Dak.; without amendment (Rept. No. 1606). Referred to the House Calendar.

Mr. COLE: Committee on Interstate and Foreign Commerce. S. 3211. An act to extend the times for commencing an completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md.; with amendment (Rept. No. 1607). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. S. 3114. An act to extend the times for commencing the construction of certain bridges in the State of Oregon; with amendment (Rept. No. 1608). Referred to the House Calendar.

Mr. TAYLOR of South Carolina: Committee on the Post Office and Post Roads. H.R. 8460. A bill to amend section 392 of title 5 of the United States Code; without amendment (Rept. No. 1609). Referred to the Committee of the Whole House on the state of the Union.

Mr. LLOYD: Committee on the Judiciary. House Joint Resolution 312. Joint resolution providing for a comprehensive observance of the one-hundredth anniversary of the overland journey of Jason Lee to Oregon and establishment of first permanent American settlement in the year 1834; without amendment (Rept. No. 1610). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H.R. 9185. A bill authorizing the International Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Laredo, Tex.; without amendment (Rept. No. 1611). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 9269. A bill limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro-Metallurgical Co., New-Kanawha Power Co., and the Carbon & Carbide Co.; with amendment (Rept. No. 1612). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 3357. A bill to amend section 99 of the Judicial Code (U.S.C., title 28, sec. 180), as amended; with amendment (Rept. No. 1613). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. H.R. 9221. A bill to authorize the appointment and retirement of Richmond Pearson Hobson in the grade of rear admiral in the Navy; without amendment (Rept. No. 1601). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H.R. 1885) granting a pension to Richard O'Hearn, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOODRUFF: A bill (H.R. 9616) to amend title III of the National Prohibition Act, as amended and supplemented (relating to industrial alcohol), with respect to the issuance of tax-free alcohol to clinics; to the Committee on Ways and Means.

By Mr. DIRKSEN: A bill (H.R. 9617) to authorize the reduction of the required distance between liquor distilleries and rectifying plants and to authorize higher fences around distilleries; to the Committee on Ways and Means.

By Mr. JOHNSON of West Virginia: A bill (H.R. 9618) authorizing the Sistersville Bridge board of trustees to finance, construct, maintain, and operate a toll bridge across the Ohio River at Sistersville, Tyler County, W.Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. TARVER: A bill (H.R. 9619) to authorize the disposal of surplus personal property, including buildings of the Emergency Conservation work; to the Committee on the Public Lands.

By Mr. STEAGALL: A bill (H.R. 9620) to improve Nationwide housing standards, provide employment and stimulate industry; to improve conditions with respect to home-mortgage financing, to prevent speculative excesses in new mortgage investment, and to eliminate the necessity for costly second-mortgage financing by creating a system of mutual mortgage insurance and by making provision for the organization of additional institutions to handle home financing; to promote thrift and protect savings; to amend the Federal Home Loan Bank Act; to amend the Federal Reserve Act, and for other purposes; to the Committee on Banking and Currency.

By Mr. McGRATH: A bill (H.R. 9621) to grant to the city of Monterey, Calif., an easement for street purposes over certain portions of the military reservation at Monterey, Calif.; to the Committee on Military Affairs.

By Mr. PALMISANO: A bill (H.R. 9622) to amend subsection (a) of section 23 of the District Alcoholic Beverage Control Act; to the Committee on the District of Columbia.

By Mr. JONES: A bill (H.R. 9623) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges, by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes; to the Committee on Agriculture.

By Mr. HOWARD (by departmental request): A bill (H.R. 9624) authorizing certain employees in the Indian Service to administer oaths; to the Committee on Indian Affairs.

By Mr. McDUFFIE: A bill (H.R. 9625) relating to the revolving fund established by the joint resolution of December 21, 1928, for the relief of Puerto Rico; to the Committee on Insular Affairs.

By Mr. DINGELL: A bill (H.R. 9626) to provide that mothers of deceased World War veterans who did not make the pilgrimage to cemeteries of Europe shall receive a sum equivalent to the average cost per person of such pilgrimages; to the Committee on Military Affairs.

By Mr. TRUAX: A bill (H.R. 9627) to preserve and encourage a declining national institution which is a great educational and recreational benefit to the people of the Nation, particularly farmers, wage workers, and small producers, popularly known as the circus; to enable our people, particularly farmers, wage workers, and small producers and their children to receive the benefits herein mentioned without being taxed by the Government; to accomplish this end by removing the tax on admissions thereto as provided by section 500 of the Revenue Act of 1926 as amended; to the Committee on Ways and Means.

By Mr. WEAVER: A bill (H.R. 9628) authorizing the attendance of the Marine Band at the reunion of the Thirtieth Division, American Expeditionary Forces at Asheville, N.C.; to the Committee on Naval Affairs.

By Mr. TERRELL of Texas: Resolution (H.Res. 382) providing for the appointment of a committee of the House to investigate the various executive and independent offices, commissions, boards, and bureaus, for the purpose of determining whether or not the Constitution authorizes the creation of all these agencies and whether their work is necessary for the best interest of the people of the United States, and to recommend the repeal of all such agencies as are found to be unauthorized by the Constitution, or to be unnecessary for the best interest of the people of the United States, or to be uneconomical and unnecessary for the administration of the Government of the United States; to the Committee on Rules.

By Mr. McDUFFIE: Joint Resolution (H.J.Res. 344) to amend the resolution entitled "Joint resolution for the relief of Puerto Rico", approved December 21, 1928, to permit an adjudication with respect to liens of the United States arising by virtue of loans under such joint resolution; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H.R. 9629) granting a pension to Bertha M. Lewis; to the Committee on Invalid Pensions.

By Mr. DIRKSEN: A bill (H.R. 9630) for the relief of E. F. Droop & Sons Co.; to the Committee on the District of Columbia.

By Mr. HILL of Alabama: A bill (H.R. 9631) for the relief of William F. Hurt; to the Committee on Naval Affairs.

By Mr. LAMNECK: A bill (H.R. 9632) for the relief of H. E. Kraner; to the Committee on Claims.

By Mr. LUNDEEN: A bill (H.R. 9633) for the relief of Joseph S. Smith, alias Clare Holmes; to the Committee on Military Affairs.

Also, a bill (H.R. 9634) granting a pension to Henry Berndt; to the Committee on Pensions.

By Mr. McFARLANE: A bill (H.R. 9635) granting a pension to James B. Vaughn; to the Committee on Pensions.

By Mr. MAPES: A bill (H.R. 9636) for the relief of Homer P. Cota; to the Committee on Naval Affairs.

By Mrs. NORTON: A bill (H.R. 9637) to authorize the General Accounting Office to allow credit in the accounts of J. R. Lusby, disbursing officer of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. SPENCE: A bill (H.R. 9638) for the relief of D. E. Wooldridge; to the Committee on Claims.

By Mr. VINSON of Georgia: A bill (H.R. 9639) for the relief of George A. Fox; to the Committee on Naval Affairs.

By Mr. WEST of Ohio: A bill (H.R. 9640) granting a pension to Alice Richards; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4622. By Mr. BRUNNER: Petition of Our Lady of Grace Parish, Howard Beach, Long Island, N.Y., urging Congress to support the amendment to section 301 of the Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4623. By Mr. CONDON: Petition of Myra Flynn and other citizens of Providence, R.I., supporting the so-called "anti-lynching bill", S. 1978; to the Committee on the Judiciary.

4624. By Mr. GOODWIN: Petition of the mayor, trustees, and 64 other residents of the town of Cobleskill, N.Y., earnestly urging Congress to speedily pass legislation which will permit liberalized direct loans to industry; to the Committee on Appropriations.

4625. By Mr. JOHNSON of Texas: Memorial of Roy Connally, secretary, Chamber of Commerce of Waxahachie, Tex., favoring House bill 8100; to the Committee on Interstate and Foreign Commerce.

4626. By Mr. KRAMER: Resolution of the Edison Post, No. 431, Inc., American Legion; to the Committee on World War Veterans' Legislation.

4627. By Mr. LINDSAY: Petition of the Merchants' Association of New York, New York City, favoring enactment of House bill 9322; to the Committee on Ways and Means.

4628. Also, petition of the Northeastern Retail Lumbermen's Association, Rochester, N.Y., seeking relief for the building industry through a plan of Federal financing; to the Committee on Banking and Currency.

4629. Also, petition of the Shippers Conference of Greater New York, New York City, opposing the passage of House bill 7667; to the Committee on Merchant Marine, Radio, and Fisheries.

4630. Also, petition of the Brooklyn Postal Employees' Credit Union, Brooklyn, N.Y., urging the passage of Senate bill 1639; to the Committee on the Post Office and Post Roads.

4631. Also, petition of the Delaware & Hudson Railroad Corporation, L. F. Loree, president, opposing House bill 7430; to the Committee on Labor.

4632. By Mr. MILLARD: Resolution adopted by the Catholic Laymen's League of Orange and Rockland Counties of New York State, protesting against the action taken by the Federal Radio Commission in connection with broadcasting by Station WLWL; to the Committee on Interstate and Foreign Commerce.

4633. Also, petition signed by 32 residents of Westchester County, urging the passage of the McLeod bill; to the Committee on Banking and Currency.

4634. Also, petition signed by employees of the postal department at Peekskill, N.Y., urging the enactment of House bill 7244; to the Committee on the Civil Service.

4635. By Mr. RUDD: Petition of the Brooklyn Postal Employees' Credit Union, general post office, Brooklyn, N.Y., favoring the passage of Senate bill 1639; to the Committee on the Post Office and Post Roads.

4636. Also, petition of the Shippers' Conference of Greater New York, opposing the passage of House bill 7667; to the Committee on Interstate and Foreign Commerce.

4637. Also, petition of the Delaware & Hudson Railroad Corporation, office of the president, with reference to House bill 7430, establishing a 6-hour day for railroad employees; to the Committee on Labor.

4638. Also, petition of the Chamber of Commerce of the Borough of Queens, city of New York, favoring necessary legislation authorizing the Home Owners' Loan Corporation to increase its capitalization by issuing an additional $2,000,000,000 in bonds; to the Committee on Banking and Currency.

4639. By Mr. TREADWAY: Resolution adopted by the ministers of Berkshire County, Mass., urging that steps be taken to bring about complete disarmament; to the Committee on Naval Affairs.

4640. By the SPEAKER: Petition of the provincial government of Abra, Bangued, P.I.; to the Committee on Ways and Means.

4641. Also, petition of the provincial government of Zamboanga, Zamboanga, P.I.; to the Committee on Insular Affairs.

4642. Also, petition of the members of the Northvale Holy Name Society, Northvale, N.J., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4643. Also, petition of the Knights of Columbus, Queen City Council, No. 575, Battle Creek, Mich., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4644. Also, petition of Charles Forney, opposing the Senate resolution for an investigation of the American Telephone & Telegraph Co.; to the Committee on Interstate and Foreign Commerce.

SENATE

TUESDAY, MAY 15, 1934

(Legislative day of Thursday, May 10, 1934)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, May 14, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Johnson	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Dickinson	King	Schall
Bachman	Dill	La Follette	Shipstead
Bailey	Duffy	Lewis	Smith
Bankhead	Erickson	Logan	Steiwer
Barkley	Fess	Lonergan	Stephens
Black	Fletcher	McCarran	Thomas, Okla.
Bone	Frazier	McGill	Thomas, Utah
Borah	George	McKellar	Thompson
Brown	Gibson	McNary	Townsend
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Clark	Hatch	O'Mahoney	Walsh
Connally	Hatfield	Overton	Wheeler
Copeland	Hayden	Patterson	White
Costigan	Hebert	Pope	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. MCADOO] is absent on account of illness; that the Senator from North Carolina [Mr. REYNOLDS] and the Senator from Massachusetts [Mr. COOLIDGE] are absent because of their service as members of the Board of Visitors to the United States Military Academy; and that the junior Senator from Arkansas [Mrs. CARAWAY], the Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. GORE], the Senator from Louisiana [Mr. LONG], the Senator from West Virginia [Mr. NEELY], the Senator from Nevada [Mr. PITTMAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Texas [Mr. SHEPPARD], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

Mr. HEBERT. I desire to announce that the Senator from Wyoming [Mr. CAREY] is absent because of his duties as a member of the Board of Visitors to the United States Military Academy at West Point.

I wish further to announce that the senior Senator from Pennsylvania [Mr. REED], the junior Senator from Pennsylvania [Mr. DAVIS], the senior Senator from New Jersey [Mr. KEAN], and the junior Senator from New Jersey [Mr. BARBOUR] are necessarily detained from the Senate.

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of Puerto Rico, which was referred to the Committee on Territories and Insular Affairs:

Concurrent resolution to declare that the final status of Puerto Rico should be statehood and that the people of Puerto Rico desires that Puerto Rico become a State, forming a part of, and associated with, the federation of the United States of America; to petition the Congress of the United States of America for legislation authorizing the people of Puerto Rico to adopt its own State constitution for its approval by the Congress of the United States of America, after it has been ratified by a plebiscite to which it shall be submitted; to demand from the Congress of the United States of America an immediate liberalizing reform, of a political and economic nature, of the autonomic regimen of government at present enjoyed by Puerto Rico, through amendments to the organic act in force, and for other purposes

PART I

Whereas for more than 35 years the people of Puerto Rico, in a state of deep preoccupation, has suffered the disappointments inherent in a regime under which it has been working among difficulties caused by differences in systems, laws, customs, and language, assimilating, however, with clear vision of the future, the fundamental ideals which serve as a basis for the institutions of our government;

Whereas during that interregnum in which the people of Puerto Rico has lived trusting in the justice of the people of the United States of America, the latter, believing the former capable of living a life of equality, dignity, and honor in their relations with each other, granted to the Puerto Ricans, through Congress, American citizenship with all the prerogatives inherent therein;

Whereas the consensus of opinion of the people of Puerto Rico shows that it is advisable to know what is to be the final status of Puerto Rico in its relations with the United States of America, with the understanding that the preservation of its characteristics and other traditions are not in conflict with the principles and ideals of the American Nation, and that the vernacular may subsist in conjunction with the use of the English language, all within the new structure of government within which the people of Puerto Rico will live in dignity in association with the people of the United States of America, under the same flag;

Whereas the people of Puerto Rico has always aspired, and continues to aspire, to the fulfillment of the words which, in the lexicon of liberty of the United States of America, involved the consecration of the principle that "peoples have the right to determine their own destinies": Now, therefore, be it

Resolved by the Legislature of Puerto Rico—

SECTION 1. That the people of Puerto Rico desires that Puerto Rico become a State and be admitted to the Union under the same conditions as the States which integrate the same.

SEC. 2. To request from the Congress of the United States of America, as it is hereby requested, legislation authorizing the people of Puerto Rico to frame its own State constitution in order to submit it for the approval of the Congress of the United States of America after it is ratified by the electoral body of Puerto Rico to which it shall be submitted through a plebiscite for such purpose, the result of which shall be certified by the executive secretary of Puerto Rico; and the Governor of Puerto Rico shall give notice thereof to the President of the United States for the proper purposes.

PART II

Whereas, until the proceedings heretofore referred to in this resolution have been carried out, the people of Puerto Rico needs urgently to improve the conditions of its internal life by protecting its agriculture and promoting the development of its industry by reorganizing its government institutions, by regulating the application to Puerto Rico of certain acts of Congress, and by securing exemption from the effect of certain fiscal acts already enacted in the United States by obtaining Federal aid in temporarily balancing its annual budgets without detriment to essential services, and by securing amendments to the organic act in force in order to attain said ends; and

Whereas, with the enactment of measures of this kind, while the proceedings are being carried out and the obstacles in the way of enjoying the final status of statehood are being overcome, the people of Puerto Rico shall have full political and fiscal autonomy to solve its own problems, and may temporarily enjoy its internal independence and its internal sovereignty: Now, therefore, be it

Further resolved by the Legislature of Puerto Rico:

SEC. 3. That the people of Puerto Rico demands an immediate liberalizing reform, of a political and economic nature, of the autonomic regimen of government which it now enjoys, petitioning the Congress of the United States of America, as it is hereby petitioned, to amend the organic act of Puerto Rico in force, in accord with the following:

1. Recognizing the right of the people of Puerto Rico to elect its own Governor.

2. Granting powers to the Governor of Puerto Rico, so that he may, with the advice and consent of the insular senate, appoint all the heads of department of the insular government of Puerto Rico.

3. Granting authority to the Legislature of Puerto Rico to fix the salaries of the heads of department, their powers and duties, and the number and titles thereof, without exceeding the number now existing.

4. Authorizing the Governor of Puerto Rico to fill the vacancies among senators and representatives without the need of holding partial elections, and on proposal of the directing body of the party to which the legislators whose post is vacant belonged.

5. Granting power to the Legislature of Puerto Rico to revoke the veto of the Executive by the vote of two thirds of the total number of members of each legislative house.

6. Providing that the jurisdiction of the United States District Court for Puerto Rico be limited to the same jurisdiction as that which belongs to courts of like nature in the States of the Union; and likewise providing that the chief justice of the Supreme Court of Puerto Rico or, by delegation, any of the associate justices, shall act as judge of said Federal court.

7. Stating that the decisions of the Supreme Court of Puerto Rico shall be reviewable only by the Supreme Court of the United States through the same procedure as that followed in regard to final judgments of the supreme courts of the States of the Union; adopting, moreover, the remedy of certiorari before said court in those cases in which there is a controversy in regard to the American Constitution or in regard to treaties or Federal laws.

8. Establishing that statutory acts hereafter enacted by the Congress of the United States shall govern in Puerto Rico when made expressly applicable to the island and adopted by the Legislature of Puerto Rico, except when they refer to the organization and operation of the Federal agencies, offices, and departments functioning in Puerto Rico.

9. The modification of all laws preventing competition in the transportation of freight and passengers between the United States and Puerto Rico in order to obtain a low-priced and adequate transportation service, and chiefly to avoid the rise in price of merchandise due to high freight rates.

10. That the Congress of the United States, as a rehabilitation measure, authorize Puerto Rico to establish fiscal tariffs, the object of which shall be:

(1) To provide revenues to meet the expenses of the current budget.

(2) To protect all the products of our agriculture and industry.

(3) To declare free from import duties all such articles of prime necessity for our people as are not produced in Puerto Rico.

And likewise to authorize the Legislature of Puerto Rico to exempt from customs duties and to levy taxes on construction materials and raw materials necessary for the promotion of the industrialization of the island; and likewise to prohibit the importation of all articles injurious to health due to the loss of their food value in the course of their preparation, or otherwise.

SEC. 4. To request the Congress of the United States of America, as it is hereby requested, to enact legislation for the consolidation of the public debt of Puerto Rico as far as it may be possible, to make extensive to Puerto Rico the Federal Reserve Act and any other measures enacted for the benefit of national banking for the benefit of banking in Puerto Rico; likewise making extensive to Puerto Rico all the Federal acts already enacted or to be hereafter enacted for the protection and promotion of the agriculture, industry, and commerce of Puerto Rico.

SEC. 5. To request the Congress of the United States of America, as it is hereby requested, to authorize the Legislature of Puerto Rico to adopt legislation tending to solve the problem of absenteeism and, as a consequence thereof, the concentration of property of nonresidents.

SEC. 6. To request the Congress of the United States of America, as it is hereby requested, for the purpose of improving the health of the people of the island, a work already begun with the amounts appropriated and which are being distributed by the Federal Relief Administration, to appropriate in its annual budgets—as it is accustomed to do as aid to the Federal States—such sum as it may deem fair in order to drain the miasmal mangrove swamps and to combat tuberculosis and uncinariasis in Puerto Rico.

MIGUEL A. GARCÍA MÉNDEZ,
Speaker House of Representatives of Puerto Rico.
RAFAEL MARTÍNEZ NADAL,
President of the Senate of Puerto Rico.

The undersigned secretaries of the House of Representatives and of the Senate of Puerto Rico do hereby certify that the preceding resolution was duly adopted this 15th day of April 1934.

ANTONIO ARROYO,
Secretary House of Representatives of Puerto Rico.
ENRIQUE GONZÁLEZ MENA,
Secretary Senate of Puerto Rico.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Ohio Typographical Conference, assembled at Cleveland, Ohio, favoring the passage of the so-called "Connery 30-hour-week bill", which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the American Society of Mammalogists in convention assembled at New York City, N.Y., protesting against the enactment of legislation removing protection from the sea lions of Alaska, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate telegrams in the nature of petitions from C. H. Smith, Toledo, Ohio; and George E. Lowe, secretary and treasurer of Division No. 369, Brotherhood of Locomotive Engineers, St. Paul, Minn., on behalf of that organization, praying for the passage of the bill (S. 3231) to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes, which were ordered to lie on the table.

He also laid before the Senate a telegram from Helen P. Beattie, State corresponding secretary, Federation of Women's Clubs, Redlands, Calif., on behalf of 45,000 members of the California Federation of Women's Clubs through their representatives in convention assembled, endorsing Senate Resolution No. 206 (submitted by Mr. NYE and Mr. VANDENBERG, and agreed to on Apr. 12, 1934), appointing a special committee to make certain investigations concerning the manufacture and sale of arms and other war munitions, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (S. 2673) to correct the military record of Carl Lindow, alias Carl Lindo, reported it with amendments and submitted a report (No. 1011) thereon.

Mr. ASHURST, from the Committee on Indian Affairs, to which was referred the bill (S. 2499) to define the exterior boundaries of the Navajo Indian Reservation in Arizona, and for other purposes, reported it with amendments and submitted a report (No. 1012) thereon.

Mr. AUSTIN, from the Committee on the District of Columbia, to which was referred the bill (S. 3569) to provide for the acquisition of land in the District of Columbia in excess of that required for public projects and improvements, and for other purposes, reported it with amendments and submitted a report (No. 1013) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DILL:

A bill (S. 3615) authorizing the county of Wahkiakum, a legal political subdivision of the State of Washington, to construct, maintain, and operate a bridge and approaches thereto across the Columbia River between Puget Island and the mainland, Cathlamet, State of Washington; to the Committee on Commerce.

By Mr. CAPPER:

A bill (S. 3616) granting a pension to Minnie O. Draper (with accompanying papers); to the Committee on Pensions.

By Mr. VANDENBERG:

A bill (S. 3617) authorizing the city of Sault Ste. Marie, Mich., its successors and assigns, to construct, maintain, and operate a bridge across the St. Marys River at or near Sault Ste. Marie, Mich.; to the Committee on Commerce.

By Mr. THOMAS of Utah:

A bill (S. 3618) to grant a portion of the Fort Douglas Military Reservation to the University of Utah, Salt Lake City, Utah; to the Committee on Military Affairs.

By Mr. ROBINSON of Arkansas (for Mr. REYNOLDS):

A bill (S. 3619) authorizing the attendance of the Marine Band at the reunion of the Thirtieth Division, American Expeditionary Forces, at Asheville, N.C.; to the Committee on Naval Affairs.

By Mr. COPELAND:

A bill (S. 3620) conferring jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claim of the executors of the estate of George F. Morgan against the United States; to the Committee on Claims.

By Mr. BYRNES:

A joint resolution (S.J.Res. 120) authorizing and directing the Federal Trade Commission to investigate and report regarding the piracy, infringement, imitation, or simulation of designs, trade marks, patterns, shapes, forms, and other distinctive marks or dress of goods; to the Committee on Interstate Commerce.

COINAGE OF 3-CENT NICKEL PIECE—AMENDMENTS

Mr. HAYDEN submitted amendments intended to be proposed by him to the bill (S. 3500) authorizing the coinage of a 3-cent nickel piece, which were referred to the Committee on Banking and Currency and ordered to be printed.

POSITION OF SILVER IN THE WORLD—ADDRESS BY SENATOR PITTMAN

Mr. KING. Mr. President, I ask unanimous consent to insert in the RECORD a very able address delivered by the distinguished Senator from Nevada [Mr. PITTMAN]. The address is entitled "The Position of Silver in the World" and was delivered before the American Mining Congress on December 15, 1933, in this city. The Senator from Nevada has taken a leading part in the movement to secure the restoration of silver to the high position which for centuries it occupied, and his views upon what is called the "silver question" are entitled to great weight. In view of the promise in the Democratic platform that silver would be rehabilitated, and in view of pending measures dealing with silver and of the interest this subject has aroused throughout the country, I think the address is most timely.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE POSITION OF SILVER IN THE WORLD—ADDRESS BY HON. KEY PITTMAN, CHAIRMAN SENATE COMMITTEE ON FOREIGN RELATIONS

Mr. Chairman, I understand that I was on the program for the 14th; but through some error in communications I was put down for the 15th instead. I realize that you are now moving to another subject, other than the raw production of minerals, and I shall be as brief as I may, so as not to interrupt your program.

In a short extemporaneous address I find it quite difficult to know how even to approach the silver problem. I think the great trouble about the silver problem is that it is generally written about by those who know nothing about the production and consumption of metals. They know all about the theory of economics. They are perfectly familiar with what we understand as monetary systems.

Another great error that is made is the belief that no one is interested in this subject except the comparatively few producers of silver throughout the world. If that assumption were true, it would be a great waste of time to bring a matter of this kind to the consideration of the American Mining Congress or the Congress of the United States, or a great gathering such as we had in London a few months ago, at which 66 governments were represented. As a matter of fact, those 66 governments did not consider the question as a commodity question only. The United States, Canada, Mexico, Peru, Ecuador, and Australia produce nearly all the silver that is produced in the world. If the matter were of interest solely from the commodity standpoint, we would expect only those governments to be interested and not the rest of the 66 governments that actually were interested.

That in itself is an answer to the unfortunately ignorant discussion of this matter purely from the commodity standpoint.

At London two things were presented, and they were presented on behalf of the United States. The first was a resolution dealing with the whole monetary problem. I had the honor, on behalf of our delegation as a member of the Monetary Commission, to present our monetary resolution. Probably because I presented it, most of the press of the world took note only of the resolution dealing with silver. As a matter of fact, the resolution dealt with both gold and silver and was prepared before we left Washington. It was discussed in the informal conferences held here in Washington between our Government and the representatives of various governments who came here.

The gold part of the resolution was substantially this, as I remember:

"It is the sense of the governments represented at this Conference that governments return to the gold-standard measure of international exchange as soon as practicable."

The question arose as to what the word "practicable" meant. The Japanese delegate said:

"It is not practicable for us to return to the gold standard at the present time, because we have not the gold reserves, and we cannot obtain them. We desire, however, to return to the gold-standard measure of international exchange as soon as possible."

Lord Hailsham arose, representing the delegation from England—he was a member of the Cabinet and, as a member of the Cabinet, the Secretary of War—and said:

"If I understand the delegate from the United States, he means by the word 'practicable' that each government is to determine for itself the time of the return to the gold-standard exchange and the ratio."

As that was my understanding of the matter, I accepted that amendment. It was unanimously adopted by all the 66 governments. As a matter of fact, under the rule of the League of Nations, which governed the Conference, everything must be adopted unanimously.

When that part of the resolution was adopted, it was separated from the portion of it dealing with the silver question. The first issue that arose was whether we should treat silver as a commodity, just as they were trying to treat wheat and cotton, or whether it should be treated from the monetary standpoint, as money. The decision of that would cause it to be referred either to the Economic Commission or to the Monetary Commission. After a very full discussion of the subject they decided to discuss it from the monetary standpoint, and it was referred to the Monetary Commission, and there the questions were considered and determined.

The silver resolution that was adopted by the 66 governments was substantially this: They all agreed, on behalf of their governments, as far as they could bind their governments, that they would no longer permit the debasement of silver coin; that they would replace low-valued paper currency with silver coin; and that they would not enact legislation that could depreciate the value of silver on the market of the world. I think that is a substantial advance for 66 governments to agree to unanimously.

As we know, the depreciation in the value of silver money is due entirely to prejudicial action of governments in the past; and when they agree to stop that, you know that sooner or later the natural law of supply and demand will govern. The supply of silver will then be scarce, and the world silver price will rise. I will get to that question a little later. I may say, just in passing, that the Government of France is now replacing its low-valued paper currency, its 5- and 10-franc notes, little disagreeable shin plasters, with silver coins. This process will greatly increase the demand for silver.

In addition to that, the resolution which we took over to London provided that every effort should be made to bring about an understanding or agreement between countries producing large quantities of silver and countries holding or using large quantities of silver. In fact, that was a condition of the adoption of the main resolution. The reason of that was plain. It was, first, the debasement of the silver coins of Great Britain, France, Belgium, and other countries, and the consequent dumping of the surplus silver derived from such debasement upon the market of the world, that started the downward price of silver. But they said, "Why should we desist from this practice if India, which holds probably a billion ounces of silver in the form of silver rupees, is going on arbitrarily without restriction and possibly without reason to continue to melt up those silver coins and dump them on the market of the world in any quantities, at any price? Therefore we want you to obtain that agreement."

Two days before the conference adjourned we obtained the agreement, signed up. It provided that the Government of China would not sell any silver derived from the debasement or melting up of silver coins; that the Government of Spain would not sell to exceed 5,000,000 ounces a year for a period of 4 years, commencing January 1, 1934, and that at the end of 4 years they would go under the general resolution of never again debasing or melting up silver coin; that the government of India agreed to limit its sales of silver to 35,000,000 ounces of silver annually, commencing on the 1st of January 1934, for a period of 4 years, and that after that they would go under the general resolution, and would sell no more silver derived from the debasement or the melting-up of silver coins.

There was a limitation; there was a certainty that people could count on. On the other hand, the producing governments of the United States, Canada, Mexico, Peru, and Australia were required by these holding governments to offset this limited oversupply by taking from their own mines 35,000,000 ounces of silver a year for 4 years during the same period of time. That neutralized the limited oversupply. That agreement would result in the total supply coming from mines.

The President has full authority to carry out that understanding. India already has carried it out. The Indian Council has passed an order, which is a law in India, prohibiting the sale of over 35,000,000 ounces of silver a year, commencing on the 1st of January 1934, for a period of 4 years. They have acted. Now it is up to us to act. We have the authority to act. The President has the authority to act. In the so-called "Thomas amendment" it was provided that the President of the United States might fix the ratio between gold and silver and that he might coin silver at that ratio. It was also provided in the same act that if an agreement should be reached at the world conference, in which Congress authorized the President to participate, he

should carry out that agreement. He now has this power. If he does not see fit to exert it, Congress undoubtedly will exert it, because it is a moral obligation imposed upon us since our Government, with the authority of Congress, initiated this understanding. I think you will find that it will be carried out either by the President or by Congress. It may be carried out in many ways, either by opening the mint to the coinage of American silver—which would take off the world market 24,000,000 ounces a year, deducting a certain portion of the bullion so deposited as seigniorage and as cost to the Government—or through direct purchase by act of Congress.

What will be the effect upon the world price of silver? In 1932 the total mine production of silver in the world was only 167,000,000 ounces. I have not the figures for 1933, but they probably will be about the same. Conditions indicate that production will not be much larger in 1934. Such production is about 30 percent below normal. When the countries of the world become aware of the situation, they will commence to buy. The United States must bid for American silver above the world price, because it is obligated to take at least 24,000,000 ounces annually from our mine production. Silver may rise to the parity price of $1.29 an ounce.

That is the situation with regard to silver as it stands today.

Now, let me briefly go to the more important phase of the subject for a few minutes.

It is constantly contended by economists of reputation that the price of silver does not in any way, or not materially, affect our export trade; that China, for instance, does not buy from us with silver, but she buys from us with her exports. In theory that is true. If we take as example two well-developed countries, such as Germany and France, the balance of trade probably would limit exports and imports. It was not true in the United States in the early days, when we had this vast territory back of us, with raw resources. We had no money to start with here. It all came in from somewhere else. We finally melted up foreign gold and silver coins and made them into our own money.

A prospector would go out in the hills with a slab of bacon and some beans and a burro and find a mine—a gold mine, a silver mine, a copper mine, a coal mine, or what not. He would sell that mine to a British syndicate for something—$50,000, $100,000, or $1,000,000—and that man had this money with which to buy anywhere in the world. He did not get it from exports. That money did not come in from exports.

We must add to the balance of trade other factors. We must add the invisible income which everyone recognizes, such as money sent back to China from here by the Chinese, back to Italy from here by the Italians, and the income from the tourist trade. To be added to that is still another factor which always exists in the development of a pioneer country, and that is the creation of new wealth by discovery and by making it available for the world. That is the position of China today—a country as large as the United States and nearly all of Mexico combined, with nothing but the fringe of it developed in great cities. There is that vast country waiting for development, 400,000,000 energetic people desiring to have their standards raised, and in the past few years they have made remarkable strides toward the desired result.

When I was in China in 1925 there had been little change. When I was there in 1931 I saw the girls on the street wearing American clothes, American hats, and American shoes, and with their hair bobbed. Our trade commenced to do well with China, and so did Great Britain's trade.

But what happened? There may be some other explanation for it; but since the fall of silver started in 1928, we have lost 75 percent of our manufactured exports to China. "Oh", it will be said, "but we lost it elsewhere." We did; but elsewhere there was poverty and distress such as we have experienced in 3 years, while during that time in China there was a boom going on every minute, and it is going on today. Why? Because China is becoming industrialized. When the exchange value of the Chinese money was so low that it took from four to five of their dollars to exchange for one of ours with which to buy our goods, they ceased to buy anything except what they had to have, and what they are buying is raw material.

I do not want to take your time with figures, but let us see what happened to Great Britain in that period of time.

In 1928 Great Britain exported to China 153,399,100 square yards of cotton piece-goods. In 1929 the export of those goods dropped to 149,000,000 square yards; in 1930 it dropped to 41,000,000 square yards; in 1931 to just a little less than 41,000,000 square yards.

What happened to us? Take our exports of raw cotton to England. In 1928 they were about 1,997,000 bales. In 1931 they were 899,000 bales—less than half. Why? Because Great Britain is our great market for raw cotton, and China was one of her great markets, and India, too, for her cotton piece-goods. She not only lost her cotton piece-goods market to China but she lost it to India and Mexico and South America and everywhere else in tropical countries where cotton piece-goods are used. Why? The economists will say that we lost our market everywhere because of the depression, but that is not a fact. China was prosperous.

Take the report of the great commission which was sent over from London to China in 1930 and 1931 under Sir Ernest Thompson, called the British Economic and Monetary Commission to the Far East. What did they report? They reported these facts, and they gave us the cause. They reported that the low price of silver had lowered the exchange value of Chinese money with the pound sterling to such an extent that the Chinese could not afford to buy British piece-goods. They could not buy them from Japan. What did Japan do? Japan did what the British did. They went into China with their gold. They exchanged it for the cheap silver money on a ratio of 4 or 5 to 1. They bought factories, enlarged factories, built new factories, and put the Chinese to work making cotton piece-goods. That market is gone forever.

Our own exports to that country are quite interesting. Apparently we were all right, but only apparently. In 1929 we exported to China, of raw products, $40,000,000 worth; in 1930, $38,000,000 worth; in 1931, $55,000,000, an increase of 38 percent. Those are raw products, largely cotton. But what happened to our manufactured exports? In 1929 they were $2,531,000; in 1930, $1,898,000; in 1931, $1,119,667. In other words, our exports dropped from the index figure of 100 in 1929 to 43 in 1931. Those are the last exact figures I have.

What happened to silver during that period of time? Silver was around 60 cents an ounce when this movement started, and it dropped in 1931 to 25.5 cents an ounce. The figures are so simple, so plain, as to what is happening to us. The reports of this great commission from Great Britain, under the auspices of the Cabinet member in charge of the board of trade, show what is happening. In their reports they put their finger on it, and they state that it is the duty of Great Britain to take the initiative in removing the obstacles to the natural rise in the price of silver. Great Britain does not produce any silver, except possibly in Canada, and Australia a little bit. They were not interested in the price of silver except as it affected the commerce of the world.

Everyone now is coming to understand the effect of depreciated currency on exports and imports. Everyone who knows anything about exports and imports knows now that a government with depreciated money has an advantage in export trade, and a disadvantage in import trade. People understand that with regard to the currencies of countries that formerly were on the gold standard, but for some mysterious reason they cannot understand that the same law applies to countries that have nothing but silver money. It does not make any difference what kind of money it is. As a matter of fact, today in the world there are few standard moneys. There is no gold standard.

The standard in France or Switzerland or Holland or Italy might be called a gold standard, but it is a managed gold standard, so tied and held in that it is just a little local secret affair among themselves. There is no such thing among the great nations of the world as a gold standard, except that it is the intention of Great Britain and it is the intention of every one of those 66 governments to go back to the use of gold as the measure of the value of currency in international trade and as a limitation of issue. If it were not for that, gold would not be worth much more than iron is worth today. These nations are bidding for gold because they know that gold is scarce, and they believe that in some way, somehow, at some time it will be reestablished as the measure of the value of the currencies of the world in international trade, and I believe it will, too.

Getting down now to bimetallism, there are two different definitions of bimetallism. We have bimetallism in the United States today, but it is not the same kind of bimetallism that we had in the beginning of this Government. It is not the same kind that we had down to 1873. Originally our bimetallism meant that one measure of the dollar was 23.2 grains of gold (it was a little more than that at the start but it is that now), and that the other measure of the dollar was 371.25 grains of silver, and that one could pay his debts in either measure, until 1873, of course, when we adopted the single gold-standard measure.

That, however, has not made any particular difference to us here, except to this extent: Today 12 percent of the currency of this country is silver, and that silver is running on a parity with all gold currencies, and has run on a parity with all gold currencies through this century, and it has run on a parity of 16 to 1. I know that if a person uses the term "16 to 1" somebody will immediately think he is crazy; but the reason the ratio is 16 to 1 is that 371.25 is about 16 times 23.2. In other words, it takes 16 times as many grains of silver as it does of gold to measure a dollar.

Why was that done? That is not just an arbitrary thing that happened. Napoleon, away back in the early days of 1818, established the ratio at 15 to 1, after he had had the greatest statisticians and scholars of that age determine the preciosity of gold and silver. They determined that the production of the two was as 15 to 1, and that the demand being exactly the same for money, the ratio of exchange should be 15 to 1.

Then it is said that the law of supply and demand is working. If there were taken away from gold the possibility of its ever again being used as money, I doubt if it would be as valuable as tin. What would anyone want with it if it were not used for money? Half of it is used for jewelry and the arts and sciences. What would become of the other half if it were not needed for money?

If exactly the same demand existed for silver as for gold for use as money, the law of supply and demand undoubtedly would run right along. Today we have nearly $800,000,000 in silver in circulation in this country, 12 percent of all of our currency. Every one of those dollars today is circulating and paying debts at $1.29 an ounce. Nobody ever questioned it. Our Government since 1873 has made about $265,000,000 in profit from buying the silver from the miner and selling it to the banker and the grocer and the merchant with which to do business. There has not been any strain on our credit. In 1900, 30 percent of all the circulating currency of the United States was silver. We could increase the silver circulation in this country $1,500,000,000 without

reaching the proportion of silver currency to gold currency that existed in 1900.

Why should there be any great fear of inflation even if we should coin the annual production of this country of 24,000,000 ounces of silver a year at a value of $1.29 an ounce? It would add but a little over thirty millions a year to our currency, and we could keep adding to it until we had added $1,500,000,000 before the proportion would be as it was in 1900. What is the meaning of all this talk about being afraid that the ratio and bearing of the currencies of the United States will be disturbed by any of these small acts? It is perfectly absurd.

Why is it that people want gold? It is not a particularly serviceable metal. There are not enough teeth to be filled to use 1 percent of it. Men want it for the same reason they have wanted it throughout the ages—because it is a precious metal, recognized as precious throughout the world. From the time of barter and trade, when men wanted to reach out and have a substitute for exchanging a cow for a horse, they found that a chunk of metal about as big as a match case was scarce, and that if they took that chunk of metal for a cow, another man somewhere else would take the chunk of metal for a horse. It was because of the scarcity of it. The functions of money are to transport things, like a railroad; and not only that but to measure excess labor for the future, to hold it to hand down to one's children and to posterity, to meet the hard times of poverty. Not only that, but it must be so limited in its production that it will be a sound measure of money. It must be found everywhere—not like platinum, which is found in a few places only.

So we find that from the beginning of time people everywhere have recognized that there were two precious metals, gold and silver; that Nature limited their production, and that natural limitation gave them their value as money and made them stable. People not only found that out in the course of time; but even before professors and statisticians existed and roved the country, men found out that there was just about 14, 15, or 16 times as much silver as gold. They established the ratio themselves in their trades with silver before it even had the stamp of a weight or a government on it.

The same thing that causes our most intelligent, educated people—our great bankers, for instance—to long to get gold into their hands is that they do not trust anything else. I do not blame them much. No one who has observed what has happened to the great power governments of Europe and their paper money, which has no intrinsic value, no value whatever outside of their own countries, can help fearing what we call "fiat paper money."

I have read the story of my friend, Barney Baruch, in a magazine about the terrible destruction that follows the issuance of fiat money. I thoroughly agree with him. He does not have to paint the history of Europe, the history of the mark. We all know it. That is the reason why Barney wants gold; and if he could not get gold, he would want silver, just as the Chinese want silver and the Indian wants silver. The Indian has his wife covered with bracelets, anklets, breast plates of silver, because the Indian woman cannot inherit, but she can keep that; and when poverty comes, when drought comes, she cuts off a little piece of that silver and takes it into the bazar and buys food and clothing with it. During good times they have hoarded silver. There are probably 6,000,000,000 ounces of silver hoarded in India. Nothing on earth could drag it out of India save necessity, poverty, famine, distress.

When silver was $1.38 an ounce, the highest in the history of the world—in 1919, I think—the Chinese were buying more silver than they ever bought before. The more valuable it becomes, the more they want it. When there is a bear movement on silver, such as India created, the Chinese speculators know that it is going down, and they join in the selling movement and buy gold and hoard gold; and they have been hoarding gold in India and China to an estimated amount of probably a billion dollars.

As silver starts up, their gold comes out to buy silver, and they buy silver. I should not be afraid now to open the mints of the United States to the coinage of the silver of the world, because my studies of it have convinced me that not over 250,000,000 to 300,000,000 ounces would come in here for coinage. As a matter of fact, if there should be a tendency to draw silver to this country, China would put an embargo upon the exportation of silver, because she does not intend to have her country denuded of silver; and so with other countries.

All we have to do is simply to remove Government restrictions and limitations that have been put on silver money. A rise in the price of silver will not make China buy from us. She can buy somewhere else. Some economist the other day said that in the first 8 months of this year our exports to China fell off 16 percent, and during that time silver was 4 cents higher than it was in 1932. He picks out a little period like that, but he forgets that the price of cotton went up from 5½ to 9 cents during that period of time, and the rise in the price of silver was not nearly so great as the rise in the price of cotton and wheat and other things. That is typical of the statistician. He picks out a little speck, a little section, and says: "Look at that!" instead of taking an average of 3 or 4 years. The price of silver dropped from 65 to 25.5 cents in 3 years. If we measure our exports as did Great Britain, we will find out what has happened.

What I mean is this: Some of the members of the American Mining Congress are engaged in coal mining, others in iron mining, others in silver mining, lead, gold, copper, zinc, what not; and therefore I am discussing the economics of this proposition. Our automobile sales in China went to pieces. We sold 80 percent of all the automobiles used in China, and yet Mr. Soong, the minister of finance, who was educated in this country and is a great banker, testified before the economic conference over in London: "Of course we cannot afford to buy your trucks and your automobiles, because a little truck for which we paid $1,200 in our money 3 years ago we now pay $3,400 for in our money."

They said, "But would not China benefit by cheap silver? Is it not industrializing China?"

He said, "Yes; it is industrializing the coast cities; but my ambition is to develop China, the great resources back of it, and I cannot do it without credit. I cannot keep my credit unless I can pay the foreign service debt on the $500,000,000 of gold that we owe. When we borrowed that gold, one billion Chinese dollars would pay for it. Today it takes two and a half billions of Chinese dollars to pay for it. We can collect $4 on the hundred in taxes, as you might, in silver dollars; but when we go to pay it on the debt, it is only $1. No government can live in China without credit, and no government in China can get credit until it can pay its foreign service debts, and it cannot pay the foreign service debts when you value our money at one fourth or one fifth of your money."

That is a matter of history. If you who are interested in metals would only carry the truth to the country, would answer the foolish articles that are written in the papers, such as the one written by Mr. Robey the other day, your action would help the situation. He said, "Why, there are only four or five States interested in silver. There are only probably 100,000 people directly interested in silver. The gross value of it last year was only about, I should say, $8,000,000. Why should we worry ourselves about that little crop?"

Well, we should not if that were all there is to it; but it has never occurred to Mr. Robey to read the undisputed reports of other countries on these various questions. Our commerce and our exports to China, ever since silver went up above 40 cents, have been increasing right along. Why does he not segregate that period? Of course it was not a fair comparison to take the difference of 4 cents an ounce between 1932 and the 8 months in 1933, when we had raised the cost of everything.

Those are some of the foolish answers to these questions. We are told, "If the Chinese citizen's bank account were doubled, he would not buy any more." Well, it is human nature that if a man's bank account is doubled, he is going to buy just a little more. If my bank account were doubled, I should probably buy a new automobile instead of running the one that I have been running for 5 or 6 years. If the Chinese dollar were given even the purchasing power that it had in 1926, 1927, and 1928, and for years, of 60 to 65 cents an ounce, it would pretty nearly double China's purchasing power in the United States and allow her to pay interest on her national debt. It would allow her to borrow more money. It would allow her to carry out the program that the National Government promised, which was to build railroads and wagon roads and canals. The only reason they could not carry it out and the only reason the National Government of China was under fire was that they could not carry out the promise; and they could not carry out the promise because they had to buy these things outside of their country, where their currency was depreciated.

We are now depreciating the dollar deliberately—there is no use denying that—and for exactly the same reason that Great Britain depreciated the pound and France depreciated the franc, because a country with a depreciated currency compared with other currencies has the best of the export trade. France depreciated her currency first and prospered all during the hard times. Great Britain, when she depreciated the pound, found that the same thing happened, and now we are finding it out. But if we recognize that law with regard to export, if we appreciate the currency of another country instead of depreciating ours, why are we not accomplishing the same thing? We are. Appreciating or reestablishing the value of silver money throughout the world by comparison with our own currency has the same effect that always follows the law of depreciation and appreciation. Over half the people of the world will have their purchasing power in our country—not at home but in our country—doubled, and they will buy from us. There is not any question about that at all, and it is coming.

People are afraid to start coining in the United States the silver of the world, and there is a basis for fear. While I may believe that only 250,000,000 to 300,000,000 ounces would come in here, others may say, "Why not 11,000,000,000 ounces? That much exists in the world. Why will it not come in? There is no proof that it will not." It was that argument that did more to destroy the Bryan movement than any other argument that was ever offered.

The cheap-money argument had not half as much to do with it as did the argument that a flood of silver would flow into our country and drive out gold. It is for that reason that I feel that the logical, natural, and easy step to take, which will get support, will be first to try it out by limiting the coinage to our own silver that is produced in this country. We know how much that is. Our production never has been over 62,000,000 ounces annually. It certainly cannot be that much for a long time, because 80 percent of the silver that is produced in this country is a byproduct of the mining of copper, lead, and zinc; and until there is a demand for copper, lead, and zinc the production of silver cannot increase. It is a safety valve. There can be no such thing as an overproduction of silver. When silver was over $1 an ounce for 3 years, and all the mining companies sent out their scouts and engineers and geologists and took the old pillars out of mines and worked all the old dumps throughout the world, the total increase over the prior period was not over 10 percent, and a part of that

was involved in the natural increase of about 3 percent per annum.

I say to you that the fear of all this is based upon the willful ignorance of economists and statisticians and writers as to the basic facts of production and consumption of these metals. They are not interested. They still preach that there is a great stream of silver flowing somewhere that may be poured in here and drive out the gold. There is not any danger of driving out the gold at present, and in my opinion there never will be. If we should give to the silver of the world the value that we give to our $800,000,000 worth in this country, we should have a basic purchasing power of silver of $15,000,000,000 throughout the world instead of $5,000,000,000. There is not enough gold to reestablish the old gold standard, and every government knows it. There never will be enough gold to reestablish the old gold standard. There may be enough if it is in a closed circuit in central banks, used solely for the purpose of the settlement of the balance of trade between countries; but if we are to have sound local currency we must have it based on metal, and there will not be enough gold to serve the purpose. The logical, the sound, the safe way to do it is to base it on the other precious metal as a supplement to gold. Then we need have no fear of the issue of fiat money in this country or anywhere else throughout the world.

I thank you.

SAVINGS BANK LIFE INSURANCE—ADDRESS BY GOVERNOR ELY, OF MASSACHUSETTS

Mr. WALSH. Mr. President, Mr. Justice Louis D. Brandeis, of the United States Supreme Court, has distinguished himself as a great jurist. Outside of Massachusetts, however, it may not be generally known that he is the founder and chief promoter of a great social institution, authorized under the laws of Massachusetts and known as "savings-bank life insurance."

Recently His Excellency Joseph B. Ely, Governor of Massachusetts, delivered an address on this unique institution, namely, Savings Bank Life Insurance, which I request to be inserted in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SAVINGS BANK LIFE INSURANCE—A UNIQUE INSTITUTION

By His Excellency Joseph B. Ely, Governor of Massachusetts

Many years ago President Eliot, at a dinner given to Booker T. Washington, told a story of men adrift many days off the coast of Brazil. Their supply of fresh water became exhausted and sighting another vessel they signaled their distress, "Bring us fresh water. We are dying of thirst." The other vessel signaled back, "Dip down where you are." You see, the ship in distress had been for several days in the Amazon River, the delta of which is so wide that the shores were not visible from the ship. They were dying of thirst with many fathoms of fresh water beneath their keel. This story illustrates the fact that frequently we cry for relief from afar when help is near at hand.

I wish to call your attention to an agency of Massachusetts of which few people have any knowledge. It is savings-bank life insurance. I think I am correct in saying there is no other such agency in any other State in the Union. It is an insurance organization which has no solicitors, and therefore no cost imposed upon it for acquiring the business. That is the secret of its rates. If you want the insurance you voluntarily walk into a savings bank and ask for it. There are 21 savings banks in Massachusetts issuing it, and 130 banks where you may obtain it. No bank can write a policy in excess of $1,000, but you may take a policy from any of the 21 banks writing it or from all of the 21 banks.

MILLIONS IN PREMIUMS

Last year the working people of Massachusetts paid out nearly $55,000,000 for weekly premium life insurance. This amount is almost as much as the entire budget appropriation for the Commonwealth, which for 1933 was $57,000,000. There are 5,000,000 of these weekly premium policies in force in the State, averaging about $200 each and representing over a billion dollars of insurance. Most of this is carried by people of small means.

In this phase of the life-insurance business, which is a great and honorable business, those who can least afford it, of necessity, pay the highest price. Weekly premium insurance, written through the recognized companies, costs more than the same amount of protection would cost on the ordinary basis in the same companies, and costs about three times what the same amount of protection would cost in the savings-bank life-insurance system. Approximately three quarters of these 5,000,000 policies of Massachusetts workers have no cash value until after 10 years' premiums have been paid. The remainder have a cash surrender value only after 5 years. Savings-bank life insurance gives a cash surrender value on every policy after 6 months. When it is recognized that such a large percentage of men and women, for one reason or another, let their policies lapse—each year a number equal to about 80 percent of the entire number written—you get an idea of the enormous amounts of money forfeited by the workers of Massachusetts under the weekly premium plan. The lapse ratio in savings-bank life insurance is only about 2 percent. Every policy has a cash surrender value after 6 months' premiums have been paid, and thereafter no forfeiture can occur.

ASSOCIATED INDUSTRIES' ATTITUDE

The Massachusetts Commission on Stabilization of Employment, in a release by its chairman, Mr. Stanley King, now president of Amherst College, under date of September 23, 1932, stated that in 1931 the payments for weekly premium life insurance in Massachusetts were more than $55,000,000, and that fully $24,000,000 of that amount could have been saved had these workers been insured in the savings-bank life-insurance system. The Associated Industries of Massachusetts, after a thorough study of savings-bank life insurance, decided that this method of insurance warranted the cooperation of all employers in the State. Under their direction, surveys have been made in many manufacturing plants, indicating that at least 90 percent of the weekly wage earners of Massachusetts carry this most expensive weekly premium insurance and demonstrating that about one half of the sum so paid could be saved if savings-bank life insurance had been taken instead.

These surveys indicate that the average payment of each industrial wage earner in Massachusetts for this form of life insurance is $1.60 a week. The officers of the Plymouth Cordage Co. estimate that each of 300 families in Plymouth is saving $100 a year, or a total saving of $30,000, in that single plant by the substitution of savings-bank life insurance for the usual weekly premium plan.

The $24,000,000 which could be saved to the workers of Massachusetts each year is an important sum of money. It is nearly as much as all the people in Massachusetts paid for shoes in 1933. It is 20 percent more than the entire direct debt of the Commonwealth. It is five times as much as the annual interest on both the direct and contingent public debt of the State. The savings which would thus be effected amount to more than 5 percent of the total earnings of the workers in manufacturing industries in Massachusetts for the year 1931. A saving of an amount equal to more than 5 percent of the manufacturers' pay roll is a very real advantage, available to Massachusetts and not available in any other State in the Union.

PURCHASING POWER

Not only would the saving of this amount of money to the wage earners materially ease the burdens of those directly making these savings but it would have another very important result for the industries of Massachusetts generally, not only the particular industries in which the wage earner making such saving is employed but those which produce goods for his use. We may have learned a number of lessons from the depression. One thing we certainly have learned, and that is that to have any real prosperity we must have wide-spread purchasing power; we have learned that it is the purchasing of goods by the millions of people and not by the few which keeps the factories running.

Twenty-four million dollars saved to the wage earners of Massachusetts in the purchase of this one very real necessity of life would make that amount available for the purchase by them of other necessities. That would be a much-needed help to the producing industries of Massachusetts. We need purchasing power for consumer goods on the part of the masses and the saving of $24,000,000 or more each year to the wage earners of Massachusetts by the purchase of savings-bank life insurance would release that sum of money for use in the purchase of boots and shoes, coats and hats, eggs and butter and milk, and other necessities of life which many working people are doing without or buying in such small amounts as to leave the producers with a restricted market.

Savings-bank life insurance is unique as an insurance institution. The investment and payment of money are handled by the savings bank. The medical supervision necessary to the safety of a life-insurance institution is in the hands of an officer of the Commonwealth. The actuary, constantly deciding questions affecting the insurance bank on one hand and the policyholders on the other hand, is an officer of the Commonwealth, and, besides the supervision of the commissioner of banks and the commissioner of insurance, the general management of the system is in the hands of an officer of the Commonwealth. It now has about $96,000,000 of insurance in force.

Savings-bank life insurance has demonstrated not only the vision of its founders but their wisdom and the soundness of their economics. The trustees of the Massachusetts savings banks handling the people's money in their insurance departments restricted to the best class of investments, still earn a better return on it than has been the case of the large life-insurance companies, illustrating that size does not always indicate returns and that the trustee of a small savings bank in Massachusetts may be, and often is, a better financier than many who are handling billions.

STOOD THE TEST

This method of insurance has stood all the tests. Its opponents contended that an epidemic in Massachusetts would be fatal to it. But it came through the "flu" epidemic of 1918 with a mortality record much better than any of the companies. Through the present hard times it has made liberal loans to its policyholders, but in spite of the unusual demands in that regard has not at any time been obliged to use but a small fraction of its new premium income for that purpose. Through the 4 years of the depression, from October 31, 1929, to October 31, 1933, it increased its reserve and surplus by more than 35 percent. On the fourth day of March a year ago, when every bank in America was closed, the insurance departments of the savings-and-insurance banks in Massachusetts were open doing business, receiving premium income, making policy loans, and paying death losses.

If properly utilized, this method of insurance could be made of great advantage to the manufacturing interests of the State where group insurance plays an important part in factory operation. I would not advise any individual to take it unless he is prepared to meet the test of carrying his premium to the bank or sending it by mail, because no one calls for it. But to one who wishes to save money and is willing to tend to it, it is an important bit of saving.

MASSACHUSETTS ACCOMPLISHMENT

This advantage to Massachusetts is not an unfair one in any way. The system was the product of the statesmanship of a Massachusetts man, long one of our leading citizens and now for many years an honored and respected member of the Supreme Court of the United States, the Honorable Louis D. Brandeis. Massachusetts employers and industrialists were prominent among those who assisted him in laying the groundwork for this great system of savings-bank life insurance and in bringing about its adoption by the Legislature of Massachusetts. Leaders of industry here, such as ex-Governor Douglas, the late Charles H. Jones, Elmer J. Bliss, James L. Richards, Henry S. Dennison, and many others are among those who helped Mr. Brandeis in the fight for the establishment of this system and defended it against its enemies for many years. Massachusetts industry then is fairly entitled to reap the great benefits which are ready at hand from the operation of this system.

I point this out to you as a unique accomplishment of Massachusetts. It is one of the many things that show the progressive tendencies of this State—a sanely progressive State. It is one of those things carried out after careful deliberation, thought out to the end, which is a compliment to the great mind of a great jurist.

REGULATION OF COMMUNICATIONS BY WIRE OR RADIO

The Senate resumed the consideration of the bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes.

Mr. DILL. Mr. President, the communications bill is a bill of 104 printed pages. That, of course, is rather a large legislative document. I call attention, however, in the beginning to the fact that probably 70 to 75 pages of it comprise a rewriting of existing radio law and its amendments and of the Interstate Commerce Act and its amendments, and that the other parts of the bill which are new are the parts which create the new commission and provide for certain additional powers which the committee thought were necessary for the newly created commission to have for effective regulation.

There are a few sections in the bill which adapt certain provisions of the Interstate Commerce Act heretofore applying only to railroads, making them applicable to telephone and telegraph regulation. There are some sections in regard to radio regulation which were in H.R. 7716, a bill passed by both Houses of Congress in 1933, which did not receive the signature of the President and died with the end of the session.

Briefly, the bill creates a new commission to be known as the "Communications Commission." It abolishes the Radio Commission and transfers all radio regulation to one division of the Communications Commission. It also repeals the radio laws which now exist and substitutes the provisions of this bill. It also transfers all powers over telephone and telegraph communications from the Interstate Commerce Commission and the Postmaster General to the Communications Commission.

I invite attention as to why it seemed important to us that we should enact new legislation rather than merely transfer the existing powers in present law. The Interstate Commerce Act has been evolved over a period of about 50 years. I have in my hand a book of 242 pages and a supplement of 59 pages comprising the Interstate Commerce Act and amendments to it written primarily for the control of transportation. In 1910 an amendment was adopted which applied certain provisions of the then Interstate Commerce Act to telephone and telegraph companies and added certain new provisions. Since that time the Interstate Commerce Commission has given what might be called cursory attention to the regulation of telephone and telegraph matters, but in practical operation the regulation of the telephone and telegraph companies has been really nothing effective. It has amounted to very little. The Interstate Commerce Commission has been so busy with railroad questions that it has never given much attention to telephone and telegraph companies, and the latter business has grown only recently to such proportions that there have been sufficient complaints on the part of the public to seem to justify a separate organization to regulate and control them.

The Radio Act had in it certain provisions which have become obsolete. When written it referred to the Commerce Department certain powers for certain purposes. It also had a number of amendments made to it, and it seemed desirable to collect all those provisions in the new bill.

Then, too, there should be a regulation of the rates of radio telephone and radio telegraph if we are to have regulation of the rates of wire telephone and wire telegraph. I shall not today take the time of the Senate to enlarge at any length upon the size of the industry or all that it involves. I do want to call attention, however, to just a few facts.

The telephone monopoly and associated corporations have a capitalization and a tentative valuation of more than $5,000,000,000. There are more than 20,000,000 individual telephones in the United States. Last year it was reported there were 27,000,000,000 individual telephone calls made by the people of the United States and more than 200,000,000 written messages over telegraph and cable. That is the largest use of communications service of any part of the world; in fact, I think it is as large as all the rest of the world combined.

Before I attempt to analyze the bill in detail, permit me to say that the bill has been prepared with great care. After rather lengthy hearings, a subcommittee of five members was appointed. I then secured the assistance of a representative of the Interstate Commerce Commission, Mr. Stough, who is an examiner; a representative of the Radio Commission; the acting chief counsel, Mr. Porter; and a representative from the State Department, Mr. Stewart, who handles communications. We had also Mr. Boots, of the legislative counsel of the Senate. In addition I had assisting me in connection with the legislation Mr. Stephan, who is an examiner of the Interstate Commerce Commission, and who was loaned to the committee for this work. These gentlemen went over the bill, not once but again and again, line by line, to see that it covered so far as possible all the existing law that is in the statutes which we are proposing to repeal, and also to see that it did not seriously conflict. I am safe in saying, therefore, it is one of the most carefully prepared bills that have been reported for some time, at least by this committee.

After the subcommittee had gone over it with great care and revised it repeatedly, it was reported to the full committee and given some consideration there. Like any other piece of legislation, it may have its mistakes and weaknesses; but from a drafting standpoint, I maintain it is a very carefully prepared bill.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Michigan?

Mr. DILL. I yield.

Mr. COUZENS. May I ask if my understanding is correct that there is no authority in the bill to permit any consolidation of radio, telegraph, and telephone companies?

Mr. DILL. There is not. The bill reenacts section 17 of the present radio law of 1927, which specifically prohibits any merging of radio, telegraph, and cable services. It reenacts, however, that provision of the Interstate Commerce Act which permits the continuation of the merging of telephone companies which has been going on for many years.

Mr. COUZENS. But it would not permit the consolidation of the Postal and the Western Union?

Mr. DILL. No; it would not permit that, primarily because of the fact that the Postal and the Western Union are tied up with radio and cables in such a manner that a union of their subsidiary corporations would bring about a union which is forbidden by section 17 of the existing radio law.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. DILL. I yield to the Senator.

Mr. COUZENS. Assuming that all these holding companies and consolidations and affiliations should be segre-

gated, and the Postal and the Western Union should become separate entities, would they, under the proposed law, be permitted to consolidate?

Mr. DILL. No; I think not. There is no special statute permitting it, and therefore the antitrust statute probably would apply.

Now, taking up the bill, title I, containing the general provisions of the bill, creates a commission for the regulation of all radio and telephone and telegraph communications. We have attempted in title I to reserve to the State commissions the control of intrastate telephone traffic. We have kept in mind the fact that the Interstate Commerce Commission, through the Shreveport decision and the decisions in other similar cases, has gone so far in the regulation of railroads that the so-called "State regulation" amounts to very little.

We have attempted, in this proposed legislation, to safeguard State regulation by certain provisions to the effect that where existing intrastate telephone business is being regulated by a State commission, the provisions of the bill shall not apply. We have in mind, for instance, cases where a city has telephone service connecting into a number of States, such as we have right here in Washington, running out into Maryland and out into Virginia, and in New York the service runs into New Jersey, and I think perhaps into Connecticut, though I am not sure about that. There are many cases in the country where, without some saving clause of that kind, the State commissions might be deprived of their power to regulate; and the State commission representatives were jealous, in the preparation of this bill, that those rights should be protected; and we have attempted to do that.

Most of the definitions—and there are a considerable number of definitions—are taken from the present Radio Act, from the Interstate Commerce Act, and from the International Convention on Radio that is in force throughout the world.

This bill creates a commission of five members. They are appointed for terms of 2, 3, 4, 5, and 6 years, and then are to be appointed for terms of 6 years, the salary being $10,000 per year. I think the usual provisions relating to commissions are pretty well followed in the bill, with one exception. The bill sets up in the commission two divisions—one the radio division, the other the telephone and telegraph division—and attempts to prescribe the jurisdiction of these divisions, and provides that the action of a division shall be the action of the commission; each division to have two members, with the chairman acting as the chairman of each division when it is necessary for him to serve in that capacity.

That is a variation from the method that has been previously used, and I desire to say frankly that some members of the committee were doubtful about the wisdom of the provision; but it was kept in the bill, I think, because of this fact: When the commission is created, if the action of a division is allowed to be appealed to the full commission, as is the case in the Interstate Commerce Act, so many applications for changes of power and frequency and allotments of time by radio stations are likely to come to the commission, and whatever may be the decision of a division those decisions will be appealed to the full commission, that the danger is that the full commission will become a body giving all its time or the major part of its time to radio only, and that the regulation, study, and investigation of telephones and telegraphs will not receive the full time and attention that is believed necessary if there is to be any effective regulation.

It may be that the jurisdictional provision which attempts to say what each division shall handle will prove unworkable, or prove somewhat inflexible in operation; but, if that be the case, the commission is specifically directed to report back to the Congress next February any recommendations it may desire to make for new legislation, and the Congress can easily remove the provision that sets up the divisions as I have stated.

I desire to say that the subcommittee and the full committee gave considerable consideration to this provision, recognizing that it is a departure from the ordinary method. It was adhered to in the report of the bill primarily in the hope that a certain number of members of the commission would give their entire time to a study of the telephone and telegraph question, which never has been studied, and because of which there never has been any effective regulation.

I call attention in that connection to the report of Dr. Splawn, who was employed by the Committee on Interstate and Foreign Commerce of the House of Representatives to study the tariff question. His report indicated that there is a tremendous amount of work to be done if the facts are to be secured that are necessary to effective telephone regulation.

Title II——

Mr. COUZENS. Mr. President, before the Senator reaches that title, I should like to ask him a question. I was not able to follow the bill all through the committee. May I ask why the committee left out all reference to civil service as it appears on page 9?

Mr. DILL. I think the bill provides for civil service with the exception of certain employees.

Mr. COUZENS. That is what I wanted to draw to the Senator's attention. There is a very long list of exceptions, much longer than usually appears where exceptions are made to civil-service regulations.

Mr. DILL. I think not, with the exception that we have provided for a director of each division, and for a clerk to each commissioner. I think one of the weaknesses of the commission system in the civil service is that a commissioner is not able to pick his own clerk; and it seemed to the committee that a commissioner ought to have the right to select one confidential clerk outside the civil service.

Mr. COUZENS. I am not out of harmony with the committee's view in that respect, but I wish to draw the Senator's attention to the particular language at the top of page 9, which says:

> Without regard to the civil-service laws or the Classification Act of 1923, as amended, (1) the commission may appoint and prescribe the duties and fix the salaries of a secretary, a chief engineer and one or more assistant chief engineers, a general counsel and one or more assistants, experts, and special counsel—

It seems to me the word "experts" includes the whole category.

Mr. DILL. No; those are the provisions, I think, that are now in the Radio Act and, I think, to a limited extent in the Interstate Commerce Act. The second provision, providing for a clerk, is new, and also the provision for a director of the division. The director of the division was provided for the reason that it was believed that a great many purely administrative acts requiring no particular discretion can be performed by a director if he is authorized by the commission to perform them, his acts, of course, always being subject to revision, modification, reversal, or appeal to the commission. That is especially true in the radio division, where there are so many thousand amateur applications presented and licenses to be issued; and I think there will be a great deal of work in the telegraph and telephone division that can be done in that way.

Title II is the common-carrier section, and provides for the regulation of telephones and telegraphs, both wire and wireless. Under this title most of the sections are taken from the Interstate Commerce Act; but section 201 is an adaptation of a provision of the Interstate Commerce Act now applying to railroads. It provides that the commission may set up through routes by physical connections if it finds it necessary to do so, just as may be done now with railroads. The committee believed that was a power the commission should have if it was to be effective in its regulation.

Section 202, paragraph (b), is new, and covers the regulation of the charges for chain broadcasting. That section was thought to be desirable because the charges for the use of wires for chain broadcasting have been without any control whatsoever.

Section 203 is a requirement for the publication and filing of schedules and is taken from the Interstate Commerce Act,

which at the present time applies only to railroads. It was the thought that that provision should be applied to telephone and telegraph schedules.

Section 204 gives power to suspend new rates, just as is done by section 15 of the Interstate Commerce Act, relating to railroads.

Section 211 expands the interstate commerce provisions so that the communications commission may require copies of all contracts by communication companies instead of only contracts with other carriers, as the law now requires. This was recommended by the Radio Commission.

Section 212 extends the prohibition against interlocking directorates to the communication companies—that is, extends it to the point that the directorates must be approved by the Commission.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. DILL. I yield to the Senator.

Mr. BLACK. The Senator has passed over section 207.

Mr. DILL. That section is copied from the Interstate Commerce Act. The sections I am not mentioning have been copied from the Interstate Commerce Act practically verbatim.

Mr. BLACK. Section 207 provides that a suit can be filed either before the commission or before any district court of the United States of competent jurisdiction. That is not intended to deprive the State court of jurisdiction?

Mr. DILL. I do not know that it deprives it of jurisdiction, but it provides specifically that the suit may be brought in that way. The section is copied from the Interstate Commerce Act now applying to telephones and telegraphs. It is the existing law.

Section 213 makes the valuation of communication company properties permissive instead of mandatory, as section 19 (a) of the Interstate Commerce Act does as to railroads.

Section 214 provides for certificates of necessity for communication companies, such as are required for railroads, although there are inserted provisions giving the commission power to be quite liberal in its interpretation of the section.

Section 215 is the investigation section; and I desire to say something about that.

When the bill was originally introduced, we provided that the commission should have control over what are known as "interservice contracts" between the parent and the subsidiary company. The language was quite broad. Mr. Gifford, of the telephone company, was insistent that it would wreck the telephone company's business and make it impossible for the company to do business, and painted a very black picture.

In light of the fact that it was an entirely new power, the committee struck out that provision and substituted, instead, a direction to the commission to make a study of these interservice contracts, and report to Congress regarding them, and to recommend to Congress whether there should be legislation controlling the contracts between the parent and its subsidiaries and affiliates.

I think it is generally well known by those who know anything about the set-up of the telephone monopoly, that under the present arrangement the parent telephone company, the American Telephone & Telegraph, not only owns the operating companies in the principal cities in the United States—I understand there are some 71 companies—but it owns the manufacturing company, the Western Electric, which supplies the operating companies with the equipment of the telephone business, and there is no competitive bidding on the part of those who would sell equipment to the operating companies.

Charges have been made—and they have been quite free and quite broad—that there is a tremendous spread of profit between the cost to the Western Electric of manufacturing the equipment and the prices paid by the operating companies which buy the equipment from Western Electric, the result being not only that there is an enormous profit on the operating equipment but the investment of the operating companies in equipment becomes part of the rate base in the various States, upon which the subscribers must pay a sufficient amount to give a return of a reasonable percentage.

How much of these charges are true I cannot say, but it seemed to the committee that it was highly desirable that the commission should investigate that whole situation and report back to Congress as to whether or not the commission should be given authority to control such contracts and to control competitive bidding.

It is a policy which has developed not only in the telephone business, but we are all familiar with the way it has worked with all corporations which own subsidiaries and affiliates. Particularly is that true in the power business, where they build bridges, dams, and plants through the means of subsidiaries, and pad the costs of the projects.

On page 32 the committee added an amendment providing that the commission should investigate the methods by which the wire-telephone companies are furnishing wire-telegraph service and wire-telephone companies are furnishing wire-telephone service. In the code hearings recently many charges have been made back and forth as to the practices of these companies. The committee, not knowing the facts, felt that this was something the commission should investigate, and that it should make a report to Congress with its recommendations.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. BLACK. Looking at section 215, which the Senator was just discussing, does the Senator construe that section as giving authority to the commission to investigate the profits, for instance, of the company which supplies the equipment?

Mr. DILL. That is the intent. It may be that it is not broad enough. If the Senator thinks the language needs broadening, I should be very glad to have him suggest an amendment. The intent is to give the commission power to find all the facts and report back to the Congress as to whether the commission should be given power to control the contracts.

Mr. BLACK. I assumed that was the intent, and I doubt whether the language is broad enough.

Mr. DILL. I shall be very glad to have the Senator offer an amendment, if he thinks it is not sufficiently broad, and I will be glad to consider it.

The sections I am not reading are sections which are copied practically verbatim from the Interstate Commerce Act, and are existing law. Section 219 provides for the reports of subsidiaries and affiliates and requires the naming of stockholders who own more than 5 percent of the stock. Whether that will be particularly effective or not is doubtful. I understand that there is nobody who owns 5 percent of the stock in the telephone business. The telephone company has put on a campaign to have its subscribers buy a share of stock, and in that way make them interested, of course, in the perpetuation of the financial system of the telephone company. But certainly it is not a burdensome requirement, to say the least. We also require reports on the salaries and bonuses of the officers and directors, and that is new as compared with the existing law, as it is provided in the Interstate Commerce Act.

Title III refers to the radio division, and is largely a rewriting of the provisions of the radio law of 1927, which are, in effect, of amendments which have been adopted, and of provisions of H.R. 9716, which passed both Houses, but was not signed by the President, and did not become a law because of the expiration of the Congress on March 4, 1933.

There are one or two new sections in that title which I desire to mention. Section 307 provides for a study of the question of the allocation of facilities for educational and religious broadcasting. I think perhaps every Senator here has had one or more telegrams or letters urging support for an amendment which is pending, offered by the Senator from West Virginia [Mr. HATFIELD] and the Senator from New York [Mr. WAGNER], seeking to allocate by statute 25 percent of the radio facilities to those engaged in broadcasting on a nonprofit basis.

I may say that the committee considered that amendment, voted on it, and rejected it, but felt that this ques-

tion was of such importance, and that there was so much public sentiment in this country for a larger use of radio facilities for educational and religious and other nonprofit purposes, for broadcasting on a nonprofit basis, that it would be well to have the commission make a study of the subject and report to Congress as to whether or not Congress should actually legislate on it, or whether the Commission should handle it, and what its plans might be. I shall not discuss that further at this time but will probably have something to say about it when the amendment is presented to the Senate.

Mr. BONE. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. BONE. I have in my hand a copy of the so-called "Wagner-Hatfield amendment", and I gather from a hasty reading of it that it provides for the allocation of a certain percentage of licenses to be issued to broadcasting stations. Is that to be confined to new stations, or is it to apply to old stations to be set over to that type of work, or is it to apply to part of the time on present stations?

Mr. DILL. The Senator will have to judge that language, and I would rather not discuss the amendment now, because it will be offered at a later time.

Mr. BONE. I have not had time to read it carefully.

Mr. DILL. We will have time to discuss it later.

I call attention also to section 310, which considerably changes the present law relating to foreign ownership of communication companies and makes these requirements apply to the holding companies.

The holding-company system has made such legislation necessary. A private corporation comes to the Radio Commission and secures a license to do business, and then we find that that private corporation is merely a subsidiary of some big company that is interested in a great many other organizations, perhaps communication companies and organizations of another nature, and is in reality the power that determines what use shall be made of those radio facilities.

The committee gave very careful consideration to this provision. It is a controversy which is not new. It has been before the committee and has been brought up on the floor of the Senate, repeatedly. No doubt Senators who have given any study to the subject are familiar with the fact that the officials of the Navy Department insist that we should have 100-percent-owned foreign communications, and that there should be 100-percent American directorates. At first thought, that appeals to many who study the question, but in practical operation, it is found that it is too rigid a requirement, and that it would not be necessary to have such a provision in order to protect our communications system in case of trouble with a foreign country. So, after much consideration and study, the committee has written into the bill a provision that none of the officers of the company shall be foreigners, that not more than one fifth of the capital stock shall be owned and voted by foreigners, and that not more than one fourth of the directors shall be foreigners, and have extended the time for these requirements to go into operation until June 1, 1935.

We did that for the reason that one of the companies thinks it is necessary to go to the legislature of the State in which it was incorporated and secure some change of law in order that it may change its charter. I personally do not think that is necessary, but not desiring to be unjust in any manner to any of these companies, we agreed to this provision.

I think we have amply safeguarded the protection of the American communications service, because, after all, if an emergency shall arise and the country shall go to war, the President will have power under the law to seize all communication companies, and have absolute control of all communication companies with facilities in the United States. So that really I think the law fully protects American rights, and, at the same time, will permit our international communication companies to compete with companies in foreign countries with whom they must compete to establish facilities in those countries.

Title IV is the procedural and administrative section. Most of this title is taken from the existing law, but I wish to speak particularly of section 402, which is the section relating to appeals.

Before I do that, however, I think I ought to say something about sections 313 and 314, which relate to the prohibition against monopoly and to conviction by courts.

We change the law slightly there, so that if the court which has the power to take away the license of a licensee because it has violated the antitrust law, finds the licensee guilty but does not take away that license, then the commission will not be compelled to revoke the license, but, of course, if the court takes away the license, the commission will be prohibited from granting another license. The change was one which was insisted upon by certain organizations, and it seemed fair to the committee to do that.

Section 402, concerning which I started to speak, is what is known as the appeals section relating to the courts. There was considerable difference of opinion in the committee, and especially in the subcommittee, regarding this appeals section. We were confronted with a difficult problem. The Interstate Commerce Act provides for appeals from its orders and appeals from its actions in what are known as the "three-judge" district courts of the country. The Radio Act provides for all appeals under that act in the courts of the District of Columbia.

If we shall have one commission handling the entire wire and wireless system, it would seem rather incongruous to have two systems of appeal. In any case it would hardly be proper that the appeals from the decisions of the commission relating to the common carriers engaged in wire communications should go to one set of courts and those relating to common carriers engaged in wireless communications should go to another set of courts. So we wrote this provision providing that certain of the decisions of the commission should be appealed in the three-judge district courts and that certain exceptions should be made relating to decisions of the commission affecting radio. It provides that the three-judge court appeal provision may apply to orders of the commission "applicable to suits to enforce, enjoin, set aside, annul, or suspend any order of the commission under this act (except any order of the commission granting or refusing an application for a construction permit for a radio station, or for a radio station license, or for renewal of an existing radio station license, or for modification of an existing radio station license."

Those exceptions are to be prosecuted in the district courts as under the existing Radio Act, and we have followed the language of the appeal section of existing radio law as to those particular appeals.

I desire to call attention to what I think is an important fact to consider in this appeal provision. Those owners of radio broadcasting stations living long distances from the District of Columbia should not be required to come to Washington to prosecute an appeal from a decision for which they were not responsible. When I say "were not responsible" I mean a decision which was granted against them or affecting them when they did not bring the case into court. A station owner who lives in the Rocky Mountain area, or who lives in the far West, and who is compelled to come to the District of Columbia to prosecute his appeal, finds himself faced with an expense of from $400 to $500 for the mere trip of coming here, an equal amount for his attorney, if he brings one, and then the attorney fees in addition. I say of personal knowledge that some of the station owners have found it almost impossible to finance appeals in that way. So we provide that where the decisions of the commission are made in cases wherein the stations took no part in beginning the suits, appeal may be taken in the three-judge district courts in the jurisdictions where the stations are located. But in the case where the applicant for the license or the permit, or whatever it may be, comes to the commission and asks for a change in his license or asks for a new license, or asks for something to be done by the commission, then if the commission makes a decision from

which he desires to appeal he must make his appeal in the courts of the District of Columbia.

In other words, if the station owner has money enough to come here in the beginning to prosecute his case before the commission, it is fair to assume that he has money enough to continue the appeal here. Not only that, but the refusal of the commission to grant an application is a decision from which no appeal can be taken in the Federal district courts. It must be taken in the courts of the District of Columbia. So we have worked out this amendment, which is not satisfactory to all members of the committee, but which I think is fair, and which I believe will be found to be practicable and to work in a satisfactory manner.

Title V is the penal section, and combines the provisions of the Interstate Commerce Act and of the Radio Act as to penalties and forfeitures, although we have reduced the amounts of the penalties and the forfeitures considerably from that they are in the Interstate Commerce Act, for the reason that we felt that not so much money being involved and not so large interest being involved it was not fair to make the penalties so severe.

In title VI will be found the miscellaneous provisions which are to provide for the transfer of employees and the records and the property of the Radio Commission, and the unexpired appropriations, and the provisions that the new commission may change, of course, the compensation and classification of the employees.

I have made this general statement. I have omitted discussing many parts of the bill for the reason that they are copied directly from existing law or acts which have been previously passed by both Houses. If any Senator desires to ask any question I shall be glad to answer them. If not I shall ask to take up the committee amendments first.

Mr. President, I ask unanimous consent that the bill may be read and that the amendments of the committee may first be considered.

The PRESIDING OFFICER (Mr. MURPHY in the chair). Is there objection? The Chair hears none, and it is so ordered.

The first amendment was, in section 3, paragraph (r), page 6, line 15, after the word "exchange", to insert a comma and the words "and which is covered by the exchange service charge", so as to make the paragraph read:

(r) "Telephone-exchange service" means service within a telephone exchange, or within a connected system of telephone exchanges within the same exchange area operated to furnish to subscribers intercommunicating service of the character ordinarily furnished by a single exchange, and which is covered by the exchange service charge.

The amendment was agreed to.

The next amendment was, in section 5, paragraph (c), on page 14, line 4, after the word "exceed", to strike out "$8,000" and to insert in lieu thereof "$7,500", so as to make the paragraph read:

(c) Each division may (1) appoint a director, without regard to the civil service laws or the Classification Act of 1923, as amended, at an annual salary which shall not exceed $7,500 per annum; and (2) hear and determine, order, certify, report, or otherwise act as to any matter under its jurisdiction, and in respect thereof the division shall have all the jurisdiction and powers conferred by law upon the commission, and be subject to the same duties and obligations. Any action so taken by a division and any order, decision, or report made or other action taken by either of said divisions in respect of any matters assigned to it shall have the same force and effect, and may be made, evidenced, and enforced in the same manner as if made or taken by the commission. The secretary and seal of the commission shall be the secretary and seal of each division thereof.

The amendment was agreed to.

The next amendment was, in section 5, paragraph (d), on page 14, line 16, after the word "prescribe", to insert a comma and—

And may be affirmed, modified, or reversed: *Provided, however,* That the authority of a director to make orders shall not extend to investigations instituted upon the commission's own motion nor, without the consent of the parties thereto, to contested proceedings involving the taking of testimony at public hearings.

So as to make the paragraph read:

(d) The director for each division shall exercise such of the functions thereof as may be vested in him by the division, but any order of the director shall be subject to review by the division under such rules and regulations as the commission shall prescribe, and may be affirmed, modified, or reversed: *Provided, however,* That the authority of a director to make orders shall not extend to investigations instituted upon the commission's own motion nor, without the consent of the parties thereto, to contested proceedings involving the taking of testimony at public hearings.

The amendment was agreed to.

The next amendment was, in section 202, paragraph (a), page 16, line 8, after the word "discriminate", to insert the word "unjustly"; and on line 10, after the word "with", to strike out the word "such" and to insert in lieu thereof the word "like", so as to make the paragraph read:

SEC. 202. (a) It shall be unlawful for any common carrier to discriminate unjustly in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service, directly or indirectly, by any means or device, or to make or give any undue or unreasonable preference or advantage to any particular person, class of persons, or locality, or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage.

Mr. COUZENS. May I ask just why the word "unjustly" is inserted? Will the Senator from Washington please interpret that?

Mr. DILL. There was some thought on the part of some members of the committee that possibly the word "unjustly" was necessary so that there could not be any doubt as to discrimination. I do not think it is particularly important. Has the Senator any objection to it?

Mr. COUZENS. It seems to me that it would put a restriction on the commission which is hardly necessary in the act.

Mr. DILL. There might be minor variations which it was felt ought to be overlooked and that it would make the provision a little stronger.

Mr. COUZENS. I have always assumed that a discrimination was unjust per se.

Mr. DILL. I presume that is true.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The next amendment was, in section 214, paragraph (a), on page 29, line 7, after the word "service", to insert "or the supplementing of existing facilities", so as to make the paragraph read:

SEC. 214. (a) No carrier shall undertake the extension of any line, or the construction of a new line, or shall acquire or operate any line, or extension thereof, or shall engage in transmission over or by means of such additional or extended line, unless and until there shall first have been obtained from the commission a certificate that the present or future public convenience and necessity require or will require the construction, or operation, or construction and operation, of such additional or extended line: *Provided,* That the authority conferred upon the commission by this section shall not extend to the construction, operation, or extension of (1) a line within a single State, unless said line constitutes part of an interstate line, or (2) local, branch, or terminal lines not exceeding 10 miles in length: *Provided further,* That the commission may, upon appropriate request being made, authorize temporary or emergency service, or the supplementing of existing facilities, without regard to the provisions of this section.

The amendment was agreed to.

The next amendment was, in section 215, on page 32, line 9, to insert a new subsection, as follows:

(b) The Commission shall investigate the methods by which and the extent to which wire telephone companies are furnishing wire telegraph service and wire telegraph companies are furnishing wire telephone service, and shall report its findings to Congress, together with its recommendations as to whether additional legislation on this subject is desirable.

The amendment was agreed to.

The next amendment was, in section 307, paragraph (b), on page 50, line 11, after the word "located", to strike out "*Provided further,* That no frequency used for broadcasting shall be reserved for the use of one station for a distance of more than 2,200 miles, airline, if any person, capable of rendering radio service in the public interest, make application to operate broadcasting apparatus on any frequency so reserved, at a point beyond the distance of 2,200 miles, airline, from the station or stations already licensed and

operating on said frequency, and all applications and licenses considered and granted under this provision shall not be counted as a part of the quota of the zone in which said additional stations are located"; on line 23, after the word "may", to strike out "without regard to quota restrictions"; and on line 25, after the word "exceeding", to strike out "250" and to insert in lieu thereof "100", so as to make the paragraph read:

(b) It is hereby declared that the people of all the zones established by this title are entitled to equality of radio broadcasting service, both of transmission and of reception, and in order to provide said equality the Commission shall as nearly as possible make and maintain an equal allocation of broadcasting licenses, of bands of frequency, of periods of time for operation, and of station power, to each of said zones when and insofar as there are applications therefor; and shall make a fair and equitable allocation of licenses, frequencies, time for operation, and station power to each of the States and the District of Columbia, within each zone, according to population. The Commission shall carry into effect the equality of broadcasting service hereinbefore directed, whenever necessary or proper, by granting or refusing licenses or renewals of licenses, by changing periods of time for operation, and by increasing or decreasing station power, when applications are made for licenses or renewals of licenses: *Provided*, That if and when there is a lack of applications from any zone for the proportionate share of licenses, frequencies, time of operation, or station power to which such zone is entitled, the Commission may issue licenses for the balance of the proportion not applied for from any zone, to applicants from other zones for a temporary period of 90 days each, and shall specifically designate that said apportionment is only for said temporary period. Allocations shall be charged to the State or District wherein the studio of the station is located and not where the transmitter is located: *Provided further*, That the Commission may also grant applications for additional licenses for stations not exceeding 100 watts of power if the Commission finds that such stations will serve the public convenience, interest, or necessity, and that their operation will not interfere with the fair and efficient radio service of stations licensed under the provisions of this section.

The amendment was agreed to.

Mr. WHITE. Mr. President, I think I appreciate the strength of the sentiment in favor of an amendment of this sort. Certainly that sentiment was indicated in the last Congress. Yet I think we are making a serious mistake when we undertake in this respect to depart from the practice which has heretofore been followed and from the spirit of the present law.

The so-called "Davis allocation amendment" provided for an equal distribution of these facilities among the zones which were set up in the 1927 act, and provided for their distribution among the States within the zones according to the population thereof. This proposal lifts out from under that equalization amendment stations of 100 watts.

I myself have felt very strongly that the wise thing for us to do was either to adhere to the Davis amendment, so-called, adopted in 1930, which provides for equality among the zones and for equality of service among the States, based on population, or that we should repeal the Davis amendment in its entirety and lodge in the licensing authority the jurisdiction and power to make allocations wherever it might seem possible to do it technically without undue interference with other services.

I simply want these views of mine to be a matter of record at this point. I think we are doing an unwise thing.

Mr. DILL. Mr. President, I want to say in justification of the amendment, especially for the benefit of some Senators who were not here at the time the Radio Act was passed, that the provision is designed to make it possible to have small stations, not exceeding a hundred watts in power, located in small communities far removed in many cases from existing stations. It is especially needed in those zones of large area, particularly in the western section of the country. We have found that a station of a hundred watts is heard only a short distance, and the Commission has established the policy of requiring most of the hundred-watt stations to be of the same frequency, because they cannot interfere with one another at very far distances.

Yet when applicants from different small communities have come to Washington and made application for a hundred-watt station to supply service to their particular communities, while the evidence might show that such a station could not possibly interfere with the service of any other station, yet because of the quota restriction, that State or that zone having exhausted its quota facilities so that a new station would exceed what is called the "quota" of the zone or State, the application must be denied.

So it seemed to the committee in the bill that was passed a year ago, and it seemed to the committee, I think, again that no serious harm could result in the equality of service by permitting the Commission, in its discretion, when it would not interfere with existing facilities, to violate that equality provision to the extent of a hundred watts, and allow many of the lonely communities of the country to have a radio station which could never have it otherwise. That is why the provision was put in the amendment.

Mr. O'MAHONEY. Mr. President, may I ask the Senator why the language in lines 23 and 24 on page 50, "without regard to quota restrictions", is stricken out?

Mr. DILL. Primarily because the law has never mentioned quotas. That is a device of the Radio Commission. The law says "equality of service and facilities", and we did not think it wise to give legal sanction to the word "quota." Many of us believe that the method of the present Radio Commission in arriving at this equality is not a sound method, and we did not want to give legal sanction to that method.

Mr. O'MAHONEY. Is not the word "quota" used to denominate the restrictions imposed by the Davis amendment?

Mr. DILL. No; it is not. It says "equality of radio service and radio facilities." The Commission invented the quota system and arbitrarily set up a certain value. I shall not go into that, for it would take too long; but it set up certain values for certain stations with certain power, and proceeded to charge, according to their own arbitrary figures, districts or zones and States and communities with what they called a "quota." We do not want by this legislation to bind the new commission to that kind of an interpretation of "equality of service and facilities" provided by law.

Mr. O'MAHONEY. Did the Senator explain why, in the judgment of the committee, it was wiser to make a limitation of a hundred watts instead of 250 watts?

Mr. DILL. I think it was because the bill that passed in 1933 had that provision, and then I think that a 250-watt station might be so large as seriously to interfere with service.

Mr. O'MAHONEY. Would we not be safe in giving the commission complete discretion?

Mr. DILL. That was what the Senator from Maine [Mr. WHITE] suggested. We debated in committee the wisdom of abolishing the Davis amendment and as to whether or not the whole matter should not be left to the commission. I think I speak for the Senator from Maine as well as for myself when I say that neither of us felt strongly enough about it to propose a change or to make much of a fight. So we just concluded that this legislation should be enacted, and then later if the new commission thinks it ought to be changed or Congress thinks it ought to be changed, we can consider that question.

Mr. O'MAHONEY. It is a fact, is it not, that under the Davis amendment there are certain Western States which are in areas not overquotaed, so to speak, and which cannot receive any new licenses although they themselves have very few licenses.

Mr. DILL. The Senator's statement is correct. I think it may be said in justification of those of us who wrote the original radio law that when we created the zones we did not create them with any thought of the division of facilities, but we created them for the purpose of representation on the then radio commission. Later we found there was such a tremendous concentration of radio stations in a few centers of population that the wisest way to meet that situation was to use the zones and provide for equality of service.

The Senator from Wyoming was not in the Senate at that time, but there was a very strong feeling about it, and the fight was rather heated. So the creation of the zones

was made not on the basis of radio facilities but on the basis of having a representation largely by the population of the country.

I think there is much to be said for the abolition of zones, and yet our experience with the concentration of great stations in a few communities was so unsatisfactory and aroused such bitter feeling that I have hesitated to move at this time to strike it out. It was my thought, and the thought of the committee, I think, that we might experiment to the extent of 100 watts and see whether or not it would cause any serious interference, and that possibly that would result in a sentiment to abolish the entire Davis provision.

Mr. O'MAHONEY. As I understand the Senator, the language which is now proposed is such that it will clothe the Commission with the power to establish new stations of 100 watts regardless of zones?

Mr. DILL. Yes; if the Commission finds that they will not interfere with other services.

Mr. NORRIS. Mr. President, I should like to ask the Senator how close in miles two stations of 100 watts may be located without interference?

Mr. DILL. I think generally they try to separate them by a hundred miles, and certainly not much more than that is required, although they might interfere with one another, but the service range of a 100-watt station is quite small; it is only a few miles.

Mr. NORRIS. How many miles?

Mr. DILL. Five, ten, or fifteen miles, at most, and it is not reliable at all beyond that distance. Probably 5 miles is all that it can actually be counted upon, although, in many cases, such a station can be heard for longer distances, and may oftentimes be heard for 15 or 20 miles.

Mr. WHITE. Mr. President, the interfering effect of these 100-watt stations, however, may be very great. It is the carrier wave which interferes and this may extend over a very appreciable distance, whereas the receptive quality of the transmission may be very much limited.

Mr. DILL. The Commission, however, tried to remedy that by placing these 100-watt stations with a view to wave lengths, letting them interfere with one another if they interfere at all.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, in section 307, paragraph (c), page 51, line 8, after the word "of", to insert the word "nonprofit"; in line 10, after the word "of", to insert "nonprofit"; and at the beginning of line 11 to insert "not later than February 1, 1935", so as to make the paragraph read:

(c) The Commission shall study the proposal that Congress by statute allocate fixed percentages of radio broadcasting facilities to particular types or kinds of nonprofit radio programs or to persons identified with particular types or kinds of nonprofit activities, and shall report to Congress, not later than February 1, 1935, its recommendations, together with the reasons for the same.

The amendment was agreed to.

The next amendment was, in section 310, page 55, line 22, after the word "foreign", to strike out "country: *Provided, however*, That nothing herein", and insert the word "country"; and at the beginning of line 24, to insert "nothing in this subsection", so as to make the section read:

LIMITATION ON HOLDING AND TRANSFER OF LICENSES

SEC. 310. (a) The station license required hereby shall not be granted to or held by—

(1) Any alien or the representative of any alien;

(2) Any foreign government or the representative thereof;

(3) Any corporation organized under the laws of any foreign government;

(4) Any corporation of which any officer or director is an alien or of which more than one fifth of the capital stock is owned of record or voted by aliens or their representatives or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country;

(5) Any corporation directly or indirectly controlled by any other corporation of which any officer or more than one fourth of the directors are aliens, or of which more than one fourth of the capital stock is owned of record or voted, after June 1, 1935, by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country.

Nothing in this subsection shall prevent the licensing of radio apparatus on board any vessel, aircraft, or other mobile station of the United States when the installation and use of such apparatus is required by act of Congress or any treaty to which the United States is a party.

(b) The station license required hereby, the frequencies authorized to be used by the licensee, and the rights therein granted shall not be transferred, assigned, or in any manner either voluntarily or involuntarily disposed of, or indirectly by transfer of control of any corporation holding such license, to any person, unless the Commission shall, after securing full information, decide that said transfer is in the public interest, and shall give its consent in writing.

The amendment was agreed to.

Mr. WAGNER. Mr. President, may I inquire whether under the procedure adopted in connection with the consideration of this bill the committee amendments are first to be disposed of, and that then we will be at liberty to offer individual amendments to the bill?

The PRESIDING OFFICER. The Senator is correct in his understanding. The clerk will state the next amendment reported by the committee.

The LEGISLATIVE CLERK. In section 311, page 56, line 15, after the word "station", it is proposed to strike out "to any person, or to any person directly or indirectly controlled by such person" and to insert "to any person (or any person directly or indirectly controlled by such person) whose license has been revoked by a court under section 313, and is hereby authorized to refuse such station license and/or permit to any other person (or to any person directly or indirectly controlled by such person)", so as to make the section read:

SEC. 311. The Commission is hereby directed to refuse a station license and/or the permit hereinafter required for the construction of a station to any person (or to any person directly or indirectly controlled by such person) whose license has been revoked by a court under section 313, and is hereby authorized to refuse such station license and/or permit to any other person (or to any person directly or indirectly controlled by such person) which has been finally adjudged guilty by a Federal court of unlawfulfully monopolizing or attempting unlawfully to monopolize, after this act takes effect, radio communication, directly or indirectly, through the control of the manufacture or sale of radio apparatus, through exclusive traffic arrangements, or by any other means, or to have been using unfair methods of competition. The granting of a license shall not estop the United States or any person aggrieved from proceeding against such person for violating the law against unfair methods of competition or for a violation of the law against unlawful restraints and monopolies and/or combinations, contracts, or agreements in restraint of trade, or from instituting proceedings for the dissolution of such corporation.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. WAGNER. Mr. President, I offer an amendment which I ask the clerk to read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 51, to strike out lines 6 to 12, inclusive; on page 51, line 13, to strike out "(d)" and insert in lieu thereof "(c)"; on page 52, line 1, to strike out "(e)" and insert in lieu thereof "(d)"; and on page 52, after line 3, to insert the following:

(e) To eliminate monopoly and to insure equality of opportunity and consideration for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations, seeking the opportunity of adding to the cultural and scientific knowledge of those who listen in on radio broadcasts, all existing radio broadcasting licenses issued by the Federal Radio Commission, and any and all rights of any nature contained therein, are declare null and void 90 days following the effective date of this act, anything contained in this act to the contrary notwithstanding.

(f) The Commission shall, prior to 90 days following the effective date of this act, reallocate all frequencies, power, and time assignments within its jurisdiction among the five zones herein referred to.

(g) The Commission shall reserve and allocate only to educational, religious, agricultural, labor, cooperative, and similar nonprofit-making associations one fourth of all the radio broadcasting facilities within its jurisdiction. The facilities reserved for, or allocated to, educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations shall be equally as desirable as those assigned to profit-making persons, firms, or

corporations. In the distribution of radio facilities to the associations referred to in this section, the Commission shall reserve for and allocate to such associations such radio broadcasting facilities as will reasonably make possible the operation of such stations on a self-sustaining basis, and to that end the licensee may sell such part of the allotted time as will make the station self-supporting.

Mr. WAGNER. Mr. President, the amendment is a very simple one. I believe that it is in accord with the sentiment of Congress and I am sure that it is in accord with the sentiment of the country. It simply provides that when the new communications commission reallocates time, power, and frequencies among the different stations 25 percent shall be allotted to cultural, educational, religious, agricultural, labor, cooperative, and similar non-profit-making organizations.

Mr. LONERGAN. Mr. President, will the Senator from New York yield to enable me to suggest the absence of a quorum?

Mr. WAGNER. I yield for that purpose.

Mr. LONERGAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Johnson	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Dickinson	King	Schall
Bachman	Dill	La Follette	Shipstead
Bailey	Duffy	Lewis	Smith
Bankhead	Erickson	Logan	Steiwer
Barkley	Fess	Lonergan	Stephens
Black	Fletcher	McCarran	Thomas, Okla.
Bone	Frazier	McGill	Thomas, Utah
Borah	George	McKellar	Thompson
Brown	Gibson	McNary	Townsend
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Clark	Hatch	O'Mahoney	Walsh
Connally	Hatfield	Overton	Wheeler
Copeland	Hayden	Patterson	White
Costigan	Hebert	Pope	

Mr. LEWIS. I beg to reannounce the absence of my colleague [Mr. DIETERICH] occasioned by a call from the State of Illinois on official business.

I also reannounce the absence of the Senator from Oklahoma [Mr. GORE] and the Senator from Louisiana [Mr. LONG] on official business.

I regretfully announce the absence of the Senator from California [Mr. MCADOO] occasioned by illness.

I also announce the necessary absence of the Senator from Arkansas [Mrs. CARAWAY], the Senator from West Virginia [Mr. NEELY], the Senator from Nevada [Mr. PITTMAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Texas [Mr. SHEPPARD], the Senator from Florida [Mr. TRAMMELL], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Massachusetts [Mr. COOLIDGE].

I ask to have these announcements stand for the day.

Mr. HEBERT. I wish to announce that the following Senators are necessarily detained from the Senate: The senior Senator from Pennsylvania [Mr. REED], the junior Senator from Pennsylvania [Mr. DAVIS], the senior Senator from New Jersey [Mr. KEAN], the junior Senator from New Jersey [Mr. BARBOUR], and the Senator from Wyoming [Mr. CAREY].

The PRESIDING OFFICER. Seventy-nine Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment of the Senator from New York [Mr. WAGNER].

Mr. WAGNER. Mr. President, as I was about to state when I yielded for a quorum call, we must consider that the privilege to use the air is allotted to radio stations without any compensation being paid the Federal Government. Commercial stations enjoying the free use of the air have captured 98 percent of the broadcasting today, while non-profit-making stations, devoted to educational, religious, cultural, agricultural, and labor purposes have secured only 2 percent.

This amendment does not in any way interfere with the larger stations. They may continue to use all their time for purely profit-making purposes. But when they have these great privileges certainly we ought to insure that a part of radio time shall be used for the public purposes I have indicated. To me the proposition that at least 25 percent should be allocated to nonprofit ventures seems so fair that I cannot understand the opposition to it. I desire to emphasize that at present they get only 2 percent of the time while 98 percent is allotted by our Government, without charge or tax or regulation, to the large stations which have secured a practical monopoly of the air.

I do not need to go into the question of the power of radio stations to disseminate information and to influence opinion, because that is something which we all understand.

Unless there are questions to be asked, that is all I have to say about the amendment.

Mr. BORAH. Mr. President——

Mr. WAGNER. I yield to the Senator from Idaho.

Mr. BORAH. I am very much in sympathy with the objective which the Senator's amendment contemplates; but the amendment provides:

All existing radio broadcasting licenses issued by the Federal Radio Commission, and any and all rights of any nature contained therein, are declared null and void 90 days following the effective date of this act, anything contained in this act to the contrary notwithstanding.

Is there nothing in these radio licenses in the way of a right that must be respected when we come to terminate them?

Mr. WAGNER. Not so far as I know, Mr. President. Let me indicate to the Senator the conditions upon which frequencies are now allotted. They are allotted for a period of 6 months, at the end of which time the Government can say to them, "Your license is at an end, and we are going to give the use of the air on this frequency to some other station."

Mr. BORAH. Yes; I understand that, and I think that is a wise thing to do; but prior to that time have the stations holding licenses no rights which the Government is bound to respect in any way when it comes to terminate them?

Mr. WAGNER. None, except that I suppose termination must be in accordance with public convenience and necessity. I know of no other rights which the stations acquire. Let me read to the Senator the condition of the application:

Applicant waives any claim to the use of any particular frequency, or of the ether, as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and requests a station license in accordance with this application.

Mr. BORAH. It is true that the stations get no vested right; but during the time the license is in existence do they not enter into obligations with people for the use of the stations?

Mr. WAGNER. Yes; but they cannot make their obligations for longer than a period of 6 months, because that is the limit of their grant from the Government.

Mr. BORAH. If this provision were to the effect that upon the termination of the several contracts, and so forth, the time should be allotted differently, it would be perfectly clear to me that it was a proper thing to do. It seems rather extraordinary that Congress shall declare null and void contracts which have been let under authority of Congress.

Mr. WAGNER. The Senator does not mean the contracts between these commercial stations and individuals whom they serve. He has in mind, rather, the length of the license granted to the stations by the Government.

Mr. BORAH. Certainly.

Mr. WAGNER. As a matter of fact, no license extends beyond a period of 6 months; so, if the time prescribed in this amendment were lengthened to 6 months, perhaps that would take care of the situation.

Mr. BORAH. I think it would.

Mr. DILL. Mr. President, will the Senator yield?

Mr. WAGNER. Yes.

Mr. DILL. There is not any doubt at all in my mind that Congress does not have the power to cut off these licenses. The decision of the Supreme Court, written by Chief Justice

Hughes last year, while it is broad and sweeping in its declarations that there were no rights beyond the date of the expiration of the license, was equally decisive, I think, that the Commission could not take away the license unless it could be shown that the station had violated the terms of the license, or had violated the law, and a hearing had been held and the license revoked. I think there is no question at all about that.

Mr. WAGNER. Does the Senator mean that the Government which gives a license to a station for a period of 6 months, cannot revoke it at the end of the 6 months?

Mr. DILL. Oh, no; but the Senator is saying "3 months."

Mr. WAGNER. Very well. I will consult the co-author of the amendment upon that proposition. If there is any fear that 90 days is too short a time, I am quite willing to make it extend to the expiration of the particular license in existence when the act takes affect. May I ask the co-author of the amendment his view in that respect?

Mr. HATFIELD. Mr. President, I think that adjustment should be made. I agree with the Senator.

Mr. WAGNER. Yes; I am quite willing to have that done, and I thank the Senator for the suggestion.

Mr. FESS. Mr. President, I do not like the kind of legislation that the amendment carries, and yet at the same time it seems to me that it is quite essential that something of this sort should be done.

Ever since the radio has been an agency of communication there has been complaint about the slight attention given to matters of an educational character, cultural, as well as religious. I very much dislike to write into the law any compulsion. It is rather antagonistic to my way of thinking of things; and yet I believe everyone must be impressed with the pollution of the air for commercial purposes until it is actually nauseating. The practice is to turn off the radio about as quickly as one gets to it, because so much of the matter broadcast is offensive. Whether or not the extent to which we are going here is justifiable is still a question in my mind.

The Senator from New York probably will recall that some time ago I offered an amendment to the Radio Act allocating not less than 15 percent of the time for educational purposes. I never could get any reaction in favor of it. As soon as it was offered, the stations began a propaganda against it; just why I do not know; and the same thing would be true here.

Whether or not this is the way to place a greater emphasis on the things that are really worth while than merely matters of trade and barter is still a matter of doubt in my mind. I like the suggestion that the Commission shall be authorized to make a study of the subject, but I rather feel inclined to vote for this amendment.

Mr. DILL and Mr. WAGNER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Ohio yield; and if so, to whom?

Mr. FESS. I yield to the chairman of the committee.

Mr. DILL. Mr. President, I call the attention of the Senator to the fact that this amendment does not propose at all what the Senator proposed in the amendment to which he refers. He proposed that the time allotted should be used by educational stations, presumably for educational purposes; but subsection (g) of this amendment provides that the so-called "religious, educational, or agricultural nonprofit stations" are to sell time in the commercial field sufficient to pay for the maintenance of the stations.

I am informed by those who ought to know about the radio business that probably two thirds of the existing radio stations are not able to do more than pay for their own maintenance now. Thus, it is proposed by this amendment to grant 25 percent of the radio facilities to those who call themselves educational, religious, nonprofit stations, but who in reality are planning to enter the commercial field and sell a tremendous amount of their time for commercial purposes. That is not what the people of this country are asking for.

Mr. FESS. That is not quite what I had in mind.

Mr. DILL. That is not what the Senator from Ohio proposed; but this amendment is in effect a proposal to transfer the control of 25 percent of the radio facilities to organizations or individuals who say that they desire to broadcast for nonprofit purposes, but who are allowed to sell time to commercial purchasers; and if time is sold to a commercial purchaser, he is going to advertise. He is not going to pay for time unless he does advertise.

In my judgment, therefore, this amendment falls of its own weight.

Mr. COUZENS and Mr. CLARK addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Ohio yield; and if so, to whom?

Mr. FESS. I yield to the Senator from Michigan.

Mr. COUZENS. Mr. President, may I point out that section (g) of this amendment does not require any one of these stations to broadcast any religious or educational programs at all. After having once gotten a license under the provisions of this amendment, the whole time allotted to the station can be used for commercial purposes. That is permissible under the provisions of the last few lines on page 2 of the amendment.

Mr. FESS. I could hardly support a proposition of that kind.

Mr. KAGNER. Mr. President, of course I deny that statement. There certainly is a difference. I think we must be candid about that—between being able to use for commercial purposes a sufficient time to have the station self-sustaining and making a profit out of it. There is a tremendous difference between the two things.

I am willing that the matter should be safeguarded in any other way, except that I think it is fair that the station should be permitted to do sufficient business to make it self-sustaining. We might put in the amendment, if desired, a stipulation that shall not include wages and salaries paid to anybody, because the people who are interested in this proposal represent the type of station which was in existence earlier in this whole adventure, people who used the air for educational and religious purposes, and who time after time since then—because I myself know something about one instance—made application to the Radio Commission for a little more time to use for such purposes. Instead of that, however, they were set aside, and the large commercial stations, as we know, practically secured a monopoly of the air, because apparently they were more persuasive than the small stations conducted by churches and religious institutions.

It is those institutions which I say we should help. If the Senator wants to safeguard the amendment in any other way, I am quite willing to accept an amendment; but I have had some experience in this matter, and I know exactly what I am talking about.

Let us not be too solicitous for the large stations, commercial stations, which, through the favor of the Government, without giving to it a dollar in return, have secured practically a monopoly of the air. This is just an entering wedge to have the Congress declare that at least part of the time shall be used for other purposes. If there is any safeguard the Senator wants to provide, I am sure that my colleague, who is offering this amendment with me, and I will be glad to accept it.

Mr. CLARK. Mr. President, will the Senator from Ohio yield?

Mr. FESS. I yield.

Mr. CLARK. I am familiar with the instance to which the Senator from New York has referred, and in which I think an injustice was done by the Federal Radio Commission to a very worthy radio station operated by a religious order. But the Senator from New York has drawn an amendment, having in mind that one particular case, which would open the door and allow many stations, under the guise of religious and educational enterprises, to come in to compete with commercial companies. I happen to know something about that matter myself, as the Senator from New York says he knows about the case of the Paulist Fathers.

In Missouri there were several stations ostensibly organized for religious purposes or for educational purposes, but

which, as a matter of fact, were profit-making institutions. As the Senator from Washington said a moment ago, they were simply organized under the guise of religious or educational institutions for the purpose of competing with ordinary radio stations.

Mr. WAGNER. Mr. President, will the Senator from Ohio yield to me?

Mr. FESS. I yield.

Mr. WAGNER. The Radio Commission would have power to inquire whether a station represented a profit-making or a non-profit-making institution, and the former would be denied the privileges granted by the amendment. I am quite willing to accept any language which any Senator might offer to insure that only non-profit-making organizations would be encompassed. I hold no brief against the commercial stations, but I do not believe they are entitled to 98 percent of the time. Under the amendment, they will still have 75 percent of it.

Mr. COPELAND. Mr. President, will the Senator from Ohio yield?

Mr. FESS. I yield.

Mr. COPELAND. I take it that this matter never would have reached the floor of the Senate if there had been some elasticity and yielding on the part of the Radio Commission. I tried, and I have no doubt my colleague has tried, from what he said here today, to get the Commission to make certain concessions which, it seems to me, might have been done; but those concessions were not made. So this particular station has no other means of relief except to come here.

Mr. WAGNER. Mr. President, will my colleague permit me to say a word?

Mr. COPELAND. I yield.

Mr. WAGNER. I hope my colleague will not create the impression that this amendment is offered to help one particular station. I believe thoroughly in the principle underlying the amendment. I am one of those public officials who is tired of a few radio stations having a complete monopoly of the air, and using it purely for commercial purposes.

Mr. DILL. Mr. President——

Mr. FESS. I have yielded to the senior Senator from New York.

Mr. COPELAND. Mr. President, I venture to say that this matter would not have reached the floor of the Senate except for the need of the particular station at the moment, but, nevertheless, the need of that station has emphasized the need of other stations.

I can see no reason why we should not pass a general law which would make it possible for these educational and religious radio stations to broadcast the material they have to broadcast. Why should they not be given the opportunity to sell a part of their time in order to pay the costs of the station? Of course, the commercial stations are making tremendous sums out of the sale of radio time, and, personally, I am glad of that; nevertheless, there is no reason why church bodies and educational institutions should not have the opportunity of taking some of the channels and making use of them for educational and religious purposes primarily, and, incidentally, selling some of the time in order that they may recoup the great expenses involved, because the cost of radio broadcasting is very high. Certainly, as I view it, the amendment offered by my colleague is a perfectly proper one, and should be adopted.

Mr. HATFIELD. Mr. President, will the Senator from Ohio yield?

Mr. FESS. I yield.

Mr. HATFIELD. I may say to the Senator from New York that the amendment is here, in my judgment, because of the support given it by the National Education Association of America.

Mr. FESS. Mr. President, I must confess that no particular institution, outside of the educational movement, actuated me in introducing the amendment 4 years ago, and in pressing it, though not unduly, because I had the hope that the reform would ultimately be made without any legislation. Nothing that has been said in reference to any particular interest has had any effect upon my mind. My only concern is that the air should not be polluted, as is permitted to be done, and when we know that it is the profit element that is back of that pollution and makes it possible, it occurs to me that we ought to correct the situation, if that is injurious to the public thinking of the country.

I should hesitate to have Congress do anything that would lead to prescribing what could go over the radio and what could not go over the radio. I would not vote for anything of that sort; I would not want to censor the air; but I do think that there ought to be some assurance that there should be some reform of the present situation, with which everybody is now acquainted. For that reason I have been more or less inclined to vote for some measure that will insure to the country some relief along the line that has been urged so long by the National Education Association. The amendment which I offered was to carry out the wishes of a great body of our people. As I said, I have not pressed it, because I had hoped that under pressure of public opinion the correction would be made without any legislation.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Washington?

Mr. FESS. I yield to the chairman of the committee.

Mr. DILL. I wish to call the attention of the Senator in that connection to a resolution adopted by the Committee on the Use of Radio as a Cultural Agency in a Democracy, which met here in Washington on May 7 and 8 under the auspices of the National Committee on Education by Radio at the Interior Building. Among the various paragraphs they adopted in their resolution I call attention to one. I may say that this amendment was called to the attention of that body. I read:

IMPARTIAL STUDIES

Thorough, adequate, and impartial studies should be made of the cultural implications of the broadcasting structure to the end that specific recommendations can be made for the control of that medium to conserve the greatest social-welfare values. These studies should also include an appraisal of the actual and potential cultural values of broadcasting; the effective means for the protection of the rights of children, of minority groups, of amateur radio activities, and of the sovereignty of individual States; the public services rendered by broadcasting systems of other nations; international relationships in broadcasting.

In other words, they do not recommend the adoption of this amendment. They recommend, rather, a study. While they set out some things which are not in the provision of the bill as to studies, it is clear that they are not ready to recommend that 25 percent of the facilities be set aside for educational and religious institutions.

Let me call to the attention of the Senator why what they say is so. It costs a tremendous amount of money to build large radio stations. The religious and educational and cultural organizations do not have the money necessary, and they are trying to work out some system whereby existing stations may be used, probably in addition to the 63 stations which already are in operation, of an educational and nonprofit nature, and still not be burdened with the great expense of building stations.

Mr. WAGNER. Mr. President, will the Senator from Ohio yield to me?

Mr. FESS. For a moment.

Mr. WAGNER. May I suggest that the Radio Commission has been studying this question since its formation. And while all this study has been going on, application after application for educational purposes has been denied, while the commercial radio stations have kept growing, growing, growing, growing until they have obtained 98 percent of the total facilities. What is the good of this kind of study, and how much more of it do we need? It seems to me it is now time for a congressional declaration of policy.

Mr. FESS. Mr. President, the Senator from New York makes rather a strong statement, and it is very impressive. He states that during all the period when there was opportunity for study, we end up with a slight 2 percent of the

use of the time for culture. That is a very strong statement, and it is persuasive on the minds of us all.

Since we are creating a specific commission which has to deal with this problem, along with others, and this one, it seems to me, is commanding, I still am concerned about whether it would not be better for the Congress to definitely instruct the proposed commission to report, on this particular subject, rather than for us to write the provision into statute law at this time. In fact, Mr. President, it was my thought that in reporting the bill we ought to confine the bill to the recommendations of the President. It was thought in the committee that we would have to go further than that. My thought was that if we confined the bill to the recommendations of the President, then the commission could go into all these subjects and make their recommendations as a commission to Congress for any needed legislation, in the same way as we look to the Interstate Commerce Commission for recommendations for such amendments to the transportation act as they deem wise.

I should have much preferred to have limited the legislation in such manner. I could have voted for it with much more freedom than I will vote for this provision, because it goes considerably further than I wanted to go.

My only purpose in rising is to state that I am disgusted, as I know a great portion of our people are disgusted, with the pollution of the air for mere commercial purposes. How to correct the situation is a problem. I should prefer to leave it to the study of a select group, which ought to be able to tell us the possibilities of correcting the situation, rather than to write it into the law at the present time, and yet I have an open mind on this subject.

Mr. HATFIELD. Mr. President, as a member of the Interstate Commerce Committee, I join with Senator WAGNER in the presentation of the amendment which directs the communication commission created by this bill to allocate and assign to educational, religious, labor, farm, fraternal, cooperative, and other institutions dedicated to human welfare and higher education, 25 percent of the radio facilities under control of the Government.

Mr. President, this amendment is offered with the hope that Members of the Senate interested in retaining private initiative in business, with a greater knowledge of the past than is indicated by those in control of commercial radio stations of today, will benefit by past experiences.

Education has been carried to a greater degree in our country than any country in the world. The aim and the object of almost every family is to secure a better education for the children than the parents themselves were permitted to secure. Untold sacrifices have been made by millions of parents of our country to provide a higher education for their offspring.

My State, as many others, provides a State university, at the expense of the taxpayer, for higher education of those who will give the time to secure it.

Despite, Mr. President, the $636,000,000 which the citizens of our country give toward education privately, despite the $2,822,000,000 spent by the National, State, and other political subdivisions of government, at the expense of the taxpayer, for education, we find that radio is today so commercialized that less than 2⅓ percent of radio time is controlled by educational institutions.

The annual report of the Federal Commissioner of Education indicates that there are some 30,000,000 of our people attending day schools and colleges. These schools employ more than 1,300,000 teachers.

Yearly we spend some $3,000,000,000 on education, 88 percent of which is raised by taxation and the balance is contributed for the support of private schools and colleges in the form of tuition and donations.

Education is, or was, a State function, but is supported chiefly by local taxation. Education was a State function until our schools developed extension courses and radio became an interstate rather than a State or a local matter.

Education is defined in Webster's International Dictionary as—

> The process of developing mentally or morally; to cultivate, develop, or expand the mind; the impartation of or acquisition of knowledge, skill, or discipline of character.

The Federal Commissioner of Education states:

> Human education is a process of individual growth and development beginning with birth and ending only with death, requiring at the outset much effort on the part of others in discovering, nourishing, and directing inherent potentialities, but, at every stage, demanding increasing, self-reliance and self-control.

The interest of the American people in education may be judged from the fact that the value of public-school properties in 1920 were less than $3,000,000,000, while in 1930 our schools carried a value of more than $6,000,000,000, or an increase in 10 years of more than 100 percent. These figures do not include colleges or schools for higher education.

The question has been raised as to who is interested in promoting the adoption of the amendment offered by Senator WAGNER and myself. The answer could well be that every parent, every one of our 1,300,000 teachers, every one of the 30,000,000 attending our schools and colleges seeking an education is interested. And, we might well add, every thoughtful American who realizes that an educated people is an asset of more value than either wealth or physical power.

Indeed, Mr. President, the boys and girls of today are the greatest assets that the American people possess for America.

Naturally, were it possible for all of these many millions to make their demands heard, there would be but little, if any, hesitancy in the speedy adoption of the amendment which has been presented.

The educational, religious, labor, and other groups, however, realizing how this wonderful instrument for education—radio—has been monopolized for private profit, have organized, and they have unanimously demanded that legislation whereby the Radio Commission will be directed to assign a fair portion of the radio facilities to educational and other non-profit-making bodies be enacted by the Congress.

The National Education Association, the National Association of State Universities, the National University Extension Association, the National Association of Parents and Teachers, the National Association of Land Grant Colleges and Universities, among others, have petitioned for this legislation through which the radio can be made available for the purpose of spreading education and culture among our millions of radio listeners.

The Reverend John B. Harney, superior general of the Paulist Fathers, appeared before the Interstate Commerce Committee and made a valiant plea for radio facilities to be assigned to educational institutions and other human-welfare, non-profit-making groups.

The National Committee on Education by Radio, sets forth the following:

> That colleges and universities, with radio broadcasting stations, have in their possession one of the most powerful and effective tools for popular education which exists at the present time.
>
> That the broadcasting activities of educational institutions should be looked upon as major educational enterprises within these institutions, comparable in service and importance with other major departments.
>
> That the officers of these institutions, their boards of control, and legislative bodies to which they look for appropriations should regard their services to individual students and the general public rendered by means of radio as an important and appropriate extension and supplement to similar services rendered within the classrooms of the institution.

That such services have a valid claim to public support and justify expenditure for equipment and personnel.

That the use of radio broadcasting as a constructive educational procedure is in its infancy, and, Mr. President, education by radio will remain in its infancy unless the Congress of the United States takes a hand and apportions a part of the vast radio opportunity, supposedly controlled by the Government, which can be sent broadcast throughout the country.

> That the radio channels which are now in the possession of institutions are immensely valuable; that they should be retained and their use further developed, looking toward the growth of adult education which is now taking place throughout the country.
>
> That this development of programs of adult education by radio stations associated with educational institutions will help to offset the present tendency toward centralization and network monopoly.

The National Committee on Education by Radio looks upon the service of radio stations associated with educational institutions as a service of the whole people. Such service is one of the highest uses to which this national resource can be put. Because such service concerns the entire body of citizens, it should be given first place when the question of assigning radio channels is before legislative bodies, the Federal Radio Commission, or the courts.

I have been reading from the report on Education by Radio, volume 2, nos. 1–27, inclusive, January 7–December 8, 1932, National Committee on Education by Radio.

Mr. President, it may be contended that commercial radio stations present educational programs or offer their facilities to educational institutions and other bodies for the presentation of such programs. The graciousness of these commercial stations may well be gaged by the time allotted such organizations as the American Farm Bureau Federation, the National Grange, the 4-H Clubs, and several other farm groups who collectively receive 1 hour each Saturday noon from the National Broadcasting Co. or the American School of the Air, promoted by the Columbia Broadcasting System, on weekdays about noon. A recent survey reveals that of the time assigned by commercial stations to educational or cultural programs, 80 percent is known as "sustaining time", when these stations would be presenting some programs at their own cost because of the inability to sell this time for advertising programs. Such is the attitude of those who are in control of the radio stations of this country toward those who are interested in educational movements by use of the air.

Educational institutions possessing radio stations are assigned mainly daytime operation, when it is common knowledge that the great mass of our people listen in after 6 o'clock at night.

The United States possesses 444 radio quota units, and the Federal Radio Commission has graciously assigned 9.61 units to educational institutions, or less than 2.2 percent of the radio facilities at their disposal.

As an example of how the Federal Radio Commission has treated our educational institutions that wish to operate radio stations, I might add that one of the pioneer educational institutions found itself on a channel with 51 stations broadcasting advertising and amusements.

The Senator from Washington [Mr. DILL], one of the radio experts of the Congress, is quoted in Education by Radio, issue of February 4, 1932, on his return from Europe, in part as follows:

American radio is weakest on the educational side. Education over the radio should be free from commercial interests. It should be independent and free, just as our systems of public education are free and independent.

Mr. President, when, may I ask, are we going to have freedom for the educational institutions of America in the use of the radio, unless the Congress of the United States shall undertake at this time to direct the commission which is soon to be in control of radio to do something that will give educational opportunities to the boys and girls who are now suffering from the lack of such opportunities?

Representative E. L. Davis, at the time Chairman of the House Committee on Merchant Marine, Radio, and Fisheries, is quoted in the CONGRESSIONAL RECORD of February 10, 1932, as stating:

All the broadcasting stations in America combined only have $28,000,000 invested in their stations and all of their equipment and apparatus, whereas the great listening public of America has $100,000,000 invested in receiving sets.

That is a remarkable statement.

A national conference held May 7 and 8, 1934, on the use of radio as a cultural agency in a democracy, was called by the National Committee on Education by Radio. The conference consisted of the following members, whose names I ask to have inserted in the RECORD at this point as a part of my remarks. The members of the conference of the committee are representative men in the educational movement, and are connected with colleges, universities, and State institutions throughout the country.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The names referred to are as follows:)

MEMBERS OF THE CONFERENCE[1]

Merle J. Abbett, superintendent of schools, Fort Wayne, Ind.
Mrs. Kate Trenholm Abrams, League of Nations Association, Inc., Washington, D.C.
Rev. M. J. Ahern, S.J., Jesuit Colleges and High Schools of New England, Weston, Mass.
Albert W. Atwood, Washington, D.C.
Mrs. William T. Bannerman, National Congress of Parents and Teachers, Washington, D.C.
Dean Thomas E. Benner, College of Education, University of Illinois, Urbana, Ill.
Maurice Bisgyer, Jewish Community Center, Washington, D.C.
Mrs. Chester C. Bolton, Washington, D.C.
Dr. George F. Bowerman, librarian, Public Library, Washington, D.C.
Mrs. Hugh Bradford, president National Congress of Parents and Teachers, Sacramento, Calif.
Dean F. W. Bradley, University of South Carolina, Columbia, S.C.
Miss Heloise Brainerd, Pan American Union, Washington, D.C.
Fred. Brenckman, National Grange, Washington, D.C.
Ralph P. Bridgman, National Council of Parent Education, New York, N.Y.
Mrs. F. Donald Carpenter, Vermont Congress of Parents and Teachers, Burlington, Vt.
Dr. William G. Carr, National Education Association, Washington, D.C.
Dean W. G. Chambers, School of Education, Pennsylvania State College, State College, Pa.
Hon. Hector Charlesworth, Canadian Radio Broadcasting Commission, Ottawa, Canada.
Dr. W. W. Charters, the Ohio State University, Columbus, Ohio.
Dr. Harwood L. Childs, Princeton University, Princeton, N.J.
Rev. Russell J. Clinchy, Mount Pleasant Congregational Church, Washington, D.C.
President Eugene J. Coltrane, Brevard College, Brevard, N.C.
James F. Cooke, Presser Foundation, Philadelphia, Pa.
Dr. William John Cooper, George Washington University, Washington, D.C.
Dr. F. G. Cottrell, Washington, D.C.
Miss Ella Phillips Crandall, New York, N.Y.
President Arthur G. Crane, University of Wyoming, Laramie, Wyo.
Mrs. E. E. Danly, National Board, Young Women's Christian Association, Washington, D.C.
B. H. Darrow, State Department of Education, Columbus, Ohio.
Dr. Jerome Davis, Yale University Divinity School, New Haven, Conn.
Dr. John Dickinson, Assistant Secretary of Commerce, Washington, D.C.
Mrs. Clinton Locke Doggett, General Federation of Women's Clubs, Washington, D.C.
Dean Henry Grattan Doyle, Junior College, George Washington University, Washington, D.C.
Dr. Walter C. Eells, Stanford University, Stanford University, Calif.
S. Howard Evans, New York, N.Y.
Rt. Rev. James E. Freeman, Bishop of Washington, Washington, D.C.
John P. Frey, American Federation of Labor, Washington, D.C.
Mrs. M. E. Fulk, Ohio Radio Education Association, Columbus, Ohio.
Dr. Sidney B. Hall, superintendent of public instruction, Richmond, Va.
Miss Florence Curtis Hanson, American Federation of Teachers, Chicago, Ill.
Rev. John B. Harney, C.S.P., superior, Paulist Fathers, New York, N.Y.
Fred Hewitt, editor Machinists' Monthly Journal, Washington, D.C.
Capt. S. C. Hooper, Navy Department, Washington, D.C.
Mrs. Harriet Ahlers Houdlette, American Association of University Women, Washington, D.C.
Dean C. A. Ives, Teachers College, Louisiana State University, Baton Rouge, La.
Prof. J. Marinus Jensen, Brigham Young University, Provo, Utah.
Howard P. Jones, National Municipal League, New York, N.Y.
Wallace L. Kadderly, United States Department of Agriculture, San Francisco, Calif.
Prof. J. O. Keller, Pennsylvania State College, State College, Pa.
Dr. Fred J. Kelly, United States Office of Education, Washington, D.C.
Dr. W. M. Leiserson, Petroleum Labor Policy Board, Washington, D.C.
Charles N. Lischka, National Catholic Educational Association, Washington, D.C.
Dr. F. H. Lumley, the Ohio State University, Columbus, Ohio.
Dr. John H. MacCracken, American Council on Education, Washington, D.C.
Dr. C. R. Mann, American Council on Education, Washington, D.C.
President J. F. Marsh, Concord State Teachers' College, Athens, W.Va.

[1] The list includes only those who at the time of printing had definitely accepted the invitation to participate in the conference.

President Cloyd H. Marvin, George Washington University, Washington, D.C.
Mrs. Leslie R. Mathews, Connecticut Congress of Parents and Teachers, Bridgeport, Conn.
H. B. McCarty, Director WHA, Wisconsin State Station, Madison, Wis.
Dr. Kathryn McHale, American Association of University Women, Washington, D.C.
J. S. McMurry, Tennessee Educational Commission, Nashville, Tenn.
Mrs. William Brown Meloney, New York Herald Tribune, New York, N.Y.
R. D. Michael, Virginia Polytechnic Institute, Blacksburg, Va.
Dean Justin Miller, school of law, Duke University, Durham, N.C.
Rev. Vincent Mooney, C.S.C., director Catholic Youth Bureau, Washington, D.C.
Dr. Arthur E. Morgan, Tennessee Valley Authority, Knoxville, Tenn.
Joy Elmer Morgan, National Education Association, Washington, D.C.
Miss Sidney K. Moulsdale, University of Virginia, Charlottesville, Va.
Dr. James A. Moyer, Massachusetts State Department of Education, Boston, Mass.
Walter E. Myer, Civic Education Service, Washington, D.C.
Dr. L. J. O'Rourke, United States Civil Service Commission, Washington, D.C.
Weaver W. Pangburn, National Recreation Association, New York, N.Y.
Dean C. E. Partch, School of Education, Rutgers University, New Brunswick, N.J.
Armstrong Perry, National Committee on Education by Radio, Washington, D.C.
Herbert L. Pettey, Federal Radio Commission, Washington, D.C.
Dr. Maurice T. Price, Washington, D.C.
Harris K. Randall, Civic Broadcast Bureau, Chicago, Ill.
Rev. Charles A. Robinson, S.J., St. Louis University, St. Louis, Mo.
Elmer E. Rogers, Washington, D.C.
Dr. L. S. Rowe, Pan American Union, Washington, D.C.
Dr. James N. Rule, State superintendent of public instruction, Harrisburg, Pa.
Most Rev. James H. Ryan, Bishop of Modra, and rector, Catholic University of America, Washington, D.C.
Morse Salisbury, United States Department of Agriculture, Washington, D.C.
S. D. Shankland, department of superintendence, National Education Association, Washington, D.C.
Dean W. S. Small, College of Education, University of Maryland, College Park, Md.
Dr. Irvin Stewart, Department of State, Washington, D.C.
William T. Stone, Foreign Policy Association, Washington, D.C.
Rev. George F. Strohaver, S.J., College of Arts and Sciences, Georgetown University, Washington, D.C.
Miss Katharine Terrill, Congregational Education Society, New York, N.Y.
Rev. E. P. Tivnan, S.J., Boston College, Boston, Mass.
Dr. H. W. Tyler, American Association of University Professors, Washington, D.C.
Dr. Tracy F. Tyler, National Committee on Education by Radio, Washington, D.C.
Dr. Levering Tyson, National Advisory Council on Radio in Education, New York, N.Y.
Dean H. Umberger, Kansas State College of Agriculture and Applied Science, Manhattan, Kans.
Charles V. Vickrey, the Golden Rule Foundation, New York, N.Y.
L. W. Wallace, W. S. Lee Engineering Corporation, Washington, D.C.
Rev. Edmund A. Walsh, S.J., regent, School of Foreign Service, Georgetown University, Washington, D.C.
Dr. Henry B. Ward, American Association for the Advancement of Science, Washington, D.C.
Otis T. Wingo, Jr., National Institution of Public Affairs, Washington, D.C.
Arthur D. Wright, the John F. Slater Fund, Washington, D.C.
Jos. F. Wright, University of Illinois, Urbana, Ill.
Dr. George F. Zook, United States Commissioner of Education, Washington, D.C.

Mr. HATFIELD. Mr. President, if this amendment should be rejected, it would simply mean that the educational institutions of our country, and those who seek programs of a cultural type, will be forced to support government ownership and control of all radio facilities, which will be their only means of providing the people of this country with the type of programs which the average man or woman will welcome into his or her home.

I think, Mr. President, that those who control the radio industry, if we may call it such, are short-sighted. I think they ought to be willing to concede to the educational institutions of America an opportunity to go upon the air and at seasonable hours, which will give those who wish to listen in an opportunity to hear what some of our great educators have to say.

Mr. President, we are the only important country in the world that places control of radio facilities in the hands of those who seek private profit. Canada and England, as well as most other countries, own and control their radio facilities, and, unless this amendment, or some legislation of similar type shall soon be enacted into law, the Congress of the United States will find it essential and necessary to possess and to operate all radio facilities for the benefit of the people as a whole. The retort of those who now operate commercial radio stations to this suggestion may be that we would be placing a tremendous power politically in the administration which happens to be in power. I admit that such may be true, but I do not know of any administration which might be in power which would have a greater control over the radio facilities of this country than is possessed at the present time by an administration which is not held responsible for its own acts.

At this point, Mr. President, I ask that there be inserted as a part of my remarks an article printed in the May 13, 1934, issue of the Chicago Tribune.

RADIO CHAINS SEEK "STAND-IN" AT WHITE HOUSE—THEY FACE PERIL OF BEING CRACKED-DOWN ON

By Arthur Sears Henning

WASHINGTON, D.C., May 13 (special).—The significant and often amusing scramble of the great radio-broadcasting chains for the "inside track" at the White House and the Radio Commission prophetically illuminates the predicament in which the telegraph and telephone systems, the news agencies, and the newspapers will find themselves if Congress places them under the control of the proposed Government commission.

With the White House dictating decisions of the Radio Commission and cracking down on radio interests in disfavor, it has become a matter of vital importance for them to stand in with the powers that be.

During the Hoover administration it was the National Broadcasting Co., with 15 broadcasting stations, itself a subsidiary of the Radio Corporation of America with several thousand licenses at stake, that enjoyed preferential favor at the White House.

ENCOUNTERS ROUGH GOING

For the past year, under the Roosevelt administration, the Columbia Broadcasting System, with eight broadcasting licenses at stake, has been closer to the throne than its rival has been. Columbia has had little difficulty in getting anything it wanted from the White House and the Commission, while N.B.C. has encountered a lot of rough going.

With all communications under control of a Government commission, the wire services, the news-gathering agencies, and the newspapers undoubtedly would be scrambling in like manner for White House favor to promote their interests and avert official cracking down. The newspapers particularly would be at the mercy of the power of the White House to direct a censorship of telegraphic news dispatches.

The Columbia Broadcasting System, having been less fortunate than N.B.C. under the Hoover regime, set out to change its luck when the Roosevelt administration came into power. It placed in charge of its Washington headquarters Henry A. Bellows, vice president of the system, who previously had been in charge of the system's northwestern territory with headquarters at Minneapolis. Mr. Bellows is a Democrat, a former member of the Radio Commission, and a friend of President Roosevelt, their friendship dating from their youth at Harvard, where Mr. Roosevelt was in the class of 1904 and Mr. Bellows in the class of 1906.

NEVER GOES BEYOND SECRETARY

Mr. Bellows, who is a man of great ability and of the highest character, says he never has presumed upon the friendship to get favors from the White House. He never has gone higher than a secretary to the President to get what he wanted. As chairman of the legislative committee of the National Association of Broadcasters Mr. Bellows also comes into close contact with the legislative branch of the Government.

The Roosevelt administration was no sooner established in power than Mr. Bellows on March 18, 1933, announced:

"Assurance of full and complete cooperation has been given directly to the President, to all the members of his Cabinet, and to the leaders of the Senate and House of Representatives. Furthermore, as a matter of public policy during the present emergency, we limit broadcasts of public events and discussions of public questions by ascertaining that such programs are not contrary to the policies of the United States Government."

COLUMBIA HAS INSIDE TRACK

The word soon went forth that Columbia had the inside track at the White House and it later appeared that equally close relations had been established between the Washington staff of the broadcasting system and officers of the radio committee.

At this juncture the National Broadcasting Co. began to betray signs of anxiety. It was bruited about that N.B.C. was in disfavor because its president, Merlin Hally Aylesworth, not only was a dyed-in-the-wool Republican but had asserted during the 1932 campaign that if Roosevelt were elected he would leave the coun-

try. Of course this placed Mr. Aylesworth poles asunder from Mr. Bellows, who was an F.R.B.C. [for Roosevelt before Chicago].

The Washington representative of N.B.C. in a personal interview sought to convince the President that Mr. Aylesworth never uttered the damning statement attributed to him. Mr. Roosevelt told the emissary he was sure Mr. Aylesworth never said it, but the President gave the assurance to the accompaniment of a hilarity that did not altogether allay anxiety. Presently, however, N.B.C. made a move calculated to curry favor at the White House. It replaced its Washington news commentator, William Hard, close friend of former President Hoover, with the brother-in-law of one of the President's secretaries.

HIGH SALARY, LONG-TERM CONTRACT

Columbia has a long record of unusual favors from the Radio Commission going back several years, but becoming more pronounced since the advent of the Roosevelt administration. Another of its vice presidents is Sam Pickard, a former member of the Commission, who resigned February 1, 1929, and went directly to Columbia at a high salary on a long-term contract.

While Mr. Pickard was a member of the Commission, WKRC, a Cincinnati (Ohio) broadcasting station, was able to procure from the Commission an exceedingly favorable wave length, which was transferred from an inferior assignment. It was charged that this was done in violation of all sound engineering considerations, for it immediately caused destructive interference with other stations on the same wave length at St. Louis and Buffalo.

On June 15, 1929, the Commission, without a hearing or a notice to anyone, increased WKRC's hours of operation to unlimited time, and on December 16 increased the power of the station from 500 to 1,000 watts on an "experimental" basis. The power has never been reduced, although at a subsequent hearing interference was conclusively shown by the stations affected. Mr. Bellows says that since the installation of a directional antenna by WKRC there has been no interference and the protests have been withdrawn. This is disputed by representatives of the complaining stations.

TRANSFER OF OWNERSHIP

In the summer of 1929 there was a formal transfer of the ownership of WKRC to Mr. Pickard and J. S. Boyd, a lawyer who frequently had handled radio cases before the Radio Commission and had been in particularly close contact with Mr. Pickard while the latter was a member of the Commission. It is not known when Messrs. Pickard and Boyd purchased the station or how much they paid for it.

It is known, however, that soon after the Commission granted WKRC the 100-percent increase in power they sold the station to WKRC, Inc., which is virtually a 100-percent subsidiary of the Columbia Broadcasting System. Columbia is said to have paid approximately $300,000 for the interest in the station of Messrs. Pickard and Boyd.

What I stand for is the placing of responsibility in the administration of radio facilities and fixing that responsibility so that those who represent our educational system may know where to go in order to get what they are entitled to in the way of recognition on the air.

Mr. President, I have no criticism to make of the personnel of the Radio Commission, except that their refusal literally to carry out the law of the land warrants the Congress of the United States writing into legislation the desire of Congress that educational institutions be given a specified portion of the radio facilities of our country.

As was pointed out so ably by my colleague from New York [Mr. WAGNER], the Radio Act and the amendments thereto specifically provide that the holder of a broadcasting franchise shall obtain no property or vested right in the air. Yet the rules of the Radio Commission are such that those who possess clear-channel stations under the rules of the Radio Commission are vested with the right to prevent the Radio Commission itself from placing any other broadcasting station, no matter how many hundreds or thousands of miles apart any of these clear-channel stations may be, on the same wave length. This is a clear violation of the letter and the intent of the Radio Act and the amendments thereto.

When the radio trusts sought to deprive the Chicago Federation of Labor, which operates Station WCFL, about a year and a half ago, of the right to operate after 6 p.m. days, I had no hesitancy in introducing a bill in this body compelling the Radio Commission to respect the rights of the representatives of the American Federation of Labor and the Chicago labor organization. Before the committee was through hearing the evidence which was presented by the representatives of the American Federation of Labor and the Chicago labor organization a concession was made, and WCFL, the broadcasting station which had been erected by that organization at an expense to the labor group of some four hundred or five hundred thousand dollars, was allowed to broadcast and is now being operated and enjoyed by the American Federation of Labor and the Chicago labor movement.

This amendment, presented jointly by Senator WAGNER and myself, is not at all cumbersome, as it simply directs the new Communications Commission to allocate 25 percent of the radio facilities to stations devoted to education and human welfare. As my colleague, in offering this amendment, pointed out a while ago, if there is any thought upon the part of anyone in this body that these groups may undertake to overcommercialize their stations, we will agree to an amendment which will safeguard for all time what this amendment proposes, which is that this 25-percent allocation shall be made for the sole purpose of providing educational facilities and permitting the radio stations to be self-sustaining only.

This is not class legislation, as no one class of our people will secure any gain by this legislation. The gain will be that of all our people, as I believe all our people are interested in education and human welfare.

Mr. President, during the past 3 years education has suffered more acutely as a result of the depression than has any other department or activity of our Government. Many thousands of our schools have been closed and many hundreds of our colleges have been forced to continue on greatly curtailed appropriations. In many sections of my own State teachers went for months, almost for a period of a year, without any compensation for the services rendered by them in instructing the boys and girls of different communities.

Time after time have representatives from outstanding institutions come to Washington and insisted that those who had the authority to negotiate loans should grant them a loan, but so far as I know, up to the present time, no relief has been granted to any such institution.

Radio broadcasting reaches many millions of our people daily. The educators and others in our country who are seeking to build a higher standard for all Americans are denied opportunities which they should have. To my mind, these worthy organizations should be accorded the facility which they can so effectively use for the common good, and, I sincerely trust that the Senate will insist on the adoption of the pending amendment which is beneficial to so many and which is harmful to but few. And I might add that unless legislation of this type is soon enacted the few who might be injured by the amendment may find themselves bereft of the business they are now engaged in as the Congress will find it essential and necessary to take over all radio facilities and operate them for the common good.

Mr. President, in closing I ask to have inserted in the RECORD an article published in the Forum of February 1934 by an outstanding writer who was formerly connected with one of the great political organizations of the country and who has had personal experience in dealing with the subject of radio.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Without objection, it is so ordered.

The article is as follows:

[From the Forum, February 1934]

RADIO NEEDS A REVOLUTION

By Eddie Dowling

The state of radio today is one of legal chaos. It is a chaos that has been perpetuated indefinitely by the congressional act of 1927—an act founded on accident and ignorance and jealously guarded by the powerful monopoly that today wields an iron mace over the entire radio field.

It has never been fully realized that radio is a public utility—a public utility whose existence is not yet vital in the public welfare (though it is rapidly becoming so), but which is nevertheless capable, if properly organized and operated, of being a tremendous influence for the general good. At the same time, radio has one organic characteristic which sets it apart from the industries we ordinarily regard as public utilities and makes desirable a somewhat different organization and treatment of it; it partakes very distinctly of the nature of journalism. In view of this fact, both Government ownership and regulated monopoly lose the attractiveness they have as a plan of operation for the average public utility. Nobody wants the great newspapers of the country to be controlled by the Government, nor is their control by one great

pool of ownership and interest a happy prospect from the standpoint of vigorous, disinterested journalism. Thus it becomes evident that we must seek a solution for the problems of radio in another quarter.

II

Let us go back for a moment. It is not our purpose here to discuss how the radio business came, or rather grew, into the hands of the electrical business. Probably it was because radio developed with such stunning speed that nobody realized what it would be good for when perfected. It is our concern, however, to ask why radio broadcasting today should be in the hands of electrical combines. The invention of the linotype did not turn the policy and practice of journalism over to mechanics and machinery salesmen. Nor did the invention of talking pictures turn the film industry over to sound engineers or apparatus salesmen. And yet radio, already as great a factor in our national life as one of these and rapidly becoming a serious rival of the other, is and always has been dominated absolutely by the close-knit industries of its technical manufacturing and production branches.

If this domination had advanced the best interests or raised the standards of either public or radio, we might say that the end justified the means and allow it to continue for the sake of the results it was producing. The contrary, however, has been only too true. The public has been ignored in the frantic rush to obtain contracts from the advertisers, who are not always as closely in touch with public sentiment as they think. And what has been done with the income from the fat advertising fees? Their recipients have built up an impregnable monopoly that has crushed enterprise, originality, and profit uniformly in the small, local station. It is a talent monopoly, possible because theatrical or any other talent gravitates naturally to a few great centers; and by giving the local station as little as 20 percent of its regular card rate for a place in the network program, its holders force the independent station to string along or go out of business. Usually it has chosen the former.

The result of all this is that the two dominating factors in radio receive from advertising and from artist's bureau commissions an income of $40,000,000 a year, and at the same time it is an economic impossibility to operate profitably more than a fraction of the 600 radio stations in the country.

And what of the programs sponsored by the advertisers who are pouring this wealth into the coffers of the monopoly? Let me quote a comment by "Aircaster", well-known radio critic for the daily newspapers: "All radio programs have two points in common: one is lack of originality, the other is banality of commercial announcements."

In my opinion the unfortunate truth in this statement is the result of radio's utter neglect of both theatrical experience and editorial judgment. Absence of showmanship and lack of theater-sense are conspicuous over the air. And whereas journalism realizes that value to advertisers of commercial material cannot continue to increase if news, entertainment, or other interest value decreases, radio in its mad quest for profits has not stopped to realize anything of the sort. Hence it has never exercised normal editorial supervision of programs in the interest of listeners. It has sold its front page, sold its editorial page, sold anything and everything without reservation to keep that rich income rolling in. I will not pause to quote a certain proverb concerning a goose and an egg. I will repeat, however, one more comment by "Aircaster": "Radio advertising is at a point where it is possible to claim anything, deny everything, and prove nothing."

III

On two further points has the radio industry in its present state failed to come up to a reasonable standard. The first of these is presentation of that type of program best known as cultural or educational. Many people will insist that the inclusion of material of this type is a duty, a positive obligation of radio to the public. Now this is at best a debatable point if radio is to be operated under private ownership and on a profit basis. But no matter what one's personal conclusions on the subject, there is still good ground for argument that in neglecting nearly all but the most trivial, most banal sources of entertainment the radio and its advertisers are blind to an opportunity for capturing the valuable interest of that portion of the public which is capable of appreciating better program standards. It is a small portion, to be sure, but let it be remembered that there are newspapers which make a conscious editorial effort to maintain standards above those of the average, and that newspapers are run on advertising revenue. And why cannot the radio raise its standards? Simply because of the present network system, on which any sponsored program, because there are but a very few channels in which to put it on the air, must suit its material to the average of millions of listeners.

Judicious division of networks and more local autonomy in program selection would enable the comparatively small audience of intelligence to be reached by programs of a higher standard. No advertising sponsor is going to pay the inflated rates of large-network time when he suspects that half the audience is tuning off because the program is highbrow. And no private broadcasting company is going to substitute cultural (and unsponsored) programs for lowbrow sponsored time because somebody has told him it is his duty.

Finally we come to a consideration which to me, because of my long association with the theatrical world and those whose life work lies in it, is the strongest of all. The fact is that the present radio monopoly based on the existing grouping of talent centers is working a tremendous handicap on the actors, musicians, and vaudevillians of the country. The radio and the talking pictures have thrown into unemployment many thousands of them—thousands who have never been trained for other means of livelihood.

It is true that none can expect to escape the inevitable law of changing conditions. But this is nevertheless a serious problem, and certain management methods in radio are detrimental to talent and public alike. Not only has the closed-corporation situation been heavily responsible for producing the present disastrous unemployment, but it is also continually aggravating it. It is becoming increasingly difficult for artists without national reputations to obtain radio trials at all; virtually impossible for those not close to one of the very few centers of broadcasting. Not only that, but such artists as do obtain radio employment are completely at the mercy of the financial and other policies dictated by the advertisers and broadcasters together. Taken all in all, the sum of complaints against the present organization and operation of radio is a heavy one.

IV

Let me say now that I am emphatically opposed to the so-called "European system" of broadcasting. As I have already stated, I am convinced that radio is becoming too nearly a branch of journalism to warrant any form of Government ownership or operation. My proposal is as follows:

Five million dollars is ample revenue for a year's operation of a network of moderate size. The two dominating networks of today have an annual income of about $40,000,000. Let us have, instead of three principal networks, six or more. Each will be smaller, but these will be able to cover all or very nearly all the territory previously covered by the larger networks. This is because the present pattern of allocation has taken no competent regard of waste in wave-length privilege. Let us organize regional chains of broadcasting stations, grouping high-powered outlets and low-powered separately. For the former let us have the national coverage in the six or more chains suggested above; for the latter let us have local coverage, giving privilege to more talent and program variation of nonnational interest—variation which would nevertheless carry advertising value as long as it were kept on a local basis.

It is, I think, indisputable that more cultural and educational programs than exist at present are desirable. The problem under private ownership is how to obtain sponsorship for them, since they carry less popular entertainment value than the stuffs the average advertiser puts on the air. I have already suggested that with the creation of twice as many national networks than there are today and with the additional program autonomy available to local stations and chains, certain advertisers will find a new field of coverage concentrated in various parts of the country and eager in response to a higher standard of broadcasting. Furthermore, under such a system, the advertiser will be able to reach this group without paying the prohibitive rates of a tremendous network, much of whose coverage is wasted for this purpose anyway.

There is one more point I wish to raise in connection with cultural and educational broadcasting. This is the matter of electrical transcriptions. These the present monopoly has consistently opposed—because of unwelcome competition and for no other reason. But modern recorded programs are technically perfect, and they are economical. They should most certainly be made available in library form for the use of local stations, where they would in most cases be the ideal form for the educational type of broadcast. But first we must get rid of network monopoly.

V

Do not let it be thought that this will be an easy task. The present radio interests are quite pleasantly satisfied with the status quo and quite content with the unlimited franchise granted them by the 1927 act of Congress. Radio is credited with one of the strongest of the swarming lobbies in Washington—one with substance behind it. Members of Congress are dominated by tactics that are constantly under the direction of private interests. Official bodies respond quickly to pressure from corporate organizations as large, as widely distributed, and with so many interlocking interests as some of those maintaining lobbies in the Capital.

The radio monopoly has wide ramifications in the electric-power field—a not insignificant circumstance. The utility method of handling a political grant is based on long practice and proven experience. Small opposition is mashed with an iron fist. More formidable opposition is met with flattery, publicity, and financial and other rewards.

I speak from my own experience. During the last national political campaign I was chairman of the stage, screen, and radio division of the Democratic National Committee. At Warm Springs after the election it was said that I would be consulted in radio matters after the President took office. Another "campaign" resulted. For weeks I was the recipient of obvious attention by executives of broadcasting groups, whose motives I am sure were not based on personal admiration for me.

But I was not able to forget that those behind the scenes in radio had been distinctly unfriendly to Mr. Roosevelt throughout his campaign. Twice he was shut off the air in the midst of an address. Democratic campaign songs and the efforts of stage and screen sources on behalf of the Democratic Party were treated with marked contempt. Political commentators allied with the networks were strong in support of another candidate; peculiarly enough the radio monopoly had been erected and barricaded through three Republican administrations.

Late in the campaign, however, in fact, but a few days before election, the networks decided that the country was to have a new President. A new policy came into existence, remained after Mr. Roosevelt's election, and continued until March. The radio moguls were readjusting their political fences and digging for new foundational contacts with the incoming administration.

The dispensation of radio privilege offers many opportunities for favors. I was offered a vice presidency with a prominent radio chain. Others thought to possess political influence had tempting opportunities put in their paths. Executive positions, profitable contracts on sponsored programs, and the publicity of Nation-wide hook-ups were among these. Congressmen receive broadcasting time for Nation-wide hook-ups. All this is conclusive enough evidence that there is here a private monopoly of immense power intent on playing both ends against the middle and subject to no authority or control except a purely technical supervision of wave-length assignments.

VI

The complicated deals and all the interrelated processes by which money is extracted from the apportionment of radio "in the public interest" are beyond my understanding. Why our Government should be burdened with actual expense as a result of the supervision of this industry is more than I can comprehend. It has cost nearly a million dollars a year of the taxpayers' money to keep in operation the present system of radio control—and look at the control!

Consider, too, a phase of radio as a source of income that is little understood and seldom mentioned. The average electric receiving set consumes current which costs the owner about 75 cents a month, or $12 a year, and adds to a national total of millions of dollars of revenue annually. Where does it go? None, certainly, is credited to the costs of radio operation or development.

Rather we have a situation often duplicated in other fields and very typical of radio itself. Beyond question this electric-power income, or much of it, arrives through interlocking directorates, holding companies, and related corporations literally in the same pockets to which find their way the millions in radio-advertising revenue. And the artist's bureau commissions. And the lion's share of every commercial advertiser's budget for advertising through so-called independent stations all over the country. Indeed, a most effectively organized system!

Our Nation faces more pressing problems than the reorganization of radio, but none more in need of attention when the proper time arrives. And it is reasonably sure that the great and good man in the White House will take some constructive steps when his calendar permits. The President's attitude in the matter of public utilities is well known, and radio is a public utility, with proper emphasis on each descriptive word. It is neither right nor proper that radio should be given into the hands of electrical combines which are permitted to extract every dollar of income, every measure of opportunity, to the exclusion of groups with as much or greater right to editorial, entertaining, and cultural development in the art and industry of broadcasting.

In the meantime the public, the theater, the newspapers, and any others who may have the ill fortune to acquire an interest or a vital concern in the operation of the radio field are permitted to enjoy whatever good luck rather than good management may provide in their interest or for their cooperation. Until we have a new deal—a complete reorganization—of the radio business, this is the situation that prevails.

Mr. COPELAND. Mr. President, as the Senate well knows, for the past year I have been acting as chairman of a special committee on the investigation of crime. If one thing has been brought home to me more than any other, it is the problem of juvenile delinquency. There can be no question, I believe, that every effort in the direction of the prevention of juvenile delinquency is in the interest of good government, good citizenship, and the progress of the Nation.

I have been distressed at the failure of certain branches of the moving-picture industry, and I do not say this in general, because when we regard the moving-picture industry by and large, we must conclude, I am sure, that it has done well in its self-censorship. But in some quarters there is a lamentable failure to appreciate the high place the moving pictures might hold in American life.

So, too, I have been impressed with the importance of the various agencies like the Boy Scouts, the Girl Scouts, and other similar organizations which have to do with the improvement of the life of American youth. As I view the problem we must find ways, too, to make more effective and direct the religious training of our children. Here it is, in my opinion, that the radio can do a much larger part than it has done in the past. I would not wish to disturb the radio industry as it is now organized. But if there is such failure as has been indicated here, to make use of the educational and religious instruction which might be given through this agency, certainly it is time the Senate gave consideration to the subject.

I cannot see why the amendment offered by my colleague the junior Senator from New York [Mr. WAGNER] and the Senator from West Virgina [Mr. HATFIELD] may not be appropriate for adoption by the Senate. I think it would be wise for us to adopt it. If there had been greater readiness on the part of the Radio Commission to deal with the problem it would not have reached us.

The Radio Commission have done a fine job. They have done a splendid work. My sympathies are with them. But there are certain activities which somehow or other have not been taken care of by that body, and this is one of them. If there is no other or better way to deal with it than by the adoption of the amendment, I think the matter should be given this consideration. This appears necessary in order that there may be such use of the radio as to impress upon the American public those ideas in education and religion which are so important to the building of character and to the development of good behavior.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Washington?

Mr. COPELAND. I yield.

Mr. DILL. I wish to call the Senator's attention to the fact that from the organization of the Radio Commission down to January 1, 1932, only 81 applications were presented to the Commission for educational stations. Of this number 32 were granted in full, 27 in part, 10 were denied, and 10 dismissed at the request of the applicants. Thus there were only 71 who would have taken a license if they could have gotten it. Has the Senator stopped to consider the fact that it is financially impossible for these institutions actually to build and operate these stations without becoming commercial and advertising stations?

Mr. COPELAND. Yes; I may say I realize that to be a fact. To operate a radio station costs a lot of money. But if we find a religious or educational body willing to take the chance of disposing of certain commercial time in order that the main objective may be reached, which is the dissemination of religion or education, I think certainly we should give consideration to their willingness to do so.

Mr. DILL. Does not the Senator think a much more practical result might be obtained by working out some system of requiring stations to permit a certain part of their time to be used for these purposes and requiring that in the licenses of existing stations?

Mr. COPELAND. No; I do not think so.

Mr. DILL. That is the only way the religious and educational broadcasts can ever be gotten out to the people generally, because they are the only stations which can get those broadcasts out in that way.

Mr. COPELAND. There is no question that the existing stations have done a great work along the line suggested by the Senator from Washington. For example, in disseminating the sermons which are broadcast every Sunday, there is no doubt that very great good has been done and much happiness brought to the American people. But there are institutions which have definite programs of character building and definite programs in educational development or progress where it is not possible for the casual use of a station now and again to accomplish what the originators of the various programs have in mind. Therefore I believe that where there are educational and religious bodies willing to assume the responsibility of carrying on the work we might well give consideration to permitting them to have the radio channels in order that they may do the work in question.

THE FALSE CRY ON FOREIGN DEBTS

Mr. LEWIS. Mr. President, I rise at this moment to address myself not to the measure before the Senate but to a subject that is somewhat akin to the spirit of the discussion; I mean truthful communication. I allude to the situation of the foreign debts and the new attitude disclosed by the debtors to the United States.

I am able to inform this honorable body, patient to hear some views from me, that this morning there is in two of the debtor countries of Europe the circulated statement

that there is to come to us as the Senate a message from the President of the United States dealing with the foreign debts. It is asserted in foreign lands that in this message there will be expressions that the representatives of two of our great debtors would have us understand they have been arranged for. This is to take the form of a direction of new adjustment of the debts and a new concession of advantages to the debtors.

Mr. President, I am authorized to say, and by the record to declare, that there is no such arrangement existing between the President of the United States, or those speaking for him, and any foreign debtor, as to what may be the content of the message which will be sent to Congress or to the Senate on the subject of the debts. I am able to go further, upon my own authority, and to say that had there been an effort on the part of any debtor or its representative to dictate to the President of the United States expressions demanded to be contained in his message, such action would have been deeply resented as a violation of good manners, in statesmanship, and flouted as an assumption of insolence.

Mr. President, the public cables bring us the information that one of our great debtors, France, which had previously announced through its official spokesmen that it would pay not one cent, and would take the position of default, now appears through its statesmen to express a wish to send a delegation to the United States for further conference with the Government of our country looking to a new alignment of the obligations, either as to amount or as to the relative dates when the amounts are to be paid. This is a commendable gesture. We are also informed that on the part of one of the other debtors, England, there is a move to reverse the position it had previously announced, which was that it would pay nothing in what was called a token payment or that it would tender one sum of some nature, saying at the time of the tender that we could "take it or leave it", as it would be the only thing that would be proffered us as an acknowledgment of the obligation, or a recognition of the responsibility. This particular debtor, our eminent friend abroad, England, now announces, if we are to accept as authoritative statements from sources on which we ought to be able to rely, that it is willing to make its payment, or at least to assert that the previous declaration of intention not to make payment would not be adhered to; but a tender would be made in some form that would satisfy what is called the oppression of the circumstances.

In other words, boldly our honorable debtors, through their statesmen, assert that the President is being forced to demand recognition of the debt and its acknowledgment, or to assert the debtor to be in default—not because of the justice of the claim but, as proclaimed, because the President is alarmed at what might follow in the coming congressional elections should any attitude of his appear to be in favor of granting to the debtor concessions—and, to use the words of the statesmen of our honorable debtors, all done, when it is done, to serve the exigencies of the coming congressional elections. It is announced that the President is called on to make some show and demonstration of an intent to press the collection and to carry out the law of Congress proclaiming "default" wherever the circumstances are within the law justifying such declaration—all as politics.

Mr. President, I have been constantly attracted during these latter months by the course of our honorable friends abroad in pronouncing that they know each motive that inspires conduct on the part of this Government, and are advised of every influence which they assert impels us to action. I am moved to a spirit of amusement by the daring of the statesmen of these former honorable allies in ever conceiving and accusing that every course of our Government is moved only by what might be called "political expediency" whenever it demands its rights or presumes to demand its justice.

Mr. President, the call by our Nation for the payment of the debts is the expressed demand to have the laws of Congress executed as provided in their terms and directions. We ask that the will of the people, as expressed, be fulfilled.

We are now confronted with a statement from England, through its distinguished representatives, boldly declaring that at the time the moratorium was granted by President Hoover, and at the same time a moratorium was granted by England to Germany, there was an agreement with the then President of the United States that in return for the moratorium granted Germany the debt due to the United States was to be canceled. To use the words coming to us now from the cable, as reported from the expressions of the statesmen of England, it is asserted that in consideration of the moratorium granted no further demand was ever to be made by the United States for payment of the foreign debt by the foreign debtors.

Mr. President, I have on previous occasion stated from this floor that such rumors have been coming to us of this body for some considerable time. Eminent Senators on both sides of the Chamber have both alluded to that shadow and depreciated the sinister shade cast upon honor and fidelity to America. I cannot believe that President Hoover would have made such an agreement. I will not assume that the honorable predecessor of the present President of the United States could have so violated his obligation to his oath and to the Constitution as to have entered, upon his own will and volition, into such a contract without any information to his coadjutor, the Senate, or without consulting in any way the representatives of the American public.

But, Mr. President, it is a matter of very keen concern to us if England really believes that there was such an agreement. Then, sir, we should be put in the position of violating it by demanding payment, and violating the agreement without any knowledge on the part of the present administration or of the representatives on either side of this honorable body of what that agreement was, its terms, and its nature.

I boldly tendered here, but a short time ago, a resolution asking that we might obtain from the State Department information as to whether there is any record of such an arrangement, if such had been reduced to any note of writing. My resolution remains before the appropriate body, the Foreign Relations Committee. The committee has not had opportunity properly to consider the matter and possibly has not found it appropriate to make a report upon such resolution until the information from the State Department could reach the committee in due course and there rightfully be considered. But, Mr. President, if there is in the minds of our honorable debtors the belief that such an arrangement was made which exempted them from any further payment, either by France of her debt or by England of what is called her "token" partial payment, we now demand that these two countries shall please express, through their proper agency, exactly what they claim the agreement was which they profess to have been entered into by the President of the United States in our behalf and by their representatives who visited here in the United States in their behalf.

We ask that the details of it be made clear and, whatever they have in the way of a document that discloses such, that the content be exposed; and we will know, in its disclosure, exactly upon what they stand. Otherwise we are being placed in the position of violating an honorable agreement which they assume was made with the President of the United States in the discharge of his privilege of being something of the voice of our country in international matters; and this in consideration, as is intimated, that if they gave, to wit, England relief and moratorium to Germany, our President would trade them exemption from their obligation owed the United States.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Does the Senator from Illinois yield to the Senator from Missouri?

Mr. LEWIS. I yield gladly.

Mr. CLARK. I know that when my distinguished colleague says that we would be put in the position of having violated an honorable agreement, he does not mean to convey the impression that the President of the United States has any right to make an agreement reducing the foreign debts due the United States, or that the responsible ministers of foreign countries are not chargeable with notice of our system of Government and do not know that the President of the United States had no right to make any such agreement—a thing which I very much doubt.

Mr. LEWIS. My able friend from Missouri correctly construes our situation. It is not that we would be put in the position as of ourselves violating an agreement, for we recognize that no such agreement could rightfully be made; but I did assert that, unhappily for us, in the countries of Europe, where the charge is being made, we are there put in the light of a country violating an honorable agreement.

I therefore ask for some evidence of the agreement. I ask the content of the paper. I ask for the repeating of the conversation or colloquy upon which those who make the intimation rest the charge.

Mr. President, I say, agreeing with the Senator from Missouri, that everyone in this body recognizes that there never was such an authority in any President; and I cannot conceive, with great respect to the honor of the distinguished predecessor of our present President, that such an agreement really was ever made. I cannot but bring myself to the conclusion that the administrations in power of certain of our honorable debtors are presenting this claimed fact to their own people as an apparent excuse for not having done that which would be called honorable in government, the discharge of the obligations, or, sir, of acknowledging the obligation, in any effort to discharge it or ameliorate it, by whatever term they could present and we could accept.

Mr. President, we are charged with seeking the collection of a debt which, it is said, is unfair for us to do. At this point I ask consideration of a bit of history now being applied to our country.

The Government of Monaco, little government as it is, but stimulated by the political agencies of France, and encouraged and endorsed by the political agency of England, is now asserting that it is bringing a suit in a court and asks the privilege of suing before that "court", as it is called, the League of Nations Court, as it now exists, by proceeding against the State of Mississippi, on the ground that the State of Mississippi of the United States is a defaulter in not paying the bonds which, it is contended, the Government of Monaco owns and which came to it by purchase from either of these other governments to which I have alluded. These bonds were issued in the era of the late Civil War between the States.

They cry out against us that we will not pay our debts for that the United States, as they have it, will not make the State of Mississippi pay its debt, unconscious of the theory of our Government, by which no such authority on the part of the Federal Government over a State is ever indulged. Nevertheless, Mr. President, at the same time, we are being held up as defaulters and unworthy of the confidence of mankind and the endorsement of the financial world upon the basis of honor. These distinguished debtors hold us up before the world as defaulters while at the same time withholding their payments of the debts due the United States. I am compelled to call attention to these records and let all nations behold the situation and judge by comparison.

Mr. President, here I now ask, Who is it that is seeking to have these debts canceled, diminished, reduced through forgetfulness, ignored by inaction, that the result may come forth a little later in the expression that the debts are an obstruction to the harmony of nations and therefore should be abolished?

Mr. President, we have certain eminent financiers in the United States who have certain claims upon either the business houses of our debtors or upon the governments as debtors. If they should succeed in having this principal debt of these war nations wiped out, promptly their debts, instead of being a second mortgage and a second area of bondholders, become, sir, the first, and promptly rise in value, and, in the rising of value, could be floated in the lands of the world, particularly in the form of bonds or certificates of indebtedness here in the United States. Then, in addition to such, a new area of bonds could be issued upon these countries and upon their business houses upon the theory that, the old debt being wiped out, there is room and opportunity for a new debt to be incurred.

Here, Mr. President, I would invite the thought of the Senate to this peculiar situation which, before a court or a jury, would be presented as the evidence of the inconsistency of conduct carrying with it great hypocrisy joined with the trick of dishonor. These eminent financiers, and those who are supporting them in the effort to wipe out this debt and leave us with nothing of stable measure that either recognized the debt or from which we could draw a revenue, are busy crying out to the soldiers of the United States how badly they have been treated. These financiers are having their emissaries go through the land telling every post of soldiers of the Legion and of the Spanish-American War how this administration, under the name of economy, has wrenched from them their rights, and that we should be punished by these eminent officers here and there of the different posts and commanders by bringing their men into organization against their own Commander in Chief, dishonoring him before the world by denouncing him as dishonorable and persecuting the patriots. To this they add their effort to have the rank and file of these posts follow their vengeance as a duty and in the coming election oust from power a majority of the House, which is now the supporter of the President.

Now, at a time when they are doing this, they are likewise paying out of their pockets a financial contribution to organizations which are denouncing the soldier as a looter, denouncing his claim for relief, and holding him and his advocates up to the country as those who filch from the Treasury, and who would pillage the Government of its rights in order to accomplish for themselves the deliberate robbery of the finances of their Nation; and this these master intriguers charge at a time when, I assert, the President of the United States and the Government of the United States, both political parties and all political alliance, are desirous of paying every penny, and have the intention of paying every dollar, to every soldier, anywhere, who was a soldier of the United States, of all that which it may appear he has lost, but which in truth as a debt is merely postponed.

But how can we pay the sum due the soldier? Sirs, we must pay it out of the money we will collect of the debts that are due us. These eminent masters of finance in what might be called the "strategy of trickery", who are holding us up as only worthy of condemnation, and in no wise as deserving of any praise for anything, are crying out against us on the ground that we are soon to levy a tax upon them, and that such a tax by us is to be laid for the purpose of meeting the expenditures we have assumed in order to give the hungry bread, to give cover to the shelterless, to give employment to those who are longing for opportunity of living, to give some restoration to the miserable and oppressed, and rescue the Government from dismemberment. These Janus-faced marplots who cry out against paying any part of their millions and billions to go, sir, as a contribution to this noble cause, are willing to cheat the Nation out of the fund which, when paid in, could be applied to offset the necessity of taxes; and while it would pay the Government debt which we have been compelled to incur to give relief where it was needed, and restoration, made necessary for the preservation of the Government, these manipulators would have us shifted to a position where they could defeat the debt due us by the foreign nations.

In the meantime inciting the animosity and the enmity of the soldier, that they might use it in the election. First they could denounce the soldier in the effort to obtain what he feels is right, and in the meantime cheat us of the opportunity which could be ours to pay the burdens of taxes and

discharge every obligation to the soldier. These eminent masters of international jugglery have conceived the plan of whispering treachery and desertion to the soldier, and, sir, inciting by their organization the overthrow of the administration through these false purposes.

I come, in conclusion to the object for which I arose. It is, sir, that this honorable body shall express to these distinguished debtors that they must make no mistake in assuming that these moves on the part of this Government to collect the debts due are mere gestures for the purpose of politics. They must understand that we are but fulfilling the law of the land. To use the words of ex-President Coolidge, "They borrowed the money; they have enjoyed the loan; they should return it." And we wish to inform them that we propose stressing in a proper and legitimate way the collection of the debts, and the fulfillment of the contract, in order that justice may be done to our Nation, as well as honor maintained between ourselves and those with whom we have borne this kindly relation for years.

Mr. President, the President of the United States has never doubted that these nations would at a proper time do that which honor called for, and that their statesmen, whatever they assert for political purposes in their own partisan sections, as called for by any emergency or exigency in their own midst, would, at the proper time, yield to that which decency between governments of Christianity would exact and impel.

Our President hopes that such will be fulfilled. We deplore that these slanders of our purpose are being circulated abroad and reflected by the press, misled by the false propaganda.

Mr. President, gentlemen of the Senate, all may rely on the President of the United States, in peaceful, in calm, and harmonious method, to reach a conclusion between ourselves and our debtors that will not be unsatisfactory to that sense of friendship with which we are with all our debtors in fraternal accord.

I describe the attitude of our President in his graciousness of hope, in his spirit of encouragement, in his patient, persevering patriotism. I apply the picture from Browning of our President in all the vicissitudes as—

One who never turned his back, but marched breast forward,
Never doubted clouds would break,
Never dreamed, though right were worsted, wrong would triumph,
Held we fall to rise, are baffled to fight better, sleep to wake.

And in walking, walk with God in our dreams and live with our fellow mankind in trust and faith.

I thank the honorable chairman of the committee for yielding to me.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 696) to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau.

The message also announced that the House had passed the bill (S. 3364) for the relief of G. T. Fleming, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to a concurrent resolution (H.Con.Res. 32) authorizing and directing the Federal Trade Commission to investigate conditions with respect to the sale and distribution of milk and other dairy products in the United States, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 194. An act to refund to Caroline M. Eagan income tax erroneously and illegally collected;

H.R. 206. An act for the relief of Pierre E. Teets;

H.R. 1769. An act for the relief of Jeannette S. Jewell;

H.R. 2326. An act for the relief of Emma R. H. Taggart;

H.R. 3353. An act to provide a preliminary examination of Stillaguamish River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3354. An act to provide a preliminary examination of Snohomish River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3362. An act to provide a preliminary examination of the Nooksack River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3363. An act to provide a preliminary examination of Skagit River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 4272. An act for the relief of Annie Moran;

H.R. 4460. An act to provide for the payment of compensation to George E. Q. Johnson;

H.R. 4666. An act for the relief of Jerry O'Shea;

H.R. 4932. An act for the relief of Judd W. Hulbert;

H.R. 4957. An act for the relief of F. M. Peters and J. T. Akers;

H.R. 5175. An act to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods;

H.R. 5344. An act granting a franking privilege to Grace G. Coolidge;

H.R. 5357. An act for the relief of Alice M. A. Damm;

H.R. 5639. An act for the relief of Harriet V. Schindler;

H.R. 5736. An act for the relief of Shelby J. Beene, Mrs. Shelby J. Beene, Leroy T. Waller, and Mrs. Leroy T. Waller;

H.R. 6238. An act for the relief of M. R. Welty;

H.R. 6781. An act to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions;

H.R. 6847. An act providing for the acquisition of additional lands for the naval air station at Hampton Roads Naval Operating Base, Norfolk, Va.;

H.R. 7023. An act to amend section 213, United States Penal Code, as amended;

H.R. 7212. An act to remove the limitation upon the extension of star routes;

H.R. 7301. An act to authorize the Postmaster General to charge an additional fee for effecting delivery of domestic registered, insured, or collect-on-delivery mail, the delivery of which is restricted to the addressee only, or to the addressee or order;

H.R. 7317. An act to provide for the final construction, on behalf of the United States, of postal treaties or conventions to which the United States is a party;

H.R. 7343. An act to remove inequities in the law governing eligibility for promotion to the position of chief clerk in the Railway Mail Service;

H.R. 7348. An act to amend section 3937 of the Revised Statutes;

H.R. 7670. An act relating to conveyance of letters by private hands without compensation or by special messenger employed for the particular occasion only;

H.R. 7759. An act to amend the law relating to timber operations on the Menominee Indian Reservation in Wisconsin;

H.R. 7932. An act to establish a national military park at the battlefield of Monocacy, Md.;

H.R. 8234. An act to provide a preliminary examination of the Paint Rock River in Jackson County, Ala., with a view to the control of its floods;

H.R. 8541. An act to provide for the enrollment of members of the Menominee Indian Tribe of the State of Wisconsin;

H.R. 8562. An act to provide for a preliminary examination of the Connecticut River with a view to the control of its floods and prevention of erosion of its banks in the State of Massachusetts;

H.R. 8779. An act to authorize the Secretary of Agriculture to adjust claims to so-called "Olmstead lands" in the State of North Carolina;

H.R. 9002. An act to provide relief to Government contractors whose costs of performance were increased as a

result of compliance with the act approved June 16, 1933, and for other purposes;

H.R. 9046. An act to discontinue administrative furloughs in the Postal Service;

H.R. 9064. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Grand Calumet River near Clark Street, in Gary, Ind;

H.R. 9141. An act granting the consent of Congress to the State of Alabama, its agent or agencies, and to Colbert County and to Lauderdale County in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., or to any two of them, or to either of them, to construct, maintain, and operate a bridge, and approaches thereto, across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala., suitable to the interests of navigation;

H.R. 9313. An act to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.;

H.R. 9371. An act to authorize the incorporated town of Douglas City, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $40,000;

H.R. 9392. An act to reclassify terminal railway post offices;

H.R. 9394. An act to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.;

H.R. 9402. An act to authorize the incorporated town of Fairbanks, Alaska, to undertake certain municipal public works, including construction, reconstruction, and extension of sidewalks; construction, reconstruction, and extension of sewers, and construction of a combined city hall and fire-department building, and for such purposes to issue bonds in any sum not exceeding $50,000;

H.R. 9526. An act authorizing the city of Port Arthur, Tex., or any commission designated by it, and its successors and assigns, to construct, maintain, and operate a bridge over Lake Sabine at or near Port Arthur, Tex.; and

H.R. 9567. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 3235. An act to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes; and

H.J.Res. 317. Joint resolution requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette.

A CENTURY OF PROGRESS EXPOSITION AT CHICAGO, ILL.

Mr. LEWIS. Mr. President, in the message just received from the House of Representatives is a bill that relates to the matter of the exposition at Chicago. Having been signed by the Speaker of the House, it is now necessary that it shall be signed by the Vice President. I beseech you, sir, that with such convenience as will not interfere with the business before the Senate, steps be taken to have signature by the Vice President facilitated in order that the bill may be hastened to the President whose signature is required before the fair can be opened.

The PRESIDING OFFICER (Mr. MURPHY in the chair). The Chair will advise the Senator from Illinois that the bill is in the hands of the Vice President for signature.

ENROLLED BILL PRESENTED

Mr. LONERGAN, from the Committee on Enrolled Bills, reported that on today, May 15, 1934, that committee presented to the President of the United States the enrolled bill S. 3235, to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On May 11, 1934:

S. 285. An act to authorize the addition of certain lands to the Ochoco National Forest, Oreg.;

S. 1506. An act to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon; and

S. 3099. An act authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va.

On May 14, 1934:

S. 618. An act to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes";

S. 752. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards;

S. 810. An act to amend the act authorizing the issuance of the Spanish War Service Medal;

S. 2681. An act authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport;* and

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, or ordered to be placed on the calendar, as indicated below:

H.R. 194. An act to refund to Caroline M. Eagan income tax erroneously and illegally collected;

H.R. 206. An act for the relief of Pierre E. Teets;

H.R. 4272. An act for the relief of Annie Moran;

H.R. 4460. An act to provide for the payment of compensation to George E. Q. Johnson;

H.R. 4666. An act for the relief of Jerry O'Shea;

H.R. 4932. An act for the relief of Judd W. Hulbert;

H.R. 4957. An act for the relief of F. M. Peters and J. T. Akers;

H.R. 5639. An act for the relief of Harriet V. Schindler;

H.R. 5736. An act for the relief of Shelby J. Beene, Mrs. Shelby J. Beene, Leroy T. Waller, and Mrs. Leroy T. Waller; and

H.R. 6238. An act for the relief of M. R. Welty; to the Committee on Claims.

H.R. 1769. An act for the relief of Jeannette S. Jewell;

H.R. 2326. An act for the relief of Emma R. H. Taggart;

H.R. 5357. An act for the relief of Alice M. A. Damm; and

H.R. 6781. An act to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions; to the Committee on Foreign Relations.

H.R. 3353. An act to provide a preliminary examination of Stillaguamish River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3354. An act to provide a preliminary examination of Snohomish River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3362. An act to provide a preliminary examination of the Nooksack River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3363. An act to provide a preliminary examination of Skagit River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 5175. An act to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods;

H.R. 8234. An act to provide a preliminary examination of the Paint Rock River in Jackson County, Ala., with a view to the control of its floods;

H.R. 8562. An act to provide for a preliminary examination of the Connecticut River with a view to the control of its floods and prevention of erosion of its banks in the State of Massachusetts;

H.R. 9064. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Grand Calumet River near Clark Street, in Gary, Ind.;

H.R. 9141. An act granting the consent of Congress to the State of Alabama, its agent or agencies, and to Colbert County and to Lauderdale County in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., or to any two of them, or to either of them, to construct, maintain, and operate a bridge and approaches thereto across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala., suitable to the interests of navigation;

H.R. 9313. An act to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.;

H.R. 9526. An act authorizing the city of Port Arthur, Tex., or any commission designated by it, and its successors and assigns, to construct, maintain, and operate a bridge over Lake Sabine at or near Port Arthur, Tex.; and

H.R. 9567. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; to the Committee on Commerce.

H.R. 5344. An act granting a franking privilege to Grace G. Coolidge;

H.R. 7023. An act to amend section 213, United States Penal Code, as amended;

H.R. 7212. An act to remove the limitation upon the extension of star routes;

H.R. 7301. An act to authorize the Postmaster General to charge an additional fee for effecting delivery of domestic registered, insured, or collect-on-delivery mail, the delivery of which is restricted to the addressee only, or to the addressee or order;

H.R. 7317. An act to provide for the final construction on behalf of the United States, of postal treaties or conventions to which the United States is a party;

H.R. 7343. An act to remove inequities in the law governing eligibility for promotion to the position of chief clerk in the Railway Mail Service;

H.R. 7348. An act to amend section 3937 of the Revised Statutes;

H.R. 7670. An act relating to conveyance of letters by private hands without compensation, or by special messenger employed for the particular occasion only;

H.R. 9046. An act to discontinue administrative furloughs in the Postal Service; and

H.R. 9392. An act to reclassify terminal railway post offices; to the Committee on Post Offices and Post Roads.

H.R. 6847. An act providing for the acquisition of additional lands for the naval air station at Hampton Roads Naval Operating Base, Norfolk, Va.; to the Committee on Naval Affairs.

H.R. 7982. An act to establish a national military park at the Battlefield of Monocacy, Md.; to the Committee on Military Affairs.

H.R. 8779. An act to authorize the Secretary of Agriculture to adjust claims to so-called "Olmstead lands" in the State of North Carolina; to the Committee on Public Lands and Surveys.

H.R. 9002. An act to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes; to the Committee on the Judiciary.

H.R. 9394. An act to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.; to the Committee on Interstate Commerce.

H.R. 9371. An act to authorize the incorporated town of Douglas City, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $40,000; and

H.R. 9402. An act to authorize the incorporated town of Fairbanks, Alaska, to undertake certain municipal public works, including construction, reconstruction, and extension of sidewalks; construction, reconstruction, and extension of sewers, and construction of a combined city hall and fire-department building, and for such purposes to issue bonds in any sum not exceeding $50,000; to the Committee on Territories and Insular Affairs.

H.R. 7759. An act to amend the law relating to timber operations on the Menominee Indian Reservation in Wisconsin; and

H.R. 8541. An act to provide for the enrollment of members of the Menominee Indian Tribe of the State of Wisconsin; to the calendar.

SALE AND DISTRIBUTION OF MILK AND OTHER DAIRY PRODUCTS

The concurrent resolution (H.Con.Res. 32) authorizing and directing the Federal Trade Commission to investigate conditions with respect to the sale and distribution of milk and other dairy products in the United States, was referred to the Committee on Agriculture and Forestry.

REGULATION OF COMMUNICATIONS BY WIRE OR RADIO

The Senate resumed the consideration of the bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. WAGNER].

Mr. DILL obtained the floor.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. WHITE. I suggest the absence of a quorum and ask for a roll call.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Johnson	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Dickinson	King	Schall
Bachman	Dill	La Follette	Shipstead
Bailey	Duffy	Lewis	Smith
Bankhead	Erickson	Logan	Steiwer
Barkley	Fess	Lonergan	Stephens
Black	Fletcher	McCarran	Thomas, Okla.
Bone	Frazier	McGill	Thomas, Utah
Borah	George	McKellar	Thompson
Brown	Gibson	McNary	Townsend
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Clark	Hatch	O'Mahoney	Walsh
Connally	Hatfield	Overton	Wheeler
Copeland	Hayden	Patterson	White
Costigan	Hebert	Pope	

Mr. HEBERT. I wish to announce that the Senator from Pennsylvania [Mr. REED], the Senators from New Jersey [Mr. KEAN and Mr. BARBOUR], the Senator from Pennsylvania [Mr. DAVIS], and the Senator from Wyoming [Mr. CAREY] are necessarily detained from the Senate.

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

Mr. DILL. Mr. President, I shall not detain the Senate at any great length, but in light of the statements which have been made by the proponents of the amendment I feel that I should make some explanation of the reason why this amendment was rejected.

The amendment was presented by Father Harney, of the Paulist Fathers, representing station WLWL in New York. Full hearings were had, and the committee considered it carefully and rejected the amendment by an overwhelming vote, but adopted instead a provision in the bill requiring the Commission to make a study of the question of educational broadcasting, and to submit recommendations to Congress.

It might be concluded from the arguments made here by those who propose this amendment that the committee and I are not anxious for educational and religious broadcasts. I think the record of my activities in radio will show that I have always been one of the most insistent among those who wanted to see a larger use of radio for educational, religious, and fraternal purposes and for nonprofit purposes generally. I am extremely anxious now that some plan may be worked out for a larger use of radio for educational and religious purposes; but the amendment presented by the Senators from New York and West Virginia does not suggest the proper method, in my judgment, to bring about such a result.

In the first place, the amendment proposes to wipe out all existing allocations. It did propose to allow 3 months, which now has been changed, I understand, to 6 months, because it would be impossible under the law to wipe out the licenses before they had expired except for violation of the law.

In the second place, it compels a reallocation by the new commission of all the stations in the United States within a period, as the amendment has been changed, of 6 months. I think that is impracticable. I do not believe the new commission will be able to reallocate all the stations in that short period of time.

The third and strongest objection which I have is that these stations are not to be what we understand as educational and religious stations merely, but they are to be stations that are to sell time on the air to advertisers who will make use of the stations for advertising purposes. Thus we are simply changing the ownership of these stations from the present commercial owners to owners who call themselves nonprofit organizations.

The records show that a large percentage of stations are not making any money as it is. It is safe to say that even if these nonprofit organizations could borrow money—and I do not know where they could borrow it, but if they could borrow money with which to build these stations and maintain them, it would require the sale of between 60 and 75 percent of their valuable time to maintain the stations and pay back the money which it would cost to build the new stations.

I remind the Senate that it costs a large sum of money to build a high-power radio station and to employ the engineers that may be necessary, and so to handle the station that its broadcasts may be heard throughout the country.

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Washington yield to the Senator from Kentucky?

Mr. DILL. I yield.

Mr. LOGAN. The Senator says it requires a large sum of money to build and operate a radio station. For my own satisfaction, I should like to know approximately what one of these large radio stations costs?

Mr. DILL. Anywhere from one hundred to two hundred thousand dollars.

Mr. LOGAN. So an educational or religious or nonprofit association would have to provide some such sum as that in order to establish a station?

Mr. DILL. They would have to, if they established a high-powered station. I am told that it costs practically as much each year to operate and maintain a station as it does to build it in the first place.

This is not a new subject. I myself, with the Senator from Michigan, in 1931, induced the Senate to pass a resolution to investigate the question, particularly of educational stations. A series of questions was propounded to the Radio Commission. I have here the answers to some of those questions, and I particularly call attention to the reply to the question—

> What applications by public educational institutions for increased power and more effective frequencies have been granted since the Commission's organization? What refused?
>
> Answer. In the period—
>
> Since the organization of the Commission—
>
> from February 23, 1927, to January 1, 1932, the Commission considered 81 applications from educational institutions for additional and more effective radio facilities, 52 of which were from public educational institutions and 29 from private educational institutions.
>
> * * * Thirty-two of these applications were granted in full; 27 were granted in part; 10 were denied; * * * 10 were dismissed at the request of the applicant.

So, out of 71, all but 10 were granted either in full or in part.

There are today some 63 stations operated in the United States by educational, agricultural, religious, or nonprofit organizations, but none of them exceeds 5,000 watts. There is one 5,000-watt station, and I think there are one or two 1,500-watt stations and one or two 1,000-watt stations, but the large percentage of them are small stations. They are used only for a few hours a day and some of them for only a few hours a week.

It is the conviction on the part of those who have made a study of this subject that this question must be solved in some other way. I am not prepared to say what is the best method. I may say, however, that the owners of large radio stations now operating have suggested to me that it might be well to provide in the license grant that a certain percentage of the time of a radio station shall be allotted to religious, educational, or nonprofit users by their paying the actual cost of operation for the hours which they actually use such station.

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Washington yield further to the Senator from Kentucky?

Mr. DILL. I yield.

Mr. LOGAN. I should like to ask the Senator who is going to determine how much of the total time allotted shall be allocated to labor, how much to education, and how much to religion?

Mr. DILL. I was coming to that very point in just a moment and I will answer it now. If we should provide that 25 percent of time shall be allocated to nonprofit organizations, someone would have to determine—Congress or somebody else—how much of the 25 percent should go to education, how much of it to religion, and how much of it to agriculture, how much of it to labor, how much of it to fraternal organizations, and so forth. When we enter this field we must determine how much to give to the Catholics probably and how much to the Protestants and how much to the Jews.

Mr. LOGAN. And to the Hindus.

Mr. DILL. Yes; and probably the infidels would want some time.

Mr. LOGAN. Yes; there is a national association of atheists. They perhaps would want their part of the time.

Mr. DILL. Yes; and when we go into the field of the educational institutions, it must be determined how much time shall be given to State institutions, how much to private institutions, how much to land-grant colleges, and so forth. So we find ourselves right back in the same maze of difficulties in which we now are. We must go to the Commission to subdivide the time; so that the difficulty today is not in the law; the difficulty probably is in the failure of the present Commission to take steps that it ought to take to see to it that a larger use is made of radio facilities for

education and religious purposes. However, it should be said in defense of the Commission that religious and educational institutions do not have the money with which to build and maintain radio stations. The Senator from North Dakota [Mr. FRAZIER] said to me a few moments ago that the educational radio station in his State has been compelled to close, not because the commission took away its time or restricted it, but because it did not have the money with which to operate. I myself have long believed that we ought to charge fees from commercial stations for the use of these frequencies and that such fees might well be put into a fund and used to establish a Government educational station. I hope something of that kind may be done, but just in what direction we should go, or how we should solve the problem, I am unable to say. I feel certain, however, that it would be a mistake for Congress by statute to fix absolutely 25 percent, 20 percent, 15 percent, 10 percent, or any other fixed percentage; but rather this discussion and this provision should cause the new commission to realize the importance of some serious, careful study of this question with a view to submitting recommendations to the Congress as to what, if anything, should be done by Congress.

Mr. OVERTON. Mr. President——

Mr. DILL. I yield to the Senator from Louisiana.

Mr. OVERTON. What is considered to be educational? Has that term any well-defined meaning? Is music educational; is song educational; is the drama educational?

Mr. DILL. Undoubtedly there is an element of education in all of them. I want to say in that connection, in answer to the Senator from New York, who said that only 2 percent of our radio time is used for educational and religious purposes, that he was speaking of the 63 stations which I have mentioned and not of the 550 or 600 other stations that continually put on educational and religious programs. I dare say that many of the speeches of the Senator from New York, as well as those of other Senators, would be considered partly educational, at least. They are put out by the large radio chains which furnish the American people the great radio programs.

I recognize the objection on the part of educational organizations to accepting free time from a commercial station. That objection is that they feel themselves handicapped; they feel themselves limited in the freedom they would like to have to present educational subjects because they may be offensive to the station from which they receive time. I recognize that as an objection, and because of that I think some plan should be worked out which would enable them to make some payment and have the free right to the use of the air; but I cannot believe, with the present financial status of the educational and religious organizations of this country, that there is any hope of their using 25 percent of our radio facilities effectively, even if we gave them the right under this bill. They have not the money and there is nowhere they can secure money except they go into the commercial field and themselves become commercial stations.

Mr. WAGNER. Mr. President——

Mr. DILL. I yield to the Senator from New York.

Mr. WAGNER. I should like to ask the Senator whether the Commission, in granting licenses to any of the larger purely commercial stations, ever made it a condition for granting the license that any part of the time be used for religious, cultural, or educational purposes?

Mr. DILL. I think not; and I suggest that that is one of the possibilities that might be worked out.

Mr. WAGNER. They have had a long time in which to think about it.

Mr. DILL. I am not defending the Radio Commission; Heaven knows, I do not hold any brief for the present Radio Commission; I am glad it is going to be abolished and that new policies will be established by the Radio Commission.

Mr. BORAH. Mr. President——

Mr. DILL. I yield to the Senator from Idaho.

Mr. BORAH. I understood the Senator to state some time ago that his construction of this amendment was to the effect that those taking the allocation for religious, agricultural, and education and labor, and so forth, could turn the station into a commercial one.

Mr. DILL. The amendment specifically so provides, as the Senator will see if he will read subsection (g).

Mr. BORAH. I have read it.

Mr. DILL. Beginning in line 16, it reads:

> The facilities reserved for, or allocated to, educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations shall be equally as desirable as those assigned to profit-making persons, firms, or corporations. In the distribution of radio facilities to the associations referred to in this section, the Commission shall reserve for and allocate to such associations such radio broadcasting facilities as will reasonably make possible the operation of such stations on a self-sustaining basis.

The only way they could be "self-sustaining" would be by selling time; the only people to whom they could sell time would be advertisers, and the only use advertisers could make of the time would be to advertise their products on the air, just as they now do.

Mr. BORAH. The Senator then construes "self-sustaining" to mean that they must necessarily become "self-sustaining" from the commercial field?

Mr. DILL. I do not see any other method. Why would they sell time if they were self-sustaining?

Mr. BORAH. There would not be a sufficient demand from the religious, educational, and other uses to utilize all the time.

Mr. DILL. I will read the remainder of the subsection (g)—

> And to that end the licensee may sell such part of the allotted time as will make the station self-supporting.

Mr. BORAH. Is that the construction of the Senator from New York?

Mr. WAGNER. I do say that organizations which exist for the purpose of making a profit are distinctly excluded from the use of this time.

Mr. DILL. But they do not make a profit until they make enough to more than pay for the cost of the station and the maintenance of the station. There would be no profit until they have paid those expenses.

Mr. HATFIELD. The Senator is now proposing an amendment, is he not?

Mr. WAGNER. I am quite willing to add, so there may be no question about it, "educational, religious, agricultural, labor, and cooperative associations which are not organized for profit and which do not directly or indirectly provide a source of profit for their members or employees or anyone else." That is as all-embracing as I can make it.

Mr. DILL. But the Senator proposes to leave the right to sell time and make the station self-supporting.

Mr. WAGNER. That is quite a different thing from profit. Such patronage may come, and undoubtedly will come, from the very educational institutions which will ask for time on these stations.

Mr. DILL. If the Senator is going to limit it to selling time to educational and religious organizations who will buy it, that is a different proposition. I do not know of more than one or two religious organizations which buy time. They are all given the time free.

Mr. WAGNER. They have their own stations.

Mr. DILL. A few of them have, but they have not the money with which to buy time. I feel that it would be absolutely impracticable, if we do not allot the time to commercial stations, to hope for them to raise any money.

Mr. BONE. Mr. President, will my colleague yield?

The PRESIDING OFFICER. Does the Senator from Washington yield to his colleague?

Mr. DILL. I yield.

Mr. BONE. As I read the proposed amendment, it would require the Radio Commission arbitrarily to destroy, or what would amount to destroying, 25 percent of the radio facilities now existing in any community where anyone else sought to take advantage of the facilities. They simply would be permitted to use the wave length or the power in watts of existing stations. Is that correct?

Mr. DILL. At the end of the license period they would have a right to allocate to new stations, but they have that right under existing law.

Mr. BONE. I understand; but it is a right which, I assume, has not been exercised.

Mr. DILL. Yes; it has been exercised.

Mr. BONE. I am trying to get some light on the matter. Suppose in the State of Washington the Radio Commission should decree that out of 100,000 watts of power now employed by radio stations there should be a reduction to 75,000 watts. That would mean, if I understand the amendment aright, that stations now operating with 25,000 watts of power would be summarily cut off and, of course, that value would be destroyed.

Mr. DILL. The commission would decide whether it would reduce all stations or certain stations, or would delete and take out of operation certain stations. There is no limit as to the method. Under the law, of course, the public interests would have to be considered in that connection.

Mr. President, I do not want to take the time of the Senate any further. I hope the amendment will be defeated. I believe it would be an extremely bad policy for Congress to begin the allocation of wave lengths. I believe we will do more for educational and religious progress by having the new commission study the matter and let it come back to Congress with some practical plan that will make use of existing facilities, rather than attempt to grant an arbitrary 25 percent and then allow those stations to be turned into commercial stations.

Mr. WAGNER. Mr. President, I should like to perfect my amendment in this manner: On page 2, line 5, strike out the words "90 days" and substitute therefor "6 months", and in line 6, strike out "90 days" and insert in lieu thereof "6 months."

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

Mr. WHITE. Mr. President, the pendency of the amendment and the discussion to which we have listened confirm me in the view I have always had as to the unwisdom of offering this legislation in its entirety at this time. I have felt strongly that the wise thing for us to have done would have been to follow the recommendation of the President, as I understood it to be, to enact legislation creating a new commission, to transfer to that commission the present authorities of law, and to enjoin upon the commission the obligation to study the problem of communications during the summer and fall, and to report to the Congress of the United States, when we convene in January next, its recommendations as to comprehensive communications legislation.

I believed when the legislation was first suggested, and I believe now that that is the sound course for Congress to pursue. A majority of the committee were decidedly of the contrary opinion, and I bowed to the judgment of the majority.

One of the particular things to which it seems to me the commission might have given its attention during the summer is the study of the precise problem presented by the pending amendment. The amendment in its substance basically is not new, for even back in 1927, when the present radio law was written, there was pending before the committees of Congress and before the Congress itself and before the conferees the question of giving legislative preference or legislative priority to some particular user of radio communication.

I recall very well when the bill passed the Senate in 1927 there was embodied in it a provision that land-grant colleges should have a preference or priority in the use of frequencies. That provision was dropped in conference. It was dropped because depending upon that provision was a string of applications for special recognition in the law. At that time, when it was being urged that special recognition should be given to land-grant colleges, there were religious organizations or institutions asking that they be given the same legislative preference which was proposed to be given to the land-grant colleges. There were all sorts of groups and organizations throughout the United States asking that if we gave statutory preference to land-grant colleges, we should accord similar recognition to them.

At that time it was the judgment of the Congress that we had to adopt one of two courses. We either had to strike from the legislation special consideration for land-grant colleges and grant to the regulatory body full power and authority with respect to the granting of licenses, or the Congress faced the obligation of making a complete allocation to services.

I object to the pending amendment for the considerations suggested by the Senator from Washington [Mr. DILL]. I object also more strongly because it seems to me it flies in the face of a sound principle. We must, as I said, do one of two things. We must here in the Congress make a complete allocation of the radio spectrum to services, or we must leave it entirely alone. I have long been a believer, and I believe now, that commercial activities occupy too much of the time and use too many of the radio facilities of the country.

I recall very definitely I urged, in legislation which I introduced in the House a number of years ago, that we should give to the regulatory body the power, and we should lay upon them the express duty of establishing priorities in the character of service. That is precisely what the pending proposal is, but it only takes one step in that direction. It proposes that we shall take only 25 percent of the radio facilities, and that we shall give them to a somewhat indefinite group, religious, educational, non-profit-making organizations. They are indefinite almost in number. How many of them there are I do not know. As a practical result, we have all of these non-profit-making organizations contending among themselves not for a place in the entire radio spectrum but for a part of only 25 percent of the radio spectrum. If that shall be granted the controversy will be intensified, and the situation will not be cured at all.

Manifestly, we should either go ahead as a Congress and divide up the entire spectrum among persons and organizations for uses here in the United States or we should leave it alone in its entirety and place the responsibility of allocation where it already is—upon the Federal Radio Commission.

It seems to me that if this amendment should be adopted it would go through the entire radio structure of the United States like a tornado, leaving destruction and chaos in its wake.

I join with the Senator from Washington [Mr. DILL] in expressing the earnest hope that the amendment may not have the approval of this body.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York [Mr. WAGNER] and the Senator from West Virginia [Mr. HATFIELD].

Mr. WAGNER. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. WAGNER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Pope
Ashurst	Couzens	Keyes	Robinson, Ark.
Austin	Cutting	King	Schall
Bachman	Dill	La Follette	Shipstead
Bailey	Duffy	Lewis	Smith
Bankhead	Erickson	Logan	Steiwer
Barkley	Fess	Lonergan	Stephens
Black	Fletcher	McCarran	Thomas, Utah
Bone	Frazier	McGill	Thompson
Borah	George	McKellar	Townsend
Brown	Gibson	McNary	Tydings
Bulkley	Goldsborough	Metcalf	Vandenberg
Bulow	Hale	Murphy	Van Nuys
Byrd	Harrison	Norris	Wagner
Byrnes	Hastings	Nye	Walcott
Capper	Hatch	O'Mahoney	Walsh
Clark	Hatfield	Overton	Wheeler
Connally	Hebert	Patterson	White

Mr. LEWIS. I announce the absentees as announced by me upon the previous roll call.

The PRESIDING OFFICER. Seventy-two Senators have answered to their names. A quorum is present.

The question is on the amendment offered by the Senator from New York [Mr. WAGNER] and the Senator from West Virginia [Mr. HATFIELD]. On that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. CAREY], who is absent from the city on official business. He has advised me that if present he would vote as I intend to vote. Therefore I am at liberty to vote, and vote "nay."

Mr. McNARY (when his name was called). On this question I have a pair with the junior Senator from Oklahoma [Mr. GORE]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. STEPHENS (when his name was called). I have a general pair with the Senator from Indiana [Mr. ROBINSON], who is absent. I therefore withhold my vote.

Mr. VANDENBERG (when his name was called). On this question I have a pair with the senior Senator from Nevada [Mr. PITTMAN]. Not knowing how he would vote, I withhold my vote.

Mr. WALCOTT (when his name was called). I have a general pair with the Senator from California [Mr. MCADOO], who is detained from the Senate by sickness. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. BONE. I wish to announce the unavoidable absence of the Senator from West Virginia [Mr. NEELY].

The roll call was concluded.

Mr. LOGAN. I have a pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the junior Senator from North Carolina [Mr. REYNOLDS], and will vote. I vote "nay."

Mr. ROBINSON of Arkansas. I transfer my general pair with the Senator from Pennsylvania [Mr. REED] to the Senator from Illinois [Mr. DIETERICH], and will vote. I vote "nay."

Mr. FESS (after having voted in the negative). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is detained from the Senate; but I am advised that if he were present he would vote as I have already voted. Therefore I shall permit my vote to stand.

Mr. BARKLEY (after having voted in the negative). I have a general pair with the senior Senator from Iowa [Mr. DICKINSON], who is absent. I transfer that pair to the junior Senator from Georgia [Mr. RUSSELL], and will allow my vote to stand.

Mr. LEWIS. I announce the absence of my colleague [Mr. DIETERICH], and desire to state that were he present and voting he would vote "yea" on this question.

I beg to announce the absence of Senators as previously announced by me on previous roll calls.

I announce the following special pairs on this question:

The Senator from Arkansas [Mrs. CARAWAY] with the Senator from New Jersey [Mr. BARBOUR];

The Senator from Texas [Mr. SHEPPARD] with the Senator from New Jersey [Mr. KEAN]; and

The Senator from Texas [Mr. CONNALLY] with the Senator from South Dakota [Mr. NORBECK].

I am not advised how these Senators would vote if present.

I also announce a special pair on this question between the Senator from Massachusetts [Mr. COOLIDGE] and the Senator from South Carolina [Mr. BYRNES]. If present the Senator from Massachusetts would vote "yea" on this question, and the Senator from South Carolina would vote "nay."

I also announce that the Senator from South Carolina [Mr. BYRNES], the Senator from Texas [Mr. CONNALLY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Arizona [Mr. HAYDEN] are detained from the Senate on official business.

Mr. HEBERT. I wish to announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Wyoming [Mr. CAREY], the Senator from South Dakota [Mr. NORBECK], the Senator from Pennsylvania [Mr. DAVIS], the Senator from Iowa [Mr. DICKINSON], the Senator from New Jersey [Mr. KEAN], the Senator from Pennsylvania [Mr. REED], and the Senator from Indiana [Mr. ROBINSON] are necessarily detained from the Senate.

The result was announced—yeas 23, nays 42, as follows:

YEAS—23

Ashurst	Frazier	McCarran	Shipstead
Borah	Hatfield	Metcalf	Townsend
Copeland	Hebert	Norris	Wagner
Cutting	La Follette	Nye	Walsh
Duffy	Lewis	Patterson	Wheeler
Erickson	Lonergan	Schall	

NAYS—42

Adams	Byrd	Hastings	Pope
Austin	Clark	Hatch	Robinson, Ark.
Bachman	Couzens	Johnson	Smith
Bailey	Dill	Keyes	Steiwer
Bankhead	Fess	King	Thomas, Utah
Barkley	Fletcher	Logan	Thompson
Black	George	McGill	Tydings
Bone	Gibson	McKellar	Van Nuys
Brown	Goldsborough	Murphy	White
Bulkley	Hale	O'Mahoney	
Bulow	Harrison	Overton	

NOT VOTING—31

Barbour	Davis	McAdoo	Russell
Byrnes	Dickinson	McNary	Sheppard
Capper	Dieterich	Neely	Stephens
Caraway	Glass	Norbeck	Thomas, Okla.
Carey	Gore	Pittman	Trammell
Connally	Hayden	Reed	Vandenberg
Coolidge	Kean	Reynolds	Walcott
Costigan	Long	Robinson, Ind.	

So the amendment of Mr. WAGNER and Mr. HATFIELD was rejected.

Mr. CLARK. Mr. President, I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed, on page 2, to strike out lines 20 to 25, inclusive, and to insert in lieu thereof the following:

(b) Nothing in this act shall be construed to apply or to give the commission jurisdiction with respect to charges, classifications, practices, or regulations for or in connection with intrastate communication service of any carrier, or to any carrier engaged in interstate or foreign communication solely through physical connection with the facilities of another carrier not directly or indirectly controlling or controlled by such carrier, or under direct or indirect control with such other carrier.

Mr. CLARK. Mr. President, the only purpose of this amendment is to clarify the language contained in the original bill with regard to small independent telephone companies. These independent telephone companies are located in small communities. They are entirely local affairs. I know there are nearly 700 in Missouri, and in a great many instances they are family enterprises; that is, a man will own the local independent telephone company, have the central office located in his own home, and the plant will be operated by the man and his family.

There are 700 independent telephone companies in Missouri. I think that without exception they are located in towns of less than 1,500 inhabitants. Nevertheless, under the terms of the bill, they probably would be subjected to the jurisdiction of the Interstate Commerce Commission, because nearly invariably they have a physical connection with a toll line, for long-distance calls, which would make them engage in interstate commerce.

Every one of these independent telephone lines throughout the United States is already subjected to local regulation by the State public-service commission, and to subject them to further regulation, with a duplication of a system of accounting, would simply mean an intolerable burden on these little companies, who have had a hard time existing anyway.

Mr. DILL. Mr. President, I am familiar with the Senator's proposed amendment. I do not believe the amendment is necessary, but I do not think it would do any harm,

because its purpose is to accomplish that which we have tried to do throughout the bill; that is, to protect the independent companies. I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WHEELER. Mr. President, on page 56, section 311, I notice this language is used:

SEC. 311. The commission is hereby directed to refuse a station license and/or the permit hereinafter required for the construction of a station to any person (or to any person directly or indirectly controlled by such person) whose license has been revoked by a court under section 313, and is hereby authorized to refuse such station license and/or permit to any other person (or to any person directly or indirectly controlled by such person) which has been finally adjudged guilty by a Federal court of unlawfully monopolizing, or attempting unlawfully to monopolize, after this act takes effect.

I move to strike out the words "after this act takes effect." Otherwise it would bring it down, in my judgment, to the present date, and if they have been monopolizing up to the present time, the commission would not be able to act.

Mr. DILL. Mr. President, this wording, "after this act takes effect", was copied from existing law, and I think there may be some merit in the Senator's contention. At first I did not think there was, but on further consideration I believe there may be. I do not see that it would do any good to keep the language in, and I have no objection to it being stricken out, because there might be some question, it seems to me, of relieving somebody violating the law at this time.

Mr. WHITE. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. I yield.

Mr. WHITE. I was in the far reaches of the Chamber and I could not hear the amendment as the Senator stated it.

Mr. WHEELER. I am moving to strike out, on line 24, page 56, section 311, the words "after this act takes effect."

Mr. WHITE. Will not the Senator explain just what the effect of the amendment would be?

Mr. WHEELER. Assuming that someone has been violating the provisions set forth up to the present time, the commission may want to go ahead and act, and it seems to me that they could not act if that language remained in the measure. The purpose of this section is simply to reenact the present law.

Mr. DILL. In other words, as I understand, the Senator's contention is that this might exempt those who had been convicted between 1927 and this time. I cannot see that it would do any harm, and I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WALSH. Mr. President, I request the Senator to turn to page 9, line 1, where the bill reads, "Without regard to the civil-service laws or the Classification Act of 1923, as amended, (1) the commission may appoint", and so forth; and again on page 14, where it reads, "Each division may (1) appoint a director, without regard to the civil-service laws or the Classification Act of 1923."

I should like to ask the Senator the reason for exempting the operations of the Classification Act in the payment of salaries of these officials, other than the commissioners.

Mr. DILL. Mr. President, it is because practically all of the commissions now do that.

Mr. WALSH. It is true that all of the emergency commissions which were created do that, but the fact is that the Federal Trade Commission and the Interstate Commerce Commission and other permanent departments comply with the provisions of the Classification Act. I, for one, protest against these new permanent commissions being allowed to fix salaries outside of the stipulations of the Classification Act, and exempt themselves from the general policy fixed.

Mr. DILL. We have fixed a maximum above which they may not go.

Mr. WALSH. That does not meet the situation. The same question is before the Committee on Education and Labor, of which I am chairman, in connection with the Wagner labor bill. A very similar provision was drafted, leaving employees out of the Classification Act and the civil service. It is one thing leaving them out of the civil service, where experts are needed, but it is an entirely different thing to put lawyers and other various employees outside of the Classification Act. It means that they may get any salary the commission may see fit to fix. Let us have a uniform policy. Let us have all these positions under the Classification Act.

Mr. DILL. The Radio Commission has been operating under this kind of a provision, and I think they have found it reasonably satisfactory.

Mr. WALSH. It is time to stop it if they have been operating under it. One of the criticisms we hear generally as to the N.R.A. and some of the temporary commissions is that the salaries are out of all proportion to salaries in other fixed bureaus.

Mr. DILL. That would not apply in this case.

Mr. WALSH. Lawyers and experts doing exactly the same work which is being performed by lawyers and other employees in the permanent commissions are underpaid in comparison with the salaries being paid by the new commissions.

Mr. DILL. I remind the Senator that there is a limit fixed for salaries to be paid by this commission; they cannot go above a certain amount.

Mr. WALSH. Why should they be taken from under the Classification Act, anyway?

Mr. DILL. Because I think there ought to be a specific amount in the case of the chief counsel of a great commission like this. I think he ought to have a substantial salary.

Mr. WALSH. That may be so of the chief counsel; but how about these other lawyers?

Mr. DILL. I think the same should apply to the chief engineer. It applies only to the chief counsel and the chief engineer. The special counsel are not included.

Mr. WALSH. It provides for one or more assistants, experts, and special counsel. It means that the assistant counsel may receive $7,500 per annum. I think that is an excessive salary for attorneys today, in view of conditions in this country.

I am not one who favors low salaries. I have the same question coming up in connection with a bill that will be before us in a few weeks, and if such a policy is to be adopted in regard to the commission to be created under this bill, I want it to apply to the one to be created in the bill to come up later. I am against designating salaries in these bills, because I think these employees and officials should be under the Classification Act. I cannot see any reason for exempting in this case.

Mr. DILL. I think one of the worst things about the civil service today in regard to these commissions is the fact that a commissioner cannot choose his own confidential clerk, that he must take someone who is on the civil-service list. If I were the member of a commission I would want my own confidential clerk, and I think the Senator from Massachusetts would want his, and I have purposely inserted in this bill a provision that each Commissioner might have one clerk. I think that is a provision that is highly desirable. I think every man has a right to have one clerk in an organization of this kind.

Mr. COUZENS. Mr. President, will the Senator from Massachusetts yield to me?

Mr. WALSH. I yield.

Mr. COUZENS. Let me ask the Senator whether this would be satisfactory to him. I intend to offer an amendment on page 9, beginning with line 4, to cut out the words "and one or more assistant chief engineers and one or more assistants, experts, and special counsel." That would leave free the secretary, the general counsel and the chief engineer.

Mr. DILL. I would have no objection to that amendment.

Mr. WALSH. As I understand the Senator's amendment it would strike out of this bill the provision "Without regard to the Classification Act of 1923."

Mr. COUZENS. Only as applied to the chief engineer and secretary and the general counsel. All the rest would be under civil service.

Mr. WALSH. If that is the purpose which the Senator from Michigan has in mind, I would agree to it.

Mr. COUZENS. I move, Mr. President, that that amendment be agreed to.

Mr. DILL. I have no objection to it.

Mr. WALSH. Let us see if we understand it. I understand that with the exception of the few positions named in the amendment, every other employee of this commission shall be subjected to the Classification Act. Am I correct?

Mr. DILL. That still leaves this one clerk, about whom I have made explanation, and I appeal to the Senator not to strike him.

Mr. WALSH. Who?

Mr. DILL. I provided that each commissioner should have one clerk.

Mr. COUZENS. On what page?

Mr. DILL. Page 9, lines 6 to 8.

Mr. WALSH. At a salary of $7,500 per annum?

Mr. KING. No, Mr. President; a salary of $4,000 per annum.

Mr. DILL. That "each commissioner may appoint and prescribe the duties of an assistant at an annual salary not to exceed $4,000 per annum."

Mr. KING. I think that ought to go out.

Mr. DILL. I think the Senator from Utah, if he were a commissioner, would desire to have his own clerk.

Mr. WALSH. It is quite easy to get one's own clerk from the civil-service list. All that is necessary is to write to the Civil Service Commission asking for a clerk of the type that one designates, who would answer the qualifications, and one can be assigned.

Mr. President, I object to this promiscuous fixing of salaries outside the Classification Act. I gather that the Senator from Michigan is in accord with my views. In connection with these new commissions we are running wild in the matter of salaries, and it is not fair to the old, steady employees in commissions like the Federal Trade Commission, the Post Office Department, or the Interstate Commerce Commission, or other departments. If lawyers and experts are entitled to these substantial salaries in the new commission, those in the old departments and commissions are entitled to the same salaries, and we will have a move here to boost their salaries to a level with the new high salaries.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. O'MAHONEY. It has been my experience that the remarks of the Senator from Massachusetts are fully borne out by conditions in the various departments. Even the assistants in the Post Office Department and the Assistant Secretaries in the Department of Commerce and the Department of Labor are governed by the Classification Act. I know of no reason why, for example, an Assistant Secretary of the Treasury or an Assistant Secretary of Labor should be under the Classification Act while an assistant in any new commission should be exempt from it. It would mean, just as the Senator from Massachusetts has said, that these commissions could fix the salaries as they pleased for their particular assistants, with no more responsibility, nor no greater amount of work to be performed than those in the old departments and commissions. I believe the objection is very well founded.

Mr. DILL. The salary can be limited.

Mr. WALSH. I am pleased the Senator from Wyoming agrees with me.

Mr. O'MAHONEY. I am in perfect accord in limiting the salary.

Mr. WALSH. May I ask the Senator if the Assistant Secretary of Labor and the assistant secretaries of the major departments are under the Classification Act?

Mr. O'MAHONEY. Yes, certainly.

Mr. WALSH. Then if the assistant secretary to a Cabinet officer is under the Classification Act, why put experts and attorneys and lawyers and other people outside the Classification Act?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. BARKLEY. I think it must be inaccurate to say that all the Assistant Secretaries of Labor and so forth are under the Classification Act.

Mr. O'MAHONEY. That is another matter.

Mr. BARKLEY. I recall at least one Assistant Secretary of Labor whom I happen to have known for many years, whose name was sent here and who was confirmed by the Senate. I do not know of any Assistant Secretary of Commerce or State or Labor who is in the classified service.

Mr. O'MAHONEY. Mr. President, I think the Senator is laboring under a misapprehension. This had no reference whatever to the classified service. This refers only to the Classification Act, which as I understand, fixes the salaries. This is not a question of exempting persons from the civil service.

Mr. WALSH. It is not exempting them from high salaries. It is putting their salaries above the salaries of those doing comparable work in other departments.

Mr. BARKLEY. I am entirely in sympathy with that, but I understand we are talking here about a provision which allows each one of these new commissioners to appoint a private secretary at a salary not to exceed $4,000 a year. I think the real test in a matter of this sort is whether we would be willing to go to the civil-service list and pick our private secretary from that list. I am frank to say that I would not.

Mr. WALSH. I am not requiring that this be under the civil service, but I am asking that the classified salary be the salary which is received by those performing the same class of work in other departments, whether it be $3,500 or $4,000. I am not asking that the commissioner go to the civil service, but I am asking that the salary be under the classified act, in order that the secretaries to these commissioners will be paid the same salary as paid to the secretary to the Postmaster General and the Secretary of Labor.

Mr. O'MAHONEY. I might call the attention of the Senator from Kentucky to the language of this section, page 9, line 1:

> Without regard to the civil-service laws, or the Classification Act of 1923, as amended.

Those are two different laws. The Senator from Massachusetts is objecting to eliminating the provisions of the Classification Act from this special commission, and I think he is correct.

Mr. WALSH. It is an attempt to deceive us for those who are drafting these new acts to come here and sneak in exemptions of this type. I would not have discovered it, and no member of my committee would have discovered it except for the Secretary of Labor's Department calling our attention to what that classification elimination would mean. We did not realize that by using that exception to the Classification Act they were leaving employees in this new commission out of the regular classified act, and I want to protest and ask the Senators, when these proposals are brought before us, to watch for such things as I have indicated.

Mr. BARKLEY. To what extent does the Classification Act conflict with the provision here limiting the salary of secretaries of two commissioners to $4,000?

Mr. WALSH. The Classification Act, I understand, fixes the salary of every Government employee, except those salaries which are fixed by law, and it is fixed on the basis of duties performed in the various departments, so that there shall be relationship in the salary of an employee of one

department to the salary received by an employee in another department performing the same duty.

Mr. BARKLEY. So, if the same language is retained in the bill, then the commissioner could pick his own private secretary, and could fix the salary the same as the salary of an employee engaged in similar work in any other department.

Mr. WALSH. The point I am making is, why should the status of the secretary of a member of this new commission be different from that of the secretary to the Postmaster General, for example, so far as his relationship to the Classification Act is concerned?

Mr. BARKLEY. I am making no contention about that, but I am asking whether the retention of this language in the bill, while giving the commissioner a right to appoint his own secretary, would mean that the secretary would get the same salary as other employees engaged in the same line of duty would get?

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. LOGAN. It is not often that I disagree so emphatically with the Senator from Massachusetts, but I draw his attention to the fact that, in view of the difference in the situation between the civil-service employee under the classification service and the secretary who is brought in from the outside, who is not on the Civil Service, there ought to be recognition by a difference in salary. The civil-service employee, subject to the Classification Act, has a lifetime job, or cannot be removed except upon charges. He is safe in the position which he has. When an official goes out to employ someone as his secretary, who is not under Civil Service, that employee gives up his work back home and comes to Washington. He has no fixed tenure of office. He can be told to take his hat and coat and leave at any time. When the official goes out, he goes out. And if we undertake to classify him as a civil-service employee and require him to accept the same salary, we are not treating him fairly.

Mr. WALSH. I agree with what the Senator says, but I understand that the Classification Act fixes the salary of other than civil-service employees.

Mr. LOGAN. That is very true.

Mr. WALSH. I think it fixes the salary of the secretary, for example, to the Secretary of Labor, the secretary to the Secretary of Commerce, and the secretary to the Postmaster General. Such secretary is subject to all the conditions we fix, and his salary is fixed by the Classification Act. Why should the secretaries to these new commissioners have a different status as far as their relationship to the Classification Act is concerned?

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. O'MAHONEY. Perhaps I may add a word of explanation. The system which is now in vogue permits most of the heads of departments, and most of the assistants, and, I believe, most of the commissioners, to appoint their own personal secretaries free from the civil-service laws, and the salaries paid to those secretaries, occupying what are known as exempt positions, are somewhat greater than the salaries paid similar persons in the civil service, under the circumstances which the Senator has referred to.

Mr. WALSH. Are they fixed under the Classification Act?

Mr. O'MAHONEY. They are.

Mr. WALSH. Why should these secretaries be treated any differently than the other secretaries of whom the Senator spoke?

Mr. O'MAHONEY. It is one thing to exempt certain positions from the Civil Service Act. That may and should properly be done in many cases. But to exempt them also from the Classification Act would result in great discrimination between the departments.

Mr. WALSH. Even the important officials and experts in the Interstate Commerce Commission, one of the most important independent organizations in the Federal Government, are subject to the Classification Act, every one of them. And yet here we are proposing to exempt certain employees in this new department.

I call attention to what is proposed on page 14.

> Each division may (1) appoint a director, without regard to the Civil Service laws or the Classification Act of 1923, as amended, at an annual salary that shall not exceed $7,500 per annum.

Why should not that director be subject to the classification act the same as a director in the Interstate Commerce Commission?

Mr. DILL. For the reason that this is the creation of a new kind of position. We do not know exactly what he is going to do, and we have made the limit of salary $7,500.

I think the Senator from Massachusetts is unduly exercised about these limitations of salary for the reason——

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. DILL. I should like first to answer the question of the Senator from Massachusetts. For the reason that we are providing for the creation of a new kind of position and we do not know exactly what the officer is going to have to do, but we have provided a limit of $7,500. I think the Senator is unduly exercised about these limitations of salaries. They are not fixed; they are limitations.

Mr. WALSH. I am exercised simply because a bill handed to my committee contains exactly the same provisions in the same language, and that all these bills are now being drafted with the idea of lifting these employees out of the civil service in some cases and in all cases out of the Classification Act. There may be some justification for it in the N.R.A. and the Public Works Administration, but in the case of a permanent board such as the one now proposed or the labor board such as is proposed in the bill pending before my committee, I propose that the salaries shall be uniform, that they shall be subject to the terms of the general Classification Act, and that the same salaries shall be paid for the same kind of work performed as are paid in other departments, no more and no less. If that is not a fair proposition, then, I do not know what is fair.

Mr. WHEELER. Mr. President——

Mr. WALSH. I yield.

Mr. WHEELER. It seems to me also that the language that is used on page 9 places no limitation on the amount the commission might pay its secretary, for it is there provided:

> (f) Without regard to the civil-service laws or the Classification Act of 1923, as amended, (1) the commission may appoint and prescribe the duties and fix the salaries of a secretary, a chief engineer and one or more assistant chief engineers, a general counsel and one or more assistants, experts, and special counsel.

Mr. WALSH. What do the words "and one or more assistants" mean? They may mean a hundred, to be appointed without regard to the Classification Act.

Mr. WHEELER. In addition to that, there is no limitation on the salary of the secretary. The commission may fix the salary of the secretary at $10,000 or $5,000, or any other sum that it sees fit, without any limitation of any kind or character.

Mr. WALSH. I suggest to the Senator from Washington, who, I know, is desirous of conforming to the usual practice, and who, undoubtedly, has not had this matter called to his attention, because it was called to the attention of my committee only by mere chance, that this is an attempt to lift a large number of employees out of the salary groups of the Classification Act. The salaries under the Classification Act run up to eight or nine thousand dollars in some cases. I will ask the Senator from Wyoming [Mr. O'MAHONEY] if that is not a correct statement?

Mr. LOGAN. Mr. President, some salaries may reach that figure in the course of time, but what salaries are paid when the employees enter the service? If the Senator were to be appointed a member of this commission, which, of course, he will not be, because he is not eligible under the Constitution, and he wanted to take his secretary with him and his secretary had to come under the Classification Act, what would he get on going into the service in the beginning?

He would probably get $1,600 a year, with a reduction on account of the Economy Act.

Mr. WALSH. The Senator is mistaken. He would get the same salary that is paid to the secretary of the Secretary of Labor; he would get the same salary as paid to the secretary to the Attorney General.

Mr. LOGAN. Unless he had been in the service for a number of years he could not get the same salary. I had this experience with the Classification Act in Kentucky, as my colleague will bear me witness: Deputy collectors had been receiving $2,200, $2,400, $2,600 up to $3,000, because they had been in the service a good while under a previous administration. New ones were appointed recently; every one of them, under the ruling of the Department, had to go in at $1,800, less 15-percent reduction under the Economy Act; and that is what the Senator's secretary would receive if the Senator were appointed a member of the commission and he selected his present secretary to be his secretary in the new office. Unless he were placed in grade 8 or grade 9, or something of that kind, he would go in at grade 4, and would not be able to get the salary which should be paid. I do not know much about the civil-service laws now, and do not expect to know much about them, but that is my idea of what would happen.

Mr. WALSH. I am sure the Senator from Kentucky does not want this bill to provide for salaries for employees of this commission that are different from the salaries paid by other commissions. The only difference between the Senator and me is that he is willing to have all the subordinate employees, all the clerks and stenographers and filing clerks, and all the lesser employees come under the Classification Act, but he is not willing to let the attorneys, the experts, the directors, and those who are under the Classification Act in other bureaus of the Government come in under the Classification Act under the new commissions. That is the only difference between us.

Mr. LOGAN. I should have no objection to their going under the Classification Act if there were not a rule in the classification law which requires that a new employee shall be appointed in a certain grade and which provides a salary that will not enable the commission to get the best men to do the work. I think it would be a mistake to make the salaries so low that the commission would have to take incompetent persons.

Mr. O'MAHONEY. Mr. President——

Mr. WALSH. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. I may say to the Senator from Kentucky that that is not the way the law operates. To cite my own case, on the 6th of March 1933 I became First Assistant Postmaster General and I appointed my own secretary. She assumed her office at the same salary as that which was paid to the secretary of my predecessor, except that she suffered the reduction that was required of all employees under the Economy Act, which, of course, has nothing whatever to do with the question now being considered.

Mr. LOGAN. I will say to the Senator that perhaps many of us have not been so fortunate as he has been. I have not been able to secure anything of that kind. I do know that in Kentucky when new employees are appointed they have to go in at a certain grade, and they do not get very much salary. That may be just a discrimination against my State.

Mr. DILL. Mr. President, I want to say to the Senator from Massachusetts that this provision is not drawn by accident; it is not here without consideration. The only point raised in this connection here today which I overlooked is that the bill fails to limit the salary of the secretary. I think that ought to be limited, and I am also entirely willing to strike out the provision relating to the assistants; but I submit that when a commission of this kind is being created the majority party, having 3 of the 5 members, should have the right, without regard to the civil-service law, to change its chief counsel.

Mr. WALSH. I am not objecting to that.

Mr. DILL. Or to change its chief engineer.

Mr. WALSH. I am not objecting to that, either.

Mr. DILL. And to appoint their individual assistants and have them paid a proper salary. If $4,000 is too much, make it $3,600. I do not see anything to be gained by taking advantage of civil-service methods by which one clerk is dismissed and another clerk is appointed who, it is thought, may be a little better. I think that is just a matter of juggling. We ought to be frank about this matter and say that the members of the commission should appoint their own clerks; I think they are entitled to do so; I think we will thereby get better results from the commission.

Mr. WALSH. Does the Senator suggest that the only office created in this bill that leaves the salary unsettled is that of the secretary of the commission?

Mr. DILL. I say the one which I had overlooked was the salary of the secretary.

Mr. WALSH. I call attention to what the Senator from Montana stated, quoting from page 9 of the bill, which provides that—

> The commission may appoint and prescribe the duties and fix the salaries of a secretary, a chief engineer, and one or more assistant chief engineers, a general counsel, and one or more assistants, experts, and special counsel.

Mr. DILL. And the general counsel and the chief engineer are limited with regard to salaries to $9,000; their assistants and experts to $7,500.

Mr. WALSH. Yes; but why limit them to that? I want to have them all come under the Classification Act as to employees doing comparable work in other departments.

Mr. DILL. For the simple reason that I do not believe it possible always to get the kind of men required under the salaries provided by the Classification Act.

Mr. WALSH. Then let us agree that in the case of all future bills we will put the same language in and leave to the commissioners all questions of salary, and take that power away from Congress which has fixed the policy in adopting the Classification Act.

Mr. DILL. The Senator from Michigan has suggested an amendment which I think meets reasonably the objections of the Senator from Massachusetts, and which I think will not seriously interfere with the purpose of the commission.

Mr. WALSH. Mr. President, I should like to have the amendment of the Senator from Michigan stated.

Mr. COUZENS. Mr. President, I have not written it out, but I should like, with the consent of the chairman of the committee, to amend what I think ought to be amended in paragraph (f). What I suggested, I think, does not go far enough, and I have since talked to the assistant to the chairman of the committee, pointing out to him the part that I thought ought to be amended; and, without having written it out, if he will follow me, I will read what I offer as an amendment. It will read thus:

> (f) With regard to the civil-service laws or the Classification Act of 1923, as amended, (1) the commission may appoint and prescribe the duties and fix the salaries of a secretary, a chief engineer, and a general counsel, and (2) each commissioner may appoint and prescribe the duties of an assistant and pay him in accordance with the Classification Act of 1923, as amended.

Then on line 9:

> The general counsel, the secretary, and the chief engineer shall receive an annual salary of not exceeding $7,500.

Then I eliminate the following language:

> And no assistant or expert shall receive an annual salary in excess of $7,500.

That is eliminated because those officers will come under the Classification Act of 1923, as amended.

Mr. DILL. Does the Senator think that $7,500 is a sufficient salary for the chief counsel of a great commission such as this?

Mr. COUZENS. I put that provision in largely at the suggestion of the Senator from Utah, but I did not intend to amend that; and if there is any objection to that particular suggestion, I will leave it at $9,000. Then, we may discuss that later. But I should like to have the other provisions of my amendment agreed to.

Mr. DILL. It seems to me that $7,500 is a pretty low salary for a general counsel.

Mr. WALSH. Is not that the salary of the Assistant Attorneys General? Is not that the salary the chief counsels get for every bureau and department of the Government?

Mr. DILL. A good many of them get $10,000.

Mr. COUZENS. I think that is true. I will withdraw that provision; and then, if the Senate wants to amend my amendment, and adopt it, we can discuss the other matter separately.

Mr. WALSH. The amendment of the Senator from Michigan is infinitely better than the bill as drafted. Yet he adheres to the belief that certain officers should be taken out of the Classification Act. If the Classification Act did not allow substantial salaries, I would agree with what he says, but under that act salaries may be paid up to eight or nine thousand dollars. It does not provide merely for salaries of $2,000, $3,000, $4,000, or $5,000, but provides for the very salaries that are proposed to be paid by this bill. Why make a distinction? Why let the bars down in this case? If we do it in this case, why not do it in other cases and let the various departments and bureaus fix the salaries of those they employ?

Mr. O'MAHONEY. Mr. President, I might add that the President within a few months past delegated to the Director of the Budget the duty of examining all the new bureaus and attempting to classify all the salaries there in accordance with the Classification Act for the purpose of maintaining a uniform system throughout the Government service.

Mr. WALSH. Yes; and we are proposing, by passing this bill, to undo what the President is trying to do, namely, to create a uniform system. Why not, I will ask the Senator from Michigan, merely strike out the exempting words "the Classification Act of 1923, as amended"?

Mr. DILL. Mr. President, I think there are some other amendments to be offered, and I therefore suggest that we pass over this amendment and consider the other amendments, and we may recur to this question later, and, in the meantime, the amendment may be perfected.

Mr. COUZENS. I withdraw my amendment for the time being.

Mr. WHITE. Mr. President, I desire to offer two amendments to which I think there will be no objection and which will lead to no controversy. The first amendment is, on page 43, in line 11, before the word "of", to insert the words "within the jurisdiction"; so as to read:

Or (e) upon any vessel or aircraft within the jurisdiction of the United States.

That simply harmonizes the language with similar language appearing elsewhere.

Mr. DILL. Mr. President, I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maine.

The amendment was agreed to.

Mr. WHITE. I offer another amendment, on page 58, at the end of line 8, to insert the following—and probably I had better read the amendment, because it is in my own handwriting:

(b) Any station license hereafter granted under the provisions of this act, or the construction permit required hereby and hereafter issued, may be modified by the commission either for a limited time or for the duration of the term thereof, if in the judgment of the commission such action will promote the public interest, convenience, and necessity, or the provisions of this act or of any treaty ratified by the United States will be more fully complied with: *Provided, however*, That no such order of modification shall become final until the holder of such outstanding license or permit shall have been notified in writing of the proposed action and the grounds or reasons therefor, and shall have been given reasonable opportunity to show cause why such an order of modification should not issue.

I may say to the Senator from Washington that the only purpose of the amendment is to put affirmatively into the bill the express authority for modification. We have referred in various places to modification of licenses, but I fail to find any definite and express and affirmative authority to make a modification. I suggest that if this amendment be adopted and is found not to be in proper form, it may be worked out in conference.

Mr. DILL. Mr. President, I may say that the Senator from Maine previously called my attention to the amendment. It simply is a method of harmonizing differences that may arise and, as I understand, it provides for hearing before action. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maine.

The amendment was agreed to.

Mr. DILL. Mr. President, the Senator from Alabama [Mr. BLACK] asked me to offer in his behalf an amendment, to which I have no objection. I now offer the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed on page 31, line 14, before the period to insert the following:

And in order to fully examine into such transactions the commission shall have access to and the right of inspection of all accounts, records, and memoranda, including all documents, papers, and correspondence now or hereafter existing, of persons furnishing such equipment, supplies, research, services, finances, credit, or personnel.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington in behalf of the Senator from Alabama [Mr. BLACK].

The amendment was agreed to.

Mr. DILL. I have another amendment of my own which I should like to offer and which I think is desirable.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 52, after line 3, to insert the following new paragraph:

(f) In granting applications for licenses or renewal of licenses for frequencies to be used for broadcasting, the commission shall so distribute such licenses that no one licensee nor organization of licensees, whether effected by purchase, lease, chain broadcasting, or other method, shall be able to monopolize or exercise dominant control over the broadcasting facilities of any community, city, or State, or over the country as a whole; and the commission shall, so far as possible, by its distribution of licenses, provide for broad diversification and free competition in broadcast programs to be presented to radio listeners.

Mr. DILL. The purpose of the amendment is to make it impossible for any one man or organization to have control of the broadcasting facilities of a community, State, or the country if there are other applications from responsible applicants. At the present time there is growing up in many cities the practice of the owner of an important station leasing the facilities of another important station and then organizing a corporation to control a third station, and as a result the one station gets complete control of the broadcasting of the community. The purpose of the amendment is to give the commission a reason, if there be a suitable applicant, for granting a license to another applicant and to break up that kind of practice if the commission shall find it necessary. It is a permissive amendment.

Mr. FESS. Mr. President, may I ask the Senator a question?

Mr. DILL. Certainly.

Mr. FESS. This would not interfere with WLW?

Mr. DILL. Only if WLW reached out and undertook to get control of all the other stations in Cincinnati.

Mr. FESS. After that station has been given the frequency it would not be interfered with if operating within the law?

Mr. DILL. No; but if it went out and secured all the other stations in Cincinnati, then someone else might get a license.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington.

The amendment was agreed to.

Mr. DILL. Mr. President, that is all the amendments I have to offer.

Mr. KING. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 50, line 23, after the first comma, to strike out the remainder of the paragraph and to insert in lieu thereof the following:

That the commission may, without regard to the requirements of this subsection, grant applications for additional licenses for stations if the commission finds that such stations are required in order to furnish adequate radio broadcasting service and that their operation will not interfere with the fair and efficient radio service of licensed stations.

Mr. KING. Mr. President, this follows practically the language of the bill, striking out "250 watts" and leaving it in the discretion of the commission to grant a license if the needs of the public so require.

Mr. DILL. Mr. President, this is an amendment which has been much discussed. I do not have any strong opposition to it, though I hardly feel that I want to endorse it. I will leave it to the Senate to vote upon it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Robinson, Ind.
Ashurst	Dickinson	King	Schall
Austin	Dill	La Follette	Shipstead
Bachman	Duffy	Lewis	Smith
Bailey	Erickson	Logan	Steiwer
Bankhead	Fess	Lonergan	Stephens
Barkley	Fletcher	McCarran	Thomas, Okla.
Black	Frazier	McGill	Thomas, Utah
Bone	George	McKellar	Thompson
Borah	Gibson	McNary	Townsend
Brown	Glass	Metcalf	Tydings
Bulkley	Goldsborough	Murphy	Vandenberg
Bulow	Hale	Norbeck	Van Nuys
Byrd	Harrison	Norris	Wagner
Byrnes	Hastings	Nye	Walcott
Capper	Hatch	O'Mahoney	Walsh
Clark	Hatfield	Overton	Wheeler
Connally	Hayden	Patterson	White
Copeland	Hebert	Pope	
Couzens	Johnson	Robinson, Ark.	

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. WALSH. Mr. President, carrying out the views expressed by the Senator from Michigan [Mr. COUZENS], myself, and other Senators upon the floor, we have agreed to the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to strike out from line 1 page 9 to the words "per annum" on line 12, and in lieu thereof to insert the following:

(f) Without regard to the civil-service laws or the Classification Act of 1923, as amended, the commission may appoint and prescribe the duties and fix the salaries of a secretary, a chief engineer, and a general counsel; and each commissioner may, without regard to the civil-service laws, appoint and prescribe the duties of an assistant whose compensation shall be fixed in accordance with the Classification Act of 1923, as amended. The general counsel and the chief engineer shall each receive an annual salary of not to exceed $9,000. The secretary shall receive an annual salary not to exceed $7,500.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Massachusetts.

Mr. WALSH. Mr. President, in explanation of the amendment, I desire to state that I have obtained the published pamphlet of the civil service retirement and salary classification laws. I find on page 19 of that pamphlet, among the various employees who are classified for the purpose of fixing salaries, a group known as "professional and scientific service." The classification board has classified this group into seven grades; and it is provided that the annual rate of compensation for positions in grade 7 "shall be $7,500, unless a higher rate is specially authorized by law."

I find that all through this compilation of laws an attempt is made by the classification board to establish various classifications of salaries, in some instances salaries which reach as high as $9,000, providing for every official in the Government other than those designated by law.

I understand that this amendment is acceptable to the Senator from Washington.

Mr. DILL. I have no objection to the amendment.

Mr. KING. Mr. President, I should like to inquire as to the meaning of the word "assistant." That may mean much, and it may mean little. It may mean that an assistant is to have a grade slightly below the principal, at a very large salary.

If the assistant is to fall within the category of secretary, that is one thing.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. COUZENS. In drafting this amendment in cooperation with the Senator from Massachusetts, it was understood that the assistant in this case means a commissioner's secretary, and the assistant falls within the salary fixed by the Classification Act.

Mr. KING. If it is understood that the word "assistant" does not mean an assistant commissioner, or an "under secretary", such as it is now so common to call officials, or some other high position in the Government, that is one thing. However, I shall accept the explanation made by the able Senator from Michigan and give to the word "assistant" the meaning ascribed to it; but I am afraid that when the commission attempt to interpret the word "assistant" they will attribute to it quite a different meaning and insist that it calls for one who has large experience and has ability to deal with practical questions in connection with radio, and so forth, and claim for the "assistant" compensation greatly in excess of that indicated or which would be required for a secretary.

If the Senator understands that it is really a secretary who is meant, that is a different matter.

Mr. DILL. It is really a secretary.

Mr. KING. I ask the clerk to read again the compensation provided for the attorney and the engineer. Meanwhile I may say, Mr. President, that I think we have been unwise in fixing the salaries and compensation for many of these new organizations. I think we have gone wild, to use the language of the street, and I know that we are bringing upon ourselves considerable criticism by reason of the fact that some of these new agencies, new bureaus, and new organizations are permitted to pay compensation in excess of that given to many employees in regular organizations and departments of the Government. That common policy results in discontent. When persons working in the Treasury Department or in some other department who have been there for many years, receiving four, five, or six thousand dollars per annum, find that individuals, perhaps with less ability and less qualifications, in some of these new organizations are getting two or three or four thousand dollars more per annum than they get, obviously there will be resentment and a feeling of discrimination.

Mr. President, I think we have gone too far in providing the large salaries in new organizations which have been set up. Notwithstanding the speech made by the Senator from Kentucky, these new organizations ought to come within the Classification Act. We ought to treat all alike. There is no trouble in getting individuals to come here and accept jobs. They come here in myriads seeking them. I have from 25 to 50 callers every day from various parts of the United States who are here seeking positions—lawyers, engineers, accountants, men who have received large salaries and have been employed in responsible positions, and who would be glad now to get $150 or $200 a month; yet when we come to fix the compensation of officials in some of these new organizations we do not take into account the condition of the country, the burdens imposed upon the Government, and the demands made upon the Treasury of the United States.

Mr. WALSH and Mr. DILL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I yield to my friend from Massachusetts.

Mr. WALSH. Mr. President, as I understand the amendment that has been offered, when we get through setting up this commission we shall have 5 commissioners, 5 assistant commissioners, and 5 private secretaries.

Mr. KING. Yes.

Mr. DILL. Oh, no!

Mr. WALSH. We shall have a private secretary to each commissioner.

Mr. DILL. But not five assistants.

Mr. WALSH. Each commissioner is to have an assistant.

Mr. DILL. That is his clerk or secretary.

Mr. COUZENS. That is what it is intended for.

Mr. WALSH. There is quite a difference between an assistant to the commissioner and a secretary to the commissioner.

Mr. ROBINSON of Arkansas. Mr. President, this employee has been dignified with the title of assistant commissioner, but he is expected to serve as secretary.

Mr. DILL. There will be no assistant commissioners.

Mr. KING. May I ask the chairman of the committee what is meant by the provision on page 14—

> Each division may * * * appoint a director, without regard to the Civil Service laws or the Classification Act * * *, at an annual salary—

It was $8,000, and it has been reduced to $7,500. What is a director?

Mr. DILL. A director is a man to be appointed to try to carry out the administrative work of these divisions, to save the commissioners from doing the detail work they now have to do. It is believed that they can avoid employing a great deal of additional help which otherwise would have to be chosen if these directors can be provided. I do not know how the plan will work; it is an experiment; but there are 17,000 amateur licenses in this country, and they are renewed every 6 months. There ought to be somebody handling that work besides the chairman of the Commission.

Mr. KING. Mr. President, we find the engineer and the other assistants——

Mr. DILL. The Senator was talking about the salary of the engineer and the attorney.

Mr. KING. Yes.

Mr. DILL. The present chief counsel of the Radio Commission gets $10,000.

Mr. KING. That is too much.

Mr. DILL. The chief engineer gets $10,000.

Mr. KING. That is too much.

Mr. DILL. We are cutting it to $9,000, and I think that when we are putting both the great telephone monopoly and the radio, with all the ramifications, under one commission, $9,000 is not an exorbitant salary. Certainly as to the engineer, with the responsibility on him that is coming with the development of radio, $9,000 is not an exorbitant salary.

Mr. KING. I will ask that the clerk read the salary to be paid the engineer and the salary to be paid the counsel.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK (reading):

> The chief enginer shall receive an annual salary not to exceed $9,000, and the secretary shall receive an annual salary not to exceed $7,500.

Mr. KING. Mr. President, I move to strike out "$7,500" and to insert in lieu thereof "$6,000." I think that is sufficient for the secretary of the commission.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment offered by the Senator from Massachusetts.

The amendment to the amendment was rejected.

Mr. FESS. Mr. President, I am in favor of the movement that is being made to require, so far as possible, that the civil-service law shall be followed, although I do agree, and have agreed all along, that in the case of experts we really ought to keep the way open, so that special talent may be selected without the requirement of an examination, which would not be the best method for getting the highest talent.

On the question of salaries, I do not see how we can very well classify this commission with other commissions. It will have a duty to perform probably as complicated as that of most of the other commissions. As to the counsel, we ought to realize that where the counsel of this commission will be called in to prosecute a case he will be up against the best talent money can buy, and while I believe legal talent could be found which would lend itself to the service of the Government at a smaller salary, I doubt very much whether it would be wise to cut the salary below what the bill has suggested, for the legal counsel at least. I do not care so much about the engineer or the examiners, but as to the legal counsel, I think that is quite essential.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts as modified.

The amendment as modified was agreed to.

Mr. WHEELER. Mr. President, there is a provision on page 14 with reference to directors. I am frank to say that I feel it is absolutely wrong to appoint two directors. I think it would result in dividing up the responsibility of the commission. The commissioners are to be appointed, and they are to be paid good salaries, and there are to be lawyers and engineers and assistants and secretaries, and then they are to appoint directors. When those directors are appointed the responsibility which ought to be placed upon the commissioners will be divided.

Mr. DILL. Mr. President, I call attention to the fact that in the Interstate Commerce Commission there are nine directors, their salaries ranging from $7,500 to $10,000 a year. The Interstate Commerce Commission has found that they are so important and so valuable that they have nine of them. I do not think it is unreasonable, in a commission of the kind to be appointed under this measure, that there should be two directors, and that their salaries should be $10,500.

Mr. WHEELER. My own view about the matter is, as I said a moment ago, that we are loading these commissions up with many high-salaried employees who are not necessary. We talk about getting experts in these commissions, and every Senator knows that, as a matter of fact, they are not experts at all; that we are filling some of the commissions with politicians.

Mr. WALSH. May I inquire of the Senator, or, through him, of the Senator from Washington, whether the bill contains a provision taking over the present Radio Commission?

Mr. DILL. Yes.

Mr. WALSH. So that, in addition to the present personnel of the Radio Commission, we are creating all these new jobs. Has the Senator any conception of what the pay roll will be?

Mr. DILL. There is no requirement to keep the employees of the Radio Commission. The new commission are simply empowered to take it over.

Mr. WALSH. Those who are now employed in the Radio Commission are under the civil service?

Mr. DILL. Not all of them. Quite a number of them are. The assistants who are to be stricken out are not under the civil service today.

Mr. WALSH. Does the Senator know what the salaries of the present employees are?

Mr. DILL. In the Radio Commission the chief engineer gets $10,000, the chief counsel gets $10,000, and the salaries range below that. I do not know the salaries of the assistants.

Mr. WALSH. What are the salaries of the directors?

Mr. DILL. There are no directors in the Radio Commission.

Mr. WALSH. The Senator is proposing to provide for directors?

Mr. DILL. Two are provided for. The Interstate Commerce Commission has 9, and has found it necessary to have that number of directors; so I do not think it is unreasonable to ask for 2 in this bill.

Mr. KING. Mr. President, what information does the Senator expect the Government to get that will be of any benefit based upon the information which we have respecting the activities of the I.C.C., where the duty is devolved upon the commission to ascertain the value of the property?

Mr. DILL. The commission is given permissive power, not mandatory power, to determine valuations, if it finds it advantageous to do so in the determination of the returns and rates.

Mr. KING. The Senator knows that many years ago the so-called "La Follette Act" was passed under which we have expended more than $50,000,000.

Mr. DILL. It is to avoid that sort of thing that we have made this permissive.

Mr. KING. The Interstate Commerce Commission was to determine the valuation of the railroads. The valuation of the railroads 10, or 20, or 25 years ago furnishes no information or data now satisfactory as a basis for the fixing of rates. I was just wondering what value there would be if we are to duplicate the work of the Interstate Commerce Commission with respect to a different subject.

Mr. DILL. The Senator realizes that there must be some power somewhere to find out what the valuation is, if they are to fix rates; but it is not mandatory.

Mr. WHEELER. Mr. President, I call attention to the fact that in the paragraph providing for the two directors is this language:

> Any action so taken by a division and any order, decision, or report made or other action taken by either of said divisions in respect of any matters assigned to it shall have the same force and effect, and may be made, evidenced, and enforced in the same manner as if made or taken by the commission.

In other words, they will appoint two directors, who will have the same force and effect as commissioners.

Mr. DILL. No; anything a director does may be set aside on objection.

Mr. WHEELER. But, unless it is set aside——

Mr. DILL. If it is satisfactory to everybody, there is no reason why it should be set aside.

Mr. WHEELER. The bill provides that—

> The director for each division shall exercise such of the functions thereof as may be vested in him by the division, but any order of the director shall be subject to review by the division under such rules and regulations as the commission shall prescribe.

Mr. DILL. It may be affirmed, or set aside. The duties of the directors are merely routine.

Mr. COUZENS. There are dozens of them in the Interstate Commerce Commission.

Mr. WHEELER. Even if there are, it seems to me it is foolish to provide for a number of directors, and a number of other officers, on this commission. I shall not move to strike the provision out, however, although I think it is unnecessary.

Mr. WALSH. Mr. President, I do not mean anything personal toward the Senator from Washington [Mr. DILL] in what I am about to say, but, in view of what I myself have observed before the Committee on Education and Labor, of which I have the honor to be chairman, as to the agitation for new commissions, and in view of the discussion here today, I wish to say that in the future I intend to inquire, when a bill is reported creating a new commission, whether or not the salary list and the number of employees and the amounts to be paid have been referred to the Budget for report. Let the administration take the responsibility of piling up these big salary lists.

Mr. KING. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. KING. I hope the Senator is not prophesying that there are to be new commissions created. I hope the day has come when we will not create any more.

Mr. WALSH. There are four or five in sight, developed here during the last few days.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Johnson	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Dickinson	King	Schall
Bachman	Dill	La Follette	Shipstead
Bailey	Duffy	Lewis	Smith
Bankhead	Erickson	Logan	Steiwer
Barkley	Fess	Lonergan	Stephens
Black	Fletcher	McCarran	Thomas, Okla.
Bone	Frazier	McGill	Thomas, Utah
Borah	George	McKellar	Thompson
Brown	Gibson	McNary	Townsend
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Clark	Hatch	O'Mahoney	Walsh
Connally	Hatfield	Overton	Wheeler
Copeland	Hayden	Patterson	White
Costigan	Hebert	Pope	

The VICE PRESIDENT. Seventy-nine Senators having answered to their names, a quorum is present.

The question is, Shall the bill pass?

The bill was passed.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 8. An act to add certain lands to the Boise National Forest;

S. 696. An act to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau;

S. 1541. An act for the relief of Mucia Alger;

S. 1807. An act to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.;

S. 1997. An act to compensate Harriet C. Holaday;

S. 2379. An act to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona;

S. 2568. An act granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934; and

S. 3144. An act to legalize a bridge across the St. Louis River at or near Cloquet, Minn.

G. T. FLEMING

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 3364) for the relief of G. T. Fleming, which was, on page 1, line 12, after "1923", to insert:

> *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. BYRNES. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

THE BUDGET AND APPROPRIATIONS

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Appropriations, as follows:

To the Congress of the United States:

In my Budget message to the Congress of January 3, 1934, I said to you:

> It is evident to me, as I am sure it is evident to you, that powerful forces for recovery exist. It is by laying a foundation of

confidence in the present and faith in the future that the upturn which we have so far seen will become cumulative. The cornerstone of this foundation is the good credit of the Government.

It is, therefore, not strange nor is it academic that this credit has a profound effect upon the confidence so necessary to permit the new recovery to develop into maturity.

If we maintain the course I have outlined, we can confidently look forward to cumulative beneficial forces represented by increased volume of business, more general profit, greater employment, a diminution of relief expenditures, larger governmental receipts and repayments, and greater human happiness.

The Budget which I submitted to the Congress proposed expenditures for the balance of this fiscal year and for the coming fiscal year which, in the light of expected revenues, called for a definite deficiency on June 30, 1935, but, at the same time, held out the hope that annual deficits would terminate during the following fiscal year.

It is true that actual expenditures since January have proceeded at a slower rate than estimated; nevertheless, it must be borne in mind that, even though the actual deficit for the year ending June 30, 1934, will be below my estimate, appropriations are still in force and the amounts actually to be expended during the following fiscal year will therefore be increased over and above my estimate for that fiscal year. In this connection it is relevant to point out that during the fiscal year 1935 it is estimated that there will be actually expended on public works $1,500,000,000 out of appropriations heretofore made.

In my Budget message of January 3, 1934, it was pointed out that there could be no abrupt termination of emergency expenditures for recovery purposes, that the necessity for relief would continue, and that appropriations amounting to $3,166,000,000, in addition to the appropriations contained in the Budget itself, would be requested for the 2 fiscal years ending June 30, 1935.

The present Congress has already made appropriations out of which, for the 2 fiscal years in question, it is estimated there will be expended the following sums:

Relief	$950,000,000
Crop loans	40,000,000
Farm mortgages	40,000,000
Reconstruction Finance Corporation	500,000,000
Veterans' benefits	22,000,000
Army Air Corps	5,000,000
Flood control, Mississippi River, etc	29,000,000
Independent offices act	228,000,000
Miscellaneous supplemental estimates	30,000,000
Total	1,844,000,000

This leaves a balance of $1,322,000,000 to be appropriated.

Out of this balance it is necessary first to take the specific items to be appropriated for:

Federal land banks:	
Subscription to paid-in surplus	$75,000,000
Reduction in interest payments	7,950,000
Emergency Bank Act and gold transfer	3,000,000
Internal Revenue Service	10,000,000
Salaries, Office of the Secretary of the Treasury	100,000
Secret Service	45,000
Total	96,095,000

This leaves $1,225,905,000 available for the following purposes: Civilian Conservation Corps camps, Public Works, and relief work, in addition to amounts already appropriated, and including aid to the dairy- and beef-cattle industries.

It is estimated that the minimum requirements for the Civilian Conservation Corps will be $285,000,000, and that the amount available, therefore, for Public Works and relief will be $940,905,000. A very simple check-up of these figures shows that they total $3,166,000,000, to which reference was made in my Budget message of January 3, 1934.

It was my thought in January and is my thought now that this sum should be appropriated to me under fairly broad powers, because of the fact that no one could then or can now determine the exact needs under hard and fixed appropriation headings. In furtherance of this thought it seems appropriate to provide that any savings which can be effected out of certain appropriations made for emergency purposes shall be available for emergency-relief purposes.

In my judgment an appropriation in excess of the above amount would make more difficult, if not impossible, an actual balance of the Budget in the fiscal year 1936, unless greatly increased taxes are provided. The present estimates should be sufficient, as a whole, to take care of the emergencies of relief and of orderly reemployment at least until the early part of the calendar year 1935. If at that time conditions have not improved as much as we today hope, the next Congress will be in session and will have full opportunity to act.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 15, 1934.*

PREVENTION OF CRIME

Mr. THOMAS of Oklahoma obtained the floor.

Mr. ASHURST. Mr. President, if the able Senator from Oklahoma will be so kind as to indulge me for just a moment, I respectfully ask that the conference reports on the so-called "antigangster" bills be laid before the Senate.

Mr. THOMAS of Oklahoma. I yield.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

There being no objection, the Vice President laid before the Senate the following conference reports:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2080) to provide punishment for killing or assaulting Federal officers having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: Page 1, line 3, of the Senate bill strike out the words "murder or otherwise", and in lieu of the matter proposed to be inserted by the House amendment insert the following: "kill, as defined in sections 273 and 274 of the Criminal Code, any United States marshal or deputy United States marshal, special agent of the Division of Investigation of the Department of Justice, post-office inspector, Secret Service operative, any officer or enlisted man of the Coast Guard, any employee of any United States penal or correctional institution, any officer of the customs or of the internal revenue, any immigrant inspector or any immigration patrol inspector, while"; and the House agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2249) applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, and 4, and agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
TOM D. MCKEOWN,
A. J. MONTAGUE,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2252) to amend the act forbidding the transportation of kidnaped persons in interstate commerce having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, 4, 5, 6, and agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 2, 4, and amendment to the title.

That the Senate recede from its disagreement to the amendment of the House numbered 3, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment strike out on page 1, line 3, of the Senate bill the word "flee" and insert in lieu thereof "move or travel in interstate or foreign commerce"; and the House agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
TOM D. MCKEOWN,
A. J. MONTAGUE,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2575) to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1 and 2, and agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2841) to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, 4, 5, 6, and 7, and agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2845) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 3, 4, and 5, and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment as follows: In the matter proposed to be inserted by the House amendment strike out, beginning in line 13, on page 1, down through line 9, page 2, of the House engrossed amendments and insert in lieu thereof the following:

"SEC. 4. Whoever shall receive, conceal, store, barter, sell, or dispose of any goods, wares, or merchandise, securities, or money, of the value of $5,000 or more, or whoever shall pledge or accept as security for a loan any goods, wares, or merchandise, or securities, of the value of $500 or more which while moving in or constituting a part of interstate or foreign commerce, has been stolen or taken feloniously by fraud or with intent to steal or purloin, knowing the same to have been stolen or taken, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both."

And on page 1, line 7, of the House engrossed amendments insert a comma after "money."

And the House agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

Mr. ASHURST. Mr. President, it will be observed that the reports relate to seven different bills. In frankness, I ought to say that the able Senator from Montana [Mr. WHEELER] has indicated opposition to the conference report on one of the bills. Therefore, I think I should send for him and defer for a few minutes the consideration of the particular report until I can confer with him. I should like to have action, however, on the other six reports, leaving unacted for the time being the conference report on Senate bill 2253.

The VICE PRESIDENT. Without objection, the reports, with the exception of the one on the bill mentioned by the Senator from Arizona, will be agreed to.

Mr. MCNARY. Mr. President, just a moment. I should like to inquire of the Senator from Arizona if he has conferred with the various Members of the Senate to ascertain if the reports are acceptable to them?

Mr. ASHURST. I have conferred with as many Members of the Senate as it has been practicable for me to reach.

The conferees were the Senator from Utah [Mr. KING], the Senator from Idaho [Mr. BORAH], and myself. The Senate receded from its disagreement to the amendments of the House in many, if not most, cases, save and except with respect to the bill on the subject of fleeing witnesses. An amendment was made to that bill by the House of Representatives, and it will be remembered that the Senator from New York [Mr. COPELAND] and the Senator from Michigan [Mr. VANDENBERG] served notice that they would oppose any report which struck from the bill the provisions adopted by the Senate as to penalizing persons who flee the jurisdiction of the courts and cross State lines in order to avoid giving testimony in criminal cases. That is the bill to which the able Senator from Montana [Mr. WHEELER] is opposed.

Mr. McNARY. What I am particularly interested in knowing is whether the members of the Judiciary Committee are familiar with the conference reports and agree to their provisions?

Mr. ASHURST. I believe I can say that a majority of the members of the Committee on the Judiciary are familiar with the reports. Of course, I cannot say that all of them are.

Mr. McNARY. I understand that. I have, then, no objection to the consideration of the reports first enumerated.

Mr. ASHURST. Of the six?

Mr. McNARY. Yes.

The VICE PRESIDENT. Is there objection to agreeing to the reports en bloc, with the exception of the report on Senate bill 2253? The Chair hears none, and the reports are agreed to.

Mr. ASHURST. Mr. President, if later it shall be convenient for the Senator from Montana to be present, he being out of the Chamber at the moment, I should like to secure consent to consider the conference report on the fleeing-witness bill. I will not detain the Senate now, however; but if I may secure permission in a few moments to recur to that report, I shall endeavor to do so.

DISTRICT OF COLUMBIA APPROPRIATIONS

Mr. THOMAS of Oklahoma. I move that the Senate proceed to the consideration of House bill 9061, being the District of Columbia appropriation bill.

There being no objection, the Senate proceeded to consider the bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

Mr. THOMAS of Oklahoma. I ask unanimous consent that the formal reading of the bill may be dispensed with, that it be read for amendment, and that the amendments of the committee and those authorized to be offered by the committee be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The clerk will state the first amendment.

The first amendment of the Committee on Appropriations was, on page 2, line 4, after the word "addition", to strike out "$4,364,295" and insert "$5,700,000", so as to read:

Be it enacted, etc., That in order to defray the expenses of the District of Columbia for the fiscal year ending June 30, 1935, any revenue (not including the proportionate share of the United States in any revenue arising as the result of the expenditure of appropriations made for the fiscal year 1924 and prior fiscal years) now required by law to be credited to the District of Columbia and the United States in the same proportion that each contributed to the activity or source from whence such revenue was derived shall be credited wholly to the District of Columbia, and, in addition $5,700,000 is appropriated, out of any money in the Treasury not otherwise appropriated, to be advanced July 1, 1934, and all of the remainder out of the combined revenues of the District of Columbia, namely:

The amendment was agreed to.

The next amendment was, under the heading "General expenses—Executive Office", on page 3, line 17, after the word "services", to strike out "$31,851" and insert "$33,651", and at the end of line 18, to strike out "$32,121" and insert "$33,921", so as to read:

Plumbing inspection division: For personal services, $33,651; two members of plumbing board at $135 each; in all, $33,921.

The amendment was agreed to.

The next amendment was, under the subhead "Care of the District Building", on page 3, line 25, after the words "per hour", to strike out "$84,672" and insert "$86,130", so as to read:

For personal services, including temporary labor, and service of cleaners as necessary at not to exceed 46 cents per hour, $86,130.

The amendment was agreed to.

The next amendment was, under the subhead "Alcoholic Beverage Control Board", on page 4, line 23, after the word "service", to insert "not exceeding $500 for the purchase of samples", and in line 24, after the word "expenses" to strike out "$28,352" and insert "$55,900", so as to read:

For personal services, advertising, printing and binding, streetcar and bus transportation, telephone service, not exceeding $500 for the purchase of samples, and other necessary contingent and miscellaneous expenses, $55,900.

The amendment was agreed to.

The next amendment was, under the subhead "Office of superintendent of weights, measures, and markets", on page 5, line 13, to increase the appropriation for personal services under that office from $39,654 to $41,760.

The amendment was agreed to.

The next amendment was, on page 5, after line 21, to insert:

For the construction of shelters, paving, and for such other improvements as the Commissioners may deem necessary at the Farmers' Produce Market, $22,500.

The amendment was agreed to.

The next amendment was, under the subhead "Public Utilities Commission", on page 6, line 15, after the word "services", to strike out "$50,000" and insert "$86,823", so as to read:

For two commissioners, people's counsel, and for other personal services, $86,823, of which amount not to exceed $5,000 may be used for the employment of expert services by contract or otherwise and without reference to the Classification Act of 1923, as amended.

The amendment was agreed to.

The next amendment was, on page 6, line 21, after the word "newspapers", to strike out "$1,000" and insert "$1,500", so as to read:

For incidental and all other general necessary expenses authorized by law, including the purchase of newspapers, $1,500.

The amendment was agreed to.

The next amendment was, under the subhead "Free Public Library", on page 10, line 3, after the word "vehicle", to strike out "$25,000" and insert "$32,500", so as to read:

For maintenance, alterations, repairs, fuel, lighting, fitting up buildings, care of grounds, maintenance of motor delivery vehicles, and other contingent expenses, including not to exceed $700 for purchase and exchange of one motor delivery vehicle, $32,500.

The amendment was agreed to.

The next amendment was, on page 10, line 8, after the figures "$150,000", to insert a comma and "of which $4,500 shall be immediately available for the preparation of plans and specifications", so as to read:

For a building for a Georgetown branch library, including necessary furniture and equipment, and improvement of grounds, $150,000, of which $4,500 shall be immediately available for the preparation of plans and specifications.

The amendment was agreed to.

The next amendment was, under the subhead "Register of wills", on page 10, line 11, to increase the appropriation for personal services under that office from $63,531 to $64,827.

The amendment was agreed to.

The next amendment was, on page 10, line 18, after the word "periodicals", to strike out "$9,000" and insert "$10,000", so as to read:

For miscellaneous and contingent expenses, telephone, bills, printing, typewriters, photostat paper and supplies, including

laboratory coats and photographic developing room equipment, towels, towel service, window washing, street-car tokens, furniture and equipment and repairs thereto, and purchase of books of reference, law books, and periodicals, $10,000.

The amendment was agreed to.

The next amendment was, under the subhead "Recorder of deeds", on page 10, line 20, after the word "services", to strike out "$75,754" and insert "$100,000", so as to read:

For personal services, $100,000, of which $6,000 shall be available only for recopying old land records of the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 11, line 6, after the word "expenses", to strike out "$7,500" and insert "$10,000", so as to read:

For miscellaneous and contingent expenses, including telephone service, printing, binding, rebinding, repairing, and preservation of records; typewriters, towels, towel service, furniture and equipment and repairs thereto; books of reference, law books and periodicals, street-car tokens, postage, not exceeding $100 for rest room for sick and injured employees and the equipment of and medical supplies for said rest room, and all other necessary incidental expenses, $10,000.

The amendment was agreed to.

The next amendment was, under the heading "Contingent and Miscellaneous Expenses", on page 11, line 14, after the word "exceed", to strike out "$1,000" and insert "$1,250"; and in line 22, after the word "offices" and the semicolon, to strike out "$35,000" and insert "$36,000", so as to read:

For checks, books, law books, books of reference, periodicals, newspapers, stationery; surveying instruments and implements; drawing materials; binding, rebinding, repairing, and preservation of records; ice; repairs to pound and vehicles; traveling expenses not to exceed $1,250, including payment of dues and traveling expenses in attending conventions when authorized by the Commissioners of the District of Columbia; expenses authorized by law in connection with the removal of dangerous or unsafe and insanitary buildings, including payment of a fee of $6 per diem to each member of board of survey, other than the inspector of buildings, while actually employed on surveys of dangerous or unsafe buildings; and other general necessary expenses of District offices; $36,000.

The amendment was agreed to.

The next amendment was, on page 12, line 3, after the word "binding", to strike out "$35,000" and insert "including personal services, $40,000", so as to read:

For printing and binding, including personal services, $40,000.

The amendment was agreed to.

The next amendment was, under the subhead "Central garage", on page 12, line 8, after the word "services", to strike out "$52,000" and insert "$56,806", and at the end of line 12, to strike out "$60,000" and insert "$64,806", so as to read:

For maintenance, care, repair, and operation of passenger-carrying automobiles owned by the District of Columbia, including personal services, $56,806; for exchange of such passenger-carrying automobiles now owned by the District of Columbia as, in the judgment of the Commissioners of said District, have or shall become unserviceable, $8,000; in all, $64,806.

The amendment was agreed to.

The next amendment was, on page 13, line 14, after the word "equipment", to strike out "$20,000" and insert "$25,000", so as to read:

For postage for strictly official mail matter, including the rental of postage meter equipment, $25,000.

The amendment was agreed to.

The next amendment was, under heading "Street and road improvement and repair", on page 16, line 7, before the word "personal" to strike out "all", so as to read:

For personal services, $161,550, payable from the special fund created by section 1 of the act entitled "An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes", approved April 23, 1924 (43 Stat. 106), and accretions by repayment of assessments.

The amendment was agreed to.

The next amendment was, on page 17, line 20, after the word "vehicles", to strike out "$65,000" and insert "and including not to exceed $9,000 for surveys, engineering investigations, and preparation of plans for a viaduct or bridge in the line of Franklin Street NE., over the tracks of the Baltimore & Ohio Railroad, $74,000", so as to read:

For construction, maintenance, operation, and repair of bridges, including maintenance of non-passenger-carrying motor vehicles, and including not to exceed $9,000 for surveys, engineering investigations, and preparation of plans for a viaduct or bridge in the line of Franklin Street NE., over the tracks of the Baltimore & Ohio Railroad, $74,000.

The amendment was agreed to.

The next amendment was, on page 20, line 5, after the word "exceed", to strike out "$2,090,000" and insert "$2,099,000", so as to read:

In all, not to exceed $2,099,000, to be immediately available; to be disbursed and accounted for as "Gasoline tax, road, and street improvements and repairs", and for that purpose shall constitute one fund.

The amendment was agreed to.

The next amendment was, on page 21, line 15, after the name "District of Columbia", to strike out the colon and *"Provided further,* That the amount expended hereunder shall not exceed $50,000", so as to read:

To carry out the provisions of existing law which authorize the Commissioners of the District of Columbia to open, extend, straighten, or widen any street, avenue, road, or highway, except Fourteenth Street extension beyond the southern boundary of Walter Reed Hospital Reservation, in accordance with the plan of the permanent system of highways for the District of Columbia, there is appropriated such sum as is necessary for said purpose, including the procurement of chains of title, during the fiscal year 1935, to be paid wholly out of the revenues of the District of Columbia: *Provided,* That this appropriation shall be available to carry out the provisions of existing law for the opening, extension, widening, or straightening of alleys and minor streets and for the establishment of building lines in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 22, after line 12, to strike out:

No part of the appropriations contained in this act shall be used for the operation of a testing laboratory of the highways department for making tests of materials in connection with any activity of the District government.

The amendment was agreed to.

The next amendment was, on page 23, line 24, after the word "sewers", to strike out "$20,094" and insert "$65,094, together with the unexpended balance of the appropriation for this purpose, contained in the District of Columbia Appropriation Act for the fiscal year 1933", so as to read:

For assessment and permit work, sewers, including not to exceed $1,000 for purchase or condemnation of rights-of-way for construction, maintenance, and repair of public sewers, $65,094, together with the unexpended balance of the appropriation for this purpose, contained in the District of Columbia Appropriation Act for the fiscal year 1933.

The amendment was agreed to.

Mr. FESS. Mr. President, I should like to ask the Senator from Oklahoma what progress is being made toward connecting Rock Creek Park with East Potomac Park?

Mr. THOMAS of Oklahoma. Mr. President, if I remember correctly, that matter was not mentioned during the hearings on the pending bill. No request was submitted, and there was nothing introduced in the hearings in relation to that particular project.

Mr. FESS. It has just been suggested to me that that work will be suspended until the bridge over P Street shall have been finished.

Mr. THOMAS of Oklahoma. There was no estimate submitted and no request was made for a hearing on the subject.

Mr. KING. Mr. President, I should like to say to the Senator from Ohio that the Park and Planning Commission, of which I am ex officio a member, have been giving a great deal of attention to the park system and to the plan to connect the parks with a number of old forts in the vicinity of Washington. I can assure the Senator that if we can secure a little more money from the Public Works Administration the work contemplated under surveys heretofore made will be speedily carried forward.

Mr. FESS. Mr. President, not to detain the Senate at all—and I will not do so—I have been greatly interested in the possibility of connecting Rock Creek Park, which of itself is as fine as it can be, and East Potomac Park. There seem to be some insurmountable obstacles that have been

existing for 4 or 5 years. One is the difficulty of getting under Massachusetts Avenue; another is the construction of the P Street Bridge. It would seem that those obstacles would not be difficult to overcome, but I was told that the great difficulty is that Congress has not made the necessary response in the way of appropriations, and I wonder whether there is any obstacle in the way of lack of money at the present time?

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. COPELAND. The Senator is doubtless familiar with the fact that this body has passed a bill authorizing the District Commissioners to apply to the Public Works Administration for a loan of $20,000,000, and the measure specifically states that two millions of that amount shall be for the parks. So if that bill shall pass the House, as those of us who are interested in it hope it may, there will be ample money to carry forward the very desirable project suggested by the Senator from Ohio.

Mr. FESS. That is the answer to my question.

The VICE PRESIDENT. The clerk will state the next committee amendment.

The next amendment of the Committee on Appropriations was, under the heading "Collection and disposal of refuse", on page 24, line 4, to increase the appropriation for personal services from "$124,335" to "$126,900."

The amendment was agreed to.

The next amendment was, on page 24, line 25, after the word "expenses", to strike out "$700,000" and insert "$732,400", so as to read:

To enable the Commissioners to carry out the provisions of existing law governing the collection and disposal of garbage, dead animals, night soil, and miscellaneous refuse and ashes in the District of Columbia, including inspection; fencing of public and private property designated by the Commissioners as public dumps; and incidental expenses, $732,400.

The amendment was agreed to.

The next amendment was, under the heading "Public play grounds", on page 25, line 20, to strike out "$30,000" and insert "$33,600", so as to read:

For general maintenance, repairs, and improvements, equipment, supplies, incidental and contingent expenses of playgrounds, including labor and maintenance, and not to exceed 500 for purchase and exchange, of one motor truck, $33,600.

The amendment was agreed to.

The next amendment was, under the heading "Electrical department", on page 26, line 23, to strike out "$15,000" and insert "$20,500", so as to read:

For placing wires of fire alarm, police patrol, and telephone services underground, extension and relocation of police-patrol and fire-alarm systems, purchase and installing additional lead-covered cables, labor, material, appurtenances, and other necessary equipment and expenses, $20,500.

The amendment was agreed to.

The next amendment was, on page 27, line 14, after the word "controls", to strike out "$700,000" and insert "$837,400", so as to read:

Lighting: For purchase, installation, and maintenance of public lamps, lampposts, street designations, lanterns, and fixtures of all kinds on streets, avenues, roads, alleys, and public spaces, part cost of maintenance of airport and airway lights necessary for operation of the air mail, and for all necessary expenses in connection therewith, including rental of storerooms, extra labor, operation, maintenance, and repair of motor trucks, this sum to be expended in accordance with the provisions of sections 7 and 8 of the District of Columbia Appropriation Act for the fiscal year 1912 (36 Stat., pp. 1008–1011, sec. 7), and with the provisions of the District of Columbia Appropriation Act for the fiscal year 1913 (37 Stat., pp. 181–184, sec. 7), and other laws applicable thereto, and including not to exceed $27,000 for operation and maintenance of electric traffic lights, signals, and controls, $837,400.

The amendment was agreed to.

The next amendment was, at the top of page 28, to insert:

For the purchase and installation of fire-alarm transmitting apparatus and operator's pedestal storage batteries, storage-battery rectifiers, alarm gongs, master telegraph key with relays and terminal switchboard, necessary wiring materials, labor, and other necessary items, to replace worn and defective fire-alarm equipment and apparatus in fire-alarm headquarters and fire stations, $28,000.

The amendment was agreed to.

The next amendment was, under the heading "Public schools", on page 28, line 15, after the word "superintendents", to strike out "$579,600" and insert "$583,380", so as to read:

For personal services of administrative and supervisory officers in accordance with the act fixing and regulating the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, approved June 4, 1924 (43 Stat., pp. 367–375), including salaries of presidents of teachers colleges in the salary schedule for first assistant superintendents, $583,380.

The amendment was agreed to.

The next amendment was, on page 28, line 18, to increase the appropriation for personal services of clerks and other employees under the public schools from $146,115 to $164,421.

The amendment was agreed to.

The next amendment was, on page 29, line 5, after the words "class 12", to strike out "$5,728,500" and insert "$5,763,960", so as to read:

For personal services of teachers and librarians in accordance with the act approved June 4, 1924 (43 Stat., pp. 367–375), including for teachers colleges assistant professors in salary class 11, and professors in salary class 12, $5,763,960.

The amendment was agreed to.

The next amendment was, under the subhead "Night schools", on page 30, line 20, after the words "day schools", to strike out "$79,407" and insert "$85,246", so as to read:

For teachers and janitors of night schools, including teachers of industrial, commercial, and trade instruction, and teachers and janitors of night schools may also be teachers and janitors of day schools, $85,246.

The amendment was agreed to.

The next amendment was, under the subhead "Community center department", on page 32, line 10, after the word "fixtures", to strike out "$36,664" and insert "$50,000", so as to read:

For personal services of the director, general secretaries, and community secretaries in accordance with the act approved June 4, 1924 (43 Stat., pp. 369, 370); clerks and part-time employees, including janitors on account of meetings of parent-teacher associations and other activities, and contingent expenses, equipment, supplies, and lighting fixtures, $50,000.

The amendment was agreed to.

The next amendment was, under the subhead "Miscellaneous", on page 32, line 20, after the word "pupils", to strike out "$8,000" and insert "$9,000", so as to read:

For the maintenance of schools for tubercular and crippled pupils, $9,000.

The amendment was agreed to.

The next amendment was, on page 32, line 22, after the word "pupils", to insert "for pupils attending sight-saving classes", and in line 23, after the word "pupils", to strike out "$18,500" and insert "$21,500", so as to read:

For transportation for pupils attending schools for tubercular pupils, for pupils attending sight-saving classes, and for pupils attending schools for crippled pupils, $21,500.

The amendment was agreed to.

The next amendment was, on page 33, at the end of line 9, to increase the appropriation for fuel, gas, and electric light and power for the public schools from $225,000 to $250,000.

The amendment was agreed to.

The next amendment was, on page 33, line 17, after the word "labor", to strike out "$119,500" and insert "$129,500", so as to read:

For contingent expenses, including United States flags, furniture and repairs of same, stationery, ice, paper towels, and other necessary items not otherwise provided for, and including not exceeding $8,000 for books of reference and periodicals, not exceeding $1,500 for replacement of pianos at an average cost of not to exceed $300 each, not exceeding $5,000 for labor, $129,500, to be immediately available.

The amendment was agreed to.

The next amendment was, on page 33, after line 21, to insert:

For the necessary reequipping, including repair and refinishing of suitable existing equipment, of the Shaw Junior High School, $15,000.

The amendment was agreed to.

The next amendment was, at the top of page 34, to insert:

For furniture and equipment, including pianos and window shades, for the Woodrow Wilson Senior High School, $175,000.

The amendment was agreed to.

The next amendment was, on page 34, line 14, after the word "available", to strike out the colon and "*Provided*, That no part of this appropriation shall be available for the purchase of such books for the free use of nonresident pupils", so as to read:

For textbooks and other educational books and supplies as authorized by the act of January 31, 1930 (46 Stat., p. 62), including not to exceed $7,000 for personal services, $160,000, to be immediately available.

The amendment was agreed to.

The next amendment was, under the subhead "Buildings and grounds", on page 36, at the end of line 6, to strike out "$400,000" and insert "$600,000", so as to read:

For continuing the construction of the Woodrow Wilson High School, $600,000.

The amendment was agreed to.

The next amendment was, on page 36, after line 6, to insert:

For an additional amount for the erection of an 8-room building on a site now owned by the District of Columbia in the vicinity of the Logan School, $5,500.

The amendment was agreed to.

The next amendment was, on page 36, after line 9, to insert:

For completing the construction of a junior-high-school building on a site already purchased for that purpose at Nineteenth Street and Minnesota Avenue S.E., in Anacostia, $180,000.

The amendment was agreed to.

The next amendment was, on page 36, after line 14, to insert:

For the construction of a four-room addition to the Phelps School, including the necessary remodeling of present building, $65,000.

The amendment was agreed to.

The next amendment was, on page 36, after line 16, to insert:

For the construction of an addition to the Deal Junior High School, including 10 classrooms and 1 gymnasium, $166,000.

The amendment was agreed to.

The next amendment was, on page 36, after line 19, to insert:

For the extension of the auto repair shop and the construction of a gymnasium at the Armstrong High School, $70,000.

The amendment was agreed to.

The next amendment was, on page 36, after line 22, to insert:

For the construction of a four-room addition to the Bunker Hill School, including necessary alterations to the present building, $75,000.

The amendment was agreed to.

The next amendment was, on page 37, line 7, after the words "In all", to strike out "$568,000" and insert "$1,329,500", so as to read:

In all, $1,329,500, to be immediately available and to be reimbursed and accounted for as "Buildings and grounds, public schools", and for that purpose shall constitute one fund and remain available until expended: *Provided*, That no part of this appropriation shall be used for or on account of any school building not herein specified.

The amendment was agreed to.

The next amendment was, on page 37, after line 12, to insert:

For the purchase of additional land at the Phelps Vocational School for elementary school purposes, $55,000.

The amendment was agreed to.

The next amendment was, on page 37, after line 14, to insert:

For an additional amount for the purchase of a site for the Jefferson Junior High School, $150,000.

The amendment was agreed to.

The next amendment was, on page 37, after line 16, to strike out the following:

No part of the foregoing appropriations for public schools shall be used for instructing children under 5 years of age except children entering during the first half of the school year who will be 5 years of age by November 1, 1934, and children entering during the second half of the school year who will be 5 years of age by March 15, 1935: *Provided*, That this limitation shall not be considered as preventing the employment of a matron and the care of children under school age at the Webster School whose parent or parents are in attendance in connection with Americanization work.

The amendment was agreed to.

The next amendment was, under the heading "Metropolitan Police—Salaries", on page 39, line 18, to increase the appropriation for personal services under the Metropolitan Police from $109,980 to $113,400.

The amendment was agreed to.

The next amendment was, under the heading "Fire department—Miscellaneous", on page 42, at the end of line 24, to strike out "$21,000" and insert "$23,000", so as to read:

Uniforms: For furnishing uniforms and other official equipment prescribed by department regulations as necessary and requisite in the performance of duty to officers and members of the fire department, including cleaning, alteration, and repair of articles transferred from one individual to another, $23,000.

The amendment was agreed to.

The next amendment was, on page 43, after line 14, to insert:

For 3 combination hose wagons and 1 pumping engine, triple combination, all motor-driven, $30,000.

The amendment was agreed to.

The next amendment was, under the heading "Health department", on page 45, line 11, after the word "supplies", to insert "equipment, purchases, and maintenance of three passenger-carrying motor vehicles", and in line 12, after the word "expenses", to strike out "$34,398" and insert "$91,718", so as to read:

For the maintenance of a dispensary or dispensaries for the treatment of indigent persons suffering from tuberculosis and of indigent persons suffering from venereal diseases, including payment for personal services, rent, supplies, equipment, purchases, and maintenance of three passenger-carrying motor vehicles, and contingent expenses, $91,718.

The amendment was agreed to.

The next amendment was, on page 46, line 4, after the word "clinics", to strike out "$84,554" and insert "$152,096", so as to read:

Hygiene and sanitation, public schools, salaries: For personal services in the conduct of hygiene and sanitation work in the public schools, including the necessary expenses of maintaining free dental clinics, $152,096.

The amendment was agreed to.

The next amendment was, on page 47, line 15, after the word "supplies", to strike out "$45,834" and insert "$91,078", so as to read:

Child welfare and hygiene: For maintaining a child-hygiene service, including the establishment and maintenance of child-welfare stations for the clinical examinations, advice, care, and maintenance of children under 6 years of age, payment for personal services, rent, fuel, periodicals, and supplies, $91,078.

The amendment was agreed to.

The next amendment was, under the heading "Courts and prisons", on page 47, line 24, to increase the appropriation for personal services under the juvenile court from $52,938 to $53,946.

The amendment was agreed to.

The next amendment was, under the subhead "Juvenile court", on page 48, line 7, after the word "for", to strike out "$2,000" and insert "$2,750", so as to read:

For fuel, ice, gas, laundry work, stationery, books of reference, periodicals, typewriters and repairs thereto, preservation of records, mops, brooms, and buckets, removal of ashes and refuse, telephone service, traveling expenses, meals of jurors and prisoners, repairs to courthouse and grounds, furniture, fixtures, and equipment, and other incidental expenses not otherwise provided for, $2,750.

The next amendment was, under the subhead "Police court", on page 48, line 18, to increase the appropriation for

personal services under the police court from $85,000 to $90,000.

The amendment was agreed to.

The next amendment was, on page 49, line 3, after the figures "$5,100", to strike out the comma and "of which not exceeding $400 shall be available for telephone and telegraph service", so as to read:

For law books, books of reference, directories, periodicals, stationery, preservation of records, typewriters and repairs thereto, fuel, ice, gas, electric lights and power, telephone service, laundry work, removal of ashes and rubbish, mops, brooms, buckets, dusters, sponges, painter's and plumber's supplies, toilet articles, medicines, soap and disinfectants, lodging and meals for jurors and bailiffs when ordered by the court, United States flags and halyards, and all other necessary and incidental expenses of every kind not otherwise provided for, $5,100.

The amendment was agreed to.

The next amendment was, under the subhead "Municipal court", on page 49, line 10, after the word "grade", to strike out "$63,000" and insert "$68,166", so as to read:

Salaries: For personal services, including compensation of five judges without reference to the limitation in this act restricting salaries within the grade, $68,166.

The amendment was agreed to.

The next amendment was, on page 49, line 11, after the word "jurors", to strike out "$4,000" and insert "$6,165", so as to read:

For compensation of jurors, $6,165.

The amendment was agreed to.

The next amendment was, on page 49, line 24, after the word "supplies", to strike out "$2,750" and insert "$3,000", so as to read:

For contingent expenses, including books, law books, books of reference, fuel, light, telephone, lodging and meals for jurors, and for deputy United States marshals while in attendance upon jurors, when ordered by the court; fixtures, repairs to furniture, building and building equipment, and all other necessary miscellaneous items and supplies, $3,000.

The amendment was agreed to.

The next amendment was, under the subhead "Supreme Court, District of Columbia", on page 50, line 5, to strike out "$125,575" and insert "$129,380", so as to read:

Salaries: For the chief justice, 8 associate justices, 9 stenographers (1 for the chief justice and 1 for each associate justice), and other personal services, $129,380.

The amendment was agreed to.

The next amendment was, on page 50, line 11, to strike out "$85,000" and insert "$100,000", so as to read:

Fees of jurors and witnesses: For mileage and per diem of jurors, for mileage and per diem of witnesses and for per diem in lieu of subsistence, and payment of the expenses of witnesses in said court as provided by section 850, Revised Statutes (U.S.C., title 28, sec. 604), $100,000.

The amendment was agreed to.

The next amendment was, on page 50, line 23, after the name "District of Columbia", to strike out "$30,000" and insert "$31,761", so as to read:

Courthouse: For personal services for care and protection of the courthouse, under the direction of the United States marshal of the District of Columbia, $31,761, to be expended under the direction of the Attorney General.

The amendment was agreed to.

The next amendment was, under the heading "Public Welfare", on page 5, line 7, to increase the appropriation for personal services under the Board of Public Welfare from $96,000 to $101,646.

The amendment was agreed to.

The next amendment was, on page 54, line 3, after the word "board", to strike out "$230,000" and insert "$250,000", so as to read:

For board and care of all children committed to the guardianship of said board by the courts of the District, and for temporary care of children pending investigation or while being transferred from place to place, with authority to pay not more than $1,500 each to institutions under sectarian control and not more than $400 for burial of children dying while under charge of the board, $250,000.

The amendment was agreed to.

The next amendment was, under the subhead "Jail", on page 55, line 13, to increase the appropriation for personal services at the jail from $68,823 to $77,823.

The amendment was agreed to.

The next amendment was, under the subhead "General administration, workhouse and reformatory, District of Columbia", on page 55, line 23, to increase the appropriation for personal services under the workhouse and reformatory, etc., from $280,000 to $337,770.

The amendment was agreed to.

The next amendment was, on page 56, line 7, to strike out "$320,000" and insert "$335,000", so as to read:

For maintenance, care, and support of inmates, rewards for fugitives, discharge gratuities provided by law, medical supplies, newspapers, books, books of reference, and periodicals, farm implements, tools, equipment, transportation, expenses, purchase and maintenance of livestock and horses, purchase, exchange, maintenance, operation, and repair of non-passenger-carrying vehicles and motor bus; fuel for heating, lighting, and power, and all other necessary items, $335,000.

The amendment was agreed to.

The next amendment was, on page 57, line 10, after the word "including" to strike out "not exceeding $500 for", and at the end of line 12, to strike out "$50,000" and insert "$52,000", so as to read:

For construction of a permanent water supply filtration system, including the purchase of land on Occoquan Creek and Elkhorn Run, to be immediately available, $52,000.

The amendment was agreed to.

The next amendment was, under the subhead "Medical charities", on page 59, at the end of line 3, to increase the appropriation for the Children's Hospital from $10,000 to $30,000.

The amendment was agreed to.

The next amendment was, on page 59, at the end of line 6, to increase the appropriation for the Washington Home for Incurables from $10,000 to $25,000.

The amendment was agreed to.

The next amendment was, under the subhead "Tuberculosis Hospital", on page 59, line 12, to increase the appropriation for personal services at the Tuberculosis Hospital from $77,823 to $81,567.

The amendment was agreed to.

The next amendment was, on page 60, line 6, after the word "items", to strike out "$25,000" and insert "$35,000" so as to read:

For provisions, fuel, forage, harness, and vehicles, and repairs to same, maintenance and purchase of horses and horse-drawn vehicles, gas, ice, shoes, clothing, dry goods, tailoring, drugs and medical supplies, furniture and bedding, kitchen utensils, medical books, books of reference, and periodicals not to exceed $200, temporary services not to exceed $1,000, maintenance of motor truck, and other necessary items, $35,000.

The amendment was agreed to.

The next amendment was, on page 60, line 8, after the word "sidewalks", to strike out "$500" and insert "$2,000"; so as to read:

For repairs and improvements to buildings and grounds, including roads and sidewalks, $2,000.

The amendment was agreed to.

The next amendment was, on page 60, after line 8, to insert:

DISTRICT OF COLUMBIA TUBERCULOSIS SANATORIA

For the construction of additions to the Children's Unit, and the preparation of plans and specifications for the District of Columbia Tuberculosis Sanatoria at Glenn Dale, Md., including not to exceed $100,000 for the employment of professional and other personal services without reference to the Classification Act of 1923, as amended, and section 3709 of the Revised Statutes of the United States, $500,000.

The amendment was agreed to.

The next amendment was, under the subhead "Gallinger Municipal Hospital", on page 60, line 20, after the word "labor", to strike out "$323,928" and insert "$372,528", so as to read:

Salaries: For personal services, including not to exceed $2,000 for temporary labor, $372,528.

The amendment was agreed to.

The next amendment was, on page 61, at the end of line 16, to strike out "$262,000" and insert "$290,000", so as to read:

For completing construction at Gallinger Municipal Hospital of an additional ward building for contagious diseases, including necessary equipment, $290,000.

The amendment was agreed to.

The next amendment was, under the subhead "District Training School", on page 61, line 19, after the word "labor", to strike out "$79,272" and insert "$81,486", so as to read:

For personal services, including not to exceed $1,000 for temporary labor, $81,486.

The amendment was agreed to.

The next amendment was, on page 61, line 25, to strike out "$75,000" and insert "$80,000", so as to read:

For maintenance and other necessary expenses, including the maintenance of non-passenger-carrying motor vehicles, the purchase and maintenance of horses and wagons, farm machinery and implements, and not to exceed $200 for the purchase of books, books of reference, and periodicals, $80,000.

The amendment was agreed to.

The next amendment was, on page 62, line 3, after the word "one", to strike out "1½-ton motor truck, $650" and insert "2-ton motor truck, $1,000", so as to read:

For the purchase and exchange of one 2-ton motor truck, $1,000.

The amendment was agreed to.

The next amendment was, under the subhead "Industrial School for Colored Children", on page 62, line 6, after the word "services", to strike out "$30,575" and insert "$32,373", and at the end of line 7, to strike out "$31,000" and insert "$32,823", so as to read:

Salaries: For personal services, $32,373; temporary labor, $425; in all, $32,823.

The amendment was agreed to.

The next amendment was, on page 62, line 12, after the word "materials", to strike out "$24,000" and insert "$25,000", so as to read:

For maintenance, including purchase and maintenance of farm implements, horses, wagons, and harness, and maintenance of non-passenger-carrying motor vehicles, and not to exceed $1,250 for manual-training equipment and materials, $25,000.

The amendment was agreed to.

The next amendment was, under the subhead "Home for Aged and Infirm", on page 62, line 24, after the word "services", to strike out "$51,696" and insert "$53,100", and at the end of line 25, strike out "$53,496" and insert "$54,900", so as to read:

Salaries: For personal services, $53,100; temporary labor, $1,800; in all, $54,900.

The amendment was agreed to.

The next amendment was, on page 63, at the end of line 8, to strike out "$4,500" and insert "$6,000", so as to read:

For repairs and improvements to buildings and grounds, such work to be performed by day labor or otherwise in the discretion of the Commissioners, $6,000.

The amendment was agreed to.

The next amendment was, on page 63, line 10, to strike out "$650" and insert "$750", so as to read:

For the purchase and exchange of station wagon-truck, $750.

The amendment was agreed to.

The next amendment was, on page 63, after line 10, to insert:

For the construction of addition to colored women's ward, such work to be performed by day labor or otherwise, as in the judgment of the Commissioners may be most advantageous to the District of Columbia, $11,000.

The amendment was agreed to.

The next amendment was, under the subhead "Emergency relief", on page 64, line 2, after the name "District of Columbia", to strike out "$1,300,000" and insert "$3,000,000", and, in line 3, after the word "available", to strike out the colon and "*Provided*, That not to exceed 8 percent of such amount shall be available for administrative expenses, including necessary personal services", so as to read:

For the purpose of affording relief to residents of the District of Columbia who are unemployed or otherwise in distress because of the existing emergency, to be expended by the Board of Public Welfare of the District of Columbia by employment and/or direct relief, in the discretion of the Board of Commissioners and under rules and regulations to be prescribed by the board and without regard to the provisions of any other law, payable from the revenues of the District of Columbia, $3,000,000, to be immediately available.

The amendment was agreed to.

The next amendment was, under the heading "Militia", on page 67, line 24, after the word "services", to strike out "$18,270" and insert "$19,080"; in line 25, after the word "labor" to strike out "$5,000" and insert "$5,220"; and, on page 68, line 25, after the word "service", to strike out "$8,730; in all, $32,000" and insert "$9,000; in all, $33,300", so as to make the paragraph read:

For the following, to be expended under the authority and direction of the commanding general, who is hereby authorized and empowered to make necessary contracts and leases, namely:

For personal services, $19,080; temporary labor, $5,220; for expenses of camps, including hire of horses for officers required to be mounted, and for the payment of commutation of subsistence for enlisted men who may be detailed to guard or move the United States property at home stations on days immediately preceding and immediately following the annual encampments; damages to private property incident to encampment; reimbursement to the United States for loss of property for which the District of Columbia may be held responsible; cleaning and repairing uniforms, arms, and equipment; instruction, purchase, and maintenance of athletic, gymnastic, and recreational equipment at armory or field encampments, not to exceed $500; practice marches, drills, and parades; rent of armories, drill halls, and storehouses; fuel, light, heat, care, and repair of armories, offices, and storehouses; machinery and dock, including dredging alongside of dock; construction of buildings for storage and other purposes at target range; telephone service; printing, stationery, and postage; horses and mules for mounted organizations; maintenance and operation of passenger and non-passenger-carrying motor vehicles; street-car fares (not to exceed $200) necessarily used in the transaction of official business; not exceeding $400 for traveling expenses, including attendance at meetings or conventions of associations pertaining to the National Guard; and for general incidental expenses of the service, $9,000; in all, $33,300.

The amendment was agreed to.

The next amendment was, under the heading "National Capital Parks", on page 69, line 3, to increase the appropriation for personal services under the Public Parks of the District of Columbia from $300,000 to $314,880.

The amendment was agreed to.

The next amendment was, under the heading "National Capital Park and Planning Commission", on page 71, at the end of line 10, to strike out "$31,000" and insert "$33,096", so as to read:

For each and every purpose, except the acquisition of land, requisite for and incident to the work of the National Capital Park and Planning Commission as authorized by the act entitled "An act providing for a comprehensive development of the park and playground system of the National Capital" approved June 6, 1924 (U.S.C., title 40, sec. 71), as amended, including personal services in the District of Columbia, maintenance, operation, and repair of motor-propelled passenger-carrying vehicles, not to exceed $1,500 for printing and binding, not to exceed $500 for traveling expenses and car fare of employees of the Commission, and not to exceed $300 for professional, scientific, technical, and reference books, and periodicals, $33,096.

The amendment was agreed to.

The next amendment was, under the heading "Water service—Washington Aqueduct", on page 73, line 11, after the word "motor", to strike out "trucks" and insert "vehicles", and in line 21, after the word "maintenance", to strike out "$300,000" and insert "$323,950", so as to read:

For maintenance of the water department distribution system, including pumping stations and machinery, water mains, valves, fire and public hydrants, and all buildings and accessories, and motor vehicles, and the replacement by purchase and/or exchange of the following motor-propelled vehicles: One 1½-ton special truck not to exceed $1,800, and one 4-ton truck not to exceed $2,000; purchase of fuel, oils, waste, and other materials, and the employment of all labor necessary for the proper execution of this work; and for contingent expenses, including books, blanks, stationery, printing and binding not to exceed $2,500, postage, purchase of technical reference books and periodicals not to exceed $275, and other necessary items, $7,500; in all for

maintenance, $323,950, of which not exceeding $5,000 shall be available for operation of pumps at Bryant Street pumping station upon interruption of service from Dalecarlia pumping station.

The amendment was agreed to.

The next amendment was, on page 74, line 3, after the word system", to strike out "$142,000" and insert "$213,750", so as to read:

For extension of the water department distribution system, laying of such service mains as may be necessary under the assessment system, $213,750.

The amendment was agreed to.

The next amendment was, on page 74, line 8, after the name "District of Columbia", to strike out "$50,000" and insert "$85,500", so as to read:

For installing and repairing water meters on services to private residences and business places as may not be required to install meters under existing regulations, as may be directed by the Commissioners; said meters at all times to remain the property of the District of Columbia, $85,500.

The amendment was agreed to.

The next amendment was, on page 74, line 14, after the word "pavements", to strike out "$75,000" and insert "$117,900", so as to read:

For replacement of old mains and divide valves in various locations, on account of inadequate size and bad condition of pipe on account of age, and laying mains in advance of pavements, $117,900, to be immediately available.

The amendment was agreed to.

The next amendment was, on page 77, line 4, after the word "thereof", to insert "including rental of storage space", so as to read:

The Commissioners, or their duly designated representatives, are further authorized to employ temporarily such laborers, skilled laborers, drivers, hostlers, and mechanics as may be required exclusively in connection with sewer, water, street, and road work, and street cleaning, or the construction and repair of buildings, and bridges, furniture and equipments, and any general or special engineering or construction or repair work, and to incur all necessary engineering and other expenses, exclusive of personal services, incidental to carrying on such work and necessary for the proper execution thereof, including rental of storage space, said laborers, skilled laborers, drivers, hostlers, and mechanics to be employed to perform such work as may not be required by law to be done under contract, and to pay for such services and expenses from the appropriations under which such services are rendered and expenses incurred.

The amendment was agreed to.

The next amendment was, on page 80, after line 13, to strike out:

SEC. 7. No part of the funds appropriated in this act for any activity shall be available for transfer to any other activity or between subheads of the same activity.

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments.

Mr. THOMAS of Oklahoma. Mr. President, as authorized by the committee, I submit the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 32, after line 2, it is proposed to insert:

For aid in the education of children (between the ages of 16 and 21 years, inclusive, who have had their domicile in the District of Columbia for at least 5 years) of those who lost their lives during the World War as a result of service in the military or naval forces of the United States, including tuition, fees, maintenance, and the purchase of books and supplies, $3,600: *Provided*, That not more than $200 shall be available for any one child during the fiscal year 1935: *Provided further*, That this appropriation shall be expended for such children while attending educational institutions of a secondary or college grade under rules and regulations prescribed by the Board of Education.

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, I am authorized to submit another amendment on behalf of the committee.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 57, line 12, after the figures "$52,000", to insert the following proviso:

Provided, That in case a satisfactory price cannot be agreed upon for the purchase of said land, the Attorney General of the United States, upon the request of the Commissioners of the District of Columbia, is directed to acquire said land by condemnation, title to be taken directly to and in the name of the United States, and the expenses of condemnation shall be paid out of the appropriation herein made.

The amendment was agreed to.

Mr. THOMAS of Oklahoma. I am authorized to submit a third amendment on behalf of the committee.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. It is proposed, on page 75, at the end of line 20, to insert the following proviso:

Provided, That the assessment rate herein prescribed shall be applicable to assessments for sewer and water mains constructed and laid subsequent to January 1, 1923, in the subdivision of Barry Farm, as said subdivision appears on the records of the Surveyor of the District of Columbia.

The amendment was agreed to.

Mr. THOMAS of Oklahoma. The committee authorized a fourth amendment, which will be submitted by the Senator from North Dakota [Mr. NYE].

Mr. NYE. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 20, after line 4, to insert:

Michigan Avenue viaduct: For the construction of a viaduct or bridge and approaches thereto in line of Michigan Avenue NE., as now located on the permanent system of highways of the District of Columbia, between Brookland Avenue and Perry Street NE., over the tracks of the right-of-way of the Baltimore & Ohio Railroad Co., in accordance with plans and profiles of said work to be approved by the Commissioners of the District of Columbia, including the purchase and/or condemnation, under subchapter 1 of chapter 15 of the Code of Law for the District of Columbia, and amendments thereto, of necessary land in accordance with the highway plan, construction of, and changes in sewer and water mains, personal services and engineering and incidental expenses, $450,000: *Provided*, That one half of the total cost, excepting land, of constructing said viaduct or bridge and approaches shall be borne and paid by the said railroad company, its successors and assigns, to the collector of taxes of the District of Columbia, and the same shall be a valid and subsisting lien against the franchises and property of the said railroad company and shall constitute a legal indebtedness of said company in favor of the District of Columbia, and the said lien may be enforced in the name of the District of Columbia by a bill in equity brought by the said Commissioners in the Supreme Court of the District of Columbia, or by any other lawful proceeding against the said railroad company: *Provided further*, That from and after the completion of the said viaduct and approaches, the highway grade crossing over the tracks and right-of-way of the said Baltimore & Ohio Railroad Co. in line of present Michigan Avenue shall be forever closed against further traffic of any kind.

And in line 5, to strike out "$2,099,000" and insert "$2,549,000."

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, at the request of the Board of Education and on my own responsibility, I submit the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 28, line 15, after the word "superintendents", to insert "including also compensation to be fixed by the Board of Education and the traveling expenses of educational consultants employed in character education."

The amendment was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. THOMAS of Oklahoma, Mr. GLASS, Mr. COPELAND, Mr. KING, Mr. NYE, and Mr. KEYES conferees on the part of the Senate.

RETURN OF MACE OF PARLIAMENT OF UPPER CANADA

Mr. ROBINSON of Arkansas. Mr. President, I introduce a joint resolution; and if there be no objection, I should like to have it considered at this time.

The VICE PRESIDENT. The clerk will report the joint resolution for the information of the Senate.

The Chief Clerk read the joint resolution (S.J.Res. 121) authorizing the President to return the mace of the Parliament of Upper Canada to the Canadian Government, the first time by its title and the second time at length, as follows:

Whereas the mace of the Parliament of Upper Canada, or Ontario, has been the symbol of legislative authority at York (now Toronto) since 1792; and

Whereas the mace then in use was taken at the battle of York, April 27, 1813, by the United States forces and since has been preserved in the United States Naval Academy at Annapolis; and

Whereas on July 4, 1934, there is to be unveiled in Toronto a memorial tablet erected by the United States Daughters of 1812, to the memory of General Pike and others of the United States forces who were killed in action:

Resolved, etc., That the President be, and he is hereby, authorized to return said mace to the Canadian Government in token of the mutual friendship and good will existing between the people of the United States and those of Canada.

Mr. McNARY. Mr. President, may I ask the Senator from Arkansas if this is the matter referred to in the President's message a few days ago?

Mr. ROBINSON of Arkansas. It is. The President sent to the Senate some days ago a message setting forth the facts, namely, that at the Battle of York in 1813 the mace, which was the symbol of legislative authority in upper Canada, Toronto being the capital, was taken possession of by United States troops. Since that time it has been in the Naval Academy at Annapolis as a trophy.

On July 4 of this year the Daughters of 1812 will erect in Toronto a tablet to the memory of General Pike and others who fell in that war. The city of Toronto has provided the site for the memorial. It is in recognition of the friendly relations that have long existed between Canada and the United States, and which it is hoped will continue to exist, that the President proposes to return the mace to the Canadian Government.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceed to consider the joint resolution, which was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

PREVENTION OF CRIME

Mr. ASHURST. Mr. President, I now feel constrained to ask for action on the conference report on Senate bill 2253, making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases. I have sent messengers for the able Senator from Montana [Mr. WHEELER], and I should like to secure action, with the understanding, of course, that, if the Senator from Montana feels that precipitate action has been taken, I shall consent to a motion to reconsider.

Mr. KING. Mr. President, I regret to interpose any objection to what the chairman of the committee of which I am a member requests in regard to this matter; but I know the attitude of the Senator from Montana. I have been trying to find him. He left his office some little time ago. I suggest that the Senator let the conference report go over until tomorrow morning.

Mr. ASHURST. Very well. I withdraw the request.

Mr. VANDENBERG subsequently said: Mr. President, if I may recur to the conference report which the Senator from Arizona [Mr. ASHURST] submitted, and to the consideration of which objection was made because of the absence of the Senator from Montana [Mr. WHEELER], I should like to say that I have conferred with the Senator from Montana; and he authorizes me to state that, while he is in opposition to the legislation, he is not in opposition to the present consideration and acceptance of the conference report.

Therefore, joining with the Senator from Arizona, I ask that the conference report be laid before the Senate.

The PRESIDING OFFICER laid before the Senate the following conference report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 2, 4, and amendment to the title.

That the Senate recede from its disagreement to the amendment of the House numbered 3; and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment, strike out on page 1, line 3, of the Senate bill the word "flee" and insert in lieu thereof "move or travel in interstate or foreign commerce"; and the House agree to the same.

HENRY F. ASHURST,
WILLIAM H. KING,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
TOM D. MCKEOWN,
A. J. MONTAGUE,
RANDOLPH PERKINS,
Managers on the part of the House.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

Mr. COPELAND. Mr. President, I should like to ask the Senator from Arizona a question about Senate bill 2252, to amend the act forbidding the transportation of kidnaped persons in interstate commerce. I observe that the period of time which may be considered evidence of an interstate kidnaping was changed by action of the conference committee to 7 days. In our bill it was 3 days. Was that matter given study?

Mr. ASHURST. Yes, Mr. President. It was given very careful consideration; and after hearing all the arguments it was agreed that 7 days would be a more appropriate period.

The original bill carried with it a provision that if the kidnaped person should not be returned within 3 days the presumption should be that he was moved in interstate commerce. That period was extended to 7 days. It is, however, a rebuttable presumption. Is that the provision to which the Senator refers?

Mr. COPELAND. Yes. I am sorry I did not make some reference to the matter before the conference was held. I have no disposition at all to hold up the bill; but I desire to point out the fact that the Senate committee, in fixing the time at 3 days, did so deliberately. We first talked about 2 days, because if a case is to be considered an interstate case, a Federal case, it is important that the Federal officials shall have the clues while they are fresh. On that account it was desired that the time should be made as short as possible; but I can readily see that for other reasons it might be wise to extend it somewhat.

Mr. ASHURST. Let me say to the able Senator that, as he knows, some of the States, especially in the Southwest, are very large; and Members of the House—if I may be permitted to refer to what was said there—felt that the 3-day period was too short, in view of the severity of the punishment, and that 7 days would not be an unreasonable time in which the presumption should arise.

Mr. COPELAND. Of course, in the case of my particular State, if the kidnapers were from New York City, in 7 days they could have the victim down in South America.

Mr. ASHURST. I recognize that as creating a very difficult situation.

Mr. ROBINSON of Arkansas. Mr. President, before passing to another matter I wish to say that I think the amend-

ment agreed to in conference on the kidnaping bill with reference to the presumption referred to is unfortunate. I do not know why anyone should be tender concerning the feelings of a kidnaper. If any presumption at all is to be indulged for men of the type who constitute the outlaws, who are dashing from limit to limit of this country, violating every right of our citizens, terrifying helpless mothers and children, 3 days is ample time. It is incomprehensible to me why anyone should insist upon extending the time to 7 days.

I wish to register my protest against the arrangement that was entered into in conference. I do not know what the conditions were which prompted the agreement, but I have not the slightest sympathy with it.

Mr. ASHURST. Mr. President, the Senator from Arkansas, in language which well becomes him, has expressed, I believe, the opinion of the Senate, and I trust I am not violating parliamentary law when I say that the Senate conferees used all the power they had to prevent increasing the time of the presumption. We did the best we could. We were acting with a view of obtaining some legislation. It is not proper for me to say what took place, but it was a question of getting legislation at all.

Personally I agree with the view of the Senator from Arkansas.

Mr. President, in connection with one of the antigangster bills, so called, to wit, the bill extending the provisions of the National Motor Vehicle Theft Act to other stolen property, I am about to introduce a concurrent resolution to permit a change. The numerals "1929" are used in the Senate bill. They should be "1919." I am not going to do the conventional thing of blaming the mistake on the stenographer. I lay the blame on myself. The National Motor Vehicle Act was passed in 1919.

I ask for the present consideration of the concurrent resolution which I send to the desk.

The VICE PRESIDENT. Without objection, the concurrent resolution will be received and read.

The concurrent resolution (S.Con.Res. 16) was read, considered by unanimous consent, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate is authorized and directed, in the enrollment of the bill (S. 2845) entitled "An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property", to strike out "1929" where it appears in section 7 thereof and insert in lieu thereof "1919."

Mr. COPELAND. Mr. President, if I may say a word to the Senator in charge of the crime bills, I have the greatest sympathy for him and the committee. I know that it is not possible for us to get everything we want. I did not get everything I wanted about many of these bills. In that connection I desire to call attention to Senate bill 2845, amending the National Motor Vehicle Theft Act, just referred to in the concurrent resolution. To my mind, it is unfortunate that the security and money value in that case was changed to $5,000 instead of $1,000.

My reason for saying that is because experience shows that the amounts carried away in the manner referred to in the bill are usually small amounts. They rarely reach $5,000; but, of course, what the racketeers will do now will be to break up their stolen goods into smaller quantities.

Mr. ASHURST. Oh, no; that is guarded against, Mr. President. Care is taken so that if there be repeated violations of the law tending to show a system or continuity, and the amounts aggregate $5,000, the punishment prescribed in the act can be inflicted. That matter is taken care of. Although the individual acts may be far apart, where a system is shown, the value of the property involved in a particular violation need not be $5,000 so long as in the aggregate the value reaches $5,000.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 4253) for the relief of Laura Goldwater, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BLACK, Mr. RAMSPECK, and Mr. GUYER were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed severally to the amendments of the Senate to the following bills of the House:

H.R. 916. An act for the relief of C. A. Dickson;

H.R. 4533. An act for the relief of the widow of D. W. Tanner for expense of purchasing an artificial limb; and

H.R. 4973. An act for the relief of G. C. Vandover.

The message further announced that the House had agreed severally to the amendments of the Senate to the following bills of the House:

H.R. 211. An act for the relief of John A. Rapelye;

H.R. 276. An act to authorize the placing of a bronze tablet bearing a replica of the Congressional Medal of Honor upon the grave of the late Brig. Gen. Robert H. Dunlap, United States Marine Corps, in the Arlington National Cemetery, Va.;

H.R. 328. An act for the relief of E. W. Gillespie;

H.R. 473. An act for the relief of Irene Brand Alper;

H.R. 1197. An act for the relief of Glenna F. Kelley;

H.R. 1211. An act for the relief of R. Gilbertsen;

H.R. 1212. An act for the relief of Marie Toenberg;

H.R. 4516. An act for the relief of B. Edward Westwood;

H.R. 5284. An act for the relief of the Playa de Flor Land & Improvement Co.; and

H.R. 5405. An act for the relief of Nicola Valerio.

MEMORIAL SERVICES FOR HON. JOHN B. KENDRICK, LATE A SENATOR OF THE UNITED STATES FROM THE STATE OF WYOMING

Mr. O'MAHONEY. Mr. President, on April 27 there were held in the House of Representatives the annual memorial exercises, at which the Members of Congress pay honor to the memory of those Members who have passed away during the preceding year.

One of the Members to whom that tribute of respect was paid was the late distinguished Senator whom I had the honor to succeed in this body; and it has seemed to me to be my duty to say in this Chamber, where he served so long, at least a few words in his honor.

Mr. President, for almost 17 years JOHN B. KENDRICK, of Wyoming, was a Senator of the United States. He was not only a man of unusual ability and sterling integrity, but a man of vision, of courage, and of common sense. I count it one of the most fortunate circumstances of my own experience that I had the privilege, at the outset of his senatorial career, to serve him for 3 years as his secretary, and to learn from intimate daily contact with him that the greatest rewards of life are still reserved for those who serve with industry, unselfish devotion, and dauntless courage.

He was elected and reelected by the people of his State, because they knew him for what he was, a man of character, whose course was charted by conscience. Personal or partisan interests meant nothing to him where public interest was concerned. The one test for all his acts was the public good.

Modest of mien, gentle of speech, sympathetic of nature, with an indomitable will that nothing could overcome, he inspired respect, confidence, and love among all who knew him. He had an uncommon understanding of human motives, and to this penetrating insight he added patience, tolerance, and an all-embracing sense of kindly humor.

Indeed, in JOHN B. KENDRICK were mingled in an unusual degree all those high qualities which have been found in the greatest Americans. He could stand in the market place or in the court and lend dignity to either. All men found in him something in common with themselves. Small wonder that in his own State none could be found who could compete with him for public favor.

He was more than a Senator from Wyoming. He was a Senator from the West. No public man in the last 50 years more perfectly typified the spirit of the West than he. Born in Cherokee County, Tex., September 6, 1857, he saw the settlement of the whole intermountain region. He was a part of the movement that transformed the great area between Texas and the Canadian border from an unin-

habited wilderness into a populous group of States. In 1879, when driving a herd of cattle over the historic Texas Trail, he first went to what is now Wyoming, he traversed hundreds of miles of prairie in which was to be found neither a human habitation nor even a fence.

It was only natural that he understood the West and that the West understood him. Throughout his service in Washington the people of that entire region looked to him for counsel and advice. No man ever served in Congress who more accurately represented it, its ideals, its aspirations, its independence, its courage, and its loyalty.

The story of Senator KENDRICK's life should be written in detail, not only because it would give an intimate picture of the conquest of the last frontier but because in its personal phases it would be an American biography of note. KENDRICK made himself. He knew what he wanted to be. He knew what he wanted to do. Nothing would he permit to divert him from the path he had chosen. Like Lincoln, studying by candlelight in the cabin, KENDRICK, in camp, on the range, beside the bunk wagon, applied himself to the improvement of his mind. He saved the small wages of a cow hand that he might start his own herd. Industry and thrift, coupled with sound judgment and foresight, built a great cattle herd and a great career.

In his public life he left an indelible stamp upon the politics of his State. Both his high estimate of the duties of a public servant and his consummate skill as a political leader drew men to him.

Senator KENDRICK was drafted for public service. When, in 1910, he was elected to the Wyoming Legislature as a member of the senate, it was not of his own choice. It was because his people wanted him. For more than a decade at that time no major office in the State had been held by a Democrat. The party went through the motions of nominating candidates, but the election of the Republican aspirant was a foregone conclusion. In that year Senator KENDRICK brought about the nomination of a great Republican leader, the Honorable Joseph M. Carey, as the Democratic candidate for Governor. Running as a Republican, though on the Democratic ticket, Carey, himself a former United States Senator, and the father of the present senior Senator from Wyoming, was elected. Four years later, Governor Carey having decided to retire, Senator KENDRICK was elected to succeed him. In the meantime, however, in the campaign of 1912, JOHN B. KENDRICK was the Democratic choice for United States Senator against the Honorable Francis E. Warren. That was in the days when Senators were elected by the legislatures. Though, after a protracted deadlock lasting for weeks, Senator Warren was finally chosen, a larger popular vote had been cast for the legislators pledged to Mr. KENDRICK than for those who were pledged to Senator Warren.

In 1916 the Democrats of the State again drafted Mr. KENDRICK, by writing in his name on the primary ballot. He was then serving the second year of a 4-year term as Governor, and declined to become a candidate for the Senate. But though he had not announced, there was not to be found in the whole State a man who would file, so that he was the unanimous choice of his party. Elected in November 1916, he began his fruitful career in the Senate on March 4, 1917. From the very beginning of his public life he possessed the faith and confidence of the people. Year by year it grew; and had he not been untimely cut down by his own unremitting application to the service of his people, he would have been the almost unanimous choice of his State this year, for party lines in Wyoming had effectually disappeared so far as he was concerned.

The Senator—for to me he will always be "the Senator"—understood that political parties are instrumentalities to be used for the public good rather than for personal or partisan advantage. Because they knew this to be the fact, men of all parties flocked to his standard. The leader of many a bitter battle, he kept them all upon the high plane of public service. No calumny could cloud his character. No attack could dim the luster of his name. Perhaps the greatest tribute to his worth as a man is the fact that every opponent whom he vanquished became his devoted friend.

Senator KENDRICK was a gifted man, gifted not only with ability and personal charm, but also with that quality which is said to be the essence of genius—the infinite capacity for taking pains. He was never content with less than the best of which he was capable. Whether it was the building of a bunk house on the ranch, or the writing of a letter, he applied himself with concentrated energy. There was nothing superficial about him. Everything was thorough. Two words come to mind as I think now of those 3 years when I worked daily under his direction—"diligence" and "consecration." He was diligent to the utmost in every task he ever undertook, and he served his State and his country with a consecrated devotion that will never be excelled.

There is, however, a third word which to me will always be inseparable from him—"courage." He was a man of courage, not of physical courage alone, but of that much rarer and more noble quality, moral courage. Where the path of duty and conviction led, there he followed, and nothing could deter him.

He was an honor to Wyoming. He was an honor to the West. He was an honor to the Senate of the United States. While America produces men like him, its destinty is secure.

Mr. President, I have here tributes paid to Senator KENDRICK by the Senator from Nevada [Mr. PITTMAN], by the Senator from Kansas [Mr. CAPPER], and by the Senator from Oregon [Mr. MCNARY]. I ask that they may be printed in the RECORD as a part of my remarks.

There being no objection, the tributes were ordered to be printed in the RECORD, as follows:

TRIBUTE BY SENATOR KEY PITTMAN, OF NEVADA

Senator JOHN B. KENDRICK was one of my beloved friends. He was a remarkable man. I have known few men who could act with the independence and courage of JOHN B. KENDRICK and yet maintain at all times the confidence even of his opponents.

No man, in my opinion, better typified the highest ideals of the great West—a cowboy herding longhorns over the trail made famous by Emerson Hough from Texas to Wyoming in those primitive and dangerous days of the Old West, without taking the life of an enemy or losing a life of those who depended upon or worked under him. Even in those days, as a young man, he was kindly and tolerant, although he possessed the courage and firmness of a leader. His character, even then, gave promise of his great future.

In a State overwhelmingly controlled by the party opposing the one to which he belonged, the citizens, notwithstanding party affiliations, for the love that they bore him and the respect they had for his sincerity, ability, and courage, elected him governor, the highest office in their State. Wyoming was proud, and justly proud, of JOHN B. KENDRICK. Then, having served his people to the full extent that their office of Governor permitted, the people of Wyoming unhesitatingly and with enthusiasm elected him as their representative in the United States Senate, that he might have a wider field of opportunity for service, not only to his State but to the Nation.

I had the honor and the great happiness to serve with him 16 years in the Senate. I am sure that he did not have an enemy in the United States Senate. He held the respect and friendship of every Member. He was loyal to his party, and yet he had that remarkable faculty of acting for his State against his administration where he felt that the welfare of his State required it, but always in such a kindly manner that no bitterness or criticism ensued.

How wonderful it is for a man to have lived his active and stirring life, on the plains, in the capital of his State, and in the great legislative Chamber, in health and vigor of mind and body, in complete happiness in all of his domestic, private, and public relations.

His name will never be forgotten in Wyoming, and it will live long in the history of his country.

TRIBUTE BY SENATOR ARTHUR CAPPER, OF KANSAS

During the 14 years that I had the pleasure of serving in the Senate, as a member of the Committee on Agriculture and Forestry, with the late JOHN B. KENDRICK, I came to have a deep affection for the man himself, as well as a high regard for his ability and his conscientious and effective work as a Senator and as a member of that committee.

Senator KENDRICK was a member of that committee, which to my mind is one of the most important committees of the Senate, when I first came to the Senate in 1919. In the years that followed we were thrown much together, in spite of the fact that he and I were of different political faiths. But when it came to matters affecting agriculture, the welfare of the great West, and the general welfare of the Nation, I soon found that he measured legislation proposed on its merits, and not from any narrow partisan viewpoint.

Senator KENDRICK was a man of much practical information and knowledge. He knew what was good for his people and his State, and worked for those things. Withal he was a sensible, kindly, and fair-minded man; one who earned liking and respect, and who held that liking and respect to the end.

His departure deprived me of a personal friendship that had meant much to me. That sense of personal loss was augmented by the knowledge that Wyoming and the Nation lost the experienced leadership of a faithful public servant.

But we friends of Senator KENDRICK can and do take pride in the fact that he lived a useful and worthwhile life, and that its usefulness will long outlive the brief span of years that he and we are allowed to do the allotted tasks.

I could not allow this opportunity to pass to pay this tribute to a good man, a true friend, and a loyal public servant, who has gone to his reward. His memory will remain with us who knew him, an inspiration and a benediction.

TRIBUTE BY SENATOR CHARLES L. M'NARY, OF OREGON

UNITED STATES SENATE,
CONFERENCE OF THE MINORITY,
April 26, 1934.

Hon. JOHN H. MOREHEAD,
United States House of Representatives, Washington, D.C.

MY DEAR MR. MOREHEAD: Many friends will bring to the memorial service for Senator KENDRICK an affectionate remembrance of a colleague universally loved.

As former Chairman of the Senate Committee on Agriculture and Forestry, of which he was a member, I recall many instances of his helpfulness and his gallant courtesy, which expressed itself unfailingly toward those who differed from as well as those who shared his views.

He had a rare and generous sympathy toward all whom he believed to be oppressed. His legislative record was honorable and effective. Up to the day of his passing he was active in his most cherished duty, service to his State and to his people.

I felt a personal loss in his passing.

Sincerely,

CHAS. L. MCNARY.

Mr. ROBINSON of Arkansas. Mr. President, it is inexplicable why some, in the face of hardship and difficulty, achieve notable success, while others, enjoying equal or better opportunities, fail in almost every cherished enterprise. Whatever may be the effects on human character of early surroundings and associations, one accustomed to observing closely his fellow beings cannot escape the conviction that some are born with reserves of moral power which may be drawn upon in times of trial, while others inherit deficiencies which handicap them in the race of life.

Senator KENDRICK, throughout a long and active career, inspired his associates with respect and confidence. His capacity for clear thinking and firm decision enabled him to overcome the disadvantages inseparably connected with the period of his early life in the West—a period which antedated highways and railroads, and which marked the beginnings of development in measureless areas where only the hardy spirit of the pioneer could successfully combat the forces of nature.

It was my privilege in the summer of 1931, while a guest in his beautiful home in Sheridan, Wyo., to hear from him the story of his early life and labors. They were enveloped in an atmosphere of romance. Passing over long trails, across plains inhabited only by wild Indian tribes, he sought an attractive place in which to make his home. When he beheld the tableland on which Sheridan is located and looked upon the distant Big Horn Mountains, he said: "There is no lovelier place on earth than this."

From that time to the end of his days he gave his thought and energy to enterprises which in the course of time yielded both comforts and profits. He learned by experience every phase of the cattle business; drove great herds for winter pasturage into the remote Southwest, and returned with the herds to Wyoming ranges in the spring. Gradually he acquired and increased his livestock, until he became known as a "cattle king." There is a song, with an almost-unlimited number of stanzas, which his cowboys used to sing. It is illustrative of the esteem in which he was held, and discloses that he was recognized by them as their leader and fellow workman.

JOHN B. KENDRICK, the O W man,
Sits in the saddle like any other man.

The "O W" brand and the "O W" ranch have existed and have been well known among cattlemen for perhaps a half century. Meantime highways and railroads came and living conditions in Wyoming were greatly changed.

It was inevitable that one so prominently connected with the advancement of the State should be drawn into politics. In 1910 Mr. KENDRICK became a member of the State senate, serving with such honor and distinction that in 1914, notwithstanding the State was overwhelmingly Republican, he, a Democrat, was elected Governor. In February 1917 he resigned from the position as chief executive of Wyoming to accept a seat in the United States Senate, of which body he remained a Member until his death, the 3d day of November 1933.

The same disposition and elements of character which brought him success in business, established for him an enviable reputation as a Member of the Congress. Those who knew him will bear witness to his remarkable capacity for attention to details, his painstaking performance of duty, and his broad-minded grasp of public problems and issues. His disposition was kindly, his character irreproachable. No other Senator displayed foresight equal to that which Senator KENDRICK demonstrated in the performance of his duties. Moreover, his ability to deliberate and to reach decisions on subjects of public consequence made him one of the most valuable advisers respecting both executive and legislative affairs.

Senator KENDRICK was faithful in every relation of life. He was generous and devoted to his family and his friends. Tolerant of the views of others, responsive to sound argument, he also exemplified an independence of judgment and a freedom of action which made him admirable as a man and notable as a legislator.

He died in the harness, working until the last hour, under the burden of a great responsibility.

JOHN B. KENDRICK was a useful citizen, an incorruptible lawmaker. More than that, he was to me as loyal a friend as any man ever had.

Mr. MCNARY. Mr. President, I desire to say a word in addition to the tender sentiments expressed by the Senator from Arkansas [Mr. ROBINSON] and the Senator from Wyoming [Mr. O'MAHONEY] concerning our departed friend, Senator KENDRICK—sentiments which are shared by every Member of the Senate.

I served with Senator KENDRICK for nearly 16 years. He was a Senator when I came here 17 years ago this month. I served with him on the Committee on Agriculture and Forestry and on some minor committees. I always found him courageous, independent, dependable, and, above all, always reliable. His word was as good as the very life he cherished.

Mr. President, we on this side of the Chamber join with the Democrats in mourning the loss of so fine a character as former Senator KENDRICK.

Mr. LEWIS. Mr. President, I am permitted by the able Senator from Wyoming [Mr. O'MAHONEY], at his request, to contribute a sentiment in behalf of the one whose life and character have just been beauteously described. He is one with whom I served in public life, and I delight to pay him the honor of a tribute, slight it may be in the duration of words, but deep in my sincere feelings.

Mr. President, we are inclined to look upon obituaries as a mere matter of form, and oftentimes we regard them a great burden if not a loss of time for these exercises to take place in the body of the House. We are moved to the thought that we consume time which should be applied to more immediate and practical uses.

Let it be remembered that these contributions, reciting a man's record and holding it up before the world about us, are not to pay tribute to the dead but are to let the living know the compensations there are to a noble life, if lived truly and carried to the end in a spirit of honor and justice.

The tributes inspire the young to undertakings of high purpose. They encourage our fellow mankind to feel that in their sacrifices in life of something material, of value, that which can be recounted in dollars and cents, the losses are offset by the consciousness of the affection mankind will

give them, of honor that will be bestowed upon them, and the tribute, sir, of respect and praise that will be vouched them by their fellow mankind.

We here in these observations fulfill the office in endowing those about us with the knowledge that there are great rewards to a faithful life if it is lived in the service of our fellow men.

Mr. President, I am very much moved at this time to invite the honorable Senate to recall with some degree of seriousness how many of us have passed the Great Divide, since, may I say, sir, when I first came to this body under the administration we speak of as that of President Wilson. How many there were of flaming brilliancy, of unblemished character, of renown in capacity, sir, of sublime talents in execution of office. Yet they have moved from the arena of action. We turn to contemplate them. How few are remembered!

Sir, we live in an era when there are no honors in honor, when there is seemingly in many only the aspiration for mere material possession, that which for want of any other name is described with the vulgar suggestion of riches. We do not inquire as to the manner in which they have been filched from the defenseless in the sordid schemes through which they have been secured and held by those remorseless in conscience, unhesitating in offense to their fellow mankind as they enjoy the possession of this so-called "wealth", but are themselves poor in merit or virtue.

But when we can turn for a moment to contemplate a man such as just described by the able Senator from Wyoming, whose soft and richly framed tribute, conjoining with those other tributes, one from the eminent Senator from Arizona—I refer to Mr. ASHURST, whose contribution to this eminent deceased is in language of such beauty as will not be excelled and rarely equaled by any contribution the honorable Senator may afford upon any subject. We who speak are those who served with this distinguished deceased. We ask ourselves, After all, which of us, when we reach the western end, when the sun glides low to gild the surface of the little mound which sometime must embrace us—who of us would not prefer the love of our fellow men cherished in the heart, perpetuated in enduring speech, rather than the riches held around them by such as all virtue scorns, all honesty scoffs? Who would not choose that which we have here as an illustration, if we could choose the endowment which is the tribute to tenderness of heart, graciousness of manner, and glory of sacrifice, the lofty grandeur of a life that was lived in the fullness of the service to his fellow men?

Mr. President, I think it is in In Memoriam we have the tribute of Tennyson on that public man who, from his public place, returns on visit to the little village where his life began and looks about himself in strangeness, and, as we have it from the great poet, asking:

> Dost thou look back on what hath been,
> As some divinely gifted man,
> Whose life in low estate began
> And on a simple village green;
>
> Who breaks his birth's invidious bar,
> And grasps the skirts of happy chance,
> And breasts the blows of circumstance,
> And grapples with his evil star?—
>
> Muses, do my old friends remember me?

When I heard the Senator from Arkansas, the distinguished leader of the majority, define for the moment the poetic place which in sublimity our tender deceased chose as his home, the spot of earth where the sun rose on the mountain peak that leans as a fitting monument to illustrate the strength of character defined in the life of this distinguished Senator; how his home, in silent supremacy of mount and vale, described the quiet, calm, unruffled nature of our patriot, scorning the practices of the hypocrite, the pretense of superior virtue, ever fast and firm in his convictions, and serving his office in splendor of achievement after rising from the estate of humility to eminence of first a great merchant, then an eminent leader, Governor of his State, Senator of the United States, a friend, counselor, and confidant of five Presidents of the United States—Presidents Wilson, Harding, Coolidge, Hoover, and Roosevelt—I reflected that one could not ask to rise to grander heights, nor could one ask for more by which to attain fame or be remembered.

Mr. President, I should like to allude to a personal experience. I served, not in any distinguished capacity, in the Spanish-American War. It fell to me to know of this gentleman, Mr. KENDRICK, in that which I now recite to this body.

He was the author and creator of that legion of force known as the Rough Riders. I at that time, sir—may I be pardoned for this more personal extension—represented in Congress at large the State of Washington; and passing from that State coming East with a part of the troops that I was then commanding, I passed through Wyoming. It was there in Wyoming this honorable deceased conceived the idea of bringing the men whom we speak of as cowboys to the great consciousness of their capacity in service of their country in the hour of its peril. It was he who organized that class of valiant fellows to whom life was only that item of humanity which was to be given for a great cause. It was after this organization that there came the request from him to his old friend who had camped for some years before just on the other side from where he lived, to gather his health—Mr. Roosevelt. Theodore Roosevelt had summoned his fatigued force for rest and recuperation; and, resting a while in that country, gave evidence of capacity which his old friend—then Mr. KENDRICK—summoned as aid, and together, with joint efforts, brought, sir, this great organization of valor and courage to its life.

I had the fortune to serve at San Juan, where the best service of this honorable organization, I dare say, was recorded. This modest man KENDRICK—let this be remembered, fellow Senators—sat here day after day and listened to tributes to the distinguished dead, the former colonel, the former Governor and former President of the United States, Theodore Roosevelt. Allusion after allusion would be made to his splendid career, both military as well as civil. Where is the man who can say that he ever heard this man KENDRICK call attention to the fact that he was the creator of this great band of brave and valued fellow patriots? Not one. It was a true mark of his character—service and silence.

I am honored, sir, to pay the tribute along with these others to that capable man whose life was an inspiration to the young, whose achievements are an encouragement to mankind, and who in his existence becomes a first model to an American.

COUNSEL IN PROCEEDINGS AGAINST ELECTRO-METALLURGICAL CO., ET AL.

Mr. STEPHENS. Mr. President, I invite the attention of the Senate to Calendar 926, being Senate bill 3436. This is a bill which was prepared by the Attorney General, Mr. Cummings, introduced by the Senator from Arizona [Mr. ASHURST], and referred to the Committee on the Judiciary. It was considered by that committee and favorably reported. I say that in order that Senators may understand why I am asking for its present consideration. The Attorney General has informed the Chairman of the Committee on the Judiciary that he is very anxious to have prompt action. Therefore, I ask unanimous consent for the immediate consideration of the bill.

Mr. McNARY. Let the title of the bill be stated.

The PRESIDING OFFICER. The title of the bill will be stated for the information of the Senate.

The CHIEF CLERK. A bill (S. 3436) limiting the operations of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro-Metallurgical Co., New-Kanawha Power Co., and the Carbon & Carbide Co.

Mr. McNARY. Is the bill to which the Senator refers on the calendar?

Mr. STEPHENS. Yes; it is on the calendar.

Mr. McNARY. What is the necessity for taking it up out of order when we have not the calendar before us? I do

not approve, as the Senator may know, of legislating in this way unless there is some emergency situation which suggests the merit of such procedure.

Mr. STEPHENS. I understood from the Chairman of the Committee on the Judiciary that he had conferred with the Senator from Oregon.

Mr. McNARY. Yes; but I am asking the Senator from Mississippi, who reported the bill, why the urgent necessity for its immediate consideration?

Mr. STEPHENS. I shall be glad to explain the bill.

Mr. McNARY. I do not want the bill explained. What emergency exists that we should take it from the calendar and consider it at this time?

Mr. STEPHENS. The reason for the request is that the Attorney General desires to employ Mr. Huston Thompson to act as counsel in the prosecution of certain cases. Mr. Thompson now represents some parties who have claims against the Government.

Mr. McNARY. Very well; I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments, on page 2, line 10, to strike out "Electro-Metallurgical" and insert the words "Electro Metallurgical", and in line 11 to strike out "Carbon & Carbide Co." and insert "Union Carbide & Carbon Co.", so as to make the bill read:

Be it enacted, etc., That nothing in sections 109 and 113 of an act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended (U.S.C., title 18, secs. 198 and 203), or in section 190 of the Revised Statutes of the United States (U.S.C., title 5, sec. 99), or in any other act of Congress forbidding officers or employees or former officers or employees of the United States from acting as counsel, attorney, or agent for another before any court, department, or branch of the Government or from receiving or agreeing to receive compensation therefor, shall be deemed to apply to attorneys or counselors to be specially employed, retained, or appointed by the Attorney General or under authority of the Department of Justice to assist in the prosecution of any case or cases, civil or criminal, to be brought by the United States against the Electro Metallurgical Co., New-Kanawha Power Co., or the Union Carbide & Carbon Corporation, or all or any of said companies and/or their officers or agents, and/or any litigation involving hydroelectric power, navigation, or water rights or claims upon the New and Kanawha Rivers, or either of them, under the Federal Water Power Act or the River and Harbor Appropriation Act of March 3, 1899, chapter 425, or any other act or acts.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill limiting the operations of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro Metallurgical Co., New-Kanawha Power Co., and the Union Carbide & Carbon Corporation."

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

WITHDRAWAL OF A NOMINATION

The PRESIDING OFFICER (Mr. McGILL in the chair) laid before the Senate a message from the President of the United States, which was read and ordered to lie on the table, as follows:

THE WHITE HOUSE,
Washington, May 11, 1934.

To the Senate of the United States:

I withdraw the nomination sent to the Senate on March 9, 1934, of Alfred B. Spinks to be postmaster at Los Altos, in the State of California.

FRANKLIN D. ROOSEVELT.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the calendar.

THE CALENDAR

The PRESIDING OFFICER. The calendar is in order.

Mr. ROBINSON of Arkansas. I ask that the first nomination on the calendar be passed over.

The PRESIDING OFFICER. Without objection, it is so ordered.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON of Arkansas. I ask that nominations of postmasters be confirmed en bloc.

Mr. VANDENBERG. Mr. President, I ask that an exception be made in the case of the nomination of Sidney Reynolds to be postmaster at Howard City, Mich. The matter is in conference between the Senator from Tennessee [Mr. McKELLAR] and the Postmaster General.

Mr. ROBINSON of Arkansas. I modify my request accordingly; that nominations of postmasters be confirmed en bloc with the exception of the one specified by the Senator from Michigan.

The PRESIDING OFFICER. Without objection, and with the exception mentioned, the nominations of postmasters are confirmed en bloc.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, May 16, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 15 (legislative day of May 10), 1934

POSTMASTERS

FLORIDA

William D. Jones, Jacksonville.
Robert B. Terrell, North Miami.

KENTUCKY

Gertrude Owens, Brodhead.
Donald B. Hughes, Hardin.
Vego E. Barnes, Hopkinsville.

MICHIGAN

Samuel J. Davison, Alpena.
Thomas Earl Barry, Baraga.
Alice M. Wolohan, Birch Run.
Eva A. Starback, Breedsville.
Robert J. McCormick, Carleton.
Robert C. Jacoby, Caro.
Frank D. McCaren, Carsonville.
Mortimer W. Olds, Coldwater.
Charles S. Carland, Corunna.
John P. Kelley, Deckerville.
Charles L. Burns, Eau Claire.
Lea M. Griffith, Flat Rock.
Ray J. Halfmann, Fowler.
Philip O. Embury, Grand Blanc.
Clayton J. Hart, Gwinn.
William J. Field, Hastings.
John M. Maloney, Hopkins.
Patrick J. Scanlan, Hubbell.
Eugene E. Hubbard, Hudsonville.
Charles M. Dillon, Iron Mountain.
John E. Rengo, Kaleva.
Harry A. Saur, Kent City.
John E. Hogan, Linden.
Lyle M. Wheeler, Mackinaw.
Frederick J. Erwin, Marlette.
Floyd T. King, Marysville.
Edwin Boyle, Milford.
Anna C. Kulish, Minden City.
William D. Leach, Montrose.
Earl M. LaFreniere, Norway.
Merrill Hillock, Pickford.

John G. Buerker, Pigeon.
George A. Ruddy, Plainwell.
Fred Cavill, Rapid River.
William F. Cunningham, Rockwood.
Percy Cecil Carr, Rudyard.
George Arthur Blanchard, Sand Lake.
Mary A. Ripley, Sault Ste. Marie.
Robert Miller, Sr., Sawyer.
James W. Henry, Sturgis.
Joseph R. Haferkorn, Vulcan.

NEW YORK

John N. Currier, Piercefield.

NORTH DAKOTA

Francis Oscar Johnson, Hillsboro.
Clinton C. Howell, Sheldon.

RHODE ISLAND

Edward F. Carroll, Providence.

SOUTH DAKOTA

John Evans, Agar.
Mary A. Hornstra, Avon.
George B. Brown, Clark.
Edward L. Fisher, Eureka.
Edward H. Bruemmer, Huron.
Ena C. Erling, Raymond.
Philip McMahon, Salem.
William P. Smith, Stickney.
Joseph S. Petrik, Tabor.

VIRGINIA

Mary F. Cunningham, Fort Myer.
Austin C. Tyree, Millboro.

WEST VIRGINIA

Whiting C. Faulkner, Martinsburg.

WISCONSIN

Roman W. Stoffel, Allenton.
John S. McHugh, De Pere.
James A. Stewart, Lac du Flambeau.
Frank M. Doyle, Ladysmith.
Edward F. Butler, Mosinee.
Lillian N. Hughes, New Richmond.
Frank J. Horak, Oconto.
Gladys M. Suter, Plum City.
Walter H. Sprangers, Waldo.
James W. Carew, Waupaca.

WYOMING

William H. Watson, Dubois.
Althea E. Rollins, Lyman.
John T. Jones, Worland.

WITHDRAWAL

Executive nomination withdrawn from the Senate May 15 (legislative day of May 10), 1934

POSTMASTER

Alfred B. Spinks to be postmaster at Los Altos, in the State of California.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 15, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

The Lord God is a Sun—the Source of all good; and the Lord God is a Shield—the Defense from all peril. Therefore, we wait before Thee. O Spirit of God, summon us to acts of generosity couched in understanding and make us true and strong to conquer. In every situation lead us to do the things we know we ought to do. Heavenly Father, may thought and purpose be translated into terms of life that spells uprightness, determination, and conviction. Merciful Lord, in these hectic days fortify us with serenity, assurance, and penetrating insight that shall bear lasting fruitage and appeal to the patriotic sentiment of our country. Each day let goodness, kindliness, and charity arise from characters that are altogether worthy, and unto Thee be praise forever. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed bills of the House of the following titles:

On May 14, 1934:

H.R. 3900. An act authorizing the Secretary of the Treasury to pay subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.; and

H.R. 5299. An act for the relief of Orville A. Murphy.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendment to the bill (H.R. 9323) entitled "An act to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes", disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. FLETCHER, Mr. BARKLEY, Mr. BYRNES, Mr. GOLDSBOROUGH, and Mr. COUZENS to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3487. An act relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, we are up with the business of the House, and I ask unanimous consent that when the House adjourns today it adjourn to meet on Thursday, and when it adjourns on Thursday it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. HEALEY. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may be permitted to sit during sessions of the House for the balance of the week.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that at the expiration of the time to be used by the gentleman from California [Mr. HOEPPEL] I may be allowed to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes following the special orders already granted.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

AN EMPIRE WITHIN AN EMPIRE

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. STUBBS. Mr. Speaker, the counties of Kern, San Luis Obispo, Santa Barbara, Tulare, and Ventura constitute the Tenth Congressional District of California, an area of

vast natural resources, great agricultural industries, and the home of approximately 320,000 souls. This territory, literally an empire within an empire, lies in the lower central part of the State, borders on the placid Pacific Ocean for almost 200 miles, and also includes a large sector in the lower part of the San Joaquin Valley, with a range of mountains separating the valley and the coastal counties. I would be remiss in a proper sense of appreciation and pride which I feel in this great district if I did not relate, at every opportunity, the wealth of its countryside and the character of the fine people who reside there. I like to report that the Tenth Congressional District of California is larger than four of our Eastern States combined and has more people residing within its borders than the combined population of several States of the far West.

This district is a new one under the reapportionment program, and I am proud to be the first Member of Congress from this new congressional area. Some have wondered why three coastal counties were joined with two valley counties in the creation of this district.

DISTRICT REAPPORTIONMENT HISTORY

The subject of congressional reapportionment arose before the State Legislature of California during the fiftieth session in 1931. One of the important questions was a fair division between the north and south congressional districts of the State. The counties composing the southern part of the State were entitled to 11.02 Members in the United States Congress, it was determined, and it therefore appeared to be a fair division between the northern and the southern part of the State to give 11 members to the southern part and 9 members to the counties north of San Luis Obispo, Tulare, and San Bernardino Counties. The lines were drawn as they were with two thoughts in mind—first, the fair division between the north and the south; and, second, creation of a district in southern California which would be north of Los Angeles County and which would preserve an equal balance between the coast and the valley counties. It is noted that the population of San Luis Obispo, Santa Barbara, and Ventura Counties on the coast by the 1930 census was almost the same as the population of Tulare and Kern Counties.

Those who represented Tulare and Kings Counties were anxious that Kings County be kept with Tulare, and proposed an amendment to the State legislature which would add Tulare to the proposed Tenth Congressional District, but this amendment was defeated principally because the coast counties objected on the ground that it would give the valley counties a preponderance of the population. There was some thought of joining Kern with San Bernardino, but this was distasteful to Kern County, as citizens in the latter county felt they would be a tail to San Bernardino's kite. Tulare County desired to remain with Fresno County, its neighbor on the north, but such a plan would have necessitated an elongated district along the coast with the valley county of Kern tied to it. The bill, introduced in the assembly, and which passed the assembly but died in the State senate, made one less district in Los Angeles County and provided that the Tenth Congressional District contain the counties of Santa Clara, San Benito, Santa Cruz, Monterey, and San Luis Obispo, and would have made the Eleventh Congressional District consist of Santa Barbara, Ventura, Kern, Tulare, Mono, and Inyo Counties, but this arrangement, besides being objectionable on the ground that it did not provide southern California with the number of Members of Congress to which it was entitled, was also under objection by the citizens of Ventura and Santa Barbara Counties, who felt that such an arrangement would have given the inland counties a preponderance of the district's population.

And thus came about the compromise which joined 2 valley counties with 3 counties on the coast, and I am happy to report that this new arrangement has proved very satisfactory, and that the citizens of these areas, separated by a mountain wall, are finding their interests coincide largely, and a remarkable neighborliness is springing up there which did not exist heretofore when they were not joined legislatively in Congress. Without the marvelous highway system of California, which permits the annihilation of time in traveling, I do not believe these distant counties could have been knitted into a solid unit which would have give us the satisfaction we enjoy together today.

This great district in California, located between the northern and the southern parts of the State, not only joins these ends of our elongated State, but, because of its representation in Congress, provides a balance wheel or balance of power in the event the State's entire representation should become alined against one another in a legislative maneuver with a conclusion designed to benefit or harm one particular end. It is a happy arrangement and attests the thought which the State legislators gave to a difficult problem.

There are many remarkable places, and interesting activities in Kern, San Luis Obispo, Santa Barbara, Tulare, and Ventura Counties, and today I take occasion to point out a few of the vast natural resources we possess there, particularly those associated with our governmental system, and tell you something about the more romantic feature of our locality, for the Tenth Congressional District is a land fashioned by the hands of the pioneers, and is shrouded in historical romance.

FOREST RESERVES

More than 375,000 visitors, principally tourists, spent vacations in the Santa Barbara National Forest and the Sequoia National Forest of the Tenth Congressional District during the past year, bringing to the communities which border them millions of dollars in added business. The two great forest reserves, Sequoia, located principally in Tulare and Kern Counties, and the Santa Barbara Reserve, situated in San Luis Obispo, Santa Barbara and Ventura Counties, comprise an aggregate area of 3,104,753 acres of Government land, with an aggregate of 351,875 acres of patented land, for a total of 3,456,628 acres. Sequoia boasts a total of 1,437,814, and the Santa Barbara Reserve 2,018,814 acres.

History of the Santa Barbara National Forest shows that the Pine Mountain and the Zaca Lake Forest Reserves, created by proclamation of March 2, 1898, and the Santa Ynez National Forest, proclaimed October 2, 1899, by President McKinley, were united December 22, 1903, by President Theodore Roosevelt, into the institution now known as the Santa Barbara National Forest.

TENTH DISTRICT FOREST RESERVES

The Executive order of President Taft, July 1, 1908, added to the Santa Barbara National Forest all of the San Luis Obispo National Forests, in all 355,990 acres, and on August 18, 1919, President Wilson added the Monterey National Forest, which is now a separate unit administered as a ranger district of the parent institution. September 30, 1925, the reserve lost 265,538 acres, when President Coolidge, by proclamation, added that acreage to the Angeles National Forest.

Communities affected by the principal body of the Santa Barbara National Forest extend from the city of San Luis Obispo, through Santa Barbara County, and into Ventura County as far as Piru. The population directly and indirectly affected is approximately 50,000 persons, residing in six towns and many smaller communities, along the western and southern boundary.

The principal forest activities are protection of the watersheds, recreation, and grazing. The forest was used by 125,000 persons in the last year for recreational purposes. Camps dot its entire area. Santa Barbara National Forest has 526,700 acres suitable for the grazing of livestock, and the Secretary of Agriculture has authorized the grazing of 8,700 cattle and 4,950 sheep. Two stock associations cooperate with the United States Forestry Service in regulation and management of grazing resources.

Sequoia National Forest originally was part of the Sierra Forest Reserve, first proclaimed by President Harrison on February 14, 1893. It was made a separate forest by proclamation of President Theodore Roosevelt on July 2, 1908.

The southern half, mainly in Kern County, was proclaimed the Kern National Forest by President Taft, July 1, 1910,

but was restored as part of the Sequoia National Forest by President Wilson on July 1, 1915. President Coolidge struck 109,542 acres from the Sequoia National Forest, on July 3, 1926, and added them to the Sequoia National Park.

The district affected by this great reserve lies from Fresno on the north, through Tulare and Kern Counties, and into the Tehachapi Mountains on the south. Nine large towns and many smaller communities are located along the western boundary. More than 150,000 residents are affected by the resources of this forest system.

Seven licenses for water-power permits and four licenses for transmission lines have been issued by the Federal Power Commission for projects within the forest reserve. There are eight irrigation districts embracing 246,256 acres of irrigated land, 9,270 holdings and 52,000 persons dependent on water resources protected by the Sequoia National Forest.

Grazing of livestock is authorized by the Secretary of Agriculture for 17,200 cattle and 4,200 sheep on 807,900 acres of land. There are six livestock associations cooperating with the United States Forestry Service in the Sequoia National Forest in the management of the national forest range resources.

Recreation is gaining in importance. More than 250,000 persons were visitors there during the past year. More than 168,000 acres are reserved for recreational purposes.

OLD MISSIONS

Priceless beyond measure, enveloped in a halo of historical romance, and mecca for many thousands of visitors annually, the six old missions of the coastal territory of the Tenth Congressional District of California shed a soft influence which eradicates the element of time, and brings the past, the present, and the future together. Incalculably valuable as historic monuments, and as increasing attractions for tourists, they share honors with no other landmark of all California.

Santa Barbara County, heart of the great Tenth Congressional District and a land of milk and honey, possesses 3 of the 6 old missions. Mission Santa Barbara was established December 4, 1786, by Father Lasuen, at the same time the Presidio of Santa Barbara was founded. It was damaged by an earthen tremor in 1925. It had been preserved in all its grandeur through the century and a half since its establishment. The church that now stands was begun in 1815 and dedicated September 10, 1820, to replace one damaged in an earthquake of 1812.

The second mission of importance in Santa Barbara County is Mission Santa Ynez, originally known as Mission Santa Ynez (St. Agnes, the Virgin and Martyr), and was one of three missions erected in the nineteenth century. It was founded by Fathers Tapis and Cipres, September 17, 1804, in the valley not far from La Purisima. The earthquake of 1812 did serious damage to the buildings of this mission, and a new church was begun in 1815 and dedicated on July 4, 1817. Mission Santa Ynez stands on the outskirts of the bustling community of Solvang (Valley of the Sun), settled by folks of Danish ancestry.

Not the least important but perhaps the least known of Santa Barbara County missions is Mission La Purisima Concepcion, founded December 8, 1787, by Father Lasuen. Its first site was about 2 miles farther south. The church building which survived the mission period was dedicated in November of 1818. Mission La Purisima Concepcion was the first mission abandoned after 1812.

Mission San Buenaventura, located near Ventura in Ventura County, was founded March 31, 1782, and was the first of the Franciscan missions to be established among the natives of the Santa Barbara Channel. It was the last of the missions founded by Father Junipero Serra, original mission builder among the padres. A church constructed in 1811 was badly damaged by the earthquake of 1812 but was rebuilt about 1815 and is still in use.

Mission San Luis Obispo, located in the city of San Luis Obispo, in the county of the same name, originally was named "Mission San Luis Obispo de Tolosa" (St. Louis, the bishop of Tolouse), and was established by Father Junipero Serra, September 1, 1772, long before the Declaration of Independence, and was the fifth of the mission chain. Changes in recent years have almost obliterated the Spanish atmosphere which pervaded early photographs of the historic dwelling of God.

A second mission of San Luis Obispo County is Mission San Miguel, originally known as "Mission San Miguel Arcangel", for St. Michael, the Archangel, was founded July 25, 1797, by Fathers Lasuen and Sitiar. The present church, completed about 1819, retains much of its early appearance.

The priestly robes and altar equipment carefully guarded within the walls of many of these old missions could never be replaced. Thousands view them yearly and ponder on the industriousness and piety of the old padres and their Indian neophytes. Where ten thousand stand within their sacred walls today a hundred gazed in awe 20 years ago, and 20 years hence they will be mecca for millions. Their attraction increases with the years.

It is my fond hope that one day the United States Government will recognize the actual and sentimental value of these glorious relics of the past and join hands with the State of California and its citizens in rehabilitating them and preserving them for the benefit of posterity. To that end I have pledged my best efforts, and when the opportune time arrives to place this subject before the Congress or the proper Government agency I hope that my colleagues will assist me in the task of preserving these priceless structures for our children and our children's children.

It is of incalculably greater benefit to the race that the mission fathers lived and had their fling of divine audacity for the good of the helpless aborigines than that of any score one might name of the successful captains of industry who lived to make their unwieldy, temporary, and topheavy piles of gold. These padres did. They had a glorious purpose which they pursued faithfully—

According to one commentator.

INDIANS OF TENTH DISTRICT

Before the paleface came there was no poison in the Indian's corn—thus run the words of an aboriginal sage whose prophecy holds true today. Perhaps, if these earlier Americans ever collect on the claim which they entered years ago against the United States Government, the 1,145 enrolled Indians of the Tenth Congressional District will be enriched by an aggregate sum of approximately $343,500,000.

As a member of the Indian Affairs Committee of the House of Representatives, and spokesman for the numberless tribes of my five counties, I am anxious that these Indians obtain, through the white man's methods of legal procedure, a sum of money to compensate them for the actions of the paleface in ousting them from their homes and their lands many decades ago.

According to one authority, the discovery of gold brought about the moral and economic downfall of the Indian in California. Executive departments of the Federal Government, in an effort to deal justly with the Indians of this State, negotiated with these aborigines in 1851–52 and made treaties through which the Indians surrendered their right of occupancy covering the greater part of the State, for a consideration including the payment of goods and supplies and the setting aside, in perpetuity for their use and occupancy, certain specified reservations aggregating 7,500,000 acres of land. But the treaties were never ratified. Instead, they were ordered by the Senate into secret file and have remained there for more than half a century. Why were they not ratified? is asked, and the answer then was said to be, "because thar might be gold in them thar hills and valleys."

However that may be, the Indians, under the guidance of honorable men employed by the Government, various civic organizations, and particularly organizations of women, brought forth the case of the Californian Indian, a claim against the Federal Government brought by 23,000 enrolled Indians, and which, when and if settled, will bring something like $7,000,000 to their rescue—not in cash, but in trust, subject to appropriations by Congress for educational,

health, industrial, and other purposes for the benefit of the Indians, including the purchase of lands and building of homes.

Kern County harbors approximately 370 Indians, representing two primary tribes, the Paiute and Tejone. Members of the Paiutes reside in the eastern Kern County district around Weldon, Kernville, Isabella, Onyx, Monolith, and the Tejones reside around Bakersfield, south of Bakersfield, or primarily on the El Tejone Ranch properties. In addition, there are about 20 other Indians, belonging to the Shoshone, Pueblo, Monache, and Seranno Tribes. In the unratified treaties of 1851–52, the Indians were to have been given several thousands of acres of land for a reservation, which would have covered the area where Bakersfield now stands, extended north beyond Lost Hills, and south to the Ridge Mountain range, and west to the great Buttonwillow Lake area.

Tulare County, with the second largest Indian population of the Tenth Congressional District, has approximately 30 tribes, with an aggregate population of 350 Indians. The great Tule River Reservation harbors the Kalayunmi, Koyati, Pankahlhchi, Serrano, Serrano-Yawilmani, Tachi, Tejon, Tejon-Wikchami, Tejon-Yawilmani, Wicchamni, Wikchamni-Tachi, Yaudanchi, Yawilmani, Yawilmani-Pankahlahchi, and Yawilmani-Wikchamni Tribes, while off the reservation are found remnants of the Apache-Navajo, Cherokee, Cherokee-Waksachi, Chuckchansi, Intimbich, Intimbichi-Wikchamni, Koyati, Koyati-Waksachi, Monachi, Tachi-Tachi-Waksachi, Tachi-Wikchamni, Tejon, Waksachi, Wikchamni, Wikchamni-Cherokee, Yawilmani, Yawilmani-Waksachi, and other tribes. This 45,000-acre reservation is the largest in central California. It lies 17 miles east of Porterville. Also, near the town of Strathmore there is 40 acres of land purchased several years ago for the use of homeless Indians of that vicinity. However, that is a bare tract of land without any improvements or any water, and the Indians have not been able to make the necessary improvements for use and occupancy of the land, and no funds have been made available for such a purpose.

Ventura County has no reservations, and only a dozen Indians; but Santa Barbara County has the Santa Ynez Reservation with about 92 persons, all of alleged Shoshonean origin, with an admixture of Spanish. These individuals resent the name and insist they are of Spanish origin. The reservation comprises 75¾ acres, and while it is not a reservation, in that title to the land is not in the United States, these Indo-Spaniards reside on it and have use and occupancy only.

The land originally was owned by the Catholic Church (The Collego Rancho) and later sold to others, but the Catholic Church made an agreement with the Government permitting the Indians the use and occupancy and this agreement is binding on later purchasers.

San Luis Obispo County has an Indian population of 20 and no reservations.

All the Indians of the Tenth Congressional District are citizens of the United States, and the same laws govern them as any other citizen. The birth rate of the full-blooded Indians naturally is decreasing, owing to their assimilation into the general population, and, conversely, the birth rate of the mixed bloods is increasing, by virtue of the same reason.

With recognition of their claim by the United States Government, approximately $300 will be placed in trust for each of the enrolled Indians of the Tenth Congressional District.

Deprived of their lands by palefaces in a ruthless search for gold, beaten from their place in the sun, and forced to wander about the State, little wonder that the Indians are a dejected and decreasing race, and less wonder that it is said, "Pity poor Lo!"

NAVAL PETROLEUM RESERVES

Crude oil, natural gas, and natural gasoline extracted from the two naval petroleum reserves located within the boundaries of Kern County have been valued at approximately $168,434,026, according to figures of the United States Navy Department, and according to the same official source, petroleum still harbored there, based on a fixed value of 75 cents the barrel, will bring an income estimated at $338,150,000. The volumes of oil, gas, and natural gasoline which have been produced and sold from the Government's two reserves, to a fixed date in the past year, are:

	Quantity	Value
No. 1 reserve—production:		
Oil.....barrels	42,890,784	$38,129,997
Gas.....thousand cubic feet	39,226,531	2,196,702
Gasoline.....gallons	32,048,139	3,140,718
Total		43,467,327
No. 2 reserve—production:		
Oil.....barrels	86,246,005	120,896,850
Gas.....thousand cubic feet	58,654,833	3,230,779
Gasoline.....gallons	178,802,325	20,741,079
Total		124,969,699
Grand total, all production		168,434,026

No estimates have been made of the value or quantities of unrecovered gas and natural gasoline in the reserves.

Engineers of the United States Geological Survey have recently estimated the original recoverable oil, using present production methods, from Government lands in the no. 1 reserve at 400,000,000 barrels, of which more than 43,000,000 barrels will have been produced at the date of this reading, leaving approximately 357,000,000 barrels still in the ground, and estimated at the average price of 75 cents the barrel, this oil still in the ground has a potential value of $267,000,000. On the same basis, recoverable oil in no. 2 reserve is estimated at 150,000,000 barrels, minus 86,000,000 barrels which will have been produced by the time of this reading, for an estimated potential value of $1.10 the barrel, or $70,400,000.

The two reserves were created by Executive order of September 2, 1912, and December 13, 1912, respectively, by President Taft. They consist of 68,239 acres, of which 26,046 acres are privately owned lands within the reserves, 10,075 being leased Government lands, and the balance of 32,228 acres Government lands not leased.

Withdrawal of these public lands was followed by extensive litigation. This litigation continued until after the passage of the Leasing Act, approved February 25, 1920. Under this act all claimants to lands in reserve no. 2 (no discoveries having been made on Government lands in reserve no. 1 prior to the passage of the act of Feb. 25, 1920) who could qualify thereunder were granted well leases to operate the wells they had drilled.

These well leases remained in effect until after the Harding administration took office March 4, 1921, and Albert B. Fall became Secretary of the Department of the Interior. Secretary of the Navy Denby, on April 14, 1921, took the first steps toward leasing the Government's land in Naval Petroleum Reserve No. 1, adjoining areas being developed outside of and bordering the reserve. By Executive Order No. 3474, of May 31, 1921, the administration of the naval petroleum reserves was committed to the Secretary of the Interior.

Then followed one of the most far-reaching scandals in the annals of our Government, when, by November 20, 1923, the Department of the Interior had succeeded in leasing to private oil operators all of Naval Petroleum Reserve No. 1 (Elk Hills), and all but 320 acres of the Government's land in Naval Petroleum Reserve No. 2 (Buena Vista Hills).

The congressional investigation of these leases led to legal action which resulted in the cancelation of these leases, and by December 9, 1932, all of land in No. 1 Reserve, save four leases comprising a combined area of 429 acres, had been recovered and returned to the Government.

By Executive order of March 17, 1927, no. 4614, the Executive Order No. 3474, of May 31, 1921, was revoked, and jurisdiction over the petroleum reserves was returned to the United States Navy Department, where it remains today. At the present time there remain 4 active leases in Naval Petroleum Reserve No. 1, having a combined area of 429 acres, and 21 active leases in No. 2 Reserve, having a combined area of 9,546.01 acres.

No oil development is permitted by the Navy Department or operations on the lands remaining under its control in the reserves. On the leased lands lessees are required to produce the necessary wells to protect the Government's lands from losses by drainage to producing wells on adjoining lands owned in fee.

The purpose of the naval petroleum reserves is to retain a reserve supply of oil in the ground until such time when the demands of the Navy will require its production, because none is available from other sources, or until some national emergency makes its production necessary to supply the Government's needs.

WHAT HAS BEEN ACCOMPLISHED

Mr. GLOVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, I want us to take a casual review of the things accomplished by the Democratic Party under the leadership of President Franklin D. Roosevelt in the first year of his administration.

The heavy, dark cloud of despair and gloom was seen and heard on every hand when President Roosevelt was sworn in as President. Confidence had been destroyed in a large measure by the lack of wise leadership by the Republican Party that had been in power for a number of years. Ninety-five percent of the business of the world is done largely on confidence, and the first task of the new President was to restore confidence in the Government that had almost been lost in the Hoover administration.

The plea of President Hoover in his campaign and radio messages for reelection was that he had kept the country on the gold standard and on a high tariff. These were the two things that had made it impossible for his administration to succeed.

When Mr. Roosevelt was inaugurated, there was a long line to the Treasury windows by everyone who had a gold certificate, to get it cashed and get the gold coin to take home with them to be put in a lock box and to be taken out of circulation.

One of the first acts of President Roosevelt was to make an order stopping this run on the Treasury and requiring those having gold coins to return them to the Treasury and receive certificates in lieu thereof.

The United States now has in the Treasury and Federal Reserve banks $7,756,042,447 as shown by the Treasury report of May 5, 1934.

We only have about $11,000,000,000 in gold in the world. We now have the most of it, and at the rate we are going we will soon have it all. We could now issue $15,000,000,000 in money under the existing law with a 40-percent gold reserve, and that is all that is required under our law with a single gold standard.

Congress has authorized the President to coin into money an unlimited amount of silver and return to a double standard of both gold and silver as is provided for by our Constitution, and we hope he will use this power at once. That and that alone is the sure road to prosperity. Pumping morphine into a patient never cured him of a disease but is only given as a rest medicine until the patient can be given a real cure for his sickness.

The alarmist who goes about trying to make people believe that the Government is going on the rocks should be carried to a specialist and have his head examined. Let us take a correct view of it and see where our Government stands.

The Government owes an outstanding interest-bearing debt of about twenty-two and a half billion dollars. We have owing to us from foreign countries $11,000,000,000 in principal and near $1,000,000,000 dollars in interest that is now due. If this amount is paid, and it will be paid in the future, our interest-bearing national debt would only be around $10,000,000,000. As stated before, we could now issue on the gold basis of 40-percent reserve, which is the highest reserve that is required by any gold-standard nation, $15,000,000,000 in gold certificates and pay off all the national debt and still have around $5,000,000,000 in money in the Treasury, with near $8,000,000,000 in gold bullion to back it up. A nation's money is ordinarily valued by the nation's ability to pay its obligations, and there is no limit to our ability. Not only that, but we also have $500,000,000 in silver in the United States Treasury on which to issue silver certificates.

It is the firm belief of many thinking people that we should have both gold and silver money as a metallic basis; and then let us have a sufficient amount of it in circulation to carry on the business of the country, and we shall be a happy and prosperous Nation again.

Four fifths of the nations of the world are today using the single silver standard of money and one fifth the gold standard. The United States is the greatest silver-producing nation in the world and has to buy the most of its gold, except what is mined in Alaska. If we are to establish a world trade, which we must have, then it seems imperative that we have a double standard of money in order that we may deal with the foreign countries with relation to the money it uses.

Agriculture will never come to its proper place and be protected as it should until we get on a double standard of money. The greatest single agricultural product produced in the United States is cotton. Let us take that as an example and show you how the gold standard we have been forced to remain on for a number of years has affected the price of cotton.

Let us take, for example, India and China—and the same argument is applicable to every other country—and show you how the money question has affected our cotton. India and China, as you know, are on the single silver standard of money. Prior to the recent agitation of silver the amount of silver that was in the silver dollar of those nations was only worth a fraction over 25 cents under the gold standard. So when they came to America to buy our cotton, under the gold standard they were required to bring four silver dollars to buy one dollar's worth of our cotton. In other words, they paid 20 cents per pound for cotton and the man producing it got 5 cents. That is the thing that has crushed the life out of the American farmer, and besides that it has forced India and other countries to go to growing cotton that never would have produced it had it not been for this condition. Prior to the war they were growing a little over 6,000,000 bales of cotton in foreign countries, and now they are growing twelve and a half million bales. They grow an inferior cotton of short lint. It is not profitable to them to grow it. When we get back to a double standard of money, where they can buy a dollar's worth of cotton with a dollar of their money, then they will quit raising cotton altogether and the United States will have a market for all the cotton it can grow.

Under the gold standard this could never be true, and we could never have a foreign market for all the cotton we produce. We hope to see before the close of this session of Congress some mandatory measure that will compel the use of a reasonable percentage of both gold and silver as a money basis.

The trouble now is we have no money in circulation. Enough money may be coined and in the banks and trust companies and lock boxes to carry on the business of the world if it were in circulation, but there is less money in circulation now than has ever been before. There is no common sense in trying to run a Government and carry on business without a medium of exchange that really circulates and creates employment for people who work.

Another bill passed by this House, and we hope will soon pass the Senate, authorizes the President of the United States, on proper information obtained through the Tariff Commission and other sources, to make reciprocal trade relations with other countries and reduce or raise the tariffs as may be necessary in each case not exceeding 50 percent. With this power properly administered there is no question that we can soon establish a reciprocal trade relation with the great nations of the world and never again have a

stagnated business as we have had for the last 2 or 3 years. years.

Another bill passed by this House, and which is now pending in the Senate, is known as the "Dies bill", that provides for taking over our surplus agricultural commodities and selling them to these silver-using countries and taking silver in exchange for the agricultural commodity. If this bill passes and is properly administered a year from now, we would not have any surplus that would hold down the price of cotton.

The legislation coming from the Committee on Agriculture, in my opinion, passed by this administration, has been more helpful than any other legislation to give relief that the country has had. Cotton has gone down to around 5 cents per pound; something had to be done to save this commodity, because it is the principal money crop of the United States Government. A farmer could not grow it at that price. They had nothing for home needs and were almost depressed to the point of giving up. I am glad I have had some humble part in drafting and passing the bills that we have had affecting our agricultural products. We now have cotton to a price of more than 12 cents per pound, and unquestionably with the legislation recently passed we can reasonably expect a price of at least 15 cents per pound for every bale of cotton marketed this fall. Then, with other legislation that is now contemplated and in the making and that will likely be passed during the next Congress, we hope to see cotton stabilized at a price of around 20 cents per pound; and when that is done, we will have an era of prosperity in this country that has not been witnessed in many a year.

Another act that has been passed during this administration that has been exceedingly helpful is the Home Owners' Loan Corporation Act. When we began a study of this question, we found that the homes of the United States were mortgaged more than $20,000,000,000.

There is no better evidence of good citizenship than the ownership or a desire to own a home which one can call his castle and feel free that he may have a continued abiding place.

The first bill passed by the Congress on this subject was a guaranty on the part of the Government for the interest alone. My contention was then that the Government should have guaranteed both principal and interest, and I have contended for that all the while. This session we have passed a law amending the act whereby the Government guarantees both the principal and interest and gives the home owner a chance to redeem his home from mortgage.

The next thing that confronted the administration was the question of the farm-loan debt. The farms of the United States are today mortgaged for around nine and a half billion dollars. We have established a Federal land bank, which has not functioned as it should, and which has been entirely unsatisfactory in meeting the pressing demands for relief against farm mortgages.

We have passed during this administration an act authorizing the extension of $2,000,000,000 credit for the refinancing of mortgage debt. This only relieves a part of the distress along this line. There are several bills pending that would relieve this condition.

The Frazier bill proposes to refinance the debt over a period of 40 years, 1½ percent for interest and 1½ percent for retiring the debt. Some object to this bill, saying it is too long a time to be in debt. I have introduced a bill, and it was first introduced in 1932, which provides for the refinancing of all the mortgage indebtedness of farms at a rate of interest not exceeding 3 percent. In other words, that the debt within a 10-year period would be paid off, and we would then have our lands free.

I believe, with the increased price of agricultural products, we could easily get out of this condition in that period of time. If not, we could then again refinance for whatever time was needed.

This administration has also corrected the deplorable situation existing in our banks. Banks were failing everywhere, and persons having deposits were losing the earnings of their life. During this administration we have passed a bank guaranty law, and we now have, it is said, the soundest banking system and law we have ever had, and we hear nothing now about bank failures and will not hear of it, I hope, in the future. It restores confidence of the people in the banks and the banks in the people, and we certainly hope they can soon begin to extend their helping hand in creating industry and employment by the loan of their funds and which we must have before we can accomplish much.

One of the rocks ahead of us, unless we change our course, is that of nontaxable interest-bearing bonds on the part of this Government. The United States Government today is paying around $760,000,000 a year interest on bonds that it has issued. These bonds should be called as rapidly as they are callable and paid off in United States currency, which can now be issued without any question at all, and stop this debt. They did not pay gold for the bonds, they paid currency; and we should give them the currency and take up the bonds and save that interest to the Government.

We will at the rate we are going, within another year or two, be paying out about one third of the taxes received by the Government to big bondholders that are making their millions.

We passed a few days ago a very important bill regulating the stock exchange, which will in the future guarantee to traders the right to invest their money in stocks with some degree of safety and security. The manner in which it has been carried on in the past has been absolutely ridiculous. If the bill passed a few days ago had been the law in 1929, the bottom would never have fallen out of the stock market, and the condition brought on by it would never have occurred.

If this bill is passed by the Senate and signed by the President, we will then have an exchange business carried on in a legitimate way where capital can be invested.

Another important work of this administration was the act of the House a few days ago in passing the 10 bills in 1 day for the regulation of crime in the United States as is sponsored by the Attorney General, Hon. Homer Cummings. Organized crime should never be allowed to exist. Of course, as long as we have people, we will have them violating the laws; but when it comes to the point of organized crime in the United States, organizing for the sole purpose of robbing banks, kidnaping people, and committing the high crimes that are being committed now, it is high time that the Government should rise up in its might and put a stop to it. With the power given under these acts to the Attorney General and to the Department of Justice forces, and in addition to the States' enforcement of laws, the crime wave prevailing in the United States should cease.

There are many other acts that have passed during this administration that I do not have time to mention. Taking it as a whole there has never been a year of administration where so much wholesome legislation has been passed as there has been in this administration. It is true that the country is not yet in a normal condition, but it is far superior to what we found it a year ago, and I think within another year our prosperity will be fully restored.

THE MILITARISTS THWART IN PART THE PRESIDENT'S AMNESTY PROCLAMATION

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, I wish to call attention to a huge injustice that is being done many men who opposed the war and who were entitled, in the spirit of the President's amnesty proclamation last Christmas, to restoration of citizenship. The military clique that was all along bitterly hostile to the Presidential amnesty, has evolved a new way to thwart to considerable extent the execution of his intentions.

I quote in part from an article in the May issue of the Arbitrator, published in New York City, in which this excerpt is published from a letter from Brent Dow Allison, a writer,

who was one of the war-time conscientious objectors and was imprisoned at Fort Leavenworth:

My name was mentioned in the dispatch (in the Chicago Tribune) as being among those to receive the benefit of the amnesty. Not long thereafter, made by long experience skeptical, I began a correspondence with the Department of Justice and with the President's private secretary. * * * The amnesty did not and does not apply to any of the C.O.'s who were seized and sentenced by military authorities, and who, by reason of the court-martial verdicts, are deemed (by the Army) to have been deprived of civil rights. The overwhelming majority of the C.O.'s were not considered to have lost their civil rights, having been sentenced for various military offenses ranging from refusal to pare a potato when commanded to do so to insubordination, refusal to salute. A few, a few score, were convicted of desertion. This is considered to be a felony and to carry loss of all civil rights. These men have never been able to get the discrimination removed, nor their cases reviewed by any judicial process. * * *

I am in receipt, recently, of a letter from the Adjutant General of the Army, Brigadier General McKinley, containing the astonishing statement that "There is no authority of law whereby any executive officer of the Government can revoke, recall, set aside, or modify the duly executed sentence of a general court martial." * * * None of the C.O.'s who were sentenced by the military courts have ever been restored to civil rights, or had these rights restored to them by Presidential order.

May I say to my colleagues in the House of Representatives, as well as to the citizenship of the entire country, that this statement of a military official is a most astonishing and preposterous one? General McKinley says that no executive officer of the Government can alter the sentence of a court martial. I wonder if General McKinley does not know that the President of the United States has a right to pardon any man convicted of any Federal offense, and has done so on various occasions? Certainly the military oligarchy that wants to dominate everything and that is perpetually thirsting for another war is not bigger than the President. The implied assertion that the President must kneel before any general court martial in the land and cannot pardon and restore to citizenship men convicted by such courts is both comic and tragic.

The fact remains, however, that the Army is refusing to consider the President's amnesty proclamation of last Christmas when he restored citizenship to 1,500 war-time offenders as not applying to men who were convicted of such offenses by military courts. The man who was convicted of violation of the draft law or the espionage law in a civilian court is full beneficiary of the just and meritorious proclamation of President Roosevelt. The other man who had the misfortune to fall into the clutches of a court martial and be tried by men engaged in the war profession is deprived of the same privileges.

How contradictory! How absurd! How viciously unfair and un-American!

It is time that the military caste is taught that it is not above the Constitution, the President, the people, and the inherent rights of human beings generally.

Not only because a pronounced injustice is being done many war objectors who are the victims of an artificial distinction, but because the whole Nation is fed up on militarists and militarism and wants good riddance of them, action should be taken to insure that all war objectors—not the fortunate section that was lucky enough not to be snatched by courts martial—enjoy the benefits of the President's Christmas gift of restored citizenship.

INTERESTING INFORMATION IN REGARD TO VETERANS AND THEIR DEPENDENTS AFFECTED BY RECENT LAWS AND REGULATIONS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, in compliance with requests of many veterans and Members of Congress, I have prepared a statement showing how each class and group of World War and Spanish-American War veterans and their dependents were affected by laws and regulations during the past 14 months, and their present status.

The answer to practically every question that may be asked in regard to veterans' legislation will be found in this statement. No argument in favor of or against any class or group of veterans or their dependents is intended. It is my desire to quote the facts and the law fairly and impartially.

Since this statement has been prepared in the interest of individual veterans and their dependents and no effort has been spared to make it accurate, I ask any veteran or other person who may find in it any errors either of facts, law, or conclusions to communicate with me immediately so that I may make the necessary correction, and before it is printed in pamphlet form.

The titles and numbers of the paragraphs are as follows:

1. Veterans and the Economy Act.
2. President's assurance.

WORLD WAR VETERANS

3. Most vulnerable cases prior to Economy Act.
4. So-called "Economy Act" passed and regulations issued.
5. Benefits restored prior to July 1, 1933.
6. Benefits restored prior to March 28, 1934.
7. Independent Offices appropriation bill for 1934–35.
8. House amendments.
9. House and Senate agree.
10. Differences between Congress and the President.
11. Present status of World War veterans and their dependents.
12. Points to be remembered in connection with present laws and regulations involving World War veterans.

SPANISH-AMERICAN WAR VETERANS

13. Effect of Economy Act on Spanish-American War veterans.
14. Veterans 62 years of age provided for.
15. Three types of pensions under new law.
16. Dependents under new law.
17. New dates for war period.
18. Philippine insurrection.
19. Boxer rebellion.
20. Willful misconduct cases excluded.
21. First regulations too rigorous.
22. Congress extends provisions in compromise.
23. Widows provided for.
24. President's veto message.
25. Seventy-five percent restoration.
26. Federal employees.
27. Service pension reinstated.
28. President's regulations increased benefits.
29. Reinstatement of those not dishonorably discharged.
30. Old and new laws.
31. Present status of Spanish-American War veterans, 90 days' service, and dependents.
32. Present status of Boxer rebellion and Philippine insurrection veterans.
33. Present status of Spanish-American War veterans, 70 days' service, and dependents.
34. Interesting points in regard to Spanish-American War veterans.

IN GENERAL

35. World War veterans, Spanish-American War veterans, and peace-time soldiers—number.
36. What discussion includes.

1. VETERANS AND ECONOMY ACT

It was recognized that there were many cases on the compensation and pension rolls that could not be justified. Many Members of Congress preferred to purge the pension rolls of the undeserving cases rather than pass an act that would cause the question of veteran benefits to become one of administration and not legislation. I will admit that the task would have been a difficult one and there is much to be said in support of the argument that it would have been impossible and that the course pursued was the only one that could be used to get results.

2. PRESIDENT'S ASSURANCE

The President assured Congress and the veterans that each case would be gone into for the purpose of preventing an injustice. After the Economy Act passed, the President changed his regulations in 41 instances in the interest of the veterans; he had done much more for them than they, themselves, realized before the passage of the independent offices appropriation bill at this session of Congress. I have always been convinced in my own mind that the President desired to deal sympathetically and generously with the war disabled and their dependents. He had his own opinion about whether some of the cases were really service connected and his opposition to a service pension is well known.

3. MOST VULNERABLE VETERANS' CASES

Among the cases most frequently objected to and criticized prior to March 20, 1933, were the following:

First. Soldiers who did not enlist until after November 11, 1918, receiving benefits as war veterans. Only one rate of pay was provided for World War service-connected disabilities, regardless of whether they were actual combat disabilities, disabilities incurred during war time, or disabilities incurred during peace-time service, and regardless of whether the enlistment was before or after November 11, 1918, provided it was before July 2, 1921.

Second. Veterans without dependents drawing full compensation and at the same time receiving hospitalization at a cost of $120 a month to the Government, and a few wealthy veterans receiving hospitalization from the Government for disabilities in no way connected with their military service.

Third. Presumptive cases, administrative and statutory: There were 154,000 of them; about 100,000 were otherwise service connected, 51,213 were on the rolls because the law said if a certain disability arose within a certain time after the service—in some cases 7 years—it was presumed that the service caused it. In certain cases this presumption was conclusive and not rebuttable. The President contended, in effect, that this was not common-sense legislation.

Fourth. Willful misconduct cases: They were receiving pay as battle casualties in addition to hospitalization and other benefits. The number involved was small, and among them there were pitiful cases with ameliorating circumstances that could be justified, but as a class they were very vulnerable and all veterans' benefits criticized by reason thereof.

Fifth. Retired emergency officers were receiving from $106 to $416 a month if they were rated 30 percent or more permanently disabled. An enlisted man would receive only $30 a month for such 30-percent rating, and not exceeding $100 a month if his rating were 100 percent. In addition they were permitted to receive hospitalization free from the Government for non-service-connected or service-connected disabilities.

Sixth. Partial disability pension for an injury or disease in no way caused or aggravated by military service: The disability allowance cases which were paid $12, $18, and $24 a month were included in this group.

4. SO-CALLED "ECONOMY ACT" PASSED

March 20, 1933, the so-called "Economy Act" became a law. Regulations promulgated effective July 1, 1933, (1) rerated the service-connected cases; (2) removed the presumptive cases from the pension rolls, except where they could show actual service connection; (3) removed the dependents of veterans who had service connection by presumption of law from the pension rolls pending proof of service connection; (4) denied veterans the right to secure hospitalization at Government expense for non-service-connected disabilities if they were financially able to provide it for themselves; (5) reduced to $15 a month the compensation of a veteran who was in a hospital as long as he remained there (if he had dependents he would receive $15 a month and his dependents the remainder as long as he was in the hospital); (6) eliminated from the pension rolls all disability allowance cases except the 100-percent totally and permanently disabled who were in need and reduced their allowance to $20 a month; (7) greatly restricted hospitalization except for service-connected disabilities; (8) reduced to the same pay as enlisted men for the same disabilities the retired emergency officers who could not establish the causative factor for the disability involved; (9) reduced to $6 a month the pension of a non-service-connected veteran while receiving hospitalization at Government expense (if he has dependents he receives $6 a month and his dependents the remainder so long as he remains in the hospital); (10) barred payment or restricted the amount of pension payable to Government employees with certain exceptions and applied to all cases for non-service-connected pension an income limitation; (11) eliminated willful misconduct cases from the pension rolls but allowed them hospitalization; (12) and removed from the rolls as war veterans those who did not serve until after the war had ended.

5. BENEFITS RESTORED PRIOR TO JULY 1, 1933

By July 1, 1933, the time all reductions and eliminations were to take place, the President had either decreed by regulation or consented to be enacted into law the following changes:

First. Widows and other dependents of the presumptively service connected were restored 100 percent without any reduction whatsoever.

Second. All presumptive cases were given a day in court; special boards were set up and the burden of proof placed on the Government to show beyond a reasonable doubt that such disabilities were not traceable to service during the World War, or the cases would remain on the pension rolls. These cases were continued on the rolls at 75 percent of the old compensation rate until decision was made by the special boards.

Third. Service-connected reductions were restricted to 25 percent of the amount being paid prior to March 20, 1933; the average reduction was about 21 percent.

Fourth. The totally and permanently disabled, their disabilities in no way connected with their military service, were increased from $20 a month to $30 a month.

Fifth. Hospitalization benefits were liberalized.

6. BENEFITS RESTORED PRIOR TO MARCH 28, 1934

Prior to the passage over the President's veto of the independent offices appropriation bill March 28, 1934, the President, by regulations, had given these veterans additional benefits as follows:

First. Restored the rates to all service-connected veterans. The only difference being under the new schedule of ratings many veterans received less than under the old; at the same time, some received more than they did under the old schedule.

Second. Hospitalization benefits fully restored to all honorably discharged veterans, regardless of service connection, if in need of hospitalization and financially unable to provide it. Also included transportation to and from the hospital for either service- or non-service-connected disabilities.

Third. The 29,258 presumptively service-connected cases that were stricken from the roll by the special boards were retained with the privilege of receiving 75 percent of what they had been receiving until their cases were finally passed on by the Board of Veterans' Appeals.

7. INDEPENDENT OFFICES BILL FOR 1934–35

This bill was passed by the House January 12, 1934. It did not contain additional benefits for veterans, except such benefits as had been given to them by the President's regulations. Under the rules of the House, an amendment proposing additional benefits was not in order, as it would be an attempt to place legislation in an appropriation bill. Such an amendment was in order under Senate rules, and the Senate amended the bill so as to include the following:

First. Restored by law all service-connected cases to 100 percent of what they were receiving prior to March 20, 1933. (This had already been done measurably by the President in his regulations, but the Senate amendment gave them the additional benefit of the old schedule of ratings.)

Second. Restored by law all hospitalization benefits. (This had already been done by the President in his regulations.)

Third. Restored all the presumptives to 100 percent of what they were receiving prior to March 20, 1933, but allowed the Government to show either of the following and remove them from the pension rolls:

(a) That veteran entered service after November 11, 1918.

(b) That clear and unmistakable evidence discloses that the disease, injury, or disability had its inception before or after the period of active service, unless aggravation in service is shown.

(c) That case was established by fraud, error, or misrepresentation of material facts.

All reasonable doubts to be resolved in favor of the veterans, the burden of proof being on the Government. (The President by regulation had restored these cases pending

final appeal by allowing 75 percent of amounts formerly received.)

Fourth. Cases of veterans who did not enlist until the war was over were restored.

Fifth. Willful-misconduct cases were restored.

Sixth. Retired emergency officers that had been stricken off the roll as such and reduced from $106 and $416 a month to the same pay as enlisted men for the same disabilities were restored.

8. HOUSE AMENDMENTS

The House refused to accept the Senate amendments, which restored the willful misconduct cases (except as to the blind), the after-war cases, and the Retired Emergency Officers. It also amended the Senate amendment in regard to presumptives so that those cases restored to the rolls will receive 75 percent of what they were receiving instead of 100 percent. The House agreed to the other Senate amendments.

9. HOUSE AND SENATE AGREE

The House provisions prevailed and the conference report was accepted by each House, March 26, 1934. The bill was sent to the President and by him vetoed. March 27, 1934, the House, and, March 28, 1934, the Senate passed the bill, the objection of the President to the contrary notwithstanding.

10. DIFFERENCES BETWEEN CONGRESS AND THE PRESIDENT

There were only two material differences between Congress and the President on the legislation in this bill affecting World War veterans; they were, (1) the rating schedule; the President had included in his regulations a rating schedule which would base the veteran's average impairment of earning capacity resulting from such injuries in civil occupations, whereas Congress restored the old rating schedule, which bases the average impairment of earning capacity in the civil occupation similar to that of the veteran at time of enlistment, and (2) the 29,258 presumptive cases; a careful analysis of what Congress enacted into law and what the President had recommended and given by regulation fails to disclose a great difference.

It was reported that the additional veterans' cost in the bill amounted to $228,000,000 a year. This was a mistake and has been corrected many times, but it is still being reported as a fact. No informed person contends that the additional cost will amount to as much as 25 percent of $228,000,000 annually.

11. PRESENT STATUS OF WORLD WAR VETERANS

Since changes have been made in veterans' laws, every World War veteran is entitled to the following benefits:

First. If suffering from a disability traceable to the service during war, he is paid from $10 to $100 a month, depending upon disability, pre-war occupation, and so forth; also additional amounts under certain conditions. If his death is caused by such disability, his widow and other dependents receive a pension from the Government.

Second. Entitled under certain conditions to receive hospitalization and medical care for service-connected or non-service-connected disabilities; also transportation to and from the hospital.

Third. If indigent and disabled, entitled to live in a Government soldiers' home. Transportation will be furnished if veteran unable to provide it.

Fourth. If served 90 days, honorably discharged, and is permanently and totally disabled, regardless of cause, except misconduct, may receive from the Government $30 a month, if not in hospital or soldiers' home; in that event, $6 a month. If he has dependents, he receives $6 a month and his dependents the remainder so long as he remains in the hospital or home.

Fifth. Certain preferences and advantages in obtaining positions with the Government; the privilege of carrying Government insurance under certain conditions; preferences in obtaining homesteads and adjusted compensation.

Sixth. Burial allowances including headstones, regardless of length of service.

Seventh. Any honorably discharged veteran may be buried in any national cemetery, including the Arlington Cemetery at Washington. The wife of an officer may be buried prior to his death and in a separate grave. The wife of an enlisted man may be buried in the same grave but only after the burial of the veteran, except where he is 70 years of age or over and gives assurance that he will be buried in the same grave.

12. POINTS TO BE REMEMBERED IN CONNECTION WITH PRESENT LAWS AND REGULATIONS INVOLVING WORLD WAR VETERANS

A veteran of the World War is one who served between April 6, 1917, and November 11, 1918. Under prior acts of Congress, which have been repealed, a veteran was construed to be one who served between April 6, 1917, and July 2, 1921. Under present laws one who enlisted after November 11, 1918, is not considered a veteran of the World War and is not entitled to benefits of such veterans, but is entitled to only such benefits as a peace-time soldier is entitled to receive.

Veterans who formerly received $12, $18, and $24 a month under the disability allowance law will not receive these benefits under present laws. The only non-service-connected disability that is recognized under present law is the total and permanent cases. They may receive $30 a month as long as they are permanently and totally disabled, regardless of their age and regardless of the cause of their disability—except misconduct—and are not required to show need, further than to show an annual income not in excess of $1,000 if single and not in excess of $2,500 if married.

Any veteran may receive advice, counsel, and assistance in regard to his case by a contact man, who is paid by the Government, at every hospital and every regional office. The contact man will help the veteran by suggesting the kind of evidence that will be necessary to assist him in his case, assist him in preparing all the necessary forms, and do such other things as may be necessary to the proper presentation of his case to the Veterans' Administration.

Many veterans ask the question: "I have submitted all the proof I can and have been turned down; what shall I do now?" Of course, every question involving expenditure of public funds must be determined by some person, court, board, or tribunal. Someone must have the responsibility of passing upon the sufficiency of the evidence presented to authorize the payment of public funds. It is the same way in regard to civil rights. If one brings suit against a person, firm, or corporation for damages to person or property, certain proof must be presented to the court and the jury in order to win. Although the injured person feels that he has presented sufficient proof, if the court or jury decides against him he can appeal his case, and if the higher courts affirm the judgment there is nothing further for him to do; he has lost. A veteran may be given another trial by the Government if he can show error in the decision or submit additional evidence from the appropriate service department. He is precluded from obtaining a reconsideration of his claim after a decision has once been reached by the Board of Veterans' Appeals.

Pensions and benefits are made in accordance with actual laws and regulations and not through favoritism, "political pull", or other means.

The Government allows $100 in payment of the funeral expenses of an honorably discharged veteran of any war or a veteran in receipt of pension or compensation, provided his net assets at time of death exclusive of debts, accrued pension, compensation, or insurance due at time of death do not equal or exceed $1,000. A flag to drape the casket is furnished in all cases where the veteran was honorably discharged, and the flag is given to the next of kin after burial.

A World War veteran, who is in the employment of the Government and is receiving compensation for a service-connected disability, will not have his compensation reduced. Neither will he have his compensation reduced by reason of any amount of income from any source.

A widow of a World War veteran who died of a service-connected disability is entitled to $30 a month, and $10 for the first child and $6 a month for each additional child. Children may continue to draw compensation until 21 if in school or college, otherwise it is stopped at the age of 18.

The father and mother dependent upon a World War veteran who died of a service-connected disability may receive $30 a month from the Government. If only one is receiving compensation, the amount is $20 a month.

A widow of a World War veteran who died of a non-service-connected disability is not permitted to receive a pension from the Government.

If a veteran deserts his wife without cause on her part, she may receive 30 percent of his compensation or pension and an additional amount for each child.

Children, motherless or not in charge of the mother, deserted by a veteran, may have a part of his compensation set aside for their benefit.

A service-connected World War veteran may receive only $15 a month while he is confined in a Government hospital or in any institution that is supported by public funds, including State and county hospitals or penal institutions, such as jails and penitentiaries. The dependents of such a veteran, however, may receive the difference between the $15 and the amount of his compensation.

A non-service-connected World War veteran who is totally and permanently disabled and receiving $30 a month will have his compensation reduced to $6 a month so long as he may be confined in a hospital or institution supported by public funds, but his dependents may get the difference between the $6 and $30.

In order for a World War veteran to receive hospitalization from the Government it is necessary for him to show:

First. That he is a veteran of the World War.

Second. That he was not dishonorably discharged.

Third. That he has no funds out of which to pay for hospitalization at a private institution—an affidavit from him to that effect is sufficient.

Fourth. That he is suffering from a disease or injury requiring hospital treatment.

No dispensary treatments are allowed at hospitals except for service-connected cases.

Any disability wherein an operation is required is considered sufficient for hospitalization.

The disability allowance law was a service pension law for World War veterans. Many people, including many veterans, had the feeling that it was enacted too soon after the war to receive the approval of the public generally. Veterans in no other war had received a service pension so soon after the war was over. This law, except as to the totally and permanently disabled, was repealed and has not been reenacted. It involved almost 400,000 veterans.

13. EFFECT OF ECONOMY ACT ON SPANISH-AMERICAN WAR VETERANS

Prior to the enactment of the Economy Act of March 20, 1933, there were two principal types of laws which governed the granting of pensions to Spanish-American War veterans and their dependents. One of these was the so-called "general" pension law which provided a pension ranging between $8 and $30 a month, depending upon the rank of the veteran, for service-connected death or disability, with rates as high as $125 to veterans for certain specific disabilities. The other was the so-called "service" pension law which provided a pension ranging between $20 and $72 a month, depending upon degree of disability or age. It was not necessary to prove service connection in order to be eligible for a service pension. They were granted primarily because the person had served 90 days or more in the military or naval service during the Spanish-American War, including the Boxer rebellion and Philippine insurrection, was honorably discharged and had later become disabled or reached the age of 62 years. Pensions at lower rates were payable to those who had served only 70 days. Inasmuch as the rates under the service pension laws were generally higher than those based on service-connected disability or death, it was customary for pensioners to elect to receive benefits under the "service" pension laws rather than the "general" law. On March 19, 1933, there were on the rolls the following number of pensioners of the Spanish-American War:

Veterans:	
Service connected	458
Nonservice connected	195,387
Dependents:	
Service connected	1,244
Nonservice connected	37,929

14. VETERANS 62 YEARS OF AGE PROVIDED FOR

At the time of the passage of the Economy Act it became apparent that under the broad powers which Congress was about to delegate to the President of the United States it would be possible to remove from the rolls all persons receiving a service pension based on service in the Spanish-American War unless such persons could prove service-connected disability or were then permanently and totally disabled. In order to safeguard the interests of Spanish-American War veterans past the age of 62 years, who were then entitled to pension, Congress added a proviso to the pending measure whereby these men would be retained on the pension rolls.

15. THREE TYPES OF PENSIONS UNDER THE NEW LAW

The Economy Act provided for a continuation of pension benefits in accordance with prior laws until July 1, 1933. At that time rates under the new law and regulations were to take effect. An exception was made, however, in the case of Spanish-American War veterans whereby a presumption of service connection was granted until such time as the veteran's case could be reviewed. At that time, if it appeared on the basis of medical judgment or affirmative evidence that the disability was not service connected, the pension was to be discontinued.

The new law provided for three types of pensions, as follows:

(a) Those based on service-connected, war-time disability. These rates ranged from $8 to $80 a month, with special rates up to $250 for certain specific disabilities.

(b) Those based on service-connected, peace-time disability. These rates ranged from $6 to $30 a month, with special rates up to $125 for certain specific disabilities.

(c) Those based on non-service-connected disability. Only war veterans and their dependents were eligible for this class of pension. A Spanish-American War veteran, if permanently and totally disabled, would be entitled to $20 a month. If 62 years of age or more, he was granted a pension of $6 a month, if he was entitled to a pension prior to the date of the Economy Act, even though he was less than permanently and totally disabled.

16. DEPENDENTS UNDER NEW LAW

The new law granted Spanish-American War widows $30 a month if the death was service-connected and based on war-time service, $22 a month if the death was service-connected and based on peace-time service, and $15 a month if the death was nonservice connected but the decedent was a Spanish-American War veteran. An additional amount was awarded for minor children. (Remarried widows received pensions under prior laws. They are excluded under existing laws.)

17. NEW DATES FOR WAR PERIOD

At this point it should be explained that the regulations issued pursuant to the Economy Act prescribed new dates for the beginning and termination of the various wars. Under the old practice any person who served between April 21, 1898 (the date of the declaration of War with Spain) and April 11, 1899 (the date of the treaty of peace) was considered a veteran of the Spanish-American War. The new law and regulations restrict the period so that the ending date is August 12, 1898, the date of the peace protocol and the date when hostilities actually ceased. For this reason many veterans and dependents who previously drew pensions based on war service are no longer eligible on this basis inasmuch as the soldier enlisted after August 12, 1898. They are, however, eligible for peace-time pension if suffering from a service-connected disability. In making a comparison of the rates payable to widows and dependents under the old laws and under the Economy Act, it may be said that there were individual changes up and down, as will be shown by the following table which gives the average monthly rate paid prior to the economy act and subsequent thereto:

Average rate prior to Mar. 20, 1933 (service connected)	$20.36
Average rate after Mar. 20, 1933 (service connected)	25.59
Average rate prior to Mar. 20, 1933 (nonservice connected)	22.08
Average rate after Mar. 20, 1933 (nonservice connected)	15.77

18. PHILIPPINE INSURRECTION

The old dates of the Philippine insurrection were April 12, 1899, to July 4, 1902, and any person serving in the military or naval service during this period was considered a veteran of the Philippine insurrection, and pension was payable at war-time rates. The new regulations describe the period as being between August 13, 1898, and before July 5, 1902, but actual participation in the insurrection is required for payment of pension on the basis of war service. This restriction is based on the thought that the Philippine insurrection did not constitute such a national emergency that those members of the military or naval service who were on the mainland and were never called into actual duty in suppressing the insurrection should later be given the benefit of pensions based on war-time service. Pensions are payable, however, at peace-time rates for service-incurred disabilities. This new provision affected 12,177 pensioners who had previously drawn service pensions based upon service in the Philippine insurrection.

19. BOXER REBELLION

There has been practically no change in the dates of the Boxer rebellion, the old commencing date being June 16, 1900, the new date being June 20, 1900. The ending date is the same under both old and new laws, viz, May 12, 1901, and actual participation has been continued as a requirement for war service.

20. WILLFUL MISCONDUCT CASES EXCLUDED

There is one other important change in the new policy with respect to Spanish-American War pensions which should be mentioned here. Under the old law a veteran suffering from a non-service-connected disability due to misconduct could nevertheless receive a service pension. The new law denies pension in these cases. This provision has affected 781 persons.

21. FIRST REGULATIONS TOO RIGOROUS

It became apparent within a short time after the original veterans' regulations were issued that they were too rigorous, that they went further than was intended, and that they would result in unnecessary hardship. Accordingly, before the new rates went into effect the President issued new Executive orders liberalizing pension rates. The war-time rate for total disability was increased from $80 to $90 a month, and there was an increase in certain special rates. The peace-time rate for total disability was increased from $30 to $45, with an increase in certain special rates. The rate for non-service-connected permanent total disability was raised from $20 to $30, and the special pension for Spanish-American War veterans past the age of 62 years was generally increased from $6 to $15 a month.

22. CONGRESS EXTENDS PROVISIONS IN COMPROMISE

Believing that the saving clause, whereby 62-year-old Spanish-American War veterans were retained on the rolls, was not as extensive as it should be, Congress, under date of June 16, 1933, in the Independent Offices Appropriation Act for the years 1933–34, provided that a pension of $15 a month would be paid to any Spanish-American War veteran 55 years of age or over who served at least 90 days, was honorably discharged, in need, and is now 50-percent disabled. This resulted in placing on the rolls 83,000 additional veterans, at an annual increased cost of $15,000,000. On January 19, 1934, the President further liberalized this provision by eliminating the age requirement. Accordingly, from that date any veteran of the Spanish-American War, Boxer rebellion, or Philippine insurrection who was unable to qualify for pension at a higher rate, if 50-percent disabled, could receive a monthly pension of $15.

At the time this order was issued the rates for service-connected war-time pension were also increased so that the amount for total disability became $100 instead of $90. This was much in excess of the corresponding pension under the old law.

23. WIDOWS PROVIDED FOR

In order to be sure that no hardship would be imposed upon the widows of men who served in the periods under discussion, this order also provided that if any widow was receiving less money under the new law than she would be eligible for under the old law for service-connected death, she would be reinstated at the old rate, but not in excess of $30 a month. This regulation benefited a number of widows of higher ranking Army officers who were reduced under the terms of the new regulations.

24. PRESIDENT'S VETO MESSAGE

When Congress passed the Independent Offices Appropriation Act for 1934–35 containing liberalized veterans' benefits, the President stated in his veto message the reasons why he was opposed to the legislation and indicated certain action which he was taking in the way of liberalized benefits. With regard to Spanish-American War veterans, he proposed the following plan:

First. Restoration to the rolls of those veterans who in 1920 were receiving pensions for service-connected disability, pension to be payable at the new higher rates. (The so-called "service" pension law was not enacted until June 5, 1920. Prior to that time it was necessary to establish title to pension under the "general" pension law.)

Second. Restoration to the rolls of other Spanish-American War veterans at 75 percent of the amount they were receiving prior to the Economy Act pending a final determination of service connection in each veteran's case before the Board of Veterans' Appeals.

This action which was promulgated in the form of an Executive order on March 27, 1934, was not acceptable to Congress which insisted upon its plan as contained in the veterans' provisions of the Independent Offices Appropriation Act.

25. 75-PERCENT RESTORATION

The new law restores 75 percent of the pension being paid on March 19, 1933, the day before the Economy Act was passed, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, and to the dependents of any such veteran, except where the veteran is hospitalized and except in willful misconduct cases. Where payment was made through fraud, error, or misrepresentation such pensions will not be restored. If a pensioner is not exempt from payment of Federal income tax, he is ineligible for pension. With these restrictions, and the further limitation as to dates and requirements of war service as prescribed by veterans' regulations, all laws in effect prior to the Economy Act granting monetary benefits to veterans of the Spanish-American War, Boxer rebellion, and Philippine insurrection are reenacted in their entirety.

26. FEDERAL EMPLOYEES

There is an additional restriction which applies only to veterans of the Spanish-American War in Federal employ. In these cases he cannot receive a pension in excess of $6 a month if his salary, if single, exceeds $1,000 a year, and if married $2,500.

27. SERVICE PENSIONS REINSTATED

The effect of the new law is to reinstate the old "service" pensions, subject, of course, to the limitations just described.

28. PRESIDENT'S REGULATIONS INCREASED BENEFITS

Inasmuch as the highest rate for war-time service-connected total disability under the old pension law is $30 a month and the corresponding rate under the President's regulations is $100, and inasmuch as the highest special rate under the old law is $125 a month as compared with $250 under the regulations, most veterans will be paid the greater benefit under the regulations rather than the rate allowed by the Independent Offices Appropriation Act.

29. REINSTATEMENT OF THOSE NOT DISHONORABLY DISCHARGED

An honorable discharge was not necessary for service-connected pension under the old laws. If a veteran suffering from a service-connected disability has been taken off the rolls by reason of the Economy Act which requires an honorable discharge he may now be reinstated at 75 percent of

the pension he formerly received subject to the restrictive provisions of the new law. This does not apply to deserters.

30. OLD AND NEW LAWS

If a pension is adjudicated under the old pension laws which have been reenacted by the Independent Offices Appropriation Act, the criteria in evaluating disability will be inability to perform manual labor rather than average impairment of earning capacity.

The veterans' regulations provide liberal presumptions with respect to service connection of disability. These presumptions do not exist under the old laws. Accordingly, the Economy Act and regulations will offer an advantage which the Independent Offices Appropriation Act does not.

The new law enlarges the group of Spanish-American War veterans entitled to hospitalization and domiciliary care by removing the requirement of honorable discharge. If the veteran was not dishonorably discharged, he is entitled to hospitalization and domiciliary care, and his statement as to inability to pay traveling expenses for treatment of nonservice-connected disability will be accepted as sufficient proof of the fact.

31. PRESENT STATUS OF SPANISH-AMERICAN WAR VETERANS WITH 90 DAY'S SERVICE

Since changes have been made, every veteran who served 90 days or more commencing between April 20, 1898, and August 12, 1898, during the Spanish-American War and not dishonorably discharged, is entitled to the following benefits:

First. If suffering from a disability traceable to the service during the war, he is paid from $10 to $100 a month, depending upon disability, etc. If his death is caused by such disability, his widow and other dependents receive a pension from the Government. The widow receives $30 a month, with $10 additional for first child and $6 for each additional child.

Second. Entitled to receive hospitalization and medical care for either service-connected or non-service-connected disabilities; also transportation to and from the hospital.

Third. If indigent and disabled, entitled to live in a Government soldiers' home. Transportation will be furnished by the Government, if he is unable to provide it.

Fourth. If permanently and totally disabled, regardless of cause—except misconduct—may receive from the Government $45 a month; and if in need of an attendant, $54 a month.

Fifth. If partially disabled, regardless of cause—except misconduct—he is entitled to receive the following monthly benefits:

(a) One-tenth disability, $15; one-fourth disability, $18.75; one-half disability, $26.25; three-fourths disability, $37.50. Regardless of disability, but if 62 years of age, $22.50; 68 years of age, $30; 72 years of age, $37.50; 75 years of age, $45.

(b) A widow of such a veteran will receive $22.50 a month and $4.50 for each child.

Sixth. Certain preferences and advantages in obtaining positions with the Government and preferences in obtaining homesteads.

Seventh. Burial allowances for veterans of all wars regardless of length of service.

32. BOXER REBELLION AND PHILIPPINE INSURRECTION

Anyone who actively participated in the Boxer rebellion or Philippine insurrection is entitled to the same benefits as a 90-day Spanish-American War veteran. His widow and other dependents are entitled to the same benefits.

33. SPANISH-AMERICAN WAR VETERANS WITH 70 DAYS' SERVICE COMMENCING DURING THE WAR PERIOD

These veterans are entitled to the same benefits and allowances as the 90-day Spanish-American War veterans, except for non-service-connected disabilities. They are entitled to the following benefits:

First. If permanently and totally disabled, regardless of cause—except misconduct—may receive from the Government $22.50 a month and, if in need of an attendant, $37.50 a month.

Second. If partially disabled, regardless of cause—except misconduct—he is entitled to receive the following monthly benefits:

(a) One-tenth disability, $9; one-fourth disability, $11.25; one-half disability, $13.50; three-fourths disability, $18. Regardless of disability, if 62 years of age, entitled to $9; 68 years of age, $13.50; 72 years of age, $18; 75 years of age, $22.50.

(b) Widows and other dependents of these veterans are not entitled to benefits, except in a case where the veteran was discharged by reason of disability.

34. SPANISH-AMERICAN WAR VETERANS—INTERESTING POINTS

A Spanish-American War veteran is one who served between April 20, 1898, and August 12, 1898. Others who did not serve during that time but actively participated in the Philippine insurrection or the Boxer rebellion are entitled to the same benefits as a Spanish-American War veteran.

Such a veteran may receive a pension for disabilities not connected with his military service even though his disability is not total and permanent.

The same law in regard to the reduction of his pension to $6 a month if in a hospital or institution supported by public funds applies as in the case of World War veterans. Also a reduction to $15 a month in service-connected cases.

These veterans are entitled to the same benefits in regard to hospitalization, domiciliary care in soldiers' homes, and burial benefits as World War veterans.

A widow of such a veteran receives $22.50 a month if her husband died of a non-service-connected disability; she receives $30 a month and the same allowances for minor children as World War widows if her husband dies of a service-connected disability.

35. NUMBER OF VETERANS AND DEPENDENTS ON ROLLS BEFORE AND SINCE ECONOMY ACT

The following table discloses information that I have received from the Veterans' Administration in regard to the number of veterans and their dependents.

Column 1 represents the number that was drawing compensation or pension on March 19, 1933, prior to the Economy Act.

Column 2 represents the number drawing compensation or pensions on March 31, 1934, and not including the additional number affected by Public, No. 141, the independent offices appropriation bill, passed over the veto of the President March 28, 1934.

Column 3 includes the number now on the rolls and that will be restored to the compensation and pension rolls when they have received the full benefits of Public, No. 141, of March 28, 1934.

	Column 1	Column 2	Column 3
World War veterans:			
Service connected	333,544	308,978	329,853
Nonservice connected (D.A.)	425,894	33,152	32,320
Peace time, service connected		10,374	9,991
Retired emergency officers	6,037	1,527	1,517
Total	770,475	354,131	373,681
Dependents of service connected	101,542	100,039	100,039
Total, veterans and dependents	872,017	454,170	473,720
Spanish-American War veterans, including Philippine insurrection and Boxer rebellion veterans:			
Service connected	458	6,212	6,212
Nonservice connected	195,387	117,861	174,388
Total	195,845	124,073	180,600
Dependent:			
Service connected	1,244	1,598	1,598
Nonservice connected	57,929	31,091	33,302
Total dependents	30,173	32,689	34,900
Total veterans and dependents	235,018	156,762	215,500
Grand total of all veterans of Spanish-American War, World War, and their dependents	1,107,035	610,932	689,220

The 10,374 listed as peace-time veterans enlisted after November 11, 1918, and before July 2, 1921, and were formerly considered World War veterans. Recent acts have permitted a few of them, including the blind and certain

presumptives, to be restored to veterans' benefits, thereby reducing the number to 9,991.

The number of disability allowance cases estimated to be put on the roll appear to be less than the number on the roll March 31, 1934. This is not due to Public, No. 141, but is due to adjudication and administration.

This table does not include special acts of Congress. The number in that class is small.

A peace-time soldier for disabilities traceable to his service receives about one half as much for such disability as a war-time veteran receives. Only service-connected disabilities are recognized by the Government in peace-time cases.

36. WHAT DISCUSSION INCLUDES

This information is intended to cover the subject in a general way by including references to such benefits as may cause the expenditure of a large sum of money and without any intention of being specific, going into details, covering exceptional cases or including groups affecting only a comparatively small number of veterans.

AGRICULTURE

Mr. PEAVEY. Mr. Speaker, 1933–34 has been a hard time for the dairymen and diversified farmers. Prices for nearly all farm crops went down to the lowest level in 25 years. Due to the operations of the N.R.A. and general recovery program prices on manufactured goods the farmer buys were raised to meet increased labor costs and shorter hours. all of which added to the burdens of the farmers and other consumers.

The dairy farmers' situation has been difficult in all sections of the country during the past 2 years and added to the normal burdens were 2 years of drought in northern Wisconsin which forced many farmers to the point of desperation.

Early in January several associates in the House and I, went with Senators LA FOLLETTE and DUFFY to the office of Secretary Wallace for a conference. We told him the facts and appealed for immediate emergency appropriations of $300,000,000 with which to buy up the surplus butter and cheese and raise prices. Butter was then selling in New York at 19½ cents wholesale. Secretary Wallace was receptive but felt he was helpless because no appropriations were available for this purpose. He suggested that we confer with Harry Hopkins, Director of the Federal Emergency Relief Administration. We did and appealed to Hopkins to double the Government's purchase of milk, butter, and cheese for those on relief. Mr. Hopkins responded nobly and immediately placed orders for the purchase of millions of pounds of surplus butter and cheese and as a result butter went to 26 and 27 cents in New York and has held there.

The raise was not enough, but it helped every Wisconsin dairyman at a critical time.

Passage of the Frazier-Lemke bill to provide refinancing of farm indebtedness on a basis of 1½-percent interest and 1½ percent on the principal would help Wisconsin farmers greatly to meet the economic disparity between the farm and factory. The principal argument made in opposition to the Frazier bill is that the Government, under the terms of the bill, is directed to finance the farmers by issuing new money.

The Government has more than seven billions in gold in the Treasury and Federal Reserve banks at this time; more than enough in addition to the five and one-half billion already issued to provide for the issuance of currency in an amount necessary to finance the Frazier bill and to provide a 100-percent gold base.

Democratic and Republican leaders are combined against the bill. Nearly 140 of the 145 signatures necessary to bring the bill up for a vote had been obtained when Democratic leaders at the suggestion of President Roosevelt prevailed upon 9 or 10 Members to erase their names from the petition. Every effort is being made by progressives in the House, led by Representative LEMKE, of North Dakota, to get the bill up for a vote before Congress adjourns.

I was no. 27 to sign the petition, I believe. The administration leaders are bitterly opposed to the bill being acted upon at this session.

One of the prime difficulties in reaching a solution of the dairy farmers' situation in Washington is that the dairymen are hopelessly in disagreement among themselves as to the character of legislation necessary to solve the problem. I have in the past 3 months attended more than a dozen conferences between farm and dairy leaders and Members of the House and Senate. Not one of these conferences could agree on a legislative program or bill to meet the situation. That is why I voted for the tariff bill. If Congress will not legislate to put agriculture on a parity with industry, then let President Roosevelt lower the Hawley-Smoot tariff rates in protection of industry on everything the farmer has to buy.

TARIFF

The House passed a tariff bill a few weeks ago by a vote of 272 to 111. The purpose of this bill is to give the administration power and authority to negotiate reciprocal trade agreements with other nations and to give the President authority to raise or lower existing rates by 50 percent. The bill was amended so as to prevent foreign-debt cancelations or settlements in conjunction with the tariff. It was also amended to limit its authority to 3 years.

Pursuant to the campaign pledges contained in the Republican national platform in 1928 that tariff rates would be revised to place agriculture on a parity with industry, Herbert Hoover convened Congress in special session in April 1929 for the purpose of carrying out the party's campaign pledge.

This is what happened. Political pressure from big industry and national Republican leaders prevented Hoover from fulfilling the campaign pledge. Congress reconvened in December 1929 after the first stock-market crash. In the meantime the powerful industrial and manufacturing influences, aided by the New York financiers and Andrew W. Mellon, in control of the Republican Party, coerced Congress into adopting schedule after schedule in the Hawley-Smoot tariff bill giving industry extortionate rates of protection and thereby increased the disparity between agriculture and industry. This is what the Hawley-Smoot bill did to the people on the farms in the Western States. The people in Wisconsin have been paying tribute ever since. Every time a farmer bought a plow or a seeder or his wife bought a dress or a broom they were made to pay tariff to the manufacturers, while the price of agricultural products since the passage of the Hawley-Smoot tariff bill have gone down to the lowest level in recent history.

I am a Lincoln Republican. I believe in a protective tariff and the theory underlying the tariff of paying an American scale of wages to insure an American standard of living.

The only way that agriculture can be put on a parity with industry at the present time, in my opinion, is to reduce the high tariffs given industry on everything the farmer has to buy. It is true the farmers were given protection under the Hawley-Smoot bill, but they cannot collect or realize on this protection because they cannot control their production or fix their sale prices.

Secretary Wallace is seeking to make the tariff effective to the farmer by the commodity-allotment plan and control system, to be paid through the medium of a process tax. I hope he succeeds, but I doubt the outcome. On the other hand, industry, large industry and monopolized industry, can and does control both production and sale price, and as a result those industries are exacting high prices from the American consumers who are to a large extent the American farmers and working men.

This is the first opportunity the Congress has had to vote on any measure that would offer hope that these extortionate tariff rates on steel, iron, aluminum, and textiles under the Hawley-Smoot bill might be reduced. Hoover let the tariff barons run wild in writing the schedules. He did not have the "guts" to stand up and fight them. He gave in to them. Members of Congress like myself who voted for the new tariff bill the other day hope and expect that President Roosevelt will have the backbone to defy the demands of those special-privilege seekers of high tariff rates and that

he will lower some of the rates which are so high as to not only keep out foreign competition but exact extortionate rates from the American farmer and consumer. That is why I voted for this bill.

Old Guard Republicans in the House yesterday voted with the regular Democratic wheelhorses to kill the Couzens amendment to increase income taxes a flat 10 percent. The vote was 282 to 77 on a standing vote to reject the Couzens amendment. Progressives on both sides of the aisle tried to get the necessary Members to stand up to force a roll call, but without success.

Friends of the Couzens provision wanted the amendment to provide additional revenue to finance the heavy relief measures that will be necessary for another year or two, if the unemployed and destitute are to be clothed and fed. Local and State funds for relief are in many States completely exhausted.

Senator LA FOLLETTE's amendment providing for full publicity remains in the bill, as well as a 3-cent tax on imported oils used as food substitutes in butter and lard. This provision is of particular interest to Wisconsin dairymen. The House originally voted a 5-cent tax on imported oils, but the Senate cut it to 3 cents.

The bill as passed provides an estimated revenue of $417,000,000. This provides ample funds to pay the disabled soldiers and Government employees the raises voted by Congress in overriding the veto of the President in the independent offices appropriation bill.

WAR AND PEACE

The House in February passed the Vinson naval appropriation bill providing for the construction of 105 new war vessels and 1,100 new airplanes. When Congress has finished with the Army and Navy bills, appropriations and authorizations in the amount of $1,400,000,000 for national defense and war preparations for the year of 1935 will have been made.

This is more money than is being spent by any country in the world for war preparation at this time.

Japan is going to build more battleships. England is spending $8,000,000 more for her army this year than she did last year. France and England alike are embarking on a program of bigger and better navies, and the United States is setting the pace with her appropriation of $1,400,000,000 for 1935.

"Big navy" groups are about to take off on an armament race that bids fair to surpass the most ambitious militaristic plans of the past. The Kaiser was a "piker" by comparison. The most startling angle of this race, however, is developed in the statement of Japan's Minister of the Navy that Japan must build more warships in view of the action of the United States House of Representatives in the passage of the Vinson bill appropriating $750,000,000 for warships.

Committee hearings during the present session of Congress on appropriation bills for the Army and Navy, particularly in the aviation divisions of these two departments of government, have revealed profits for private concerns out of the Federal Treasury that amount almost to extortion. Airplane companies profited on Government contracts for several years past as high as 36 percent. The Department of Justice is inquiring into the sale of surplus Army goods to private individuals, another transaction wherein Uncle Sam is alleged to have taken a tremendous loss.

These investigations bring to mind some of the profits made by private concerns during the World War. United States Steel during the period from 1916 to 1918 made profits in excess of 50 percent. Bethlehem Steel in 1917 paid a 200-percent dividend.

The Congress is becoming more vigilant and alert in these matters. The House adopted an amendment to the naval appropriation bill providing for the construction of one half of the ships provided for in the bill to be done in Government navy yards, and by another amendment limited profits to private contractors building Government vessels to 10 percent.

These precautions should make for peace if the findings of a committee of the League of Nations a few years ago were accurate. This committee presented evidence to the League showing that private manufacturers of munitions and armaments instigate war scares, stimulate armament races by false stories of other nations' degrees of preparedness, and organize international armament trusts which play one country off against another.

NYE COMMITTEE

The Senate last month passed the Nye resolution creating a committee of five Members of the Senate to investigate the activities of individuals and corporations in the United States engaged in the manufacture and sale of arms and munitions and to inquire into the desirability of creating a Government monopoly.

Senator BORAH, speaking on the floor of the Senate on March 5, said:

No treaty, no law made by man or God, controls munitions' manufacturers.

A few years ago our country with fanfare and trumpets announced the signing of the Kellogg Peace Pact, under the terms of which we agreed with the other civilized nations of the world not to resort to war to settle any dispute which might arise. The Kellogg Treaty outlawed war. Yet in 1934 Congress authorizes and appropriates $1,400,000,000 to build and maintain warships, soldiers, airships, and armaments.

Few Wisconsin people have any conception of the actual cost of war implements, armaments, and devices. I wish to illustrate by recording just a few.

First. It cost $4,000,000 for oil to fuel the American fleet in its journey from the Atlantic to the Pacific this last winter. It is taking another $4,000,000 to bring it back.

Second. Machine guns of the kind used by the American Army cost $640 each.

Third. The French 75-mm field gun we all learned about in the World War costs around $8,000 each.

Fourth. The new Christy tanks used by our Army cost over $25,000 each.

Fifth. A large caterpillar tank costs upwards of $80,000 each.

Sixth. Military airplanes in the United States cost from $6,000 for light scouting planes to as high as $100,000 for a heavy bomber.

Seventh. A naval cruiser costs as high as $11,000,000 and a battleship as high as $40,000,000.

Those are just a few of the reasons why wars cost money. It shows the tremendous saving that can be effected by maintaining world peace.

In view of the Roosevelt administration's protestations for world peace, reduction of armaments, and friendly negotiations of trade agreements, Members of Congress as well as the people of the country wonder just where the administration is going. Past history records not a single instance of any great nation that ever spent such huge sums on war preparations without getting into a war. It is true that some four hundred million of the fourteen hundred million mentioned above is just an authorization, but it is the experience of the Congress that such authorizations are taken by generals and admirals in charge of national defense as a direction from Congress, and the money is eventually appropriated.

LABOR

The urgency and importance of discarding the last remnants of the depression and taking a new and wiser course to prevent a return of the devastating conditions which have prevailed for the past 3 years is reflected in the legislation which has been sponsored in this session of Congress by the various labor organizations of the country.

The 21 standard railway labor organizations are firmly supporting the following bills before the House and Senate:

Federal train limit bill, introduced by Representative WITHROW, Wisconsin, providing for a limitation of the number of cars to each train.

Full train crew bill, introduced by Representative GRISWOLD.

Amendments to the Federal Employers' Liability Act, introduced by Representative MEAD, which would fix the liability of railway companies for injuries to employees.

Six-hour day bill, introduced by Representative CROSSER of Ohio, providing for a 6-hour day or 42-hour work week for all railway employees.

Amendments to the Railway Labor Act providing for prompt disposition of disputes between carriers and their employees, introduced by Representative CROSSER of Ohio.

Amendment to the Federal hours of service law reducing hours on duty from 16 to 12, introduced by Representative CROSSER of Ohio.

Retirement insurance for railroad employees, known as the "Wagner-Crosser bill."

The 6-hour day bill, introduced by Representative CROSSER of Ohio will come before the House under a discharge petition, offered by Representative WITHROW, of Wisconsin, unless Congress adjourns before the measure can be reached under the rules. Today there are 143 signatures attached to the petition. Only 145 are needed. I was no. 8 to sign the petition.

The retirement insurance bill for railroad employees which has been caught between the cross fires of the railway organizations and the association of railroad employees under what is known as the "Royster plan" is being rewritten in committee under a compromise agreement between the two factions.

Unfortunately the Committee on Interstate and Foreign Commerce does not contemplate taking action on any of the other railroad bills listed at this session.

Probably the most important measure in Congress in protection of labor is the Wagner-Connery labor disputes bill now before the Committee on Labor. This bill has for its fundamental purpose a plan to encourage capital to operate and insure labor its right to organize and thereby exercise its liberty of contract to secure a just reward for labor performed and to preserve a decent standard of living.

Recently a petition was laid on the Speaker's desk to discharge the Committee on Labor from further consideration of the bill and bring it to the floor for a vote at this session of Congress. Representative CONNERY, author of the bill in the House, soon after the petition was placed on the desk appealed to the Members to refrain from signing the petition, stating he was in constant communication with the White House on the measure for the purpose of bringing it up for consideration at the best time. The general sentiment prevailing is that the administration is opposed to the measure and that it will not be considered at this session, unless consideration is forced by discharge of the committee.

This resolution contains nothing of economic or political value to the colored race. Its purpose is to give colored people the right of being served in the House dining room on an equality with Members of the House, their families, and friends. For 12 years under Republican control and management the House restaurant was operated under exactly the same policy as it is today; Negroes were not allowed to eat in the Members' restaurant. The author of this resolution came to Congress March 4, 1929. He was here for 2 years under Republican control of the House and its restaurant. Under Speaker Longworth and the Republican chairman of the committee in charge of the restaurant, Mr. Underhill, exactly the same policy was carried on with regard to serving in the House restaurant as is being done today under Mr. WARREN. I think Representative WARREN as chairman of the committee in charge of the House restaurant is to be commended for following the established policy as to serving only Members, their families, and guests in the restaurant. Every Member of this House knows that Representative WARREN has administered his position as Chairman of the Committee on Accounts ably, honestly, and efficiently. He has been courteous, frank, and fair with every Member of this House at all times. The passage of this resolution is in itself a reflection on his administration. The House advances a form of censure when by every rule of justice and reason a vote of commendation is due.

To agitate and raise this technical question of racial rights for political purposes at this time is wrong and responsibility for this vote will at some future date rise up to plague every man who has voted for it. This is no time to agitate racial or religious questions.

I am a friend of the common people, whether they be Caucasian, Indian, or Negro. I work and vote consistently in their behalf. My mother was raised in an orphanage because my grandfather gave his life to preserve the Union and abolish slavery. That terrible conflict was brought on by just such agitation as that contained in the DE PRIEST resolution. Knowing the author as I do I cannot believe that he would intentionally disrupt the friendly association of the Membership of this House in its use of the House restaurant, but if this resolution is to be of any force and effect that is bound to happen, in my opinion.

I am opposed to any bill or resolution that has for its principal purpose the raising of a religious or racial issue. This is not the time or is the National Capitol the place to start an internal turmoil over a constitutional right involving nothing more substantial than the right of a few aristocratic colored people to eat in the same room with Members of the House of Representatives and their families.

That we are all free and equal under the Constitution is conceded. That this concession gives any of us the right to intrude our presence on others regardless of whether they are white or colored, is contrary to the American idea.

Representative DE PRIEST, Republican, of Illinois, the author of this resolution, has, I understand, been served in the House restaurant with the same attention given other Members. He now seeks by resolution to insure this same social privilege to all other colored citizens whom he may invite. Under the guise of securing a constitutional right, what Representative DE PRIEST seeks for his colored friends is a privilege based on social position. This involves wealth, education, common tastes, and family traditions, over which neither the Constitution nor Congress has any power to bestow.

During the Republican regime in the House, the gentleman from Illinois [Mr. DE PRIEST] introduced no resolution denouncing this policy, nor did he complain. Why has it all at once become a burning political issue? Is it because this is campaign year and the gentleman has a large colored population in his district? That may justify him in introducing such a resolution, but I cannot feel that that would in any way justify me in voting for it. That may be good Republican politics in the district of the gentleman from Illinois, but I am sure the voters in my district in Wisconsin would not approve of it.

With 10,000,000 men still unemployed, with nearly 2,000,000 still on relief, with millions of white and colored farmers alike hopelessly in debt, does the gentleman from Illinois believe that he is advancing good Republican doctrine to raise the issue of whether his colored visitors at the Capitol are served with the white Members on the second floor or in their own dining room on the first floor?

THIRD PARTY IN WISCONSIN

Mr. Speaker, you ask me if I intend to join the third party. My answer is I fail to see where the formation of a new party will in itself accomplish a single thing in behalf of the farmers, workers, or business men in my congressional district.

Tom Amlie made my office his Washington headquarters last winter. Ever since he was defeated for renomination for Congress from the First District at the last election he has tried repeatedly to sell me the new-party idea. I like Tom personally. I admire also the other half of the La Follette "brain trust" at Madison, Professor Groves. Both Amlie and the professor are able parlor intellectuals. They both admit it. But I cannot follow them on what appears to me to be a wild goose chase to bag Wisconsin first and then the Nation politically. I just do not think it can be done. Such a course seems to me visionary and extremely doubtful as to direct benefits and actually vicious and disastrous in that it will eliminate and destroy the representation and influence that Wisconsin progressives or liberals now wield in the State and Nation. I am unable to follow their political reasoning. Two years ago they ran on the same ballot with

me as progressive Republicans. They were defeated in the primary. They then espoused the Democrats who, to the surprise of themselves and the whole State, were elected. Both men sought appointments in the Roosevelt administration. They did not get them. Now they want a third party. Again I confess I am unable to follow them.

What about the rights and interests of the people of Wisconsin? Unless they can show me where the political and economic conditions of the people of Wisconsin and my district will be improved, I cannot go along. Platforms and campaign promises are plentiful and easy to make, but my people want jobs and something with which to buy food and clothing and with which to pay their taxes. Last election after the primary they openly advocated the election of Democrats. This year they seek to divide the progressive Republican voters before the primary. Such a course may be expedient, but it does not square with progressive principles, and it is too devious as to method and nebulous as to results for me to understand or undertake.

Millions of destitute workers and farmers as well as distressed business men need honest, fair, and practical government as they never did before. A third-party program under these conditions, it appears to me, is a bolt to rule or ruin the progressive cause.

I believe in the American theory of representative government. On May 15 I submitted to over 600 progressive leaders and workers in the 14 counties of my congressional district the question of a third party. Two hundred and four have replied to date. Fourteen of these favor a third party, 181 are opposed to a third party, 9 were neutral.

My list to which I sent the questionnaire includes all of the known progressive Republicans of my district. It includes five or six of the advocates of a third party at the Madison conference in March.

It matters little who the new-party leaders may be or how good their platforms may read; the obvious fact remains that no leader or new party can accomplish much for the distressed people of Wisconsin unless such political leader or party can garner enough votes to be elected to office.

I believe in representative government and that we should let the people rule. I feel compelled, therefore, to recognize the expressed wishes of the overwhelming majority of the progressive Republicans of my district. After all, it does not matter so much what happens to progressive leaders in the coming election. They are but individuals and must accept their political fate regardless; but what about the thousands of unemployed, the distressed farmers, soldiers, and home owners, and other citizens? Every progressive or liberal representative who is lost to them in the legislature and Congress at this time means that their life and economic future will be so much harder. The welfare and rights of these people are involved in this election. Their rights should not be gambled away on the false hope that some progressive leader or two may win a grand prize. It was the loyal work of men like GEORGE NORRIS, LA FOLLETTE, FRAZIER, and CUTTING, supported by the progressive Republicans in the House for the past 20 years that made the new deal possible. It will take some more progressive Republican brains and energy to put it on a sound basis and eliminate the petty graft and favoritism that now permeates the new deal administration.

CONTROL OF LIQUOR TRAFFIC

The SPEAKER. Under the special order for today the gentleman from California [Mr. HOEPPEL] is recognized for 15 minutes.

Mr. HOEPPEL. Mr. Speaker and Members of the House, last Sunday our Nation was united in paying homage to the motherhood of America. In my remarks here I wish to urge the enactment of laws and the adoption of a progressive program which, fostering improved economic, social, and moral conditions and the development of a cleaner, more responsible citizenship, would be an everlasting tribute and memorial to the power and influence for good exercised by the mothers of America.

I recognize that the question I propose to discuss is one of a highly controversial nature, and I wish to be as impartial as possible in my remarks. Because my time is limited, I hope that the gentlemen will refrain from questioning me until I conclude.

I had the pleasure recently of hearing an address delivered by the Honorable Homer S. Cummings, the Attorney General, in which he described crime as a national problem and recommended the enactment of a number of prohibitory laws enlarging the police powers of the Federal Government.

Crime is indeed a national problem and in its relation to the liquor question it can best be solved, in my opinion, by national control rather than by prohibitory legislation. Instead of enacting laws to punish the individual, we should enact laws which would aid him in remaining a law-abiding and self-respecting citizen.

It is noted in the press of yesterday that the Attorney General is asking for a war chest up to $3,000,000 to equip the Government, even to the purchase of armored cars, for the suppression of crime. In the same issue, on the same page on which this information appears, we find that New York State is returning to the saloon and the brass rail. It should appear to any thinking individual that the policy of enacting legislation on one hand to combat crime and on the other to enact legislation to create incubators of crime is indeed unfortunate and ill advised from a practical standpoint. What we need in America today, instead of increased appropriations for law enforcement and the return of the open saloon, is a moral and spiritual awakening of our people. We should have more honesty on the part of our public officials and the leaders in big business, with less greed and unconcern on the part of these officials where the interests of the common people are involved.

Aside from monetary control and the extension of credit by our own Government direct to the people at a low rate of interest, it is my opinion that no question confronts the American people so important and far reaching in its application and potentialities as the question of liquor control. Will we Members of Congress take note of the statements made by Joseph H. Choate, Jr., Director of the Federal Alcoholic Control Administration, who has pointed out some very pertinent reasons why the bootlegger thrives and why the results of repeal are assuming aspects even more deleterious to the individual and more alarming in their contribution to our crime problem than the conditions which characterized legal prohibition days?

Unfortunately, he lists as remedy no. 1 increased appropriations for enforcement, which, in my opinion, is the same fallacy advocated during the days of legal prohibition. He does, however, stipulate that legal liquor should be cheaper in order that it may compete with the bootleg liquor. By this indirect comparison, he confesses the inefficacy of our present laws.

As an individual, interested in temperance, it is nauseating to me to find the windows of drug stores and myriad other businesses filled to the ceilings with wines and liquors of a high alcoholic content which any degenerate may purchase as he will. The recent murder of two men here in the city of Washington by an inebriated negro, without any apparent provocation whatever, is, in my opinion, an indirect responsibility of the Congress.

Mr. ZIONCHECK. If the gentleman will yield, the intoxicated colored man admitted that he had a glass of Coca-Cola, in which 24 aspirin tablets were dissolved.

Mr. HOEPPEL. That is what the Whisky Trust always says when anything occurs against their industry.

Mr. ZIONCHECK. I object to being called a "Whisky Trust."

Mr. HOEPPEL. The unrestricted sale of liquor, with the increasing number of accidents and infractions of law traceable to its unbridled use, is becoming a national menace, just as is the unrestricted sale of firearms to whosoever has the price.

It was hoped that repeal would eliminate the politician and the profiteer from the liquor business but such appears

to be far from true in practical application. The inordinate profits accruing to the liquor industry, despite the bootlegger's competition, can best be indicated by the amounts expended in embellished labels, fancy containers, and high-pressure advertising in an effort to inveigle the American people into an orgy of drinking. For instance, a 16-page issue of a Washington paper recently carried more than four full pages of liquor advertising. With an advertising charge of $316 per page, it is self-evident that the liquor business is perhaps the most prosperous in America today, despite the fact that 4,700,000 families are on the relief rolls and approximately 11,000,000 citizens are yet unemployed. Our newspapers are not to be censured for accepting this advertising, but, nevertheless, I feel that they would willingly forego this profitable business in the interest of eliminating bootlegging and its concomitant crime background and in lieu thereof, receive advertising from other legitimate businesses.

The liquor business should be nationalized. The only opposition which may arise to the nationalization of the liquor industry would be that from the Whisky Trust, which, according to reports reaching me, is very close to leading officials, elective and appointive, in government.

With C.W.A. workers, earning a mere pittance, walking directly into any of the myriad of liquor stores and paying as high as $2 per pint for whisky, it is frightful to consider what may occur when the prosperity which we anticipate in the new deal is restored to us. Mothers and fathers are becoming increasingly apprehensive on this subject and we already sense a reaction against repeal taking place in our country, a reaction which I deeply deplore, because it will again pit individual against individual and bring to fruition a spirit of intolerance on this question.

Drys and wets—not including the profiteering, law-breaking wets and corrupt politicians—should cooperate for the nationalization of the liquor problem instead of renewing the age-old war of the wets and the drys. Both factions should recognize that liquor was with us even before the Ten Commandments, and it appears that it will be with us until the end of time or the hoped-for millenium. The drys have a perfect right to their own opinions, but after 12 years of disheartening experience with legal prohibition it would seem that, instead of resurrecting that nightmare and organizing to defeat legislators who differ with them, the drys should join with the temperate wets in the interest of solving this problem once and for all in the furtherance of temperance, in which appropriate control and the injurious effects of alcoholic indulgence may be taught.

While I have been in accord with the President in most of his experiments under the new deal, I am not willing to experiment further with the liquor problem. One noble experiment is sufficient for me. I do not believe in impromptu, ill-considered legislation on this subject. The candidates for Congress in the approaching election should, in my opinion, seek to learn the wishes of their constituents on this subject and should return to the Congress definitely resolved to enact some measure nationalizing the liquor industry. I am very hopeful that the drys will join with those who believe in real temperance, and that they will together use the political club to defeat any legislative candidate unless he will pledge himself to cooperation in correcting the abuses and the confusion resulting from 48 divergent State laws and the thousands of county and municipal laws on this subject.

We seem to have no misgivings in the Congress today toward enacting legislation giving to one man arbitrary power over the destiny of our people, as witnessed in the N.R.A. and other organizations in the new deal. In the matter of gold devaluation, we gave the Secretary of the Treasury absolute control over $2,000,000,000 in gold. Why then should we quibble about turning over the national control of liquor to a nonpartisan commission?

No one questions the integrity of the Supreme Court of the United States; therefore I would suggest the appointment of a nonpartisan commission of seven or more members, appointed for a long tenure of service or for life. In order that such commission may be truly representative of a cross-section of the Nation, I would suggest that 1 of these individuals be selected from the medical group, 2 from the religious, 1 from the scientific, 1 from organized labor, 1 from the agricultural groups, and 1 from the United States Chamber of Commerce, all of these individuals to be recommended to the President for appointment by their own respective groups and any vacancies occurring on such commission to be filled under the same procedure. This commission should be directly amenable to the Congress of the United States and its members subject to removal, with or without charges, only by a vote of two thirds of the actual membership of the Congress, not merely by two thirds of those present and voting.

The manufacture, distribution, and sale of all beer, wine, and liquor should be directly under the control of this commission. If the present licensing features of the N.R.A. do not permit this innovation, laws should be enacted to this effect. The profits of manufacture, if retained under private auspices, should be restricted to a reasonable return on the investment of the brewery, winery, or distillery. All Federal licenses on these products should be repealed and the surplus revenue, if any, resulting from such control should go into the Treasury of the United States. It was preposterous and ridiculous to me to find individuals advocating repeal because of the revenue which would accrue to the Government through the legalization of the liquor industry. This revenue is infinitesimal compared with the large expenditures, totaling into the billions, necessary in the suppression of crime traceable to drink, not to mention the distressing, heart-rending effects upon those who suffer indirectly because of crime and its kindred manifestations.

In the event it is decided that a profit should be made from the national control and sale of liquor, I would suggest that such profit be turned over to the respective States and Territories in proportion to the sale of liquor in such States and Territories, and that these funds be used solely for pensions to the aged and disabled.

While I readily appreciate the fact that the suggestions I offer here may not provide the panacea desired, I feel confident that the American people, if given the opportunity, could evolve a scheme of national control which would be iron-clad and workable.

In furtherance of my suggestions, I would reduce to the barest minimum the number of places where liquors of any kind could be purchased. I would make no restrictions whatever as to the amount any individual might purchase at any time, provided he had in his possession a permit issued by the local authorities under regulations established by the national commission, and I would not require registration of such sales.

National control will solve our liquor problem if anything can. The bootlegger will not compete if the Government is in control of the liquor industry any more than the counterfeiter competes successfully with the Government in the sale of stamps or the making of money. The politician also would be deprived of his percentage or commission.

I wish to reiterate, however, that the bootlegger will never be removed as long as we continue to tax the industry, with which he is competing, by inordinate taxes. The tax on beer and light wines should be merely a regulatory tax and reduced to a minimum. Wine is, in fact, a food and is usually consumed with meals. Seldom do we see a man drinking a glass of wine at a standing bar. The recognition of this fact would lead to the development of the wine industry and contribute to our economic recovery through the employment of thousands of Americans and at the same time would have a tendency to wean drinkers from the use of heavy intoxicants.

In conclusion, I repeat that I consider the liquor question one of our most important problems because of the large amount of public funds which might be saved to the taxpayers through the proper control of the manufacture, distribution, and sale of liquor, resulting in a reduction of crime and its costly consequences. I have the utmost con-

fidence in the integrity and intelligence of the American people, and in the interest of the youth of America, I appeal to drys and wets to lay down their armor of combat and to extend the hand of fellowship and cooperation in order that this problem may be solved as expeditiously as possible in the furtherance of making the new deal a new deal for the restoration of the moral fiber of our citizens and the elimination of all the graft and evils which have centered in and which will always center in the private manufacture, distribution and sale of liquor. [Applause.]

[Here the gavel fell.]

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 minutes more.

Mr. O'BRIEN. Mr. Speaker, I object.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 1 minute.

Mr. O'BRIEN. Mr. Speaker, I object.

The SPEAKER. Under the special order of the House the gentleman from Texas [Mr. PATMAN] is recognized for 5 minutes.

RELIEF GRANTED BY GOVERNMENT TO DEPOSITORS OF CLOSED BANKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein an address that was made by Mr. O'Connor, Comptroller of the Currency, at Tulsa, Okla., a few days ago.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. J. F. T. O'Connor, Comptroller of the Currency, to the Oklahoma Bankers' Association, meeting in Tulsa, Okla, through special leased wire from Washington, D.C., May 9, 1934:

To the members of the Oklahoma Bankers Association, meeting in the Mayo Hotel in Tulsa this afternoon, I send greetings from the Nation's Capital.

Surely this is the age of magic, when the voice of a person in Washington is transmitted 1,500 miles to a meeting of bankers in Oklahoma. It is peculiarly fitting that these words should be devilered in such a mysterious manner to Tulsa—The Magic City.

Oklahoma, the forty-sixth State to enter the Union, is in many ways the most amazing of all in the United States. "Labor Conquers All Things" is your State's motto, and a better one could not have been chosen. For the people of Oklahoma are conquerors. They have conquered the earth, penetrated its most secret chambers, and there gushed forth millions upon millions of dollars of wealth in oil.

You bankers are interested in the banking situation in the United States, and it affords me a great deal of pleasure to be able to tell you that the general banking outlook in this country was never brighter.

It is only a little over a year ago since the banking holiday of March 1933—when every bank in the United States was closed by Presidential edict—but, already, most of the scars left by that wound have disappeared. The day after the banking holiday terminated—on March 16, 1933, to be exact—there were 1,417 national banks in this country which for one reason or another were not allowed to reopen, and these institutions had on deposit some $2,207,964,000. By May 1, 1934, a period of less than 14 months, 1,232 of these 1,417 national banks had either been reopened, liquidated, absorbed by another institution, or placed in receivership.

This left 185 unlicensed national banks on the 1st of May, but, of these, 156, or nearly 85 percent, had received approved reorganization plans from the Comptroller's Department, so that they can be reopened just as soon as the terms of such approvals are fulfilled. There were only 29 national banks with disapproved reorganization plans on May 1, 1934, and their aggregate frozen deposits amounted to $16,281,000.

This latter figure, you will note, represents less than three quarters of 1 percent of the $2,207,964,000 in frozen deposits tied up in all unlicensed national banks on March 16, 1933.

In the State of Oklahoma there were 16 national banks which failed to receive licenses to reopen at the conclusion of the March 1933 banking holiday. Since that time—up to May 1, 1934—9 of these institutions have been reopened in one form or another, 5 have been placed in receivership, and 2 are still unlicensed. However, of the 2 still unlicensed, 1 has an approved reorganization plan. The one Oklahoma national bank with a disapproved plan of reorganization has but $374,000 in frozen deposits.

Nothing has contributed more to the improved banking situation in the United States than the insurance of deposits, which went into effect on January 1, 1934. Under the provisions of the temporary-insurance plan now in effect, deposits in insured banks are protected in full up to $2,500 per depositor.

At the close of business April 30, last, 13,984 banks in every section of the country held membership in the insurance fund. In these institutions, 55,956,783 accounts are insured; insured deposits amount to $15,706,905,590 and total deposits aggregate $38,356,701,979. The ratio of insured to total deposits is 41.09 percent.

As a result of the protection afforded by deposit insurance and the improved public psychology resulting from such assurance to bank cutomers, deposits have been increasing so far in 1934 throughout every section of the United States, hoarding has decreased sharply and there has been a complete absence of runs on solvent institutions.

The insurance fund is now in its fifth month of operation, and as these words are spoken, no insured bank has yet closed its doors. It is true that a small insured State bank in Pennsylvania has been placed on a restricted basis by the banking authorities, and will probably prove to be a claim against the resources of the Insurance Corporation, but in this instance the troubles of the restricted institution were due to defalcations. The depositors in this bank are covered practically 100 percent by deposit insurance and other guarantees.

The practical absence of failures so far this year presents a striking contrast to the record of former periods. During the 10 years, 1923 to 1932, inclusive, 3,141 banks failed in the United States in the first 4 months of such years alone, involving $1,097,055,000 in deposits. The average number of bank failures in the months of January, February, March, and April only during these 10 years was 314, while the average amount of deposits involved was $109,705,500.

In the State of Oklahoma 395 banks are enjoying the protection of deposit insurance. In these institutions 705,532 accounts are insured. Insured deposits aggregate $108,810,567 and total deposits in such banks amount to $287,273,273. The ratio of insured to total deposits in these Oklahoma institutions is 37.9 percent.

Besides the tangible effects of deposit insurance, the Federal Deposit Insurance Corporation, which administers the insurance fund, has put into effect rules, which, if their dollars-and-cents value cannot be determined, are equally helpful to the banking situation. These include regulations that banks which are members of the insurance fund cannot pay interest on demand deposits and can pay no more than 3 percent on time deposits. These rules prevent the careless banker from ruining himself and his institution by paying higher interest rates than his bank can afford.

A part of the public seems to have absorbed the idea that bank-deposit insurance will be terminated shortly. Nothing could be more incorrect. It is true that the temporary-insurance fund, now in operation, is scheduled to end on July 1, next, but this does not mean the end of this protection. A bill has been introduced in Congress—and it has been passed by the Senate—providing for the extension of the present insurance fund for 1 year to July 1, 1935. My confidence in the good judgment of the House of Representatives leads me to believe it will pass that body.

But bank-deposit insurance—in some form—will continue next year, and undoubtedly for all years to come.

However, it has been felt, and the directors of the Federal Deposit Insurance Corporation agree, that the present insurance—whereby deposits in insured banks are protected in full up to $2,500 per depositor—should be continued for another year. Those who favor the 1-year extension contend—and it seems to me that their contention is sound—that the $2,500 protection is adequate to take care of the average bank depositor, the little man. In addition, it gives the directors of the Federal Deposit Insurance Corporation another year in which to study the whole question of bank-deposit insurance, during which time they should be able to decide definitely just what changes, if any, should be made in the permanent-insurance fund to best serve the people's interest.

There has been much loose talk in various sections of the country that nothing has been done for depositors in closed banks, and that the cost of receiverships is so great that nothing is left for the poor depositors.

Both of these charges are untrue.

In reality, a remarkable record has been made in distributing dividends to depositors in closed banks, and no distinction has been made as between national and State institutions. Largely due to the efforts of the Deposit Liquidation Board, of which I am a member, the Reconstruction Finance Corporation has advanced to unfortunate depositors in closed banks the staggering total of $785,000,000 to date. It has taken as security for such advances the assets of the closed banks. Of course, the amount actually distributed to depositors in closed institutions is much greater than the sum mentioned, since many banks have made collections and had cash on hand at the time they closed. Since March 16, 1933, there has been distributed in dividends to depositors in national banks $475,806,742, of which sum $123,994,380 was borrowed from the Reconstruction Finance Corporation. Here we account for over a billion dollars distributed through the Reconstruction Finance Corporation and the Office of the Comptroller of the Currency. Figures are not available to show the amount distributed by State institutions. The chairman of this special committee is Hon. C. B. Merriam, of Topeka, Kans., a director of the Reconstruction Finance Corporation. Mr. Merriam is one of the outstanding executives in Washington and has rendered a service in a quiet manner which has attracted the attention and won the approval of all of the leaders in the Capital City.

Considerable clamor has been heard urging that the Government repay in full the losses sustained by depositors in banks closed during recent years. There is little merit in the argument of those who propose this raid on the United States Treasury.

It is claimed by interests who would have depositors in closed national and Federal Reserve member banks repaid that such repayment fulfills the Government's implied guaranty of deposit safety in such institutions. But this is not true, since the United States Government has never declared or implied that it guaranteed deposits in these banks. Moreover, this would be a most hazardous responsibility for the Government to admit or accept. It would establish a precedent that might well be extended to any business activity over which the United States Government exercises any supervision, such as over the sale of alcoholic liquors, railroads, radio, and possibly to individual losses in the stock market, where the Government takes supervision thereof.

The most important thing to remember, in connection with this agitation for repaying losses sustained by bank depositors, is that, if these losses are to be made good by the Government, it will cost some $2,000,000,000, possibly more, if all banks are included. Now, assuming that such a program is to be carried out, the money must come from somewhere. And that somewhere will be from the pocket of the individual taxpayer. If the taxpayers are willing to be assessed for this purpose, it will be a surprise, particularly since the greatest portion of the money that would be repaid would go—not to the poor man—but largely to a few people who already have above the average in wealth. Should an appropriation be made by Congress for this purpose, 44 percent of whatever sum is appropriated will be paid to one half of 1 percent of the depositors. The argument is sometimes made that people put money into the banks because of certain appeals made by ex-President Hoover and other high officials in the Treasury. The fact is that depositors took money out of the banks after these appeals were made. Congressman PATMAN, of Texas, pointed this out in a speech before the House of Representatives on April 26, 1934, when he said:

"It is contended that depositors were persuaded to deposit their funds in national banks by reason of the antihoarding speeches made by President Hoover and Secretary of the Treasury Mills in February and March of 1932, which caused them to lose it. Let us consider the facts. The last report of deposits in national banks before these speeches were made was December 31, 1931. At that time the deposits were $19,244,347,000. The next report after the speeches were made was June 30, 1932. The deposits had dropped to $17,460,913,000. In other words, it seems that deposits decreased almost $2,000,000,000 instead of increasing.

"Within 12 months after these speeches were made, the deposits in all banks had been reduced more than $4,000,000,000."

The following figures should convince anyone that bank receiverships do not unduly penalize depositors: Between the date of the first failure of a national bank in 1865 to the close of business October 31, 1933, 1,155 national-bank receiverships were administered by receivers. Expenses incident to the administration of these 1,155 closed trusts—such as receivers' salaries, legal and other expenses—amounted to $32,030,848. This represented merely 3.90 percent of the book value of the assets and stock assessments administered, while it was 6.66 percent of collections from assets and stock assessments. Over 93 percent of every dollar collected has been returned to the depositor. Assessments against shareholders averaged 67.97 percent of their holdings, and the total collections from such assessments as were levied were 49.47 percent of the amount assessed.

Great as has been the improvement in the banking situation since March 1933, it is my firm conviction that even greater gains will be shown in the years to come. Bankers, as well as other people, have learned much from the depression years and are not likely to repeat the mistakes of 1928 and 1929.

This country is indeed fortunate to have chosen so wisely at the election of November 1932. President Roosevelt is exceeding the preelection hopes and expectations of even his most ardent admirers. He is working night and day that this Nation may find the way to better and more prosperous days—not for the few, but for the many. Emulating his example, we should all strive to do our small parts to bring this hope to reality.

My friends, I am glad to have had this opportunity to speak to you from the Nation's Capital.

Mr. PATMAN. Mr. Speaker, I asked for this time to talk on the McLeod bill.

M'LEOD BILL

If this bill is enacted, and it includes only the banks closed on and after January 1, 1930, the Government will lose more than a billion dollars.

The following statement is self-explanatory:

Number of banks closed on or after Jan. 1, 1930	Reconstruction Finance Corporation advances	Recoveries	Loss to United States
1,581 national banks	$575,125,304	$257,100,216	$318,025,088
281 State member banks	402,670,945	150,906,619	251,681,326
5,554 State nonmember banks	829,494,693	315,989,361	513,505,332
Total, 7,416 banks	1,807,290,942	724,088,196	1,083,211,746

The foregoing figures, of course, do not include any estimate for interest costs pending final liquidation.

WHO WILL GET THE BILLION DOLLARS?

Most of this money will go to the wealthy—people who are not in distress and are not entitled to public charity. One tenth of 1 percent of the depositors will get almost 50 percent of the deposits. One depositor will get $32,000,000. If we owed these people anything, I would advocate its payment; but the Government does not owe them a penny. It is not right to say we owe the $2,500 depositor but do not owe the $32,000,000 depositor; if we owe one, we owe the other. If there are 1,001 depositors of a closed bank, one having on deposit $2,500,000 and the other 1,000 having on deposit $2,500 each, or $2,500,000 in all, it will be neither right nor legal to pledge the assets of the institution to pay the 1,000 depositors and not pay the large depositor his proportionate amount. For the benefit of all depositors, large and small, I am glad that the Government is doing so much to aid them and to again make their banks going institutions.

WHY ARE STATE AND PRIVATE BANKS INCLUDED?

The Government had nothing to do with the supervision and operation of State and private banks. The policies of the Government in regard to monetary affairs did not affect them any more than they affected the railroads, insurance companies, building-and-loan companies, manufacturing industries, laborers, farmers, wage earners, and others. If Congress expects to pay depositors of national banks, State banks, or private banks on the theory that there was indirect supervision, control, or influence by the Government which caused the losses, it will set a precedent that will call for the payment by the Government of losses to holders of stocks or bonds of the concerns now receiving aid from the Government's Reconstruction Finance Corporation; the R.F.C. exercises some supervision over these institutions and much more control or supervision than the Comptroller of the Currency held over the national banks of the country.

OTHER INSTITUTIONS WILL BE INCLUDED LATER

Let us consider the different branches of commerce, industry, and agriculture that are being helped by the R.F.C., in order that we may have an idea of whom and for how much there will be an attempt to invoke this principle in the future, if it is enacted by the passage of the McLeod bill:

Loans to banks and trust companies, $1,896,925,340.

Loans to railroads, $402,287,361.

Loans to mortgage loan companies, $221,272,169.

Loans to Federal land banks, $193,618,000.

Loans to regional agricultural credit corporations, $166,442,905.

Loans to building and loan associations, $114,017,920.

Loans to insurance companies, $88,587,563.

Miscellaneous, $48,674,351.

Purchase of preferred stock in banks and trust companies, $257,600,616.

Purchase of other bank securities, $192,947,150.

Under this McLeod fallacious theory and foolish doctrine, the Government's liability will not be limited to the amount of credit or money extended to these institutions. Every bank that was loaned $25,000 and later fails the depositors of that bank to the amount of hundreds of thousands of dollars will be able to come under the wire and ask to be paid by the Government; they will proclaim long and loud that the Government exercised a degree of supervision over their institutions, and it failed; therefore they should be paid just like the depositors in the national, State, and private banks were paid.

CLAIMED CURRENCY WILL BE EXPANDED—WILD SCHEMES

Because I am in favor of expansion of the currency it has been suggested to me that I should not oppose this bill or any other bill that will cause credit or money to be expanded. I expect to oppose every measure that is not sound, or that will set an indefensible precedent for the Government to follow in the future. The people cannot be helped in that way; if there should be a small amount of expansion

by using such methods and adopting such principles, the rebound and future abuses will destroy several times the benefits so received.

Those of us who are in favor of controlled expansion of the currency will not help our cause by running off after every wild scheme that is proposed. I can defend every expansion of the currency plan I have proposed. Further, the credit expansion in the McLeod bill will amount to practically nothing when it is considered that interest-bearing tax-exempt bonds will be sold by the Government, or its agency, to furnish the credit. This will enable the large depositors of these institutions to convert their lost investments into bonds that will be free from taxation and upon which the Government guarantees both principal and interest.

IF PRINCIPLE GOOD, LOSSES BACK TO 1920 SHOULD BE PAID

Our monetary troubles started in 1920, when the other body controlled by Republicans passed a resolution which caused the Federal Reserve Board to order deflation of credit. In 4 months wheat fell in price from over $3 a bushel to $1.40 a bushel; cotton fell in price from 40 cents a pound to 7 cents a pound; purchasing power was destroyed, values were destroyed, and much misery was caused to the people. The farmers lost more than $20,000,000,000 in a very short time, causing many of them to lose their homes, which they have never recovered. If people are to be paid by the Government on account of a wrong monetary policy being pursued, the farmers have a good claim for at least $20,000,000,000, and by the time we analyze all the principles and precedents that will be set by the McLeod bill the claims will probably aggregate closer to a hundred billion dollars.

Many of us are anxious to know why the date January 1, 1930, was put in the bill. Can any good reason be given why it should not be January 1, 1929, or 1928 or 1925 or 1920? Possibly the McLeod bill is intended as the camel's nose.

FIFTH VICTORY LOAN

The patriotic people of this Nation were persuaded to borrow money and make payments on Fifth Victory Loan bonds. This was in 1919. I know hundreds of them that made payments of $10 to $25 on hundred-dollar bonds. They were being patriotic, they were responding to the call of our country; they wanted to do their part. What happened after these bonds were distributed all over the Nation into the hands of poor people who could not pay the remainder of their installments to the banks? Deflation of credit and money caused the bonds to go down in value, their loans at the banks were called, and these poor people were forced to lose as much as $20 on each hundred-dollar bond. That was enormous, considering the fact that in many instances the purchaser had pledged or mortgaged his property to make the initial installment on the bond and required to pay twice as much interest to the bank as he was receiving on the bond. It is like pouring salt in the wound to know that large banking institutions with the free use of the Government's credit purchased these bonds and made tens of millions of dollars in profits. In other words, the ones encouraging the deflation made the profits in these transactions.

If our Government expects to pay losses on account of a destructive or wrong monetary policy, I think the people who were squeezed out in this bond swindle should have first consideration.

STOCK ARGUMENT

The argument is made that the Government will not lose anything by purchasing the assets of closed banks 100 cents on the dollar, the claim being made that values will be restored and there will be no loss. No effort is being made by those in authority to restore 1929 values. The assets acquired on 1929 prices are the ones giving the most trouble. We are not having trouble with the 1926 loans. It is the 1926 price level we are trying to get back to. It is very inconsistent to advocate the purchase by the Government of assets according to 1929 prices and not advocate restoring the price level that prevailed in 1929. If the Government purchases the assets of closed banks by paying 1929 prices and then holds these assets until the goal—1926 prices—is reached, the Government will necessarily lose the difference between the 1926 prices and the 1929 prices.

ALL ASSETS CANNOT BE HELD

Many assets in the closed banks cannot be kept for a period of years, such as grain, cotton, and other perishables, besides livestock and machinery. There are apartment houses and office buildings badly in need of repairs; new apartment houses and buildings will be erected in a short time, and the tenants will leave the buildings we have in receivership. Therefore, we cannot hold these properties for any long period of time.

ASSETS OF BANKRUPTS

Included in the so-called "assets" of closed banks are the obligations of persons, firms, and corporations that have gone into bankruptcy. They are of no value, yet it is contended that the Government will not lose money. Certainly the Government will lose money if it purchases all the bad assets of closed banks 100 cents on the dollar. The loss will have to be paid; it will be paid by the taxpayers.

REPUBLICAN PARTY SUPPORTING THIS INDEFENSIBLE BILL

If the bill contained a good principle that we could build to, I would not object to bringing it before the House for consideration, in the hope that it might be amended; neither would I mention politics in connection with it, but since it fails to contain a single good principle and contains a very bad precedent, I think we can well consider who is backing such a measure. We can get a fair idea by examining the list of sponsors.

The House of Representatives is composed of 312 Democrats, 115 Republicans, and 5 Farmer-Labor.

April 23, 1934, the gentleman from Maine [Mr. BEEDY] made a motion which would have cleared the way for immediate consideration of the McLeod bill. A motion was made to table. Members opposed to the McLeod bill voted "aye"; Members favoring the McLeod bill voted "no." There were 212 Democrats and 15 Republicans voting "aye." There were 38 Democrats, 80 Republicans, and 4 Farmer-Labor voting "no." That vote indicates the Republicans are supporting this measure. You will notice that such Republican leaders as the Honorable Ogden Mills, the Honorable Herbert Hoover, and the Honorable BERTRAM SNELL are just as silent as the tomb. Do they want all the credit they can get out of it and not take any of the responsibility? Their failure to announce the stand of the Republican Party or themselves as Republicans strongly indicates that they are favorable to its passage. The principal reason the Republicans are supporting this measure is they want to use it as a means of embarrassing the Democrats in the districts where a large number of the beneficiaries of such a law reside. They are using it as a trap to catch votes; probably "deadfall" would be a better name.

SIGNERS OF PETITION

In the Washington Times of yesterday, May 14, there was published a list of the Members of the House who have signed the petition to force consideration of the McLeod bill. Presuming it is correct, we find another strong indication of Republican support. The article indicates there are 115 signers to the petition. The analysis of the list discloses the following:

Sixteen and one-fourth percent of the Democratic Members of the House have signed the petition.

Fifty-two and one-fourth percent of the Republican Members of the House have signed the petition.

One hundred percent of the Farmer-Labor Members of the House have signed the petition.

These figures indicate very little Democratic support. Of course, that is explained by the fact that very few Democrats can be persuaded to permit their names to be used in support of such a measure, and, further, the President of the United States is opposed to the passage of the bill.

REFERENCES TO OTHER SPEECHES ON THE SAME SUBJECT

April 20, 1934, commencing at page 7090 of the CONGRESSIONAL RECORD, will be found my discussion of the McLeod bill. It covers the following subjects:

Cost of the McLeod bill.

Can Government pay all losses?

Bad precedent.

Unlimited appropriation to unknown parties for unknown reasons.

Insurance claims.

Will take $200,000,000,000 to pay all losses.

I again discussed the McLeod bill April 26, 1934. My discussion commences at page 7482 of the CONGRESSIONAL RECORD. In that speech the following points were discussed:

McLeod bill supporters like Columbus.

What the bill proposes.

Will there be a loss, and who will pay it?

Who will get the money (table is inserted showing the distribution of the money)?

The rich man's bonus (a table is inserted showing loans made by Reconstruction Finance Corporation to banks in each State).

Hoover and Mills speeches—deposits decreased.

What is now being done to aid banks and depositors.

May 2, 1934, I inserted an extension of remarks on the Old and New McLeod Bills, pages 7963–1964. I discussed the following points in this extension:

Purpose of bill according to its title.

The new bill.

Motion to discharge the Rules Committee.

Bill without a good principle.

Compliment to Mr. Hoover (table showing all bank suspensions since 1920 by years, showing deposits, and including State, private, and national banks).

During the last month I have been getting up a statement with regard to veterans' benefits, and this statement includes the status of all veterans before the Economy Act was passed. It states the cases that were most frequently objected to and criticized, and the rules and regulations passed by the President under the Economy Act telling exactly what was done with respect to each class and group of veterans and the effect of such action, also the regulations that were passed putting veterans back on the pension rolls, and the different laws that were enacted restoring benefits. Then the independent offices appropriation bill is taken up and tells what was done in each House and the effect of the amendments that were proposed and adopted.

Then it tells the difference between the President and Congress in regard to the veterans' legislation, the present status of the World War veterans and their dependents and the benefits which each class is entitled to under the present law, rules, and regulations.

Then it takes up the Spanish War veterans and the Philippine insurrection and gives the same information, also of the Boxer rebellion. It will answer practically any question veterans will ask.

The SPEAKER. The gentleman from Washington [Mr. ZIONCHECK] is recognized for 5 minutes.

Mr. ZIONCHECK. Mr. Speaker, on the 3d day of this month I filed a petition to discharge the Rules Committee from the further consideration of H.R. 295, which provides for an open rule for the consideration of the Connery 30-hour week bill. I filed this petition after a great deal of deliberation, for I was very reluctant to do anything that might embarrass the administration in its effort to bring about recovery. I came to the conclusion that this legislative body and its every Member has a constitutional duty to perform and that if we are to be a body that sincerely tries to represent the 435 congressional districts of these United States we must take on a share of the burden of enacting legislation which in our honest opinions is necessary to bring about recovery and a fairer distribution to each and every citizen whom we represent. By the filing of this petition I felt that every Member here would be given an opportunity to express his opinion on this vital question, so that our President might know how we feel in our representative capacities.

H.R. 8492, the Connery 30-hour week bill, in brief, provides for a 5-day week and a 6-hour day for industries that are operating under the National Recovery Act. It sets up a board which has the power to grant exemptions from the 30-hour-week provision where such exemptions are really necessary for the proper conduct of business, and, more important still, it further provides that the same wages must be paid for the 30 hours as for the hours previously worked under the code where the hours were more than 30. One of the reasons that I am so vitally interested in this fundamental measure is that I have a definite campaign commitment to work and fight for a 30-hour week without wage reductions.

Under the present N.R.A. codes labor is compelled to work 40 or more hours per week, and in view of the fact that there are at present more than 11,000,000 unemployed, it seems to me that we are proceeding toward recovery in reverse. It is my sincere belief that we will never get out of this horrible depression until these honest and sincere Americans are given a real opportunity to obtain gainful employment at wages that will allow them not only to buy the necessities of life but also the comforts as well as a few luxuries. This is the age-old battle of human rights against property rights. We are called upon today to indicate in our representative capacities whether we deem the human rights of millions of Americans more important than the rights of capital to interest, dividends, and profits. Yes; we are called upon now to express ourselves on the grave question of further allowing millions to starve amidst plenty.

In a spirit of constructive criticism, I believe that our present recovery program is entirely wrong in that it is based upon the philosophy of economic planning of production instead of consumption. More and more of us are coming to the belief that if we economically plan consumption production will take care of itself; that if we create an opportunity for gainful employment for all who honestly seek to be employed that no longer will there be any further necessity of plowing under cotton, burning wheat, and destroying hogs; and unless we immediately enact legislation such as the measure on which I now speak we will never create a real consumers' purchasing power, which is the dire need of this country today. This bill strikes at the fundamental cause of the depression, for every economist who is worthy of the name holds that the cause of this depression is that labor has not received a just portion of what it has produced.

Some have expressed a fear that a compulsory 30-hour week would destroy small industries. I want to say here and now that the same fear has been expressed in times past when labor has been fighting its bitter battle for increased wages and reduced working hours. The same cry was raised in behalf of small industries when the effort was being made to reduce the working hours from 14 to 12, from 12 to 10, and from 10 to 8. When the battle was being carried on for an 8-hour day in the State of Washington one of our largest newspapers in the city of Seattle editorially predicted that a compulsory 8-hour day would drive all industry out and that our State of Washington would be as barren as a desert within a month's time, but when we look back today we find no foundation for such a rash prediction. The same arguments may be advanced in the future when the need of a 4-hour day will become very evident, due to the terrific pace of labor-saving devices and the increased efficiency of labor. Regardless of these arguments, I say that the right to earn an honest living at gainful employment, the right to live and enjoy life, are more important than the right to make profits, collect interest, or obtain dividends. There is not a reasonable-minded person today who will honestly maintain that there is not enough for everyone, if a fair distribution of the things created by labor is brought about.

In view of the arguments that have been advanced against reduced hours and increased wages, as well as better prices to the producers of farm products, we find that at present,

according to the figures of Dr. Wilbur I. King on the Distribution of Wealth, if today we only had $100 and 100 persons, 1 of those persons would have $59, 1 person would have $9, 22 persons would have $1.22 apiece, and the remaining 76 persons would have less than 7 cents each. Do not these figures forcefully argue that compulsory measures must be taken to give labor, in its larger sense, a greater share of what it produces?

A few days ago in the city of Seattle we had a pitiful example of a little 4-year-old girl, the daughter of an unemployed shoemaker, eating weeds because of hunger. Among the weeds that she ate happened to be some poison hemlock, which caused her death a few hours afterward.

I ask is it more important to protect the rights of little children who are not responsible for being born into this world than the rights of rapacious greed that thinks only in terms of interest, dividends, and profits? I for one cannot see how any person with a human heart and understanding can even hesitate as to what course he shall choose under these circumstances.

Today in the city of Seattle 750 unemployed are being added to the relief rolls daily. Although I believe in adequate relief and relief measures for the time being, nevertheless, I recognize that that is not a remedy for unemployment. Only measures such as the one of which I speak contain a solution for the grave injustices which constantly surround us.

Many persons here feel that the 30-hour week bill might be held unconstitutional by our Supreme Court because of the previous decisions of that tribunal with reference to child-labor legislation in its relationship to Interstate Commerce, nevertheless, the prevailing view is that this measure would be held constitutional, due to the grave emergency that now confronts our modern civilization.

Congressman CROSSER has introduced a constitutional amendment, House Joint Resolution 145, which is before the Judiciary Committee today, which I feel is the more sensible manner of approaching this problem of unemployment. The text of this amendment is as follows:

ARTICLE XX

To promote the general welfare Congress shall have the power to reduce the number of hours of service per day and days per week for which contracts of employment may be lawfully made.

In Congressman CROSSER's speech upon this amendment on July 8, 1932, he states:

This amendment could provide for a body like the Interstate Commerce Commission, which would remain constantly in session. Applications for the reduction in hours of labor in any industry could be filed with the Commission whenever the facts might seem to warrant such action. The Commission then could conduct hearings and receive testimony to determine whether or not any increase in the efficiency of labor may have resulted because of the use of improved machinery or otherwise; if it should find that such increase in efficiency had occurred, then it would be the duty of the Commission to reduce the hours of labor for that industry in proportion to the increase in efficiency of labor.

Although such a constitutional amendment would be far more preferable than the present bill about which I am speaking, nevertheless, in absence of this constitutional amendment, I think every Member who has the interests of the producer at heart will work for the enactment of the 30-hour week for the time being.

I am wholly satisfied that our President is absolutely sincere in his effort to bring about recovery under the N.R.A. program. Personally, I am thoroughly satisfied that it is a failure, particularly for the reason that big business and their representatives draw up the codes, and we all know that they draw them up to serve their own selfish interests and not the interests of labor or the small business man.

To me the N.R.A. codes resemble the proverbial sausage that was made of half horse and half rabbit, and when the maker of the sausage was asked how he figured this out he informed his questioner that it was made of 1 horse and 1 rabbit. Labor is the rabbit of the present codes, and a very skinny little rabbit at that.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. I yield to the gentleman from Oregon.

Mr. MOTT. Does the gentleman think that the N.R.A. is a failure on account of the law itself or because of its administration?

Mr. ZIONCHECK. Partly because of its administration, but fundamentally because of the law itself. It is next to impossible to administer such a law, for I think past experience shows that any time the Government attempts to regulate industry that it is but a short time before the regulated are regulating the regulators. The attitude of industry a year ago and its attitude today is as different as night and day. At that time they were crying for governmental interference in business, and today, as soon as their profits increase, they cry that Government should not interfere with business. As an example of the attitude of some employers, under the present N.R.A. codes, I want to insert a bulletin of a Chicago employer, whose name I can furnish upon request, which reads as follows:

CHICAGO, *August 3, 1933.*

To Factory Employees:

Beginning with the week of August 7 this entire plant will be operated under the Federal National Recovery Act. By this law we are governed as to minimum wages and weekly hours of labor. Except in emergency we cannot give any factory employee, except foremen, more than 35 hours labor per week. For the regular shift these hours will be from 8 o'clock morning to 12 noon, and from 12:45 to 3:45 afternoons, for 5 days, Monday to Friday, inclusive.

With these regulations and with the increase in old taxes and the addition of several new taxes it will be difficult to operate any industrial plant without loss. Therefore we must get maximum production from every man and woman who holds a job here. Every employee must be in his place and ready to start before the whistle blows at 8 o'clock. There will be no time allowed in any department for washing or dressing at the close of the day. Full speed must be carried on for every minute of the 7 hours. There will be no unnecessary loss of time allowed for drinking, lunching, toilet going, or personal conversations during operating time. In short, we expect to receive 7 full hours of best effort from every person who desires to remain in our organization. Any worker who will not thoroughly cooperate must be dropped from our roll.

When the special code for our industry is issued there may be some change made in working hours.

I do not want myself to be interpreted as maintaining the position that a 30-hour week will remedy the present situation. I am thoroughly convinced that companion measures must be enacted. For the time being the Reconstruction Finance Corporation should be authorized to make loans direct to small industries at a low rate of interest.

The next necessary step, in my estimation, must be an act that will nationalize commercial and deposit banking, leaving the investment field alone to private bankers; and along with this we will have to increase the gift, income, and inheritance taxes in the higher brackets so that the creators of unemployment will have to support the unemployment they create through governmental agencies, or, in the alternative, by way of pay envelopes in order to avoid the payment of these taxes to the Government.

Some of the Members feel that the 30-hour week bill is drastic legislation, but I say it is but mild compared to the legislation that must be enacted in the near future if we are intelligently to avoid utter chaos. It seems perfectly apparent to me that when a patient is very sick strong medicine must be administered if the patient is to recover. I am certain that if the different Members of Congress were able to visualize the actual conditions existing in their congressional districts at the present time they would have no hesitation in signing this petition. Many undoubtedly think that we are out of the depression today, because of the conditions that they see existing in Washington, D.C.; but I want to state here and now that in the city of Washington, D.C., the people do not know what a depression really is; but I predict that they will, unless we pass legislation in the very near future which is fundamental and basic and for the benefit of the great majority of the people, who are not only the producers, actual and potential, but also the consumers.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 3 minutes.

The SPEAKER. Is there objection?

Mr. VINSON of Georgia. Mr. Speaker, I object.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein one editorial and some excerpts from the newspapers at the same time.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I object to the editorial and the newspaper excerpts. I have no objection to his own remarks.

The SPEAKER. Objection is made to the editorial and the newspaper excerpts. The gentleman can extend his own remarks.

RELIEF EXPENDITURES (H.DOC. NO. 372)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and referred to the Committee on Appropriations and ordered printed:

To the Congress of the United States:

In my Budget message to the Congress of January 3, 1934, I said to you:

> It is evident to me, as I am sure it is evident to you, that powerful forces for recovery exist. It is by laying a foundation of confidence in the present and faith in the future that the upturn which we have so far seen will become cumulative. The cornerstone of this foundation is the good credit of the Government.
>
> It is, therefore, not strange nor is it academic that this credit has a profound effect upon the confidence so necessary to permit the new recovery to develop into maturity.
>
> If we maintain the course I have outlined, we can confidently look forward to cumulative beneficial forces represented by increased volume of business, more general profit, greater employment, a diminution of relief expenditures, larger governmental receipts and repayments, and greater human happiness.

The Budget which I submitted to the Congress proposed expenditures for the balance of this fiscal year and for the coming fiscal year which, in the light of expected revenues, called for a definite deficiency on June 30, 1935, but, at the same time, held out the hope that annual deficits would terminate during the following fiscal year.

It is true that actual expenditures since January have proceeded at a slower rate than estimated; nevertheless, it must be borne in mind that, even though the actual deficit for the year ending June 30, 1934, will be below my estimate, appropriations are still in force and the amounts actually to be expended during the following fiscal year will therefore be increased over and above my estimate for that fiscal year. In this connection it is relevant to point out that during the fiscal year 1935 it is estimated that there will be actually expended on public works $1,500,000,000 out of appropriations heretofore made.

In my Budget message of January 3, 1934, it was pointed out that there could be no abrupt termination of emergency expenditures for recovery purposes, that the necessity for relief would continue, and that appropriations amounting to $3,166,000,000 in addition to the appropriations contained in the Budget itself would be requested for the 2 fiscal years ending June 30, 1935.

The present Congress has already made appropriations out of which, for the 2 fiscal years in question, it is estimated there will be expended the following sums:

Relief	$950,000,000
Crop loans	40,000,000
Farm mortgages	40,000,000
Reconstruction Finance Corporation	500,000,000
Veterans' benefits	22,000,000
Army Air Corps	5,000,000
Flood control, Mississippi River, etc	29,000,000
Independent offices act	228,000,000
Miscellaneous supplemental estimates	30,000,000
	1,844,000,000

This leaves a balance of $1,322,000,000 to be appropriated.

Out of this balance it is necessary first to take the specific items to be appropriated for:

Federal land banks:	
Subscription to paid-in surplus	$75,000,000
Reduction in interest payments	7,950,000
Emergency bank act and gold transfer	3,000,000
Internal Revenue Service	$10,000,000
Salaries, Office of the Secretary of the Treasury	100,000
Secret Service	45,000
	96,095,000

This leaves $1,225,905,000 available for the following purposes: Civilian Conservation Corps camps, public works, and relief work, in addition to amounts already appropriated, and including aid to the dairy- and beef-cattle industries.

It is estimated that the minimum requirements for the Civilian Conservation Corps will be $285,000,000 and that the amount available, therefore, for Public Works and relief will be $940,905,000. A very simple check-up of these figures shows that they total $3,166,000,000, to which reference was made in my Budget message of January 3, 1934.

It was my thought in January, and is my thought now that this sum should be appropriated to me under fairly broad powers because of the fact that no one could then, or can now determine the exact needs under hard-and-fixed appropriation headings. In furtherance of this thought it seems appropriate to provide that any savings which can be effected out of certain appropriations made for emergency purposes shall be available for emergency-relief purposes.

In my judgment an appropriation in excess of the above amount would make more difficult if not impossible an actual balance of the Budget in the fiscal year 1936 unless greatly increased taxes are provided. The present estimates should be sufficient as a whole to take care of the emergencies of relief and of orderly reemployment at least until the early part of the calendar year 1935. If at that time conditions have not improved as much as we today hope, the next Congress will be in session and will have full opportunity to act.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 15, 1934.*

LA FAYETTE MEMORIAL EXERCISES

The Clerk read as follows:

Pursuant to the provisions of House Concurrent Resolution 37, the Chair appoints as members of the joint committee to make suitable arrangements for fitting and proper exercises for the joint session of Congress in commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette, the following Members of the House: Hon. MARY T. NORTON, Hon. SOL BLOOM, Hon. SCHUYLER O. BLAND, Hon. DANIEL A. REED, and Hon. EDITH NOURSE ROGERS.

LOAN OF WAR DEPARTMENT EQUIPMENT TO CONFEDERATE VETERANS

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent to take up for present consideration the bill (H.R. 9092) to authorize the Secretary of War to lend to the housing committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16- by 80- by 40-foot assembly tents; thirty 11- by 50- by 15-foot hospital-ward tents; 10,000 blankets, olive drab, no. 4; 5,000 pillowcases; 5,000 canvas cots; 5,000 cotton pillows; 5,000 bed sacks; 10,000 bed sheets; 20 field ranges, no. 1; 10 field bake ovens; and 50 water bags (for ice water), to be used at the encampment of the United Confederate Veterans, to be held at Chattanooga, Tenn., in June 1934, and pass it as amended. It is a bill to authorize the Secretary of War to lend equipment to the United Confederate Veterans for use at the encampment at Chattanooga June 5, 6, and 7. The Government is fully protected by a bond and the usual requirements that follow the lending of tents to these national organizations.

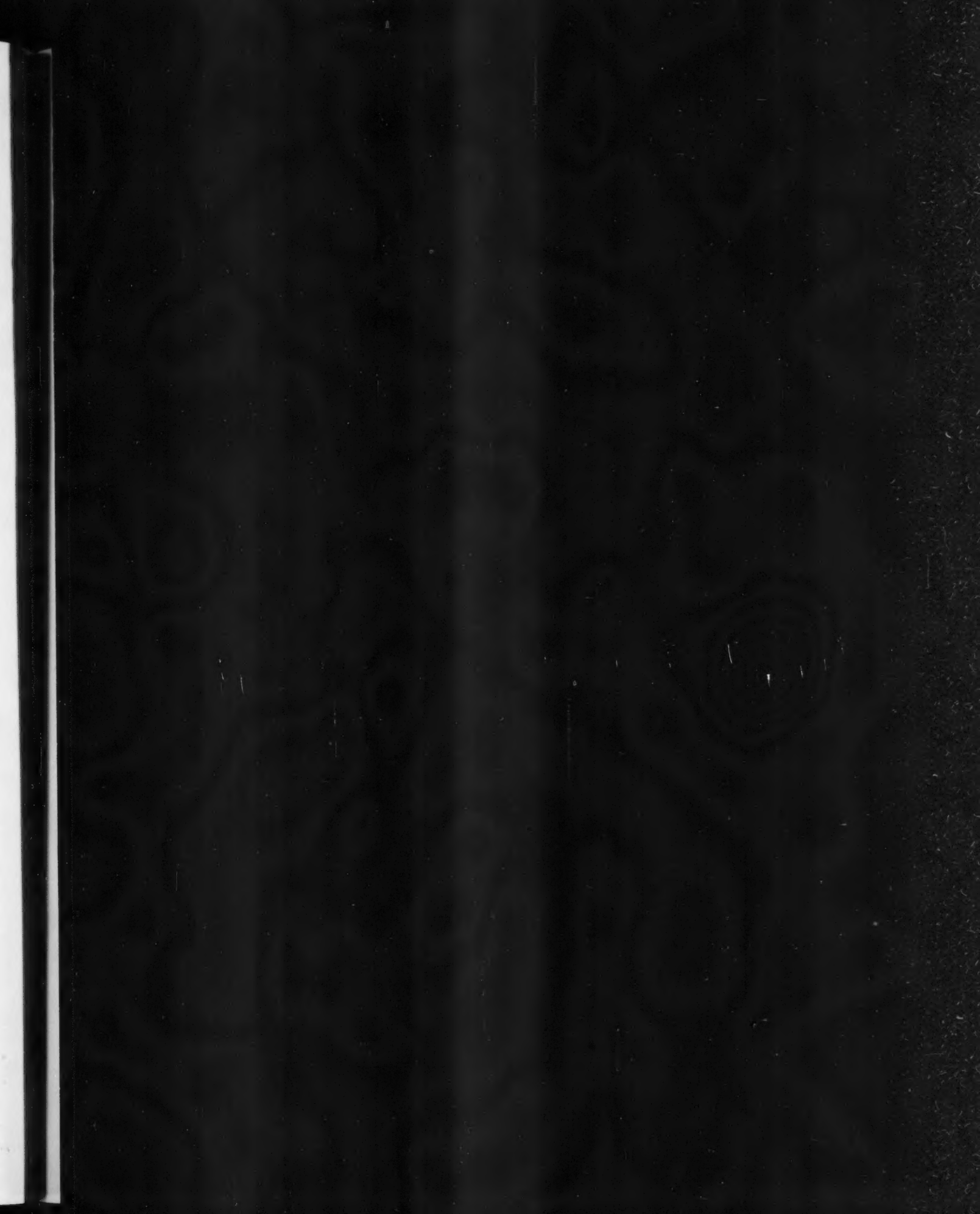
Mr. SNELL. As I understand it, this is the usual bill that is passed for occasions of this character.

Mr. McREYNOLDS. Yes. Certain matters are cut out by amendment, because that equipment is being used by the C.C.C. camps.

The SPEAKER. The gentleman from Tennessee asks unanimous consent for the present consideration of the bill H.R. 9092, which the Clerk will report.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to lend, at his discretion, to the housing committee of the United Confederate Veterans, whose encampment is



to be held at Chattanooga, Tenn., June 6, 7, and 8, 1934, 250 pyramidal tents, complete with all poles, pegs, and other equipment necessary for their erection; fifteen 16- by 80- by 40-foot assembly tents, complete with all their poles, pegs, and equipment necessary for their erection; thirty 11- by 50- by 15-foot hospital-ward tents, complete with all their poles, pegs, and equipment necessary for their erection; 20 field ranges, no. 1, with necessary equipment for their erection; 10 field bake ovens with necessary equipment for their erection; 50 water bags (for ice water); 10,000 blankets, olive drab, no. 4; 5,000 pillowcases; 5,000 canvas cots; 5,000 cotton pillows; 5,000 bed sacks; 10,000 bed sheets; 10 officers' tents, complete with all their poles, pegs, and equipment necessary for their erection; 900 mess kits, complete; 6 litters; 6 fire extinguishers; 20 tent flys with poles for wall tents; and 30 garbage cans: *Provided*, That no expense shall be caused the United States Government by the delivery and return of said property, the same to be delivered from the nearest quartermaster depot at such time prior to the holding of said encampment as may be agreed upon by the Secretary of War and the chairman of the said housing committee, Mr. Maurice C. Poss: *Provided further*, That the Secretary of War, before delivery of such property, shall take from said Maurice C. Poss, chairman of the housing committee of the annual Confederate reunion, a good and sufficient bond for the safe return of said property in good order and condition and the whole without expense to the United States.

With the following committee amendments:

Page 2, line 12, strike out "50 water bags (for ice water;)".
Page 2, line 14, strike out "5,000 pillow cases; ".
Page 2, line 15, strike out "5,000 cotton pillows; 5,000 bed sacks; 10,000 bed sheets; ".
Page 2, line 18, strike out "6 fire extinguishers; ".

The SPEAKER. Is there objection?

There was no objection.

The amendments were agreed to and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

The title was amended to read: "A bill to authorize the Secretary of War to lend to the housing committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16- by 80- by 40-foot assembly tents; thirty 11- by 50- by 15-foot hospital-ward tents; 10,000 blankets, olive drab, no. 4; 5,000 canvas cots; 20 field ranges, no. 1; 10 field bake ovens, to be used at the encampment of the United Confederate Veterans, to be held at Chattanooga, Tenn., in June 1934."

PROMOTION BY SELECTION IN THE LINE OF THE NAVY IN GRADES OF LIEUTENANT COMMANDER AND LIEUTENANT

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H.Res. 347) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9068, a bill to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

With the following committee amendment:

On page 1, line 10, strike out the words "2 hours" and insert "1 hour."

Mr. BANKHEAD. Mr. Speaker, I yield the usual 30 minutes to the gentleman from Massachusetts [Mr. MARTIN] to use as he sees fit.

I wish to make a very brief preliminary statement with reference to this rule. It is an open rule and provides for the consideration of the bill stated in the resolution, to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes.

It was represented to the Committee on Rules that this bill had the unanimous support of the Committee on Naval Affairs and had the recommendation of the Navy Department and was in line with the Budget estimates, as far as any appropriations were concerned.

I think that is all I care to say at this time. The purposes of the bill will be explained in the discussion of the rule by members of the Naval Affairs Committee.

I now yield 5 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to speak out of order, as I may be out of order.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. O'CONNOR. Mr. Speaker, the matter I desire to discuss is of interest to every Member of this House. The Navy Department is one of the great arms of the Government. I believe the maintenance of our great Navy commands more interest and more sentiment than any other branch of our Government. I believe, for instance, that we are more interested in our Navy than we are in our Military Establishment. We provide immense funds for our Navy's support, and annually, and more often sometimes, we appropriate hundreds of millions of dollars to supplement its present equipment.

On May 31 there will be a review of our entire fleet. The fleet will enter New York Harbor. I understand the President is going there to review our fleet. He is going on some naval ship out to Ambrose Light where the fleet will pass through the Narrows into the Harbor of New York.

For some time I have been interested in finding out what part the Members of Congress will take in that great review. I learned yesterday that the Navy Department thought its only friends in Congress were the Committee on Naval Affairs and the subcommittee of the Committee on Appropriations on the Navy. I agree that our great Naval Affairs Committee, headed by the brilliant and distinguished chairman [Mr. VINSON of Georgia], is one of the great committees of the House, and I also will concede that the subcommittee of the Committee on Appropriations for naval affairs is one of the hardest working of one of the greatest committees of the House; but I do not feel that the Navy Department obtains all the results which it gets solely from those two committees. If the Navy depended solely on those two committees it might not be so successful in securing the great appropriations which it obtains from Congress. If the Navy depended on those two committees alone, these two bills which we shall discuss today would not be before us, because the Rules Committee had to report them out, otherwise they would have been buried in the calendar.

Nor do I stop there, because, although I have no personal interest in the matter, I do believe that every Member of this House is vitally interested in our Navy, so the Navy Department should not confine its catering solely to the Naval Affairs Committee and the subcommittee of the Committee on Appropriations on naval affairs. I believe that a review of our great fleet is important enough that the entire membership of Congress should be invited to see it. I do not suggest a junket. The Members will pay their own railroad fares to New York and back. Probably not more than 100 Members would make the trip. A naval boat could be provided, perhaps either the *Wyoming* or the *Louisville*, to take the Members of Congress who desire to go out down the New York Harbor to review the fleet. The Navy Department should not confine its catering solely to the two committees with which it comes in closest and most direct contact. We are all interested in our Navy.

Now, I am not talking about myself. I may not go out to Ambrose Light to see the fleet, because once, when I went out there, I became seasick; but I believe the Navy Department and the other departments of our Government should realize that every one of the 435 Members of this House and the 96 Members of the other House are of some consequence

when it comes to naval affairs or the other affairs of our Nation.

Mr. BRITTEN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BRITTEN. I purposely refrained from interrupting the gentleman because I wanted him to get out of his system the remarks that have just been presented to the House.

Mr. O'CONNOR. They are nearly all out.

Mr. BRITTEN. I will say that after talking with the distinguished gentleman from New York on yesterday, my colleague [Mr. DELANEY] and I called upon the Secretary of the Navy this morning, and I can assure the gentleman that every Member of Congress will be invited to participate in the review of the fleet and that proper facilities will be arranged for proper observation of the fleet on that day and on the subsequent days.

Mr. O'CONNOR. Having accomplished my purposes, I now retire. [Applause.]

Mr. BRITTEN. The gentleman has accomplished his purpose.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. BANKHEAD. Mr. Speaker, I yield 10 minutes to the gentleman from Georgia [Mr. VINSON].

Mr. VINSON of Georgia. Mr. Speaker, the rule as presented provides, as he has just stated to you, 1 hour general debate. Then the bill is to be considered under the 5-minute rule and open to amendments.

I deem it important to call to the attention of the House the purpose of this measure, which is twofold: First, it is to extend selection downward to the grades of lieutenant and lieutenant (junior grade); and, second, to authorize the President to give commissions to all the graduates of the Naval Academy.

Under the law as it exists today promotion by selection is only extended to the grade of lieutenant commander, and this proposed measure contemplates carrying it to the grades of lieutenant and lieutenant (junior grade).

By the act of May 6, 1932, only 50 percent of the class that graduates at the Naval Academy is entitled to receive commissions. In other words, those whose ratings at the academy are high enough to be grouped and classified in the first half of the class receive the commissions. Now, this bill is to repeal that part of the law.

This measure as presented to the Naval Affairs Committee had the approval of the Navy Department and was in accordance with the financial program of the President. However, when the bill was under consideration by the committee, an amendment was agreed to as set out in section 4. Now, as section 4 is presented to you it is not in accordance with the financial program of the President, but I propose, by authority of the Naval Affairs Committee, to ask the Committee of the Whole House to disagree to the committee amendment, thereby eliminating the committee amendment, which, in turn, will present the measure in the exact form that was sent to the Naval Affairs Committee by the Navy Department, which has the approval of the Director of the Budget and is in accordance with the President's financial program.

All that this bill does is, first, to extend selection downward, so that promotions to lieutenant commander and lieutenant will be by selection of instead of seniority; second, to make the number to be selected for the ranks of lieutenant will be by selection instead of seniority; second, Secretary of the Navy; third, to retire lieutenants or lieutenants (junior grade) who have completed 14 years and 7 years' commissioned service, respectively, and who have not been recommended for promotion to the next higher grade by a line-selection board—this provision is held in abeyance for 2 years after the passage of this act in order to give the officers affected an ample opportunity for selection—fourth, to authorize the President to commission as ensign all midshipmen who graduate from the Naval Academy, and provision is also included to commission as ensign those members of the class of 1933 who received a certificate of graduation in lieu of commission, provided that they are found physically qualified and under such regulations as the Secretary of the Navy may prescribe. The limit in date for the class of 1933 is June 1, 1934.

If this bill is enacted, it will show a saving in pay of the Navy over existing laws. This saving for a period of 8 years, from the fiscal year 1935 to 1942, will be $1,643,356.

I shall now explain briefly what each section of this bill provides:

Section 1 extends existing selection down two grades, requiring selection to the grades of lieutenant commander and lieutenant. Existing law permits a number equal to 10 percent of the authorized number in the next higher grade to be selected annually; this bill leaves it to the discretion of the Secretary of the Navy as to the number to be selected; otherwise there would be wholesale retirement the first 2 or 3 years.

Section 2 defines the eligibility of lieutenants (junior grade). Existing law requires 4 years' service in grade before eligible for selection. Due to total service of 7 years provided for junior lieutenants, 4 years would not give them an opportunity for selection prior to automatic retirement.

Section 3 provides for the composition of the selection board. Present law requires admirals. This permits eight captains to serve on the board.

Section 4 provides for the disposition of officers not selected in accordance with this bill. This is in line with existing law to retire officers after so many years of commissioned service in the various grades. Two years are provided to make necessary adjustments.

Section 5 provides for commissioning all graduates of the Naval Academy. Present law provides for 50 percent to be commissioned.

Section 6 simply takes care of the promotion for staff officers in the lower grades in view of the proposed change in the promotion of line officers of those grades.

Mr. McCLINTIC. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. McCLINTIC. If this legislation is enacted into law, what effect will it have upon the proposed new arrangement with respect to all promotions in the Navy?

Mr. VINSON of Georgia. This is the first step in that direction. We are creating a uniform method. Through this bill we propose to have promotions made by selection all the way down the line, instead of promotions being made part by selection and part by seniority.

Mr. McCLINTIC. Then the gentleman has in mind to carry on this program until he has perfected the entire proposal with respect to promotions?

Mr. VINSON of Georgia. And to go even further, I hope, in the next session to bring in legislation to reorganize the whole Naval Establishment.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. BLANTON. How many more naval officers have we on shore than we have on the sea?

Mr. VINSON of Georgia. We have everyone on land that is necessary to be on land; and we have everyone on sea that is needed at sea.

Mr. BLANTON. And we have more on land than we have at sea.

Mr. VINSON of Georgia. The gentleman is surely mistaken.

Mr. BLANTON. Can the gentleman give us the figures?

Mr. VINSON of Georgia. I cannot give them accurately, but I can state them approximately.

Mr. BLANTON. I will give them to the gentleman; I will come to the gentleman's office and give them to him accurately.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. TABER. Is it not a fact that this bill does not attempt to provide for promotion by selection from ensign to lieutenant?

Mr. VINSON of Georgia. Yes; that is correct. The only grade in the Navy that will not be dealt with by the selection board is that of ensign. Under the law an ensign stays in

that grade 3 years and is then automatically advanced to the rank of lieutenant (junior grade); and from lieutenant (junior grade) on up to admiral promotions will be made by selection instead of seniority.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. DONDERO. What will happen to those graduates of the class of 1933 who did not receive commissions?

Mr. VINSON of Georgia. I am glad the gentleman called my attention to that. The bill permits, under rules and regulations to be established by the Secretary of the Navy for the giving of commissions to the graduates of the class of 1933 who did not receive commissions provided they file their application by June of this year.

Mr. AYRES of Kansas. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. AYRES of Kansas. Under the regulations of the Navy, if a midshipman should get married before receiving his commission, he is not entitled to his commission.

Mr. VINSON of Georgia. That is the law.

Mr. AYRES of Kansas. Fifty percent of the young men who graduated last June, of course, received no commission. Eleven of those men have since married. I intend to offer an amendment when that particular part of the bill is reached that these men shall receive their commissions, notwithstanding the fact that they have married, provided they are otherwise qualified.

Mr. VINSON of Georgia. I may state to the gentleman from Kansas [Mr. AYRES] that he did me the courtesy of bringing the amendment to my attention. I am thoroughly in accord with the amendment, and I will ask at the proper time that it be agreed to.

Mr. WADSWORTH. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from New York.

Mr. WADSWORTH. If my recollection is correct, when we passed the legislation withholding commissions from 50 percent of the graduating class last June we at the same time withdrew from those men one of their allowances.

Mr. VINSON of Georgia. No; the gentleman is mistaken. The midshipmen who failed to get commissions last year received 1 year's pay, because the bill was not passed in time to deny them the 1 year's pay. In addition to that, they received their $900 which had accummulated for uniforms.

Mr. WADSWORTH. I was mistaken. I think when it passed the House in the first instance that matter was brought up.

Mr. WOODRUFF. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Michigan.

Mr. WOODRUFF. Will the gentleman inform the House as to whether or not the status of those men who were denied commissions last year will be changed by this bill?

Mr. VINSON of Georgia. We propose to accord them an opportunity to come into the service if they file their applications between now and June 1934.

Mr. Speaker, I do not desire to consume more time in a discussion of the rule. This is an open rule and the bill is subject to amendment after we adopt the rule. I shall endeavor at that time to explain each and every section of the bill so that every Member may thoroughly understand the object and purpose of it. It is merely to extend the selection down to the two lower grades and have practically a uniform method of promotion in the Navy.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. Will the gentleman inform us what it costs to educate a midshipman during the 4-year period he is in training, including all allowances?

Mr. VINSON of Georgia. It is estimated that it costs about $13,000.

Mr. COCHRAN of Missouri. In other words, if we educate a boy for 4 years, make an officer of him, at a cost of $13,000 to the taxpayers of this country, and he is not commissioned, the Government gets nothing for its expenditure?

Mr. VINSON of Georgia. That is true.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 15 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, there are some good features about this bill, and some that, in my opinion, are not so good.

In the first place, I think we ought to have a Navy that is built along the lines of national defense, an efficient Navy, and one in which the officers are enabled, because of the training they have had, to command our ships in time of war. For that reason I feel that we should have the number of officers that are needed, but we should not have a great many officers for whom we are unable to give the requisite sea training.

There is one other feature of a minor character that I desire to go into for a moment or two. That is the provision for the selection of officers from the grade of junior lieutenant to lieutenant. I am inclined to question whether or not the flag officers of the Navy who make up the selection board, namely, the admirals, will have acquaintance enough with the junior lieutenants to make this selection. I am inclined to doubt that those officers will have come enough to the attention of these flag officers so that the flag officers will have a proper judgment on them, and I doubt whether or not promotions should be made by selection from junior lieutenant to lieutenant.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. The gentleman has raised the only question that has occurred to my mind about this legislation, and that is how this selection will be protected from favoritism in making these promotions.

Mr. TABER. Frankly, that is a difficult job. I have had considerable experience with selection boards and that sort of thing. It is supposed to be on the basis that only those who have been promoted to admiral, and who have no possibility of further promotion by any selection board or anything of that kind, are put on the selection board. They are supposed to be absolutely unbiased and to have no reason for doing anything except what their honest judgment may dictate. I think that is the theory of the proposition.

Mr. VINSON of Georgia. They take the record of each officer and go over it, reaching a decision as to who is next best fitted for promotion.

Mr. TABER. They take his efficiency rating. That is what they try to do.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Oregon.

Mr. MARTIN of Oregon. I may say to the gentleman from Colorado that, from long experience in the Army, I think the favoritism comes not from within the Army itself but from the politicians on the outside. You have to trust the leaders in the Army and Navy to keep their ranks straight, and they will do that if you will trust them. That is what they want to do, but the trouble comes on account of politicians stepping in.

Mr. MARTIN of Colorado. I have had a lot of experience, and I think there is just as much politics in the Army and Navy as there is outside.

Mr. TABER. That might be.

Mr. MARTIN of Colorado. That kind of politics may determine the selections rather than merit.

Mr. TABER. May I talk for a while about the number which we will have available, if this bill goes through, for officers in the line of the Navy?

At the present time the appropriation bill for 1935 provides for 5,900 officers of the line, approximately. I may be 1 or 2 off. We are not able to give proper training and proper posts to those 5,900. We have approximately 500 more than the law is supposed to allow.

They are put in by special act commissioning certain classes of the academy. We have had to provide special courses in post-graduate work and that sort of thing in

order to give them something to do. The ships that are coming along, with very few exceptions, are replacements, and we are not going to require a lot more officers than we had before.

The average attrition in the Navy over the last 3 years has been 165. This bill results in a certain amount of attrition in addition to this. The Chief of the Bureau of Navigation, Admiral Leahy, estimated it to me at 118, which makes a total attrition of approximately 283.

Mr. THOM. What does the gentleman mean by attrition?

Mr. TABER. Attrition means the number that die or retire or are lost to the Navy in any other way.

This means that if you take this set-up and go down the line, and these are the figures that I obtained from Admiral Leahy the other day, at an hour and a half session in my office, you have 5,900 provided for in your appropriation bill.

I understand other figures have been given in other places, but the figure given me as to the number you commission of the class of 1933 is 100. Frankly, my own opinion after an hour and a half's talk with the admiral is there will be 150.

In addition to those that were figured on when the Navy appropriation bill was under consideration, you will commission 215 additional out of the class of 1934 that you did not figure on. This, with the 150, makes a total of 6,265 who will be in the Navy as line officers during the fiscal year 1935.

The class of 1935 is estimated to produce 346. This will provide 6,611. The attrition will be 165 plus 118, or 283, leaving a net on July 1, 1935, of 6,328.

In the class of 1936 available for the Navy line there will be 184, making on July 1, 1936, 6,512, and with the attrition going on in the same way, 283, the number on July 1, 1936, will be 6,229.

The class of 1937 will produce for the line 246, making 6,475, and deducting 283, you have on July 1, 1937, 6,192.

The class of 1938 will produce 292 for the line, making 6,484, and if you deduct your attrition of 283 on July 1, you have 6,201.

The class of 1939 will produce 310, according to the estimates. Frankly, I think these figures are all conservative. If you deduct your attrition you have 6,228, and you go on down through to July 1, 1940, when you have 6,208 officers.

Mr. BRITTEN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BRITTEN. The gentleman's figures are very interesting if one can follow them, but I am wondering if the gentleman takes into account the young officers who will go out of the service because of failure of selection.

Mr. TABER. I do.

Mr. BRITTEN. How many does the gentleman figure will go out next year on that account?

Mr. TABER. I was told by Admiral Leahy that the number to go out because of failure of selection in the grades that are to come under selection on account of this bill would be 118 each year.

Mr. BRITTEN. Beginning with the first year?

Mr. TABER. Not in the fiscal year 1935. It would only begin to be effective in 1936.

Mr. BRITTEN. The gentleman is mistaken, and that is the reason I asked the question. No one goes out for 2 years.

Mr. TABER. Well, it begins at the end of the year 1936, the selection board meeting in the spring of 1936.

Mr. BRITTEN. I wanted to show the gentleman that his figures are entirely in error.

Mr. TABER. That is the way it works out and that is the way I have it figured.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. TABER. I yield.

Mr. DOCKWEILER. I notice the gentleman from New York, as well as the Chairman of the Naval Affairs Committee, mentioned officers of the line. This bill does not affect, then, the promotion of Construction Corps men or Medical Corps men or men who have been selected for special work?

Mr. TABER. My understanding is this does not affect anyone but officers of the line.

Frankly, I feel that the number of officers of the line that you would have in the Navy would be so large that you would not give them proper training and they would not be half as efficient as they would be if you stick to the requirements of the law and have your 5,400.

Let me say to the House that when the bill was brought in a year ago and a couple of years ago to commission the classes of the academy, the statement was made that we would get rid of a group of officers in the lieutenant, junior lieutenant, and lieutenant commander class who came in as emergency officers and whose failure to be promoted has been clogging the promotion lists. There are about 500 of them. They have never gone out, as it was represented to us they would go out. Frankly, those who are not good enough among that group to be promoted will go out under this bill, and that is a very good feature of the bill.

Mr. VINSON of Georgia. That is one of the best provisions of the bill.

Mr. TABER. It should be.

Mr. VINSON of Georgia. And if the lieutenant, after 14 years, and the junior, after 7 years, fails to be selected, they go out of the service.

Mr. TABER. That is correct.

Mr. VINSON of Georgia. Does not the gentleman agree to that?

Mr. TABER. I do. Now, it seems to me that we should go along and keep the five-thousand-four-hundred-odd officers that the law provides we should have, and in that way we can get along by commissioning the 50 percent of the graduating classes that we have provided for until we get the number.

Mr. VINSON of Georgia. I should like to have the gentleman tell us how that can be accomplished unless the elimination provided for in this bill is enacted into law?

Mr. TABER. That can be accomplished by cutting out a little bit of the language in section 5 of the bill at the top of page 4.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. TABER. I yield.

Mr. OLIVER of Alabama. Is the computation the gentleman made with Admiral Leahy based on the amendment suggested in the report of the committee, or was it based on the language originally submitted by the Navy Department?

Mr. TABER. It was based on the report of the committee.

Mr. OLIVER of Alabama. With the committee amendment eliminated, the gentleman will find that there must be a reduction in the figures he gave the House.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the balance of my time to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, as indicated by the gentleman from Alabama [Mr. OLIVER] the figures presented by the gentleman from New York [Mr. TABER] include an amendment, an undesirable committee amendment, which is in the bill and which will be taken out when we come to consider the bill under the 5-minute rule.

That will save some $400,000, and the total saved by the bill will amount to $1,645,000 over a period of 8 years.

I can understand that there is a controversial element in the provision that the young lieutenant may go out in 7 years. Josephus Daniels told me the other day that this selection-up bill, going down as it does to lieutenant, is a good bill, and that he hoped it would pass. He said that even 5 years was plenty of time to determine a young officer's qualifications. It would be plenty of time in any large commercial or industrial institution.

In addition to the 7 years' commissioned service the junior lieutenant has had 4 years of intensive training at the Naval Academy, where his marks have been kept and are jacketed, so that when he is considered for promotion he has had really 11 years intensified service—7 years on

the high seas, where the officers have had an opportunity to determine his capabilities for selective promotion.

The balance of them, 90 percent, would go up. They go up almost automatically because of the great number of vacancies in the next grade, but under the provisions of this bill they will be selected. The gentleman from New York [Mr. TABER] a moment ago said that we had so many line officers that we did not know what to do with them, and that we accordingly sent them to post-graduate courses. Then he said there were some 5,900 in the line of the Navy. The truth of the matter is that today there are only 221 out of 5,900 officers in post-graduate courses.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. TABER. I did not say that there were 6,200 now in the Navy in line officers. I said that the appropriation bill for 1935 carried funds for 5,900.

Mr. BRITTEN. But the gentleman said that we have so many of them that we were sending them into post-graduate courses, because we did not know what else to do with them.

Mr. TABER. Certainly.

Mr. BRITTEN. That is what the gentleman said?

Mr. TABER. Yes.

Mr. BRITTEN. Out of those 5,900 only 221 are in 10 or 12 post-graduate schools, scattered throughout the United States. That certainly is not a serious number.

Mr. OLIVER of Alabama. Mr. Speaker, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. OLIVER of Alabama. I think the gentleman from New York [Mr. TABER], as well as all others who have given any thought to this will recognize that post-graduate courses are most important.

Mr. BRITTEN. Of course.

Mr. OLIVER of Alabama. And should not be eliminated.

Mr. BRITTEN. In those post-graduate schools, scattered throughout the Nation, 172 of the 221 are at Annapolis. They have had 7 years' service at sea. In the University of California there are 16, 14 studying marine engineering and 2 radio engineering; in the University of Michigan 4 in aeronautical engineering and ordnance; in the Carnegie Institute 1; at George Washington 8; Rennsselaer Institute of Technology 1; Harvard 6; Massachusetts Institute 9. A total of 221. Not an important item.

Mr. MARTIN of Oregon. Does the gentleman think there are enough in these schools? Does the gentleman realize during the war, during the most intense fighting, we pulled officers off the fighting line to put them into schools?

Mr. BRITTEN. I think it is very important to give them this intensive training.

There are only two elements in this bill, and on each of them there can be a difference of opinion. Without going into all of the figures in the various grades, and all that sort of detail, this bill does two things. It provides for commissioning all the boys who graduate successfully at the academy this year. If we are not for that, then let the gentleman from New York [Mr. TABER], or someone else, bring in an amendment to reduce our appointments to the Naval Academy from 3 to 2. That will be the way to do it, and you will save a lot of money if you do not want that many officers. The other important item is the extension of the selection system that has been employed successfully in the Navy for 18 years. They have been promoting officers in the line of the Navy by selection for 18 years and with great success. It is true they only went down to the grade of lieutenant commander, but now they desire to go down two more grades, because they have found that many boys who come out of the Naval Academy should not be kept in for 21 years before retirement. Under existing law, where promotion by seniority prevails, a boy who successfully leads his class may remain at the head of that class for more than 20 years after graduation. He would stay at the top of that class and every class following his for years, just so he could pass his professional examinations.

This bill will provide something quite different from the old seniority system. It will provide that where a boy falls down during his first 21 years, where he does not show the proper aptitude for the control of men and mechanics, he will automatically go out of the service. You and I know the type of boy we send to the Naval Academy. They are as fine type of boy as you will find any place in the world, but they are not all capable of managing men and mechanical equipment. That develops only after they come out of the academy, after they have studied intensely and had at least 7 years at sea. Then, and then only, can you determine whether they are qualified to handle men and ships. Those that are not will go out, as they should. The gentleman from Georgia [Mr. VINSON] has told you that the Treasury will save in the first 8 years $1,645,000. That will be done by taking these boys out of the service, separating them from the full salary, and giving them retired pay of 2½ percent for each year of service. If they have served 7 years they will get two and a half times 7. A young lieutenant's retirement pay is $350 a year; not much, but at least they keep him on the pay roll so that he may be useful as a reserve officer, and in time of war he would be a very valuable man, and we are paying something because he failed in his great objective. He wanted to be an officer in the Navy, but all men cannot be officers and all men cannot be promoted. The gentleman from New York [Mr. TABER] said a moment ago that we have too many officers in the Navy. Five thousand four hundred and ninety-nine is the authorized number.

That was the authorized number when President Hoover was Commander in Chief of the Army and Navy. Since May of last year we have either completed or we have appropriated for and now have in the course of completion 62 ships. Those ships will require officers. They will require men. Last month we passed the Vinson bill authorizing appropriation for 102 additional ships. That makes 164 ships. One hundred and sixty-four new ships will go into the Navy within the next 4 years. They will require hundreds of officers and thousands of men. You cannot make an officer in a year or 2 years or 4 years. It takes 20 or 30 years to make an officer who is capable of commanding a $40,000,000 investment on the high seas with 1,200 lives aboard that investment.

Mr. MAY. Will the gentleman yield?

Mr. BRITTEN. I would rather not for the time being.

The best expert advice in the Navy advises us that we will not have enough officers. We will need more of them, and they should be efficient. Japan yesterday went on record for 7,000 line officers—and her Navy is much smaller than ours—and 90,000 men. Notwithstanding her Navy being much smaller than ours, she will have between ten and fifteen thousand more men in the service than we have. I would much rather have a ship overmanned than undermanned; I would much rather have a turret overmanned than undermanned, with the highest type brains we can accumulate. Cold steel is not worth a damn in an emergency. You need men to direct it. Talk about so many thousand tons of battleships and so many thousand tons of submarines and so many thousand tons of cruisers. They are not worth a nickel unless they are manned by the very highest type of efficiency in the world. I have always said that man for man and ship for ship we can lick anything on earth, but if we have a 30,000-ton battleship and it is undermanned, if it has only a skeleton crew, you cannot expect that ship to deliver efficiently. It is a physical impossibility. I am for more officers, and so are you if you listen to the Naval General Board and the highest expert authority we have.

Let us have an increased number of officers, even if the gentleman's figures are correct, and they are not, because we are going to take out of service 2 years from June 30 some 800 men in the lower grades, and unless we get an increased authorization from Congress, in 7 or 8 years we shall be commissioning all of the men from the academy, and we will run the total authorization down to 5,499, where it is today. It is true we have several hundred more officers

in the line than 5,499, as was indicated by the gentleman from New York [Mr. TABER]. That has been brought about by the very condition that we aim to cure by this legislation; namely, retirement of those men who are drawing big pay. Do not keep them in there until they are 48 or 50 years old as commanders and then retire them at high pay for life. Retire them now at low pay for life, and let the most efficient remain in the service. That is how you will improve your ships' efficiency, your engineering efficiency, and your target practice.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. BRITTEN. I yield for a question.

Mr. VINSON of Georgia. If you retire a lieutenant after 14 years of service, his retired pay will only be about $1,080 a year. If you retire him after serving 20 years, it will be $2,126 a year.

Mr. BRITTEN. Yes; and under existing law you will have to keep him that long.

Mr. MAY. Will the gentleman yield?

Mr. BRITTEN. I yield for a brief question.

Mr. MAY. I am interested in knowing whether this bill will increase or decrease the cost to the Government, or whether there is any additional appropriation.

Mr. BRITTEN. It will increase the cost to the Government over existing law, only to the extent of commissioning the other 50 percent from the Naval Academy.

Mr. MAY. I am strongly in favor of adequate preparedness in the Navy and in the Army, but I want to know how much it is going to cost.

Mr. BRITTEN. It will decrease the cost of pay in the Navy by retiring a lot of the men who cannot go up.

Now, my thought is this: Europe today is sitting on a volcano. Men like Mussolini and Wells and others say there is likely to be an explosion over there before 1935. We can keep out of that explosion if we are strong. They talk about a possible emergency existing in what they call the Far East—Japan. If something happens over there, we can keep out of that if we are strong. If we are not, we will be dragged into it.

The SPEAKER. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. HOEPPEL. Will the gentleman yield himself more time so that he can answer a question?

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Speaker, it is gratifying to be able to anticipate from the speeches that have thus far been made that the discussion of this bill will be informing, intelligent, and impassionate. It presents very important legislation, which, if not passed, may very seriously affect the morale of the service. It is interesting to find that the Members who are present this afternoon have evinced a keen desire for full and accurate information about the bill. By implication, this attitude is a fine and deserving tribute to the Navy.

The gentleman from New York [Mr. TABER], whom I hold in very high esteem and who is thoroughly familiar with Navy legislation, will, I am sure, as he indicated in response to the question which I asked, find it necessary to revise downward the figures which he submitted to the House, since evidently his computation was based on an amendment which the committee at first suggested in their report they would insist upon in the House, but which the chairman indicated today would be withdrawn and language recommended by the Department inserted instead.

This will work a substantial reduction in the figures submitted by the gentleman from New York, since such figures were predicated on a different assumption.

Mr. VINSON of Georgia. In this connection, if the gentleman will yield, the bill will then be in accord with the financial program of the Chief Executive?

Mr. OLIVER of Alabama. Yes. Now, I do not understand that the gentleman from New York [Mr. TABER] has any serious objection to what I consider, after all, to be the most important part of the bill, namely, the selective promotion of officers in the grade of lieutenant and lieutenant (junior grade), rather than continue the present system of promotion according to seniority.

Mr. TABER. I was a little afraid there might be some misinterpretation.

Mr. OLIVER of Alabama. I am quite familiar with the views of the gentleman from New York in regard to naval legislation, because I remember certain amendments which the gentleman has offered at previous sessions of Congress which, had they been favorably acted on, would have resulted in substantial savings to the Treasury.

There are many lieutenants in the Navy now, who, because existing law provides a different pay scale for officers falling in a certain class or group, are receiving much higher pay than other lieutenants. There are some lieutenants, for instance, who are today receiving more than $6,500, including allowances, which, in many instances, is much higher than many commanders are receiving, and more than some captains under whom these lieutenants serve. I think the statement was made that in one of the ship groups on the western coast last year, there were 20 lieutenants, serving under an admiral in the lower grade, who were receiving higher pay than the admiral. Now, of course such disparity of pay seriously disturbs the morale of the Service.

The effect of this bill will be that at the proper time many of these officers will be retired in a way that is absolutely fair and just to them. For instance, some now receiving over $6,500, would be retired at $3,375, even though they are still lieutenants. This is due to a strange and unusual pay bill passed in 1922, and which someone has said would require a week's hard study to understand, but which I think will require 2 weeks of hard study to interpret. By reason of the pay bill passed in 1922, one scale of pay was given to the officers then in the service, and an entirely different scale of pay was fixed for those who came into the service after July 1, 1922. I might put it even stronger. There is one scale of pay for those who came into the Navy service from the Naval Academy after June 30, 1917, and an entirely different scale of pay for many who came into the Service from the academy prior to that time, and for some who were taken into the service in 1920 through channels other than the Naval Academy. The selective feature of the bill is most important and it is pleasing to note that as to this there seems to be a unanimity of sentiment. I regret that lack of time will prevent me from discussing the pay bill of 1922, to which I filed a minority report at the time of its adoption.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The committee amendment was agreed to.

The resolution was adopted.

EVERGLADES NATIONAL PARK

Mr. BANKHEAD, from the Committee on Rules, submitted the following privileged report on the bill (H.R. 2837), to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes (Rept. No. 1635) for printing in the RECORD under the rule:

House Resolution 384

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 2837, to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes, and all points of order against said bill or any amendment recommended by the Committee on the Public Lands are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

INLAND WATERWAYS CORPORATION ACT

Mr. BANKHEAD, from the Committee on Rules, submitted the following privileged report on the bill (S. 2347), an act to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended (Rept. No. 1634), for printing in the RECORD under the rule:

House Resolution 383

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 2347, an act to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended. After general debate, which shall be confined to the bill and shall continue not to exceed 30 minutes, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

FOREIGN TRADE ZONES

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report on the bill (H.R. 9322) to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States to expedite and encourage commerce, and for other purposes (Rept. No. 1636) for printing in the RECORD under the rule:

House Resolution 381

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9322, a bill to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States to expedite and encourage commerce, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

BANKRUPTCY LAWS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the Speaker be authorized to appoint an additional conferee in the matter of the conference with the Senate on the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints Mr. OLIVER of New York as an additional conferee. The Clerk will notify the Senate of the appointment.

PROMOTION BY SELECTION IN THE LINE OF THE NAVY IN THE GRADES OF LIEUTENANT COMMANDER AND LIEUTENANT

Mr. VINSON of Georgia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 9068) to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 9068, with Mr. BEAM in the chair.

The Clerk read the title of the bill.

Mr. VINSON of Georgia. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with, and that the bill be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The bill is as follows:

Be it enacted, etc., That except as otherwise provided in this act, the provisions of existing law with reference to promotion by selection in the line of the Navy and the retirement of officers who are not on the promotion list or who are found not professionally qualified are hereby extended to include and authorize promotion to the grades of lieutenant commander and lieutenant, and the retirement of lieutenants and lieutenants (junior grade). The number to be recommended for promotion to each such grade and to be placed upon the promotion list shall be furnished the selection board for that grade by the Secretary of the Navy and shall be the number of existing vacancies in the grade concerned plus such additional number, if any, as the needs of the service may require.

SEC. 2. That lieutenants (junior grade) who on June 30 of the year of the convening of the board shall have had 3 years' service in the grade of junior lieutenant shall be eligible for consideration for selection for promotion to the next higher grade.

SEC. 3. That the board for the recommendation of line officers for promotion to the grades of lieutenant commander and lieutenant shall consist of 9 officers on the active list of the line of the Navy above the rank of commander, not restricted by law to the performance of shore duty only, at least 1 of whom shall be a rear admiral.

SEC. 4. That for the purpose of extending section 3 of the act of March 3, 1931 (46 Stat. 1483; U.S.C., supp. VII, title 34, sec. 286a), to officers below the rank of lieutenant commander, the said section is amended so that the length of service therein prescribed shall be 14 years for lieutenants and 7 years for lieutenants (junior grade): *Provided*, That no officer of said rank shall become so ineligible prior to June 30 of the second calendar year following the date of this act: *And provided further*, That the restriction on the number of involuntary transfers in any fiscal year to the retired list prescribed in section 7 of the act of March 3, 1931 (46 Stat. 1484; U.S.C., supp. VII, title 34, sec. 286e), shall not apply to the grade of lieutenant and lieutenant (junior grade).

SEC. 5. That section 1 of the act approved May 6, 1932 (47 Stat. 149; U.S.C., supp. VII, title 34, sec. 12), is hereby amended by inserting the word "hereafter" after the words "midshipmen who", and the words "*Provided*, That all former midshipmen graduated in 1933 who received a certificate of graduation and honorable discharge may, upon their own application, if physically qualified, and under such regulations as the Secretary of the Navy may prescribe, be appointed as ensigns prior to June 1, 1934, in accordance with this section and shall take rank next after the junior ensigns appointed in 1933 and among themselves in accordance with their proficiency as shown by the order or merit at date of graduation: *And provided further*", after the words "Naval Academy" and by striking out "in 1932, and at least 50 percent of all graduates in subsequent years: *Provided*", so that as amended the said section will read as follows:

"That the President of the United States is authorized, by and with the advice and consent of the Senate, to appoint as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy: *Provided*, That all former midshipmen graduated in 1933 who received a certificate of graduation and honorable discharge may, upon their own application, if physically qualified, and under such regulations as the Secretary of the Navy may prescribe, be appointed as ensigns prior to June 1, 1934, in accordance with this section and shall take rank next after the junior ensign appointed in 1933 and among themselves in accordance with their proficiency as shown by the order of merit at date of graduation: *And provided further*, That the number of such officers so appointed shall, while in excess of the total number of line officers otherwise authorized by law, be considered in excess of the number of officers in the grade of ensign as determined by any computation, and shall be excluded from any computation made for the purpose of determining the authorized number of line officers in any grade on the active list above the grade of lieutenant (junior grade) until the total number of line officers shall have been reduced below the number otherwise authorized by law."

SEC. 6. That hereafter any staff officer on the active list below the rank of lieutenant commander shall be advanced to the next higher rank in his corps when the running mate of such staff officer or an officer junior to such running mate has been promoted to that higher rank in the line of the Navy or when a vacancy in that rank exists in the line of the Navy which will in due course be filled by the promotion of his running mate or an officer junior to his running mate: *Provided*, That such staff officer is found qualified in accordance with law for such advancement. The provisions of law relating to the advancement of staff officers now embodied in sections 255, 321, and 348r of title 34, supplement VII, United States Code, are hereby amended in accordance with this section.

With the following committee amendments:

Page 2, line 15, strike out the word "lieutenants" and insert in lieu thereof the word "lieutenant."

Page 3, line 2, strike out the word "second" and insert the word "first."

Page 3, lines 4 and 5, strike out the words "the restriction on the number of involuntary transfers in any fiscal year to the retired list" and insert in lieu thereof "officers of the grade of lieutenant designated for retention on the active list as."

Page 3, lines 8, 9, and 10, strike out "not applied to the grade of lieutenant and lieutenant (junior grade)" and insert in lieu thereof "be carried as additional numbers in the grade of lieutenant, but shall be included in the total authorized number of commissioned officers of the active list of the line of the Navy and of any grade to which later promoted."

Page 3, line 24, strike out the word "ensigns" and insert in lieu thereof the word "ensign."

Page 5, line 16, strike out the words "supplement VII."

Mr. VINSON of Georgia. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the bill under consideration is a personnel bill submitted by the Navy Department and, as introduced in the House, has the approval of the administration. It provides for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant and authorizes the appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy.

Under the present law, there are two methods of promotion in the Navy—by selection and by seniority. Under the selection system, which is in effect from the grades of lieutenant commander and up, a board of admirals goes over the efficiency records of the eligible officers and recommends for promotion those considered best fitted to perform the duties in the next higher grade. Officers not recommended for promotion are, after a certain number of years of commissioned service, automatically placed on the retired list.

The objective and purpose of this bill is to extend the selection to the next two lower grades; that is, to the grades of lieutenant and lieutenant (junior grade). The only grade in the Navy to which selection will not apply is that of ensign.

Therefore, you will observe that by extending selection to the next two lower grades, that is, lieutenant and lieutenant (junior grade), there will be a uniform method of promotion, and it will all be by selection, except in the rank of ensign, and the officer who stays in that rank 3 years is automatically eligible for promotion to the rank of lieutenant (junior grade).

Under the present law an officer with the rank of lieutenant (junior grade) remains in that grade until there is a vacancy in the next higher grade, when promotion is made by seniority, and the same is true with reference to an officer who has the rank of a lieutenant; however, the law only permits a lieutenant commander to remain in that grade until he has completed 21 years of commissioned service, and if he fails to be selected by the selection board by that time, he automatically goes on the retired list. The same applies to a commander with 28 years commissioned service and to a captain with 35 years.

You will observe, therefore, that the Navy deems it highly important to have officers of certain age in the various ranks commensurate with the duty and responsibility required of that rank, and that is what this bill proposes to do—it will thus make uniform the periods of maximum commissioned service for each of the grades, namely, lieutenant (junior grade) 7 years; lieutenant, 14 years, lieutenant commander, 21 years; commander, 28 years; and captain, 35 years. An admiral automatically retires on reaching the age of 64.

By the system of promotion by seniority there exists in the ranks of lieutenant and lieutenant (junior grade), what is referred to as a "hump" or "stagnation" of officers in these two grades. During the World War a great many Reserve officers and noncommissioned officers were given temporary commissions, and by the act of June 4, 1920, a considerable number of these temporary appointments were made permanent. This therefore brought into the line of the Navy approximately 1,000 officers, the majority of them being in the ranks of lieutenant and lieutenant (junior grade). At the same time there were large classes at the Naval Academy that were graduated in 1919, 1920, and 1921. These were the two things that produced the hump or stagnation now existing in the ranks of lieutenant and lieutenant (junior grade).

To relieve this condition it becomes necessary that legislation as set forth in this bill be enacted, for it will establish a normal flow of promotion into the grades of lieutenant commander and lieutenant, and, on the other hand, it will eliminate from the active list of the Navy those officers least fit to perform the duties of the next higher grade. Let me present to you exactly the picture as a result of the promotion by seniority in the two grades covered by this bill. There are about 1,200 officers in the lieutenant's group causing the hump in that grade.

At the present time the average number of promotions from the lieutenant's grade is in the neighborhood of 100 annually. With this number of promotions yearly it will require about 12 years to get through this large group of officers who all entered the service within the short period of 3 years. All other things being equal, they should all be promoted within about the same period of time; that is, 3 years. Nevertheless, under existing conditions it will require four times as long for them to be promoted as it should be normally.

Due to this slow promotion in the lieutenants' grade, promotion in lieutenants (junior grade) grade is consequently slowed up. Without the legislation in this bill this condition will grow progressively worse, and in a very few years' time the Navy will be in an intolerable position with reference to its officer personnel. It will tend to approach the condition that existed before there was a selection-out or selection-up system, and when all promotions were by seniority only.

Mr. Chairman, I want to assure you that the provisions of this bill in relation to selection is not an innovation in the promotion system of the Navy, but it is simply extending it to apply to 5 grades instead of to 3 as it is at present. This bill is not drawn to operate against any class or special group of officers, nor does it in any way provide for any increase in the number of officers in any of the grades above ensign.

To select and develop potential leaders and to promote the efficiency of the Navy as a whole it is essential that, within certain limits, the several grades should contain line officers whose ages are suitable for their respective duties and responsibilities, and at the same time give all line officers affected an equal opportunity for selection, having in view solely the special fitness of officers and the efficiency of the naval service. This in substance is what this bill proposes to do.

In addition to the promotion provisions, this bill also provides for the commissioning of all graduates of the Naval Academy. Ships and aircraft already authorized and building, together with legislation providing for a complete treaty Navy, will eventually require a considerable increase in the authorized officer strength of the Navy.

For the ships now built and building under the increased Navy and N.I.R.A., and exclusive of any ships or aircraft projected under the treaty Navy bill, there will be required the following number of line officers:

Fiscal year:	
1935, including 997 aviators	6,263
1936, including 997 aviators	6,387
1937, including 997 aviators	6,630
1938, including 997 aviators	6,748

At which point, unless more ships and planes are built under the authority of the treaty Navy bill, no more officers will be required.

On a three-appointment basis, under this proposed bill, the strength of the line will increase slightly the first 2 years and, thereafter, will gradually be reduced until it is below the authorized strength of 5,449. It will, therefore, be necessary, at a later date, to increase the number of appointments to the Naval Academy for each Senator and Congressman and to authorize an increase in the officer strength of the line of the Navy, if we are to have a fully manned treaty Navy. Of the additional line officers that will be required, approximately 50 percent are for aviation.

The foregoing figures show the necessity for commissioning as ensigns all midshipmen graduating from the Naval Academy, including those of the class of 1933, who were

honorably discharged upon graduation, provided they qualify physically and conform to such rules as are laid down by the Secretary of the Navy.

Of course you know that the present authorized line-officer strength of the Navy is 5,499. This strength is distributed on a percentage basis: 1 percent admirals; 4 percent captains, 8 percent commanders, 15 percent lieutenant commanders, 30 percent lieutenants, 42 percent lieutenants (junior grade) and ensigns.

A distribution in the grades of the officers is as follows:

Rear admirals	55
Captains	220
Commanders	440
Lieutenant commanders	825
Lieutenants	1,650
Lieutenants (junior grade) and ensigns	2,309

This authorized strength and the percentages were considered appropriate when they were first established and when the Navy was made up mostly of large ships; however, since that time the proportion of small ships to large ships has materially increased. This relative increase in the number of smaller ships, as well as keeping abreast of the latest development in fire control, radio, and other highly technical improvements on our combatant vessels, will require an increase in the authorized strength as well as a comparative change in the distribution of officers in the various ranks of the Navy.

It being recognized that for their relative size small ships require a different proportion of officers in certain grades than would be required on a battleship; however, this particular question is not under consideration now; nevertheless, it is closely related, and in passing I might say that this matter will be given serious study by the Committee on Naval Affairs during the next Congress.

Incidental to the main purposes of the bill is the saving of money. The bill eliminates lieutenants after 14 years of commissioned service and lieutenants (junior grade) after 7 years' commissioned service when they fail to be selected, and places them upon the retired list.

Those officers retired under this act will receive 2½ percent of their active-duty base pay multiplied by the number of years' service for which they are entitled to credit in computation of longevity pay, not to exceed a total of 75 percent. The retired pay of a lieutenant with 14 years' service will amount to approximately $1,008 a year, or $84 a month. The retired pay of a lieutenant (junior grade) with 7 years' service will amount to $385 a year, or $32 a month.

The existing law would retain these lieutenants upon the list, would promote them by seniority to lieutenant commanders, and would eventually retire them at an average rate of pay of over $3,000 a year.

Under this bill a saving in each case will be effected of over $2,000 per annum.

If this bill is enacted, it will show a saving in pay of the Navy over existing laws. This saving for a period of 8 years, for the fiscal years 1935 to 1942, will be $1,643,356.

Fiscal year	Increased cost	Saving
1935	$354,114	
1936	625,716	
1937		$710,433
1938		514,177
1939		342,535
1940		387,338
1941		308,480
1942		360,223
Total	979,830	2,623,186
Total saving		1,643,356

I grant you that it might seem to be inconsistent to provide for the elimination of officers on the one hand and at the same time to provide for taking in additional officers from the Naval Academy; however, the need for doing this is to have officers of appropriate ages in the different ranks commensurate with the duty and responsibility required in the grades and at the same time give all line officers affected an equal opportunity for promotion, having in mind the special fitness of the officers and the efficiency of the naval service.

The average age of the graduates of the Naval Academy is 22 years. In order that officers may receive adequate training to prepare them for the duties in the next higher grades and at the same time to have officers in the various grades of ages appropriate for the duties and responsibilities of the different grades, the maximum length of time they should be in any one grade is 7 years. Therefore, an average-age officer should pass from the junior lieutenant's grade before reaching 29; from the lieutenant's grade before reaching 36; from the lieutenant commander's grade before reaching 43; from the commander's grade before reaching 50; and from the captain's grade before reaching 57.

Now, let me show you what the actual effect will be under the existing system of promotion; that is, by seniority. The Naval Academy class of 1920, who should all be lieutenant commanders by June 30 of this year, at an average of 36, will not all be lieutenant commanders until 1939, or at an average age of 41—when he should be 36, 5 years over age. This condition will continue to be aggravated year after year so that the 1924 class of the Naval Academy will begin to enter the rank of lieutenant commander at an average age of 43—7 years after the time that they should all be lieutenant commanders, and at an age when they should all be in the commander's grade.

This is a condition that must be corrected in the interest of national defense.

It is absolutely necessary that the Navy be manned by the most able officers that the country is capable of producing. This bill insures that condition. [Applause.]

Mr. GOSS. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Connecticut.

Mr. GOSS. Does that mean that the gentleman expects to come in with a bill probably next year for redistribution in grade and rank?

Mr. VINSON of Georgia. That is my thought.

Mr. GOSS. As well as a further authorization in reference to the line officers?

Mr. VINSON of Georgia. Exactly.

In other words, when the selection board passes upon the record of a lieutenant who has served 14 years total commissioned service and he is not suited or the best fitted for promotion, under this proposed bill he will go out of the service. The same thing applies to lieutenants (junior grade).

Mr. McFARLANE. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Texas.

Mr. McFARLANE. Does the gentleman know of selections being made in a similar way in these two ranks by any of the great powers?

Mr. VINSON of Georgia. I am only familiar with our method. I am not familiar with what other countries do with reference to selection, but I may say that this is the fairest method that I know of to make promotions.

Mr. EVANS. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from California.

Mr. EVANS. Does this do away entirely with selections by seniority?

Mr. VINSON of Georgia. Absolutely.

Mr. EVANS. In all the grades?

Mr. VINSON of Georgia. In every grade except ensign, and he automatically goes to the rank of lieutenant (junior grade) after 3 years.

Mr. EVANS. And that rule of seniority applies in part as to all grades now?

Mr. VINSON of Georgia. It does. It applies to the first three grades. It applies to the ranks of admiral, captain, and commander. The object of this bill is to extend it on down to the rank of lieutenant and lieutenant (junior grade).

Mr. EVANS. How are these selection boards created?

Mr. VINSON of Georgia. The bill provides that the Secretary of the Navy shall select one admiral and the remaining members shall be captains.

[Here the gavel fell.]

Mr. VINSON of Georgia. Mr. Chairman, I yield myself 7 additional minutes.

Under the existing law the service record of each officer is gone over and the selection board determines whether, in the judgment of the men constituting the selection board, he is the best one suited for promotion.

Under the proposed bill there will be a saving on each one that is retired of the difference between $1,008 and $3,000, or approximately $2,000.

Mr. EVANS. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from California.

Mr. EVANS. Take, for example, a lieutenant, junior grade. When he serves 7 years and there is no room for promotion, is he retired automatically?

Mr. VINSON of Georgia. Not by any means. If the selection board passes on him and he is recommended for promotion by the selection board, under the existing law he goes on what is known as the promotion list and there he remains until a vacancy actually occurs.

Mr. EVANS. And that rule applies to all the other grades?

Mr. VINSON of Georgia. Exactly.

Mr. Chairman, I yield back the remainder of my time.

Mr. BRITTEN. Mr. Chairman, there seems to be such a unanimity of opinion on this bill that I do not care to take up the time of the House with any further discussion.

Mr. VINSON of Georgia. I have no requests for time over here.

Mr. BRITTEN. I think we might start consideration of the bill under the 5-minute rule. The bill is simple and good and one in the interest of improved efficiency in the service. I feel probably there will not even be a roll call.

Mr. VINSON of Georgia. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. DREWRY].

Mr. DREWRY. Mr. Chairman, I am in favor of this bill. I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. DREWRY. Mr. Chairman, I am in favor of this bill. Since August 29, 1916, the system of selection for promotion has been established in the Navy down to the grade of lieutenant commander. The selection system now in existence, without reference to the two grades affected by this bill, seems to me to have worked very well, and it is thought that by extending the system to the grades of lieutenant commander and lieutenant that there will be a further improvement in the system.

The direct purpose of the bill is to correct a condition that exists now in the lower grades of the Navy, owing to the commissioning of large Naval Academy classes after the war, along with several hundred officers from sources other than the academy, the result being a "hump" or stagnation in these lower grades. Such stagnation was hurtful to the service, for as long as the promotion of officers above the two grades brought in in this bill was delayed, the ambition of the younger men and their initiative were affected. The bill provides that after a board decides upon the recommendation of line officers for promotion to the grades of lieutenant commander and lieutenant, and said officers, to a number to be recommended for promotion to each such grade, are selected by the Secretary of the Navy as the needs of the service may require, then there shall be a retirement of those not promoted. This gives all line officers affected by the stagnation aforementioned, as nearly as practicable, an equal opportunity for selection.

It will make the younger officers more ambitious, and there will be very active competition among them for their promotion under this plan, all of which will redound to the efficiency of the service.

This promotion system will also allow the personnel departments of the Navy to keep well in hand the progress of those officers who show themselves most efficient and worthy of higher responsibility.

Those who are retired will be retired at an age when they will be able to go into other work, and they will be absorbed into private enterprises for which probably they will be better fitted.

It has been found, in comparison with other navies, especially the British Navy, that the comparative retirement age of the officers of the British Navy in each grade is at least 4 or 5 years lower than the corresponding retirement in the grades of our Navy. This bill will correct this situation. It is necessary that the several grades should contain line officers whose ages are suitable for their duties and responsibilities. An illustration was given in the hearings which showed that before the next session of Congress, under the operation of existing law, 82 vacancies in the rank of lieutenant commander will be filled by promotion of lieutenants at an age that will average 41 years. It is thought that the average maximum age for entry into the grade of lieutenant commander, to permit sufficient time in the higher ranks to obtain the necessary experience, is 36 years. So that the officers promoted who must remain in the grade of lieutenant commander for 4 years before they are eligible for selection for promotion to the grade of commander will have an average age of 45 years, and 4 years more will elapse before they would normally be reached by the selection board for promotion to commander, at which time they will average 49 years of age. The efficiency of the service would be promoted if this average age were reduced as it is intended to be by this bill, for at the age of 49 years the officer so promoted should be entering the rank of captain instead of commander. In other words, it promotes the younger and more active and ambitious men to the various grades at an age that will be some 4 or 5 years lower than it is under the present law.

It is thought that this bill will provide a minimum period of service within each of the lower ranks so that officers will be thoroughly prepared for the duties of the next higher rank after they have been thoroughly trained, and it also prevents too long a period of service within any one rank.

If it is agreed that the selection system has worked well in the other grades, it is reasonable to believe that it will work just as well, if not better, in these lower grades, to which this opportunity for promotion is extended. The only objection to the plan would be that it would result in an increased cost, if such objection were true, but it is not true, for it is shown by figures submitted that there will be a saving, over a period of 8 years, from 1935 to 1942, over the existing law of $1,643,356. However, for the first 2 years there will be an increased cost, but the total saving will be over a million and a half dollars for a period of 8 years. It would seem, Mr. Chairman, that there could be no strong objection to the proposed legislation.

The remaining portion of the bill provides that all former midshipmen graduated in 1933, who received certificates of graduation and honorable discharges, may, upon their own application, if physically qualified, and under such regulations as the Secretary of the Navy may prescribe, be appointed as ensigns prior to June 1, 1934, and take their rank after the junior ensigns appointed in 1933, in accordance with their proficiency as shown at the date of graduation.

This legislation is necessary in order that the line-officer strength of the Navy may be brought up to the requirements for the new ships that will be built by 1938. Since the act of May 6, 1932, 7 ships have been completed, and 55 more are either being built or have been appropriated for, making a total of 62 new ships that will be completed within the next 4 years. It is therefore necessary that the midshipmen who under existing law would be discharged to civil life should be retained in the Navy, for their services are needed for the vessels now built and building.

In conclusion, I may say that this bill does not increase the number of any line officers above the grade of lieu-

tenant, nor does it increase the cost of service pay; and it is believed that the bill will accomplish an improvement in the promotion system which will lead to increased efficiency and increased morale in the service.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That except as otherwise provided in this act, the provisions of existing law with reference to promotion by selection in the line of the Navy and the retirement of officers who are not on the promotion list or who are found not professionally qualified are hereby extended to include and authorize promotion to the grades of lieutenant commander and lieutenant, and the retirement of lieutenants and lieutenants (junior grade). The number to be recommended for promotion to each such grade and to be placed upon the promotion list shall be furnished the selection board for that grade by the Secretary of the Navy and shall be the number of existing vacancies in the grade concerned plus such additional number, if any, as the needs of the service may require.

Mr. GOSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had intended to offer an amendment for the consideration of the House in reference to going to the junior grade of lieutenant in selections. I think myself that it is a mistake that this House goes down to the rank of lieutenant, junior grade, for selection. I have talked with the chairman of the committee, and he does not agree with me, but I want to point out why I feel as I do about the matter.

Mr. DARDEN. Does not the gentleman believe that 10 years' experience is enough to base a selection on?

Mr. GOSS. I may say to the gentleman that there are only 7 years to begin with. I can conceive of some young officer getting under the command of a hard-boiled commanding officer, and we have them and should have them, whereby his efficiency rating may be reduced. It may be the lot of that officer to serve under two such commanders. Then he is automatically retired on $30 a month.

Mr. VINSON of Georgia. May I call the gentleman's attention to the testimony of the Chief of the Bureau of Navigation at page 1449 of the hearings? Dealing with this question, he stated:

It will be unnecessary to do any radical selection from lieutenant, junior grade.

I do not think the gentleman need be worried about the junior lieutenants.

Mr. GOSS. I think we are making a mistake in going down that far.

I understand in another body they would like to go down even to the grade of midshipman. Where are we going to stop and what are we going to gain by this procedure?

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. OLIVER of Alabama. It is quite a stimulus to efficiency for these young men to understand that their records will be gone over at stated times with a view to determining whether they should longer remain in the service.

Mr. GOSS. I agree with the gentleman on that point.

Mr. OLIVER of Alabama. And as the gentleman from Georgia has just stated, the Bureau of Navigation feels that this provision as it relates to junior lieutenants should be liberally construed, and they will take into account all the facts about which the gentleman expressed apprehension.

Mr. GOSS. I may say that there are two schools of thought about the matter. We can all recognize the point that has just been brought out by the gentleman from Alabama, and on the other hand, we have all had experience with officers in the Army and in the Navy which would bear out the other contention.

Of course, I do not want to hold up the matter, but I did want to point out that the House is going pretty far when it goes down to the grade of junior lieutenant.

I was very much interested in the statement of the Chairman of the Naval Affairs Committee and was impressed with his fairness when he told the House what we are to expect when this bill passes. I want to congratulate him upon making this statement, and as one Member I am very appreciative of what the gentleman has attempted to do here in explaining exactly what is coming next year, and I believe we can consider that as a part of this program.

Mr. VINSON of Georgia. Absolutely.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 3. That the board for the recommendation of line officers for promotion to the grades of lieutenant commander and lieutenants shall consist of nine officers on the active list of the line of the Navy above the rank of commander, not restricted by law to the performance of shore duty only, at least one of whom shall be a rear admiral.

With the following committee amendment:

Page 2, line 15, strike out the word "lieutenants" and insert in lieu thereof the word "lieutenant."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 4. That for the purpose of extending section 3 of the act of March 3, 1931 (46 Stat. 1483; U.S.C., supp. VII, title 34, sec. 286a), to officers below the rank of lieutenant commander, the said section is amended so that the length of service therein prescribed shall be 14 years for lieutenants and 7 years for lieutenants (junior grade): *Provided*, That no officer of said rank shall become so ineligible prior to June 30 of the second calendar year following the date of this act: *And provided further*, That the restriction on the number of involuntary transfers in any fiscal year to the retired list prescribed in section 7 of the act of March 3, 1931 (46 Stat. 1484; U.S.C., supp. VII, title 34, sec. 286e), shall not apply to the grade of lieutenant and lieutenant (junior grade).

With the following committee amendment:

On page 3, line 2, strike out the word "second" and insert the word "first"; and in line 4, after the word "that", strike out the words "the restriction on the number of involuntary transfers in any fiscal year to the retired list" and insert in lieu thereof the words "officers of the grade of lieutenant designated for retention on the active list as"; and in line 8, after the word "shall", strike out the words "not apply to the grade of lieutenant and lieutenant (junior grade)" and insert in lieu thereof the words "be carried as additional numbers in the grade of lieutenant, but shall be included in the total authorized number of commissioned officers of the active list of the line of the Navy and of any grade to which later promoted."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was rejected.

The Clerk read as follows:

SEC. 5. That section 1 of the act approved May 6, 1932 (47 Stat. 149; U.S.C., Supp. VII, title 34, sec. 12), is hereby amended by inserting the word "hereafter" after the words "midshipmen who", and the words "*Provided*, That all former midshipmen graduated in 1933 who received a certificate of graduation and honorable discharge may, upon their own application, if physically qualified, and under such regulations as the Secretary of the Navy may prescribe, be appointed as ensigns prior to June 1, 1934, in accordance with this section and shall take rank next after the junior ensigns appointed in 1933 and among themselves in accordance with their proficiency as shown by the order or merit at date of graduation: *And provided further*", after the words "Naval Academy" and by striking out "in 1932, and at least 50 percent of all graduates in subsequent years: *Provided*", so that as amended the said section will read as follows:

"That the President of the United States is authorized, by and with the advice and consent of the Senate, to appoint as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy: *Provided*, That all former midshipmen graduated in 1933 who received a certificate of graduation and honorable discharge may, upon their own application, if physically qualified, and under such regulations as the Secretary of the Navy may prescribe, be appointed as ensigns prior to June 1, 1934, in accordance with this section and shall take rank next after the junior ensign appointed in 1933 and among themselves in accordance with their proficiency as shown by the order of merit at date of graduation: *And provided further*, That the number of such officers so appointed shall, while in excess of the total number of line officers otherwise authorized by law, be considered in excess of the number of officers in the grade of ensign as determined by any computation, and shall be excluded from any computation made for the purpose of determining the authorized number of line officers in any grade on the active list above the grade of lieutenant (junior grade) until the total number of line officers shall have been reduced below the number otherwise authorized by law."

With the following committee amendment:

On page 4, line 1, strike out the word "or" and insert the word "of."

The committee amendment was agreed to.

Mr. AYRES of Kansas. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 4, line 11, after the word "discharge", insert the words "and whether they have since been married or not."

Mr. VINSON of Georgia. Mr. Chairman, we will accept that amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 6. That hereafter any staff officer on the active list below the rank of lieutenant commander shall be advanced to the next higher rank in his corps when the running mate of such staff officer or an officer junior to such running mate has been promoted to that higher rank in the line of the Navy or when a vacancy in that rank exists in the line of the Navy which will in due course be filled by the promotion of his running mate or an officer junior to his running mate: *Provided*, That such staff officer is found qualified in accordance with law for such advancement. The provisions of law relating to the advancement of staff officers now embodied in sections 255, 321, and 348r of title 34, Supplement VII, United States Code, are hereby amended in accordance with this section.

With the following committee amendment:

Page 5, line 15, after the figures "348r", insert "(supplement VII)", and in line 16, after the figures "34", strike out "supplement VII."

The committee amendment was agreed to.

The CHAIRMAN. Under the rule the Committee will rise.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BEAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 9068) to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes, and under the rule he reported the same back with sundry amendments.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. VINSON of Georgia, a motion to reconsider the vote whereby the bill was passed was laid on the table.

DIVERSIFICATION OF CERTAIN INDUSTRIES

Mr. COX, from the Committee on Rules, presented the following privileged resolution for printing under the rule:

House Resolution 369

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9404, a bill to authorize the formation of a body corporate to insure the more effective diversification of prison industries, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for the amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

DISTRIBUTION, PROMOTION, RETIREMENT, AND DISCHARGE OF COMMISSIONED OFFICERS OF THE MARINE CORPS

Mr. BANKHEAD. Mr. Speaker, I call up House Resolution 348.

The Clerk read as follows:

House Resolution 348

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 6803, a bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

With the following committee amendment:

Page 1, line 8, strike out "2 hours" and insert "1 hour."

Mr. BANKHEAD. Mr. Speaker, I desire to make a brief statement. I have had no request for time. This bill is identical in nature with the bill that we just passed. This bill is for the Marine Corps. Unless there is some request for time, I move the previous question.

The previous question was ordered.

The committee amendment was agreed to.

The resolution as amended was agreed to.

Mr. VINSON of Georgia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6803) to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. BOYLAN in the chair.

The Clerk read the title of the bill.

Mr. VINSON of Georgia. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The bill is as follows:

Be it enacted, etc., That hereafter commissioned officers of the Marine Corps shall be distributed in grades, promoted, retired, and discharged in like manner and with the same relative conditions in all respects as are provided for commissioned officers of the line of the Navy, by existing law, or by laws hereafter enacted, except as may be necessary to adapt the said provisions to the Marine Corps, or as herein otherwise provided.

SEC. 2. That of the authorized number of commissioned officers above the grade of colonel, one shall be the Major General Commandant, one half shall be brigadier generals, and the remainder shall be major generals.

SEC. 3. That the heads of staff departments shall be general officers while so serving, in addition to the number of general officers otherwise herein provided, one with the rank, pay, and allowances of a major general, and the remainder with the rank, pay, allowances of a brigadier general. They shall be carried in the grades or ranks from which appointed.

SEC. 4. That promotion to major general of the line shall be by seniority from brigadier generals of the line.

SEC. 5. That in computing the number of colonels to be recommended for promotion or to be designated for retention on the active list the general officers of the line shall be considered as constituting the grade next above that of colonel.

SEC. 6. That commissioned service of officers for the purpose of this act shall consist of all commissioned service on the active list of the Marine Corps, whether under a temporary or permanent appointment, and all commissioned service on active duty in the Marine Corps Reserve.

SEC. 7. That selection boards shall consist of officers on the active list of the Marine Corps, the composition and procedure of the boards to be determined by the Secretary of the Navy.

SEC. 8. That administrative staff duty performed by any officer under appointment or detail, and duty in aviation, or in any technical specialty, shall be given weight by the selection board in determining his fitness for promotion equal to that given to line duty equally well performed.

SEC. 9. That section 1493, Revised Statutes (U.S.C., title 34, sec. 665), is so far amended in its application to the Marine Corps as to require that no officer shall be promoted to a higher grade, excepting in the case provided in section 1494, Revised Statutes (U.S.C., title 34, sec. 566), until he has been examined by a board of naval medical officers and pronounced physically fit to perform all his duties at sea and in the field.

SEC. 10. That the requirement of sea service in grade shall not apply to promotion of officers of the Marine Corps, and officers in the upper four sevenths of the grades of colonel, lieutenant colonel, and major, respectively, as established by the first section of this act, shall be eligible for consideration by selection boards and for promotion without regard to length of service in grade.

SEC. 11. That an officer whose name is placed on an eligible list for appointment as head of a staff department shall not be again considered for that office by any subsequent selection board, except as otherwise provided in this section, and shall, in respect

to involuntary retirement, be in the same status as if on a promotion list: *Provided*, That the Secretary of the Navy may, in his discretion, with the approval of the President, remove his name from such list and submit it to the next ensuing selection board for consideration and recommendation. If recommended for appointment by said board and approved by the President, the name of such officer shall be replaced on the eligible list from which removed without prejudice by reason of its having been temporarily removed therefrom. If not recommended by said board, such officer shall be subject to involuntary retirement under the same conditions as provided for in the case of an officer whose name is not on a promotion list.

SEC. 12. That for the purposes of distribution and promotion in the Marine Corps grade and rank shall be considered as meaning the same.

SEC. 13. That the Major General Commandant shall be appointed as now provided by law.

SEC. 14. That the selection board recommending colonels for promotion shall recommend the number of officers of the rank of colonel directed by the Secretary of the Navy for appointment as head of each staff department, and the names of officers so recommended, approved by the President, shall be placed on an eligible list for such appointment, one list for each department. As vacancies occur hereafter, heads of staff departments shall be appointed for 4 years from officers whose names appear on the eligible lists for the respective departments.

SEC. 15. That section 7 of the act of March 4, 1925 (43 Stat.L. 1272; U.S.C., title 34, secs. 624, 630, 663, 669, and 684), and all other laws and parts of laws, insofar as the same are inconsistent with or in conflict with the provisions of this act, are, except as they apply to officers heretofore retired thereunder, hereby repealed.

SEC. 16. That officers of the Marine Corps in the ranks or grades of lieutenant colonel and major shall not be retired because of not being on a promotion list or on an eligible list for appointment as head of a staff department, and shall be eligible for consideration for promotion by promotion boards without regard to completion of 28 and 21 years' service, respectively. Upon promotion or advancement after the approval of this act, with the exception of the Major General Commandant, heads of staff departments with the rank of brigadier general, an officer of the Marine Corps who may be appointed as Judge Advocate General of the Navy, and commissioned warrant officers, which officers shall receive the pay and allowances provided by law for their rank, commissioned officers of the Marine Corps shall receive the pay and allowances of the grade or rank from which promoted or advanced: *Provided*, That officers in the grades or ranks stated shall receive the pay and allowances of the grades or ranks in which serving upon attaining the number on the lineal lists of such grades or ranks, as follows: Major general, 2 (excluding the Major General Commandant); brigadier general, 4; colonel, 35 (common list); lieutenant colonel, 38 (common list); major, 80; captain, 254; first lieutenant, 220.

With the following committee amendments:

Page 2, line 13, after the word "be", strike out the words "by seniority."

Page 2, line 24, after the word "of", insert "not less than six."

Page 3, line 2, after the word "Navy", strike out the period, insert a colon, and the following: "*Provided*, That no officer shall be recommended for advancement unless he shall have received the recommendation of not less than two thirds of the members of the board."

Page 3, line 16, strike out the figures "566" and insert "666."

Page 3, line 20, strike out the word "Corps" and insert "Corps;".

Page 3, line 22, strike out "of colonel, lieutenant colonel, and major, respectively" and insert "below brigadier general, subject to selection."

Page 4, line 1, after the word "grade", strike out the period, insert a colon, and the following: "*Provided*, That no officer of the Marine Corps shall be ineligible for consideration for promotion by reason of completion of length of commissioned service until he shall have been once considered by a selection board."

Page 5, line 23, after the word "by", strike out the word "promotion" and insert the word "selection."

Page 5, line 25, after the word "years'", insert the word "commissioned."

Page 6, line 17, strike out "54" and insert "56."

Page 6, line 18, strike out "20" and insert "24."

Mr. VINSON of Georgia. Mr. Chairman, I yield 20 minutes to the gentleman from Virginia [Mr. DARDEN].

Mr. DARDEN. Mr. Chairman, I trust the gentlemen will give me their attention. I promise I shall not trespass long upon the time of the House in the consideration of this matter. I regret that the gentleman from Pennsylvania [Mr. BOLAND] is unable to be here today. He was chairman of the subcommittee that heard this bill. He is so well acquainted with it that it is with hesitation that I attempt to take his place and present it to the Committee.

You heard the argument dealing with the Navy. This bill not only seeks to do for the Marine Corps what the previous bill did for the Navy, but it goes a step beyond that. Never in its history has selection been applied to the Marine Corps, except in the selection of its highest officers. Heretofore practically all promotion has been by seniority. The Navy abandoned this system almost 18 years ago. The system as applied to the Navy has worked excellently, and it is for that reason that we are anxious to apply it to the Marine Corps, not only because it has been a good system, but because the Marine Corps is an integral part of the naval service and should be governed by personnel laws applicable to the Navy. The Marine Corps is a small organization. There are only 1,024 officers in the corps, and on the 1st of July next there will be 16,000 enlisted men. There are now slightly under that number of enlisted personnel.

The Marine Corps finds itself subject to the most dangerous disease that can affect any military organization, and that is that its officers are well over age. The officers now comprise 1 Major General Commandant, 2 major generals of the line, 6 brigadier generals of the line, 3 brigadier generals of the staff, 44 lieutenant colonels and 34 colonels, 124 majors, 329 captains, 275 first lieutenants, and 206 second lieutenants. There is in the Marine Corps no separate line. All the officers are on one lineal list. It has no staff, as has the Navy. This bill, if passed, will apply to all the officers of the Marine Corps and affect them alike.

I want to leave the bill now for a short time and tell you why we feel it is so necessary that this legislation be enacted and be enacted promptly. The Marine Corps, being a small organization, has to be ready for service with the fleet at any time to be effective. Its duties, by nature, are very arduous. They require not only young men in the enlisted personnel but they require young men in the officer personnel, young men who are ready and willing at all times to enter the most difficult field service in connection with operations with the fleet. Unless the Marine Corps is in this condition, there is no use having it at all. Unless it is prepared for instant service, and unless it is well prepared and officered by young men who are capable and able to stand the rigors of a difficult campaign, we might as well abolish it, because it is neither ready nor is it efficient.

It has had a glorious history. Many of you know that probably as well as I. It is older than the Constitution itself. It has never been found wanting in case of emergency and it has always acquitted itself with honor. It has reflected credit on the United States, and it will do so in the future if we are prepared to give it the legislation it needs and that it deserves, in order to correct the present situation.

I want to read very briefly what General Pershing had to say about the question of young officer personnel. He gave it close attention. Immediately upon his arrival in Europe he was faced with this particular problem, and in July 1917 he cabled the War Department in reference to the situation. I shall now read a part of that cable:

> My observation of the British and French Armies and most exacting, arduous service at the front, fully convinces me that only officers in full mental and physical vigor should be sent here. Contrary course means certain inefficiency in our service and possible later humiliation of officers concerned. General officers must undergo extreme effort in personal supervision of operations in trenches. Very few British or French division commanders are over 45 or brigadiers over 40. We have too much at stake to risk inefficiency through mental or physical defects. Strongly recommend condition be fully considered in making high appointments, and suggest that no officer of whatever rank be sent here for active service who is not strong and robust in every particular. Officers selected for appointment general officer of line should be those with experience in actively commanding troops. Officers not fulfilling above conditions can be usefully employed at home training troops.

General Pershing never altered his opinion as to this vital problem. In a letter to the Secretary of War in October 1917 he again emphasizes it by saying:

> Both the British and French higher officers emphasize in the strongest terms the necessity of assigning younger and more impressionable men to command brigades and divisions. We would commit a grave error if we fail to profit by their experience. A division commander must get down into the trenches with his men and is at all times subject to severe hardships. * * * The French Army was filled with dead timber at the beginning of

the war, and many French failures are due to this fact. General officers must be fitted physically and mentally, must have experience, and must have go and initiative if they are to fill positions fraught with such momentous consequences to the Nation and which involve the lives of thousands, perhaps hundreds of thousands, of our men.

Then, after the great conflict had passed and he had had an opportunity to view the matter more comprehensively, General Pershing had this to say in his book:

After visits to units that had lately joined, further attention was given to qualifications necessary in our higher officers. The British and French both had commented unfavorably upon the evident inactivity of many of them and even upon the infirmities of some of the division commanders who had been sent over during the preceding months to observe and study conditions at the front. It had been proved over and over again by the Allies that only the strongest could stand the continuous and nerve-racking strain of battle. * * *

Now, gentlemen, that is what is required in an effective fighting organization. That is what we have always intended and expected the Marine Corps to be, and, unless we are prepared to enable it to meet that test now, we are doing it a great injustice.

I have quoted from General Pershing because, as you know, his words are entitled to great respect. He commanded the American forces in the greatest struggle civilization has ever seen. If you will glance back over the pages of history, you will find he was justified in making these statements.

Julius Caesar was consul at 41, and during the next 10 years was governor of the western provinces of Rome, the scene of his brilliant military successes. He returned to Rome a little after 50, and, of course, as you know, was assassinated several years later.

Alexander the Great was a young man when he overran Europe and Asia, dying at 33, complaining that no more worlds were left to conquer.

Hannibal was 25 when he took command of the Army and Province of Spain. He was 29 when he crossed the Pyrenees and crushed the Roman legions at the Trebbia, and at the age of 31 he was the greatest victory of his career at Canne.

But let us turn from these ancient figures to those leaders of more recent times. Out of the terror and horror of the French Revolution stepped Napoleon, a boy of 26, who gathered around himself the tattered remnants of the armies of France and started on that career which was within a few years to make him master of Europe.

At 27 he commanded the French armies in Italy against Austria and by a series of brilliant campaigns defeated the Austrians who had regarded him as but an accidental leader of an ineffective mob. Officered by old men, they were no match for that genius of 27, who surrounded himself with officers who were young, energetic, and capable.

Genghis Kahn, of course, was a general much younger than that, but was a general also much older than that. It is a remarkable thing that he, starting from the plateau of Asia, a commander of a large body of troops in his very early twenties, he knocked at the gateway of Europe with cavalry, which has never been excelled and which was commanded by men under 30. Later he carried on his operations from his headquarters in Asia, 2,000 miles away, by pony express.

We come down to later times and we find that the leaders in our Civil War were comparatively young men. Lee was somewhat an exception. Lee left the service of the United States at 54 to take command of the armies of Virginia and the armies of the South, but Jackson was in command at 37. Mosby and Stuart were both under 30 at the outbreak of the war. Sheridan was 30. McClellan was 35 and Grant 37 at the outbreak of hostilities. All of these young men, within the time of 4 years, became great leaders in the field.

I want to read a few lines from General Hunter Liggett's book with reference to young men in command in the A.E.F. General Liggett said:

Some of the finest officers we had went to pieces under the emotional strain of command, fearful at the best, intensified here by the knowledge that they were leading troops only partially trained against the best organized and most skillful man-killing machine ever set going. * * * They were much more frequent among older officers of higher rank than among lieutenants, captains, and majors who had physical discomfort added to responsibility.

It is entirely reasonable for us to suppose that the future is going to be even more difficult than the past. Our armies are rapidly becoming mechanized. Not only must they be commanded by young men with an agile, young body, but they must be commanded by men with young minds.

I want to read you what Major General Russell, who presented this case for the Marine Corps at the time he appeared before the Naval Affairs subcommittee which had this bill under consideration, said. He is a man of illustrious service. He is now head of the Marine Cops. I do not know of any person in the United States more entitled or better qualified to speak in its behalf than is General Russell. He said:

Because of the active nature of its peace-time service and the necessity for its immediate readiness to support the fleet in the event of war, the Marine Corps must have a vigorous officer personnel. It has not a great overhead establishment or other duties in which to absorb officers not up to the physical standard of active field duty. At present the colonels range in age from 52 to 62, the lieutenant colonels from 49 to 57, the majors from 38 to 56. Seventy percent of the captains are over 40 years of age, and 37 percent of the first lieutenants are over 35 years of age. There are 43 captains over 50 and 18 first lieutenants over 40.

These latter officers are the combat leaders and must be physically equal or better than the men they lead or the full advantage of the physical quality of the troops cannot be obtained. Our enlisted men are young and vigorous and their officers must be physically capable of direct leadership. Troops can be no more active than their leaders. For this reason the over-age condition of these grades strikes at the very heart of the efficiency of the corps, namely, its fighting effectiveness. Therefore I refer to it in such strong terms.

My opinion is not based on conjecture but on the experience of the Marine Corps in its field operations in recent years, which conclusively proved that many of our officers are too old for active field service. Unless some improvement is made in this condition, the efficiency of the Marine Corps in active operations in the future will be seriously impaired.

In this connection I should like to point out that the Marine Corps is the only one of the three services of our national defense that has not received the benefit of commissioned-personnel legislation.

The present method of promotion in the Marine Corps, with slight variation, is one of seniority. An officer can be promoted to the next higher grade only when a vacancy occurs therein. The rate of promotion depends entirely upon the number of vacancies, caused by such variable factors as retirement, death, resignation, discharge, and authorized increase or decrease in strength or change in distribution. One of the inherent faults of this method of promotion is its dependence upon the variable factors just mentioned, and, further, as a result of experience, the inability to promote the smart, efficient officer over others who lack these qualifications.

The correct system of promotion should stimulate an officer's interest in his profession, arouse his energies, and bring forth his best efforts. Only the entirely fit should be promoted.

That is the statement General Russell made before our subcommittee.

Upon referring to the chart which appears upon page 1344 of the hearings, which I want to insert in my remarks, we will find that the average age of our colonels is 55; of our lieutenant colonels, 52; of our majors, 45; of our captains, 42; of our first lieutenants, 34; and of our second lieutenants, 27; and, mind you, this is an average age.

The chart referred to is as follows:

The details as to ages are shown in the following table:

Ages of officers, 1933 and 1943

Age	Colonel		Lieutenant colonel		Major		Captain		First lieutenant		Second lieutenant, 1933
	1933	1943	1933	1943	1933	1943	1933	1943	1933	1943	
63	0	[1]1	------	------	0	0	[1]2	0	------	------	------
62	[1]1	[1]3	------	------	0	[1]1	[1]1	0	------	------	------
61	0	[1]7	0	[1]2	0	0	0	0	------	------	------
60	0	[1]8	0	[1]2	0	0	[1]1	0	------	------	------
59	[1]1	[1]8	0	[1]2	0	[1]2	[1]4	0	------	------	------
58	[1]5	[1]2	0	[1]6	0	[1]3	0	0	------	------	------
57	[1]3	0	[1]1	[1]6	0	[1]3	[1]2	0	------	------	------
56	6	4	[1]2	[1]3	[1]1	[1]5	[1]3	0	------	------	------
55	9	0	[1]3	[1]5	0	[1]6	[1]4	[1]1	------	------	------

[1] Over-age.

Ages of officers, 1933 and 1943—Continued

Age	Colonel		Lieutenant colonel		Major		Captain		First lieutenant		Second lieutenant, 1933
	1933	1943	1933	1943	1933	1943	1933	1943	1933	1943	
54	3	0	5	5	0	2	1	3			
53	3	0	7	3	3	4	4	9			
52	3	0	8	7	11	3	7	5			
51			11	3	5	23	8	15			
50			6	0	7	17	6	34	1	0	
49			1	0	9	22	7	24	1	0	
48					11	18	11	32			
47					13	10	14	37			
46					7	5	11	30	1	0	
45					7	0	9	26	1	0	
44					6	0	15	26	4	0	
43					9	0	12	24	1	1	
42					14	0	29	20	2	5	
41					6	0	40	20	5	3	
40					7	0	39	19	2	31	
39					3	0	43	4	7	30	
38					5	0	29	0	16	33	
37							21	0	16	30	
36							6	0	18	30	
35									28	40	
34									35	26	
33									31	22	2
32									30	22	1
31									41	2	9
30									22	0	25
29									11	0	28
28									2	0	29
27											31
26											33
25											21
24											13
23											11
22											1
Average age	55	59	52	54	45	49	42	46	34	36	27

Rank	Maximum effective age, years	OVER AGE			
		1933		1943	
		Number	Percentage	Number	Percentage
Colonels	56	10	29	29	88
Lieutenant colonels	49	43	98	44	100
Majors	42	60	72	124	100
Captains	35	329	100	329	100
First lieutenants	28	273	99	275	100

[1] Over-age.

The increase of the average ages in the next 10 years shows that the situation is going from bad to worse, notwithstanding the fact that in the meantime many of the older officers appointed during the war will have passed off the active list.

It is the opinion of those best qualified to speak that 7 years per grade is the most reasonable number of years that should be allowed to each grade above second lieutenant. On that basis a first lieutenant should not be over 28, a captain over 35, a major over 42, a lieutenant colonel over 49, a colonel over 56.

I will show you a little later that the officers who commanded the Marine Corps as a part of the Second Division in the A.E.F., were about this age. If we adopt this as a premise, and I believe it is a sound one, this is the condition of the present officers of the corps: 29 percent of the colonels are over age; 98 percent of the lieutenant colonels of the present corps are over age. Seventy-two percent of the majors, 100 percent of the captains, and 99 percent of the first lieutenants, in what we call our finest fighting unit, are over age. Unless we are prepared to remedy this situation, and to remedy it immediately, we should disband the corps rather than delude ourselves by believing that it is either an available or an effective fighting unit.

While we are on the subject, it will be interesting to review briefly the ages of some of the Marine officers who served overseas during the World War with the A.E.F. and who wrote another brilliant chapter in the history of this great corps. Maj. Gen. John A. Lejuene, who commanded the Second Division, was 51; and Brig. Gen. Wendell V. Neville, who commanded the Marine Brigade, Second Division, was 48. The lieutenant colonels in the staff of the Fourth Marine Brigade averaged 40 years. Colonel Feland, the regimental commander of the Fifth Marines, was 49, while the age of two colonels who served as regimental commanders of the Sixth Marines, was 50 and 46, respectively. The average age of the majors who commanded the Fourth Machine Gun Battalion, Second Division, was 35. The battalion commander Fifth Machine Gun Battalion was a major of 27.

Today the average age, not only of the colonels, but also of the lieutenant colonels of the corps is more than the age of Major General Lejeune at the time he commanded the Second Division. The average age of the majors today is 16 years above the average age of the majors who commanded the Fourth Marine Machine Gun Brigade of the Second Division, American Expeditionary Forces.

At present, with promotion by seniority, it will take over 5 years to pass through the grade of second lieutenant, over 10 years to pass through the grade of first lieutenant, over 18 years to pass through the grade of captain, over 15 years to pass through the grade of major, 7 years to pass through the grade of lieutenant colonel, and 9 years to pass through the grade of colonel. This is more than 25 years beyond the time when a man will be retired from the Marine Corps because of age.

At the rate at which promotions were made last year it would require 55 years to pass through the grade of captain in the Marine Corps and 25 years to pass through the rank of major, making 80 years for these two grades alone. Of course, the result will be that practically all of the higher officers would go out at one time and then the Marine Corps would start again with very young men and go through the same experience they are now passing through.

Promotion by seniority is poor at best. There is no earthly reason to suppose that because one officer happens to be commissioned one day earlier than another, or maybe only a few minutes earlier than another, that he will until retirement be the more capable of the two. That one graduates number 1 in his class in 1934 does not mean that in 1944 or 10 years later he will still be the most capable officer. Too many things can happen. He may or may not be industrious. He may or may not take advantage of the opportunities presented. Promotion by seniority is a system so stupid and so costly in military organizations that those which adhere to it not only will perish, but they deserve to perish.

The Marine Corps has long recognized the danger of the plan and many attempts have been made to secure its change.

I have given you the general background. This bill proposes to correct the present situation by setting up a selection board composed of six officers from the active list, who are to pass on all promotions. It does not add a single dollar of expense nor does it add a single officer to the 1,024 now in the Marine Corps; it merely redistributes the officers somewhat in their respective grades and provides a system of selection for the Marine Corps similar to that which now exists in the Navy. It is proposed that the names of those officers eligible for promotion be put on a list and certified by the Secretary of the Navy to the board for selection. After a careful examination of their record, their physical fitness, their moral fitness, their professional fitness, they may be recommended for promotion by the board. Not only do we propose to do that but we propose also to require that they receive a two-thirds vote of the board before they are advanced.

[Here the gavel fell.]

Mr. VINSON of Georgia. Mr. Chairman, I yield 5 additional minutes to the gentleman from Virginia.

Mr. DARDEN. We believe that in doing this we will get officer personnel of the highest grade. We propose to promote a second lieutenant after 3 years of service, and we propose, by making a part of this bill some of the sections of the Navy bill which was passed just a few minutes ago, to apply selection from first lieutenant to general. We do not intend, as is provided by the Navy bill, to exempt the high grades. In the Navy admirals are promoted by seniority, but in the Marine Corps we expect to apply the selective sys-

tem to all officers after they reach the grade of first lieutenant. We are going to redistribute the officers in the Marine Corps. I will not take the time to tell you how we are going to redistribute them, but the result will be that the officer personnel will be allocated to the Marine Corps on the identical basis that the officer personnel is allocated to the Navy, because the two arms are integral parts of one service.

Now, Mr. Chairman, this is a desperate situation. We have an opportunity, by this legislation, to lay the foundation for a corps even greater than we have known in the past. I hope that the House will see fit to support this proposal.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. DARDEN. I yield.

Mr. WHITE. Will the gentleman explain what is proposed to be done under the new set-up with the excess number of officers who will be in the upper grades?

Mr. DARDEN. There will not be any.

Mr. KNUTSON. They will be retired.

Mr. DARDEN. No; they will not be retired. Section 16 of the bill deals with the situation. There will not be any excess of officers in the upper grades.

Mr. WHITE. There is bound to be in course of time.

Mr. DARDEN. We are not going to create an excessive number of officers in any grade by this bill.

Mr. WHITE. If a large number of the younger officers are going to be advanced in rank it will mean that before many years there will be an excess of officers in the upper grades.

Mr. VINSON of Georgia. It will bring about a redistribution of the officers. There are not too many officers in the Marine Corps at the present time; the corps is not overofficered, but the officers are badly distributed. Many of them are over age in their present grades.

Mr. DARDEN. Mr. Chairman, I yield back the balance of my time.

Mr. THOMPSON of Texas. Mr. Chairman, being a marine myself I am naturally very favorable to this bill. It has been very ably explained by the gentleman from Virginia and I will not take any further time on the floor.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMPSON of Texas. Mr. Chairman, the bill under consideration is a Marine Corps personnel bill submitted by the Navy Department and, as introduced in the House, has the approval of the administration. It provides for promotion by selection to the grades of lieutenant colonel, colonel, brigadier general, and major general, and promotion by seniority to the grades of captain and major. Second lieutenants would be promoted to first lieutenants after 3 years' commissioned service. This bill applies to the Marine Corps; the distribution, promotion, retirement, and discharge of its officers, a law which, as modified by the Britten bill of March 3, 1931, has been in effect for the line of the Navy for some 18 years, because the Navy law has been found to be practical and efficient, and because the Marine Corps is a branch of the naval service; most of its service is with the Navy, and most of its future officers will come from the Naval Academy.

The present Marine Corps laws provide primarily for promotion by seniority from second lieutenant up to and including the grade of colonel. Each officer, as a vacancy occurs, is promoted after prescribed examinations—moral, professional, and physical—but there is no method of promoting only the able, zealous, and efficient officer. Those less able can and do qualify for promotion under the obsolete and inefficient requirements of the present laws and must be promoted. Only a few are retired because of physical disability or are eliminated because of moral failure. Only one officer has failed professionally in the last 8 years. Colonels are promoted by selection, and only in this grade is there enforced retirement because of failure to be on a promotion or eligible list.

Under the present laws the average rate of promotion is so slow that a junior officer must spend most of his service in the lower grades, and can reach the higher grades only a short time before retirement for age.

During the last 10 years, the average promotion rate to pass through each grade was as follows: Second lieutenant, 5.4 years; first lieutenant, 10.4 years; captain, 18.2 years; major, 15.5 years; lieutenant colonel, 7 years; and colonel, 9 years—a total of more than 25 years beyond the time when an officer must be retired for age. Last year there were so few promotions that, in future at the same rate, it would require 55 years to pass through the grade of captain and 25 years to pass through the grade of major.

This bill, if enacted into law, when its provisions become fully effective and when the selection system is extended for the Navy to junior lieutenant, as is proposed, will correct the present stagnation of promotion and over-age of commissioned officers of the Marine Corps, and will result in average service in each grade of about 7 years, which is what it should be.

Because of stagnation and lack of promotion in the Marine Corps, 29 percent of the colonels, 98 percent of the lieutenant colonels, 72 percent of the majors, and practically 100 percent of the captains and first lieutenants are now over-age for their respective grades. In 10 years without relief, 88 percent of the colonels and 100 percent of all other junior officers now in the corps will be over-age in grade.

During the period from 1899 to 1920, the Marine Corps was increased from time to time sufficiently to provide for promotion of its officer personnel at nearly the desired rate.

During the World War a great many Reserve officers and noncommissioned officers were given temporary commissions as in the Navy; and by the act of June 4, 1920, many of these were permanently commissioned, all of them in the rank of captain, first lieutenant, and second lieutenant. Their present status is a 14 years' increase of age without corresponding increase of rank. Many of them have held the same rank for this entire period.

As a result of the war it has been found that the distribution of officers in the various grades was obsolete. There were too few of high rank either to perform duties commensurate with their responsibility and experience or to provide a proper flow of promotion from the lower to the upper grades.

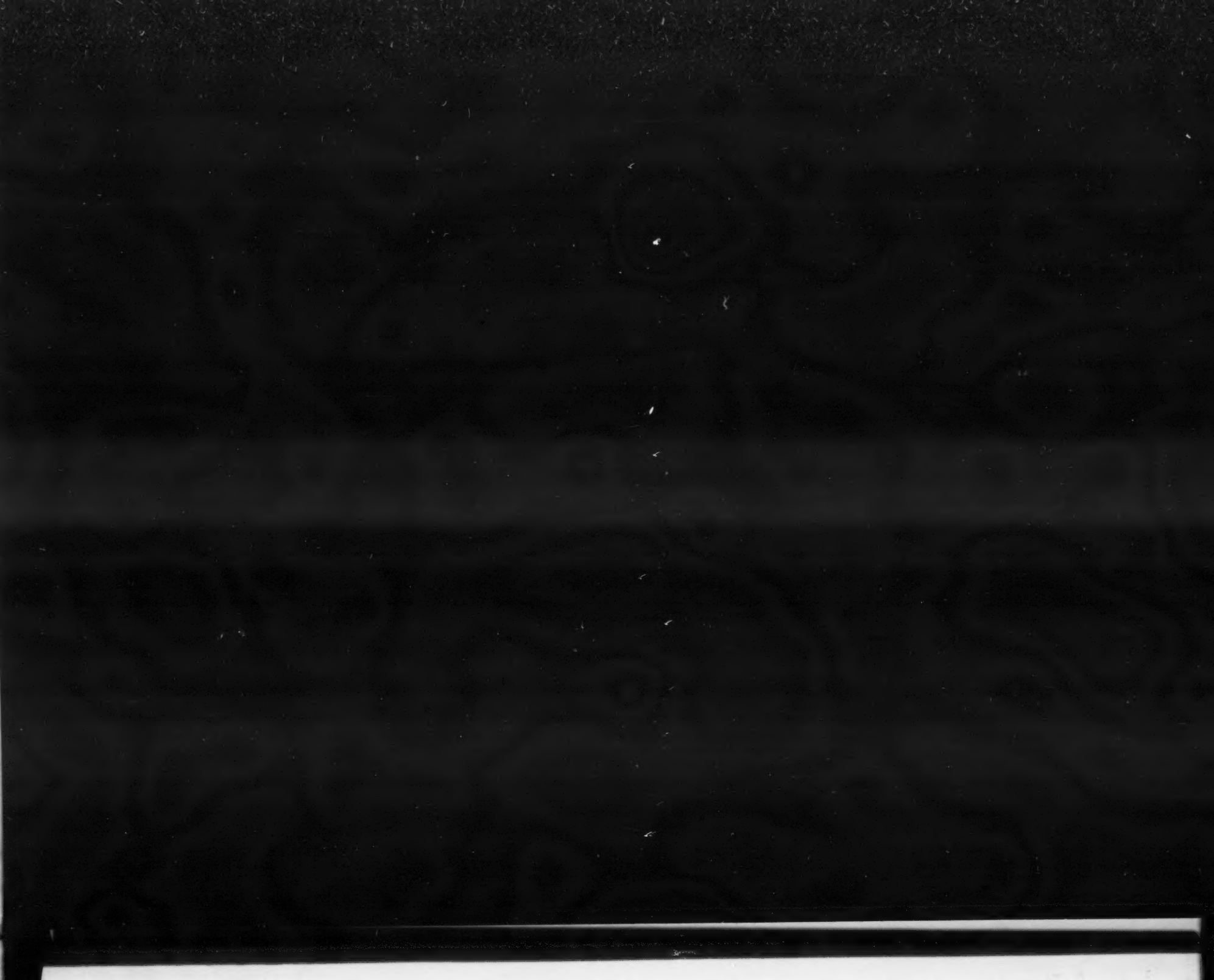
This condition has not so far been corrected in the Marine Corps, but it is provided for in this bill.

The mission of the Marine Corps in a national emergency requires that a large portion of the Regular Establishment be immediately available for overseas duty with the fleet and that the peace establishment be rapidly expanded to meet the large operating, supply, procurement, and training problems involved. These war-time needs demand that the active list be composed only of officers physically equal to the rigors of a campaign, primarily and essentially troop leaders, thoroughly trained in the duties of their ranks.

The peace mission requires intensive training for a high state of readiness for war and, if necessary, to furnish troops for active field service for the protection of American interests abroad and for minor emergencies at home.

The proposed legislation will permit the Marine Corps to develop potential leaders capable of carrying on its assigned mission in peace and war. It is essential that for the arduous service required, young, able-bodied, and efficient officers be made available.

The first 15 sections of this bill provide a complete system which will place the Marine Corps under Navy rather than Army personnel laws, which is sound and appropriate. The cost involved would amount to an annual increase of $131,000. In ordinary times this expense would be eminently justified. Unfortunately, present conditions seem to preclude the passage of this bill should it require additional cost to the Government. Therefore section 16, a saving clause, has been included to prevent any increased cost by limiting involuntary retirements to the grade of colonel, and by



restricting increased pay by reason of promotion. However, the serious state of stagnation will be considerably relieved; the more efficient and deserving officers will be promoted; and many officers will assume new ranks and duties more in keeping with their age, experience, and length of service.

To sum up briefly, this bill applies the Navy system to the Marine Corps and provides:

(a) For no increase of cost to the Government and for no additional officers.

(b) For promotion by selection to the grades of lieutenant colonel, colonel, brigadier general, and major general.

(c) For promotion to captain and major by seniority.

(d) For extension of the selection system for the lower grades should such extension be authorized for the Navy.

(e) For promotion of second lieutenants after 3 years' commissioned service.

(f) For readjusment of grades to conform to the needs of the Marine Corps.

(g) For retirement of nonselected colonels after 35 years' service instead of at 56 years of age.

This year legislation has been passed which provides for building our Navy to treaty strength. I call particular attention to this, because satisfaction in having provided for such a construction program may dim the realization that material preparedness is valueless without personnel preparedness—the provision for adequate, well-trained personnel, composed of vigorous, intelligent young men, properly officered. Every organization always reflects the character of its officers. The high efficiency and morale of the Marine Corps cannot survive if the quality of its officer personnel is impaired by over-age, by retarded promotion, and by lack of reward. These restrictions now exist because of the application of obsolete and inefficient laws. It is an urgent duty that we take remedial action as is now proposed in this bill. [Applause.]

Mr. VINSON of Georgia. Mr. Chairman, I yield the gentleman from Kentucky [Mr. BROWN] such time as he may desire.

Mr. BROWN of Kentucky. Mr. Chairman, like the gentleman from Texas, I desire to commend our colleague from Virginia [Mr. DARDEN] for the excellent way in which he has presented this splendid bill. The gentleman from Texas is a former marine and knows their problems. During the World War I happen to have had a brother who was in the Marine Corps stationed down here at Quantico, Va., and second-hand I have heard a great deal about their problems also. If you take the name from the Marine Corps and apply the situation to any other name, I do not think you can ever successfully defend the seniority plan for any organization, and you can include Congress in that if you want to. Men are especially adapted to the particular grade that they fill. It is not necessarily because of their age. There are other contributing agencies and elements that make them desirable for the particular grade that they occupy. I think it is wise that we follow now with the Marine Corps, and possibly some of these days with the Army, the precedent that the Navy set some 18 years ago when they, partially at least, set aside their seniority rule and put their officers on the basis of selection.

There is no use arguing the glories of the Marine Corps here on the floor of the House. Perhaps we may say that the American marine is the finest fighting human machine that the modern world knows. This bill here will simply perfect that organization until it will continue in the future the glorious past it has thus far rendered to this Nation. [Applause.]

Mr. BRITTEN. Mr. Chairman, I yield 7 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, I feel like an interloper, coming into this discussion. I have never been a member of the Naval Affairs Committee, either in this body or in the other. I am so intensely interested in military legislation, having had experience with it on the Military Committee in another body, that I cannot refrain from making a few suggestions upon an occasion of this kind.

The Congress, generally speaking, has taken a quite different attitude toward the Navy and the Marine Corps than it has taken over a long period of years toward the Army. Students of military history and of the debates in the Congress with respect to military subjects will generally find that the average citizen in the United States and the average Member of Congress is perfectly ready and willing to admit that he could not command a battleship, but there are thousands and thousands of civilians who have been confident, as a general rule, at least up until the World War, that they could command a regiment of infantry. It has been the tradition of the American people that the command of soldiers was a comparatively easy thing, and that was the cause of getting us into many wars, causing the loss of thousands and thousands of lives and the expenditure of billions out of the Treasury.

It was not until 1920, when the National Defense Act was revised, that any important steps were taken to give the Army a chance to govern the Army in its interior organization and to bring it up-to-date. You would be surprised—and I am saying this as raising a contrast between the way Congress has treated the Navy, wisely so, I believe, as compared with the way it has treated the Army—to know that prior to the World War, indeed upon the date on which we went into the World War, the laws of the United States prescribed the exact number of men that should constitute a company of infantry. There should be 1 first sergeant, 9 line sergeants, 10 or 12 corporals, so many privates (first class), and so many privates, and the Army was not permitted in its interior organization to change its own tactical organization in the slightest degree without an act of Congress.

I have sat with a committee in the other House and listened to a debate between Members of that body lasting 3 hours as to whether a company of Signal Corps troops should be increased by the addition of one technical sergeant. That all had to be wiped out when we went into the World War. It caused unutterable confusion. The same thing is true with respect to promotions in the Army.

Some of us were exceedingly anxious back in 1920 to install the selection system of promotions in the Army, but an overwhelming majority of our colleagues in the Congress said, "No; we cannot trust the Army to run its own promotion system." The Navy is being trusted, as it should be. You are giving to these selection boards, as you should, the power to promote officers. You do not let the Secretary of the Navy have anything to do with the matter. Not even the President of the United States has anything to do with the promotion of officers in the Navy. You are now going to make it that way in the Marine Corps. Personally I believe in it, and I would welcome the day when the Congress of the United States would confer this trust upon the Army and let the Army select its officers for promotion. There is a hump in the promotion list of the Army worse than now exists in the Marine Corps.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Georgia.

Mr. VINSON of Georgia. As a matter of fact, it was stated by the gentleman from Mississippi [Mr. COLLINS], in presenting the military appropriations bill, that there are lieutenants 64 years of age in the Army.

Mr. WADSWORTH. Yes; but of course they are exceptions. The average age of the Army officer grade by grade is going up by leaps and bounds. They are traveling along the same road with respect to age as the Marine Corps is now traveling, and the Army is reaching that same point of over-aged men, especially in the lower grades. I express the hope, in taking advantage of this opportunity, that something may be done for the Army in the same way.

Mr. DARDEN. Will the gentleman yield for a question?

Mr. WADSWORTH. I yield.

Mr. DARDEN. Does not the gentleman believe that that is the fault of the Army rather than of the Congress? Does not the gentleman think that failure to enact such legis-

lation is due to pressure brought on Members of the Congress by the officer personnel of the Army?

Mr. WADSWORTH. That has not been my experience. I think the Army would welcome it.

Mr. DARDEN. I am just asking the question, because I do not know.

Mr. WADSWORTH. The Army has always been governed by law down to the details of its interior organization to an extent that the Navy and Marine Corps never have been, and one reason for the extraordinary effectiveness of the Marine Corps as an expeditionary force is that there has never been any law of Congress governing its interior organization.

Mr. McFARLANE. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. McFARLANE. Has that matter ever been studied in the appropriate committee? It seems to me the gentleman's statements are very pertinent, and I believe the matter should be gone into very carefully by the proper committees of Congress so as to permit the consideration of a promotion bill similar to the bills for the Navy and the Marine Corps.

Mr. WADSWORTH. I have not had the honor of being a member of the House Committee on Military Affairs. But in the other body, in the Committee on Military Affairs on which I served, the matter was given great study, and many of us wanted to do this, but we ran up against a stone wall in the Congress itself at that time.

Mr. JAMES. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. JAMES. I may say that, of course there is no second lieutenant in the Army 64 years of age, because they have to retire at 64.

Mr. VINSON of Georgia. If the gentleman will yield, if my memory does not serve me falsely, that is my recollection of a statement made by the gentleman from Mississippi [Mr. COLLINS].

Mr. JAMES. Well, that is not true.

[Here the gavel fell.]

Mr. BRITTEN. Mr. Chairman, I shall only take a minute of the time to suggest that most of us on this side are in hearty accord with this legislation. It is something which the Marine Corps should have had 10 years ago. It is something they are very glad to get now. It will improve the corps; it will improve the morale of the officers, even if those who cannot be promoted will ultimately go out. If anything, the Marine Corps will be more efficient in the future than it has been in the past, and we all know how efficient it has been prior to the war, during the war, and since the war.

I think that, man for man, the Marine Corps is the greatest fighting force in the world. We had instances during the World War where a marine would throw his steel helmet off and go dashing over the top and get shot. He did not care for his helmet. What he wanted to do was to fight. This was a typical American attitude; and if there is a military force in this country that typifies American youth, it is the Marine Corps.

Legislation of this character would have been enacted into law 10 years ago but for the influence of two or three officers, particularly one officer who did not want it because he was afraid he would not be selected up. He was afraid he would never be selected up, although he had a lot of influence. Frankly, I disagree with my distinguished colleague from New York [Mr. WADSWORTH], when he says that it was the Congress that stopped selection in the Army. The real cause was the pull of a few individuals in the Army who reached Congress and prevented selection. Selection should prevail in the Army just as it is going to prevail from now on in the Marine Corps, and just as it has prevailed for 18 years in the Navy, because it means efficiency. It stands for reward of merit; and if a man is good, if he is capable, if his superiors like him, if he is an outstanding officer, he ought to be promoted. If he does not have all these qualifications, he should be retired and put off the pay roll, so he can make room for some other youngster who comes up from below, and who is efficient and will deliver when the time comes for him to do so.

I hope it may not be necessary to use any more time on this measure. We on this side are for it, and so far as we are concerned you may begin the reading of the bill now.

Mr. VINSON of Georgia. Mr. Chairman, I ask that the bill may be now read for amendment.

The Clerk read as follows:

SEC. 2. That of the authorized number of commissioned officers above the grade of colonel, one shall be the Major General Commandant, one half shall be brigadier generals, and the remainder shall be major generals.

Mr. GOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GOSS: Page 2, line 3, after the word "Commandant", strike out the words "one half" and insert the words "two thirds."

Mr. GOSS. Mr. Chairman, we have just adopted the first section of the bill which puts the Marine Corps, so far as distribution of officers in grade and rank is concerned, on the same basis as the Navy.

Unlike the Navy bill, this bill for the Marine Corps attempts to redistribute the officers in grade and rank, and when the Chairman of the Naval Affairs Committee had the floor a few moments ago he frankly stated to the House he was going to bring in a bill next year redistributing the officers in grade and rank.

If this amendment is adopted, as I hope it will be, I am going to offer an amendment to the next section which will make section 3 conform to present law, and then next year, when we bring in the Navy bill, the Marine Corps bill can be considered in the light of the Navy bill and with the same distribution of the commissioned officers in grades.

If we do not do this, if this is the final bill for the Marine Corps, then section 16 should be stricken. However, I do not believe, in view of the fact that it has not gone to the Budget, it should be stricken.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. VINSON of Georgia. I am in accord with the amendment offered by the gentleman, and I should like an approval from the Budget and to see section 16 stricken out. Then that would make a perfect bill. But, unfortunately, it cannot pass the Budget, and section 16 must remain in the bill.

Mr. GOSS. I shall not offer an amendment to do that, although I think, in view of the redistribution of officers in grade and rank, we should do that.

Mr. VINSON of Georgia. I think we should take care of that in the future. I am in accord with the gentleman's two amendments.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut.

The amendment was agreed to.

The Clerk read as follows:

SEC. 3. That the heads of staff departments shall be general officers while so serving, in addition to the number of general officers otherwise herein provided, one with the rank, pay, and allowances of a major general, and the remainder with the rank, pay, and allowances of a brigadier general. They shall be carried in the grades or ranks from which appointed.

Mr. GOSS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 4, strike out section 3 and insert in lieu thereof the following: "That the head of staff departments shall be general officers while so serving in addition to the number of general officers otherwise herein provided with the rank, pay, and allowances of brigadier general. They shall be carried in the grade or rank from which appointed."

Mr. GOSS. I will say that this is to follow the same idea as section 3, and leave the matter of distribution the same as it is now.

Mr. VINSON of Georgia. We have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut.

The amendment was agreed to.

The Clerk read as follows:

SEC. 4. That promotion to major general of the line shall be by seniority from brigadier generals of the line.

With the following committee amendment:

Page 2, line 13, strike out the words "by seniority."

The amendment was agreed to.

The Clerk read as follows:

SEC. 6. That commissioned service of officers for the purpose of this act shall consist of all commissioned service on the active list of the Marine Corps, whether under a temporary or permanent appointment, and all commissioned service on active duty in the Marine Corps Reserve.

Mr. DARDEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 23, after the word "reserve", insert "and the National Naval Volunteers."

Mr. BRITTEN. I would like to ask the gentleman how many officers would be affected by that?

Mr. DARDEN. I know of one, but I think there may be others. It is a fair thing and will do no injustice to any officer in the Marine Corps.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

Mr. AYRES of Kansas. Mr. Chairman, I move to strike out the last word to make inquiry as to the purpose of section 4. I was on my feet endeavoring to get recognition when we got through with section 4. What is the purpose of striking out the word "seniority" and making it read—

That promotion to major general of the line shall be from brigadier generals of the line.

Mr. DARDEN. The purpose of that is to advance the brigadier generals by selection rather than by seniority. The bill as it came up provided that they should be advanced by seniority. We felt they should be advanced just as the colonels and lieutenant colonels and other officers, that they should go to the office of major general on the basis of merit, and not on the basis of seniority. We are applying the principle throughout the bill to all the officers of the Marine Corps.

Mr. BRITTEN. The reason the bill came in this form was because the brigadier generals and the major generals took rank with the lower and upper half, so called, and the contention was that all rear admirals were promoted by selection first, and then went up automatically from the lower half to the upper half.

Mr. AYRES of Kansas. As a matter of fact, they do now automatically.

Mr. DARDEN. Yes; and we insisted on brigadier generals being promoted by selection.

The Clerk read as follows:

SEC. 7. That selection boards shall consist of officers on the active list of the Marine Corps, the composition and procedure of the boards to be determined by the Secretary of the Navy.

With the following committee amendment:

Page 2, line 24, after the word "of", insert "not less than six", and, on page 3, line 2, after the word "Navy", strike out the period, insert a colon and the following: "*Provided*, That no officer shall be recommended for advancement unless he shall have received the recommendation of not less than two thirds of the members of the board."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 9. That section 1493, Revised Statutes (U.S.C., title 34, sec. 665), is so far amended in its application to the Marine Corps as to require that no officer shall be promoted to a higher grade, excepting in the case provided in section 1494, Revised Statutes (U.S.C., title 34, sec. 566), until he has been examined by a board of naval medical officers and pronounced physically fit to perform all his duties at sea and in the field.

With the following committee amendment:

Page 3, line 16, strike out "566" and insert "666."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 10. That the requirement of sea service in grade shall not apply to promotion of officers of the Marine Corps, and officers in the upper four sevenths of the grades of colonel, lieutenant colonel, and major, respectively, as established by the first section of this act, shall be eligible for consideration by selection boards and for promotion without regard to length of service in grade.

With the following committee amendments:

Page 3, line 20, strike out "Corps" and insert "Corps;".

Page 3, line 22, strike out "of colonel, lieutenant colonel, and major, respectively," and insert "below brigadier general, subject to selection."

Page 4, line 1, after the word "grade", strike out the period, insert a colon and the following: "*Provided*, That no officer of the Marine Corps shall be ineligible for consideration for promotion by reason of completion of length of commissioned service until he shall have once been considered by a selection board."

The committee amendments were agreed to.

The Clerk read as follows:

SEC. 16. That officers of the Marine Corps in the ranks or grades of lieutenant colonel and major shall not be retired because of not being on a promotion list or on an eligible list for appointment as head of a staff department, and shall be eligible for consideration for promotion by promotion boards without regard to completion of 28 and 21 years' service, respectively. Upon promotion or advancement after the approval of this act, with the exception of the Major General Commandant, heads of staff departments with the rank of brigadier general, an officer of the Marine Corps who may be appointed as Judge Advocate General of the Navy, and commissioned warrant officers, which officers shall receive the pay and allowances provided by law for their rank, commissioned officers of the Marine Corps shall receive the pay and allowances of the grade or rank from which promoted or advanced: *Provided*, That officers in the grades or ranks stated shall receive the pay and allowances of the grades or ranks in which serving upon attaining the number on the lineal lists of such grades or ranks, as follows: Major general, 2 (excluding the Major General Commandant); brigadier general, 4; colonel, 35 (common list); lieutenant colonel, 38 (common list); major, 80; captain, 254; first lieutenant, 220.

With the following committee amendments:

Page 5, line 23, strike out the word "promotion" and insert the word "selection."

Page 5, line 25, after the word "years'" insert the word "commissioned."

Page 6, line 17, strike out "54" and insert "56."

Page 6, line 18, strike out "20" and insert "24."

The committee amendments were agreed to.

Mr. THOMPSON of Texas. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. THOMPSON of Texas: Page 6, line 18, after the figures "24", insert:

"SEC. 17. Section 4 of the act approved February 28, 1925 (43 Stat.L. 1081; U.S.C., title 34, sec. 753), as amended, is hereby amended to the extent that hereafter the minimum age limit for enlistment in the Naval Reserve or Marine Corps Reserve shall be the same as that for enlistment in the Regular Navy."

Mr. THOMPSON of Texas. Mr. Chairman, the purpose of this is to make the enlistment age in the Marine Corps and Naval Reserve the same as in the regular service. As it is there is a year of inequality.

The amendment provides for an amendment to the Naval Reserve Act to the extent that hereafter the minimum-age limit for enlistment in the Naval Reserve or Marine Corps Reserve shall be the same as that for enlistment in the regular Navy and not the minimum age of 18 required for the reserve at present.

The enlistment age for the Navy and Marine Corps is 17 years and if this change is made it will enable the Navy and Marine Corps to enlist young men in the reserve with the same age requirements as the regular service (with their parents consent, of course).

The present law requiring as it does an 18-year minimum age limit and at the same time providing for the appointment to the Naval Academy each year of 25 members of the Naval Reserve and Marine Corps Reserve where the maximum age for entrance is 20 years rather defeats its purpose, that of an appointment to the Naval Academy as a reward for faithful and interested service in the Reserve, as there is no time to judge the qualifications of the applicant.

The minimum age limit for the National Guard is 18 years without parents consent.

Mr. DARDEN. Mr. Chairman, we accept the amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GOSS. Mr. Chairman, I move to strike out the last word. Take the last paragraph on page 6. In view of the other two amendments we adopted on this redistribution in

grades and ranks, should not this be changed to conform with that? I think the status is the 1–2–6, and the bill attempted to make it 1–4–4. We have held the status 1–2–6. Therefore, the brigadier should be stepped up to 6.

Mr. DARDEN. Six brigadier generals of the line.

Mr. GOSS. That is right.

Mr. DARDEN. And you have dropped one major general officer in your operation?

Mr. GOSS. Yes. So there ought to be 6 brigadiers, and that would leave 1 commandant, 2 major generals, and 6 brigadiers, as it now exists.

Mr. DARDEN. Three brigadiers of the staff. That is right.

Mr. GOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Goss: In line 15, after the word "general", strike out the figure "4" and insert in lieu thereof the figure "6."

Mr. GOSS. That will then conform to the amendments earlier adopted.

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOYLAN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H.R. 6803, and pursuant to House Resolution 348, he reported the bill back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

APPROPRIATION FOR SPECIAL ACTS RELATING TO COTTON, CATTLE, AND DAIRY PRODUCTS

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that House Joint Resolution 345, to provide funds to enable the Secretary of Agriculture to carry out the purposes of the acts approved April 21, 1934, and April 7, 1934, relating, respectively, to cotton, to cattle, and dairy products, and for other purposes, be in order immediately after the reading of the Journal on Thursday next, and that it occupy a privileged status as any other general appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BUCHANAN]?

Mr. SNELL. Reserving the right to object, is that the bill about which the gentleman spoke to me?

Mr. BUCHANAN. That is the bill about which I spoke to the gentleman.

Mr. BLANCHARD. How long does the gentleman expect that will occupy?

Mr. BUCHANAN. It should take only a short time, because it is to carry out two acts of this Congress already passed and to make a little appropriation for printing your speeches.

Mr. BLACK. Reserving the right to object, on what day is that asked for consideration?

Mr. BUCHANAN. On Thursday.

Mr. BLACK. Mr. Speaker, Thursday is District day. We had a great deal of trouble with the old-age-pension bill on last District day. We had a filibuster on that bill. If the gentleman will say this matter will only occupy a few minutes, I will not object, but otherwise I am compelled to object.

Mr. BUCHANAN. It will only take a few minutes, I am sure.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BUCHANAN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HASTINGS. Mr. Speaker, I ask unanimous consent that on Thursday next, immediately after disposition of matters on the Speaker's desk, I be permitted to address the House for 10 minutes on proposed Indian legislation.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

RESTORE THE WORLD MARKET TO THE FARMER AND THE BUSINESS MAN

Mr. ROMJUE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ROMJUE. Mr. Speaker and Members of the House, there has perhaps not been a time during the last 60 years at least in which sound, calm, and deliberate thought and judgment was needed more than at the present time and during the present economic crisis. The remedy to be applied by any administration at any particular time must be suited to the situation and condition which confronts the country. A wise physician in caring for a patient will, before he drenches his patient with a variety of medicines, first carefully and thoughtfully diagnose the case and determine as best he can just what the trouble or disease is; and once he has correctly determined just what the trouble or disease is, he can then the better determine what the remedy should be and how it should be applied. The progress or status of a disease may require more or less heroic treatment, according to its advanced stage. When Franklin D. Roosevelt became President of the United States he found before him a sick Nation, a country fraught with ills, one that needed not so much at first a pulmotor as it needed a quieting powder. I shall not at this time discuss in detail what all there was that was dumped into the lap of the new President—suffice it to say there was a plenty that came over from Mr. Hoover's administration that needed treatment and attention.

First, the financial structure had largely got away from the people and the Government and was running unbridled under the riding of the few.

During the last Democratic administration of public affairs in the United States the prosperity and the purchasing power of the farmer in America reached its highest stage. During the 8 years of Democratic administration at that time the farmers in America had made more money than they had ever made in any period of three or four times that length of time before. In fact, many had made and prospered more during those 8 years than they had made or prospered during their entire lives. A considerable portion of the farmer's markets and a reasonable prosperity for him hung over and continued for a time after the then incoming Republican administration. After a time, however, the general business conditions of our country became considerably involved; the legislative policies and governmental administrative service reached its highest point of incompetency and inefficiency under the administration of President Hoover. I have no word of criticism to direct against Mr. Hoover. I assume that he may have done that which he believed he ought to do, but I am certain that grievous errors were committed under, by, and during his administration which resulted in bringing the greatest chaos, confusion, and distress to the American people that has ever occurred in the entire history of the Nation.

In my judgment, it was a very serious mistake on the part of Mr. Hoover and his administration when he undertook to relieve and postpone the payment of debts due this country by foreign governments. I recall very well in June 1931, when President Hoover requested the views of the Members of the House and Senate as to whether or not they would

endorse and approve the announcement which he made at that time favoring the postponement of the payment of the foreign debts due this country by the foreign governments who were indebted to the United States. In response to the inquiry which came to me from the President at that time, which inquiry was the same as went to other Members of Congress, I stated, "I deem it the first duty of our Government to consider and care for the interests and welfare of the American people. I am not in favor of canceling any debts due America by foreign governments and am opposed to any plan which will eventually lead to that end", and that "American farmers are losing their farms and homes every day by reason of drainage bonds and farm loans against their farms, and unless the payment of their loans and interest thereon can be postponed for a year in order to give them a chance to save their homes, I will be obliged to oppose the postponement to any foreign country the payment of their obligations to the United States." I further stated at that time in my reply that a large number of people in both city and country were unemployed and had difficulty in meeting the taxes and loans against them, and until some relief or assistance was given them I could not favor the bestowing of charity on Europe. I further stated at that time that "The present tariff wall created by recent legislation has been destructive of world trade and I feel it is the duty of the President and Congress to reduce the extremely high tariff to a point that will restore prosperous commercial interchange of the products of American farmers and industry and reestablish a policy that will stop American capital from leaving our own country for foreign fields, thereby throwing American laboring men out of employment, and that restoration of prosperity to America is of prime importance and a nonpartisan matter."

What was happening along about that time near the beginning and throughout Mr. Hoover's administration? The highest tariff law ever created by this country was enacted under President Hoover's direction with a Republican Congress. It was so grossly excessive and unreasonable and unfair that it turned every leading commercial nation of the world to adopt the same policy against us. They felt that since we had lifted the barriers against them until they could no longer trade with us that they had a right to lift their barriers against us, which they proceeded to do, and practically every nation of the world excluded American farm products from the privilege and opportunity to enter the world markets wherever such markets might be found. They believed that they had the right to do to us what we had done to them and proceeded on that theory, and as a result, taking their own conduct with our own, the world's commerce was destroyed and the world's trade was almost entirely broken down.

This tariff wall was raised by Mr. Hoover's administration to this excessive high point under the pretense of protecting the laboring people, and yet the results show that never in the history of the United States Government have more people been unemployed and thrown out of work and more people hungry and unable to secure employment than has been the case while operating under that false and absurd assumption. And under that high tariff act the selfish interests of this country, who seemed to hold the reins, and who happened to be directing the course of President Hoover and his party at that time, sent a bunch of their capital and finances into the foreign fields, where they manufactured machinery and other products of industry on cheap labor, thereby through these selfish interests using the American capital they had made in America to go into foreign fields and compete, not only with our own Government and commerce, but they brought themselves into opposition with the American working man. These same selfish interests that were utilizing the Government under Mr. Hoover's administration, through the gigantic banking interests which they controlled, were selling to the American public foreign securities, bonds, and obligations, which in many instances later proved to be, if not wholly worthless, very greatly and partly so. Thousands of dollars of American citizens' hard-earned money were lost; and in the tragedy many of the smaller banks of our country became involved. The loss to the American public, the American farmer, and the American working man, by this gigantic process and program, has been tremendous and tragic in the loss of homes, and the inability of many an honest man to meet further his just and honest obligations and it makes the very soul of America sick, and many an humble citizen has been, by this process, pauperized.

This picture was not thoroughly seen and understood by all; yet those who did not see this picture as it occurred knew that something tragic and awful had happened to the American farmer and finally to American business in general.

It was this situation that was upon our country when the people of these United States arose and intrusted the leadership of the country to Franklin D. Roosevelt. Into his lap fell this dark and disastrous condition. He found the trade of America destroyed, he found the financial structure tottering, and he found the owners of homes too often in despair; and upon the assembling of Congress by Mr. Roosevelt, in special session under his leadership, he immediately launched a program, the first vital stroke of which was to stop the future breaking of banks and the future pauperizing of thousands of depositors of the banks by establishing, with the approval of Congress, what was known as the "bank moratorium", which closed the banks throughout the country for the purpose of avoiding further crashes and loss, and with the view of reestablishing a more sound financial structure. Almost universally throughout the United States the people then and today know that that move was wise and timely. It perhaps did not satisfy every individual banker in the country. No policy nor program ever satisfied everyone but every thoughtful citizen knows today and realized rather promptly at the time that the move then made by President Roosevelt and the Congress, cooperating with him, saved what there then remained of the banking structure of this country. Had Mr. Roosevelt been President as much even as 2 or 3 years prior to the time he took office, many a depositor of this country would still have had his money that was lost in the crashing days which preceded his taking office as President of the United States.

On December 7, 1932, in addressing a letter to one who afterward became a member of President Roosevelt's Cabinet, in commenting on the recent results of the last Presidential campaign, I said:

> The newly elected President and the incoming Democratic House and Senate have placed tremendous responsibilities upon us. We must relieve the American people from the distress and deplorable condition into which they have unnecessarily been drawn. We must reestablish the trade of our country by reviving our commerce with other leading countries of the world. This can be done, either by conference of our President and his Cabinet directly with the heads of other nations, with a view to paring down a portion of the excessive tariff rates which have been lifted by this country against other nations and which, by them in retaliation, have been lifted against us, or the President might invite the other leading nations of the world to send their representatives to meet in conference with a representative of our own country, for the purpose of mutually agreeing on the reduction of these same tariffs, to be followed up by recommendation for legislative enactment. This country cannot regain the prosperity to which the American people are entitled without the reestablishment of better trade relations. When the commerce of this country begins to move again in exchange for the commerce of other nations, transportation conditions will be improved, employment of men at terminals and in transportation will be increased; and, as men begin to make wages and have employment, consumption of the products of the farm and factories will begin to increase. And as men become employed, naturally they will be granted credit more freely than is the case at the present time—in any event, prosperity will not return until we reestablish the opportunity for marketing and exchanging the products of our fields and factories.

The lower House of Congress has recently passed what is known as the "tariff bill" of this administration, and the matter is now pending in the Senate and will be passed and signed by the President before this Congress adjourns. I regard this piece of legislation as one of the most con-

structive and most beneficial pieces of legislation, if not the very most important, that this Congress or any other has enacted into law. This will give to the President of the United States the power to negotiate in the interests of the farm products and factories, and will be the means of establishing more friendly trade relations with such countries of the world as we need to deal with. The benefit this legislation will be to the American people will begin to unfold within the next year. It is common sense written into law. It is absolutely necessary for the return of prosperity to the American farmer that he may have a market into which he may go with his products.

I recall very well a statement made by President Roosevelt sometime ago in which he said if he could be right 75 percent of the time he would be well satisfied. The statement in this regard he refers to as having been made previously by Theodore Roosevelt. Without regard to whether anyone should receive credit for such a statement, the fact remains that the expression is a very wise one.

Men of experience in life's affairs well recognize a peculiar trait of human nature so often encountered with, and that is that men who claim perfection and who are always ready to assert that they never make any error usually make more mistakes than anyone else, and usually also contribute but little to the welfare of the human race.

This country is now on its way to recovery and, as I said before, it had drifted into a serious condition under the leadership of Mr. Hoover and those who stood with him, which should have been avoided; but the American people, finding themselves in the depths and agony of distress, turned to the leadership of Roosevelt, and under that leadership, with a Congress that is trying as best they can to be of assistance to him in the recovery of this country from distress, will continue to advance with such a program as will insure to the American farmer and American workingman much improved business conditions and a restoration of the world markets to the American farmer and employment to the willing workingman.

BRONZE TABLET OVER GRAVE OF BRIG. GEN. ROBERT H. DUNLAP

Mr. BRITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 276) to authorize the placing of a bronze tablet bearing a replica of the Congressional Medal of Honor upon the grave of the late Brig. Gen. Robert H. Dunlap, United States Marine Corps, in the Arlington National Cemetery, Va., with a Senate amendment, and agree in the Senate amendment.

The Clerk read the Senate amendment, as follows:

Line 10, after "woman", insert "The Government shall be at no expense in connection with the preparation of or the placing of this tablet."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was agreed to.

On motion by Mr. BRITTEN, a motion to reconsider the vote by which the Senate amendment was agreed to was laid on the table.

SILVER

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio speech made by my colleague the gentleman from Texas, Mr. MARTIN DIES.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

SILVER

Mr. WHITE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address by Representative MARTIN DIES, of Texas, on Silver, delivered over the National Broadcasting Co.'s hook-up on May 5:

Ladies and gentlemen of the radio audience, I desire to discuss for a few minutes my bill (H.R. 7581), which passed the House on March 19 by a vote of 258 to 112. This bill provides for the exchange of American agricultural products for silver. Under its terms, the Export Import Bank of Washington, all agricultural marketing associations, and every private exporter are empowered to sell surplus products abroad and accept silver in payment therefor at a premium which shall be not less than 10 percent nor more than 25 percent above the world market price of silver. By utilizing the services of all established and recognized export agencies, whether governmental, cooperative, or purely private, we feel assured that a maximum of surplus products will be disposed of under the operation of the bill. The bill has been amended to include industrial products as well as agricultural surplus products. Against the silver received in payment for surplus products, legal tender silver certificates will be issued, based upon the value at which the silver was accepted, and with these silver certificates the producers will be paid for their products. The general purposes of the bill are, therefore, to dispose of surplus products abroad in a normal and constructive way, retain our dominant position in the export markets of the world, put a safe quantity of new and honest money into circulation and thereby increase the purchasing power of the millions of producers of America who form the backbone of our economic life.

But why accept silver at a premium in payment for our surplus products? The most serious problem that confronts us today is our inability to dispose of surplus products. Everyone is familiar with the unprecedented decline in export trade since 1929. The reasons for this are apparent. Nations who would like to purchase our surplus products are unable to do so because, in the first place, they have no gold to pay for it. The gold of the world is cornered by three nations—the United States, France, and England—and under the monetary policies now in force in those three countries there is little or no probability that in the near future there will be any redistribution of gold.

There is only one other way by which foreign nations can purchase surplus products, and that is by the exchange of their surplus products for ours. This they cannot do because, on account of prohibitive tariff laws, we will not permit the products of other nations to enter the United States. The example furnished by the Hawley-Smoot tariff bill was rapidly followed by other countries, until today the exchange of commodities, products, and goods between nations is practically prohibited. The lowering of our tariff barriers without reciprocal action on the part of other nations would only result in a tremendous increase in our imports with no appreciable addition to our exports. The administration's policy of reciprocal-tariff treaties, concessions, and agreements is necessarily difficult and slow and dependent upon so many complex factors, such as international cooperation, that it is impossible to predict how long it will take to carry it out.

In the meantime, during the slow and difficult process of gold redistribution and mutual tariff treaties and concessions, surplus products are accumulating and depressing the domestic price level.

We must reach one of two conclusions in the United States. We can adopt a purely nationalistic policy in reference to agriculture and industry. This means that we must by legislation restrict and limit production to domestic needs and consumption. If we do this, we drive from agricultural pursuits millions of people now dependent upon farming for a livelihood, and they will be compelled to find other means of subsistence. Is the industrialism of the Nation prepared to absorb this addition to its population? Considering the millions of unemployed, the answer must be, "No." The regimentation by law of agriculture and industry in an effort to adjust production to consumption will be contrary to the spirit and genius of our free institutions, and the resultant benefits, if any, will not compensate us for the sacrifice of fundamental American principles.

But what are the objections to the acceptance of silver in payment for our surplus products? The orthodox gold-standard theorist says that the acceptance of silver at a maximum premium of 25 percent would constitute the dumping of our surplus products on the markets of the world. What about our gold-revaluation policy? Have we not been engaged during the past few months in purchasing gold at a premium in excess of 40 percent above the world market price of gold? In effect, we are accepting gold in payment for surplus products at a 40-percent premium above the world market price. Could it not be charged with equal force and logic that this policy meant that we were depreciating the price of surplus products to the extent of 40 percent, and, therefore, to this extent we were dumping our products on the markets of the world? Now, I am not criticizing the gold-revaluation policy. As a matter of fact, I introduced one of the first gold-revaluation bills in Congress and had a hearing on this bill nearly a year before the administration's gold revaluation bill was passed by Congress. But the failure of the Treasury to issue new currency based upon this increased value of our gold monetary stock deprived us of the full benefits of this act insofar as our internal price level is concerned. The inability to secure gold at any price on account of its scarcity and maldistribution limited the extent to which our export trade was stimulated. Those who say that this bill will constitute dumping to the extent of the premium which we offer for the silver in exchange of surplus products, forget that for 10 years under very conservative administrations we dumped our surplus products on the markets of the world to the extent of 100 percent. In other words, we loaned money to foreign nations to purchase surplus products, and we will never get this money back.

But the ultraconservative, clinging with stubborn tenacity to the gold fetish, says that if we accept silver at a price from 10 to 25 percent higher than the world market price of silver, the taxpayers will eventually have to make good this difference. Even if we sold $2,000,000,000 of surplus products in the next 12 months and accepted silver at the maximum premium of 25 percent, the total amount of the premium would only be $400,000,000. This would be considerably less than the tremendous sums we are now spending on the farm program. But at the same time we would

be taking off the markets of the world a billion ounces of silver. Under the operation of the law of supply and demand, the removal of this much silver from the markets of the world would cause the price of silver to rise in excess of the 25-percent premium we offer. But the reactionary answers that there is too much silver in the world to raise its price by removing a billion ounces. Since Columbus discovered America there have been only 15,500,000,000 ounces of silver produced in the world, according to the report of the Federal Reserve Board and the Director of the Mint. Of this amount we can only locate about 9,400,000,000 ounces, and the most liberal estimate puts the amount of silver available for monetary uses at 11,000,000,000 ounces. But we are told that if we pay a premium for silver in exchange for surplus products, we will increase the demand for silver and cause overproduction. Eighty percent of the silver production of the world is a byproduct in the production of other metals, such as gold, copper, lead, and zinc. The increased price of silver without a corresponding increase in the price of other metals with which it is associated would not justify increased production. Even in 1920, when the price of silver was higher than at any time since 1873, the world produced considerably less silver than in 1930 or 1931, when the price of silver was the lowest ever known in the history of the world.

When the price of silver is abnormally low, the producers of silver, like the producers of other commodities under similar circumstances, are compelled to increase production in the desperate attempt to pay the cost of production. The unprecedented low price of silver in the past few years was not due to overproduction but rather to oversupply coming from such unnatural sources as the action of the British Government in forcing India off the silver standard and in melting up her silver coins into bullion and dumping this bullion upon the markets of the world, and the actions of other governments in debasing silver, using substitutes for silver in circulation, reducing the silver content of the divisionary coinage in countries like Great Britain, etc. Therefore, since the supply and production of silver are definitely limited by nature, the eventual effect of this bill will be to increase the world price of silver to absorb the premium.

It is not predicted that the increase in the world price of silver will be sudden. It will necessarily be gradual, and the extent of the increase will depend upon the amount of surplus products we exchange for silver. But this is an advantage and not a disadvantage. If the price of silver were to increase suddenly as the result of the action of our Government in purchasing large quantities of silver, other export nations would enjoy the same advantages in selling their surplus products to silver-using countries as we. But if the increase comes about gradually as the result of the exchange of our surplus products for foreign silver, we alone will enjoy the advantage of the increased purchasing power of silver-using countries.

There is nothing experimental or revolutionary in the plan suggested by this bill. It does not involve the violation of the Constitution or the abridgement of any political, personal, or economic right. It does not constitute any sacrifice of fundamental American principles. Nor does it mark any departure from the ancient landmarks of the fathers. For 80 years silver was as much the money of this country as gold. It was made the money of this country by the Constitution of the United States, and such eminent authorities as Jefferson, Hamilton, and Webster not only believed that it should be used as money, but believed that it could not be demonetized without violating the Constitution.

The silver certificates issued against the silver received in payment for surplus products will not constitute fiat or printing-press money. These silver certificates will be sounder than the paper money we have in circulation today. Not a dollar of our paper money is redeemable in any metal. But under this bill, every dollar of silver certificates issued will be redeemable in a sufficient quantity of silver to make the certificates worth 100 cents on the dollar. This new money will be put into the hands of millions of producers and, unlike bank credit money which exacts its toll of interest charges, it cannot be withdrawn overnight.

It is not claimed that this bill is a cure-all. It does not satisfy the demands of the extreme inflationist. Much is left to the discretion of the administration, so that it can feel its way in putting the act into operation. However, there are sufficient mandatory provisions in the bill to insure its operation regardless of the views of those who will be chosen to administer it. It does not require any new set-up or governmental agency, and it does not put the Government into business. Private exporters and agricultural marketing associations will largely put the bill into operation by the simple process of accepting silver in payment for surplus products and depositing the silver in the Treasury of the United States and receiving certificates in lieu thereof. It is merely the recognition of the money of more than one half of the world as payment for the surplus of our soil and labor. It is believed that the bill as passed by the House, with slight modifications, will be acceptable to the administration.

EMERGENCY GOVERNMENT EXPENDITURES WILL BE PAID WITHOUT PARTICULAR PAIN TO ANYONE

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker and Members of the House, these have been tense and interesting days in Washington. A hidden political contest of the keenest sort is raging, and the control of the country is at stake.

I am reminded very much of the old Wilson days after the war when his political and economical foes were conspiring and planning and feverishly working for his downfall. You will remember, too, that they succeeded in their fiendish and unholy purposes. The same elements are now vigorously working against the President, and it behooves every tried and true friend of Franklin Roosevelt and every patriot who believes that the carrying out of his policies is essential for our country and for democracy to be constantly on guard against the vicious attacks of these enemies.

There have been mistakes. Hardships have been imposed by some of the things done. Many are prone to forget the benefits and think only of their difficulties. There are elements of discontent in every community.

The unscrupulous standpat partisans who hate Mr. Roosevelt and his ideals of justice for the common man, partisans who care more for their own selfish success than they do for the welfare of the country, partisans who want to go back to the old order of things where big business and selfish interest were in the saddle, these various partisans are attempting to garner into their organization all the elements of discontent.

I hope all these fellows who are throwing bricks at the President will miss their mark. I read about the henpecked husband who complained to the judge that his wife had been throwing things at him ever since they were married. The judge asked, "But why haven't you made a fuss about this before?" "Today's the first time she ever hit me, judge." I hope and pray the President may continue so thoroughly entrenched in the hearts of the people of this Nation that these poison bombs will never touch him.

Not only this, but these unpatriotic partisans are trying to stir up strife and more discontent wherever they think there is a possible chance.

But one thing remains clearly apparent. Franklin Roosevelt is strong with the rank and file of the masses of the people. They believe he is making a valiant fight for them. They know he has tremendous odds to overcome. They have faith in him. They believe he is in sympathy with them and is working almost beyond all human endurance in his efforts to help them. I want to say to all these people, and to the farmers, the small workingman, and hundreds and hundreds of thousands of others: that they have never had a better friend in the White House than they have right now, and that they cannot afford to be asleep while his enemies are trying to destroy him.

Now that the second session of the Seventy-third Congress is drawing to a close, I consider it proper to comment on the recovery program and its costs. Ever since the first session was begun 158 years ago, the operations of government have always started people to discussing—too often with the accent on the "cussing."

Congress seems to be regarded as a natural target for dissatisfaction and discontent; and the second session, unfortunately, has been no exception. I suppose that is due in part to the fact that the Government officer at times has to be a policeman, inspector, tax collector, and regulator. I am afraid that all too frequently it seems to take a peering, poking, meddling sort of character to enforce laws; and so it is the simplest thing in the world to rouse a crowd with a slogan of "Down with the nosey, tax-squandering bureaucrats!" Law enforcement means compulsion, and compulsion does not excite affection.

The other day a wild-eyed, fire-breathing radical rushed up the steps of an aristocratic home in one of our big cities and furiously rang the bell. The door was opened by the bland, rigid, imperturbable family butler. Enraged anew at such a sight, the radical bellowed at the top of his voice, "The revolution is here." But the butler was not disconcerted in the least. He answered with the utmost calm: "All revolutions must be delivered at the tradesmen's entrance in the rear." There are a lot of us who agree with that butler when it comes to a breathless, instantaneous acceptance of every half-baked panacea. Do not ask me whether they bake panaceas or not; anyway, most of them sound

as if they or their authors were half-baked or boiled or something.

The American people, you can be sure, are not going to be suddenly stampeded into any social upheavals by the irresponsible tirades of a few misinformed critics. Somebody remarked the other day on that point of misinformation as a basis of criticism that people who are "down on" something usually get that way because they are not "up on" it.

And that is most certainly true of many haphazard criticisms of our governmental functions. If we look fairly at the Federal structure we cannot but be struck by the fact that a good part of its machinery has been created for the sole purpose of being helpful to its citizens.

Nothing shows that so clearly as a classification Hon. HENRY T. RAINEY, Speaker of the House of Representatives, made recently of our total Federal Budget expenditures this year, which amount to about $2,911,000,000.

It has been charged that this administration is recklessly expending money, that it is piling up an enormous national debt, and the time has perhaps come to analyze the recovery expenditures of the first year of operations under the leadership of Franklin D. Roosevelt. Apparently during 13 months of operations under the new deal the gross amount of our public debt increased $5,223,000,000, until the 31st day of March 1934 our apparent public debt amounted to $26,158,000,000. But we had in the Treasury at that time $2,008,000,000 which ought to be deducted in arriving at the amount of our gross public debt. Deducting this amount, we reach the inevitable conclusion that in the first 13 months of the Roosevelt administration our public debt increased only $2,436,000,000.

We have been underwriting investments of banks, insurance companies, railroads, building-and-loan associations, farmers, intermediate-credit banks, joint-stock land banks, and other companies and banks, and we have taken from them their securities. We have been underwriting municipalities, and we have taken from them their securities. If the recovery program succeeds—and it must succeed—practically all of these amounts so invested will come back into the Treasury of the United States.

THE NATIONAL DEBT

Using a new method of approaching the national debt, in view of the vigorous criticisms to which the present administration has been subjected, a different result is obtained. If we have been underwriting the propositions I have mentioned, and if we have been taking their securities, and if the success of the new deal means the payment of these obligations, and it does mean the payment of these obligations, then the correct way of approaching the national debt is to deduct from our entire national indebtedness the cash we have on hand, less the securities we are underwriting, and when we do that we reach the conclusion that at the present time our public debt, less cash and securities, amounts to only $8,264,000,000. Applying the same method to our public debt as it existed on February 28, 1933, we reach the conclusion that our public debt at that time amounted to $6,225,000,000. Therefore, during the 13 months of the Roosevelt administration the public debt increased $2,039,000,000.

It is perfectly proper, I think, in estimating our financial condition so far as the national debt is concerned, to figure in the $2,810,000,000, or increment on gold we have obtained by revaluing the gold dollar. When this item is included we reach the inevitable and startling conclusion that today our public debt, less cash and securities, is $771,000,000 less than it was at the end of the Hoover administration.

Now, is a good part of this nearly $3,000,000,000 squandered, as some isolated critics assume, by brazen, self-seeking bureaucrats, or wasted on silly, futile projects of no public interest or values? That is the charge; now what are the facts?

On a recent trip to Buffalo, N.Y., I encountered several keen business men who frankly told me of their fears for the program of national recovery.

"The Government is spending billions of dollars borrowed money", said one; "spending so much that the mind can't grasp the vastness of the sum. I'd like to know how this terrific debt will be paid."

Another, honestly pessimistic, said "the money borrowed has to be repaid unless debts are repudiated—we'll come out of these recovery experiments with the greatest national debt the Nation ever owed. There is no way to pay it off, and we're headed for bankruptcy." Others said we were pouring money down a rat hole; and some firmly believed that the billions now being spent were actually retarding recovery by loading future years with unbearable taxes.

In answer to their many inquiries I said that one must know why the Government is going into debt to understand how the bill will be paid and that the country as a whole will pay its debt out of the profits it will make by spending now the money it is borrowing.

In ordinary times the Nation could not make a profit by having its Government spend great sums. It is only because of the breakdown in our economic machine that such action is not only possible but positively necessary.

Few people realize how completely our economic machine was paralyzed.

A few figures will make it clear. Let us assume that our Nation is one vast business whose chief purpose is to have an income to feed, clothe, and promote the welfare of all our people.

The national income of all our people in 1928, and again in 1929, was more than $80,000,000,000. That income represented what we then called prosperity: Work for all, a higher standard of living for practically everyone.

But in 1932, our national income was only 40 billions, a 50 percent reduction. Any business whose earnings drop 50 percent has been dealt a terrific blow. Our national machinery was operating on but two cylinders.

More than 11,000,000 men were out of work. My friends were lamenting the costs of recovery, but have they ever considered the costs of depression? The potential labor wasted in the last 3½ years, if employed steadily, could have torn up our railroad system and rebuilt if three times. The wasted man power could have built a $5,000 house for every second family in the entire United States. Here was billions of dollars of man power absolutely wasted because our economic machine had cracked.

When a business man has a delivery truck which runs on only two cylinders, the first thing he does—if the truck has future usefulness—is to have it repaired. He knows that the future saving to be gained by putting it in first-class running condition will more than offset the repair cost.

So it is with out national business machine. If we can spend $5,000,000,000 and make our economic machine operate so that we can turn our national income back toward eighty billions a year, instead of forty, the costs will be more than offset; our Nation will profit forty billions a year.

In short, if by spending five billions we can cause the national machine to increase its income by forty billions, the repayment of the five billions is a minor matter.

The Government's emergency expenditures are moneys spent to promote a bigger national income, and, as in the case of the manufacturer, revenues from the bigger national income have been and will be set aside to amortize the debt.

Most of the expenditures for recovery are already either specifically provided for by taxes or are loans which legitimately must be repaid. For example, the farm-adjustment program is to be paid for by taxes on the processing of farm products. These taxes are now being collected. Farm credits are loans to the farmers, not gifts. The same holds true of advances to home owners, to States and municipalities from Public Works funds, and to banks and insurance companies by the Reconstruction Finance Corporation. The carrying charges on these loans have been provided for through taxes. This is true even of the N.R.A. program, including the $3,300,000,000 Public Works fund.

It will immediately be said that the farmer, the home owner, and the other borrowers cannot repay these loans unless better times come as a consequence of the recovery measures. This is quite true. But from actual figures now

at hand we can see clear indications of a movement toward restoration.

In July of 1932 the Government's deficit was $735,431,219.68. One year later, July 1, 1933, the deficit was only $241,169,913.82—less than a third as much.

This sharp reduction in our deficit is due chiefly to a reduction of about 25 percent in our regular expenditures, income from the beer tax, an increase in revenue taxes, and the fact that the Government was receiving income from special recovery taxes before actual outlays of money for recovery purposes had become great. For example, the farm processing taxes have already yielded approximately $10,000,000.

More important, the increase in revenue can be explained in part by the fact that the national income is greater than it was. This is the very objective we seek, for as national income becomes greater there is a proportionate increase in the Government revenues from which the deficit for emergency measures will be met.

The present administration may be likened to a receivership trying to reorganize a failed business, using what it can of the old methods and injecting new ideas. But when receiverships fail to resuscitate business that business ceases to exist and a new company occupies the old site. That is our present predicament.

If leaders of industry sabotage the program of recovery and saddle the blame on those who are trying to do the job, they will precipitate a tidal wave which may engulf them. They must be made to see that the old order is dead and a new one is being born. We can make the new order, through receivership methods, something we like or one we abhor. But that is our only choice.

Industrialists are not yet making the sacrifices necessary to recovery. There is much yet to be done in bringing order into our affairs, though there is no reason to doubt that we are on the right track.

At any rate, $5,000,000,000 is not a great price to pay for recovery. We cheerfully and without criticism raised some $20,000,000,000 in 2 years to fight a war in 1917–18, and no one ever questioned its repayment.

Yet with five billions—one fourth of the amount spent on war—being paid out to re-create national wealth, give work and contentment to our people, there are those whose chief worry is that we may be bankrupted. This is beside the point. If we are bankrupt it will not be because we spent some billions of dollars but because our measures were unwise. Five billions of dollars is an investment to restore our economic health, and it ought to pay dividends—perhaps within a year—which may give the Treasury a surplus.

To show what I mean, let me project some figures for comparison: The national income for 1928 was eighty-two billions, and the income-tax amounted to 2.2 billions. Let us assume, on the present rate of progress, that the recovery measures will bring us back 50 percent toward the prosperity of 1928—and do this within a year. The national income, then, should increase from forty billions to sixty billions for 1934, and the income-tax yield should rise from 746 millions to 1.1 billions. Actually, when our income was sixty billions, in 1931, the income-tax yielded 1.9 billions. We ought to be able to count on this much, and it is a substantial answer to those who profess so many fears at present.

In addition, immense revenue is expected from liquors, with the repeal of the eighteenth amendment, and from increased customs duties as international trade revives. It would not be extravagant to expect that, with a 50-percent revival, our total revenues might be five billions for the year.

Assume that our total expenditures for extraordinary purposes should add ten billions to the national debt over a 3-year period of recovery, and that our revenues in the first year were four, in the second six, and in the third eight billions. Assume, also, that our ordinary expenses continued at about two and one-half billions. In the first year, then, we should pay off one and one half billions, in the second three and one half billions, and in the third year five and one half billions of the total ten billions. The recovery debt would be paid in 3 years, with a half billion dollars to spare.

Figures like these are conjectural. No one can predict the percentage of recovery to be expected during any given period. But, assuming that the program produces substantial results, such an outcome is not at all fantastic. Our national income fell from eighty-two to sixty billions in 2 years, and to forty billions in 3 years. The fact that it was once as high as eighty-two billions means that we have the resources, the factories, and the man power to produce that much. We have capacities we are not using. These are not lost. All we need is the courage and the intelligence to put them to work. And if we fell off forty billions in 3 years, perhaps we can get it back in the same time.

The recovery plan is one way to get back to prosperity. If it costs ten billions over 3 years to set us on a basis of eighty instead of forty billions of income a year, our effort will have cost us comparatively little. We shall have spent an average of three and three tenths billions a year to gain forty. If you think about the country instead of any individual sacrifice which may be involved, this is worth working for heart and soul.

It is a national effort. Government cannot do it alone. No few industrialists can help enough. The whole country has to go along. If it does, we shall get back to the eighty-billion days in short order. And we shall pay the costs without particular pain to anyone.

THE PLIGHT OF THE DAIRYMEN

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CULKIN. Mr. Speaker, in America dairying is a major industry and its chief product, milk, is absolutely essential to the growth of the young and the welfare of our people. The cow is in fact the foster mother of the human race. Twenty million people within these United States are dependent upon dairying for their livelihood and there are approximately 4,000,000 dairy units in America. The number of cows in America at the present time is approximately 21,000,000, with an aggregate value of approximately $2,000,000,000. The annual output of the dairies of the country is, in round numbers, 125,000,000,000 pounds of milk, valued at over $3,000,000,000. This valuation, of course, includes marketing and labor costs. About one half of this milk is used for fluid consumption in our homes, the balance going into powdered milk, cheese, and butter.

Despite the fact that the output of our dairies is essential to national well-being and that dairying is the only type of farming which conserves soil fertility, there is no agricultural group whose economic condition has been more depressed. There is no farming group whose situation has been more thoroughly exploited by the middleman or whose situation has been so outrageously manhandled by governmental experimentation. The dairymen, as a group, are a taciturn generation. They have not worn a path to the Treasury and have not been on the firing line clamoring for governmental aid. But their situation is no less grievous, and the financial return to the average dairy farmer, throwing into the scale the services of his wife and family, is but $750 per year. The dairy farmer is tied to the soil and his situation cries to heaven for relief.

The situation of the New York State dairyman is typical. His land is being sold for taxes, and while he is making a necessary contribution to the health of the people, he finds himself without sufficient return to live comfortably, free from the stress of poverty. He likewise finds himself unable, as has been his practice for generations, to educate his worth-while child.

May I say that the farmers of New York are more truly farmers in the original sense than those that till the soil, for long before the husbandman tilled the earth for profit men drove their animals from place to place and lived upon their milk. The average resident of the country and a good many Members of the House cannot see New York State in terms of agriculture. If he does think of New York at all, he visualizes Wall Street and does not consider this great army of New York producers. This spirit has

infected the present agricultural administration. Let me say to the House that the dairy cattle of New York State, which numbers 2,120,000, are valued at over $200,000,000. For generations New York State has been well to the top in the production of dairy products. New York State, in fact, pioneered that field. It originated the sanitary production and distribution of milk and laid the basis of the pedigreed herd in America. The people in my district and indeed the thinking people of the country have come to realize that the economic well-being of great sections of the country is up or down, according to the condition of the dairymen.

RELIEF MEASURES HAVE FAILED

In April 1933 we passed the Agricultural Adjustment Act, which included dairy products. I voted for this measure, and it was my hope and belief that out of it would come some amelioration of the dairymen's condition. Over a year has passed since the enactment of this law and the condition of the dairymen under the Agricultural Adjustment Act has been in fact aggravated and further depressed. The distinguished Secretary of Agriculture started out with the theory that the dairymen were in better condition than the wheat, corn, and cotton farmer. In an apologetic and belated program, set forth in a speech made at Madison, Wis., on January 31, 1934, Secretary Wallace, almost a year after the passage of the act, stated that he was now going to take up the question of the dairymen's condition. What a great concession this was! During the year 1933 in various speeches Secretary Wallace was captious and critical when he referred to the dairymen. At times he became even abusive. At the New York State fair in August of 1933 he roundly scored the dairymen for the New York and midwestern milk strikes, which were brought on largely by his do-nothing attitude and his idle vaporings against the organizations which had saved the dairymen from utter destruction.

In his Madison speech he prated about the necessity for organization and then he and his underlings sought to destroy what solidarity the dairymen had achieved. In that same speech he took a leaf from the book of Lenin, the Russian dictator, when he said:

> Any group that looks with favor on strikes as a means of intimidation must realize that the Department of Justice will scrutinize most carefully all strikes which involve interstate commerce and the movement of the United States mail.

Thus these propagandists of the new deal serve notice that they will visit upon the dairymen their wrath if they resort to extreme measures as a means of improving their condition. Nor is that the whole picture. He and his cohorts in the dairying field, in obedience to the Secretary's complex that farm relief has no place except in the midwestern country where the agricultural group is and has been for a long time most vocal, attempt to depress the price of fluid milk in the various eastern and southern milksheds. This is to be the preliminary step in the nationalism of the dairy industry. He and Messrs. Tugwell, Ezekiel, Frank, and Bean, after playing directly into the hands of the distributors by cancelation of the milk licenses and agreements, agree that their first step is to depress the price of fluid milk. This, of course, would increase the profits to the distributor, concerning whose earnings the Secretary stated in his Madison speech of January 1934:

> I have the composite figures on distributors' profits in St. Louis, Chicago, Boston, and Philadelphia for the 5 years ending December 31, 1933. These figures are for distributors handling from two thirds to 90 percent of the milk in these cities. As the Government auditors—not the distributors, of course—figure, the distributors in these four cities took profits during the 5 years as follows: St. Louis distributors averaged 14.6 percent net profit; Boston, 22.5 percent; Chicago, 25.8 percent; Philadelphia, 30.8 percent. In 1933 our auditors' estimates indicate that St. Louis distributors averaged 7.3 percent net profit; Chicago, 10.9 percent; Boston, 16.3 percent; and Philadelphia, 21.7 percent.

Then followed the absurd and fanciful attempt to fix the price of fluid milk in the various sheds based on the fluctuating price of butter in the Chicago market. It was not the intention of that section of the "brain trust" in command of dairying in the A.A.A. to discipline or bring the distributors to terms. Their obvious and initial purpose was to depress the price of fluid milk and tie it up with impossible hypotheses, regardless of transportation costs, the feeding problem, and labor conditions which differ widely in the various milksheds throughout the country.

The A.A.A.'s whole administration of this problem has been characterized by fumbling, uncertainty, and its only tendency was to adopt policies which were oppressive and destructive of the solidarity the dairymen had gained by organization in an effort to obtain a bare living price for their product. The Department at one stage refused to deal with the representatives of the producers, preferring to deal with them en masse. This made it appear that its seeming purpose was to nationalize milk. This gives color to the charge of communism within the Department. It gives color to the charge, as well, that the roots of some of the "brain trusters" reach back into the chain-store organizations, who are the main chislers in the fluid-milk field.

By this time the dairying group of America had become thoroughly aroused to the danger of the situation. They presented their situation to their Representatives in Congress who effected a congressional organization including Members who represented dairying districts. This had the effect of slowing down the "brain trusters" but not until much of the ground that had been gained by the dairymen through cooperative and other organizations had been effectually destroyed. The Department then proposed a new type of agreement to fix the resale price of milk on the ground that it was unconstitutional. These proposed agreements, the effect of which would be to place the destinies of the dairymen in the control of the "brain trust" and other parlor socialists of the A.A.A., have been almost unanimously repudiated by the dairymen of America. The result has been that this vaunted legislation from which so much was expected, after being used as an instrument of oppression and price reduction, was thrown into the discard. Obviously the future of the dairymen, at least during the Wallace regime, must depend upon organization of producers supplemented by such State control boards patterned on the New York State act, recently declared constitutional by the United States Supreme Court.

NO DAIRYING SURPLUS

I am safe in saying that there is no actual surplus in the dairying field in America. I include herewith a table showing the per capita consumption of whole milk per year in the various civilized countries.

Country	Year	Gallons
Finland	1928	83.9
Switzerland	1927	70.4
Sweden	1914	69.7
Norway	1927	56.0
United States	1926	55.3
Canada	1927	51.0
Czechoslovakia	1928	45.8
Austria	1926	45.0
Netherlands	1927	42.7
New Zealand	1927	37.4
Austria	1928	37.1
Great Britain	1922	30.9
Germany	1928	27.3
France	1929	25.0

It is obvious that fluid-milk consumption in America has not begun to reach its peak and that by intelligent stimulation the Department, together with a curbing of the excessive distributors' profits, which have always been treated academically by the Department, would result in greatly increased consumption in America.

It is now stated that the rejection of the program of the A.A.A. was caused by propaganda financed by the distributors. There is, of course, always one black sheep in every flock. There is available, however, a definite poll of the dairying group taken by Hoards Dairyman, a high-class and authoritative dairying publication. I insert herein that portion of the poll which shows the verdict of 4,909 families

on dairy-farm relief. This includes the effect of the N.R.A. on the dairymen:

	Yes	No	Maybe
1. Has the N.R.A.—			
Raised price of things you buy	445	103	86
Raised prices of things you sell	500	3,173	543
2. Mark "yes" or "no" on the following dairy plans as to their possibility of helping you as a farmer:			
(a) The butter fat allotment plan	459	2,070	----------
(b) The Hoard's Dairyman plan	3,214	414	----------
(c) The diseased-cow plan	1,521	1,103	----------
3. Should dairy processing taxes be assessed on basis of—			
(a) A certain number of cents per pound fat on all butter fat produced	558	1,842	----------
(b) A rate per pound fat that would vary according to the price received by producers	1,912	980	----------
4. Should the Federal Government prohibit the manufacture and sale of oleomargarine	3,540	745	----------

BUTTER

The history of the Department's action with reference to butter is an interesting chapter. It is a continued story of the Department's attempt to destroy the solidarity of the dairying group. The "brain trusters" have attempted to drive a wedge between the fluid-milk group and the butter group. Obviously in their attempt to nationalize milk products they intend to destroy them one group at a time. There is and should be no division between the butter and fluid-milk groups. The history of butter purchases and the contract of Secretary Wallace with Mr. John Brandt, of the Land O'Lakes Creamery, is a record of stupidity and broken faith. On the 17th day of August 1933 the Secretary of Agriculture agreed to take $30,000,000 worth of butter off the market. After the purchase of some $11,000,000 worth of butter, and without warning of any sort, this support of the market was withdrawn. Nor was any intelligent publicity given the handling of this situation. The Secretary of Agriculture terminated this procedure on December 16, 1933, with the resulting decline of 7 cents per pound in the price of 92-score butter. The only initiative that the departmental theorists have displayed in this connection has been the attempt to alienate the butter groups from the fluid-milk groups through departmental propaganda that low butter prices result from the higher prices received for fluid milk. I again call the attention of the House to the fact that while the Department is insisting that the fluid-milk group are receiving high prices, they are in fact not in receipt of sufficient income to live comfortably, pay their taxes, and give adequate education to their children. There is an actual underconsumption of butter in America as will be seen by the following table:

[Pirtle, T. R. Supplement to Handbook of Dairy Statistics, Washington, D.C., U.S. Bureau of Agricultural Economics, April 1930]

Country	Year	Pounds per capita
New Zealand	1926-28	34.1
Austria	1928	29.8
Canada	1928	29.3
Finland	1927	20.7
Germany	1928	19.7
Sweden	1926	18.6
United States	1928	17.3
Great Britain	1927	16.0
Switzerland	1928	13.0
Netherlands	1927	12.6

DEPARTMENT ATTITUDE ON CHEESE

Not one thing has been done by the administration with reference to cheese. In his release of August 17, 1933, the Secretary of Agriculture stated that it was the intention to buy enough cheese to improve the present dairy prices. For more than a year not one pound of cheese was bought by the marketing corporation for disbursement through the relief organizations, and the Wisconsin cheese maker saw his market destroyed and no relief in sight. There is likewise an underconsumption of cheese in America, as the following table will establish:

Country	Year	Pounds, per capita
Switzerland	1928	24.0
Netherlands	1923	13.5
Italy	1928	12.1
Norway	1927	10.7
Germany	1928	10.6
France	1925	10.5
Great Britian	1927	10.0
Denmark	1927	10.0
Sweden	1926	8.3
Austria	1926	6.1
New Zealand	1926-28	5.7
United States	1928	4.1
Union of South Africa	1927	4.0
Australia	1928	3.5

COCONUT OIL

Secretary Wallace has openly opposed the imposition of a 5-cent tax on coconut and sesame oils in the Senate. Secretary Wallace is an economic internationalist. His heart bleeds for the Cuban Sugar Trust and the Philippine importer. The Secretary, of course, speaks in terms of international trade. One of the chief sources of butter substitutes is coconut oil compounded from filthy copra. Congress placed a tax on this oil so that it might not, in a spurious and counterfeited form, come in competition with American butter. Secretary Wallace, in his pamphlet entitled "America Must Choose", urges the elimination of the tariff on edible oils, sugar, flax, and wool. The House should remember that none of these items are in the surplus-production group, but the Secretary of Agriculture has declared all of them uneconomic, and has signed their death warrant. The loyalty of this A.A.A. group to the American Constitution has been questioned. I do not go that far, but it is my opinion that these gentlemen are "blue domers", with their heads in the clouds and their feet out of touch with Mother Earth. It is interesting to note that the pamphlet in question is being printed and distributed by several international groups. The Senate cut this tax on coconut oil to 3 cents per pound and directed the return of the receipts to the Philippine government. The House conferees agreed to this provision, and this, so long delayed and so important to the American dairyman, is now a law. The fact remains, however, that Secretary Wallace and the Tugwell-Ezekiel group have shown their hand.

CATTLE AS A BASIC INDUSTRY

H.R. 7478 amends the A.A.A. so as to include cattle as a basic agricultural commodity. This description, of course, includes both beef cattle and milk cows. Under the bill as amended in the Senate and signed by the President, $250,000,000 is authorized for the purpose of giving relief to these groups and it is divided 60 percent and 40 percent. Congress has now appropriated $150,000,000. It will be interesting to see whether it is done equitably or whether certain favorite States which have definitely come into the picture of overproduction recently, get the entire benefit. The dairy industry is fortunate in having Mr. Lauterbach in command of this division. He is a midwesterner, but I am confident that he will make these disbursements from an equitable, national standpoint. I am confident that in his hands the plight of the eastern and southern dairymen will be given just consideration in the disbursement of these funds. We shall await the outcome with interest.

PROHIBITING THE SALE OF OLEO IN AMERICA

I beg leave to call the attention of the House to a bill which I have introduced prohibiting the manufacture and sale of butter substitutes in America. This, in my judgment, would be a noteworthy contribution to the health and well-being of the people of America. The essential parts of the bill are as follows:

Be it enacted, etc., That no person, copartnership, or corporation shall manufacture, import into the United States, transport interstate, or offer, sell, or have in his possession for sale, any oleomargarine, margarine, butterine, or other substitutes for butter, manufactured wholly or in part from any fat other than that of milk or cream.

SEC. 2. That no person, copartnership, or corporation shall manufacture, import into the United States, or sell, offer, expose,

or have in possession for sale, any milk or cream or substitute therefor which contains any fat or oil other than that of milk.

SEC. 3. That no person, copartnership, or corporation shall have upon premises occupied by him or them where any dairy product is treated, manipulated, manufactured, or reworked, any substance that might be used for adulteration of any such product and the presence upon any such premises of any fat or oil capable of being used for such adulteration shall be prima facie proof of intent so to use it.

SEC. 4. Any violation of the foregoing shall be a misdemeanor, and upon conviction of a violation thereof a penalty of not more than 1 year or a fine of $1,000, or both said fine and imprisonment, may be imposed.

This bill is patterned exactly upon the law that has been in effect in Canada for 10 years. To my mind there is nothing so criminal as the business of selling synthetic food to the American people. Chemistry has gone far and vegetable and oleomargarine products are produced in a form identical in taste and appearance with butter. This can be produced at a price which is but a fraction of the cost of producing the real article. Congress in permitting the manufacture and sale of synthetic butter signally fails in its duty to the Nation. The sale of oleo and vegetable margarine is a fraud on the American people. It has no vitamin value and whatever food value it ever had is steamed out of it by the processing. It is a sham and a deception and a substitute. It is a grosser fraud than selling paste diamonds for the real article. For the sale of these butter substitutes not only destroys the dairyman but it is seriously detrimental to the health of the American people, particularly those in tender years.

We will hear in this connection the conventional argument that the people should buy what they please. My judgment is that it is one of the functions of the Government to protect the health of the people from counterfeit foods. A race fed on synthetic food is unfit to bear arms. We should be brave enough to follow the example of Canada in the elimination of these fraudulent substitutes. The opponents of this measure will claim that eliminating this food is a discrimination against the very poor. I am familiar with the school of thought that will present this line of argument. They are a group that from the beginning have exploited the under dog. They are great constitutionalists. The fact is that there never was a time when butter was not cheaper than oleo for the reason that the spread of butter is sufficiently greater to offset the increase in price.

There can be no valid objection to the enactment of this law. Permit me to state that the production of oleomargarine including that produced from vegetable oils and animal fat amounted, in the year 1933, to about 250,000,000 pounds. I annex herewith a table showing the amount and value of products that went into the production of this counterfeit food:

Quantity and wholesale price of coconut oil, cottonseed oil, and animal fats used in oleomargarine manufacture, July 1931 to June 1932

Commodity	Used in manufacture, 1931-32	Wholesale prices 1931-32	Wholesale prices 1933	Estimated value 1931-32 prices [1]
		Cents per pound	*Cents per pound*	
Coconut oil	127,967,000	5.39	4.80	$8,782,000
Cottonseed oil	34,874,000	4.35	[2] 4.56	647,000
Butter	39,000	25.50	21.70	1,000
Neutral lard	10,557,000	7.70	6.90	813,000
Oleo oil	15,315,000	6.70	6.40	1,026,000
Oleo stearin	4,357,000	6.09	5.06	280,000
Oleo stock	641,000			

[1] Estimated value calculated by multiplying wholesale price times quantity used in manufacture.

[2] Average January to October. Prices for November and December not quoted.

It will be seen that the chief beneficiary of this production is the Philippine Islands, concerning whom Secretary Wallace and the administration are so much concerned.

The value of the cottonseed oil used in this production was $647,000. I am creditably advised that the dairymen of America used in the year 1933 approximately $100,000,000 of cottonseed oil products as food for their cows. They are and will continue to be one of the best customers of the cotton grower, provided the dairyman is not destroyed by competition from counterfeit products. It seems to me clear, from the foregoing figures, that the self-interest of the cotton States require that they should join hands with the dairymen in the elimination of this substitute. It can be done by the enactment of the measure I propose. The same reasoning applies to the cattle-producing groups in America. Their total sales in 1933 of products that went into the production or manufacture of oleomargarine amounted to less than $2,000,000. As the result of this unfair competition, the ability of the dairymen to buy meat for his family has been greatly decreased. If the buying power of the dairymen were restored through the elimination of this counterfeit butter, their purchases of meat would be increased, as I am informed, not less than $50,000,000 annually.

I trust the representatives of both the cattle States and those of the cotton-growing States will see the light on this question. They themselves will be among the greatest beneficiaries through the enactment of this legislation. In all the civilized countries of the world butter substitutes have been made a matter of stringent regulation. In the Republic of France butter and oleo cannot be sold on the same premises. In Canada the manufacture and sale of oleo is completely forbidden. But there is another phase of the matter which I desire to bring before you. Four years ago I called the attention of the House to the erroneous belief that there was no possibility of fraud or deceit in the sale of these products. I said then I did not believe that to be true. I called attention to the fact that the first appearance of that murderous parasite, the racketeer, was in the field of foodstuffs. I called attention to the fact that with printing presses handy how simple it would be to relabel the counterfeit product. My fears appear to be well founded. The Palladium-Times of Oswego, N.Y., carried an Associated Press dispatch under date of May 12, 1934, which was as follows:

BARES MILLION-DOLLAR OLEOMARGARINE RACKET

BOSTON, May 12.—A million-dollar racket in which thousands of pounds of oleomargarine was colored and packaged as creamery butter has been uncovered here by Federal agents, Assistant United States Attorney Charles A. Rome revealed today.

Rome said the agents of the Federal Bureau of Pure Foods and Drugs were ready to place before a grand jury the results of their inquiry, showing the racket was operated by counterfeiters and bomb throwers.

Rome said the oleomargarine was shipped legally from Elgin, Ill., taken to a piggery at Stoneham, colored there, repackaged, and sold throughout the East as a high-class creamery product. He said at least 100,000 pounds has been shipped in recent months. A recent raid on a North End cheese factory, Rome said, disclosed a considerable quantity of counterfeit money, guns, and the materials for the manufacture of bombs.

This newspaper article illustrates the case most clearly. So long as this spurious product is permitted to be carried in the shops of America, so long will the temptation be present to do as these Boston racketeers have done. There is no question that a Nation-wide fraud is being committed upon the American people and it is made possible by the presence of this counterfeit product in our stores.

SUPREME COURT DECISION

There is, of course, another way out. A decision by the United States Supreme Court in the A. Magnano Co. against G. W. Hamilton, as attorney general of the State of Washington et al., held that the taxing power of the State on oleomargarine was plenary. If Congress fails in its duty the States should enact legislation taxing this counterfeit product out of existence.

CONCLUSION

Let me say to the dairymen of my own district and State, as well as to those similarly employed in other States, that their destiny must be worked out by home rule exercised through State legislation or by milk agreements within the various milksheds. It is my solemn judgment that the price they will have to pay for bungling, destructive Federal intervention is too great to be considered. New York State has blazed the trail by the enactment of a control act, and this act, which, strange to say, the "brain trusters" regarded as unconstitutional, has been declared valid by the Supreme Court of the United States.

I respectfully urge the dairymen of my district and State to support and aid in the enforcement of this State law. Vigorously and sympathetically enforced, it will eventually give them their place in the economic sun.

This Nation and the rest of the world are now emerging from the depression. The improved conidtions due to this fact, supplemented by aid given by the State law, will, in my opinion, bring the dairymen out of the valley of despond into the economic light of a new day.

PERMISSION TO ADDRESS THE HOUSE

Mr. TERRELL of Texas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TERRELL of Texas. Mr. Speaker, I do not get into the newspapers often, but an article appeared in the Washington Herald this morning bearing the headlines "Representative TERRELL Asks Probe of New Deal."

I did not ask any probe of the new deal and did not say anything like that.

I introduced a resolution providing for an investigation of the commissions, boards, and bureaus of this Government with a view to eliminating some of them to carry out the promises of the Democratic platform. I said nothing about the new deal.

The Democratic platform makes this statement with regard to the matter:

We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of the Federal Government.

Mr. Speaker, I ask unanimous consent to extend my remarks by printing in the RECORD at this point the resolution I referred to.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The resolution referred to follows:

Resolution providing for the appointment of a committee of the House to investigate the various executive and independent offices, commissions, boards, and bureaus, for the purpose of determining whether or not the Constitution authorizes the creation of all these agencies, and whether their work is necessary for the best interests of the people of the United States, and to recommend the repeal of all such agencies as are found to be unauthorized by the Constitution, or to be unnecessary for the best interests of the people of the United States, or to be uneconomical and unnecessary for the administration of the Government of the United States; and

Whereas there have been created and established by acts of Congress a vast number of independent offices, commissions, boards, and bureaus affecting the interest and welfare of the people, sometimes in an adverse manner, at great cost to the taxpayers; and

Whereas it is believed that some of these Government establishments are not authorized by the Constitution, and not necessary for the proper conduct of the Government, and detrimental to the best interests of the people, and inflict unnecessary tax burdens upon them: Now, therefore, be it

Resolved by the House of Representatives of the Seventy-third Congress, That a committee of seven Members of this House be appointed by the Speaker of the House to investigate every agency of the executive department of the Government, including all independent offices, commissions, boards, and bureaus appointed by the President or other executive authority, for the purpose of ascertaining whether or not any of these agencies were created without authority of the Constitution, or whether or not they are necessary for the proper and economical administration of the Government, and are necessary for the best interests and welfare of the people; and be it further

Resolved, That this committee shall sit in Washington, D.C., during the vacation of Congress and make a thorough investigation of the Government agencies referred to above, as to whether the creation of any or all of them is authorized by the Constitution, and whether or not any or all of the work being done by them is necessary for the proper and economical administration of the Government, and whether the people are getting value received for the money expended, and report its findings with recommendations, to the Seventy-fourth Congress, not later than February 1, 1935; and be it further

Resolved, That the said committee is authorized to administer oaths and subpena witnesses, books, and papers affecting any matter they are examining or investigating, and a majority of the committee shall constitute a quorum. The committee is authorized to employ such experts and clerical help as may be necessary for the proper investigation of any department coming under the terms of this resolution, and all governmental agencies included in the terms of this resolution shall furnish such assistance to the committee as may be requested by the committee in the proper discharge of its duties.

The sum of $10,000, or so much thereof as may be necessary, is hereby authorized to be appropriated out of the contingent fund of the House of Representatives to defray the necessary expenses of the committee, and all such expenses shall be paid by voucher signed by the chairman and approved by a majority of the committee.

ELECTION CONTEST—CHANDLER *v.* BURNHAM

Mr. GAVAGAN. Mr. Speaker, I call up a privileged resolution in the matter of the election contest of Chandler against Burnham.

The Clerk read as follows:

House Resolution 386

Resolved, That George Burnham was elected a Representative in the Seventy-third Congress from the Twentieth Congressional District of California and is entitled to a seat as such Representative.

Mr. GAVAGAN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was adopted.

A motion to reconsider was laid on the table.

PRIVATE CALENDAR BILLS

Mr. BLACK. Mr. Speaker, there are several Private Calendar bills with Senate amendments on the Speaker's desk. I do not happen to have the numbers of the bills, but I desire to dispose of them. I desire to move that the House concur in the Senate amendments in the case of all the bills except one introduced by the gentleman from New York [Mr. BLOOM].

I therefore ask unanimous consent that the bills may be reported and acted upon at this time.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. The Clerk will report the bills.

JOHN A. RAPELYE

The Clerk reported the bill (H.R. 211) for the relief of John A. Rapelye, with the Senate amendment, as follows:

Page 1, line 3, strike out "Postmaster General" and insert "Comptroller General of the United States."

The Senate amendment was agreed to.

E. W. GILLESPIE

The Clerk reported the bill (H.R. 328) for the relief of E. W. Gillespie, with the Senate amendment, as follows:

Line 3, strike out "Postmaster General" and insert "Comptroller General of the United States."

The Senate amendment was agreed to.

C. A. DICKSON

The Clerk reported the bill (H.R. 916) for the relief of C. A. Dickson, with Senate amendments, as follows:

Line 3, strike out "Postmaster General" and insert: "Comptroller General of the United States."

Lines 5 and 6, strike out ", and to certify such credit to the Comptroller General."

The Senate amendments were agreed to.

GLENNA F. KELLEY

The Clerk reported the bill (H.R. 1197) for the relief of Glenna F. Kelley, with the following Senate amendment:

Line 3, strike out "Postmaster General" and insert: "Comptroller General of the United States."

The Senate amendment was agreed to.

R. GILBERTSEN

The Clerk reported the bill (H.R. 1211) for the relief of R. Gilbertsen, with the following Senate amendment:

Line 3, strike out "Postmaster General" and insert: "Comptroller General of the United States."

The Senate amendment was agreed to.

MARIE TOENBERG

The Clerk reported the bill (H.R. 1212) for the relief of Marie Toenberg, with the following Senate amendment:

Line 3, strike out "Postmaster General" and insert: "Comptroller General of the United States."

The Senate amendment was agreed to.

B. EDWARD WESTWOOD

The Clerk reported the bill (H.R. 4516), for the relief of B. Edward Westwood, with the following Senate amendment:

Line 3, strike out "Postmaster General" and insert "Comptroller General of the United States."

The Senate amendment was agreed to.

G. C. VANDOVER

The Clerk reported the bill (H.R. 4973), for the relief of G. C. Vandover, with the following Senate amendments:

(1) Page 1, line 4, after "Vandover-" insert: ", out of any money in the Treasury not otherwise appropriated,"

(2) Page 1, line 6, strike out "[. Such sum is in full compensation]."

The Senate amendments were agreed to.

NICOLA VALERIO

The Clerk reported the bill (H.R. 5405), for the relief of Nicola Valerio, with the following Senate amendment:

Page 1, line 6, strike out "$5,000" and insert "$2,500."

The Senate amendment was agreed to.

IRENE BRAND ALPER

The Clerk reported the bill (H.R. 473), for the relief of Irene Brand Alper, with the following Senate amendment:

Page 1, line 4, after "pay", insert "out of any money in the Treasury not otherwise appropriated."

The Senate amendment was agreed to.

LAURA GOLDWATER

Mr. BLACK. Mr. Speaker, I ask unanimous consent to call up the bill (H.R. 4253) for the relief of Laura Goldwater, with a Senate amendment, disagree to the Senate amendment, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. BLACK, RAMSPECK, and GUYER.

PLAYA DE FLOR LAND & IMPROVEMENT CO.

The Clerk reported the bill (H.R. 5284) for the relief of the Playa de Flor Land & Improvement Co., with the following Senate amendment:

Lines 4 and 5, strike out "without intervention of a jury."

The Senate amendment was agreed to.

D. W. TANNER

The Clerk reported the bill (H.R. 4533) for the relief of the widow of D. W. Tanner for expense of purchasing an artificial limb, with the following Senate amendments:

Line 3, after "the", insert "Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the."

Lines 5 and 6, strike out "be reimbursed in the amount" and insert "the sum."

The Senate amendments were agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to speak out of order for a half minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLOOM. Mr. Speaker, I rise at this time to make an announcement that the tickets which have been sent to the Members for the commemorative services next Sunday morning are supposed to be for a seat in the gallery. The Members do not require a ticket to get into the House Chamber that morning. The seats of the Members will be on the floor the same as in the case of other similar services. The ticket which the Member received has a number on the back and entitles a member of your family to a seat in the gallery.

Mr. McFARLANE. How about the children?

Mr. BLOOM. You may turn the ticket over to a child if you wish, but we ask that you bring no children on the floor that morning, because the demand for tickets is so great, and due to the fact that the Senate and the House and the Diplomatic Corps, the Supreme Court, and the Cabinet will be on the floor, there will be very few seats left on the floor. The ticket which you received is for a seat in the gallery.

Mr. HASTINGS. What hour?

Mr. BLOOM. Promptly at 11 o'clock.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 8. An act to add certain lands to the Boise National Forest;

S. 696. An act to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherlands Order of Orange Nassau;

S. 1541. An act for the relief of Mucia Alger;

S. 1807. An act to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.;

S. 1997. An act to compensate Harriet C. Holaday;

S. 2379. An act to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona;

S. 2568. An act granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934; and

S. 3144. An act to legalize a bridge across the St. Louis River at or near Cloquet, Minn.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H.J.Res. 317. Joint resolution requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day, for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette.

RECESS

Mr. BANKHEAD. Mr. Speaker, I move that the House stand in recess until 7:30 p.m.

The motion was agreed to; accordingly (at 3 o'clock and 48 minutes p.m.), in accordance with its previous order, the House stood in recess until 7:30 p.m.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 7:30 p.m.

THE 30-HOUR WORK WEEK BILL

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

Mr. HOPE. Mr. Speaker, reserving the right to object, I shall not object to this request, but I shall object to any further requests of this kind.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SCHULTE. Mr. Speaker, the gentleman from Massachusetts [Mr. CONNERY], the Chairman of the Committee on Labor, received a letter today and, owing to the fact that he is addressing a meeting of the Veterans of Foreign Wars, he finds it impossible to be here this evening. He has asked me to read this letter to the Members of the House:

AMERICAN FEDERATION OF LABOR,
Washington, D.C.

Hon. WILLIAM P. CONNERY, Jr.,
United States House of Representatives,
Washington, D.C.

SIR: Labor throughout the country is calling for the enactment of the Connery 30-hour work-week bill before the present session of Congress adjourns. Working people everywhere are hoping and

trusting that Congress will not fail them or disappoint them. They firmly believe, indeed they are absolutely convinced, that the 30-hour work-week bill offers a real remedy for unemployment.

Because of the deep interest which working people have manifested in this bill, I am writing to ask you to sign the petition presented by Congressman ZIONCHECK, which is on the Clerk's desk, and which provides for the discharge of the Rules Committee from further consideration of the Connery 30-hour work week bill.

I earnestly hope and trust that the friends of labor in the House of Representatives will comply with this request promptly by signing the Zioncheck petition without a moment's delay. The officers and members of the American Federation of Labor and all its affiliated members will be indeed grateful to you if you will comply with this official and personal request.

Thanking you in advance, I beg to remain,

Sincerely yours,

WM. GREEN,
President American Federation of Labor.

I was also told to inform the Members that each Member of the House of Representatives on tomorrow morning will receive an identical letter signed by the president of the American Federation of Labor.

Owing to the chiseling that has gone on in big industry, which has refused to comply with the N.R.A., they find it compulsory at this particular time to see that this 30-hour work week bill is enacted into law.

Mr. GOSS. Will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. GOSS. The gentleman does not mean to say that all industry is not complying with the N.R.A.?

Mr. SCHULTE. I may say to the gentleman that about 55 percent are refusing to comply with the N.R.A. and especially is this true in my district, where they are working men as much as 60 and 70 hours per week, and when the men in these industries complain to the officers, they are told that if they do not behave themselves and keep quiet they will be dismissed from the service of these particular companies.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. ELTSE of California, for an indefinite period, on account of serious illness in his family.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 86. An act for the relief of A. L. Ostrander; to the Committee on Claims.

S. 488. An act for the relief of Norman Beier; to the Committee on Claims.

S. 522. An act for the relief of Patrick J. Sullivan; to the Committee on Military Affairs.

S. 740. An act for the relief of William G. Fulton; to the Committee on Claims.

S. 867. An act to define, regulate, and license real-estate brokers and real-estate salesmen; to create a real-estate commission in the District of Columbia, to protect the public against fraud in real-estate transactions, and for other purposes; to the Committee on the District of Columbia.

S. 1629. An act for the relief of the Southern Products Co.; to the Committee on Claims.

S. 1666. An act to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co.; to the Committee on Claims.

S. 1710. An act to authorize appropriations for the completion of the public high school at Frazer, Mont.; to the Committee on Indian Affairs.

S. 1818. An act for the relief of W. P. Fuller & Co.; to the Committee on Claims.

S. 1822. An act for the relief of Harold Sorenson; to the Committee on Claims.

S. 1825. An act authorizing the Secretary of the Interior to issue patents to the numbered school sections in place, granted to the States by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress; to the Committee on the Public Lands.

S. 1884. An act to prevent the use of Federal official patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends; to the Committee on the Judiciary.

S. 2286. An act to provide funds for cooperation with Joint School District No. 28, Lake and Missoula Counties, Mont., for extension of public-school buildings to be available to Indian children of the Flathead Indian Reservation; to the Committee on Indian Affairs.

S. 2506. An act to provide funds for cooperation with White Swan School District No. 88, Yakima County, Wash., for extension of public-school buildings to be available for Indian children of the Yakima Reservation; to the Committee on Indian Affairs.

S. 2614. An act to authorize the Secretary of the Interior to adjust irrigation charges on projects on Indian reservations, and for other purposes; to the Committee on Indian Affairs.

S. 2872. An act for the relief of Marie Louise Belanger; to the Committee on Claims.

S. 2873. An act for the relief of Stella D. Wickersham; to the Committee on Claims.

S. 2893. An act to provide funds for cooperation with School District No. 27, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children; to the Committee on Indian Affairs.

S. 2938. An act for the relief of Harry L. Reaves; to the Committee on Military Affairs.

S. 3059. An act for relief of Joseph M. Thomas, alias Joseph Thomas, alias Thomas O'Donnell; to the Committee on Military Affairs.

S. 3156. An act for the relief of Mary Angela Moert; to the Committee on Claims.

S. 3192. An act for the relief of Arthur Hansel; to the Committee on Claims.

S. 3248. An act for the relief of J. B. Walker; to the Committee on Claims.

S. 3264. An act for the relief of Muriel Crichton; to the Committee on Claims.

S. 3280. An act to carry out the findings of the Court of Claims in the claim of the Morse Dry Dock and Repair Co.; to the Committee on Claims.

S. 3322. An act to carry out the findings of the Court of Claims in the case of the Union Iron Works; to the Committee on Claims.

S. 3408. An act to provide for a preliminary examination of Cromline Creek in the State of New York, with a view to the control of its floods; to the Committee on Flood Control.

S. 3442. An act to dissolve the Ellen Wilson Memorial Homes; to the Committee on the District of Columbia.

S. 3443. An act to provide for the creation of the Pioneer National Monument in the State of Kentucky, and for other purposes; to the Committee on the Public Lands.

S. 3457. An act to authorize the Secretary of War to sell or dispose of certain surplus real estate of the War Department; to the Committee on Military Affairs.

S. 3487. An act relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes; to the Committee on Banking and Currency.

S.J.Res. 67. Joint resolution directing the Comptroller General to adjust the account between the United States and the State of Connecticut; to the Committee on the Judiciary.

S.J.Res. 91. Joint resolution to supplement the authority of the Federal Trade Commission to obtain information relating to the salaries of officers and directors of certain corporations whose securities are listed on the New York stock exchanges; to the Committee on Interstate and Foreign Commerce.

S.J.Res. 106. Joint resolution authorizing loans to fruit growers for rehabilitation of orchards during the year 1934; to the Committee on Agriculture.

S.J.Res. 108. Joint resolution authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Eloy Alfaro and Jaime Eduardo Alfaro, citizens of Ecuador; to the Committee on Military Affairs.

S.J.Res. 109. Joint resolution authorizing a study by the Bureau of the Census with respect to the cotton stocks held in the United States; to the Committee on the Census.

THE PRIVATE CALENDAR

The SPEAKER. The Clerk will call the first bill on the Private Calendar.

ALBERT H. JACOBSON

Mr. WILCOX. Mr. Speaker, on the last call of the Private Calendar the bills, Calendar Nos. 384, 418, and 454, were objected to. I ask unanimous consent to revert to these bills and take them up in the order named. I am authorized to say that the gentleman who objected when these bills were called, is agreeable to returning to them at this time and taking them up.

The SPEAKER. The gentleman from Florida asks unanimous consent to return to Private Calendar No. 384, the bill (H.R. 2802) for the relief of Albert H. Jacobson.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, does the gentleman propose to take up more than one of those bills that were passed over?

Mr. WILCOX. Yes.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I may say to the gentleman that if we establish this precedent right now of returning to bills instead of taking up the calendar as it is before us and starting with 460, we will not get very far with the calling of the calendar tonight.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. ZIONCHECK. The particular bill that the gentleman is bringing up now is a bill that I asked be passed over without prejudice.

Mr. TRUAX. The gentleman has several bills, I understand.

Mr. ZIONCHECK. There are three bills. The other bills I objected to by inadvertence.

Mr. BLANTON. What is the amount carried in the bill?

Mr. WILCOX. The bill is for $2,000, but the report recommends a reduction in the amount.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the title of the bill.

Mr. BLANCHARD. Mr. Speaker, I reserve the right to object, to ask the author of the bill if he has consulted anyone on this side of the House with respect to these bills.

Mr. WILCOX. I do not believe I have discussed them with any of the Members on that side of the House.

This particular claim is one that arises in this way: Some 3 or 4 years ago Mr. Jacobson was arrested under the national prohibition law by prohibition officers and charged with the illegal transportation of whisky. His automobile was seized and taken charge of by the prohibition officers. He was tried and acquitted of any violation of the law. He went over to get his automobile, only to find that the prohibition officers had been using it as a raiding car and had torn it up.

Mr. BLANCHARD. I withdraw my reservation of objection, Mr. Speaker.

Mr. LESINSKI. Mr. Speaker, I object.

LYMAN D. DRAKE, JR.

Mr. WILCOX. Mr. Speaker, the next bill to which I ask unanimous consent to return is no. 418 on the calendar, the bill (H.R. 4670) for the relief of Lyman D. Drake, Jr.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER. Is there objection to the request of the present consideration of the bill?

Mr. WEIDEMAN. Mr. Speaker, reserving the right to object, I would like to know what this bill is about.

Mr. WILCOX. This is a very meritorious bill, I will say to the gentleman from Michigan, and grows out of an injury to Mr. Drake while an employee of the Isthmian Railroad.

Mr. WEIDEMAN. I withdraw my objection, Mr. Speaker.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Lyman D. Drake, Jr., of Miami, Fla., the sum of $10,000, out of any money in the Treasury not otherwise appropriated, for personal injuries received while in the employ of and working upon the Panama Railroad and in connection with that service and in the employ of the Panama Canal Commission as brakeman upon the Panama Railroad.

With the following committee amendments:

Page 1, line 5, strike out "$10,000" and insert in lieu thereof "$2,500", and in line 10, after the word "railroad", insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INTERNATIONAL ARMS & FUSE CO.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent that the bill H.R. 6241, which was to come up first on the calendar tonight, be passed over and placed at the top of the calendar for the next call of the Private Calendar. It is a jurisdictional bill—to confer jurisdiction on the Court of Claims.

The SPEAKER. Is there objection?

There was no objection.

WALLACE E. ORDWAY

The Clerk called the next bill on the Private Calendar, H.R. 4966, for the relief of Wallace E. Ordway.

The SPEAKER pro tempore (Mr. PARSONS). Is there objection?

Mr. ZIONCHECK. Reserving the right to object, this is a bill sponsored by the gentleman from Oregon [Mr. PIERCE] that was passed over at the last consideration of the calendar on a question of liability. I understand the gentleman from Oregon [Mr. PIERCE] wishes to make a statement as to where the hole was, with reference to the irrigation ditch.

Mr. PIERCE. There was a hole in the pathway outside of the fence on the Government roadway which the child stepped into and then went into the canal and was drowned. There is no question about the water washing the path away leaving the hole. I would like to read from the Senate report, which is more complete than the House report:

STATEMENT OF R. J. KITCHEN

It is rather a peculiar coincidence, but at the time this child was drowned Congressman Sinnott was in Klamath Falls, Oreg., and knew exactly how it happened. I had had several conferences with Congressman Sinnott before he was appointed judge of the Court of Claims and while he was Representative, and he assured me if I was unsuccessful in the suit against Klamath Falls he would use his best efforts in passing a bill in Congress for the relief of my client.

Mr. ZIONCHECK. If the gentleman will read the statement where the hole was, I think it will settle this question.

Mr. PIERCE (reading):

The Government owned a strip 150 feet wide right through part of the town. In the center was the irrigation ditch, fenced in just the part through which the deep canal runs, leaving about 30 or 40 feet on the side where the boy fell in the canal open to the public, and which the public used for automobiles and footpath. The public made a path at the top of the 50-foot embankment and adjoining the wire fence at the edge of the embankment. One not knowing the Government owned the strip outside of what they (the Government) had fenced in would naturally think the city owned it, as it was used generally by autos and pedestrians. At the time of the death of the boy and for a long time prior thereto water had run across the street adjoining the canal and had washed the embankment back so that there was a large hole in the footpath which pedestrians used. A grown person might

have avoided this hole, but a boy of 5 years, not knowing the danger, and not being capable of contributory negligence, would quite likely fall into it.

Mr. GOSS. As I recall, the gentleman from Ohio [Mr. HOLLISTER] objected to the bill and wanted to know whether the hole was on the side of the fence that the Government had jurisdiction of. I take it, from the statement of the gentleman, that that was a fact.

Mr. PIERCE. Absolutely.

Mr. GOSS. I understood the gentleman from Ohio that if he had known that fact he would not have objected to it.

Mr. PIERCE. He has so stated.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to substitute an identical Senate bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 258

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money not otherwise appropriated, the sum of $4,000 to Wallace E. Ordway, of Klamath Falls, Oreg., as administrator. Such sum represents compensation to Wallace E. Ordway in his personal right and as administrator for the death of his son, Harry Ordway, who was drowned September 1, 1927, in the United States Irrigation Canal at Klamath Falls, Oreg.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WILLIAM S. STEWARD

The Clerk called the next bill, H.R. 5122, for the relief of William S. Steward.

The SPEAKER pro tempore (Mr. PARSONS). Is there objection?

Mr. TRUAX. Mr. Speaker, what bills are we considering? Are we not starting with no. 460?

The SPEAKER pro tempore. These are bills passed over temporarily yesterday to be considered before we begin at the star. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That the provisions of the act of Congress approved September 7, 1916, entitled "An act to provide compensation for employees of the United States receiving injuries in the performance of their duties, and for other purposes", are hereby extended to William S. Steward for injuries sustained by him while engaged in work for the Isthmian Canal Commission in 1912, and the Governor of the Panama Canal is authorized to pay said William S. Steward, from and after the passage of this act, such sums as would be due him had his injury occurred subsequent to September 7, 1916, such compensation to be a charge against the employees' compensation fund.

The bill was ordered to be engrossed and read a third time, was read a third time and passed, and a motion to reconsider laid on the table.

ALBERT M. JOHNSON AND WALTER SCOTT

The Clerk called the next bill, H.R. 3726, to grant a patent to Albert M. Johnson and Walter Scott.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Mr. Speaker, I object.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman reserve his objection?

Mr. TRUAX. Yes.

Mr. ZIONCHECK. Mr. Speaker, this is a bill about which yesterday I asked many questions of the gentleman from California [Mr. ENGLEBRIGHT]. Since that time I have talked to the gentleman from Nevada [Mr. SCRUGHAM], and he informs me that this man, Death Valley Scotty, is a real humanitarian and takes care of unfortunates who come along.

Mr. ENGLEBRIGHT. He is a meal ticket for all the bums.

Mr. ZIONCHECK. A meal ticket for all the bums, and when a man is a meal ticket for any unemployed at this time I do not feel I should object to his bill. I withdraw my objection.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Does this involve an appropriation?

Mr. ENGLEBRIGHT. No.

Mr. TRUAX. I withdraw my objection.

The SPEAKER pro tempore. Is there objection?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subject to prior valid existing rights the Secretary of the Interior is hereby authorized to issue a patent to Albert M. Johnson and/or Walter Scott (Death Valley Scotty) for the following-described land in the Death Valley National Monument upon payment therefor at the rate of $1.25 per acre or under any applicable public land law subject, however, to the reservation of such rights-of-way as the said Secretary may determine to be necessary or advisable for use in connection with the administration of said monument, to wit:

Those parts of sections 1, 2, 3, 4, 9, 10, 11, and 12, township 11 south, range 42 east; and those parts of sections 5, 6, and 7, township 11 south, range 43 east, Mount Diablo meridian, California, occupied by Albert M. Johnson and/or Walter Scott in the form of Upper and Lower Grapevine Ranches and marked on the ground by concrete fence posts according to the Roger Wilson survey of 1931 and on file in the General Land Office; also the remainder of the southwest quarter northwest quarter section 10, township 11 south, range 42 east; and south half northwest quarter section 6, township 11 south, range 43 east; containing, in all, approximately 1,500 acres.

With the following committee amendments:

Page 2, line 3, strike out the figure "9."

Page 2, line 12, strike out the word "east;" and insert the word "east."

Page 2, line 13, at the beginning of the line insert "(lots 11 and and 12)."

Page 2, line 15, after the word "acres" strike out the period, insert a colon and the following:

"*Provided*, That such patent shall contain a reservation to the United States of all the minerals the lands may contain, together with the right to prospect for, mine, and remove the same, such minerals to be subject to disposal by the United States only as may be hereafter expressly provided by law."

The committee amendments were agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

FLORENCE OVERLY

The Clerk called the bill (H.R. 872) for the relief of Florence Overly.

The SPEAKER pro tempore. Is there objection?

Mr. LESINSKI. Mr. Speaker, I object.

MASSACHUSETTS BONDING & INSURANCE CO.

The Clerk called the bill (H.R. 4838) for the relief of the Massachusetts Bonding & Insurance Co., a corporation organized and existing under the laws of the State of Massachusetts.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Mr. Speaker, I object.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman withdraw his objection until the gentleman from Massachusetts may make a statement?

Mr. TRUAX. Yes. This bill is for the relief of the Massachusetts Bonding & Insurance Co. I have heretofore objected to all such bills, and I propose to object to this one.

Mr. DOUGLASS. Mr. Speaker, this bill is for reimbursement to the Massachusetts Bonding Co. by the Postmaster General, as the bill will be amended, for the loss of a certain number of postal money orders amounting to $22,216.47. Just let me read a part of the report:

On December 11, 1919, a messenger for Philipborn's, a mail-order house in Chicago, was robbed while taking 4,326 postal money orders, totaling $29,396.37, to the National Bank of the Republic.

Mr. ZIONCHECK. Has this measure cost the Government any money whatever?

Mr. DOUGLASS. None whatever, and the money appropriated here will be taken out of the fund for the postal money orders which have not been paid.

Mr. ZIONCHECK. Is it my understanding that these post-office money orders are all of them over a year old and cannot be cashed now or negotiated?

Mr. DOUGLASS. These money orders cannot be paid. The money has been paid into the Treasury and the Government will lose no money, because they are only giving back to the bonding company money which they paid to the payees of the order.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. DOUGLASS. Yes.

Mr. BLANTON. When a Government bond is lost before the Government makes it good it requires an indemnity bond.

Mr. DOUGLASS. There is an indemnity bond provided in this bill.

Mr. BLANTON. For how much?

Mr. DOUGLASS. Double the amount of the appropriation.

Mr. BLANTON. Is there a provision made for keeping up the premiums upon it?

Mr. DOUGLASS. No. The provision is for a bond to be given by the insurance company to the Government in twice the amount to the money appropriated.

Mr. BLANTON. Unless an indemnity bond is kept alive by payment of the annual premium due each year, it is worthless after one year.

Mr. TRUAX. Mr. Speaker, I demand the regular order.

Mr. BLANTON. Then I object. I am not going to let a $22,000 bill pass without getting a proper understanding about it, so as to safeguard the interest of the Government.

Mr. BLANCHARD. Mr. Speaker, I demand the regular order.

Mr. BLANTON. Mr. Speaker, I object.

DOMINIC FRACAPANE

The Clerk called the next bill, H.R. 5417, to reimburse Dominic Fracapane for injuries sustained in an accident with a Government-owned motor truck.

Mr. ZIONCHECK. Mr. Speaker, I object.

T. BROOKS ALFORD

The Clerk called the next bill, H.R. 5543, for the relief of T. Brooks Alford.

Mr. HOPE. Mr. Speaker, I object.

A. C. MESSLER CO.

The Clerk called the next bill, S. 503, to confer jurisdiction on the Court of Claims to hear and determine the claim of A. C. Messler Co.

Mr. BLANCHARD and Mr. DONDERO objected.

Mr. CONDON. Will the gentlemen withhold their objection?

Mr. BLANCHARD. I will withhold the objection.

Mr. CONDON. The last time this bill was called up——

Mr. TRUAX. Mr. Speaker, a point of inquiry.

The SPEAKER pro tempore (Mr. PARSONS). The gentleman will state it.

Mr. TRUAX. When are we to consider Calendar No. 460?

The SPEAKER pro tempore. As soon as the bills that were arranged for by unanimous consent are completed. A special arrangement was made for the calling of these particular bills.

Mr. ZIONCHECK. And that was by unanimous consent?

The SPEAKER pro tempore. That was by unanimous consent.

Mr. LAMNECK. How do you arrive at 503 on the calendar?

The SPEAKER pro tempore. Arrangement was made for the calling of these bills by unanimous consent.

Mr. ZIONCHECK. And that was yesterday at the close of the call of the Private Calendar.

Mr. CONDON. Mr. Speaker, when this bill was called last time the gentleman from Wisconsin [Mr. BLANCHARD] objected unless he could be given a letter from the War Department stating that they had no objection to this bill being considered. I have a letter from the Secretary of War addressed to Mr. ALLGOOD, Chairman of the Committee on War Claims, in which the War Department interposes no objection, confirming the action of the War Department under the former Secretary of War, Mr. Hurley.

Mr. BLANCHARD. May I say to the gentleman from Rhode Island that the same letter says there is no merit whatsoever to this claim?

Mr. CONDON. That was only an expression on the part of the War Department, and we considered that a year ago. It is just a matter of going to the Court of Claims. I am sure the gentleman said a while ago that if we got this letter from the War Department saying that they would not interpose any objection to going to the Court of Claims, the gentleman would withdraw his objection here.

Mr. BLANCHARD. May I say to the gentleman from Rhode Island that it is a questionable policy to pass the buck to the Court of Claims on bills that apparently otherwise have no merit? I am quite satisfied in my own mind that if we send this to the Court of Claims the Court of Claims will reject the claim, and the United States Government will simply submit itself to some expense that we can avoid right here. That is my reason for objecting to the bill.

Mr. CONDON. If that had been stated in the first place, it would have avoided all this trouble.

Mr. BLANCHARD. Well, there has not been much trouble. We have just confirmed what we did before.

The SPEAKER pro tempore. Is there objection?

Mr. BLANCHARD. Mr. Speaker, I object.

GEORGE A. CARDEN AND ANDERSON T. HERD

The Clerk called the next bill, H.R. 8482, conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd.

Mr. WEIDEMAN. Mr. Speaker, I object.

Mr. DUFFEY. Mr. Speaker, I object.

Mr. BROWNING. Will the gentleman withhold his objection?

Mr. DUFFEY. Mr. Speaker, I object.

Mr. LAMNECK. Mr. Speaker, it seems to me we are losing a lot of time here trying to proceed with business, when there is a certain determination on the part of certain Members to object to all these bills, and I move that we adjourn.

Mr. Speaker, I will withdraw the motion. If we can go ahead and transact business, I am willing to stay here; but if we are going to have a lot of horseplay, I am not in favor of staying here.

Mr. GAMBRILL. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

Mr. HOPE. Mr. Speaker, I object.

Mr. GAMBRILL. Mr. Speaker, it is an important message that I want to convey to the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

Mr. HOPE. Mr. Speaker, reserving the right to object, would the gentleman mind stating upon what subject he desires to address the House?

Mr. GAMBRILL. I have been in poor health for a year, and am forced to conserve my strength in every way possible, but I understand there is a movement on foot tonight to object to every bill sponsored by any Member who has not signed the McLeod petition. If this condition is to prevail, then the Congress of the United States should adjourn until its Members can transact business in an orderly manner, free from prejudice.

Mr. BLANTON. I think so myself; if there is any such movement on foot here in this Chamber, it would be a ridiculous situation, and we ought to adjourn.

Mr. LAMNECK. There is, I may say to the gentleman.

Mr. BLANTON. Then we might just as well adjourn, Mr. Speaker. It is ridiculous for a group of men to enter into an agreement like that. There are some good bills on this calendar that ought to have fair consideration tonight.

Mr. TRUAX. Mr. Speaker, reserving the right to object, we are passing bills here appropriating hundreds of thousands of dollars without anybody knowing just what they are.

Mr. BLANTON. Some of us know all about these bills. The gentleman can stop any of them by one objection.

Mr. TRUAX. I have stopped them. The gentleman from Texas can stop them as well as I.

Mr. BLANTON. I do not stop the good ones, but I do try to stop the bad ones.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. ZIONCHECK. Mr. Speaker, I am one of those who signed the McLeod bill. Whether I shall vote for it or not is another question, and I will not unless it includes relief to depositors in saving-and-loan and building-and-loan associations, although I seriously question the principle involved; but if these obstructive tactics are to prevail I shall withdraw my name from the petition. These private bills should be considered on their separate merits.

Mr. TRUAX. That is the gentleman's privilege. I shall not withdraw my name, nor shall I withdraw my name from the Frazier petition.

Mr. COCHRAN of Missouri. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The regular order is, Is there objection to the present consideration of the bill (H.R. 8482) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd?

Mr. BROWNING rose.

The SPEAKER pro tempore. The gentleman from Tennessee is recognized to make a statement.

Mr. BROWNING. Mr. Speaker, does the gentleman from Michigan intend to object if we press for consideration of this bill this evening?

Mr. LEHR. Yes; I intend to object.

Mr. BROWNING. Will the gentleman object to the bill going over without prejudice?

Mr. LEHR. I want to object, and I understand there are two others who want to object.

Mr. BROWNING. Only one objection is required.

Mr. LEHR. I understand that.

Mr. DUFFEY. Mr. Speaker, I withdraw my objection.

Mr. BROWNING. Is the gentleman from Michigan willing to let the bill go over without prejudice?

Mr. LEHR. Yes.

Mr. BROWNING. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

W. R. M'LEOD

Mr. ZIONCHECK. Mr. Speaker, in order to test the temper of the House, I ask unanimous consent to return to a very, very small bill which was objected to, Private Calendar No. 454, H.R. 5606, for the relief of W. R. McLeod, and ask for its present consideration. This is a bill which involves $200.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington to return to Calendar No. 454?

There was no objection.

The Clerk read the title of the bill.

Mr. BLACK. Mr. Speaker, reserving the right to object, is this the McLeod bill?

Mr. ZIONCHECK. This is a bill for the relief of a man by the name of McLeod, Mr. Speaker; but it is not the McLEOD of Michigan fame.

I have an amendment reducing the amount from $374.02 to $200.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $374.02, and when appropriated the Treasurer of the United States is hereby authorized and directed to pay same to W. R. McLeod, postmaster at Apopka, Fla., to reimburse him in the amount of postal funds stolen from the post office by burglars.

With the following committee amendment:

Page 1, line 9, after the word "burglars", insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: Page 1, line 5, strike out "$374.02" and insert in lieu thereof "$200."

Mr. GOSS. Mr. Speaker, I ask recognition on the amendment and ask unanimous consent to speak out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GOSS. Mr. Speaker, it is evident tonight that some of us, and I am one of them, who signed the McLeod petition are somewhat disappointed at the tactics that have been used in trying to restrict the number of legislative days, but I want to say, in all fairness, that there are bills on this Private Calendar which involve the payment of money to widows, children, and other people. There are many parliamentary ways in which this House can take action on this bill or other petitions, even if some of us do not approve of certain things that have gone on on account of the parliamentary situation.

Mr. KVALE. Will the gentleman yield?

Mr. GOSS. I yield to the gentleman from Minnesota.

Mr. KVALE. Does not the gentleman agree that the individuals involved in these private measures think that those bills for the moment are the most important thing in the world?

Mr. GOSS. I think that is true. Many of them cannot in any way secure relief except to come to this floor and ask it of the Congress. It is perfectly evident that this House can adjourn in 2 minutes if it wants to, but I want to appeal to the Members of the House, out of fairness to these people who cannot get relief in any other way, to please be reasonable and let us go on with the Private Calendar. I do not refer to the real conscientious objections which are made to bills, such as the gentleman from Texas [Mr. BLANTON] makes, but I am trying to appeal to the Members to go on and let us consider these things on their merits, and then we will work out the parliamentary situation. The minority is always protected in this House, if it uses the proper parliamentary procedure. It will not gain us anything to adjourn and then come in here at a later date.

I realize fully what has been done, and I appeal to the Members of the House as one of the signers, not threatening and not willing to take my name off the petition for anything that happens here tonight, to go on and pass these bills that are not objected to.

When the resolution comes in for the House to adjourn, at any time a majority of the House may vote it down; then you will be doing what you want to do for the McLeod bill or any other petition.

Mr. BLANTON. Will the gentleman yield?

Mr. GOSS. I yield to the gentleman from Texas.

Mr. BLANTON. The gentleman knows that most of the business of this House is conducted by unanimous consent.

Mr. GOSS. Yes.

Mr. BLANTON. The gentleman is speaking out of order now by unanimous consent.

Mr. GOSS. I am.

Mr. BLANTON. That was because we permitted him to do so; yet the gentleman criticizes something which at noon was done here by unanimous consent.

Mr. GOSS. I am not criticizing anything.

Mr. BLANTON. The gentleman criticized the action taken here today in adjourning over, which was done by unanimous consent, and the gentleman never stopped it.

Mr. GOSS. I was not here. I was in the Military Affairs Committee.

Mr. BLANTON. It was the gentleman's duty to be here if he wanted to stop a unanimous-consent request. The gentleman is in the minority and he is not responsible for carrying on the administration's program. It is the majority here that is responsible for that.

Mr. GOSS. I am trying to appeal to the majority.

Mr. BLANTON. We are following our able majority leader, the distinguished gentleman from Tennessee [Mr. BYRNS], and we are behind him and supporting him.

Mr. COCHRAN of Missouri. Mr. Speaker, I demand the regular order.

Mr. GOSS. I want the Members to consider these bills this evening.

Mr. BOILEAU. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BOILEAU. Today shortly after 12 o'clock the majority leader asked unanimous consent that when the House adjourns today it adjourn to meet on Thursday of this week, and that when the House adjourns on Thursday it adjourn to meet on Monday of next week. My parliamentary inquiry is this: Is it now in order to move to reconsider the vote by which that unanimous-consent request was secured?

Mr. BLANTON. Why, no; that can be done only by unanimous consent, and that is not a parliamentary inquiry.

Mr. BOILEAU. I am not asking the gentleman from Texas for his opinion.

Mr. BLANTON. Well, I am answering the gentleman.

Mr. BOILEAU. I am not asking the gentleman from Texas to answer the parliamentary inquiry for me.

Mr. BLANTON. The rules of the House do not permit that.

Mr. BOILEAU. I suggest that the gentleman from Texas sit down for awhile.

Mr. BLANTON. Mr. Speaker, I ask for the regular order.

The SPEAKER pro tempore. The regular order is that the gentleman is propounding a parliamentary inquiry.

Mr. BOILEAU. Mr. Speaker, I desire to ask whether it is now in order to move to reconsider the vote by which the House agreed to adjourn from tonight until Thursday and from Thursday until Monday?

Mr. ZIONCHECK. I think a motion to reconsider is in order.

The SPEAKER pro tempore. The Chair thinks that the motion to reconsider might be in order on the same day or the succeeding day, if it were not for the fact that by unanimous consent special arrangements were made for the consideration of the Private Calendar on this particular occasion. Inasmuch as the House met this evening solely for the purpose of considering bills on the Private Calendar the Chair does not believe it would be in order to reconsider that vote at the present time.

Mr. BLANTON. That could be done only by unanimous consent anyway. No such motion would be in order. You cannot change the rules of the House except by unanimous consent.

Mr. BOILEAU. Mr. Speaker, may I be heard further on the point of order?

The SPEAKER pro tempore. The Chair will hear the gentleman further on the point of order.

Mr. BOILEAU. I desire to present this matter for the Speaker's consideration.

Mr. BLANTON. Mr. Speaker, I make the point of order that we have not a quorum. We are not going to waste the time of the House on any ridiculous parliamentary questions of this kind that are so patent to everybody, and I make the point of no quorum.

Mr. BLANCHARD. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. BLANTON. Mr. Speaker, I make the point of no quorum.

The SPEAKER pro tempore. Evidently there is not a quorum present.

Mr. BLACK. Mr. Speaker, I move a call of the House.

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

Mr. BOILEAU. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BOILEAU. The gentleman from Tennessee made a statement in the well of the House which no Member of the House could hear, just as he did at noon when this unanimous consent was granted.

Mr. BYRNS. I resent that.

Mr. BOILEAU. You can resent it if you desire to.

Mr. BYRNS. I turned around at the time, and the gentleman was sitting in front of the gentleman from Minnesota; and I stated my request; and the gentleman is not telling the truth when he says I stated it in that way. [Applause.]

Mr. BOILEAU. The gentleman was standing right where he is now.

Mr. BYRNS. Mr. Speaker, has the Chair ruled that a quorum is not present?

The SPEAKER pro tempore. The Chair has stated that a quorum is not present.

Mr. BYRNS. Then undoubtedly we will have to adjourn or have a call of the House, and I am not willing to ask Members to come from their homes at quarter past 8, and I therefore move that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. BLACK) there were—ayes 65, noes 20.

So the motion was agreed to.

ADJOURNMENT

Accordingly (at 8 o'clock and 15 minutes p.m.) the House, in accordance with its previous order, adjourned to meet on Thursday, May 17, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

473. Under clause 2 of rule XXIV a letter from the past adjutant general of the Grand Army of the Republic, transmitting the journal of the proceedings of the Sixty-seventh National Encampment of the Grand Army of the Republic, held at St. Paul, Minn., September 17 to 23, 1933 (H.Doc. No. 150), was taken from the Speaker's table, referred to the Committee on Military Affairs, and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WILSON: Committee on Flood Control. H.R. 9430. A bill to provide a preliminary examination of the Cowlitz River and its tributaries in the State of Washington, with a view to the control of its floods; without amendment (Rept. No. 1629). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. H.R. 9431. A bill to provide for a preliminary examination of Chehalis River and its tributaries in the State of Washington, with a view to the control of its floods; without amendment (Rept. No. 1630). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. H.R. 9432. A bill to provide a preliminary examination of the Lewis River and its tributaries in the State of Washington, with a view to the control of its floods; without amendment (Rept. No. 1631). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. H.R. 9433. A bill to provide a preliminary examination of Columbia River and its tributaries in the State of Washington, with a view to the control of its flood waters; without amendment

(Rept. No. 1632). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on Labor. House Report No. 1633. A preliminary report pursuant to House Resolution 249. Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Resolution 383. Resolution for the consideration of S. 2347; without amendment (Rept. No. 1634). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Resolution 384. Resolution for the consideration of H.R. 2837; without amendment (Rept. No. 1635). Referred to the House Calendar.

Mr. O'CONNOR: Committee on Rules. House Resolution 381. Resolution for the consideration of H.R. 9322, a bill to provide for the establishment, operation, and maintenance of foreign trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes; with amendment (Rept. No. 1636). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. H.R. 9623. A bill to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges, by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes; with amendment (Rept. No. 1637). Referred to the Committee of the Whole House on the state of the Union.

Mr. COX: Committee on Rules. House Resolution 369. Resolution for the consideration of H.R. 9404; without amendment (Rept. No. 1638). Referred to the House Calendar.

Mr. TERRELL of Texas: Committee on the Post Office and Post Roads. H.R. 9595. A bill to increase the compensation of letter carriers in the village delivery service; with amendment (Rept. No. 1639). Referred to the Committee of the Whole House on the state of the Union.

Mr. BRITTEN: Committee on Naval Affairs. H.R. 7742. A bill for the relief of the present leader of the United States Navy Band; without amendment (Rept. No. 1640). Referred to the Committee of the Whole House on the state of the Union.

Mr. PLUMLEY: Committee on Military Affairs. H.R. 3084. A bill authorizing the sale of portions of the Pueblo lands of San Diego to the city of San Diego, Calif.; without amendment (Rept. No. 1641). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H.R. 9530. A bill granting the consent of Congress to the county of Pierce, a legal subdivision of the State of Washington, to construct, maintain, and operate a toll bridge across Puget Sound, State of Washington, at or near a point commonly known as "The Narrows"; without amendment (Rept. No. 1642). Referred to the House Calendar.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. House Joint Resolution 340. Joint resolution to harmonize the treaties and statutes of the United States with reference to American Samoa; without amendment (Rept. No. 1643). Referred to the House Calendar.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 8346. A bill to provide funds for cooperation with school district no. 17–H, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children; without amendment (Rept. No. 1645). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R.4864. A bill to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash.; without amendment (Rept. No. 1646). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 5747. A bill to authorize appropriations for the completion of the public high school at Frazer, Mont.; with amendment (Rept. No. 1647). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 5946. A bill for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; without amendment (Rept. No. 1648). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 6469. A bill for expenditure of funds for cooperation with the public-school board at Wolf Point, Mont., in the construction or improvement of a public building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; without amendment (Rept. No. 1649). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 7146. A bill to provide funds for cooperation with the school board at Brockton, Mont., in the extension of the public-school building at that place to be available to Indian children of the Fort Peck Indian Reservation; without amendment (Rept. No. 1650). Referred to the Committee of the Whole House on the state of the Union.

Mr. ANDREWS of New York: Committee on Military Affairs. House Joint Resolution 341. Joint resolution authorizing an appropriation for the participation of the United States in the International Celebration at Fort Niagara, N.Y.; with amendment (Rept. No. 1651). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 7361. A bill to provide funds for cooperation with White Swan School District, no. 88, Yakima County, Wash., for extension of public-school buildings to be available for Indian children of the Yakima Reservation; without amendment (Rept. No. 1652). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 7412. A bill to provide funds for cooperation with Marysville school district, no. 325, Snohomish County, Wash., for extension of public-school buildings to be available for Indian children; without amendment (Rept. No. 1653). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 8342. A bill to provide funds for cooperation with school district no. 27, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children; without amendment (Rept. No. 1654). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 8906. A bill to provide funds for cooperation with the public-school board at Covelo, Calif., in the construction of public-school buildings to be available to Indian children of the Round Valley Reservation, Calif.; without amendment (Rept. No. 1655). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H.R. 8954. A bill to amend an act approved June 14, 1932 (47 Stat. 306), entitled "An act granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River"; without amendment (Rept. No. 1656). Referred to the House Calendar.

Mr. ROBINSON: Committee on the Public Lands. H.R. 7653. A bill to establish the Ocmulgee National Park in Bibb County, Ga.; with amendment (Rept. No. 1657). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. THOM: Committee on Claims. H.R. 3849. A bill for the relief of Harbor Springs, Mich.; with amendment (Rept. No. 1614). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H.R. 3986. A bill for the relief of Ernst Nussbaum; without amendment (Rept. No. 1615). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on claims. H.R. 5002. A bill for the relief of Yamato Sesoko; with amendment (Rept. No. 1616). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5401. A bill for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature and other causes; without amendment (Rept. No. 1617). Referred to the Committee of the Whole House.

Mr. THOM: Committee on Claims. H.R. 5537. A bill for the relief of John M. Green; with amendment (Rept. No. 1618). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5644. A bill for the relief of William E. Fossett; with amendment (Rept. No. 1619). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5896. A bill for the relief of Sanford N. Schwartz; with amendment (Rept. No. 1620). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. H.R. 6950. A bill for the relief of Joseph W. Ludlum and the estate of Oliver Keith Ludlum; with amendment (Rept. No. 1621). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 887. An act for the relief of Lucy B. Hertz and J. W. Hertz; without amendment (Rept. No. 1622). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 1585. An act for the relief of the Black Hardware Co.; with amendment (Rept. No. 1623). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 1633. An act for the relief of Emma Fein; without amendment (Rept. No. 1624). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. S. 1804. An act to authorize the transfer of certain real estate by the Secretary of the Treasury to C. F. Colvin in settlement of the Northfield (Minn.) post-office site litigation, and for other purposes; without amendment (Rept. No. 1625). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. S. 1998. An act for the relief of the estate of Martin Flynn; with amendment (Rept. No. 1626). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. S. 2744. An act for the relief of Anna Carroll Taussig; without amendment (Rept. No. 1627). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. S. 3016. An act for the relief of the Dongji Investment Co., Ltd.; without amendment (Rept. No. 1628). Referred to the Committee of the Whole House.

Mr. DARDEN: Committee on Naval Affairs. H.R. 7196. A bill for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.; without amendment (Rept. No. 1644). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOODRUM: A bill (H.R. 9641) granting the consent of Congress to the several States to levy and collect taxes on gasoline and other motor-vehicle fuels in certain instances when sold on United States military and other reservations; to the Committee on Ways and Means.

By Mr. LOZIER: A bill (H.R. 9642) authorizing the Comptroller General of the United States to make an examination of certain claims of the State of Missouri; to the Committee on War Claims.

By Mr. WHITE: A bill (H.R. 9643) to assist and promote the development of the mineral resources located within the national forests of the United States, authorizing the construction of roads by the Secretary of Agriculture for the use of the owners or operators of mining properties, and for other purposes; to the Committee on the Public Lands.

By Mr. BEITER: A bill (H.R. 9644) to authorize the Home Owners' Loan Corporation to finance the modernization, alteration, and repair of buildings; to the Committee on Banking and Currency.

By Mr. CANNON of Missouri: A bill (H.R. 9645) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Washington, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. BIERMANN: A bill (H.R. 9646) to authorize the acquisition of additional land for the Upper Mississippi River Wild Life and Fish Refuge; to the Committee on Agriculture.

By Mr. WERNER: A bill (H.R. 9647) to amend the act entitled "An act creating the Mount Rushmore National Memorial Commission and defining its powers and purposes", approved February 25, 1929, and for other purposes; to the Committee on the Library.

By Mr. LEMKE: A bill (H.R. 9648) to amend an act entitled "The United States Grain Standards Act" approved August 11, 1916, and acts amendatory thereto; to the Committee on Agriculture.

By Mr. CALDWELL: A bill (H.R. 9649) to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to private corporations to aid in constructing and maintaining facilities for the marketing, storing, warehousing, and/or processing of forest products; to the Committee on Banking and Currency.

By Mr. ROBINSON: A bill (H.R. 9650) to facilitate the control of soil erosion and/or flood damage originating upon lands within the exterior boundaries of the Uinta and Wasatch National Forests, Utah; to the Committee on Agriculture.

By Mr. OLIVER of New York: A bill (H.R. 9651) to amend section 233 of the Criminal Code, as amended; to the Committee on the Judiciary.

By Mr. LAMNECK: A bill (H.R. 9652) to provide for apportionment of positions in each Federal land bank according to the population of the States served thereby; to the Committee on Agriculture.

By Mr. BROWN of Michigan: A bill (H.R. 9653) granting the consent of Congress to the State of Michigan, by and through the Mackinac Straits Bridge Authority, its successors and assigns, to construct, maintain, and operate a toll bridge, or series of bridges, across the Straits of Mackinac at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan; to the Committee on Interstate and Foreign Commerce.

By Mr. RAYBURN: A bill (H.R. 9654) to authorize the Department of Commerce to make special statistical studies upon payment of the cost thereof, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WEIDEMAN: A bill (H.R. 9655) to regulate traffic and trade, protect small business houses and industry, promote orderly marketing, encourage individual initiative, decentralize business, and give the consumers the benefit of free competition denied them by chain ownership and operation, holding companies, and interlocking directorates; to the Committee on Ways and Means.

By Mr. BANKHEAD: Resolution (H.Res. 383) for the consideration of S. 2347, an act to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended; to the Committee on Rules.

Also, resolution (H.Res. 384) for the consideration of H.R. 2837, to provide for the establishment of the Everglades

National Park in the State of Florida, and for other purposes; to the Committee on Rules.

By Mr. LUNDEEN: Resolution (H.Res. 385) instructing the House Committee on Labor to make an investigation of the strike situation, and for other purposes; to the Committee on Rules.

By Mr. BUCHANAN: Joint resolution (H.J.Res. 345) to provide funds to enable the Secretary of Agriculture to carry out the purposes of the acts approved April 21, 1934, and April 7, 1934, relating, respectively, to cotton and to cattle and dairy products, and for other purposes; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H.R. 9656) for the relief of Malcolm P. Nash; to the Committee on Naval Affairs.

By Mr. CROSSER of Ohio: A bill (H.R. 9657) for the relief of Louis Finger and Elsie Finger; to the Committee on Claims.

By Mr. KENNEDY of New York: A bill (H.R. 9658) for the relief of Thomas O'Brien; to the Committee on Claims.

By Mr. MALONEY of Connecticut: A bill (H.R. 9659) for the relief of Joseph H. Sheridan; to the Committee on Claims.

By Mr. MITCHELL: A bill (H.R. 9660) for the relief of C. T. Mingle; to the Committee on the Post Office and Post Roads.

By Mr. SCRUGHAM: A bill (H.R. 9661) to authorize the presentation to Orrin W. Davie of a Distinguished-Service Cross; to the Committee on Military Affairs.

By Mr. SADOWSKI: A bill (H.R. 9662) to authorize the award of the Congressional Medal of Honor to Allan Joseph Chamblin; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4645. By Mr. DONDERO: Petition of the Detroit section of the American Society of Civil Engineers, petitioning Congress to remove the barrier to the use of funds under the provisions of the Industrial Recovery Act for the acquisition of any land, right-of-way, or easement, in connection with any railroad grade elimination (separation) project, making it possible for the land takings for the approaches of grade separations to be a part of the cost on which the 30-percent grant may apply in the elimination of railroad grade crossings at dangerous points of congested traffic, etc.; to the Committee on Interstate and Foreign Commerce.

4646. By Mr. GOODWIN: Petition of 19 members of the National Woman's Party and League of Women Voters of New York City and vicinity, urging report on House bill 9240 out of committee; to the Committee on Expenditures in the Executive Departments.

4647. By Mr. JOHNSON of Texas: Memorial of C. M. Thomason, of Kerens, Tex., favoring House bill 9595, to increase salaries of village carriers; to the Committee on the Post Office and Post Roads.

4648. By Mr. MILLARD: Petition signed by members of the Catholic Daughters of America of Harrison, N.Y., urging the passage of Senate bill 3285 and the amendment proposed by Father Harney; to the Committee on Interstate and Foreign Commerce.

4649. By Mr. RUDD: Petition of the Fifth Assembly District Republican Club., Inc., of Queens, Ozone Park, Long Island, N.Y., favoring the Kenney bill, making teachers' oath mandatory, to pledge allegiance to the Constitution of the United States; to the Committee on the Judiciary.

4650. By Mr. WELCH: Petition of citizens of San Francisco, urging passage of bill (H.R. 7902) to grant to Indians living under Federal tutelage the freedom to organize for purposes of self-government and economic enterprise, etc.; to the Committee on Indian Affairs.

4651. By the SPEAKER: Petition of Moss King and others, relative to the protection of American dairymen; to the Committee on Agriculture.

4652. Also, petition of Robert T. Hatt, corresponding secretary of the American Society of Mammalogists, transmitting a resolution of the American Society of Mammalogists, adopted at the sixteenth annual convention held in New York City May 11, 1934, protesting against any legislation removing protection from the sea lions of Alaska; to the Committee on Merchant Marine, Radio, and Fisheries.

4653. Also, petition of the Bergen Federation of the Holy Name Society, urging adoption of the admendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4654. Also, petition of various individuals and organizations of Pottstown, Pa., and other cities, asking adoption of a proposed amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4655. Also, petition of Harold G. Rossell, 4860 North Hermitage Avenue, Chicago, Ill., requesting investigation by the House of Representatives of certain facts and conditions in the administration of justice in the District Court of the United States for the Northern District of Illinois; to the Committee on the Judiciary.

4656. Also, petition of G. W. Martin and others, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on the Merchant Marine, Radio, and Fisheries.

4657. Also, petition of George Servatius, Jr., and approximately 100 other citizens of Utica, N.Y., supporting the proposed amendment to section 301 of Senate bill 2910, relating to equal opportunities over radio systems; to the Committee on Merchant Marine, Radio, and Fisheries.

4658. Also, petition of the Ladies' Catholic Benevolent Association of Webster, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4659. Also, petition of the members of the Sacred Heart Holy Name Society in the town of Lyndhurst, N.J., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4660. Also, petition of Richard L. G. Deverall, 203 Walnut Street, Ridgewood, N.J., and various members of the Ridgewood Catholic Study Group, endorsing a proposed amendment to section 301 of Senate bill 2910 in opposition to radio discrimination; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

WEDNESDAY, MAY 16, 1934

(Legislative day of Thursday, May 10, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Tuesday, May 15, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that Mr. OLIVER of New York was appointed an additional manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The message also announced that the House had passed without amendment the bill (S. 258) for the relief of Wallace E. Ordway.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 3726. An act to grant a patent to Albert M. Johnson and Walter Scott;

H.R. 4670. An act for the relief of Lyman D. Drake, Jr.;

H.R. 5122. An act for the relief of William S. Steward;

H.R. 6803. An act to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes;

H.R. 9068. An act to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy, and for other purposes; and

H.R. 9092. An act to authorize the Secretary of War to lend to the housing committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16- by 80- by 40-foot assembly tents; thirty 11- by 50- by 15-foot hospital-ward tents; 10,000 blankets, olive drab, no. 4; 5,000 canvas cots; 20 field ranges, no. 1; 10 field bake ovens, to be used at the encampment of the United Confederate Veterans, to be held at Chattanooga, Tenn., in June 1934.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Robinson, Ind.
Ashurst	Davis	King	Schall
Austin	Dickinson	Lewis	Shipstead
Bachman	Dill	Logan	Smith
Bailey	Duffy	Lonergan	Steiwer
Bankhead	Erickson	McCarran	Stephens
Barkley	Fess	McGill	Thomas, Okla.
Black	Fletcher	McKellar	Thomas, Utah
Bone	Frazier	McNary	Thompson
Borah	George	Metcalf	Townsend
Brown	Gibson	Murphy	Tydings
Bulkley	Glass	Neely	Vandenberg
Bulow	Goldsborough	Norbeck	Van Nuys
Byrd	Hale	Norris	Wagner
Byrnes	Harrison	Nye	Walcott
Carey	Hastings	O'Mahoney	Walsh
Clark	Hatch	Overton	Wheeler
Connally	Hatfield	Patterson	White
Copeland	Hayden	Pittman	
Costigan	Hebert	Pope	
Couzens	Johnson	Robinson, Ark.	

Mr. LEWIS. I announce that the Senator from California [Mr. McADOO] is absent from the Senate because of illness; that the junior Senator from Arkansas [Mrs. CARAWAY], my colleague the junior Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. GORE], the Senator from Louisiana [Mr. LONG], the Senator from Georgia [Mr. RUSSELL], the Senator from Texas [Mr. SHEPPARD], the Senator from Florida [Mr. TRAMMELL], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Massachusetts [Mr. COOLIDGE] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

Mr. HEBERT. I desire to announce that the senior Senator from Pennsylvania [Mr. REED], the senior Senator from New Jersey [Mr. KEAN], the junior Senator from New Jersey [Mr. BARBOUR], the Senator from Kansas [Mr. CAPPER], and the Senator from Wisconsin [Mr. LA FOLLETTE] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

CENTENNIAL ANNIVERSARY OF THE DEATH OF GENERAL LA FAYETTE—COMMITTEE ON ARRANGEMENTS

The VICE PRESIDENT. Pursuant to House Concurrent Resolution 37, the Chair appoints the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. ROBINSON], the Senator from Kentucky [Mr. BARKLEY], the Senator from Ohio [Mr. FESS], and the Senator from New Jersey [Mr. KEAN] as the members, on the part of the Senate, of the joint committee to arrange a program for the joint session of the two Houses on Sunday, May 20, 1934, in commemoration of the one hundredth anniversary of the death of the Marquis de La Fayette.

PRESERVATION OF PRESENT SUPREME COURT CHAMBER—PETITION

Mr. COPELAND presented a resolution adopted by the board of directors of the New York County (N.Y.) Lawyers' Association, favoring the adoption of Senate Resolution No. 193 (submitted by Mr. ROBINSON of Arkansas), authorizing that the room now occupied by the United States Supreme Court be preserved and kept open to the public, which was ordered to lie on the table.

RELIEF OF MINERS IN ARIZONA

Mr. ASHURST presented the following communication in the nature of a petition, which was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

MIAMI, ARIZ., *May 7, 1934.*

Hon. HENRY F. ASHURST,
Washington, D.C.

DEAR SENATOR: In response to a growing feeling of dissatisfaction and indignation that has been developing throughout this State for months, and with the hope that the unfair methods of conducting the operations of the Federal Emergency Relief Administration in this State, may be corrected, so that the starving thousands throughout the State depending solely upon Public Welfare for their subsistence may be adequately provided for, we are making a last appeal to you as one of our representatives in the Congress to aid us in remedying this deplorable situation.

There are hereto attached several memoranda depicting our correspondence with the various agencies, State, regional, and national, who are responsible for our well-being. To you, as Chairman of the Senate Judiciary Committee, we are submitting the evidence as to whether or not this is a last appeal. In glancing through our correspondence with the various agencies you will note that we have been repeatedly sidetracked by them all. We have been denied the right of every free-born American to a fair and just hearing of our case. The charges which we sent to the Honorable Harry L. Hopkins, which we are sending on to you, were referred by Mr. Hopkins back to our State Welfare Board. We now have the extraordinary situation of the accused passing upon his own convicting evidence.

Throughout all our correspondence we believe that our demands have been fair and just. At no time have we threatened mob violence, but have scrupulously conformed to the spirit of N.R.A. in attempting to bargain collectively through representatives of our choosing with the personages who have our livelihood in their hands. This they have repeatedly failed to do as you can readily see from the correspondence. We have no quarrel with any of these men as individuals or with the industrial concerns they represent, but we maintain that it is unfair to those men and to us to have them pass judgment on what amount is necessary to keep a human being alive when they are fully aware that their corporations and their own personal incomes may eventually bear the cost of this depression through higher taxation.

Under the present set-up of the E.R.A. in Arizona, a single man is allowed $7.50 a month; a married man with no children is given $17.50 a month; a married man with one child, $21 a month; two children, $21 a month; three children, $21 a month in cash and a supplementary grocery order of $2. Twenty-one dollars in cash is the limit given any one family, but the amount of supplementary groceries ranges from $2 to $9, according to the number of dependents over three. Formerly they allowed us to purchase our groceries through a commissary under which we were able to purchase from 20 to 25 percent more foodstuffs than if we had purchased them from private concerns. Now we are no longer able to do so, but must go to private concerns to do our buying, where we are also compelled to pay the sales tax on all our purchases. In order to get this meager allotment, we are compelled to work on highways several miles away from the community, with the resulting wear and tear on shoes and clothing and with the maximum income set at $21 a month cash, how are the workers going to replace their wearing apparel? We are opposed to the dole, but we do demand an adequate standard of living which we certainly are not getting now.

We appeal to you, Senator ASHURST, to demand that the existing conditions set forth in this letter be rectified immediately, and we further request after careful deliberation that you place the following resolution before the Congress of the United States, and petition that said resolution be printed in the CONGRESSIONAL RECORD; and

Whereas the Senate of the United States has seen fit to deny Senator HENRY F. ASHURST'S plea for an adequate copper tariff to protect the starving copper miners of this country and their destitute families, thereby denying them the right to make their own independent living: Be it

Resolved, That we demand of Congress that they enact legislation giving the starving miners and their families a living with some semblance of decent American standards.

Very truly yours,

F. A. CULBERTSON,
President.
FLOYD F. McBRIDE,
Secretary.
[SEAL]
ORVILLE LARSON,
R. J. BOBBA,
THOMAS G. CARBAJAL,
R. T. McMILLEN,
HOWARD SPROUSE,
E.R.A. and Welfare Committee.

REPORTS OF COMMITTEES

Mr. HEBERT, from the Committee on the Judiciary, to which was referred the bill (S. 2255) to regulate the defense of alibi in criminal cases, reported it with an amendment and submitted a report (No. 1014) thereon.

Mr. STEIWER, from the Committee on Indian Affairs, to which was referred the bill (S. 3517) authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles, reported it without amendment and submitted a report (No. 1015) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3541) to authorize production credit associations to make loans to oyster planters, reported it without amendment and submitted a report (No. 1016) thereon.

Mr. WALSH, from the Committee on Finance, to which was referred the bill (H.R. 3768) to change the name of the retail liquor dealers' stamp tax in the case of retail drug stores or pharmacies, reported it without amendment and submitted a report (No. 1017) thereon.

ENROLLED BILLS PRESENTED

Mr. LONERGAN, from the Committee on Enrolled Bills, reported that on the 15th instant that committee presented to the President of the United States the following enrolled bills:

S. 8. An act to add certain lands to the Boise National Forest;

S. 696. An act to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau;

S. 1541. An act for the relief of Mucia Alger;

S. 1807. An act to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.;

S. 1997. An act to compensate Harriet C. Holaday;

S. 2379. An act to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona;

S. 2568. An act granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934; and

S. 3144. An act to legalize a bridge across the St. Louis River at or near Cloquet, Minn.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DICKINSON:

A bill (S. 3621) for the relief of Alva A. Murphy; to the Committee on Claims.

By Mr. VANDENBERG:

A bill (S. 3622) granting a pension to Margaret Saunders; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 3623) authorizing the introduction in evidence in criminal cases of testimony taken at a preliminary hearing, and for other purposes; to the Committee on the Judiciary.

By Mr. THOMPSON:

A bill (S. 3624) for the relief of the State of Nebraska; to the Committee on Claims.

A bill (S. 3625) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; to the Committee on Commerce.

By Mr. FRAZIER:

A bill (S. 3626) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement; to the Committee on Indian Affairs.

By Mr. HATCH:

A bill (S. 3627) for the relief of Felix Griego; to the Committee on Military Affairs.

By Mr. DUFFY:

A bill (S. 3628) to amend section 114 of the Judicial Code to provide for terms of District Court for the Western District of Wisconsin to be held at Wausau, Wis., and for other purposes; to the Committee on the Judiciary.

By Mr. NYE:

A joint resolution (S.J.Res. 122) directing the Federal Trade Commission to investigate and report to Congress facts relating to manufacture, sale, or distribution of agricultural implements and machinery; ordered to lie on the table.

CHANGES OF REFERENCE

On motion of Mr. TYDINGS, the Committee on Banking and Currency was discharged from the further consideration of the bill (S. 3530) relating to Philippine currency reserves on deposit in the United States, and it was referred to the Committee on Territories and Insular Affairs.

Mr. DUFFY. Mr. President, I ask that the Committee on Military Affairs may be discharged from the further consideration of the bill (H.R. 7982) to establish a national military park at the battlefield of Monocacy, Md., and that it be referred to the Committee on Public Lands and Surveys. An identical Senate bill was previously so referred.

The VICE PRESIDENT. Without objection, it is so ordered.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H.R. 3726. An act to grant a patent to Albert M. Johnson and Walter Scott; to the Committee on Public Lands and Surveys.

H.R. 9092. An act to authorize the Secretary of War to lend to the housing committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16- by 80- by 40-foot assembly tents; thirty 11- by 50- by 15-foot hospital-ward tents; 10,000 blankets, olive drab, no. 4; 5,000 canvas cots; 20 field ranges, no. 1; 10 field bake ovens, to be used at the encampment of the United Confederate Veterans, to be held at Chattanooga, Tenn., in June 1934; to the Committee on Military Affairs.

H.R. 4670. An act for the relief of Lyman D. Drake, Jr.; and

H.R. 5122. An act for the relief of William S. Steward; to the Committee on Claims.

H.R. 6803. An act to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes; and

H.R. 9068. An act to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes; to the Committee on Naval Affairs.

RECIPROCAL TARIFF AGREEMENTS—AMENDMENT

Mr. HEBERT submitted an amendment intended to be proposed by him to the bill (H.R. 8687) to amend the Tariff Act of 1930, which was ordered to lie on the table and to be printed.

AMENDMENT PERTAINING TO PERMANENT APPROPRIATIONS

Mr. HAYDEN submitted an amendment intended to be proposed by him to the bill (H.R. 9410) providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed.

ELECTION OF PRESIDENT AND VICE PRESIDENT—AMENDMENT TO CONSTITUTION

Mr. O'MAHONEY submitted two amendments intended to be proposed by him to the joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and

Vice President of the United States, which were ordered to lie on the table and to be printed.

REGULATION OF TRAFFIC IN FOOD AND DRUGS—AMENDMENT

Mr. STEPHENS submitted an amendment intended to be proposed by him to the bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes, which was ordered to lie on the table and to be printed.

FEDERAL TRADE COMMISSION REPORTS TO N.R.A.

Mr. NYE. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S.Res. 240) was read, considered, and agreed to, as follows:

Resolved, That the Federal Trade Commission be, and it is hereby, directed, under the authority of "An act to create a Federal Trade Commission", to send to the Senate copies of correspondence with and reports made to the National Industrial Recovery Administration by the Federal Trade Commission in response to requests made for such reports.

GRAVELLY POINT AIRPORT, DISTRICT OF COLUMBIA

Mr. GIBSON. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial published in the Washington Post of May 11, 1934, with respect to the Gravelly Point airport in the District of Columbia.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post of May 11, 1934]

DELAY ON THE AIRPORT

Emphatic reendorsement of Gravelly Point as a site for Washington's permanent airport seems to have been the chief result of a conference between civic leaders and Department of Commerce officials on Wednesday. A resolution adopted after a protracted discussion calls for immediate hearings on the Gibson bill, which would authorize development of the Gravelly Point site. In view of this strong backing that measure appears to offer the most practical approach to the problem.

A committee of Senators was named several weeks ago to study the Gibson bill. Apparently it has remained inactive only because its members are busy with other legislative matters. In the meantime, however, the need for a modern airport here has become more critical. Two additional airlines will soon begin using Washington Airport, which is notoriously inadequate and hazardous. The local airport problem thus takes on the nature of an emergency.

While the Gibson bill is principally concerned with the construction of a permanent airport at Gravelly Point, it would also authorize improvement of the air terminal now in use. Military Road, which cuts through Washington Airport, menacing motorists as well as airplane passengers, could be removed and temporary extension of the field would be possible. In this way the worst hazards of flying in Washington might be removed while a permanent airport is being constructed.

Since the airport situation here has been extensively studied and an increasing majority of the bodies interested in the orderly development of the Capital City is leaning toward the Gravelly Point site, there seems to be no justification for further delay in Congress. The very fact that several years may be required to build the contemplated terminal makes action during the present session more urgent.

UNEMPLOYMENT AND RELIEF

Mr. COSTIGAN. Mr. President, recently, by request of the joint committee on unemployment, an informal hearing was held on unemployment and relief in the Senate Office Building in this city at which social-welfare experts were invited to submit the latest data available on this vital subject. The meeting was approved or attended by the Senators from New Mexico [Mr. CUTTING], Wisconsin [Mr. LA FOLLETTE], and New York [Mr. WAGNER], together with Representative CONNERY, of Massachusetts, Chairman of the House Committee on Labor, Representative LUNDEEN, of Wisconsin, and myself. It would appear desirable—and I ask unanimous consent—to preserve in the CONGRESSIONAL RECORD the summary of the testimony presented on that occasion.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

At the hearing on unemployment and relief held at Washington, D.C., April 21, 1934, at the reequest of the joint committee on unemployment, testimony was presented, in part, as follows:

Harry L. Lurie, director the Jewish Bureau for Social Research of New York:

"The standard of living of millions of unemployed in the United States and their dependents has been drastically reduced. The purchasing power of the unemployed which was derived from Federal aid through relief or work—and for a large proportion of the unemployed this relief constituted the sole income—was reduced between January and April of this year by approximately 70 percent.

"The number receiving relief derived from Federal funds is increasing according to recent reports. In November 1933, previous to the Civil Works program, 3,357,000 families were on relief; in April 1934 relief families totaled 4,700,000."

Dr. Sidney E. Goldstein, of New York, chairman executive committee, joint committee on unemployment:

"In New York City there are at least 1,000,000 men and women out of work whole time, and in the State of New York about 1,750,000.

"The number of families still destitute and dependent in New York City is about 300,000, and in the State about 500,000. The standard of assistance in both relief and work relief in New York State, while higher than last year, is still too low to maintain families upon a decent level of life. The average allowance is about $40 per month, which is not sufficient for rent, nourishing food, proper clothing, and other items, such as light, heat, and medical care."

Miss Rose M. Stein, secretary the League for Social Justice, of Pittsburgh:

"There are at present 1,000,000 unemployed in Pennsylvania, or 1 out of every 4 normally employed. Close to one half of these are on relief rolls.

"There are 450,000 relief cases embracing 1,400,000 persons. Relief grants average about $5.30 a month per person. The State provides no shelter. That is, no rents are paid. Where a person is faced with actual eviction, a month's rent is paid out of private welfare funds. This is paid in a new location and the client starts all over again the system of avoiding the constable or sheriff.

"This rate of relief is responsible for approximately 50-percent malnutrition among children in industrial communities. Scores of cases are reported of a run-down condition acquired in the course of an inadequate diet provided by relief rations."

Dr. W. G. Bergman, former secretary the mayor's unemployment committee in Detroit:

"Despite Detroit's most prosperous month in 4 years, there are nearly 27,000 families on the rolls of the department of public welfare in Wayne County (Detroit and vicinity), and 16,000 ex-C.W.A. workers who have applied for relief are still awaiting investigation.

"Nowhere else in the State is there evidence of decreased employment. Some 350,000 families are unemployed, and of them 120,000 families are receiving public aid. This load is expected to increase to a maximum of 150,000 in the next 2 months, according to the State emergency relief administrator. This increase is due to the sudden stoppage of the C.W.A. program. The cessation of C.W.A. has caused Michigan's relief budget to drop from $8,500,000 to $4,500,000, most of which comes from the Federal Government. The average monthly budget from the State is now $30, although in some cities food allowances are as low as 8 cents per day per individual. Probably 50,000 individuals are permanently unemployable under the present industrial set-up in Michigan."

Glenford W. Lawrence, Chicago Commons, Chicago, Ill.:

"In the first 2 weeks of April 1934 the increase in case loads in Cook County has been 13,000, or 24 percent, and the only reason it has not been larger is because the intake department could not interview any more clients, is the testimony of the head of the Unemployment Relief Service, Cook County (Chicago).

"Nonfamily men, to the number of 18,000 to 20,000, are being cared for at an expense of 14½ cents per day, while the statistician for the Illinois Emergency Relief Commission states that the April needs were $2,000,000 over his estimate for this month. The administrator of the Illinois Relief Commission estimates there are 700,000 unemployed men in Chicago and about 1,250,000 in the State. The average relief per family was $22.43 for the whole State during February, and $32.40 in Cook County. Some counties had spent less than $4 on relief, while some counties spent $10. Comparing these figures with the C.W.A. salaries, we find that the average for the State during the high point of C.W.A. was $18.83 per week as against $5.77 average for relief. For Cook County the average of C.W.A. workers was $21.20 per week, while the relief average was only $7.85."

John Davis, executive secretary the joint committee on national recovery, comprising 22 national organizations interested in the place of the Negro in the recovery program:

"In 1930, there were five and one half million Negro citizens gainfully employed, representing 11.3 percent of the total working population. Of this number, about 2,000,000 were engaged in agriculture, another million in industries or trades which come under the jurisdiction of the National Recovery Administration, and about one and one half million were employed as personal servants and household employees. Out of every 200 workers in the country, 23 are Negro; and of these 23, 9 are agricultural workers, 6 industrial, 6 domestic, and the other 2 teachers, ministers, doctors, lawyers, or other professionals. Although Negro families were only 9.4 percent of all families in the country in 1930, 18.4 percent of all families listed on relief rolls in October

1933, were Negro, the total number being 575,923. In countless rural areas of the South the issuance of relief to Negroes is unheard of. In southern industrial centers, the Negro family is not eligible to relief if any member of the family is working.

"In addition to utterly destitute families in October, there were hundreds of thousands of other Negro families whose income per family does not exceed $5 a week."

Mr. Davis stated that Negro farmers are discriminated against in getting loans, and the Negro share-croppers in most cases never saw the checks due them, since these checks were made payable to the landowners, who retained them. He added, "Because landowners no longer need large numbers of farm hands, they are cruelly ordering them off the plantation, although under the contract they agreed not to reduce the number of their tenants."

Howard Kester, of Nashville, Tenn., sent the following statement:

"Unemployment conditions are so bad that apparently publicity is being suppressed. Through private, but responsible channels, I have secured some information of importance. The liquidation of the C.W.A. has immeasurably intensified suffering of a large part of the population of the State, and relief rolls have greatly swollen. In Memphis and Shelby County those on relief rose from 6,000 families in February, to 12,000 families in March, not including 500 transient families and 3,000 single men, all together approximating one sixth of the population. Chattanooga and Hamilton County reports rise from 3,048 in February, to 6,000 families in March, totaling 26,707 persons. Knoxville and Knox County, 8,361 families on direct relief in March.

"Nashville has nearly three times as many on relief in March 1934, as a year ago. Other cities and counties report corresponding conditions. F.E.R.A. reports indicate there are more than 30,000 families on relief in the counties where the four largest cities are located. Farmers are in desperate circumstances. While the cost of living has advanced, their farm products have decreased in value. One rural county reports 60 percent of population on relief now. Violation of code wages, share-the-work, share-the-pay envelop movement, increase in the cost of living, disbanding of C.W.A., are slowly bringing chaos and hopelessness. Knoxville, Nashville, and Memphis case workers report numerous instances of families living from garbage cans. The situation is desperate. F.E.R.A. absolutely inadequate. I regret my own inability to be present, but sincerely hope you can get the Federal Government to greatly enlarge its program of relief."

FEDERAL REVENUES

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have printed in the RECORD an editorial published in the New York Times of May 16, 1934, relating to the subject of Federal revenues. The editorial is brief, but it contains information of interest to Senators. It discloses that there has been a large increase in revenues during the present fiscal year as compared with the same period of the last fiscal year.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times of May 16, 1934]

FEDERAL REVENUES

One of the encouraging signs of the times is the steady gain in Federal revenues. Treasury receipts thus far in the current fiscal year amount to $2,622,000,000, compared with $1,716,000,000 in the same period a year ago and with $1,692,000,000 in 1931–32. This year's account, to be sure, is padded by the inclusion of one extraneous item: About $300,000,000 derived from taxes imposed on the processing of wheat, cotton, tobacco, etc., under the various crop-curtailment programs of the A.A.A. This is not properly a Government revenue, since it is earmarked for distribution to farmers, and the Treasury collects it for that purpose. But even after this sum is deducted from gross receipts, the Government's income is 35 percent above the figure for last year and nearly 40 percent in excess of that for 1931–32.

With one exception all of the main divisions of the Treasury's revenue show a gain. The exception is the "miscellaneous" group, which includes as its principal item payments on the war debts. The amount received this year from foreign governments is only $20,000,000, compared with nearly $100,000,000 last year and with more than $200,000,000 in the year before the Hoover moratorium. But the falling off of revenue from this source has not upset the administration's plans. In the Budget estimates submitted to Congress in January the Treasury estimated $20,000,000 as the amount which would be paid, adding in a footnote that if more was received, so much the better.

All the other and more important revenues show improvement. Customs receipts have increased from $215,000,000 last year to $279,000,000, reflecting the greater activity in foreign trade. The yield of income taxes has advanced from $589,000,000 to $613,000,000. But by far the greatest gain has been made in the case of internal-revenue taxes, which, bringing in $1,280,000,000 this year compared with $705,000,000 a year ago, have increased their yield by no less than 80 percent. This is the first time since 1922, and only the fourth time in the history of the country, that receipts from internal-revenue taxes have passed the billion-dollar mark. The highly favorable showing is due partly to the new liquor taxes and partly to the greater yield of those imposed on the sale of motor cars and other industrial products.

ELECTION OF PRESIDENT AND VICE PRESIDENT—AMENDMENT TO CONSTITUTION

Mr. NORRIS. Mr. President, I move that the Senate proceed to the consideration of the joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and Vice President of the United States.

The motion was agreed to; and the Senate proceeded to the consideration of the joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States, providing for the popular election of President and Vice President of the United States, which had been reported from the Committee on the Judiciary with amendments.

The VICE PRESIDENT. Does the Senator from Nebraska desire the joint resolution read?

Mr. NORRIS. No.

Mr. McNARY. Mr. President, I ask that the joint resolution be read.

Mr. NORRIS. Very well. Let the joint resolution be read.

The VICE PRESIDENT. The clerk will read the joint resolution.

The Chief Clerk read the joint resolution, as proposed to be amended by the Committee on the Judiciary, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (*two thirds of each House concurring therein*), That the following be proposed as an amendment to the Constitution of the United States, which shall be valid as a part of said Constitution when ratified by the legislatures of three fourths of the States, to wit:

"The Executive power shall be vested in a President of the United States of America. He shall hold his office during the term of 4 years and, together with the Vice President, chosen for the same term, be elected as follows: The choice of each State for President and Vice President shall be determined at a general election of the qualified electors of such State. The time of such election shall be the same throughout the United States, and unless the Congress shall by law appoint a different time such election shall be held on the first Tuesday after the first Monday in November in the year preceding the expiration of the regular term of the President and Vice President. The electors in each State shall vote directly for President and Vice President, and the laws of such State which apply to the canvassing of votes for chief executive of the State shall apply to the votes cast for President and Vice President. The laws of the State providing for the placing of the names of candidates for the office of chief executive of such State, including the names of independent candidates, upon the official ballot, if any is provided by the laws of the State, shall apply to the names of candidates, including independent candidates, for the office of President and Vice President. Each State shall be entitled to as many votes for President and Vice President as the whole number of Senators and Representatives to which the State is entitled in Congress. Each State shall certify and transmit, sealed, to the seat of the Government of the United States, directed to the President of the Senate, the result of said election. Such certificate shall contain distinct lists of all persons for whom votes were cast for President and for Vice President, the number of votes for each, and the total votes of the State cast for all candidates for President and for all candidates for Vice President. The President of the Senate shall, at a joint session of the Senate and House of Representatives, open all the certificates, and the votes shall then be counted. The person having the greatest number of votes cast for President in any State shall be credited with all the Presidential votes for President to which said State is entitled. The person having the greatest number of Presidential votes for President shall be the President, if such number is 35 percent or more of the total Presidential votes cast for President. The foregoing provisions shall apply to the election of Vice President, but no person constitutionally ineligible to the office of President shall be eligible to that of Vice President.

SEC. 2. If two or more persons shall have an equal and the highest number of votes cast for President, or if no person shall have received 35 percent of the total Presidential votes, then from the persons having the highest numbers of Presidential votes not exceeding three on the list of those voted for as President the House of Representatives shall choose immediately by ballot the President. If said list of three cannot be ascertained because of two or more persons having received an equal number of votes, then said list shall be increased accordingly. In choosing the President, the votes shall be taken by States, the representation from each State having 1 vote. A quorum for this purpose shall consist of a Member or Members from two thirds of the States, and a majority of such quorum shall be necessary to a choice.

If two or more persons shall have an equal and the highest number of votes cast for Vice President, or if no person shall have received 35 percent of the total votes cast for Vice President, then from the persons having the highest numbers of votes cast for Vice President not exceeding two on the list of those voted for as Vice President, the Senate shall choose the Vice President. If said list of two cannot be ascertained because of two or more

persons having received an equal number of votes, then said list shall be increased accordingly.

SEC. 3. Congress may by law provide what procedure shall be followed and the method of obtaining a decision in case there shall be more than one certificate of Presidential votes from any State, or in case of any other dispute or controversy that may arise in the counting and the canvassing of the Presidential votes by said joint session of the Senate and House of Representatives.

SEC. 4. Paragraphs 1, 2, and 3 of section 1, article II of the Constitution, and the twelfth amendment to the Constitution are hereby repealed.

Mr. NORRIS. Mr. President, the effect of this proposed constitutional amendment, if it shall be adopted as proposed to be amended by the Judiciary Committee, will be to provide for direct voting in all the States for President and Vice President. The amendment provides that the names of candidates for President and Vice President shall be placed on the official ballot, if the State provides for one, just as the names of candidates for chief executive of the State shall be placed upon the official ballot. The amendment provides for the certification of the vote in the same way that the vote is now certified, excepting that the officials of the State certify the vote directly for President instead of for electors. The counting is done in the same way. In other words, the attempt is to change the existing Constitution as little as possible.

I have heard statements and have read articles in newspapers to the effect that this amendment is intended to give a political advantage to some political party. I have heard the charge made that it is a Republican measure, and I have heard the charge made that it is a Democratic measure. The truth is that there is absolutely no politics in the amendment. There is no advantage to either party.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Maryland.

Mr. TYDINGS. I do not want to interrupt the Senator; but I was called out of the Chamber while the proposed amendment was being read and did not follow it closely.

The electors are eliminated, of course, and the vote is tabulated by States.

Mr. NORRIS. Yes.

Mr. TYDINGS. Will each State then have the present number of votes? For example, will Maryland have 8 votes?

Mr. NORRIS. If she has 8 votes now, she will have 8 votes then.

Mr. TYDINGS. In other words, the system we now have will remain, except that the cumbersome machinery of the electors will be eliminated?

Mr. NORRIS. Exactly.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. NORRIS. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I wish to call to the Senator's attention the language near the top of page 3:

Such certificate shall contain distinct lists of all persons for whom votes were cast for President and for Vice President, the number of votes for each, and the total votes of the State cast for all candidates for President and for all candidates for Vice President. The President of the Senate shall, at a joint session of the Senate and House of Representatives, open all the certificates, and the votes shall then be counted.

The point to which I wish to direct the Senator's attention pertains to the mechanics of the provision rather than to its merits. It seems to me that the word "votes" is used in two different senses in this paragraph. In the first place it apparently refers to the ballots of the individual electors in the election. In the second place the term "votes" is used in a different sense.

I am wondering if the Senator from Nebraska has given thought to that aspect of the matter. Manifestly it is not the intention of the provision to require a counting of the ballots.

Mr. NORRIS. No.

Mr. ROBINSON of Arkansas. So it occurs to me that the language should be clarified somewhat. I am merely calling the Senator's attention to it so that, if the language is not clear, it may be clarified.

Mr. NORRIS. Mr. President, it is true that there are two kinds of votes here, and the committee had some difficulty with that phase of the amendment. I think, however, we have reached a conclusion which makes it perfectly plain. There are votes of individual electors at the election, where they vote for candidates for President and Vice President. Then, as the Senator from Maryland [Mr. TYDINGS] said awhile ago, the State has a certain number of votes. Maryland, for example, has eight votes. Those votes are different from the votes of the individuals who vote at the election. We have undertaken to call the votes of the State Presidential votes. The State has 8 votes, but the number of votes cast in the State may be two or three hundred thousand. They are individual votes.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. LOGAN. The purpose of requiring a certification of the aggregate of the votes cast for the different candidates is merely statistical, and has nothing to do with the counting of the votes by Congress other than that it is the duty of Congress to determine for whom the Presidential votes shall be counted from the results certified in the States, as I understand.

Mr. NORRIS. Yes.

Mr. LOGAN. For instance, in the case of Nebraska there may be five or six candidates for President, but the one receiving the plurality in the State receives all the votes of Nebraska; so when the votes are counted, as referred to by the Senator from Arkansas, the Congress simply determines which of the candidates received the plurality, and then counts the Presidential votes in accordance therewith in determining the result of the Presidential election.

Mr. ROBINSON of Arkansas. Mr. President, I understand perfectly the intention of the provision; but the point I am making is that there is an ambiguity in the sense that the word "votes" is used with two different meanings in the same paragraph. I am suggesting that the word "votes" where last used should be qualified in some way so as to make clear that it refers to the votes of the States rather than the votes of the electors.

Mr. NORRIS. I see the point the Senator is making. If it is not clear, and it is desired to make it clearer in the place to which the Senator has called attention, it is very easy to put in the word "Presidential" before the word "votes" in that instance. They are the only kind of votes that the Congress counts. We must distinguish between the votes of the States and the votes of the individuals.

Mr. ROBINSON of Arkansas. Yes.

Mr. NORRIS. I think the meaning is clear as it is, although I should welcome anything that would help clarify it.

Mr. TYDINGS and Mr. COSTIGAN addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Maryland.

Mr. TYDINGS. Mr. President, in reading over this amendment casually, I notice that the votes for President are to be counted, and the votes for Vice President are to be counted.

Mr. NORRIS. Yes.

Mr. TYDINGS. I do not know what the system is in all States. I suppose it is the same; but I recall that in Maryland at the last election, for example, at the top of the ballot were the names "Roosevelt and Garner" and under them the names "Hoover and Curtis." Would we still be able to put on the ballot the names of the candidates for President and Vice President so that one vote would count for both of them, or would they be in separate columns?

Mr. NORRIS. I should think they would be in separate columns. They would be arranged the same as the names of candidates for Governor and Lieutenant Governor, for instance; but such matters would be arranged by the States.

Mr. TYDINGS. If the Senator will yield further, I was about to observe that I am in sympathy with the amendment, but I believe it would be wise to retain the feature of the old system; which gives the voter a chance to vote, for instance, for Roosevelt and Garner, on the one hand, and for Hoover and Curtis, on the other hand. It might so happen at some time, in a close election, that the President would be selected from one party, and the Vice President

from the other party. While that would not be a catastrophe——

Mr. NORRIS. According to my political philosophy, it would be a blessing.

Mr. TYDINGS. I feel that the presence of conditions such as existed, for example, at the time of the last Presidential election causes a distinct philosophy to be involved, and the election might be very close.

Mr. NORRIS. Oh, yes.

Mr. TYDINGS. And I realize that it might happen that many people would vote only for the head of the ticket, and would not bother about the other candidates, although they might be more or less in sympathy with the philosophy of the party of the candidate for whom the vote was cast. We want the people's desires to be reflected; and therefore I feel that if the names of the candidates of one party for President and Vice President could appear in one block, it would be wiser than to separate them, and have a citizen vote for a Democrat in one case and for a Republican in the other, although such a procedure may have some advantages.

Mr. LOGAN. Mr. President——

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. LOGAN. Does not the amendment, as proposed, specifically provide that the manner of placing the names on the ballots shall be determined by the legislature of the particular State?

Mr. NORRIS. Yes; it does.

Mr. COSTIGAN. Mr. President——

Mr. NORRIS. I yield to the Senator from Colorado.

Mr. COSTIGAN. In listening to this informal discussion, I have been impressed with the view that the suggestion of the senior Senator from Arkansas [Mr. ROBINSON] might be achieved if the last words on line 8, page 3, were to read, in substance, as follows:

> And the total number of Presidential and Vice Presidential votes shall then be tabulated.

Mr. NORRIS. That might be an improvement.

Mr. ROBINSON of Arkansas. I think that would meet the suggestion made by me.

Mr. NORRIS. I will say to the Senator that the language in the proposed amendment including the word "counted" is the language of the present Constitution.

Mr. ROBINSON of Arkansas. Yes; but, if I may call the Senator's attention to it, in the original Constitution the word "votes" is not used in a different sense in two paragraphs.

Mr. NORRIS. No; that is true.

Mr. TYDINGS. Mr. President——

Mr. NORRIS. I yield again to the Senator from Maryland.

Mr. TYDINGS. In order to elicit the sentiment of the Senate, will the Senator be so kind, if he can do so readily, as to tell me how I may offer an amendment to his proposal which will make it possible for the voter to vote, say, for Roosevelt and Garner in one block and for Hoover and Curtis in the other, rather than for Roosevelt and Curtis, for example?

Mr. NORRIS. I had not thought of that. I think, perhaps, the Senator will find upon looking through the amendment a suitable place to offer an amendment of that kind. Personally, I should be very much opposed to such an amendment, although I do not think it is really involved in this proposal. I think the Senator from Kentucky [Mr. LOGAN] has answered the suggestion fully when he says the States can do as they please about the matter. They can do so at the present time. A State now can provide for a separate vote for President and a separate vote for Vice President, with only one exception—that under the present provision of the Constitution the Vice President and the President cannot both be voted for if they come from the same State.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. TYDINGS. I understand from the Senator from Kentucky that the system of placing names on the ballot in Kentucky is different from that in Maryland. In order that I may make my position quite plain, I desire to recount briefly to the Senator how the ballot is constructed in Maryland.

First, there are the names of Roosevelt and Garner. Then there is a block opposite those names. Then under that are the names of the eight electors who are running on that ticket, with a block opposite the name of each.

Then under that there would be, for instance, the names of Hoover and Curtis, and a block opposite those names, and then the names of eight electors underneath them.

Under our system, as the names are placed on the ballot, a man is denied the right to vote for Mr. Roosevelt on the one hand and Mr. Curtis on the other for the respective offices. I concede that he might want to do that and have no choice, of course.

Mr. NORRIS. If the Senator will let me interrupt him there, so far as I know under our present system there is not any State that allows or can allow a man to vote for a candidate on one ticket for President and a candidate on a different ticket for Vice President, because the vote is not cast for the President and the Vice President. It is the elector who is voted for. It would be necessary to get an elector who would announce to the people, "If I am elected, I am going to vote for the Democratic candidate for President and the Republican candidate for Vice President", or vice versa. That would be entirely impractical.

Mr. TYDINGS. I can appreciate that. But, instead of having the voter mark his ballot once for President and once for Vice President, it seemed to me that if he could vote for HALE and FESS, for example, for President and Vice President, the one vote would be sufficient.

Mr. NORRIS. Mr. President, I want to go a little further before I take up suggested amendments, and, in a general way, explain what I think, and especially what the Committee on the Judiciary think, is important in the consideration of the proposed constitutional amendment.

I think practically everyone agrees that the electoral college is like a fifth wheel to a wagon. It is useless, and everybody wants to get rid of it. When we seek to get rid of it, we encounter a great many difficulties; for instance, we have encountered one this morning.

There are those who believe that allowing a State like New York, for instance, with many electors, to cast its vote without giving any credit to any of the minority, is an unfair way of selecting a President. The model way, would be, I concede—and this joint resolution as first introduced so provided—to provide that when a State certifies its vote to Congress, it shall certify the vote for each Presidential candidate, and that in counting the votes we shall give to the State as a whole the number of votes to which it is entitled, but divide the whole number in proportion to the number of votes cast in the selection for the various candidates.

Thus, if a man in New York, a candidate for President, should get a million votes, and his opponent should get just a few votes below a million, the one having the million would get all the electoral votes of the State. That would still be true under the proposed amendment, as the committee has amended it. As it was proposed, it would have divided the vote. There would be almost a tie in a case like the one cited. But the committee, after a great deal of discussion, concluded, I think with practical unanimity, that it would be unwise to permit a proportional vote to be cast according to the number of votes that a candidate received in a particular State.

I myself became convinced that to permit the division of the vote of a State between different candidates in proportion to the total vote in a Presidential contest would be injurious in the end. While I believe that is a sound position; that in theory it is perfect; and that we ought to have such a system; in the first place, we could not get it adopted because, in my judgment, the States would never ratify it, and that was also the judgment of the committee. In the next place, it would be a very great inducement to fraud all over the country.

Every fraudulent vote that was put into a ballot box in Philadelphia would be counted in the selection of a President

of the United States, whereas under present conditions its effect stops with the State of Pennsylvania. If a State is one-sided in an election, as that State usually is, in the final result there would be no harm, but everywhere in the United States, if the proportional voting system were adopted, as this proposed amendment originally provided, there would be an inducement to have cast as many fraudulent votes as possible. The great majority of localities in the United States are opposed to anything of that kind, and do not permit such illegal voting, but there are a few places scattered over the United States where, everybody knows, elections are usually corrupt, and there would be no way of preventing such places from selecting a President for the remainder of the country, where people would not participate in a dishonorable method of voting.

We have here a new provision, and I want to lay it before the Senate. It is not fundamental, but I am in favor of it, and the committee is in favor of it. But I think no one is so much in favor of it that he desires to put anything in the amendment that will affect the chances of approval when it goes before the States for ratification.

We provide in the proposed amendment that when the votes are counted at the joint session, if a candidate for President having the highest number among the Presidential candidates shall receive 35 percent or more of the total vote, he shall be declared elected. Under the present Constitution, where the electors vote, one candidate must have a majority of all the votes, and if no one has a majority, the election of President is thrown into the House of Representatives and the election of a Vice President is thrown into the Senate. In the House the President must be selected from the three highest on the list, and it does not follow by any means that the one finally selected by the House has received 35 percent of the votes. He may have received a very much less percentage. So the contingency where a man can be elected President who has 35 percent only of the votes arises only where, if there were not the 35-percent provision, we might get into a very much worse dilemma. The committee frankly wanted to keep the election of President out of the House of Representatives, and keep the election of Vice President out of the Senate, if we possibly could. So we have that 35-percent provision in the proposed amendment.

If either the Senate or the House does not like that provision, I have on my desk and am prepared to offer the necessary amendments, three of them, which would eliminate the 35-percent provision, and provide, as it is now, that there must be a majority.

After all, in most of the States—and there are very few exceptions, I think—if a candidate for Governor gets a plurality of 1, he is elected. He may be a minority candidate; there may be half a dozen other candidates, but the successful candidate has to have only one more than the next highest. He is a minority candidate, and he is elected Governor. That has worked, so far as I know, with perfect satisfaction. The proposed amendment goes a little further than that. The successful candidate must have at least 35 percent of the votes.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. TYDINGS. Referring again to the subject we discussed a moment ago, is it the Senator's understanding of this measure that the names of all candidates for President would be put down in one column and the names of all candidates for Vice President in another column?

Mr. NORRIS. Oh, no; that is not my understanding. I think the State would arrange the ballot as it desired. The Governor and Lieutenant Governor of a State are comparable to the President and Vice President of the United States, and I do not know of any State that provides by law that the names of candidates for Governor shall be in one column and the names of candidates for Lieutenant Governor in another, although there could be that kind of a law.

Mr. TYDINGS. I think they do so provide.

Mr. NORRIS. They may do so.

Mr. TYDINGS. We do not have a Lieutenant Governor in Maryland, but it is my recollection that in States where there is a Lieutenant Governor, the names for all candidates for Governor are in one general block, to be voted for by 1 vote, and the names of all candidates for Lieutenant Governor are in another block.

Mr. NORRIS. I did not understand the Senator. I understood the Senator to say they were in different columns.

Mr. TYDINGS. I mean in separate blocks.

Mr. NORRIS. If we use the piece of paper I have in my hand as a ballot, the names of three candidates for Governor, we will say, will be set out up here [indicating]. The next office on the list would probably be that of Lieutenant Governor, and that would come here [indicating]. I think most of the ballots are so prepared now, although they do not have to be.

Mr. TYDINGS. If that would be the result under the Senator's amendment, I should like to offer an amendment which would result in the President and Vice President being voted upon by a single cross mark, so that the vote would be for Hoover and Curtis, or for Roosevelt and Garner, for instance. But I should not want to vote for an amendment which would put the Presidential candidates all together, and then, under them, in a separate block, all the Vice-Presidential candidates. If the Senator feels that that is what would happen under his amendment, I should like to have time to prepare an amendment to that particular phase of the joint resolution.

Mr. NORRIS. I think that would happen.

Mr. TYDINGS. I cannot do it hurriedly, because I should not want to tamper with the Constitution without having any proposed amendment absolutely correct.

Mr. NORRIS. I should be very glad to have the Senator from Maryland offer his amendment. I have no objection to testing the sentiment of the Senate on it.

Mr. TYDINGS. I cannot now offer the amendment, but if the Senator would let the matter go over until tomorrow I should be very glad to work on the amendment this afternoon, and have it ready to present to the Senate the first thing tomorrow morning.

Mr. NORRIS. Very well. Suppose we go on with the joint resolution now.

Mr. TYDINGS. I shall try to have the amendment ready today.

Mr. NORRIS. I shall try to help the Senator as much as I can.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Does the Senator from Nebraska yield to the Senator from Wyoming?

Mr. NORRIS. I yield.

Mr. O'MAHONEY. I should like to call the Senator's attention to the language on page 4, line 7, and the language on page 4, line 25. Apparently it is the intention to provide that the choice for President in the case covered by section 2 shall be from the persons having the three highest number of votes, but the choice of Vice President shall be from the persons having the two highest numbers of votes.

Mr. NORRIS. That is right.

Mr. O'MAHONEY. Would not that have the effect of making it practically certain that in such a case the President and Vice President would belong to different parties?

Mr. NORRIS. No; I think it would not.

Mr. O'MAHONEY. The choice of President is from the three highest, and the choice of Vice President is from the two highest.

Mr. NORRIS. Did the Senator know that we have had that situation existing for over 100 years? We have it now. It has not resulted in the way the Senator suggests. We have had that situation ever since we have had the Constitution.

Mr. O'MAHONEY. That is true so far as the Constitution is concerned, but now when we are changing it and are trying to accommodate ourselves to the development by which the President and Vice President are actually chosen by the people rather than by the electors, it seems to me that we ought to seize the opportunity to make the method uniform.

Mr. NORRIS. How would the Senator suggest making it uniform?

Mr. O'MAHONEY. By making the choice from the three highest in each instance. May I also call the attention of the Senator to the fact that the language on page 4, line 7, "not exceeding three", seems to modify the word "votes", instead of the word "persons", as no doubt the Senator intended.

Mr. NORRIS. The language is:

> The persons having the highest numbers of Presidential votes not exceeding three on the list of those voted for as President—

Mr. O'MAHONEY. Grammatically, the phrase "not exceeding three" modifies the word "votes", and, of course, it is intended that it should modify the word "persons." May I not suggest to the Senator that it should be amended to read "then from the three persons having the highest numbers of votes"?

Mr. NORRIS. I think the Senator will find, if he looks at the Constitution, that here we have followed the language of the present Constitution.

Mr. O'MAHONEY. I do not have the language of the Constitution before me, but as a matter of grammatical construction the phrase "not exceeding three" modifies the word "votes", instead of the word "persons", which it should modify.

Mr. NORRIS. That language, I think, is copied from the present constitutional provision.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. FESS. I think the Senator from Wyoming is confusing the exceptional cases with the general election. This provision applies only where the people fail to register a choice and where the election is thrown into the House of Representatives, which is not likely to occur very often. It has only occurred twice in our country's history. I think that is a fair conclusion.

I desire to ask the Senator from Nebraska a question, if it will not interfere with his discussion of the joint resolution. I have not had a chance to study it. It has not been called to my attention until today. Will the proposed constitutional amendment in its operation have the effect of removing the possibility, which now exists, of having the popular vote go one way and the State vote another?

Mr. NORRIS. No. I am sorry to say to the Senator that that is a defect which will still exist, and the only way we could avoid that would be to vote down the amendments and pass the joint resolution as I originally introduced it. That would remedy the situation referred to. But, as I said, I think we might as well face the proposition that with respect to that question we would be running up against an impossibility.

Mr. FESS. I agree with the Senator that the electoral college is a fifth wheel. I think probably it has worked better, however, in failing to operate in accordance with the original plan than if it had been operative the way the Fathers meant, so that the electorate would use their own judgment. I think the blessing has been in the failure of its operation rather than operating the way originally planned.

Mr. NORRIS. I think so, too, I will say to the Senator from Ohio.

Mr. FESS. It has always appealed to me that the one objectionable feature in the present system lies in the possibility of the electoral vote going one way and the popular vote going the other way. I wonder whether that could be cured. As I understand, the amendment will not destroy the State as a unit in voting?

Mr. NORRIS. No; it will not.

Mr. FESS. We will still have the electoral vote?

Mr. NORRIS. We will still have the electoral vote, with all its evils.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. ROBINSON of Arkansas. The only way I know of by which that could be done would be to provide that the candidate receiving the highest number of votes in all the States should be declared elected. That would wipe out State lines. That would have to be done. Of course, the difficulty which at once suggests itself in that particular is that the fraudulent practices which would occur in some localities would be calculated to create discontent, and result in contests which might be interminable.

Mr. NORRIS. Yes; I think so.

Mr. FESS. And would inject the Federal authority in every State.

Mr. ROBINSON of Arkansas. Yes.

Mr. FESS. I am not convinced that the old method we have, as it now operates, is not a pretty good plan.

Mr. NORRIS. So far as that particular point is concerned, this amendment would not change it. It would operate the same way. In other words, the State is the unit. If we were going to apply the same rule to the counting of the result here in Washington as is applied in all the States, we would have a much simpler method than even this joint resolution proposes, because we would just let the man who had the most votes be the President, as is done in the States with respect to the State officers. If it were undertaken to make a rule which would be proportional, and divide the Presidential vote of a State up in proportion to the votes cast in the State, we should then have one rule applying to a national election and a different rule applying to State elections, in which officials are elected by a majority of the votes cast.

Mr. ROBINSON of Arkansas. I take it that the primary purpose of this joint resolution is to change the method of electing the President and Vice President so that the electors shall vote directly for the candidates rather than for Presidential electors who, when chosen, vote for the candidates. That is the primary purpose?

Mr. NORRIS. Yes.

Mr. President, what I am about to say will probably not appeal to some Senators, but to me, and I think to the people of the country, it does appeal. I have seen in my own life several contests in the leading political parties over the Presidential issue, when each party was controlled, probably, by special interests. How much do the rank and file have to do with the nomination of a President? They sometimes do have something to do with it and accomplish it, I concede. But too often a national convention is operated behind the scenes, and the result is when we come to elections that the people who vote have a choice between two evils, and nothing else.

It is impractical, although it could be done in theory, under our system for a new party or an independent candidate or set of candidates to make any headway within the time after the national conventions meet and the election. It is too expensive. They would have to organize in every State in the Union by the division of the States into districts where they would elect Presidential electors. One could not within the time allowed be very successful in creating an organization which would be effective and sufficient. So the people abide by the choice of the national conventions, and the national conventions have often been manipulated, as everyone knows, by people and political machines having special interests at stake, and that go to national conventions in order to get what they want. If they can control two national conventions they can then go fishing and let the people fight it out on a false issue, and that sometimes happens.

I presume every State in connection with the election of a Governor provides for the method by which an independent candidate for Governor may run without going to any great expense. If it were possible to do the same thing in a national election it would put political parties on guard, they knowing that if they should fail to carry out what the people reasonably expect, then both their candidates would, perhaps, be defeated.

Mr. O'MAHONEY. Mr. President, I ask the Senator from Nebraska if I may now recur to the question of grammar?

The PRESIDING OFFICER. Does the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. O'MAHONEY. The Senator from Nebraska stated that he was under the impression that the language appearing in the resolution on page 4, line 7, was copied from the present provision of the Constitution. I now have that provision before me. It reads:

> And if no person have such majority, then from the persons having the highest numbers not exceeding three.

That language in the Constitution is, of course, perfectly grammatical, but the language of the resolution now before the Senate reads:

> From the persons having the highest numbers of Presidential votes not exceeding three.

So the phrase "not exceeding three", as I before stated, modifies the word "votes", and not the word "persons", as was intended——

Mr. NORRIS. Yes.

Mr. O'MAHONEY. Whereas in the Constitution itself the phrase is grammatical and modifies the word "numbers."

That is true also with respect to the present provision of the Constitution for the selection of a Vice President.

The language of the twelfth amendment to the Constitution reads:

> Then from the two highest numbers on the list, the Senate shall choose the Vice President.

And in the original Constitution as it was adopted before the adoption of the twelfth amendment the language was:

> And if no person have a majority, then from the five highest on the list the said House shall in like manner choose the President—

And so forth.

Mr. NORRIS. What change would the Senator suggest?

Mr. O'MAHONEY. My suggestion is that the language in line 6 be changed to read as follows:

> Then from the three persons having the highest numbers of Presidential votes.

Mr. NORRIS. And the Senator also suggests striking out the words "not exceeding three" in the other place?

Mr. O'MAHONEY. I suggest that the words "not exceeding three" be stricken out, or that the word "three" be inserted before the word "highest."

Mr. NORRIS. Very well; I have no objection to that. I think that would clarify it.

Mr. O'MAHONEY. And a similar amendment should be made on line 25.

Mr. NORRIS. I wish the Senator would prepare his amendments and present them.

Mr. O'MAHONEY. I shall be very glad to do so.

Mr. NORRIS. So far as I am concerned, I shall not object to the amendments.

Section 3 proposes to so graft onto the Constitution an authority which perhaps it now has but which is at least doubtful. Where there is a contest in the joint session as between more than one set of certificates coming from a State, if when the electoral collage or the joint session meets to count the votes it should be found that in one State or a number of States there were several sets of candidates, each purporting to be the legal one, the proposed amendment would give Congress the right to pass a law at any time it pleases to provide a method by which any such disagreement may be settled. Such a condition at one time confronted us with a very serious danger, and it is likely to do so again.

Mr. President, I am anxious to hear from Senators about the 35-percent provision. I have been criticized somewhat, as the committee has, for putting it in. There is some objection to it on the part of some. While I believe in it, and like it as it is now, I want to strike it out if it is going to endanger the success of this amendment, because it is not material. It lessens the possibility of something going wrong when the election is thrown into the House of Representatives. I think every Member of the Senate realizes that we ought to let the people settle such a controversy, if we can do so.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. NORRIS. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Before passing to the important questions involved in the joint resolution, I note that on line 12, page 4, and again on line 5, page 5, the word "accordingly" is used in a sense that is not quite clear to me. I read from line 12, page 4:

> If said list of three cannot be ascertained because of two or more persons having received an equal number of votes, then said list shall be increased accordingly.

The same sentence is made to apply also on page 5.

Mr. NORRIS. Yes. In the first instance it applies to the President, and on page 5 to the Vice President.

Mr. ROBINSON of Arkansas. Yes.

Mr. NORRIS. Except in one case there is a list of two and in the other a list of three.

Let me say that there is another provision in the joint resolution which I neglected to state is entirely new to the Constitution. It is not necessary to have it in here, of course, but I do not see any harm in it, and I think it would avoid a possible danger that might arise. Suppose there were three candidates for Vice President having an equal number of the Vice-Presidential votes, and the election were thrown into the Senate. The present Constitution provides that the Senate must elect the Vice President from the two highest on the list. But suppose there are not two highest but there are three highest—and, as a matter of fact, there may be four, or there may be one standing out very prominently with very nearly a majority—under our present Constitution, if we had a candidate who had received 49 percent of the votes, he still would not be elected; we should have to elect a Vice President and below him might come four or five candidates all with the same number of votes, or there might be but two with the same number of votes, and the Senate would be required to elect a Vice President from the two highest on the list.

We should be confronted with an impossible condition. The language to which the Senator from Arkansas has called attention is intended to remedy that situation. If we do not have a list of two, on account of there being ties, the list is increased accordingly.

Mr. ROBINSON of Arkansas. It is the use of the word "accordingly" which troubles me.

Mr. NORRIS. That is a little doubtful, I concede. In the sense in which it is used there, I think there could be no doubt as to its meaning, but I am as anxious, as is everybody, to have it perfectly plain. If this amendment is to be proposed to the Constitution, we want to have it right.

Mr. ROBINSON of Arkansas. Of course, in changing the language of the Constitution, we all wish to do that.

Mr. NORRIS. Of course.

Mr. ROBINSON of Arkansas. I understand that perfectly; but I am wondering if the direction given there for procedure is so definite that no two courses might be presented as an option. In other words, just what would occur if the condition arose for a further increase in the list? What would then happen?

Mr. NORRIS. Does the Senator mean under this amendment?

Mr. ROBINSON of Arkansas. Yes; under this amendment.

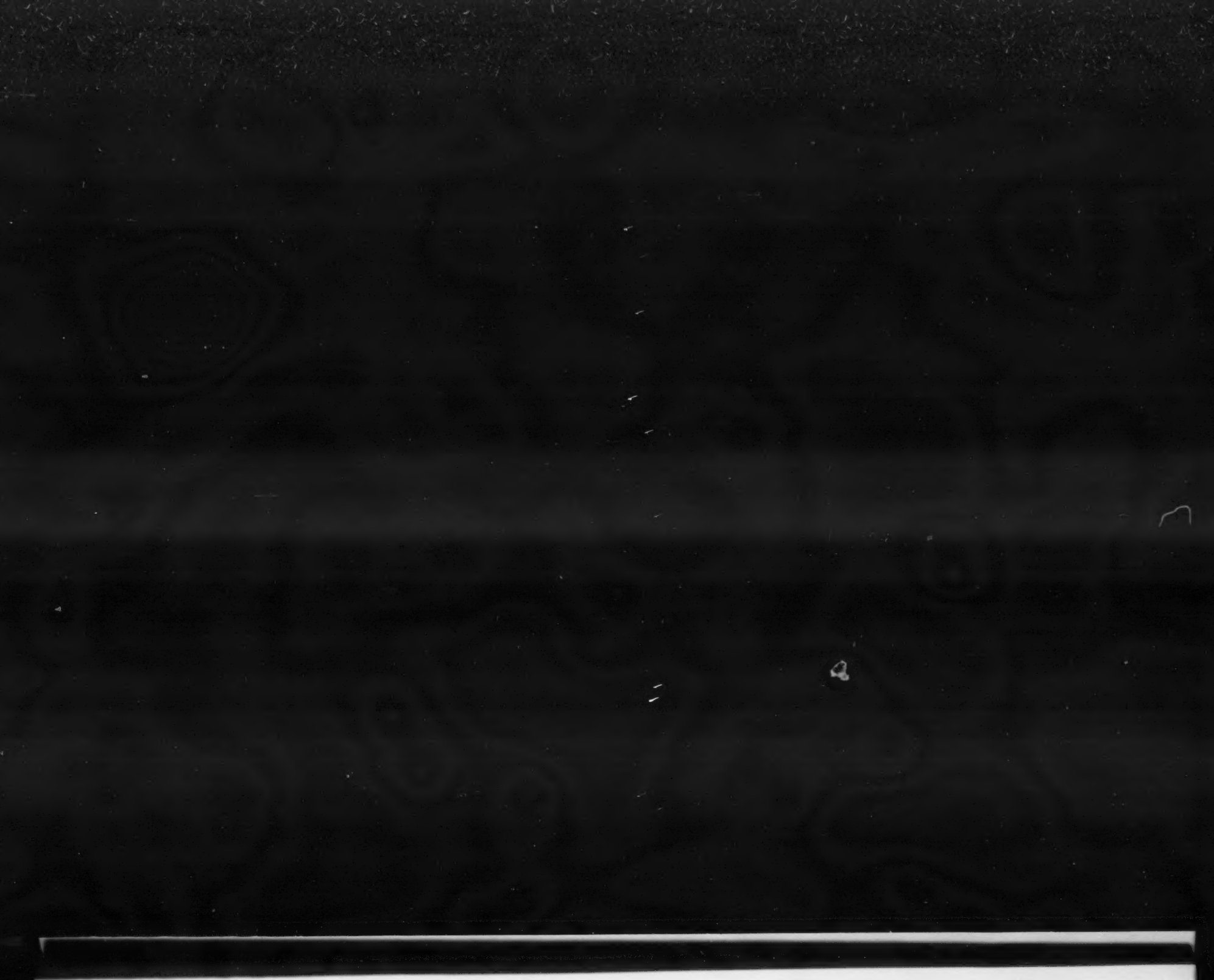
Mr. NORRIS. For instance, we are required by the provision in the joint resolution to elect a Vice President from the highest on the list. Suppose there are three men all having an equal number of votes, I think under this language that our list would be three instead of two and we would select any one of the three.

Mr. ROBINSON of Arkansas. What is there to prevent adding two to the list, for instance?

Mr. NORRIS. I do not understand the Senator's question.

Mr. ROBINSON of Arkansas. Suppose that a condition should arise under which the individual who would be in fourth place for President should have a tie vote with somebody else.

Mr. NORRIS. Under this provision he would not be in it at all; there would be two ahead of him, and he would not be counted at all. Suppose Mr. A had 40 votes and Mr. B——



Mr. ROBINSON of Arkansas. But I am assuming now the necessity for increasing the list "accordingly." I am just wondering what increasing the list "accordingly" means.

Mr. NORRIS. I may be wrong, but I think——

Mr. ROBINSON of Arkansas. I may be wrong, but I have had no opportunity to study the matter.

Mr. NORRIS. The word "accordingly" here refers to the fact that we are faced with a condition where we have more than two on the list and where the list will be increased, it may be by one, it may be by two, and I suppose conditions might arise when there might be three or four.

Mr. LOGAN. Mr. President, would it not mean just one in every instance? Suppose the two lowest have an equal number of votes; we have the highest, and then the next highest, and then the next two have exactly the same number of votes; so we would not know which of them to select; and if we increase the number "accordingly" it means that we would have both of the two who were tied for the lowest place, and therefore we would have four.

Mr. ROBINSON of Arkansas. We would, then, have five.

Mr. LOGAN. No; just four.

Mr. ROBINSON of Arkansas. We have two who are tied to start with; then we have the second on the list, which makes three; and then we have two others who are tied. That is the point I am raising.

Mr. NORRIS. That could happen.

Mr. ROBINSON of Arkansas. Yes; and the word "accordingly" is quite indefinite and ambiguous, it seems to me, in this connection. Its primary meaning is—

> Agreeably; suitably; in a manner conforming, as those who live in faith and good works will be rewarded accordingly.

The second definition is—

> In assent or compliance; acquiescence—

And so forth. It seems to me the word does not mean very much in the way it is used in the amendment.

Mr. NORRIS. The Senator may be right, but it seems to me we are confronted with a constitutional provision which says, in effect, we are to elect a Vice President from the two highest on the list, but it is provided that others shall be added. If we cannot ascertain those two because of there being an equal number of votes received by more than two, then the list shall be increased accordingly. I think "accordingly" expresses the idea, and if it does not do so, then let us put in some word which will.

We are confronted with a condition that makes it impossible to comply with the constitutional provision. We have been in that condition for 150 years and would have been unable to comply if anything had ever happened to throw the election into the House. It may happen in the next election, and we ought to provide for it. While it is not necessarily a part of the primary idea, the committee thought we had better put in a provision to take care of such a contingency.

Mr. FESS. Mr. President——

Mr. NORRIS. I yield to the Senator from Ohio.

Mr. FESS. Has the Senator any opinion as to whether failure to elect by the people and the consequent throwing of the election into the House of Representatives would occur more frequently under the amendment than under the present system?

Mr. NORRIS. I think it would not occur any more frequently.

Mr. FESS. Then my reaction would be against the 35-percent clause. That is simply a precautionary provision.

Mr. NORRIS. That is all. I do not think there will be any greater likelihood of a President being elected by the Congress with the amendment than without it. I do not know any reason why the chances should be increased.

Mr. FESS. The mere suggestion that the votes of 35 percent of the voters might determine who should be elected is rather offensive to me.

Mr. NORRIS. I should like to have a vote of the Senate. If there is any reasonable number of Senators who feel that we ought to strike out the 35-percent provision, I would be in favor of striking it out. I think it is a good provision, to allow for a contingency, to lessen the number of times elections might be thrown into the House.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Michigan.

Mr. VANDENBERG. May I suggest to the Senator that before we go into details there are some fundamental implications involved which I wish to discuss very frankly and very respectfully? I can scarcely raise those questions in interrogatories to the Senator, but before we enter upon a detailed textual consideration of the joint resolution I think it might be wise if we should have general discussion. As soon as the Senator concludes—and I rose only for the purpose of suggesting it to him—I desire to submit those ideas to him for the purpose of further discussion.

Mr. NORRIS. Of course, the Senator knows I do not intend to do anything that would retard debate or consideration. I am interested as are other Senators. I have no ax to grind. There is no politics in it. What we ought to do for the good of the country I think is to adopt the amendment. I think it would be quite a help if the amendment were embodied in the Constitution. I do not want to delay debate, and I do not want to prevent the offering of amendments. I should cheerfully agree even to putting the measure over if Senators feel they would like to have time to look further into it and prepare amendments or debate it. I shall have no objection if the delay is reasonable.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. Certainly.

Mr. KING. It may divert the Senator from the line of argument he is pursuing, but a suggestion was made some time ago, I think by the Senator himself, or possibly by one of those who interrupted him, that the present system had not worked satisfactorily. I was wondering, taking into account our rather long national life, if the Senator feels that the present system of electing the President of the United States is not perfectly satisfactory. The House of Representatives has been called upon twice only to act in the selection of a President.

Mr. NORRIS. No; I do not think it has worked satisfactorily, but even if it had, if we have machinery that is absolutely unnecessary I think we ought to get rid of it. In my judgment, if the amendment shall be adopted political parties will be much more careful in the future in their national conventions. We have seen national conventions which have been absolutely controlled, and they may be in the future, of course, but there will be a danger involved. The simplification of the procedure of a direct vote, without the necessity of an enormous expenditure of time and money to get machinery into operation to put a candidate for President in the field, is going to be like a policeman standing at the corner drug store. It will not be robbed while he is there, but will be if he is taken away.

Mr. ROBINSON of Arkansas rose.

Mr. NORRIS. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Probably the controlling consideration which prompted the creation of the electoral college was the belief in the minds of the framers of the Constitution that it would be impracticable, if not impossible, for the individual electors to familiarize themselves with the qualifications and views of the respective candidates whose names might be presented, in such a way as to enable them intelligently to exercise their franchise. That condition, of course, has practically disappeared.

Mr. NORRIS. That is true.

Mr. ROBINSON of Arkansas. In every political campaign the candidates become very well known to the voters themselves. We hear in the meetings and in the demonstrations preceding an election slogans which epitomize or which are intended to epitomize the policies and views of the candidate. In other words, there is no doubt in my mind that

the machinery of the electoral college has become in a sense obsolete by a change in conditions which I have only partially described.

Modern means of communication and the quick dissemination of news by newspapers, radio, telephone, and telegraph have brought the remote parts of the country closely together and have enabled citizens who are interested in public affairs to obtain quite definite information concerning both issues and candidates. The situation has very materially changed.

While all that is true, the electoral college has functioned effectively and efficiently. I think it is consistent with progress to give the individual voter an opportunity to vote directly for the candidate. At the same time the language of the amendment needs a little more careful study than we are able to give it just at this time. I do not wish to make at this juncture any suggestion for a continuance of the subject, but I have the thought, which the Senator from Nebraska has indicated is in his mind, that after the debate shall have progressed to a point where the issues have been made clear, we might very well consider allowing the proposed amendment to go over for a time for further deliberation.

Mr. NORRIS. I have no objection to that if the time is limited so that we shall not have delay. For instance, the Senator from Maryland [Mr. TYDINGS] has left the Chamber, and he told me when he left that he was going to prepare an amendment. While I am very much opposed to the amendment he is planning to prepare, I am in favor of giving him time to prepare it. He fears that he will not be able to get it ready today. I do not expect to crowd a vote.

Mr. ROBINSON of Arkansas. No; I understand.

Mr. NORRIS. The Senator from Michigan [Mr. VANDENBERG] desires to debate the general principles; and I am perfectly willing to go on as suggested by the Senator from Arkansas, with the understanding that we shall not vote today, for instance; or, if the Senator desires to take up something else, and there is no further debate on this matter, I am willing to have it laid over until tomorrow, or something of that kind.

Mr. ROBINSON of Arkansas. I should like to have the debate proceed to a point where it will make clear the important issues that are involved in the joint resolution; and then, if the Senator from Nebraska thinks it advisable, I should be glad to assist in arranging to take up some other measure temporarily.

Mr. NORRIS. Very well. For instance, this proposed constitutional amendment is not just like a matter of legislation.

Mr. ROBINSON of Arkansas. No.

Mr. NORRIS. It will have to be approved by the State legislatures; and I do not want to put out anything here that will not be approved. I want to meet all logical and fair objections, if I can, before the amendment is framed into law. Therefore I have no objection to any reasonable debate; and I concede that there are some things in the amendment, such as the provision for increasing the list, which we could strike out entirely, and the condition would be just the same as it is now. It would not be worse. We endeavored to improve the condition a little. Perhaps we have made it worse. If so, let us amend the joint resolution.

I desire also to have a vote on the proposition which the Senator from Maryland [Mr. TYDINGS] is preparing. It is only fair to him and fair to all of us. I also ask Senators to consider the 35-percent clause. I realize that there is some objection to it, and I do not want the joint resolution to pass with that in it if there is any serious objection even on the part of a good-sized minority, because I feel that we can in that respect leave things as they are now, and, of course, the condition will be no worse than it is now.

Mr. BONE. Mr. President——

Mr. NORRIS. I yield to the Senator from Washington.

Mr. BONE. I was not privileged to hear the Senator discuss the part of the joint resolution which refers to the possibility of an independent candidate, and I am wondering if I may ask the Senator to amplify that for a moment.

Mr. NORRIS. I was about to discuss the point raised by the Senator from Maryland [Mr. TYDINGS], who is planning to offer an amendment providing that a voter must vote for both President and Vice President. I desire, however, to withhold my discussion of that matter until the Senator offers the amendment. I am very much opposed to anything of the kind, and I should very much dislike to see it put in the constitutional amendment; but I think I should reserve the debate on it until the Senator from Maryland, who is now absent preparing the amendment, brings it in.

Mr. ROBINSON of Arkansas. Mr. President, I should like to have the Senator, before he leaves the floor, consider this amendment: On page 3, line 8, after the word "votes", insert "by States."

I do not ask the Senate to agree to the amendment now, but I think that will relieve the paragraph from ambiguity.

Mr. NORRIS. At first blush, I think that would improve it.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NORRIS. Yes; I yield to the Senator from Missouri.

Mr. CLARK. I entirely agree with the Senator from Nebraska that the electoral college has proved to be an anachronism. I fully agree with the Senator that the electoral college has not served the purposes which evidently were in the minds of the framers of the Constitution when the Constitution was adopted; but I should like to have the Senator amplify the statement he has just made that the adoption of this constitutional amendment would in any way change the situation as to nominations by national conventions, or control of national conventions, or that an improvement of politics in any way would take place.

In other words, if the Senator will yield just a moment further, under the present constitutional provision there is scarcely an individual in the United States so unintelligent that he does not know exactly for whom he is voting for President and Vice President when he marks a party ballot to vote for certain electors. In at least one State of the Union—the State of Illinois—it has been provided by law that the names of the candidates for President and Vice President shall be written on the ballot, and that a vote in the circle for the party candidates for President and Vice President shall be counted as a vote for electors carrying the pledge to support those candidates for President and Vice President. Of course, that statute has not yet been upheld by the Supreme Court of the United States, because a test case has never been brought.

It seems to me that the only effect of the Senator's amendment is to remove some unnecessary timber in the structure, but that it does not in any way tend to bring about any substantial political or governmental reform.

Mr. NORRIS. If the amendment does just what the Senator from Missouri says he thinks it does, we ought to pass the joint resolution. If it does not do any more than that, we ought to pass it.

Mr. CLARK. That may be; but I was very much interested in the statement of the Senator from Nebraska that the amendment would bring about a difference in the machinery of nomination and in the control of political conventions.

Mr. NORRIS. I have seen in my own short life, and so have all other Senators here—because they are all older than I am—what has repeatedly happened in Presidential campaigns. I shall not mention any names, because I desire to avoid the possibility of any party feeling in this matter. I have not any party feeling in it. Nobody ought to have any party feeling in the consideration of this subject; but we have seen a great political party, one of the two leading parties, controlled by a few men. We have seen men nominated whom I know, and we all know, the people did not like. A few bosses put over the ticket. A political machine put it over.

Suppose both national conventions are controlled in that way—what can the people do about it? What could they do if that were done with the nominations for Governor in the State of Missouri or the State of Nebraska? What would happen there? There would be an independent can-

didate, and probably he would get a large vote. The fact that that is possible in the case of a Governor without any great expense, without any great organization, makes the parties careful when they make their nominations; and they do not override the will or the wishes of the people, as sometimes occurs in conventions where a party nomination absolutely means an election.

Mr. CLARK rose.

Mr. NORRIS. I will ask the Senator not to interrupt me yet. Let me finish this thought.

If the Constitution were amended so as to abolish the electoral college, what would happen in a case of that kind? Why would the condition be any better? It would be better because under the present system independent candidates for President have been nominated once or twice, even in my lifetime, and they always went up against the fact that it cost two or three million dollars to get an organization together, and there were only a few months in which to do it; and since the laws of most of the States provided for voting for electors only, all that the voters saw were the names of the electors on the ballots; and in one State, in a recent Presidential campaign, where the laws of that State did not permit it, the names of the new independent electors did not appear on the ballot at all. The voters had to write them in, and they all had to write the same thing; and so great was the feeling in the State that the independent candidate came very near carrying the State. It was a wonderful exhibition of intelligent voting—it seemed to me it was intelligent—although it did not win.

Suppose we did not have any electoral college. Suppose the thing should happen which I have described, that both political parties should nominate candidates for President who were objectionable to the people. For the purpose of illustration, take somebody who is very objectionable. Suppose both political parties should do it, and the great bulk of the people did not want them. Suppose a convention were called; or, even without a convention, suppose some prominent, well-known American citizen should be by a mass convention, perhaps, or in some other method, induced to permit his name to be used as an independent candidate for President. What would happen? His name could be placed on every official ballot in the United States as easily as the name of an independent candidate for Governor could be placed on the official ballot.

I know men, and other Senators do—we could pick them out, some of them, in this Chamber—who are known all over the country, and if it were known that machines had taken advantage in national conventions where the people could not have a direct voice and vote, if such a condition existed, and some one of these men were announced as an independent candidate, almost overnight in my State, and a similar thing would occur in other States, the necessary petitions to put the name of that man on the official ballot would be signed without the expenditure of a dollar, and his name would be on the official ballot, and the people would take care of the rest.

I have given the Senator an exaggerated case, I admit. I have exaggerated purposely; but that is what might happen, and to some degree it would happen.

The result of adopting this amendment doing away with the electoral college would be that the men who operate national conventions would be more careful. They would not permit some boss behind the scenes to cast four or five hundred votes for this man or that man.

Mr. CLARK. Mr. President, if the Senator will yield now——

Mr. NORRIS. Yes; I yield.

Mr. CLARK. So far as my State is concerned, that, of course, being the one with which I am most familiar, it is just as easy to have an independent ticket for President now as it is to have an independent ticket for Governor, which is very simple in the State of Missouri. If there be States in which it is more difficult, I should be entirely in favor of improving the procedure; and I do not want the Senator to think I am opposing the pending joint resolution, because I am in favor of it.

Mr. NORRIS. No; I do not think the Senator is opposing it.

Mr. CLARK. I do think, however, that the reforms at which the Senator is aiming, and with which I have the most intense sympathy, will not be accomplished by the passage of the joint resolution.

So far as an improvement in the control of national conventions is concerned, I think the only possible way really to improve and reform that situation is by a system of national Presidential primaries, regulated by law, which could be brought about by statute instead of by constitutional amendment. In other words, I do not believe that the mere fact that the candidates' names appear on the ballot is especially important in the modern situation, where practically all the voters know the names of the candidates anyway, and in some States, such as my own, in addition to the names of the electors, the names of the candidates for President and Vice President may be printed at the head of the ticket. I do not believe, therefore, that the mere elimination of the electoral college would accomplish the reform which the Senator from Nebraska and I both desire.

Mr. NORRIS. I think it would accomplish it, though probably not in the degree that I hope. The Senator thinks it would not do any harm, and it might possibly do some good. He also says that in the State of Missouri the name of an independent candidate for President can be placed on the ballot without any difficulty or expense whatever. Does the Senator take into consideration that to do that in Missouri there would have to be Presidential electors, and that he would have to get them? He cannot reach up and pull them out of the air.

Mr. CLARK. Certainly I realize that; but I also realize that, as a practical political matter, if one has enough strength, enough potential public support, there is no trouble about getting electors.

Mr. NORRIS. There is a great deal of trouble in getting electors. There is even now frequently trouble with the organizations which are set up, and if the Senator undertook, in Missouri, to put an independent candidate for President in the field, and to get together the necessary machinery, he would find that it would cost him a great deal of money. He would have to get as many Presidential electors on the ballot as the State is entitled to. Tom, Dick, and Harry, even though they were graduates of college, would not always know all the men picked up from all over the State of Missouri.

In the State of Nebraska we can handle it more easily. We have a law providing that there shall be no names of Presidential electors on the official ballot, and none are printed. The names of the candidates are printed. If every State would so provide, the reasons I am urging for this proposed amendment would partially disappear. I admit that it could be done; but, as a practical proposition, it will not be done.

The Constitution of the United States provides for the electoral college, and uses the word "appointed"; that the electors shall be "appointed" as the legislatures of the States shall determine. A legislature can provide, as the Legislature of Nebraska has provided, that they shall be appointed by the Governor, and the necessary machinery set up to insure that the Governor will follow the wishes of the people who have just voted for President and Vice President, and whose votes are to be canvassed, just as those for Governor are canvassed. So the Governor of a State knows how to make the appointments. He appoints the electors and sends them to a college to vote, and they send a couple of messengers to Washington with the vote.

Mr. CLARK. There is no essential difference, then, between the system now in effect in the State of Nebraska and the system which the Senator proposes.

Mr. NORRIS. Yes; there is some difference. What is the use of this fifth wheel, when the electors are appointed?

Mr. CLARK. I agree with the Senator in his opinion as to that.

Mr. NORRIS. If every State did what it could do under the Constitution of the United States, the method of choos-

ing President and Vice President would be much simplified, I admit. But we cannot accomplish that. We cannot control the States. The State of Nebraska was years and years and years in getting that kind of a law. If we could provide by an act of Congress that that should be done, that would do away with part of the reason behind this proposed amendment, I concede.

The Senator says now that the thing to do is to have a Presidential primary.

Mr. CLARK. I agree with that. However, that is a separate proposition, but, along the line of the suggestion of the Senator, I think that is the only way to accomplish what he desires.

Mr. NORRIS. I agree with the Senator that that would be a big help, though I do not think that is the only way to accomplish what we are after, and I do not think we are going to get it. I have been advocating that ever since I have been in public life. I once introduced a bill in the House of Representatives looking to that end, and I had the approval of the first Roosevelt and the approval of President Wilson, but I did not get anywhere with it. There are a good many serious objections, of course, to having a national primary, but I am for it; I should like to have it. This amendment does not stand in the way of it. We ought to have it. We need it, and whether we get this amendment adopted or not, we ought to have such a primary. I do not have as much faith in it as the Senator has, perhaps, and, more than that, I do not believe we are going to get it. To my mind, it is no objection to this amendment to say that it will do some good, but that there is some other way that would be better. I should like to have it. If a national primary is also needed, I say for God's sake let us have them both.

Mr. CLARK. I should like to have the Senator understand that I was not making the suggestion as an objection to the pending joint resolution, because I am for it.

Mr. NORRIS. I understand that perfectly. I have nothing further to say, if the Senator from Michigan desires to debate the question.

Mr. VANDENBERG. Mr. President, I rise in opposition to the proposed constitutional amendment, less in respect to its text than in respect to its implications.

It seems to me that this is vastly more than a mere proposition to abandon the electoral college, which it may be correctly said has become very much of a fifth wheel to a wagon so far as its physical function is concerned. The abandonment of the electoral college as a mere machine to register the automatic electoral disposition of the American people would be perfectly logical and appropriate. I have no interest in its maintenance for this purpose. But it seems to me that this problem goes infinitely deeper, and it seems to me that the implications of this proposal in the final analysis are, first, to encourage multiple political parties in the United States, and therefore, secondly, to produce the possibility of minority Presidents of the United States, or else more choices of President by the House of Representatives, instead of by the people themselves. These are the jeopardies to which I wish to address my observations.

I wish to develop this thesis briefly, but with the greatest possible emphasis, because I think the whole system of effective representative government is wrapped up in the maintenance of the existing wellsprings of political activity.

Mr. President, the obvious moving purpose behind the proposed amendment is to make it easier for independent candidates to run for President; to make it easier for new parties to be organized, not one, but perhaps many; to make it easier, therefore, in the final analysis, for the transposition to the United States of the continental curse of European politics, namely, multiple parties, bloc government, group control, minority administration of the affairs of the people.

In the report of the Judiciary Committee itself bringing this proposed constitutional amendment to the floor of the Senate it is frankly stated that—

> Under our present system, when the two great political parties have made their nominations, it is almost an impossibility, and always a very expensive operation, for any independent candidate to run for the office of President or Vice President. It is imperative that such independent candidates should, in a very few months, organize the entire United States and nominate in each State a set of candidates for the offices of Presidential electors.

The able Senator from Nebraska has been entirely frank in his discussion of that proposition. I cordially agree that there ought to be some means of a greater warranty of political virtue and integrity in the nominating conventions which choose the Presidential and Vice-Presidential nominees of the two great existing parties. But that need, no matter how challenging, cannot suffice, in my humble judgment, to justify the fundamental assault upon the two major party political system in the United States. I consider that the proposed amendment is, in its essence and purpose, intended to be an assault upon the two major party system.

What this amendment primarily presumes to seek is a simplified Presidential ballot on the surface of things, but its real purpose is and its major result will be to encourage new and additional political parties in the United States by making it easy for independent candidates to run for President of the United States.

The net result is calculated to be a greatly increased number of candidates for President. It is calculated to encourage vigorous self-serving minorities to seek expression and dominion in this electoral fashion. It is easily calculated, I repeat, to transfer to the United States the vice of continental European politics, namely, government by blocs, government by minorities, and, ultimately, a great multiplicity of political units which defy any hope for continuity of administration in our Federal affairs at Washington.

If this multiplicity of parties, Mr. President, is a curse in closely knit Europe, it would be an utterly aggravated plague in so vast and diverse a land as is the United States of America. We have difficulty enough to escape this plague under existing circumstances and without new encouragements to it.

The proposed amendment frankly admits its own probable eventuality by proposing that any Presidential candidate who gets 35 percent of the votes of the States shall be elected. Thus we shall be embarked toward a permanent process of minority Presidents. I doubt whether we should ever again have a majority President. At any rate, the system would be made to order for transferring to the national political field those well-known and oft-embraced tricks and intrigues in our lesser political units which too frequently deliberately clutter up a ballot with extra candidates for the direct purpose of dividing the majority opposition and permitting a close-knit minority to have its way.

The vice of manipulated national conventions, to which the Senator from Nebraska appropriately adverts, in the final analysis is a lesser vice, Mr. President, than the vice of a standing invitation to the creation of multiple Presidential candidacies in the United States on diverse and sundry independent bloc tickets, perhaps for the deliberate purpose of permitting some particular minority to gerrymander the net result into a 35-percent election. Thus the fundamental genius of our basic philosophy, to wit, majority rule, is not only jeopardized but actually undermined by deliberate license. Any such constitutional change would be entirely dangerous to my conception of the Republic.

The Senator from Nebraska himself very frankly questions the 35-percent clause. I think there is serious doubt in his own mind whether the 35-percent clause is even tentatively justified. But, Mr. President, if we are going to encourage multiple parties in the United States and numerous independent candidatures for the Presidency, if we do not have a 35-percent clause, and we persist in a 50-percent clause such as governs the situation today, then in my view of the situation we will inevitably throw every Presidential election into the House of Representatives.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. NORRIS. The Senator objects to 35 percent?

Mr. VANDENBERG. I object to the entire system, but I say——

Mr. NORRIS. The Senator objects to 50 percent?

Mr. VANDENBERG. I say that if we are going to proceed in this fashion, 35 percent is better than nothing.

Mr. NORRIS. Would the Senator rather have it 50 percent?

Mr. VANDENBERG. The Senator cannot create a situation under the terms of this amendment to which he can at all subscribe.

Mr. NORRIS. Would the Senator think it was a greater evil to have 50 percent than 35 percent?

Mr. VANDENBERG. The answer depends upon whether it is a greater evil to have Presidents elected by the House of Representatives or to have them elected by 35 percent of the people. That equation comes down to that proposition.

I think it is an evil to have them elected either way, either by 35 percent of the people or by the House of Representatives. In a choice between these evils, if one or the other must be embraced, I presume I should prefer to change the 35 percent to 50 percent.

Mr. President, I am opposed to any such eventualities in our national political affairs for the following reasons:

First, I consider it is wise, so far as humanly possible, to retain the two-major-party system in the United States, so that a majority of the electorate, speaking through the States, may have a clean-cut opportunity to speak for itself and choose a majority President. To subdivide our Presidential politics into numerous independent or group or bloc candidacies will inevitably deny majority rule on the part of the people, and correspondingly deny all possibility of united administration policy at Washington after the election is over.

This latter consideration is just as important as the former, because if this Government of ours, under our representative system, ever breaks up into the types of blocs which curse European politics, a curse which I believe unwittingly is invited by this amendment, there will cease to be any possibility for a continuity of administrative policy in Washington, because the entire situation will be in chaos. I cannot escape the conviction that both of these trends, no matter how nobly meditated—and I am referring to the trends which are in the mind of the Senator from Nebraska—are the reverse of liberalism in the accepted sense of our representative American institutions.

Second, I believe it is wise to require of any Presidential nominee who may ever be in real reach of the White House that he shall possess a national character and a national appeal and not be the mere product of some localized aspiration or protest or of some conniving minority which knows exactly what it wants.

We get that type sometimes today in our existing situation, as the Senator from Nebraska with justice has said, but at least the vice at the present time is confined to our nominating system, and it has not been carried specifically into the Constitution of the United States in respect to the final election.

If there be some transient appeal in the thought that these special groups of our people ought to be more easily articulate because they will often be the less privileged of our citizens, I point out that the net result might actually place this new opportunity in the hands of special interests which are powerful in their material resources and, best of all, able to organize this country for the purpose of capturing a 35-percent sector of our Presidential electorate.

I am dropping back to one of the wisest of all the admonitions which were written into the Federalist Papers, Mr. President:

> No man can be sure that he may not be tomorrow the victim of a spirit of injustice by which he may be a gainer today.

And on the proposition that we need to preserve the mechanical requirements—referring to the electoral college—which assure us against Presidents lacking a national character and a national appeal, I quote one of the most solemn of all of the warnings in the Federalist Papers (No. 68):

> Talents for low intrigue and the little arts of popularity may alone suffice to elevate a man to the first honors in a single State; but it will require other talents and a different kind of merit to establish him in the esteem and confidence of the whole Union, or of so considerable a portion of it as would be necessary to make him a successful candidate for the distinguished office of President of the United States.

I submit in all seriousness that we are deserting that prospectus when we invite localized bloc organizations to submit their candidates for President on the basis of localized appeal, in many instances, or on the basis of a self-seeking minority objective in many other instances. Senators know to what an extent ambitious minorities, striving for some special advantage, are already bombarding Government these days. They should not be armed with new and perhaps irresistible weapons.

Parties may change. One may absorb and succeed another. But in the long run it is best, as Henry Clay once observed, if there are but two dominant parties—"one to watch the other." It is all very well for voters, as individuals, to be independent in their electoral judgment. An intelligent ballot must, of necessity, be a scrutinizing ballot; in other words, it must always be independent to the extent of sustaining a party only so long as a party deserves to be sustained. But it is one thing for the voter to be independent of irrefragable party ties, and quite another thing for independent groups to supersede all parties and thus factionalize American elections to an extent which will defy all possibility of dominant electoral trends and concentrated responsibility in government.

There is another objection, Mr. President. The Judiciary Committee report itself correctly asserts that—

> It is extremely desirable to prevent the election of a President from being thrown into the House of Representatives.

The Senator from Nebraska has reasserted his own belief in that proposition. It is emphatically right from my point of view. The only scandals involving Presidential counts have arisen when Presidential elections have passed out of the electoral college and into the Congress—as when Hamilton rallied the Federalists in 1800 to defeat Aaron Burr's intriguing conspiracy to count Jefferson out of the White House, and when unproven stigma accused Henry Clay of trading votes to John Quincy Adams in 1825 in return for a Cabinet portfolio, and when the Hayes-Tilden contest of 1876 all but threatened the possibility of renewed civil war. It is not the Presidential elector who has featured historical charges of broken faith. It is in Congress itself—when a majority of the States' votes fail any one candidate for President—that this menace lies, if it lies at all; and the elimination of the electoral college would tend to throw more, rather than less, of these contests into the House of Representatives.

It would particularly throw more of them into the House of Representatives under the 35-percent clause in the pending constitutional amendment which we have been discussing; but it makes no difference whether the 35-percent clause is there or not, Mr. President, as I see the situation. The very fact that we shall have invited a multiplication of political parties means that we have invited a substantial subdivision of the total popular vote for President of the United States, and that subdivision inevitably, as time goes on, is going to produce the failure of an electoral majority, and, in my judgment, is going in every single Presidential year to increase the chance of throwing the selection into the House of Representatives.

It is universally agreed that it is not good to be forced to the recourse of an indirect election of a President by the House and a Vice President by the Senate. In the long congressional debates of more than a century when various unsuccessful efforts have been made to change the presidential system, opposing factions have found invariable concert upon this one point.

> One central truth illuminates the wearisome discussions before the Electoral Commission of 1887—

Says Dougherty in his admirable book upon the electoral system—

> that the great effort of the framers of the Constitution was to make the Executive independent of the legislative, and to place the election of the President beyond the reach or control of Congress.

The pending constitutional amendment assumes to minimize this hazard by its 35-percent clause. Such medicine might easily be even more deadly than the disease, since it would clearly and specifically commission a minority President. But, worse than that, I fear the medicine often would never get a chance to work.

Why? Because when our national political trends once split us into numerous independent political groups, it is easily conceivable that the drift cannot and will not be stopped at this arbitrarily chosen 35-percent dead-line, but will so divide our ballots that the 35 percent will rarely, if ever, be reached.

In other words, it seems to me that the amendment becomes a direct encouragement to the election of Presidents of the United States by the House of Representatives instead of by the sovereign patriots of this Republic.

Mr. President, just one passing comment upon the practical mathematical phase, and I am now dealing with the 35-percent clause in particular. There are 531 electors and 35 percent of them would be 186. Under the 35 percent clause, the 6 States of New York, New Jersey, Massachusetts, Pennsylvania, Ohio, and Illinois would be within 15 electoral votes of control; or the so-called "solid South" would always be within 51 votes of control.

I submit that that ceases to preserve in the Chief Executiveship of the United States that national character which is not only essential but which is wisely safeguarded by the theory and the existing process of the Constitution.

One may take a different contemplation and calculation, although I hesitate to submit this thought, lest it encourage too many votes for the Senator's amendment. There are 135 electoral votes in the so-called "solid South" that will rarely go anywhere except in one direction; and under the pending amendment, with the 35-percent clause included, the solid South is within 31 votes of the choice and dictation of a President of the United States in every election, so long as the field is subdivided by various independent groups and blocs and subdivided political parties which are invited into activity by the very nature and purpose of the pending amendment.

Mr. President, I realize that the spirit of innovation is upon the land. I do not complain of that. I have supported many of the innovations; I realize that new problems demand new answers, and I am not afraid of them. But this is not a new problem, and there is no need for a new answer, so far as voting directly for President and Vice President of the United States is concerned. That can be done without any change in the Constitution at all by the action of any State legislature which wants to proceed in that direction. I favor it. Voters may be permitted to vote directly for President and Vice President without any constitutional amendment. It is already done in many States. Therefore the service of making intelligent voting easier does not require this fundamental assault upon the basic law of the land. It can be done otherwise. There is no need for constitutional innovation. The innovation rests, first, in the invitation to subdivide and multiply political parties in the United States; and, secondly, to the choice of a President by less than a majority of the people of the United States.

Let us proceed courageously with whatever statutory innovations are necessary in the face of the crisis of the time, but let us not innovate needlessly. It was not necessary to change this particular phase of the Constitution, Mr. President, in order to elect as Chief Executive the greatest innovator of all time. It is fairly easy under the existing system, as has been repeatedly demonstrated, for the popular will to make its expression squarely and emphatically understood and felt. We do not need this innovation in the Constitution itself in order to make popular government articulate. Certainly we dare not extend any hospitality to an innovation which, if I correctly analyze the situation, invites the transfer to this country of the curse of bloc government and multiple parties, which plague the Old World in general and the Continent in particular; and which invites minority Presidents to occupy the White House and govern majorities to whom they are repugnant.

Let us be statutory innovators where the situation requires it. But only in the last and final necessity, when there is no other recourse, let us be innovators upon the Constitution of the United States.

The final words in the last chapters of the Federalist papers speak to us in vivid appeal when we approach the task of remaking any sector of the Constitution. I quote:

> Every man is bound to answer these questions to himself, according to the best of his conscience and understanding, and to act agreeably to the genuine and sober dictates of his judgment. This is a duty from which nothing can give him a dispensation. 'Tis one that he is called upon, nay, constrained by all the obligations that form the bands of society, to discharge sincerely and honestly. No partial motive, no particular interest, no pride of opinion, no temporary passion or prejudice, will justify to himself, to his country, or to his posterity, an improper election of the part he is to act.

The Presidency of the United States is the final badge of our unity, the final defense of our Union, and the final reliance of our institutions. I beg that no casual or cursory considerations shall move us to destroy its safeguards as conceived by the Constitution and as validated by time and experience.

Mr. FESS rose.

Mr. COPELAND. Mr. President, I ask unanimous consent that we may proceed——

Mr. NORRIS. Mr. President——

Mr. COPELAND. I beg pardon, but I did not understand there was an understanding that the Senator from Ohio was to speak. I withhold my motion.

Mr. CLARK. Mr. President, if I understand the situation correctly, there was no understanding about who was to speak, but the understanding was that the constitutional amendment submitted by the Senator from Nebraska should be debated until such time as it was found desirable to lay it aside on account of amendments which were to be proposed.

The PRESIDING OFFICER (Mr. THOMPSON in the chair). That is as the Chair understood.

Mr. NORRIS. I inquire from the Senator from Ohio if he desires to speak?

Mr. FESS. Yes.

Mr. NORRIS. Very well.

Mr. FESS. Mr. President, the observations just concluded by the Senator from Michigan [Mr. VANDENBERG] very greatly impressed me and, I think, must have impressed every Senator who listened to what he said. The Senator pointed out some possible results which, if he is not mistaken—and I fear he is not—become very important to us in reaching a final decision of such a question as this proposed amendment. I have not had an opportunity to study the joint resolution. That was no one's fault but my own. Therefore, I had not fully comprehended and do not now fully comprehend all possibilities under it.

When I noted that it would come up, I assumed that it meant to eliminate the obsolete machinery of the electoral college. I assumed that the purpose was to get rid of what is rather a common result in our present election, to wit, the popular vote decreeing one thing and the electoral vote, which would be final, decreeing a different result. If we could get rid of that possibility without destroying the State unit, I should be glad to have it done. I have studied the problem for many years and do not yet see how we could accomplish that object unless we should eliminate the State as a unit in Presidential elections, and I doubt whether we would ever agree to do that.

My understanding is that the purpose of the amendment is to make it impossible for the Nation ever again to be confronted with such a serious crisis as was occasioned in 1876 in the disputed Presidential election. Section 3 of the joint resolution looks to a solution of that problem and to prevent that danger recurring. Whether it would recur is a question.

But I had not looked into the possibilities to which I have referred until the Senator from Michigan [Mr. VANDENBERG]

called attention to them when he read from the report. He referred to that provision which should make it easier for candidates of independent allegiance to get a hearing. That immediately involves what I regard as one of the most important practices in our Government, of which we cannot rid ourselves without, in my judgment, changing the whole order of a government by public opinion. In other words, any effort to nullify the views of the people, in legislation in a government where public opinion rules, would be a dangerous innovation.

There is no way that I see by which a popular government like ours can ever translate its judgment into decision except through political parties. There never has been any successful method other than that, and I do not believe there ever will be. In order that public opinion may be effective in its judgment, it will not be possible to insure it unless we have a situation where one can affirm and the other deny, which means the two-party system. It is true that our fathers knew nothing about the two-party system. It grew up as a result of the inevitable evolution of a public expressing itself in law.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. FESS. I yield.

Mr. VANDENBERG. The Senator refers to the fact that in the inception of the Government political parties were unknown. Of course, he has in mind the admonition in Washington's Farewell Address against political parties. Yet the significant fact is that Washington and Hamilton, who collaborated in the Farewell Address, the men who wrote the warning to which the Senator adverts, within their own lifetime in the practical activity of Washington's responsibilities found, before their words were even cold, that they could not function except as there were definitely organized political instrumentalities, two of them, through which to register the popular will.

Mr. FESS. The Senator is accurate in that statement. In the Constitutional Convention, without any effort to name factions, the two schools were very prominent. Ultimately those schools came to be known as the "Federalists" and the "Anti-Federalists." It is now known that that name was a misnomer. The Federalists were the group that believed in more centralized power, while the Anti-Federalists were the opposite. But when we today speak of Federalists we do not refer to those who believe in a centralized power. We call them Nationalists instead of Federalists. Today the Federalist idea is a government by the state, while the Nationalist idea is a government by the people of the state. Those who favored the Constitution were nicknamed "Federalists." That was the Nationalist group which was ultimately allied with Washington and Hamilton and, in a sense, with Madison, although Madison veered over to Jefferson. The Anti-Federalists were those who would better express the view of Jefferson, although Jefferson resented being called an Anti-Federalist.

Mr. KING. Mr. President, will the Senator yield?

Mr. FESS. I yield to the Senator from Utah.

Mr. KING. I hope the Senator does not mean to imply in the observations he is submitting that Jefferson, Patrick Henry, Mason, and others who became the founders of the Democratic Party were not in favor of the Federal Constitution. They all wanted to have amendments to it, and those amendments, denominated 1 to 10, became the Bill of Rights, so that any criticism they had was largely a result of the failure, as they believed, of the Constitution to afford protection to individual rights.

Mr. FESS. The Senator is correct. The expression of philosophy of the anti-Federalists in the Convention ultimately reached the Bill of Rights. I discussed that matter here some days ago. I do not care to repeat it.

On the other hand, those who said the Bill of Rights had no place in the Constitution, led by men like Hamilton, were strongly centralized forces, while Jefferson, although not in the Constitutional Convention, represented the more decentralized forces. There were no political parties by name, as was stated, but they naturally developed. During the administration of Washington, followed by Adams, the Federalists, the dominant party organization, commanded; while the Anti-Federalists gathered strength in opposition continually until by 1800 the Anti-Federalists were elected to office.

Senators will recall that prior to 1804 two persons were voted for as candidates for President. The one receiving the highest vote was declared to be elected President and the one receiving the next highest vote, Vice President. That made it inevitable that there would be one of the parties commanding the Presidency and the other of the parties commanding the Vice Presidency. It so happened that the first President was a Federalist, and the Vice President at that time would be regarded as an anti-Federalist.

Those terms which denominated the two schools, which later grew into distinct political parties, were mere expressions of the thought of the two schools. When they were originally started, without any planning whatever, there was not any such thing in existence as a two-party system. It grew as of necessity, for how would it be possible to have the public opinion expressed in government except through some organization? It would be impossible in any other way. Consequently, by 1812 the Anti-Federalist Party had come to be the commanding force. By 1816 there was scarcely any opposition to the Anti-Federalist Party. Then it was called "Republican", and Jefferson once remarked, "We are all Republicans." When Monroe was elected he really had no opposition, but was elected unanimously.

The first time the people failed to elect a President was in 1800. Then the election was thrown into the House of Representatives. Nothing dangerous resulted from that particular episode. The only result of importance was that of the claim of Aaron Burr that he had just as good a right to contest against Jefferson after they had tied in the electoral college as before the election, although it was universally conceded that Jefferson was the properly elected President, offended such men as Alexander Hamilton; and the Presiding Officer will recall that the decision was finally reached in the State of New York, when, as a result of the influence of Hamilton, the State's vote was cast against Burr on behalf of Jefferson. What seems to be an anomaly in history is that the greatest political opponent of Jefferson was the deciding factor in making him the President in 1800. While that led ultimately to a bitterness that eventuated in a duel resulting in the death of Hamilton, it really ended the influence of Aaron Burr as a factor in the party he represented.

When we think of the two schools represented respectively by Hamilton and by Jefferson, and of the bitterness of the advocates of one toward the other, we sometimes fail to realize the friendship that existed between Jefferson and Hamilton. While it is true that in the Cabinet they differed, they ultimately came to be regarded as men who willingly conceded the honesty and integrity and ability of each other. Those who are familiar with Monticello, which has now been almost completely restored to its original condition, only one group of houses remaining to be rebuilt, will note when it is completely restored, as they enter the hall of the famous Jefferson mansion, on one side of the entrance a bust of Jefferson and on the other side a bust of Hamilton looking into each other's faces. That is very suggestive to me, because the followers of the two schools are apt to think that because these great leaders differed they must have been enemies.

In 1804, in order to avoid having the President of one party and the Vice President of another party, and running the risk of having a tie, as was the case in 1800, the twelfth amendment was adopted, which provided for the present method of electing President and Vice President.

Mr. President, so long as we maintain the two-party system I am not fearful that many elections will be thrown into the House of Representatives. Such an occurrence will be very rare. Of course, the minute we embark on an innovation that will result in doing away with the two-party system and introducing the multiple-party system, we multiply very greatly the likelihood that a decision will not

be made by the people. That is the point which the Senator from Michigan [Mr. VANDENBERG] emphasized and which I think is vastly important.

In 1824, for the second time, there was a failure to elect a President by the people. The election went to the House of Representatives. As I recall the vote—I have not looked at it for a good many years—Jackson received 99 votes in the electoral college, John Quincy Adams 84, Crawford 42, and Henry Clay 37. In that group, without question, Henry Clay would have been the choice of the Federalists, who had then gone out of existence. They were then called "National Republicans" as contradistinguished from Republicans, the name given them by Jefferson.

When the election went to the House under the Constitution it resulted in dropping Clay, the one who almost certainly would have been elected had he been third instead of fourth; but the Constitution limited the choice to the three highest. Therefore when the vote came John Quincy Adams was elected over Jackson. That was accomplished largely through the influence of Henry Clay, who threw what influence he had to Adams. That immediately became the basis for a charge of corruption. That charge, largely repeated by John Randolph, of Roanoke, and strongly seconded by Andrew Jackson, made Jackson the dominating figure not only of his own party, which up to that time had not been named, but also of the country generally. By 1828, therefore, there was a sort of break-up of political parties, and the Anti-Masonry Party came on for the first time; and we owe to the Anti-Masonry Party the creation of the nominating convention. The first national convention called for the purpose of naming a candidate was called in 1828 by the Anti-Masonry Party, sometimes called the "Anti-Masonic Party." It was in that year also that the Democrats ceased to be called "Republicans" and took the name "Democrats." The convention system then began, as well as the plan of adopting a platform.

During nearly half a century after 1828 there never was a disputed Presidential election or a failure of the people to elect so that the election would go to the House of Representatives, until the unfortunate occasion of 1876. The reason why there have not been failures to elect a President is our two-party system. It is amazing to note the narrow margin between the two parties from 1828 down to the present time.

In other years, when I was more interested in history than in politics, I made some investigations which afterward took the form of a publication. I desire to give some figures in this connection.

In 1836 Van Buren received a popular majority of but 27 votes out of a total of one and a half million, and an electoral plurality of only 23 votes. A change of 2,000 votes in the State of Pennsylvania would have given the Presidency to Harrison.

In 1844 Polk fell short of a majority of the popular vote by 24,119; that is, Polk received a plurality of the electoral vote but fell short of a majority of the popular vote. His plurality over Clay in the popular vote was only 38,181. His plurality in the electoral vote was 65. In New York Polk's plurality over Clay in the popular vote was 5,106 votes. It will be noted that a change of 2,504 votes in New York would have given that State's electoral vote to Clay, who would have been elected by a plurality of 7 votes in the electoral college.

This perhaps is an explanation why Clay, a frequent candidate for the nomination for the Preidency, said, "I can always be nominated when nobody can be elected, but never nominated when anybody can be elected."

In the State of New York alone in the election of 1844 the Abolitionists cast 15,812 votes. These were principally from the Whig Party. Hence the oft-repeated charge that Clay owed his defeat to the enemies of the Abolition camp who resented his compromise policy. There is little doubt that Clay's defeat was brought about by the third-party movement, and it was quite effective in that it changed the result of an election.

In 1848 General Taylor was elected by an electoral plurality of 36 votes. His popular plurality was 139,555 votes. He fell short of a popular majority by 75,855 votes. He received a plurality, but failed to receive a majority.

In that particular year the Free Soilers cast 291,263 votes. In Pennsylvania alone the Free Soilers cast 11,263 votes. The State of Pennsylvania gave its 26 electoral votes to Taylor. A change in the State of only 6,674 votes would have elected Cass over Taylor.

Mr. President, it is remarkable what a narrow margin there was between the two great political parties in election after election, and what a small number of votes, if in a particular State, would have thrown the election to the other party. It is that narrow margin which prevents the election being thrown into the House of Representatives, and, of course, it is due to the fact that there are two parties instead of many parties.

In 1856 there was what was known as the "Fremont campaign." Buchanan received a plurality of the popular vote of 496,905, but he fell short of a majority by 188,815. His majority in the electoral college was 25 votes. He secured the Pennsylvania electoral vote, 27 in all, by a majority of only 512 votes. His plurality over Fremont in that State was 83,200 votes. Had Pennsylvania gone to Fremont or Fillmore, Buchanan would have lacked 2 electoral votes of the required majority, and he received a majority of only 512 votes, which would indicate that a change of only 256 votes would have thrown the election the other way.

In 1860 the choice was Lincoln. His plurality was 49,295, but he fell short of a majority by 473,645, out of a total vote of 4,680,193. Of an electoral vote of 303, he received 180, which was a majority of 28.

Here, again, is an interesting fact in our electoral system. Lincoln received 1,866,452 votes, which gave him 180 electors in the college. Douglas received 1,375,157 votes, which was nearly 500,000 less than Lincoln, yet he received only 12 electoral votes in the college. Breckinridge received 847,953 votes, a little more than half the Douglas vote, but Breckinridge received 72 electoral votes. In other words, Douglas received double the popular vote Breckinridge received, but he received only 12 electoral votes, while Breckinridge received six times that number. Bell, who received nearly 200,000 votes, less than one fifth the Douglas vote, also received 39 electoral votes in the college, or over three times what Douglas received.

Mr. President, it is the large variation between the popular vote on the one hand and the electoral vote on the other which has led many people to think the system ought to be changed, and a great many people have concluded that it could be cured by eliminating the electoral system, but it cannot be cured by that if we are still to maintain the State as a unit, and I do not believe we will ever be willing to give up using the State as a unit.

Let me give one modern example, which all of us will recall. In the famous Blaine-Cleveland campaign, in 1884, the Prohibition Party was a third party and held the balance of power in the election. In the total vote of over 10,000,000, Cleveland received a plurality of a little over 20,000 but fell short of a majority by over 150,000. In the electoral college he was elected by a majority of 18 votes. He carried the State of New York by a plurality of only 1,149 votes. A change of 575 votes from Cleveland to Blaine in the great State of New York would have made Blaine the President of the United States. In that State the prohibition vote, which came largely from the Blaine ranks, was 25,000. The same thing might be said, though conditions were not quite so glaring, of the election of 1888.

The point is that so long as we maintain the two-party system, where we can affirm on the one hand and deny on the other, we will never or scarcely ever be in danger of having the election taken from the people and thrown into the House of Representatives. But if we shall adopt any plan by which we emasculate the two-party system, then the hazard of a failure on the part of the people to elect will be just as great as it is in Europe.

I was impressed by the statement of the Senator from Michigan in reference to the frequent changes of administration in Europe. It is interesting to note how few times the administration changes in Great Britain as compared

with the changes in France. In France the Government will change two or three times in a single year, and I cannot count the times it has changed since the Great War. Within a very short period there were 11 changes. That is not true of Great Britain, because there is a more stable element in control in the British Empire. Still, Britain does have the coalition system, but not like Germany, and not like France. In Germany there are something like 14 parties, and there are about the same number in France.

I desire to give a warning. If we ever abandon the two party system for the coalition-government system now in vogue in Europe, two very serious results will follow. The first will be that we will destroy all party responsibility. There is no such thing as holding any dominating party responsible if it does not have control. That is why I am going to make a statement very frankly here, which is only a repetition of what I stated at the opening of the special session. I think that it is very desirable that one party should have a majority. I complimented the Democratic Party in having a majority in this body of its own membership, without getting a single vote from this side of the aisle, from either me, or anybody else who might not vote as I do.

A party that has a majority is in control and can be held responsible. But suppose the Democrats did not have a majority in this body, and in order to put any measure through, depended upon a fraction of those on this side of the aisle? Would the Democratic Party be responsible? No. Would the Republican Party be responsible? No. The element that held the balance of power would nullify all chance to hold any party responsible. They themselves would not be responsible, because they would not represent anything except independence.

As it is now, I propose to go to the country and hold the Democrats responsible for all the follies which have been committed since the 4th of March 1933, and I can hold them responsible, and they have no alibi. They cannot say the responsibility belongs to a faction of the Republican Party, because they have the votes necessary without calling on any Republican. That is as it ought to be. It gives the American people an opportunity to say to the Democrats, "You have had control, and you are responsible. If you have done what you should have done, we will approve it. If you have done what you should not have done, we will disapprove it." Thus the people will have an opportunity to speak in such a way that the party must feel its responsibility. I say that is fundamental in the United States. We need that, and we need also a strong minority party.

Mr. President, this side of the Chamber has been criticized woefully for not having exercised what some people think is the function of a minority—holding up or resisting legislation which is proposed by the majority party. Of course, I believe there is justification in holding up even a good measure to the point where it is fully discussed, so that if there is any weakness it will be brought out, and if the measure is strong enough it will stand on its own feet and justify its passage.

I do not believe it ought to be the function of a minority party to do nothing but check. I think that is a confession of weakness. But in our Government there is a function of the minority in legislation which we cannot ignore, and that is to take such action as will give the people of the country an opportunity to hold responsible the party which is in the majority. If we embark upon any particular plan which will destroy party responsibility or which will destroy party solidarity, I think it is dangerous; and if this proposal were leading to that I should resist it to the limit of my influence. There is another thing which may grow out of this proposal. If we ever adopt the coalition system which is now in vogue in Europe—which I hope we shall not do, because it would result in a total destruction of party responsibility and of government that can speak only through party—we must then necessarily have that which goes with the responsible ministry, the power of proroguing the Congress, to send the issue to the people, so that the people may vote directly upon the issue upon which the Government divided.

We do not have such a system. If there were any thought of giving to the President the power to dissolve Congress, it would be very offensive, or if it were even in the language of "permitting" him to prorogue Congress it would be very offensive.

If we embark on a plan that will destroy party responsibility, the people will have no way of expressing themselves on any issue. They have now, and will have so long as we maintain the system we now have in vogue; but if we should embark on the other system, they would lose that privilege. Then there would remain the alternative either wholly to give up the chance for the people ever to express themselves, or else to give the power to the President of the United States through an amendment to the Constitution, so that when the Congress should refuse to pass a measure which the President wanted to have enacted he could, as is done in England by the Government, ask that an election be held directly upon that issue through the election of a new Congress. I should not want to go that far, but the two things go together.

When this amendment was first suggested it met with some approval in my mind, because I thought it would get rid of certain things which, in my opinion, we could just as well get rid of; but if the implications which have already been stated concerning the breakdown of party responsibility are likely to be realized, then, in my opinion, it is one of the most dangerous proposals that have come to us for some time.

Mr. COPELAND. Mr. President, if no one desires further to discuss this question——

Mr. NORRIS. Mr. President, does the Senator desire to speak on this question?

Mr. COPELAND. No; I desire to make a motion when the discussion of the pending measure shall have been completed.

Mr. NORRIS. I should not like to have this measure set aside by a motion. I shall later ask to have it set aside temporarily by unanimous consent in order to take up the measure which the Senator has in mind.

Mr. COPELAND. That will be satisfactory.

Mr. NORRIS. If no other Senator is going to speak on the joint resolution, I will say a few additional words with reference to it. However, I shall not take the floor if some other Senator desires to speak.

Mr. McNARY. Mr. President, a parliamentary inquiry. Is Senate Joint Resolution 29 the unfinished business, or is it being discussed by common consent?

Mr. NORRIS. No; it was taken up on motion.

Mr. McNARY. Is it the desire of the Senator from Nebraska to have a vote on the joint resolution this afternoon?

Mr. NORRIS. No; it is the understanding that we shall not vote on it this afternoon, and that when debate on the subject shall be exhausted this afternoon the measure will be temporarily laid aside.

Mr. McNARY. I thought the joint resolution was being discussed by common consent. I did not know that the Senator from Nebraska had made a motion to make it the unfinished business.

Mr. NORRIS. Mr. President, I think I might as well now as at some future time say something in regard to the arguments made by the Senator from Michigan [Mr. VANDENBERG] and the Senator from Ohio [Mr. FESS]. I think their fears are absolutely groundless.

I first desire to discuss the objection which both of them made; to wit, that this proposed constitutional amendment is intended to destroy the two-party system.

I have no love for the two-party system. I am not one of those who worship at the shrine of the two-party system, as some Senators do, and do conscientiously. I desire to say, however, that as I see the matter—and I am trying to look at it fairly—there is nothing in the argument of the Senator from Michigan and the Senator from Ohio that this amendment will abolish, or will have a tendency to abolish, the two-party system.

I should be for the amendment if it would have that result, even if I did not know what was coming, because I think enough serious criticisms can be made of the management

of our two political parties under our present system to justify taking a jump into the dark and trusting to God to get something which is better.

I did not intend to argue the question of the two-party system or party responsibility, because I wished, if possible, to steer this amendment clear of all objection which I think is founded on an argument which has no weight and which can only have a tendency to drive away from the amendment men who are party men, for one cause or another, without stating the real objection, if they have any, to this system.

The only objection I can see is that the amendment is a step toward the abolition of machine rule in any political party. I welcome that. There are, of course, those who favor machine rule. There are those who operate the machine and whose livelihood would be taken away if the machine politician should be put out of business. Naturally they would be opposed to this amendment. Naturally they would not give the real reason for their opposition to it.

I cannot see any possible objection with reference to either party regularity or party responsibility which would result from this amendment being in the Constitution which does not now exist under the present provisions of the Constitution. I am not claiming any virtue for the amendment in that respect. I am simply claiming that these objections have nothing to do with it, and I am urging Senators not to be led astray on this question by rank partisanship which is absolutely foreign to the consideration of this amendment.

It is claimed that in some way the amendment would put our Government on a basis similar to that of England. I cannot see any reason on earth why it should have any tendency in that direction. I should not claim anything for it if it would, though something could be claimed for it. There are some good things about the English system; but I am not advocating that. Some of those who favor this amendment are for the English system and some are against it; but that ought not to divide men upon this proposition.

Do not forget, Senators, that the people of the United States are thinking about this question. Do not forget that the people of the United States are tired of the control of national parties by machinery and political bosses. Do not forget that they know that such control now exists. They have been helpless, to a great extent, to remedy the situation and free themselves from such control. One person argues, "This will not do the work; let us have a law providing for a national primary." I would favor that kind of law, but if we were here now advocating that kind of law some Senator would rise and say, "The proper thing to do is to throw this proposal aside and abolish the electoral college." There is always some avenue of action for men who want to find fault by which they can point to some other method by which to accomplish the same result.

It is said here that the States may pass laws to accomplish the purpose, and that, while they cannot abolish the electoral college they can provide that the names of electors shall not be printed on the ballot and the names of the candidates for President and Vice President shall be printed on the ballot, and electors may subsequently be appointed who will carry out the will of the people. I concede all that. I had something to do probably with the framing of such legislation in the first State that ever put on its statute books a law of that kind. It was not a perfect law; it was a compromise; and a great many improvements could be made in it. In my own State, however, there are no electors until after the election, when the electors are appointed by the Governor. Instead of having electors to cast the vote and one or two of them sent here to bring notice of the result, after meeting in the State capitol and drawing pay for casting that vote, why not have an officer perform that act? Why not let the secretary of state of each State, for instance, certify the result of the election directly by sending it down here? Does anybody find fault with that? What is the use of all the present machinery?

In Nebraska we have as little of that machinery as any State, probably, in the Union. The Governor of the State appoints electors after the election to carry out the will of the people as expressed at the election. Why should the Governor appoint electors of the State and have them meet in the capital and cast their votes and then send one or more of them to Washington to deliver the vote? Why have all that machinery when the people have voted? Why not let the secretary of state of each State write a letter to the Vice President of the United States stating, "Here is the result of the vote"? That would do pretty nearly all that this amendment proposes to do.

Mr. FESS. Mr. President, will the Senator permit me to interrupt him there?

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. NORRIS. Yes.

Mr. FESS. It seems to me we could correct the abuse of which the Senator speaks by legislation without amending the Constitution of the United States.

Mr. NORRIS. No; I do not agree that we could correct the abuse without an amendment to the Constitution. The States could correct it, I concede that, except we would have the machinery for which the Constitution provides. The Constitution directs that Presidential electors shall be appointed—that is the word used—in such manner as the legislatures of the several States shall determine. So the legislatures of the States, if they desired to, could——

Mr. FESS. That is what I had in mind.

Mr. NORRIS. They could do that without regard to any constitutional provision of the State. Under the Constitution of the United States the legislature of every State of the Union could cast the vote in the State for President and Vice President, and we could not prevent any State, even by an amendment to the constitution of that State. from doing that, because that authority is derived from the Constitution of the United States. I ask the Senator to refer to the Constitution to see whether or not I am correct.

Mr. FESS. I think the Senator from Nebraska is right.

Mr. NORRIS. The States, however, have not done that. If I wanted to be so unreasonable as I think the Senator from Michigan is in some of the arguments he has made, I could argue that such authority is now in the Constitution. I would be telling the truth. That could be done right now, under our existing Constitution; and if every State did that, went as far as it could in letting its people decide the question, a great deal of the reason for the adoption of this amendment would disappear. I frankly concede that. However, the States will not do it.

The Constitution originally provided that the United States Senators should be elected by the legislatures of the States. A campaign was conducted for many years to give the people of the States the right to vote directly for Members of the United States Senate, but we got nowhere. Finally, in Oregon a law was enacted providing that every candidate for the legislature should have the right to print on the official ballot the number of a certain pledge—pledge no. 1 or 2 or 3—which, if elected, he agreed he would carry out. When the law was looked up, and those pledges were seen, all the people knew what each meant.

The first one was—I think it was the first one—that the candidate, if elected to the State legislature, would, when the question of the election of United States Senator came before the legislature, vote for the candidate who had received the highest number of votes at the preceding election. If he had signed that pledge, the statement that he had signed pledge no. 1 was printed on the official ballot, and every citizen of the State when he cast his vote could say, "Here is a candidate for State senator who has agreed to abide by our election of a Senator to the United States Senate."

No. 2 pledge was, "While I will not be bound absolutely by the pledge, I will give it consideration."

Pledge no. 3 was, "I will not pay any attention to it."

When one became a candidate for the legislature in the State of Oregon he could sign any one of those three pledges, or he did not need to do so. The result was that practically every candidate of every party signed pledge no. 1. Such pledges so made resulted in the election of Members

of the Senate in reality by a direct vote of the people. Candidates for the United States Senate in the State of Oregon ran on the ticket the same as candidates for Governor or for any other office, although carrying the election did not put the successful candidate for the Senate into office; the election still remained with the legislature; but a majority of the legislature, practically all of its members, signed a pledge to follow the result of the general election, and the consequence was that the man who carried the State for Senator was elected by the legislature regardless of his party affiliations. That was known as "the Oregon system."

When that system was put into force and effect a number of other States adopted it. When it came to voting here on a constitutional amendment proposing to give the people the right to elect Senators it could well have been said, "See what they are doing in Oregon; we do not need this amendment; let the States pass the necessary laws."

The first time I was elected to this body I was elected under a law copied after that which brought about the so-called "Oregon system." The members of the legislature in my State, with one or two exceptions, had signed pledge no. 1, the candidates for Senator having been nominated at the primary election. I was nominated by one party and my opponent was nominated by another party. We canvassed the State just as though the result meant that it would give the successful candidate title to a seat here in the Senate, although it was nothing in the world but an instruction to the legislature which every member could follow at his will. I was elected by the legislature following that election, a legislature, Mr. President, that was by a strong majority opposed to me politically. They voted for me because they had pledged the people of the State that they would vote for the people's choice at the election, and I happened to carry the election.

That was a round-about way of electing Senators by direct vote of the people. The people had been for a constitutional amendment providing for the direct election of Senators for years and years, but the politicians prevented them from getting it. After quite a large number of States had gone that far we finally got an amendment to the United States Constitution providing for the direct election of Senators, but not for many years, and not until practically all the people demanded it. All kinds of excuses were then made, such as are being made now for refusing to adopt the pending amendment. It is said, "You must do it in some other way." To some extent that is so, but I want to say to you, Mr. President, that, although this proposal has not been embodied in platforms made by machines and bosses, the people of the United States know what is pending at this minute before the Senate.

Mr. HEBERT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Rhode Island?

Mr. NORRIS. Let me finish the thought which I have just started, and then I shall be glad to yield. In the last Presidential campaign I spoke; beginning in Philadelphia and winding up the day before election at Long Beach, Calif., I went clear across the continent. I had prepared some of the speeches I was going to deliver, and in one of them I made a statement to the effect that prior to the expiration of the term of office of the President who would be chosen at that election we would have passed on a proposition to amend the Constitution of the United States to abolish the electoral college. I said, in speaking in behalf of the candidate I was supporting, that in my judgment such action would be taken within the next 4 years. I did not have any sinister motive in saying that. I do not know just why I said it, but I said it, and the first time I said it I was dumbfounded at the response I got from the audience. I did not think there was anything particular in the statement that called for approbation or applause, and yet the audience rose to its feet and the statement was met with deafening applause.

I commenced to think about it. I wondered if the people did know about the proposed abolition of the electoral college. No party had mentioned it in its platform. As a matter of curiosity and to test the sentiment, I repeated the statement at another place in another speech, and with the same result. I tried it again and again, and I never failed to get the same response, indicating clearly that the people knew what it was all about.

Yes, Senators, the people are thinking. They know that the electoral college is out of date. They know that back behind it all the only interests which demand its preservation are the machines and the bosses. They know national conventions have been controlled by machines and bosses, and they have had to go to the polls, absolutely helpless, to choose between two evils. They have had no choice in the selection of the Chief Magistrate of the country. They want a voice in that choice. They want a fair opportunity to let their influence be felt. They know the electoral college stands like a wall in the way.

I yield now to the Senator from Rhode Island.

Mr. HEBERT. The Senator said a moment ago that the only change to be effected by his amendment would be to do away with the electoral college. I assume he did not mean exactly that?

Mr. NORRIS. No; I meant it would be practically the only change.

Mr. HEBERT. Of course, the joint resolution provides for a method of electing a President and by 35 percent of the vote cast in the election.

Mr. NORRIS. That is true.

Mr. HEBERT. As to a choice of the candidate for President and the candidate for Vice President, is not that done through the primary system in those States where there is a law providing for primaries?

Mr. NORRIS. Yes.

Mr. HEBERT. Are not the candidates for Presidential electors chosen at the primaries, and may not anybody participate in those primaries?

Mr. NORRIS. No; I do not think so.

Mr. HEBERT. I realize that in those States which have the convention system that is not so; but in the Senator's own State, where there is an open primary system, may not anybody participate in the primary and express his choice for a Presidential elector?

Mr. NORRIS. No; they cannot do that. There are no Presidential electors there.

Mr. HEBERT. Then the condition is different in the Senator's State than in most other States.

Mr. NORRIS. I think it is probably the only State in the Union which has that kind of law.

Mr. HEBERT. Let us assume that the State does use the Presidential-elector system——

Mr. NORRIS. In order that I may not be misunderstood, let me say this: I made the assertion that there are no Presidential electors. Let me modify that by saying there are no Presidential electors at the time of the general election. Of course, the Constitution of the United States requires Presidential electors, and after the election they are appointed by the Governor of the State.

Mr. HEBERT. Then, in the Senator's own State there is no question of Presidential electors involved?

Mr. NORRIS. No; not to any great extent.

Mr. HEBERT. The proposed amendment to the Constitution would not add anything to that which now exists?

Mr. NORRIS. It would add a little, though I admit it would be little, because we have accomplished something as we did in the election of Senators. We have accomplished indirectly what we could not accomplish directly.

Mr. HEBERT. Assuming that Presidential electors are done away with by the amendment, what is to prevent a continuance of the practices which now obtain in those States where there is a primary? In other words, may they not proceed just as they proceed now to choose candidates for President and Vice President?

Mr. NORRIS. The States do not choose candidates for the Presidency and Vice Presidency.

Mr. HEBERT. Cannot they do it?

Mr. NORRIS. No.

Mr. HEBERT. I understand they can.

Mr. NORRIS. The States choose delegates to national conventions. Does the Senator mean after the candidates have been nominated?

Mr. HEBERT. It does not make any difference whether half a dozen parties have nominated candidates, as I understand the Constitution. It is always within the power of the State to choose the Presidential electors, and those electors can cast their votes for anyone.

Mr. NORRIS. That is true.

Mr. HEBERT. So the Senator's amendment would not effect any change in that respect.

Mr. NORRIS. If my amendment were adopted, there would not be any such thing as Presidential electors. They would be entirely abolished.

Mr. HEBERT. There must be some machinery to bring about the nomination of candidates.

Mr. NORRIS. Exactly. It would take a letter and a 2-cent stamp. They would take the place of a lot of machinery and men to meet at the Capital to be sent down here and have a big time when they bring the votes down to Washington.

Mr. HEBERT. That is not the way it is done now even in the Senator's own State. One cannot become a candidate in that way—by the use of a 2-cent stamp and a letter.

Mr. NORRIS. No; I did not say so.

Mr. HEBERT. He must comply with certain formalities provided by law.

Mr. NORRIS. Yes. We have the electoral college. A 2-cent stamp and letter will not do it. When the election is over and we want to bring the vote down here to be counted, a delegation is sent along to bring the vote to Washington. When the electors are appointed, they meet at the State capitol, and they solemnly cast their votes for somebody for President and for Vice President.

Mr. HEBERT. I was not directing my remarks to that situation.

Mr. NORRIS. Then I did not understand the Senator.

Mr. HEBERT. I had reference to a choice of candidates for President and Vice President in the several States. It is my understanding, as I read the Constitution, that one may vote for anyone for President or Vice President provided he conforms to the laws of the State where he votes.

Mr. NORRIS. He has to vote for a Presidential elector ordinarily.

Mr. HEBERT. Of course there is a Presidential elector; but suppose the provision as to Presidential electors were removed from the Constitution, the voter would still have formalities to comply with similar to those under the existing law.

Mr. NORRIS. He would not have any new responsibility. He would have to go through the formality of voting.

Mr. HEBERT. And, also, as I understand, the formality of making nominations.

Mr. NORRIS. Yes.

Mr. HEBERT. In that respect there would not be any difference except that we would eliminate the Presidential elector, but the same formalities would be required.

Mr. NORRIS. The amendment does not intend or propose to eliminate conventions, nominating conventions, primaries, or anything of the kind. It has nothing to do with them.

Mr. HEBERT. That is the point I had in mind. That is why I made the inquiry.

Mr. NORRIS. Mr. President, I wish now to say something along that line. It has a bearing on the two-party system about which we have been hearing so much. There is nothing in the Constitution of the United States about a political party. Where is the authority for a two-party system? It is not in the Constitution of the United States. There is not a word there about it. Very seldom will anyone find a reference to a political party even in a statute, unless it is a statute involving some regulation whereby it is desired to control certain wrongful activities sometimes employed by political parties. Political parties are not mentioned in the law. The two-party system exists now in spite of the law and in spite of the Constitution. The Constitution does not authorize it, neither does it prohibit it. It has nothing to do with it.

I suppose there is not a State convention in existence which makes direct reference, or perhaps any reference at all, to a political party. That is something outside the law. That is the reason why national conventions can be and are controlled by special interests. We know it; and let us not forget that the people of the United States right down to the grass roots know it, too. They have seen it happen. They have seen men in several Presidential campaigns leave their party in condemnation of the control of the party by special interests, regardless of law, without any law except what these interests themselves make.

Mr. President, the control of national conventions is no secret. Every man, woman, and child in the United States knows how they are handled. Nobody is deceived by the idea that John Jones or Dick Smith, from Kansas or Nebraska, who is going to Chicago or New York to help nominate a President really has anything to do with the convention. They do not even believe it themselves. I admit that many people believe in the control of government absolutely by party, and some do not. I think one of the silliest things in our body politic is the idea that we ought to hold one party absolutely responsible for all legislation, and that all members of any other party ought to fight the dominant party and vote against it on all occasions.

Let Senators look over the roll calls of the United States Senate and see how many times the vote on the roll call has been divided by party lines. Not one time in a thousand will that be found to have been the case. I do not believe it has happened during the past 2 years, except on one occasion, in the United States Senate. Nobody claims now—at least, I do not know of anybody who does—that it is the duty of a Republican Member of the Senate to vote against anything that a Democratic Member proposes, or that the Democratic Party proposes; and yet that is what party responsibility, carried to its logical end, means. It means more than that if we are logical, and there is one respect in which it would be a great thing. It would give us a short ballot with a vengeance.

If we were carrying out absolutely the doctrine of the responsibility of parties at every election, we ought to have no man's name printed on the ballot. We ought merely to have printed on the ballot "Democratic Party", "Republican Party", and perhaps some other party, "Labor Party", "Socialist Party." When the voter would go into the booth, he would see those names, and he would vote for one party or the other, and that vote would be canvassed. If the Democratic Party won nationally, it would call on Jim Farley to name all the officers of the Federal Government. If the Republican Party won, probably the Senator from Ohio [Mr. FESS] would name them, or perhaps Herbert Hoover would name them, and it would be all over.

That is party responsibility.

Mr. CLARK. Mr. President, may I ask the Senator a question?

Mr. NORRIS. Yes.

Mr. CLARK. Who would name the officers if the Progressive Party should win? [Laughter.]

Mr. NORRIS. In the first place, as I understand, the Progressive Party—although I am not a member of it—does not believe in that kind of a system, and I do not believe in it. I think it is my duty as a Senator to follow the dictates of my conscience, and I try to do so. Notwithstanding the fact that a legislative proposal may come from the Democratic Party, if I think it is right I support it; but if I were thinking of responsibility, I should say, "That is your job and not mine; I will get out from under." If a Senator on this side proposes something that I think is right, I consider it my duty to vote for it, and I try to do so.

That is my political philosophy. I think that is the progressive political philosophy. We do not adhere to the old theory under which a man gets in a rut and stays there because his father was there, because his grandfather was there, and gets deeper and deeper in the rut until he sees

the sun only at noontime, and then only for a short glimpse. He is in a rut, and he stays there. He becomes narrow-minded. He can sleep all night on the narrow edge of a 2 by 4 and like it. [Laughter.] That is his belief. He has a right to it. I am not finding fault with him, except that I think in the progress of human events he is so far behind the procession that he cannot be seen at all.

Mr. President, that is the logical result of party responsibility. I take it that the Republican Senators who voted for a great many of the measures proposed by the Democratic administration will not apologize for their action when they go home and meet their constituents. They will say, "We thought the measures were right, so we voted for them"; and if they do, they will be right. That is the thing to do. I commend them for it.

Mr. DILL. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. DILL. What has the Senator to say about Presidential responsibility instead of party responsibility? In other words, is it not the proper thing for a President to appoint men to carry out his policies who believed in those policies before he was elected?

Mr. NORRIS. I think so.

Mr. DILL. Then how can there be nonpartisanship in all Presidential appointments?

Mr. NORRIS. I will say to the Senator that I believe I agree more thoroughly with the principles advocated by Mr. Roosevelt than 90 percent of the Democratic job hunters who supported him and claimed to have elected him; and yet, if President Roosevelt should appoint me to an office, there are about a million Democrats who would at once go up in the air and have a fever [laughter] and say, "It is party responsibility! He ought to be a Democrat."

Mr. DILL. Mr. President, will the Senator yield further?

Mr. NORRIS. I yield.

Mr. DILL. I think there would be about 25,000,000 more who would commend the President; but that is not what I am trying to ascertain. I desire to ascertain the Senator's viewpoint on this question: When a man is elected President, is it not his duty to himself, and to the country, and to the people who elected him, to select men to carry out his policies—I do not care whether they come from his party or not—who believed in him and fought for him and helped elect him, regardless of party, rather than to pick men who were opposed to him and fought him until he was in, and then got on the band wagon?

Mr. NORRIS. I agree with the Senator 100 percent. I think that is true. That statement must be applied, however, to officers who have something to do with policies.

Mr. DILL. Yes.

Mr. NORRIS. It does not apply to a stenographer or some employee of that kind; but I think the Senator is perfectly right. I want to commend him for his statement. I did not understand him when he first put his question to me, but I agree fully with what he says.

Mr. President, at present we have national conventions not provided for by the Constitution, and they are supreme. Did that ever occur to Senators? Under existing conditions the national conventions are supreme nine times out of ten. Once in a while there are revolutions in both political parties in which the people have their say and get what they want. I admit that; but I am speaking of general conditions. Generally, that is not true. A few men control.

It is well known that a man on a sick-bed in Philadelphia controlled a great national convention in Chicago. He told them when to make the deal, and what deal to make, and whom they should nominate for President of the United States. I concede that a good man might be selected under those conditions, but it is a long way from a democracy when a thing like that is done. That, however, is what we have under our national convention system.

The only thing I claim for the pending constitutional amendment is that it will lessen such influence in national conventions, because it will make it easier to overthrow national conventions when they have finished their work. It is practically impossible now to do so. In theory it can be done, but practically it cannot be done. It never has been possible to do it. Sometimes it has almost been done, but in practice the national conventions make our laws and select our Presidents. That is a sad admission to make in a democracy.

Mr. DILL. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. DILL. That becomes doubly objectionable if we remember that the national conventions exist without any authority of law, and were never contemplated under the Constitution of the United States, but are simply a make-shift method of evading the provisions of the Constitution of the United States.

Mr. NORRIS. That is true. That is very well put. I thank the Senator. Outside the Constitution, outside the law, there is a force that controls the highest office in the land more frequently than it fails to control it.

This amendment would not cure that condition entirely. I do not claim that for the amendment; but it would lessen it very materially. It would not bring about the party condition that exists in Great Britain, as the Senator from Ohio [Mr. FESS] has indicated. I do not see that it would have any tendency to do that. It would not have a tendency to bring about multiplicity of parties. It would purify existing parties; that is all. When the Senator from Michigan [Mr. VANDENBERG] grows so eloquent in expressing his fear that a large number of partisan blocs would come about if this amendment should become part of the Constitution, he forgets that the reform it would bring about would be the purification of the parties that now exist in our country. It would make them better; and every honest man ought to be glad to have that happen. It would make them more careful. It would lessen the influence of men who, behind the scenes, furnish the money to build up the machine, with the expectation and the intention of getting a return from it in the way of favored legislation.

If anyone desires to appeal from a national convention, where can he go? Nowhere. He is at the end of the road if both national conventions are controlled. Everyone who participated in the last Presidential election knows that one of the reasons for the great majority which President Roosevelt received was not so much a desire to elect President Roosevelt as it was a desire to defeat the opposition to President Roosevelt. He received many votes, and I think he was entitled to them, because he merited them on his own standing as a man; but millions of the votes came to him not because the voters loved him but because they disliked the other candidate.

Mr. President, the blocs which the Senator from Michigan has criticized came about because of a feeling of revulsion against the party in power and the other party because they were not doing their duty; because they were not doing what they had pledged the people of the United States they would do.

We have had different blocs here without regard to party lines. The farm bloc, for instance, was organized a good many years ago, but since I have been in the Senate. Both Republicans and Democrats were in it. Why was that bloc organized? Was there something selfish they wanted? No. Were they candidates? No. Were they working for a particular candidate for office. No. They were simply trying to impress Congress with the fact that the pledges the parties had made to the people should be kept. They were condemned, it is true, and are condemned today by the Senator from Michigan; are laughed at. All kinds of fun was poked at them at the time, but they were moved by the purest motives, honest motives, conscientious motives.

This amendment would not affect that situation at all. There could be such blocs under this amendment, but there would not be any more under the amendment than there are now. Blocs and organizations of that kind, small in number many times, arise on account of some dissatisfaction of the people. Nine times out of ten they come into existence because the people's elected representatives have failed to carry out the pledges they made to the people.

The amendment would put the people of the United States closer to their Chief Executive. It would take away all the machinery of the electoral college, which now is perfectly

useless. It would tend to purify the existing parties, and it would not result in an extra party. If anything comes of that particular point, it will be where the political parties disregard the will and the rights of the people when they hold their national conventions. National conventions then will not be supreme. There will still be a court to which to appeal, and that will be the people of the United States, at the ballot box.

Do we not want to give them that right? Are we going to say that when the Republican Party and the Democratic Party meet and nominate candidates for President, the doors are closed? Are we going to say that nobody can run for President except one who is nominated in the conventions? So far as practical matters are concerned, that is the situation right now. This will make it possible, where the people have been deceived in the national conventions, for an appeal to be taken from the national conventions to the people themselves.

The Senator says it will be easier to get on the ballot. That is true. It will not be any easier for candidates for President to get on the ballot than a candidate for Governor to get on the ballot. It will not be any easier for a candidate for President to get on a ballot than it will be for a candidate for attorney general or State superintendent to get on the ballot.

Why not make it as easy for one as for the other? Why should we say that in a particular State, in order to put a man on the ballot as a candidate for Governor, 5,000 signatures will be required, but if one is running for President in the same State, with the same people voting at the same election, 100,000 signatures will be required? Why make a difference? Are the people in a State not interested in the President of the United States, as well as in the Governor of the State? This will make possible what now is practically impossible, namely, running as an independent for President of the United States.

As to throwing the election into the Congress, I do not believe there is anything in the argument that that would result oftener than under the present provisions. The Senator from Michigan gets red in the face arguing against the 35-percent provision, and in the next breath—not the next breath, either, but as soon as the redness disappears and he has time to get red again—he gets red in the face because he says, any percentage would be wrong. He then argues that 35 percent is the savior of the situation.

I do not care anything about that particular percentage. As I have said before, I think 35 percent is enough; but if a goodly number of the Senate does not believe that 35 percent is enough, I want to vote to take it out. It is not fundamental, and I do not want to see this proposal harmed or defeated by something of that kind.

Where there is a tie, so that there would be four or five candidates from whom the House would have to select, the present constitutional provision is that they must select from three, making it impossible for them to perform their constitutional duty. There is a provision in the proposed amendment which would relieve that situation. But Senators who are opposed to the joint resolution argue against that, and argue that that should be stricken out.

We are now under a handicap. If the election at the very next Presidential election should be thrown into the House of Representatives, and two receiving the highest number of votes were tied, and two receiving the next highest were tied, the House of Representatives could not perform its constitutional functions. It would be up against an impossibility.

The proposed amendment would relieve that situation. If there were a tie, the election would have to be one of three; but if the number, on account of ties, were increased to four or five, the number from which the selection must be made would have to be increased.

The object of the 35-percent provision is, principally, to keep elections from going into the House of Representatives and into the Senate. We wanted to avoid that if we could. That may be a good thing, or a bad thing. We thought it was a good thing to keep it out of Congress as much as we could. There is nothing sacred about it whatever. If 35 percent is not right, make it 45, or abolish the provision altogether. I think the Senate ought to have an opportunity to express itself on that question, and I should welcome such opportunity.

Mr. President, a great deal has been said by others, and now is to be said by me, about party responsibility and party regularity. I regret that that question has come into the discussion. Senators who know me know that I am not much of a believer in party regularity. I concede to the man who believes in party regularity and party responsibility the same right to his belief that I have to mine, the same right to follow his conscientious conviction.

I would not have brought this matter into the debate. I did not do so to begin with; but it has been brought in by the Senator from Michigan. I do not think it has any place here. Party responsibility has nothing to do with the proposed amendment. I regret that Senators are taking advantage of the fact that if they can incur party resentment, they can go a good way toward defeating the amendment. I admit that, and that is the reason why I wanted to keep this question out. It has no place here.

I have read several articles in newspapers running along the same line. One article I read at one time, referring to the original provision we had here, in which we had proportional voting provided for, stated, "The South will never agree to that. The Democratic Party will not stand for that." Within a week I read an article circulated by the Associated Press to the effect that this measure was a Democratic measure, and that Republicans were learning to resent it, that they were finding out that after all this was meant for the injury of the Republican Party. There is absolutely nothing to it. I do not know whether this report and the arguments made here are actuated by the feeling that there is something wrong, or whether it is believed that there is truth in the statement; but certainly, so far as I know, there is not any partisanship in this proposal. What the Democratic Party of the South would oppose probably would be opposed by the Republican Party of Vermont, and even that of Michigan, the Senator's own State.

Mr. President, under an understanding had with several Senators who wish to prepare amendments, and who probably cannot complete them this afternoon, if no other Senator desires to speak on this subject at this time, I ask that the joint resolution be temporarily laid aside, to be taken up tomorrow. I shall not make the request, however, if someone else wishes to speak now.

ORDER OF BUSINESS

Mr. CLARK. Mr. President, I have no desire whatever to object to the request of the Senator from Nebraska; but I understood that there was a distinct understanding that the tariff bill should be taken up tomorrow morning at the beginning of the session of the Senate.

The PRESIDING OFFICER. The request of the Senator from Nebraska is that the joint resolution be temporarily laid aside and that the bill of the Senator from New York [Mr. COPELAND] be taken up.

Mr. ROBINSON of Arkansas. Mr. President, I have no objection whatever to that arrangement. I think it should be understood, however, that tomorrow it is expected that the tariff bill shall be taken up.

Mr. NORRIS. Mr. President, I do not want to put off the joint resolution indefinitely. We could continue debating it today, if the Senators who have indicated a desire to present amendments were here with their amendments. It is not on my account that I am asking that the joint resolution be temporarily laid aside.

Mr. ROBINSON of Arkansas. I understand that. I assure the Senator from Nebraska that I shall cooperate with him in an effort to secure an arrangement to bring this matter to a conclusion at a very early date.

Mr. NORRIS. I should hate to let the joint resolution go over with the understanding that its further consideration must wait until the debate on the tariff bill shall have been completed. I do not know how long that bill will take.

Mr. ROBINSON of Arkansas. I think it entirely probable that during the consideration of the tariff bill we shall be

able to resume consideration of the joint resolution of the Senator from Nebraska. I hardly think the Senate would be prepared to conclude this subject tomorrow.

Mr. NORRIS. I do not think it would take long.

Mr. McNARY. Mr. President, in conference with the Senator from Arkansas [Mr. ROBINSON] and the Senator from Mississippi [Mr. HARRISON], it was tentatively agreed to begin the consideration of the tariff bill tomorrow, Thursday, at 12 o'clock. In the meantime, the unfinished business will be the joint resolution of the Senator from Nebraska. I understand that the Senator from New York desires to discuss Senate bill 2800, the modification of the Pure Food and Drugs Act. So far as the Members on this side of the Chamber are concerned, I think I can speak for them and say that if it fits into the situation better for the Senator from Nebraska to continue with his joint resolution and have a vote tomorrow, with the understanding that the Senator from New York shall then follow with his bill, we should be willing to take up the tariff bill Monday morning at 10 o'clock.

Mr. ROBINSON of Arkansas. No, Mr. President; I could not agree to such an arrangement.

Mr. McNARY. I am not asking for it. I am merely making the suggestion.

Mr. ROBINSON of Arkansas. I desire to make a suggestion which I think will be acceptable to the Senator from Nebraska, that we make the joint resolution which is now the unfinished business the special order for next Monday at 12 o'clock.

Mr. NORRIS. Mr. President, if that is agreeable to the Senator from Oregon and the Senator from Arkansas, I shall agree to it, although I did want to dispose of the joint resolution; but one Senator has left the Chamber and is working on an amendment which he wishes to offer.

Mr. ROBINSON of Arkansas. There are two or three Senators who said they had not determined finally what they proposed to do with reference to the joint resolution, and they asked that it go over.

Mr. NORRIS. Yes; they want some time for consideration. I realize that it is late in the session. This amendment, if it is to be submitted to the legislatures, must receive the approval of the House of Representatives. I do not want to be in the attitude of trying to hurry it at all. I want the fullest consideration, and I desire to have everybody fully informed on it. I will agree, however, if that is agreeable to other Senators, that the joint resolution shall be made the special order for next Monday at 12 o'clock.

The PRESIDING OFFICER. The request is at this time to lay aside the unfinished business temporarily, and to make it the special order of business next Monday at 12 o'clock. Is there objection?

Mr. NORRIS. With the understanding that at that time we shall dispose of it.

Mr. ROBINSON of Arkansas. I shall favor disposing of it then.

Mr. McNARY. That means following the arguments and the discussions, which will be logical.

Mr. NORRIS. Oh, yes. There will be an unlimited debate.

Mr. ROBINSON of Arkansas. I shall expect the joint resolution to be disposed of. I do not think we are in a position to agree on a time for a vote.

Mr. NORRIS. No; I do not ask for an agreement as to time. I want every Senator to debate the measure who desires to do so.

The PRESIDING OFFICER. Is there objection to the request?

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. The Chair hears no objection, and it is so ordered.

MUNICIPAL-DEBT ADJUSTMENT—CONFERENCE REPORT

Mr. NEELY submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with amendments as follows: On page 2, line 13, of the Senate amendment, after "irrigation", insert "reclamation"; on page 3, line 5, of the Senate amendment strike out "51 per centum" and insert in lieu thereof the following: "30 per centum in the case of drainage, irrigation, reclamation, and levee districts and owning not less than 51 per centum in the case of all other taxing districts"; and on page 9, line 18, of the Senate amendment strike out "75 percent" and insert in lieu thereof the following: "66⅔ per centum in the case of drainage, irrigation, reclamation, and levee districts and creditors holding 75 per centum in the case of all other taxing districts"; and the Senate agree to the same.

M. M. NEELY,
PAT. MCCARRAN,
WARREN R. AUSTIN,
Managers on the part of the Senate.

HATTON W. SUMNERS,
A. J. MONTAGUE,
TOM D. MCKEOWN,
RANDOLPH PERKINS,
Managers on the part of the House.

Mr. NEELY. I move the adoption of the report.

Mr. McNARY. Mr. President, I think the Senator from West Virginia should make a very brief statement concerning the conference report. I am not familiar with it and do not recall the legislation when it was here in the Senate.

Mr. NEELY. Mr. President, subject to two or three slight changes, the conferees have agreed to the Senate amendments to the House bill——

Mr. McNARY. I recall now the nature of the legislation and have no objection.

The report was agreed to.

REGULATION OF TRAFFIC IN FOOD AND DRUGS

Mr. COPELAND. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate bill 2800, to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes.

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Missouri suggests the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Dickinson	Hayden	O'Mahoney
Bachman	Duffy	Hebert	Overton
Bailey	Erickson	Lewis	Patterson
Bankhead	Fess	Logan	Pope
Barkley	Fletcher	Lonergan	Robinson, Ark.
Black	Frazier	McGill	Robinson, Ind.
Brown	George	McKellar	Schall
Byrnes	Gibson	McNary	Steiwer
Clark	Glass	Metcalf	Tydings
Connally	Goldsborough	Murphy	Vandenberg
Copeland	Hale	Neely	Walsh
Cousens	Hastings	Norris	
Davis	Hatch	Nye	

Mr. LEWIS. I announce the absence of my colleague the junior Senator from Illinois [Mr. DIETERICH], the absence of the Senator from Arkansas [Mrs. CARAWAY], of the Senator from Oklahoma [Mr. GORE], of the Senator from Louisiana [Mr. LONG], of the Senator from Georgia [Mr. RUSSELL], of the Senator from Texas [Mr. SHEPPARD], of the Senator from Florida [Mr. TRAMMELL], of the Senator from North Carolina [Mr. REYNOLDS], and of the Senator from Massachusetts [Mr. COOLIDGE], who are all detained on official business.

I regret to announce the absence of the Senator from California [Mr. McADOO], caused by continued illness.

I ask that this announcement stand for the day.

The PRESIDING OFFICER (Mr. MCGILL in the chair). Fifty Senators having answered to their names, a quorum is present.

Mr. COPELAND. I renew my request for unanimous consent that the Senate proceed to the consideration of Senate bill 2800, being the so-called "food and drugs bill."

Mr. MCKELLAR. Mr. President, I am opposed to this bill, and I will have to ask the Senator from New York to move that its consideration be proceeded with.

Mr. COPELAND. Very well; I move that the Senate proceed to the consideration of Senate bill 2800.

The PRESIDING OFFICER. The question is on the motion of the Senator from New York.

Mr. MCKELLAR. Mr. President, may I ask the Senator from New York if it is his purpose seriously to undertake to pass this very important bill at this session, or does he desire merely to take it up and make a speech on it?

Mr. COPELAND. I may answer the Senator by saying that it is not my desire merely to take the bill up and make a speech on it. I have a very intense desire to have it enacted into law at this session.

Mr. MCKELLAR. I do not believe that the Senator is going to be able to get a vote on the bill, from what I know of the opposition to it.

Mr. COPELAND. If that should happen it would not be the first disappointment I have had in my life.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. CLARK. If the unfinished business, being the joint resolution of the Senator from Nebraska [Mr. NORRIS] proposing a constitutional amendment, which has been temporarily laid aside——

Mr. ROBINSON of Arkansas. No. The joint resolution of the Senator from Nebraska was made a special order for next Monday at 12 o'clock, and it is expected that tomorrow, when the Senate shall meet, it will proceed to the consideration of the tariff bill.

Mr. CLARK. I understand that. My parliamentary inquiry, Mr. President, goes to the question of whether or not the measure proposed by the Senator from New York is being given any privileged status by the adoption of his motion. In other words, I do not think anyone has any disposition to object to some consideration being given to this bill, but if it is the purpose of the Senator from New York to take and hold the floor and push this measure to a vote, then some of us will desire to debate the question of consideration.

Mr. ROBINSON of Arkansas. I can answer the question. If the bill shall now be proceeded with, it will be the unfinished business when we recess this evening. If tomorrow the tariff bill shall be taken up, it must be either by unanimous consent or by motion, which, if adopted, would result in the tariff bill superseding the bill of the Senator from New York, if unanimous consent were not given to lay the latter bill aside.

Mr. MCKELLAR. Mr. President, may I ask the Senator from Arkansas a question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. MCKELLAR. If the bill of the Senator from New York were taken up this afternoon and displaced tomorrow, after tomorrow would it have any better position than it would have if we should take it up this afternoon?

Mr. ROBINSON of Arkansas. Not if it were displaced on motion.

Mr. MCNARY. Mr. President, as I understand, the motion now pending is to proceed to the consideration of Senate bill 2800?

The PRESIDING OFFICER. That is the question before the Senate. [Putting the question.] The "noes" seem to have it.

Mr. COPELAND. I will ask for a division.

The PRESIDING OFFICER. A division is called for.

The Senate proceeded to divide.

Mr. COPELAND. Mr. President, I think we ought to know what the attitude of Senators is on a measure so important to the public health, and I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. CAREY], who is absent from the city on official business. Not knowing how he would vote, I withhold my vote.

Mr. MCNARY (when his name was called). I inquire if the senior Senator from Mississippi [Mr. HARRISON] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. MCNARY. I have a pair with that Senator. In view of the situation and the absence of that Senator I must withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. PATTERSON. I have a general pair with the junior Senator from New York [Mr. WAGNER], who is necessarily absent from the Chamber. I am not informed how he would vote, and therefore withhold my vote. If permitted to vote, I should vote "nay."

Mr. ROBINSON of Arkansas (after having voted in the affirmative). I transfer my general pair with the senior Senator from Pennsylvania [Mr. REED] to the junior Senator from Illinois [Mr. DIETERICH], and let my vote stand.

Mr. BANKHEAD (after having voted in the negative). I have a pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE]. In his absence I withdraw my vote.

Mr. FLETCHER. I transfer my general pair with the Senator from West Virginia [Mr. HATFIELD] to my colleague the junior Senator from Florida [Mr. TRAMMELL] and vote "yea."

Mr. MCKELLAR. I transfer my pair with the Senator from Delaware [Mr. TOWNSEND] to the senior Senator from Utah [Mr. KING] and vote "nay."

Mr. LEWIS. I wish to reannounce the absences of Senators heretofore announced and for the reasons then given.

I also wish to announce that the Senator from Utah [Mr. KING], the senior Senator from Nevada [Mr. PITTMAN], the junior Senator from Nevada [Mr. MCCARRAN], the Senator from Oklahoma [Mr. THOMAS], and the Senator from South Carolina [Mr. SMITH] are absent from the Senate attending a conference at the White House.

I also wish to announce that the Senator from New York [Mr. WAGNER] is attending a session of the Labor Board.

I also announce that the Senator from Colorado [Mr. ADAMS], the Senator from Arizona [Mr. ASHURST], the Senator from Washington [Mr. BONE], the Senator from Colorado [Mr. COSTIGAN], the Senator from Washington [Mr. DILL], the Senator from Mississippi [Mr. HARRISON], the Senator from Nebraska [Mr. THOMPSON], the Senator from Indiana [Mr. VAN NUYS], the Senator from Montana [Mr. WHEELER], and the Senator from Utah [Mr. THOMAS] are absent on official business.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from New Jersey [Mr. BARBOUR] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Kansas [Mr. CAPPER] with the Senator from Massachusetts [Mr. COOLIDGE];

The Senator from New Jersey [Mr. KEAN] with the Senator from Texas [Mr. SHEPPARD];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from California [Mr. MCADOO];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Nebraska [Mr. THOMPSON];

The Senator from New Hampshire [Mr. KEYES] with the Senator from Colorado [Mr. COSTIGAN]; and

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from South Carolina [Mr. SMITH].

The roll call resulted—yeas 26, nays 22, as follows:

YEAS—26

Barkley	Couzens	Erickson	George
Black	Davis	Fletcher	Gibson
Copeland	Duffy	Frazier	Hatch

Hayden	Lonergan	Overton	Walsh
Hebert	Neely	Robinson, Ark.	White
Lewis	Norris	Steiwer	
Logan	Nye	Vandenberg	

NAYS—32

Austin	Connally	Hastings	Pope
Bachman	Dickinson	McGill	Robinson, Ind.
Bailey	Fess	McKellar	Schall
Brown	Glass	Metcalf	Tydings
Byrnes	Goldsborough	Murphy	
Clark	Hale	O'Mahoney	

NOT VOTING—43

Adams	Coolidge	La Follette	Shipstead
Ashurst	Costigan	Long	Smith
Bankhead	Cutting	McAdoo	Stephens
Barbour	Dieterich	McCarran	Thomas, Okla.
Bone	Dill	McNary	Thomas, Utah
Borah	Gore	Norbeck	Thompson
Bulkley	Harrison	Patterson	Townsend
Bulow	Hatfield	Pittman	Trammell
Byrd	Johnson	Reed	Van Nuys
Capper	Kean	Reynolds	Wagner
Caraway	Keyes	Russell	Walcott
Carey	King	Sheppard	Wheeler

The VICE PRESIDENT. On this vote the yeas are 26 and the nays are 22. The Senator from Missouri [Mr. PATTERSON], the Senator from Alabama [Mr. BANKHEAD], and the Senator from Oregon [Mr. MCNARY] have announced their pairs. A quorum is present. The motion is agreed to.

The Senate proceeded to the consideration of the bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes, which had been reported from the Committee on Commerce, with amendments.

Mr. COPELAND. Mr. President, I judge from the interest taken in the vote that the bill is understood by the Senate or at least Senators think they understand it. As a matter of fact, propaganda put out against the food and drug bill is propaganda founded upon the opposition to the first bill, known as S. 1944. The bill which we have before us is the third revision of that bill. The bill which is now pending has almost no relationship to the bill which has met such violent opposition throughout the country.

I beg Senators to believe me when I say this. In the interest of the public welfare and of the public health, before they determine to cast their votes against the passage of the measure, I ask that each Senator shall take the pains to ascertain for himself exactly what is contained in the bill. I am frank to say there has been manifested here today a degree of opposition which indicates difficulty in passing the bill at this late day in the session.

Mr. LEWIS. Mr. President, may I ask the Senator if the bill contains provisions which would justify it being known as the "Tugwell bill", against which we have received so many telegrams and letters?

Mr. COPELAND. The bill to which I referred, known as "Senate bill 1944", which has been revised three or four times since its introduction, is known to the public as the "Tugwell bill."

Mr. LEWIS. But not the present bill?

Mr. COPELAND. It is not the Tugwell bill which is now before the Senate. I have had ambition indeed that it might sometime be called the "Copeland bill."

Mr. LEWIS. If it is a good bill, it should be known as the "Copeland bill." If it is a bad bill, of course, it may be called the "Tugwell bill." [Laughter.]

Mr. COPELAND. As a matter of fact, the first bill was prepared by various authorities and experts and the permanent employees of the Department; and the Tugwell bill, bad as its reputation is, in my opinion, does not deserve the bad name it has. However, that bill is not under consideration.

Mr. President, I am anxious on behalf of the committee to perfect the bill, so that, even though we may not come to the point of passing it, the bill may be in such form that some future and perhaps wiser Congress may see fit to enact it. Therefore, I ask that the bill be read for action on the committee amendments which are indicated in the bill, and those which will be presented by me as coming from the committee.

Mr. MCNARY. Mr. President, before that is done I suggest to the Senator, who is familiar with his bill, that some historical account should be given of the progress of the bill through the committees. There is an impression among a number of Members of the Senate that this is the so-called "Tugwell bill", to which almost universal objection has been offered. The Senator will recall that a subcommittee considered that bill to final disposition. Efforts were made to correct two bills, at least, by the author of the measure now under consideration, the Senator from New York.

Before we commence the consideration of the committee amendments, I think the Senator should point out the circumstances attending the framing of the first bill, and the efforts which were made to modify and improve it, so that the Members of the Senate may have some knowledge of the structure of the present measure. I make that suggestion only in the interest of bringing the matter more clearly and logically to the attention of the Members of the Senate.

Mr. COPELAND. Mr. President, I always yield to suggestions made by my friend the Senator from Oregon. Let me say, therefore, that last June, at the request of the administration, I introduced the bill which became known as the "Tugwell bill", Senate bill 1944. I am frank to say that I never read it until October; but when I did read the bill there came to my own mind many, and I think most, of the criticisms which afterward were violently stressed by other students of the measure.

Therefore, the subcommittee to which the bill was referred, consisting of the Senator from Oregon [Mr. MCNARY], the Senator from Arkansas [Mrs. CARAWAY], and the Senator from New York, myself, had extended hearings on this bill on several days in the early part of December. It became apparent at that time that it was necessary violently—I think I may use that word—to revise the original bill. As a matter of fact, the original bill was very radically changed and reported to the Committee on Commerce, where it was given consideration. It was determined by the committee that it would be wise to have another hearing on a reprinted bill. I introduced it, and the new bill, S. 2000, was given a hearing by the full committee; and for a number of days—for nearly a week, as I recall it. Then sessions of the full Committee on Commerce gave study to the bill and heard witnesses representing every phase of thought in the various industries affected. The committee heard various citizens who were interested, including a number of women, who were and are greatly interested; for I assure Senators that from the time of the fight under Dr. Wiley in the old days in 1906, when the original bill was passed, there has never been a let-up in the interest which the women of the country have taken in matters having to do with pure food and drugs. So they were heard.

Out of that series of hearings came this further bill, Senate bill 2800, the measure now before us. I may say regarding this latest bill that there has not been a day since its introduction on the 15th of March when I have not been personally in conversation and discussion and debate with persons interested in further changes in the measure. No longer ago than this very morning there was a conference with the apple growers regarding certain provisions of the bill.

So I desire to make it as clear as words possibly can make it that the measure we have before us is not the bill upon which the attacks have been made. It is a different measure; and, in my opinion, there are at least 25 reasons which I could enumerate, if the demand were made, why this bill should be enacted into law.

This bill is intended to safeguard the men and women, the boys and girls, and the babies of this country. When Congress passed the law of 1906, which was the first attempt in the world to establish standards of foods and drugs, the food industry was of small consequence. It amounted to very little outside of the traffic in fresh fruits and vegetables. Since that time the fabrication of foods has become one of the greatest industries of our country. In every part of the country there are manufactures of various forms of foodstuffs.

During the past few years there has been a tremendous growth in the manufacture and sale of cosmetics. Cosmetics have been used from the beginning of time. I see a smile upon the face of the senior Senator from Illinois [Mr. LEWIS]. He, no doubt, has been a profound student in the fields involved here; but from the beginning of time women have found ways to beautify themselves, and men have, too. From the ancient tombs have come evidences in lipstick and powder and salve that the ancients sought to enhance their beauty; but, Mr. President, there has grown up in this country a dangerous use of a few cosmetics, and I desire to show the Senate one reason why we have emphasized, in the formulation of this bill, the chapter devoted to cosmetics.

Mr. President, I hold in my hand the photograph of a beautiful young woman, and I submit it to the Senator from Illinois. [Laughter.]

Mr. NEELY. I object.

Mr. LEWIS. I object to these expressions of envy on the part of eminent Senators.

Mr. NEELY. Not envy, but fear of the suspension of proper senatorial activities prompted my objection.

Mr. COPELAND. I will give it to the Senate, then, so that there may be no feeling of discrimination.

Mr. LEWIS. I pass it now to the Senator from West Virginia [Mr. NEELY], after I pass it to the Senator from Connecticut [Mr. WALCOTT].

Mr. NEELY. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from West Virginia?

Mr. COPELAND. I yield to the Senator.

Mr. NEELY. Before the Senator succeeds in absorbing the entire attention of the Senate in the photographs of the beautiful girl to whom he has referred, let me inquire if his bill contains an inhibition against the excessive use of the abominable lipstick, to which he referred a moment ago?

Mr. COPELAND. No; I am glad to say there is not.

Mr. NEELY. I should be very much more enthusiastic about the bill if it contained such provision. The excessive use of lipstick has greatly increased the world's troubles. Lipstick is not healthful for women. It is not safe for men. [Laughter.]

Mr. COPELAND. Does the Senator wish to testify on the subject at any great length? [Laughter.]

Mr. LEWIS. The Senator is objecting to the exhibits which have caused trouble.

Mr. COPELAND. Mr. President, this picture is a picture of a young lady who, because of some civic activity in her home city in Ohio, was given a dinner by the citizens. In preparing herself, as she properly should for an occasion so important to her, she used a preparation upon her eyelashes. That preparation unfortunately contained a poison. Two weeks after the dinner the result was what is shown in this second photograph—eyes destroyed; sight gone, and gone forever.

Mr. President, Senators may have had letters from certain cosmetic manufacturers asking that the bill be so drawn that only those cosmetics which contain substances harmful to the occasional person shall be prohibited; that the wording shall be such as to permit the sale of those that are not harmful to the average person.

Mr. President, the purpose of this bill is to conserve life and health.

Mr. WALCOTT. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. WALCOTT. Referring to the differences between the original bill and the pending bill, I should like to ask whether the redraft or new bill gives the right of court review to the offended person.

Mr. COPELAND. It does.

Mr. WALCOTT. The original bill did not.

Mr. COPELAND. No; the original bill did not. Let me answer the Senator's question in a moment, because I desire to finish what I was saying about the other subject.

An effort has been made to have the bill changed so that the sale of a cosmetic should be permitted if it was not harmful to the average user. We were unwilling to permit that change because it was not the average user who suffered blindness; it was this unfortunate young woman who happened to be susceptible to the poison contained in the cosmetic, and by reason of the use of it lost her eyes, and her sight is forever lost.

Mr. President, let me say, now, in reply to the question asked by the Senator from Connecticut, that the first bill, Senate bill 1944, would have given tremendous and conclusive powers to the Secretary of Agriculture. The Secretary of Agriculture could have sat down by himself and decided on this, that, or the other thing, and formulated a regulation that one should or should not have done this or that. There was no provision for review except such as might come under the common law; there was no direct provision made for review. But the bill which we are now considering and which comes under the criticism of hundreds of persons in this country who think we are still talking about Senate bill 1944, provides as follows:

Suppose the Secretary of Agriculture is told by the officials of the Bureau of Food and Drugs something about the preparations to be used in cosmetics, we will say. What can he do? He cannot formulate a regulation, as he could have done under the original bill. He must call into consultation the members of a committee appointed by the President of the United States. There are to be two such committees, one on public health, consisting of five persons, to be appointed by the President, "designated by the President with a view to their distinguished scientific attainment and interest in public health and without regard to their political affiliation", just exactly such men as that fine, outstanding man who passed away in Baltimore a few days ago, Dr. Welch. There is to be a committee of five persons on public health, appointed by the President of the United States.

If it is a matter of food, the President shall appoint a committee of 7 members, 3 of whom shall be selected from the public, 2 from the food-producing industry, and 2 from the experts of the Department—a committee of 7, to be appointed by the President of the United States.

When the Secretary decides that he wants to change a regulation, he must notify the committee on public health, or the committee on food standards, as the case may be. Then the Secretary shall call a meeting of the industry involved, and the committee shall sit in, the industry having been given 30 days' notice of that meeting, to give consideration to a revision of the regulations relating to the manufacture and distribution of cosmetics, or whatever it may be. At that public meeting, which is made a matter of record, a formal affair, the arguments are presented pro and con.

Even yet the Secretary could not promulgate the regulation but he must wait until a majority of the committee shall say that the proposed regulation is a good one. Then, when the majority of the committee has said the regulation is desirable, the Secretary shall promulgate the regulation, giving 90 days' time before it is given effect.

Provision is made, as found on page 40, as follows:

> The district courts of the United States are hereby vested with jurisdiction to restrain by injunction, temporary or permanent, the enforcement by any officer, representative, or employee of the Department of Agriculture of any regulation promulgated as provided in section 22—

Which is the section relating to the committee to be appointed by the President, and its action in considering the regulations—

> if it is shown that the regulation is unreasonable, arbitrary, or capricious, or not in accordance with law, and that the petitioner will suffer substantial damage by reason of its enforcement.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from New York yield to the Senator from Missouri?

Mr. COPELAND. I yield.

Mr. CLARK. Of course, under that section, I think the Senator will agree, only a question of law would be presented to the court for review. In other words, the findings of fact of the Secretary of Agriculture are to be conclusive.

Mr. COPELAND. Mr. President, the committee will recommend a change, so that it will read: "as provided in section 22, if it is shown that the regulation is unreasonable in the light of the facts."

Mr. CLARK. I think that would be a very great improvement of the section.

Mr. COPELAND. That is exactly what is intended. I want all Senators to know that there can be no arbitrary and individual act on the part of the Secretary in promulgating a regulation except under such safeguards as will give full protection to every man, woman, and child involved.

Mr. WALCOTT. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. WALCOTT. It seems to me vital to clear up that point, because I have received more criticisms as to the arbitrary powers proposed to be given the Secretary of Agriculture than as to any other provision of the bill. They have been coming in for a long time, by mail and otherwise. So let me see whether I understand it correctly.

A board of review, so-called, or commission, is empowered to hold a public hearing when any regulation is promulgated by the Secretary, or by the board, and as the result of that hearing, if the facts justify it, the board recommends or fails to recommend to the Secretary of Agriculture what is to be done.

Mr. COPELAND. Action must be taken by a majority vote.

Mr. WALCOTT. It must be done by a majority vote. Then, after the order is issued, the offended party, if there be such, has a right of court review, in any event?

Mr. COPELAND. That is correct. The Senator has stated it exactly as it is.

Could anything be fairer than that? This thing cannot be done in a corner; nor in any secret manner can there be imposed upon the public or upon the industry any arbitrary regulation. When the regulation is promulgated after a public hearing, with the majority support of the committee involved, then there is this court review. I do not see how anything could be fairer.

Mr. FESS. How is the committee to be appointed?

Mr. COPELAND. By the President of the United States.

I am going to ask that at this point, in the interest of brevity, there be printed with my remarks my own statement regarding Senate bill 2800, and what it means.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Senate bill 2800 contains every provision of the present Food and Drugs Act which the experience of 27 years of enforcement has shown to give worthwhile consumer protection. It contains many additional provisions designed to safeguard the health and pocketbook of consumers against abuses which are not reached by the present law.

One of the principal provisions designed to effect added protection is that dealing with advertising. In 1906, when the food law was enacted, advertising did not play an important role in the distribution of food and drug products. The records show that Congress entertained the belief that, if the labels could be kept free from false representations, injury to the public was not likely to result from advertising.

But in the past quarter century the importance of advertising has increased tremendously. The consumer's decision to purchase a product is much more frequently inspired by advertising than by label statements. This growth of advertising for the sale of goods has furnished an opportunity for unscrupulous manufacturers of foods and drugs—and unfortunately there are a few such—to circumvent the intent of the present law by making false claims in advertising. At the same time they have made sure that their label representations are above reproach.

Under S. 2800 any advertising statement which is false or misleading in any particular regarding a food, drug, or cosmetic would become illegal. The bill would effectively put a stop to untruths and exaggerations which are not now permitted on the labels of foods and drugs, because the language employed in defining false advertising is substantially identical with the language of the law now applicable to labels. The Supreme Court, in interpreting this language, has said that this provision condemns every statement, design, and device which may mislead or deceive even though the representation is not technically false but is literally true. The Court pointed out that the provision is to prevent deception resulting from indirection and ambiguity as well as from direct falsehoods. Under this intepretation no more effective language to compel truth in advertising could have been written into the bill.

The present law contains no provision whatever dealing with cosmetics. Fortunately, the great bulk of our cosmetics are harmless and are truthfully labeled and advertised. But there occasionally appear on the market harmful preparations which may result in untold misery for those unfortunate individuals who are victimized into the use of such preparations.

At the hearings before the Senate Committee on Commerce on the proposed food and drug legislation there was exhibited a photograph of a beautiful woman. This showed her as she appeared ready to attend a testimonial banquet given in her honor as a recognition of her unselfish and effective civic work. In preparing for the banquet she had used an eyelash dye labeled and sold for the particular purpose of darkening the eyebrows and lashes. Another photograph was exhibited which had been taken of the same woman several weeks later. Her face was drawn and lined with pain and suffering. Her eyes were sightless.

The lash dye this lady used was an irritant coal-tar poison which had literally burned away the outer coating of her eyeballs. There is no real reason or excuse for the use of such a potentially dangerous dye for the eyelashes and brows. Preparations of the mascara or lamp-black type are easily available and will effectively serve the purpose.

Recent records in the medical literature show dozens of cases of eye injury following the use of the particular coal-tar dye I mentioned. Had S. 2800 been a law when this preparation was placed on the market, the suffering of these persons could have been avoided, because the provisions of this bill include cosmetics of all kinds. They ban from the channels of interstate commerce any preparation for cosmetic purposes that contains a poisonous substance which may render it injurious to the user.

If this bill, instead of the present law, had been in effect, it would likewise have prevented the suffering of many who have been damaged by depilatories containing rat poison, or hair tonics containing arsenic, or hair dyes containing lead, or skin bleaches containing mercury. The proposed law is important to the vast majority of cosmetic manufacturers who put out harmless products, because such cases of poisoning make victims and their acquaintances afraid of all cosmetics.

Let us turn to some of the advantages of S. 2800 has over the present law in the control of abuses that occur in the sale of food products. The present law does not prohibit the sale of a poisonous food if the poison is natural and has not been added. The law applies only to added poison. Under S. 2800 traffic in foods which are dangerous to health is forbidden, whether the danger may arise from natural poison or a poison which has been added.

Under the present law there is no provision authorizing the establishment of tolerances for poisons which unavoidably contaminate many of our foods. The Department, under my bill, will have the authority to prohibit the addition of poisons where they can be avoided. Unfortunately, there are some irresponsible food manufacturers who, for some fancied or real commercial advantage, add dangerously toxic substances to foods. An end must be put to this unnecessary risk to public health. It cannot be stopped under the provisions of the present law.

While the present law prohibits traffic in foods which are filthy, it is unfortunately true that some extremely filthy products which find their way to the market cannot be controlled for the simple reason that technical methods for the detection of filth in food products are woefully inadequate. To stop this menace, S. 2800 requires that foods shipped in interstate commerce shall be prepared, packed, and held under conditions of reasonable cleanliness.

One of the glaring weaknesses of the present law is its failure to provide for definitions of identity for food. Without such definitions all sorts of economic cheat are possible. For example, within recent months the Department, in an effort to protect the consumer's pocketbook, brought action against a shipment of oysters to which a considerable quantity of water had been added, to be sold, of course, at oyster prices. The court held that because there was no legally binding definition of identity for oysters, the Government had not made out a case. Many other similar cheats have had to go unchecked because of this lack of authority. S. 2800 specifically remedies this defect by authorizing the establishment of standards of identity for all foods. It likewise authorizes the establishment of a standard of quality so that low-grade food could be required to bear a label showing it to be of low quality. While there is a similar provision in the present law, it applies to canned food only. S. 2800 extends it to all food.

Another dishonest practice that escapes the present law, but can be stopped under S. 2800, is that of slack filling containers of food and the use of containers that are deceptively shaped, colored, or formed. There were presented to the committee exhibits of food containers which were only partly filled and actually contained less food than smaller containers honestly packed. We likewise had before us specimens of plain or water noodles wrapped in yellow cellophane to make them look as if they were rich in egg.

An outstanding defect of the present law is the fact that while it prohibits label statements that are false or misleading, it does not require labels to tell the whole truth. S. 2800 requires label statements that would reveal substantially the composition of all food. The bill thus recognizes the right of the consumer to have fair information of the composition of the food he buys. This provision would also be effective in discouraging the practice that cannot now be prevented of mixing up a combination of common ingredients and selling it under a fanciful name, suggesting mysterious virtues, at an exorbitant price.

Full and complete information to the consumer concerning the composition of a food is a prime necessity where the food is offered for special dietary purposes. Because of the increasing recognition of the importance of the daily diet in maintaining health there are being offered to the consumer an increasing number of preparations alleged to contain this or that vitamin, or mineral salt, or mysterious combinations of these, with special proteins, carbohydrates, and the like. Every field of nutritional science, in which a vast amount of research work is being done, has been or will be exploited by preparations of this character. It is essential to the well-being of the public that provisions be made to keep abreast of these developments and to require informative labeling to accord with the facts as they are uncovered from time to time. For this reason S. 2800 delegates the power to the enforcing agency to establish regulations requiring fully informative labeling on these special dietary preparations. No provision of this kind occurs in the present law.

Glaring weaknesses in the present law are to be found in its provisions dealing with drugs. These are very sketchy and ill adapted to control of our modern problems in maintaining the integrity, safety, and efficacy of our drug supply. The advantages of S. 2800 over the present law in the control of drugs are even more striking than the advantages of the bill over the present statute in dealing with foods.

There is no prohibition in the present law against drugs which are dangerous to health. As a result of this omission, there have appeared from time to time on the market products intended to cure disease which, when taken in accordance with directions on the label, resulted in the death of the patient or the serious impairment of his health. S. 2800 would put an end to this abuse through its prohibition against traffic in drugs which are dangerous to health under the conditions of use prescribed in the labeling.

Special regulations are authorized for all drugs which are liable to deterioration in the course of their commercial distribution. The purpose of these regulations will be to require methods of packaging to prolong the time the drug will remain potent, and special labeling to show the precautions to be taken in handling the drug to prevent its deterioration as well as to warn against its use after deterioration has occurred. No such provisions are contained in the present law.

A type of drug product has come into very general use since the law of 1906 was passed. I refer to antiseptics, disinfectants, and the like, which are used for the destruction of germ life on or within the body. There is no provision in the present law dealing specifically with preparations of this kind, and in many cases it is difficult or quite impossible to control abuses of consumer confidence through labeling and advertising implying that the drug possesses a germ-killing power beyond its actual worth. S. 2800 sets up standards of germ-killing power for antiseptics and thus provides for the control of extensive abuses that now escape legal restriction.

There are many very useful drugs which should be employed only with great care and discretion because in improper dosage or when administered to children or when the patient is suffering from certain disease complications the effect of these drugs may be disastrous. S. 2800 provides an effective safeguard against these dangers which cannot be controlled under the present law. It requires that all drugs bear explicit directions for use and appropriate warnings against their consumption by children or in certain disease conditions where the use is contraindicated and may be dangerous to health.

The present law defines drugs as substances or mixtures of substances intended to be used for the cure, mitigation, or prevention of disease. This narrow definition permits escape from legal control of all therapeutic or curative devices like electric belts, for example. It also permits the escape of preparations which are intended to alter the structure or some function of the body, as, for example, preparations intended to reduce excessive weight. There are many worthless and some dangerous devices and preparations falling within these classifications. S. 2800 contains ample authority to control them.

One of the weakest provisions of the present law is that dealing with false claims of curative value of drugs. The law now requires that the Government show not only that the claims are false but that the manufacturer when he made those claims on his label knew them to be false. The handicap this throws upon the Government in its effort to protect the sick, who in seeking relief from their condition are anxious to believe in any promised cure, can be appreciated only by those who have witnessed the court trial of such cases. There may be no difficulty whatever in bringing in conclusive evidence that the curative claims are grossly false. But when it comes to showing that the manufacturer knew they were false, when it comes to demonstrating that intent to defraud was in the mind of the individual responsible for the labeling, the handicap is in many instances insurmountable.

Members of the committee got an insight into this difficulty of the present law during the course of the hearings on this bill. Individuals appeared in opposition to the bill who are offering devices for the treatment of such deadly diseases as tuberculosis, diabetes, typhoid fever, and appendicitis. The claim was made by one that by the use of his apparatus he could cure appendicitis in 1 day and tuberculosis in 4 days. Obviously these claims cannot be substantiated, but the witness testified with such earnestness that he could do these wonderful things that I am sure no Member of the committee could conclude that he did not honestly believe he was able to effect these miracles. But however honest the belief of the manufacturer in his ability to cure a bad case of appendicitis in 1 day without surgical treatment, or an advanced case of tuberculosis in 4 days, the effect of these treatments on the patient would not be influenced by the honesty of the manufacturer's belief. Such treatments would have precisely the same result on the patient whether the manufacturer sincerely believed what he said or whether he knew definitely that his claims were untrue.

Because of the weakness in our present law with the Government's inability to cope promptly and successfully with false therapeutic claims, untold thousands of our people have let their diseases progress to incurable stages while temporizing with worthless preparations, instead of securing adequate treatment in time to effect a recovery. S. 2800 stops this great loophole through which endless consumer abuses have crept. Claims for therapeutic value of drugs will be judged solely on their truth or falsity and without regard to whether the manufacturer was honest or dishonest in making them. Furthermore, S. 2800 requires that any claim of effect for a drug shall be supported either by substantial medical opinion or by demonstrable scientific fact. If the bill passes it will no longer be possble for an ignorant individual, having no knowledge whatever of disease and its treatment, to concoct a preparation and recklesly claim that it will cure serious disease.

These requirements on advertising, cosmetics, food, and drugs are protective provisions which do not occur in the present law. But there are other important advantages in S. 2800 in the so-called "implementing" provisions; that is, those provisions authorizing legal procedure to stop and penalize violations. For example, S. 2800 authorizes the enforcing agency to require permits for plants producing foods, drugs, and cosmetics where, because of conditions surrounding the manufacture of the article, it may be dangerous to health and the danger cannot be adequately detected after the goods have moved in interstate commerce. Methods of laboratory examination to detect certain dangers, such, for example, as crabmeat contaminated with the germs of paratyphoid, are slow and uncertain. Without a permit provision there would be no possibility of adequate protection of the public. In any instance where the public cannot be adequately protected by the other provisions of the law, the authority in S. 2800 to require permits can be invoked and the Department can require the manufacturer to set up the necessary precautions in his plant to insure the purity of his product.

While the present law authorizes the seizure of adulterated and misbranded products in interstate commerce, the procedure for filing such action is awkward and requires considerable time. When dealing with products which are imminently dangerous to health, the loss of this time is a serious matter. S. 2800 overcomes this difficulty by authorizing so-called "executive seizure" of imminently dangerous foods, drugs, and cosmetics. Custody of the seized goods in then placed within the jurisdiction of the proper Federal court.

Some manufacturers have regarded the extremely low penalties provided by the present food and drugs law as nothing more than license fees for conducting illegitimate business. S. 2800 increases these penalties so that substantial fines can be collected and jail sentences imposed. S. 2800 also is drawn to authorize action to stop violations at the source. Under the present law action can be taken only by the criminal prosecution of the shipper or the seizure of his goods after he has distributed them in interstate commerce. Usually criminal prosecutions can be filed only months after the offense has been committed. It is frequently quite difficult to take seizure action against shipments of dangerous products that may be scattered far and wide. Under the bill a provision is made whereby the Government can restrain a manufacturer by injunction from shipping goods in violation of the law or from the repetitious advertising of such goods. This would stop the offense promptly and at its source.

Mr. COPELAND. Mr. President, I ask that the Senate now proceed to consideration of the amendments so that the bill may be perfected in form, regardless of what may be its fate as to passage.

Mr. McNARY. Mr. President, I have on my desk a statement, rather long but exceedingly interesting, from the International Apple Association, of Rochester, N.Y., objecting to certain provisions of the bill and its general purpose, and with respect to the arbitrary power being placed in the hands of the Secretary of Agriculture in the administration of the measure. Has the Senator met those objections?

Mr. COPELAND. Yes.

Mr. McNARY. A few moments ago the Senator said he had been discussing this matter today with some of the representatives of the apple growers.

Mr. COPELAND. Yes.

Mr. McNARY. What was the result of the conference?

Mr. COPELAND. Mr. President, I desire to answer the question in full, because there is hardly a Senator here who is not interested in apples.

Let us turn first to page 8 of the bill. I may say that it is not only apples that I will discuss briefly for a moment but all fresh fruits and vegetables.

Mr. McNARY. What page, may I ask?

Mr. COPELAND. Page 6. It is proposed, after the word "act", on line 11, that there be inserted "the individual containers used in the distribution of small fruits."

The Senator will observe that the bill requires that all packages of fruits be labeled with the name of the manufacturer, the quantity of the contents in terms of weight, measure, or numerical count. It would cause distress to the berry growers and others engaged in marketing small fruits that this information should be put upon the individual package. By this amendment we spare that unnecessary trouble.

Then, on page 10, line 9, the apple men from my State and other States found fault with the language "the common or usual name of each ingredient such food bears or contains the order of predominance by weight." They said that would mean that an arbitrary Secretary of Agriculture might say that it should have so much pectin, and so much malic acid, and that all the chemical ingredients of the apple should be included. So that has been changed, in line 10, may I say to the Senator, to strike out "such" and to insert "which any fabricated", so it will read: "the common or usual name of each ingredient which any fabricated food bears." So this answers that particular criticism of the apple men.

We come now to page 32, line 2. They were unwilling to have apples included on the theory that an arbitrary Secretary of Agriculture might say that all apples must be russets, or northern spies, and so forth. That the brands should actually be named. Therefore, it is proposed to insert, in line 2, after the word "or", a comma and "(except for fresh fruits and vegetables) any."

Therefore the apples will be excluded from the operation of that particular section of the bill.

Then, on standards, section 11, page 18, if the Senator will observe, in line 13, there is inserted "*Provided*, That no standards of quality shall be established for fresh fruits and fresh vegetables."

On page 36, line 8, the apple men desired to have "shall" stricken out and "may" inserted. That seemed to the Department and to all concerned to be a proper change.

We come now to page 40, probably the most bitterly contested part of the bill, so far as the apple men were concerned.

On line 7, after the word "jurisdiction", insert a comma and the language "on complaint of any interested person", on the theory that apples might be shipped in commerce, and perhaps some bank hold the shipping bills, the original possessor not having them, that any interested person might make this application to the court.

Then, on line 13, change "will" to "may"; and insert on line 11, at the end, "in the light of the facts."

The Senator may recall that we had a long debate over the language at the top of page 40:

> In formulating regulations under paragraphs (b) and (c) of this section, the findings of fact by the Secretary shall be conclusive if in accordance with law.

That was bitterly contested and opposed by everyone, I believe. It was felt that it was not right that the Secretary should be given the power to determine conclusively and finally the facts in a given case. So that language is stricken out.

At the end of line 11 the language is inserted, "in the light of the fact", and at the end of the paragraph, line 20, there is added "on any of the grounds set forth above."

With these changes it is my opinion, may I say to the Senator from Oregon, that the apple men will be content.

Mr. McNARY. Mr. President, I desire to know whether the procedure and policy under the long-established legal principle concerning the shifting of the burden of proof still remain a part of the bill?

Mr. COPELAND. There is no present complaint on this score.

There is another item which I quite overlooked. On page 25 the apple men were dissatisfied with paragraph (b), line 4, and were anxious to have this language, which we accepted:

> If recovery is had in any suit or proceeding against any officer or employee by reason of a seizure pursuant to any such order, and the court certifies that there is probable cause for the acts done by such officer or employee, or that he acted under the direction of the Secretary or a duly designated officer of the Food and Drug Administration, no execution shall issue against such officer or employee, but the amount so recovered shall, upon final judgment, be provided for and paid out of appropriations for the administration of this act.

Therefore, with the right of appeal, and with the assessment of damages in case they are found to be justified, the apple men, so far as I know, are content.

Did the Senator have another question?

Mr. McNARY. Yes. The able Senator has been very patient in his consideration of the bill. I assume from what was said a few moments ago that it is the Senator's desire to consider committee amendments?

Mr. COPELAND. I desire to perfect the bill.

Mr. McNARY. I observe there is scarcely a quorum present.

Mr. COPELAND. My judgment is, may I say to the Senator, that the amendments are of small consequence, but yet, after all, they are needed.

Mr. FESS. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. FESS. I do not know of any proposed legislation concerning which more correspondence has come to my office pro and con, and I am not sufficiently acquainted with the bill to know whether some of those slight amendments might not be very important.

Mr. COPELAND. I desire to say that if on further study any Senator finds that he desires a reconsideration of any one of the amendments, I will not resist reconsideration.

Mr. McNARY. Mr. President, let me suggest that that might be a practical way to proceed, if the Senator is going through his bill with some continuity of procedure, but probably tomorrow we may take up the tariff bill. There are only 2 days given for the filing of a motion to reconsider. By the time we again approach the consideration of the bill the interim will probably be greater than is permitted by the rule, and for that reason, unless it is purposed to go through the bill with some continuity, it would be rather unfortunate, in view of the few Senators present, to go farther tonight with the committee amendments.

Mr. COPELAND. Then I suggest that there be a reprint of the bill, with all the committee amendments, many of which are now in pencil, so that the next time we reach the bill it may be before us in its perfected form, and then an opportunity will be given for Senators to study the measure.

Mr. McKELLAR. Mr. President, I have no objection to a reprint of the Senator's bill, for such uses as he may desire, but I should not want it understood that any of the amendments offered were agreed to in any way, directly or indirectly.

Mr. COPELAND. I have no such thought.

Mr. McNARY. Such an understanding as that would be impossible. It is just done for the convenience of the Members of the Senate, without any formal action having been taken.

Mr. McKELLAR. The Senator just desired to have all his amendments printed in the bill. Are the amendments those of the Senator or of the committee?

Mr. COPELAND. They are the subcommittee amendments. Most of them are insignificant.

Mr. McKELLAR. Of course we cannot tell about their importance until we examine them. We have not had a chance to do so.

Mr. COPELAND. May I say that no one is pressing for final action today. The bill will simply be here in the perfected form so that every Senator will have a copy.

Mr. McKELLAR. With that understanding, Mr. President, I have no objection.

Mr. COPELAND. I ask unanimous consent that the bill be reprinted as I have suggested, and also that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered. The bill will be reprinted with the committee amendments and will be printed in the RECORD.

(Senate bill 2800, with committee amendments, is as follows:)

[Omit the part printed in black brackets and insert the part printed in italics]

S. 2800

A bill to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes

Be it enacted, etc., That this act may be cited as the "Federal Food and Drugs Act."

DEFINITION OF TERMS

SEC. 2. As used in this act, unless the context otherwise indicates—

(a) The term "food" includes all substances and preparations used for, or entering into the composition of, food, drink, confectionery, or condiment for man or other animals.

(b) The term "drug", for the purposes of this act and not to regulate the *legalized* practice of [medicine] *the healing art*, includes (1) all substances and preparations recognized in the United States Pharmacopœia, Homœopathic Pharmacopœia of the United States, or National Formulary or supplements thereto; and (2) all substances, preparations, and devices intended for use in the cure, mitigation, treatment, or prevention of disease in man or other animals; and (3) all substances and preparations, other than food, and all devices intended to affect the structure or any function of the body.

(c) The term "cosmetic" includes all substances and preparations, *except unmedicated soap*, intended for cleansing, or altering the appearance of, or promoting the attractiveness of, the person.

(d) The term "Territory" means any Territory or possession of the United States, including the District of Columbia.

(e) The term "interstate commerce" means (1) commerce between any State or Territory and any place outside thereof, [or between points within the same State or Territory but through any place outside thereof,] and (2) commerce or manufacture within the District of Columbia or within any other territory not organized with a legislative body.

(f) The term "person" includes individual, partnership, corporation, and association.

(g) The term "Secretary" means the Secretary of Agriculture.

(h) The term "label" means the principal label or labels (1) upon the immediate container of any food, drug, or cosmetic, and (2) upon the outside container or wrapper, if any there be, of the retail package of any food, drug, or cosmetic.

(i) The term "labeling" includes all labels and other written, printed, and graphic matter, in any form whatsoever, accompanying any food, drug, or cosmetic.

(j) The term "advertisement" includes all representations of fact or opinion disseminated in any manner or by any means other than by the labeling.

(k) The term "medical profession" means the professions of [physicians, pharmacologists, dentists, and veterinarians] *medicine, pharmacology, dentistry, and veterinary medicine;* and the term "medical opinion" means the opinion of [physicians, pharmacologists, dentists, or veterinarians] *members of these professions* [relating to the fields of their respective professions] *in their respective fields.*

(l) The term "official compendium" means the United States Pharmacopœia, Homœopathic Pharmacopœia of the United States, National Formulary, or any supplement thereto, official at the time any drug to which the provisions thereof relate is introduced into interstate commerce.

ADULTERATED FOOD

SEC. 3. A food shall be deemed to be adulterated—

(a) (1) If it bears or contains any poisonous or deleterious substance which may render it dangerous to health; or (2) if it bears or contains any added poisonous or added deleterious substance prohibited, or in excess of the limits of tolerance prescribed, by regulations as provided by sections 10 and 22; or (3) if it consists in whole or in part of any filthy, putrid, or decomposed substance; or (4) if it has been prepared, packed, or held under insanitary conditions whereby it may have become contaminated with filth; or (5) if it is the product of a diseased animal or of an animal which has died otherwise than by slaughter; or (6) if its container is composed of any poisonous or deleterious substance which may by contamination render the contents injurious to health.

(b) (1) If any valuable constituent has been in whole or in part abstracted therefrom; or (2) if any substance has been substituted wholly or in part therefor; or (3) if damage or inferiority has been concealed in any manner; or (4) if any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight [in a deceptive manner,] or reduce its quality or strength, or create a deceptive appearance.

(c) If it is confectionery *or ice cream* and bears or contains any alcohol, resinous glaze, or nonnutritive substance except masticatory substances in chewing gum, coloring, flavoring, *natural gums, and pectin.*

(d) If it contains a coal-tar color other than one from a batch that has been certified in accordance with regulations as provided by sections 10 and 22.

(e) *Nothing in this act shall be construed to prohibit the enhancement of the color of mature and wholesome citrus fruits to the varietal color thereof, by means harmless to the consumer of such fruits, nor to require any declaration of such enhancement, by labeling or otherwise.*

ADULTERATED DRUGS

SEC. 4. A drug shall be deemed to be adulterated—

(a) If it is dangerous to health under the conditions of use prescribed in the labeling thereof.

(b) If its name is the same as or simulates a name recognized in an official compendium, or if it purports to be a drug the name of which is so recognized, and it (1) fails to meet the definition, *manufacturing* formula, and description set forth therein, or (2) differs from the standard of strength, quality, or purity as determined by the tests or methods of assay set forth therein; except that whenever tests or methods of assay have not been prescribed therein, or such tests or methods of assay as are prescribed are insufficient, for determining whether or not such drug complies with such standard, the Secretary is hereby authorized to bring such fact to the attention of the appropriate body charged with the revision of such compendium and if such body fails within a reasonable time to prescribe tests or methods of assay which are sufficient, then the Secretary may prescribe *for the purposes of this act* such tests or methods of assay by regulations as provided by section 22. No drug shall be deemed to be adulterated under subdivision (2) of this paragraph if its label bears, in juxtaposition with the name of the drug, a statement indicating wherein its strength, quality, and purity differ from the standard of strength, quality, and purity set forth in the appropriate official compendium, as determined by the tests or methods of assay applicable under this paragraph. Whenever a drug is recognized in both the United States Pharamacopœia and the Homœopathic Pharmacopœia of the United States it shall be subject to the requirements of the United States Pharmacopœia unless it is labeled and offered for sale as a homeopathic drug, in which case it shall be subject to the provisions of the Homœopathic Pharmacopœia of the United States and not to those of the United States Pharmacopœia.

(c) If it is not subject to the provisions of paragraph (b) of this section and its identity or strength differs from, or its purity or quality falls below, that which it purports or is represented to possess.

(d) If any substance has been (1) mixed or packed therewith so as to reduce its quality or strength [in a deceptive manner,] or (2) substituted wholly or in part therefor.

ADULTERATED COSMETICS

SEC. 5. A cosmetic shall be deemed to be adulterated—

(a) If it bears or contains any poisonous or deleterious substance in such quantity as may render it injurious to the user under the conditions of use prescribed in the labeling thereof, or under such conditions of use as are customary or usual.

(b) If it bears or contains any poisonous or deleterious ingredient prohibited, or in excess of the limits of tolerance prescribed, by regulations as provided by sections 10 and 22.

MISBRANDED FOOD, DRUGS, AND COSMETICS—GENERAL

SEC. 6. A food, drug, or cosmetic shall be deemed to be misbranded—

(a) If its labeling is false or misleading in any particular. Any representation concerning any effect of a drug shall be deemed to be false under this paragraph if that representation is not supported by substantial medical opinion or by demonstrable scientific facts.

(b) If in package form it fails to bear a label containing: (1) The name and place of business of the manufacturer, packer, seller, or distributor; and (2) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count: *Provided*, That under subdivision (2) of this paragraph reasonable variations shall be permitted, and exemptions as to small packages shall be established, by regulations prescribed by the Secretary.

(c) The Secretary is hereby authorized to promulgate regulations exempting from any labeling or packaging requirements of this act *the individual containers used in the distribution of small fruits, and also* food, drugs, and cosmetics which are, in accordance with the practice of the trade, processed, labeled, or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such articles are in conformity with the provisions of this act upon removal from such processing, labeling, or repacking establishment.

(d) If any word, statement, or other information required on the label to avoid adulteration or misbranding under any provision of this act is not prominently placed thereon in such a manner as to be easily seen and in such terms as to be readily intelligible to the purchasers and users of such articles under customary conditions of purchase and use.

MISBRANDED FOOD

SEC. 7. A food shall be deemed to be misbranded—

(a) (1) If its container is so made, formed, or filled as to mislead the purchaser, or (2) if its contents fall below the [minimum] standard of fill prescribed by regulations as provided by sections 11 and 22.

(b) If it is offered for sale under the name of another food.

(c) If it is an imitation of another food, except that no imitation shall be deemed to be misbranded under this paragraph if its label bears the word "imitation" in juxtaposition with and in type of the same size and prominence as the name of the food imitated.

(d) If it purports to be or is represented as a food for which a definition and standard of identity have been prescribed by regulations as provided by sections 11 and 22, and (1) its label fails to bear the name of the food prescribed in the definition and [minimum] standard, or (2) it fails to conform to such definition and [minimum] standard.

[(e) If it purports to be or is represented as a food for which a minimum standard of quality has been prescribed by regulations as provided by sections 11 and 22, and (1) its label fails to bear, if so required by the regulations, a statement of a standard of quality in such terms as the regulations specify, or (2) it falls below such standard.]

(e) If it purports to be or is represented as a food for which a standard of quality has been prescribed by regulations as provided by sections 11 and 22 and its quality falls below such standard, and its label fails to bear a statement in such terms as the regulations specify showing that it falls below such standard.

(f) If it is not subject to paragraph (d) of this section and its label fails to bear (1) the common or usual name of the food, if any there be, and (2) the common or usual name of each ingredient [such] *which any fabricated* food bears or contains in order of predominance by weight; except that spices, flavors, and colorings, other than those sold as such, may be designated as spices, flavors, and colorings without naming each: *Provided*, That, to the extent that compliance with the requirements of subdivision (2) of this paragraph is impracticable because of normal variations in ingredients or their quantities, usual to good manufacturing or packing practice, reasonable variations from the stated order of such ingredients shall be permitted, and exemptions as to packages of assorted food shall be established, by regulations promulgated by the Secretary.

(g) If it [is] *purports to be or is represented* for special dietary uses, such as by infants or invalids or for other special nutritional requirements, and its label fails to bear, if so required by regulations as provided by section 22, statements concerning its vitamin, mineral, and other dietary properties which fully inform the purchaser as to its nutritional value.

MISBRANDED DRUGS

SEC. 8. A drug shall be deemed to be misbranded—

(a) If its labeling bears the name of any disease for which the drug is not a specific cure but is a palliative, and fails to bear a plain and conspicuous statement, so placed as to be readily observable where such name occurs, indicating that the drug is a palliative and [how the palliation is effected] *the nature of its palliative action*.

(b) If it is for internal use by man and contains any quantity of any of the following narcotic or hypnotic substances: Alpha eucaine, barbital, beta eucaine, bromal, cannabis, carbromal, chloral, coca, cocaine, codeine, heroin, marihuana, morphine, opium, paraldehyde, peyote, sulphonmethane, or any narcotic or hypnotic substance chemically derived therefrom, or any other narcotic or hypnotic substance which is habit forming, and its label fails to bear the name and quantity or proportion of such substance or derivative in juxtaposition with the statement "Warning—May be habit forming."

(c) If it contains any quantity of (1) any of the stimulant-depressant substances ethyl alcohol, ethyl ether, chloroform, or isopropyl alcohol; or (2) any of the sedative substances, acetanilid, actephenetidin, amidopyrine, antipyrine, atropine, bromides, hyoscine, or hyoscyamine; or (3) any of the cumulative substances arsenic, digitalis glucosides, mercury, ouabain, strophanthin, or strychnine; or (4) any crude plant material or preparation thereof in which any substance named in subdivision (2) or (3) above is present; or (5) any chemical compound of any substance named above possessing stimulant-depressant, sedative, or cumulative properties; and its label fails to bear a statement of the name and quantity or proportion of such substance, or crude plant material or preparation thereof, or chemical compound, as the case may be: *Provided, That no drug shall be deemed subject to the provisions of this paragraph by reason of its containing arsenic as arsenic trioxide in a quantity less than one five-hundredths grain per single maximum dose and such arsenic is derived solely from crude plant material in which such arsenic is a natural constituent.*

(d) If it is not designated solely by a name recognized in an official compendium and its label fails to bear a common or usual name of the drug, if such there be.

(e) If its labeling fails to bear plainly and conspicuously (1) complete and explicit directions for use, and (2) such warnings in such manner and form as may be prescribed by regulations, as provided by section 22, against use in such pathological conditions or by children where its use is contra-indicated and may be dangerous to health, or against unsafe dosage or methods of administration or application: *Provided*, That where any requirement of subdivision (1) of this paragraph, as applied to any drug, is not necessary for the protection of the public health, the Secretary shall promulgate regulations, as provided by section 22, exempting such drug from such requirement.

(f) If its name is the same as, or simulates, a name recognized in an official compendium and it is not packaged and labeled as prescribed therein. Whenever a drug is recognized in both the United States Pharmacopœia and the Homœopathic Pharmacopœia of the United States it shall be subject to the requirements of the United States Pharmacopœia with respect to packaging and labeling unless it is labeled and offered for sale as a homeopathic drug, in which case it shall be subject to the provisions of the Homœopathic Pharmacopœia of the United States and not to those of the United States Pharmacopœia.

(g) If it has been designated by regulations, as provided by section 22, as a drug liable to deterioration, and is not packaged in such form or manner, or its label fails to bear a statement of such precautions, as such regulations require for the protection of public health. No such regulation shall be established for any drug recognized in an official compendium until the Secretary shall have informed the appropriate body charged with the revision of such compendium of the need for such packaging or labeling requirements and such body shall have failed within a reasonable time to prescribe such requirements.

(h) (1) If its container is so made, formed, or filled as to mislead the purchaser; or (2) if it is an imitation of another drug; or (3) if it is offered for sale under the name of another drug.

(i) If it purports to be or is represented as a germicide, bactericide, disinfectant, or antiseptic for any use on or within the body and its labeling fails to bear a plain and conspicuous statement of such use, including the strength or dilution, manner, and duration of application, and when tested by methods simulating as nearly as practicable the conditions of such use, or in the absence of such methods, when tested by a standard method, it does not have the germicidal effect within the duration so prescribed of a one to eighty dilution of phenol used by a standard testing method for 10 minutes at 37° centigrade. All testing methods for the purposes of this paragraph shall be prescribed by regulations as provided by section 22: *Provided*, That no drug shall be deemed to be misbranded under this paragraph by reason of failure of its labeling to bear a statement of any advertised use if such advertising is disseminated to members of the medical and pharmaceutical professions only, or appears in scientific publications of these professions.

(j) If it purports to be or is represented as an inhibitory antiseptic for any use as a wet dressing, ointment, dusting powder, or such other use as involves prolonged contact with the body and its labeling fails to bear a plain and conspicuous statement of such use, including strength or dilution and manner of application, and when tested by methods simulating as nearly as practicable the duration of application and other conditions of such use, or in the absence of such methods when tested by a standard method, it fails to prevent the growth of micro-organisms within the entire time of such duration. All testing methods for the purposes of this paragraph shall be prescribed by regulations as provided by section 22: *Provided*, That no drug shall be deemed to be misbranded under this paragraph by reason of failure of its labeling to bear a statement of any advertised use if such advertising is disseminated to members of the medical and pharmaceutical professions only, or appears in scientific publications of these professions.

FALSE ADVERTISEMENT

SEC. 9. (a) An advertisement of a food, drug, or cosmetic shall be deemed to be false if it is false or misleading in any particular relevant to the purposes of this act regarding such food, drug, or cosmetic. Any representation concerning any effect of a drug shall be deemed to be false under this paragraph if that representation is not supported by substantial medical opinion or by demonstrable scientific facts.

(b) An advertisement of a drug shall also be deemed to be false if it contains the name of any disease for which the drug is not a specific cure but is a palliative and fails to contain a plain and conspicuous statement, so placed as to be readily observable where such name occurs, indicating that the drug is a palliative [and how the palliation is effected] *and the nature of its palliative action*.

[(c) To discourage the public advertisement for sale in interstate commerce of drugs for diseases wherein self-medication may be especially dangerous, or patently contrary to the interests of public health, any advertisement of a drug representing it to have any effect in the treatment of any of the following diseases shall be deemed to be false: Albuminuria, appendicitis, arteriosclerosis, blood poison, bone diseases, cancer, carbuncle, cataract, cholecystitis, dental caries or erosion, diabetes, diphtheria, dropsy, encephalitis, epilepsy, erysipelas, gallstones, goiter, heart diseases, high blood pressure, mastoiditis, measles, meningitis, mumps, nephritis, otitis media, paralysis, periodontal diseases, pneumonia, poliomyelitis, prostate-gland disorders, pyelitis, scarlet fever, sexual impotence, sinus infections, smallpox, tuberculosis, tumors, typhoid, uremia, venereal diseases, and whooping cough; except that no advertisement not in violation of paragraph (a) or (b) of this section shall be deemed to be false under this paragraph if it is disseminated to members of the medical and pharmaceutical professions only or appears in the scientific periodicals of these professions, or if it is disseminated for the purpose of public-health education by persons not commercially interested, directly or indirectly, in the sale of such drugs: *Provided*, That whenever the Secretary determines that an advance in medical science has made any type of self-medication safe as to any of the diseases enumerated above, he shall promulgate regulations, as provided by section 22, exempting the advertisement of drugs having curative or therapeutic effect for such disease from the operation of this paragraph, subject to such conditions and restrictions as may be necessary in the interests of public health.]

TOLERANCES FOR POISONOUS INGREDIENTS IN FOOD AND COSMETICS AND CERTIFICATION OF COAL-TAR COLORS FOR FOOD

SEC. 10. (a) If an added poisonous or added deleterious substance in or on food or cosmetics is or may be injurious to health, the Secretary is hereby authorized to promulgate regulations, as provided by section 22, prohibiting such added substance in or on any food or cosmetic, or establishing tolerances limiting the amount therein or thereon, for the protection of public health, taking into account the extent to which the use of such substance is required in the production of such food or cosmetic and the other ways in which the consumer may be affected by the same or other poisonous or deleterious substances.

(b) The Secretary is hereby authorized to promulgate regulations, as provided by section 22, for the certification of coal-tar colors which are harmless and suitable for use in food.

DEFINITIONS AND STANDARDS FOR FOOD

SEC. 11. For the effectuation of the purposes of this act the Secretary is hereby authorized to promulgate regulations, as provided by section 22, fixing and establishing for any food [(1)] a definition and standard of identity, and [(2) one objectively determinable minimum] *a reasonable* standard of quality and fill of container: *Provided, That no standards of quality shall be established for fresh fruits and fresh vegetables.*

PERMIT FACTORIES

SEC. 12. (a) Whenever the Secretary finds that the distribution in interstate commerce of any class of food, drugs, or cosmetics may, by reason of conditions surrounding the manufacture, processing, or packing thereof, be injurious to health, and such injurious nature cannot be adequately determined after such articles have entered interstate commerce, and in such case only, he is authorized to promulgate regulations, as provided by section 22, governing the conditions of manufacture, processing, or packing necessary to protect the public health, and requiring manufacturers, processors, and packers of such class of articles to hold permits conditioned on compliance with such regulations.

(b) The Secretary is authorized to issue such permits for such periods of time as he may by regulations prescribe and to make regulations governing the issuance and renewal thereof. The Secretary is authorized to suspend immediately upon notice any permit issued under authority of this section if it is found that any of the conditions of the permit have been violated. The Secretary shall reinstate the permit whenever, after hearing and an inspection of the establishment, it is found that adequate measures have been taken to comply with and maintain the conditions of the original permit.

(c) Any officer or employee duly designated by the Secretary shall have access to any factory or establishment, the operator of which holds a permit from the Secretary, fo rthe purpose of ascertaining whether or not the conditions of the permit are being complied with, and denial of access for such inspection shall be ground for suspension of the permit until such access is freely given by the operator.

FACTORY INSPECTION

SEC. 13. (a) In order adequately to regulate interstate commerce in food, drugs, and cosmetics, and enforce the provisions of this act, officers or employees duly designated by the Secretary, after first making reasonable request and obtaining permission of the owner, operator, or custodian thereof, are authorized (1) to enter any factory, warehouse, or establishment in which food, drugs, or cosmetics are manufactured, processed, packed, or held for shipment in interstate commerce or are held after such shipment, or to enter any vehicle being used to transport such food, drugs, or cosmetics, in interstate commerce; and (2) to inspect such factory, warehouse, establishment, or vehicle and all equipment, finished and unfinished materials, containers, and labels there used or stored.

(b) The several district courts of the United States are hereby vested with jurisdiction to restrain by injunction, temporary or permanent, the shipment in interstate commerce or delivery after receipt in interstate commerce of any food, drug, or cosmetic from or by any factory, warehouse, establishment, or vehicle, designated in paragraph (a) of this section if the owner, operator, or custodian thereof has denied to officers or employees duly designated by the Secretary permission, after reasonable request, so to enter and inspect such factory, warehouse, establishment, or vehicle and equipment, finished and unfinished materials, containers, and labels there used or stored. Whenever such permission is granted, the injunction issued pursuant to this paragraph shall be dissolved, or may be continued in force subject to such conditions governing the inspection as the court may order. Violation of any injunction issued pursuant to this paragraph may be summarily tried and punished by the court as a contempt. Such contempt proceedings may be instituted by order of the court or by the filing of an information by the United States attorney.

RECORDS OF INTERSTATE SHIPMENT

SEC. 14. For the purpose of enforcing the provisions of this act, carriers subject to the Interstate Commerce Act, as amended (U.S.C., title 49), and other carriers engaged in interstate commerce, and persons receiving food, drugs, or cosmetics in interstate commerce, shall, upon the request of an officer or employee duly designated by the Secretary, permit such officer or employee to have access to and to copy all records showing the movement in interstate commerce of any food, drug, or cosmetic, and the quantity, shipper, and consignee thereof; and it shall be unlawful for any such carrier or person to fail to permit such access to and copying of any such record so requested when such request is accompanied by a definite statement in writing specifying the nature or kind of food, drug, or cosmetic to which such request relates: *Provided,* That evidence obtained under this section shall not be used in a criminal prosecution of the person from whom obtained: *Provided further,* That carriers hereinbefore designated shall not be subject to the provisions of this act by reason of their receipt, carriage, or delivery of food, drugs, cosmetics, or advertising matter in the usual course of business as carriers.

INVESTIGATIONS AND INSTITUTION OF PROCEEDINGS

SEC. 15. (a) The Secretary is authorized to conduct examinations and investigations for the purposes of this act through officers and employees of the Department of Agriculture or through any health, food, or drug officer or employee of any State, Territory, or political subdivision thereof, duly commissioned by the Secretary. *For the purposes of consultation in formulating general administrative policies for the enforcement of this act, the Secretary is authorized to appoint an advisory committee from each of the following groups: The food industry, the drug industry, the cosmetic industry, disseminators of advertising, the public.* To aid in securing compliance with the requirements of this act, the Secretary is further authorized to accept plans for such self-regulation of advertising [and commercial] practices as tend to effectuate the purposes of this act, when presented by associations or groups representative of their industries: *Provided,* That [such plans shall not restrict] *nothing in this paragraph shall be construed as restricting* the responsibilities and powers conferred upon the Secretary by this [act and shall not be] *act, and no plans shall be accepted which are* designed to promote monopolies or eliminate or oppress legitimate enterprise.

(b) It shall be the duty of each United States attorney to whom satisfactory evidence has been presented by the Secretary of any violation for institution of criminal, libel for condemnation, or other proceedings under this act, or to whom any health, food, or drug officer of any State or Territory, or political subdivision thereof, presents evidence satisfactory to the United States attorney of any such violation, to cause appropriate proceedings to be instituted in the proper courts of the United States without delay. All suits instituted under this act *other than those pursuant to section 19, paragraph (c), and section 23* shall be by and in the name of the United States.

(c) The Secretary shall, before reporting any violation of this act to the United States attorney for institution of criminal proceedings thereunder, afford due notice and opportunity for hearing to interested persons in accordance with such regulations as the Secretary shall prescribe. The report of the Secretary to the United States attorney for the institution of criminal proceedings under this act shall be accompanied by findings of the appropriate officers and employees, duly authenticated under their oaths. Nothing in this act shall be construed as requiring the Secretary to report for prosecution or for the institution of libel or injunction proceedings minor violations of this act whenever he believes that the purposes of the act can best be accomplished by a suitable notice or warning.

SEIZURE

SEC. 16. (a) Any article of food, drug, or cosmetic in interstate commerce that is adulterated or misbranded or that has been manufactured, processed, or packed in a factory or establishment, the operator of which did not, at the time of manufacture, processing, or packing, hold [a] *an unsuspended* valid permit, if so required by regulations under section 12, shall be liable to be proceeded against while in interstate commerce or at any time thereafter on libel of information and condemned in any district court of the United States within the jurisdiction of which the article is found. The article shall be liable to seizure (1) by process pursuant to the libel, or (2) if a chief of station or other officer of the Food and Drug Administration, duly designated by the Secretary, has probable cause to believe that the article is so adulterated as to be imminently dangerous to health, then, and in such case only, by order of such officer, issued under his oath of office, particularly describing the article to be seized, the place where located, and the officer or employee to make the seizure. In case of seizure pursuant to any such order, the jurisdiction of the court shall attach upon such seizure. Any article seized pursuant to any such order shall thereupon be promptly placed in the custody of the court and a libel of information shall be promptly filed for condemnation thereof.

[(b) When, upon the trial of any cause instituted pursuant to paragraph (a), subdivision (2), of this section, judgment is rendered for the claimant, but it appears to the court that there was reasonable cause for the seizure, the court shall cause a proper certificate thereof to be entered, and no officer or employee of the United States shall be liable to suit or judgment by reason of the seizure of the goods or the institution of such proceedings.]

(b) If recovery is had in any suit or proceeding against any officer or employee by reason of a seizure pursuant to any such order, and the court certifies that there is probable cause for the acts done by such officer or employee, or that he acted under the direction of the Secretary or a duly designated officer of the Food and Drug Administration, no execution shall issue against such officer or employee, but the amount so recovered shall, upon final judgment, be provided for and paid out of appropriations for the administration of this act.

(c) The court [may] *shall,* by order at any time before trial, allow any party to a condemnation proceeding to obtain a representative sample of the article seized.

(d) Any article of food, drug, or cosmetic condemned under this section shall, after entry of the decree, be disposed of by destruction or sale as the court may, in accordance with the provisions of

this section, direct and the proceeds thereof, if sold, less the legal costs and charges, shall be paid into the Treasury of the United States; but such article shall not be sold under such decree contrary to the provisions of this act or the laws of the jurisdiction in which sold: *Provided*, That after entry of the decree and upon the payment of the costs of such proceedings and the execution of a good and sufficient bond conditioned that such article of food, drug, or cosmetic shall not be sold or disposed of contrary to the provisions of this act or the laws of any State or Territory, the court may by order direct that such article be delivered to the owner thereof to be destroyed or brought into compliance with the provisions of this act under the supervision of an officer or employee duly designated by the Secretary, and the expenses of such supervision shall be paid by the party obtaining release of the article under bond. Any article condemned by reason of the manufacturer, processor, or packer not holding [a] *an unsuspended* valid permit when so required by regulations under section 12 shall be disposed of by destruction.

(e) The proceedings in cases under this section shall conform, as nearly as may be, to the proceedings in admiralty; except that either party may demand trial by jury of any issue of fact joined in any such case.

(f) When a decree of condemnation is entered against the article, court costs and fees, and storage and other proper expenses, shall be awarded against the person, if any, intervening as claimant of the article.

PENALTIES

SEC. 17. (a) The following acts are hereby prohibited:

(1) The introduction into interstate commerce of any food, drug, or cosmetic that is adulterated or misbranded.

(2) The adulteration or misbranding of any food, drug, or cosmetic in interstate commerce.

(3) The receipt in interstate commerce of any food, drug, or cosmetic that is adulterated or misbranded and the delivery or proffered delivery thereof in the original unbroken package for pay or otherwise.

(4) The dissemination of any false advertisement by radio broadcast, United States mails, or in interstate commerce for the purpose of inducing, directly or indirectly, the purchase of food, drugs, or cosmetics.

(5) The dissemination of a false advertisement by any means for the purpose of inducing, directly or indirectly, the purchase of food, drugs, or cosmetics in interstate commerce.

(6) The introduction into interstate commerce of any food, drug, or cosmetic if the manufacturer, processor, or packer does not hold [a] *an unsuspended* valid permit when so required by regulations under section 12.

(7) The refusal to permit access to or copying of any record as required by section 14.

(b) Any person who violates or causes to be violated any of the provisions of paragraph (a) of this section shall be guilty of a misdemeanor and shall on conviction thereof be subject to imprisonment for not more than 1 year, or a fine of not less than $100 nor more than $1,000, or both such imprisonment and fine; and for a second or subsequent offense imprisonment for not more than 2 years, or a fine of not less than $100 nor more than $3,000, or both such imprisonment and fine.

(c) Notwithstanding the provisions of paragraph (b) of this section, in case of a willful offense the penalty shall be imprisonment for not more than 3 years, or a fine of not less than $1,000 nor more than $10,000, or both such imprisonment and fine.

[(d) No person acting in the capacity of publisher, advertising agency, or radiobroadcast licensee shall be deemed in violation of paragraphs (b) or (c) of this section by reason of the dissemination of any false advertisiment. Any such person who, on reasonable request of an officer or employee duly designated by the Secretary, willfully refuses to furnish the name and post-office address of the person who caused him to disseminate such advertisement shall be guilty of a misdemeanor and shall on conviction thereof be subject to the penalties prescribed in paragraph (b) of this section.]

(d) No publisher, radiobroadcast licensee, or other agency or medium for the dissemination of advertising shall be deemed to have violated the provisions of paragraphs (b) or (c) of this section by reason of the dissemination of any false advertisement, but the liability shall rest upon the manufacturer, packer, distributor, or seller who caused the dissemination of such advertisement. Any publisher, radiobroadcast licensee, or other agency or medium for the dissemination of advertising, who, on reasonable request of an officer or employee duly designated by the Secretary, willfully refuses to furnish the name and post-office address of the person who caused him to disseminate such advertisement shall be guilty of a misdemeanor and shall on conviction thereof be subject to the penalties prescribed in paragraph (b) of this section.

[(c) No dealer shall be prosecuted under paragraph (b) of this section (1) because of commerce in any article he has purchased or received in good faith if he furnishes on request of an officer or employee duly designated by the Secretary the name and address of the person from whom he purchased or received such article, or (2)] *(e) No dealer shall be prosecuted under paragraph (b) of this section (1) for having received in interstate commerce an article and in good faith sold it, unless he refuses to furnish on request of an officer or employee duly designated by the Secretary the name and address of the person from whom he purchased or received such article and all documents pertaining to the delivery of the article to him, or* (2) if he establishes a guaranty or undertaking signed by the person residing in the United States from whom he received in good faith the article of food, drug, or cosmetic, or the advertising copy therefor, to the effect that such person assumes full responsibility for any violation of this act, designating it, which may be incurred by the introduction of such article into interstate commerce or by the dissemination of such advertising. To afford protection, such guaranty or undertaking shall contain the name and address of the person furnishing such guaranty or undertaking, and such person shall be amenable to the prosecution and penalties which would attach in due course to the dealer under the provisions of this act. No retail dealer shall be prosecuted under this section for the dissemination, other than by radio broadcast, of any advertisement offering for sale at his place of business any product which is not distributed or sold in interstate commerce.

(f) Any person who forges, counterfeits, simulates, or falsely represents, or without proper authority uses any mark, stamp, tag, label, or other identification device required by regulations promulgated for the enforcement of the provisions of section 12 shall be guilty of a misdemeanor, and shall on conviction thereof be subject to imprisonment for not more than 1 year, or a fine of not less than $1,000 nor more than $5,000, or both such imprisonment and fine.

(g) Any person who uses to his own advantage or reveals, other than to the Secretary or his officers or employees, or to the courts when relevant in the trial of any case under this act, any information acquired under authority of sections 12 or 13 concerning any method or process which is entitled to protection in equity as a trade secret, shall be guilty of a felony, and shall on conviction thereof be subject to imprisonment for not more than 2 years or a fine of not more than $5,000, or both such imprisonment and fine.

LIABILITY OF CORPORATIONS AND THEIR OFFICERS

SEC. 18. (a) When construing and enforcing the provisions of this act, the act, omission, or failure of any officer, employee, or agent acting for or employed by any person, within the scope of his employment or office, shall in every case be deemed to be the act, omission, or failure of such person, as well as that of the officer, employee, or agent.

(b) Whenever a corporation or association violates any of the provisions of this act, such violation shall also be deemed to be a violation of the individual directors, officers, or agents of such corporation or association who personally ordered, or did any of the acts constituting, in whole or in part, such violation.

INJUNCTION PROCEEDINGS

SEC. 19. (a) Each of the following acts is hereby declared to be a public nuisance:

(1) The repetitious introduction into interstate commerce of any adulterated or, *except for fresh foods and vegetables, any* misbranded food, drug, or cosmetic.

(2) The repetitious dissemination of any false advertisement by radio broadcast, United States mails, or interstate commerce for the purpose of inducing, directly or indirectly, the purchase of food, drugs, or cosmetics.

(3) The repetitious dissemination of a false advertisement by any means for the purpose of inducing, directly or indirectly, the purchase of food, drugs, or cosmetics in interstate commerce.

(b) In order to avoid multiplicity of criminal *prosecutions* or libel for condemnation proceedings, the district courts of the United States are hereby vested with jurisdiction to restrain by injunction, temporary or permanent, any person from continuing any such nuisance. In such injunction proceedings it shall not be necessary to show on the part of such person an intent to continue such nuisance.

(c) Further to avoid multiplicity of libel for condemnation proceedings without impairing the protection of the public or the opportunity for the prompt trial on the merits of alleged violations, the district courts of the United States are hereby vested with jurisdiction to restrain by injunction, as hereinafter provided, the institution of more than one seizure action under section 16 against any product if (1) the alleged violation is one of misbranding only, (2) all current shipments of the article alleged to be misbranded bear the same labeling, (3) such alleged misbranding does not involve danger to health or gross deception, and (4) such misbranding has not been the basis of a prior judgment in favor of the United States in any criminal prosecutions or libel for condemnation proceeding under this act.

(d) Any injunction issued pursuant to paragraph (c) of this section shall be dissolved on motion of the United States attorney, (1) upon the presentation by him of a duly certified judgment of condemnation in a seizure case against such product, or (2) at the expiration of the term of court next ensuing after the term in which such injunction issued, unless the complainant files with the court a duly certified judgment rendered upon a determination of the issue of misbranding, and entered pursuant to section 16 after the issuance of such injunction, or evidence satisfactory to the court of his inability to secure such determination.

[(c)] *(e)* Violation of any [such] injunction *issued pursuant to this section* may be summarily tried and punished by the court as a contempt. Such contempt proceedings may be instituted by order of the court or by the filing of an information by the United States attorney; and process of the court for the arrest of the violator may be served at any place in the United States or subject to its jurisdiction.

IMPORTS AND EXPORTS

SEC. 20. (a) The Secretary of the Treasury shall deliver to the Secretary of Agriculture upon his request, from time to time, samples of food, drugs, and cosmetics which are being imported or offered for import into the United States, giving notice thereof

to the owner or consignee, who may appear before the Secretary of Agriculture and have the right to introduce testimony. If it appears from the examination of such samples or otherwise that (1) any false advertisement of such food, drug, or cosmetic has been disseminated in the United States by the importer or exporter thereof, or any person in privity with him, within 3 months prior to the date such article is offered for import, or (2) such article has been manufactured, processed, or packed under insanitary conditions, or (3) such article is forbidden or restricted in sale in the country in which it was produced or from which it was exported, or (4) such article is adulterated or misbranded within the meaning of this act, then such article shall be refused admission.

(b) The Secretary of the Treasury shall refuse delivery to the consignee and shall cause the destruction of any such article refused admission, unless such article is exported by the consignee within 3 months from the date of notice of such refusal, under such regulations as the Secretary of the Treasury may prescribe: *Provided,* That the Secretary of the Treasury may deliver to the consignee any such article pending examination and decision in the matter on execution of a bond as liquidated damages for the amount of the full invoice value thereof together with the duty thereon, and on refusal to return such article or any part thereof for any cause to the custody of the Secretary of the Treasury when demanded for the purpose of excluding it from the country or for any other purpose, said consignee shall forfeit the full amount of the bond as liquidated damages.

(c) All charges for storage, cartage, and labor on any article which is refused admission or delivery shall be paid by the owner or consignee and in default of such payment shall constitute a lien against any future importations made by such owner or consignee.

(d) A food, drug, or cosmetic intended for export [which is not adulterated within the meaning of section 3, paragraph (a); section 4, paragraph (a); or section 5] shall not be deemed to be adulterated or misbranded under this act if it (1) accords to the specifications of the foreign purchaser, (2) complies with the laws of the country to which it is intended for export, and (3) is labeled on the outside of the *shipping* package with the words "For Export." But if such article is sold or offered for sale in domestic commerce, this paragraph shall not exempt it from any of the provisions of this act.

PUBLICITY

SEC. 21. The Secretary shall cause to be published periodically a report summarizing all judgments, decrees, and court orders which have been rendered, including the nature of the charge and the disposition thereof. The Secretary [shall] *may* also cause to be disseminated such information regarding food, drugs, or cosmetics as may be necessary to protect against danger to public health or fraud upon the consumer: *Provided,* That no such information shall be so disseminated regarding any brand of food, drug, or cosmetic before rendition of final judgment in proceedings against it except in cases involving imminent danger to health or gross deception of the consumer.

GENERAL ADMINISTRATIVE PROVISIONS

SEC. 22. (a) The authority to make regulations for the efficient enforcement of this act, except as otherwise provided in this section, is hereby vested in the Secretary.

(b) To aid and advise the Secretary in promulgating regulations for the protection of public health, as contemplated by section 3, paragraphs (a) and (d); section 4, paragraph (b); section 5, paragraph (b); section 7, paragraph (g); section 8, paragraphs (e), (g), (i), and (j); [section 9, paragraph (c);] section 10; and section 12, paragraph (a), a Committee on Public Health is hereby provided which shall consist of five members designated by the President with a view to their distinguished scientific attainment and interest in public health and without regard to their political affiliation.

(c) To aid and advise the Secretary in the promulgation of regulations with respect to food as contemplated by section 7, paragraphs (a), (d), and (e); and section 11, a Committee on Food Standards is hereby provided which shall consist of seven members, three of whom shall be selected from the public, two from the food-producing, -processing, and -manufacturing industry, and two from the Food and Drug Administration. The members selected from the public and the food industry shall be appointed by the President without regard to political affiliation, and the members from the Food and Drug Administration shall be designated by the Secretary.

(d) Whenever the Secretary deems that any regulation contemplated by the provisions of this act enumerated in paragraphs (b) and (c) of this section should be established, he shall so advise the appropriate committee. With the approval of a majority of its members, the committee shall recommend to the Secretary a proposed regulation, and the Secretary shall give notice of the proposal and of the time and place of a public hearing to be held thereon not less than 30 days after the date of such notice. After such public hearing the Secretary is authorized to formulate and promulgate such regulation, but no such regulation shall be promulgated without the approval of a majority of the members of the committee. The regulation so promulgated shall become effective on a date fixed by the Secretary, which date shall not be prior to 90 days after its promulgation, and may be amended or repealed in the same manner as is provided for its adoption: *Provided,* That regulations setting up exemptions pursuant to section 8, paragraph (e), [and section 9, paragraph (c)] may be promulgated without notice or hearing and shall become effective at such time as the Secretary determines.

(e) The term of office of members of the committees provided by paragraphs (b) and (c) of this section, other than members from the Food and Drug Administration, shall be 5 years, but the terms of office of such members first appointed shall expire at the end of 1, 2, 3, 4, and 5 years, as shall be designated by the President in their respective appointments. The President shall designate the chairmen of the committees. No person who is a member of the Department of Agriculture or who has a financial interest in the manufacture, advertising, or sale of any food, drug, or cosmetic shall be eligible to serve on the committee on public health, or as a member from the public on the committee on food standards.

(f) Each committee shall convene at least once each year in the city of Washington at a time to be designated by its chairman, but action by either committee under this section may be taken by the members thereof acting individually without convening in meeting. In each case in which approval by either committee of a regulation is required under this section, the Secretary shall transmit to each member of such committee a transcript of the record of the public hearing held by him. Members of the committees shall be given due notice of, and may sit with the Secretary or his representatives at, all such public hearings relating to the functions of their respective committees. Each committee on its own motion or at the request of the Secretary may advise him of its views on any question concerning the enforcement of this act.

(g) The Secretary of the Treasury and the Secretary of Agriculture shall jointly prescribe regulations for the efficient enforcement of the provisions of section 20. Such regulations shall be promulgated in such manner and take effect at such time as the Secretary of Agriculture shall determine.

(h) Hearings authorized or required by this act shall be conducted by the Secretary or such officer or employee as he may designate for the purpose. [In formulating regulations under paragraphs (b) and (c) of this section, the findings of fact by the Secretary shall be conclusive if in accordance with law.]

COURT REVIEW OF REGULATIONS

SEC. 23. The district courts of the United States are hereby vested with jurisdiction, *on complaint of any interested person,* to restrain by injunction, temporary or permanent, the enforcement by any [officer] *officer, representative,* or employee of the Department of Agriculture of any regulation promulgated as provided in section 22 if it is shown that the regulation is unreasonable *in the light of the facts,* arbitrary, or capricious, or not in accordance with law, and that the petitioner [will] *may* suffer substantial damage by reason of its enforcement: *Provided,* That [the foregoing shall not] *nothing in this section shall* be deemed to abridge the right of any person against whom a criminal prosecution or suit for injunction shall have been brought under this act or who shall intervene as claimant in any proceeding of libel for condemnation to plead that the regulation whose violation is alleged as the ground for such prosecution, suit, or libel, is invalid *on any of the grounds set forth above.*

SEPARABILITY CLAUSE

SEC. 24. If any provision of this act is declared unconstitutional, or the applicability thereof to any person or circumstances is held invalid, the constitutionality of the remainder of the act and the applicability thereof to other persons and circumstances shall not be affected thereby.

EFFECTIVE DATE AND REPEALS

SEC. 25. (a) This act shall take effect [6 months after the date of approval] *12 months after the date of approval.* The Federal Food and Drugs Act of June 30, 1906, as amended (U.S.C., title 21, secs. 1–15), shall remain in force until such effective date, and, except as otherwise provided in this paragraph, is hereby repealed effective upon such date: *Provided,* That [upon the approval of this act and before its effective date] *the provisions of section 22 shall become effective on the approval of this act, and thereafter and before the effective date of this act,* the Secretary is authorized to (*1*) conduct hearings and to promulgate regulations under the provisions hereof which shall become effective on or after the effective date of this act as the Secretary shall direct *and* (*2*) *designate upon the approval of this act foods having common or usual names and exempt such food from the requirements of subdivision* (*2*) *of paragraph* (*f*) *of section 7 for a reasonable time to permit the formulation, promulgation, and effective application of definitions and standards of identity therefor as provided by sections 11 and 12: Provided further,* That the act of March 4, 1923 (U.S.C., title 21, sec. 6; 42 Stat. 1500 ch. 268), defining butter and providing a standard therefor, and the act of July 24, 1919 (U.S.C., title 21, sec. 10; 41 Stat. 271, ch. 26), defining wrapped meats as in package form, shall remain in force and effect and be applicable to the provisions of this act.

(b) The provisions of this act shall not be held to modify or repeal any of the existing laws of the United States except as provided by paragraph (a) of this section.

Mr. COPELAND. Mr. President, I think it would be unfair to the hundreds of persons who have sweat blood over the bill to let any Senator go from this Chamber with the thought in his mind that nothing more is going to be said or

done about it. So far as I am concerned I am going to do everything that is honorable to pass the bill.

There were many objections to the original bill. The great journals, magazines, periodicals, and publications of the country, 144 in number, were united against it. The advertising features have been studied, revised, revamped, and put in form not to weaken the bill but to make sure that its strength shall be maintained, and at the same time no injustice done to those great disseminators of advertising. That is true also of the editorial associations representing the newspapers.

I do not know of any determined opposition to the bill except, I will say in all frankness, from an occasional industry which feels it is adversely affected. I want the bill to pass. The scientific bodies of the country who have studied it want it to pass. The women, through the Federation of Women's Clubs, want the bill to pass. It ought to pass in the interest of the safety and the welfare and the health and the lives of our people.

It is not right that there should be thrown upon the market packages like the one I display to the Senate. Seeing them one is led to believe he is buying a full package of cheese, but when he opens it he finds there is but one thin layer in the box, which is so packed that it looks as if there are three layers.

It is not right that there should be sold without any restraint whatever bottles containing food products such as I display. Here is flavoring put up in a pinch bottle, which looks like a great big full bottle, when as a matter of fact there are only a few drops contained within it.

It is not right that there should be sold a package such as I show you, thought to contain a full ounce or more, when as a matter of fact the packing is so scant that it is not half full.

It is not right that there should be sold cosmetics which are liable to injure people, as in the case of the beautiful young woman whose picture I showed you. Here is a lady whose happiness and features were destroyed by the use of a cosmetic containing harmful ingredients such as those to which I have referred.

Mr. President, I have spent a lifetime in the study of the public health. I have devoted my life to its preservation. Dearer to me than anything politics can offer, and I say it with great respect to the high office I hold, more important than any honor which can come to me, is the public health and the safeguarding of the physical welfare of the people of the country. The bill which we are now considering is formulated to that end.

Senators, the wrath of thousands will come down upon the heads of those who willfully prevent the passage of the bill. If my words mean anything, I say it is a matter of wisdom on the part of Senators that they shall study the bill, perfect it if need be, take out of it any defects which still remain, but permit the enactment into law of a measure which will prolong the lives and promote the happiness of thousands and millions of the population of the United States.

My last word is, so far as I am concerned, that I am going to make every honorable effort to pass the bill. I know of those in higher place than that which I occupy who have the same interest in the measure. Every Senator having in mind the welfare of his wife, his children, his grandchildren, and his great-grandchildren if there be such, is interested in having the measure enacted into law because of what it will do—promote their welfare, maintain their health, and extend their lives.

RETIREMENT OF EMPLOYEES IN CLASSIFIED CIVIL SERVICE

Mr. McKELLAR. Mr. President, sometime ago when the calendar was called, Senate bill 2527, to amend the act of May 29, 1930, for the retirement of employees in the classified civil service, was reached. The bill provides simply that the act of May 29, 1930, for the retirement of employees in the classified civil service and in certain positions in the legislative branch of the Government, shall be amended to include all other employees in the legislative branch.

I objected to the consideration of the bill at the time because there are a number of employees in the legislative branch who have passed the age when they could properly, or with justice to themselves, at any rate, accept the provisions of the bill. Since that time the suggestion has been made that the following proviso be added to the bill as an amendment:

Provided, That the provisions of section 2 of said act of May 29, 1930, relating to automatic separation, shall not apply to those employees of the legislative branch to which the provisions of said act are extended by the passage of this act.

Without that proviso certain employees of the legislative branch who have already reached the age at which retirement ordinarily would come about would be automatically retired.

Then the following further proviso has been suggested:

Provided further, That any employee of the legislative branch to whom the provisions of such act of May 29, 1930, are by this act made applicable may elect not to come under such act by giving notice in writing to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be.

In other words, employees who do not wish to come under the provisions of the act need not do so.

I have submitted these amendments to the employees in question, and I am informed that they will be satisfied with the bill if these two provisos shall be added. I will say to the Senator from Vermont [Mr. GIBSON], who introduced the bill, that I am willing that it shall pass if he is willing to agree to those two provisos.

Mr. GIBSON. Mr. President, I am perfectly willing to agree to them.

Mr. McKELLAR. Then I ask unanimous consent that the bill may be taken up at this time.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Without objection, the vote whereby the bill was ordered to be engrossed for a third reading, read the third time, and passed will be reconsidered.

Mr. McNARY. Mr. President, I was conferring with a fellow Senator. It is my fault that I did not pay attention to the remarks of the Senator from Tennessee. Have the amendments referred to by the Senator been offered?

Mr. McKELLAR. I am about to offer them, if unanimous consent shall be given for the consideration of the bill.

Mr. McNARY. First the bill should be read by the clerk, in order that we may determine whether unanimous consent shall be given for its consideration.

Mr. McKELLAR. Very well. I ask that the clerk may read the bill.

The PRESIDING OFFICER. The bill will be read.

The Chief Clerk read the bill (S. 2527) to amend the act of May 29, 1930, for the retirement of employees in the classified civil service, as follows:

Be it enacted, etc., That the act of May 29, 1930, for the retirement of employees in the classified civil service and in certain positions in the legislative branch of the Government, is hereby amended to include all other employees in the legislative branch.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. McKELLAR. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following:

Provided, That the provisions of section 2 of said act of May 29, 1930, relating to automatic separation, shall not apply to those employees of the legislative branch to which the provisions of said act are extended by the passage of this act: *And provided further*, That any employee of the legislative branch to whom the provisions of such act of May 29, 1930, are by this act made applicable may elect not to come under such act by giving notice in writing to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TAX-EXEMPTION CERTIFICATES UNDER COTTON ACT OF 1934

Mr. BANKHEAD. Mr. President, I send to the desk a joint resolution which I ask to have read; and I shall follow that with a request for unanimous consent for its present consideration.

The VICE PRESIDENT. The joint resolution will be read.

The joint resolution (S.J.Res. 123) empowering certain agents authorized by the Secretary of Agriculture to administer oaths to applicants for tax-exemption certificates under the Cotton Act of 1934 was read the first time by its title and the second time at length, as follows:

Resolved, etc., That any county agent or member of a county committee or community committee of a cotton production control association who is authorized in writing by the Secretary of Agriculture to act as his agent in the administration of the Agricultural Adjustment Act shall, while he is acting as such agent, have power to administer oaths to persons making applications (if made within the county in which such agent is authorized to act) for tax-exemption certificates under section 6 of the act of April 21, 1934, entitled "An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes", but no fee or compensation shall be charged or received by any such agent for administering such an oath.

Mr. BANKHEAD. I ask unanimous consent for the immediate consideration of the joint resolution.

The VICE PRESIDENT. Is there objection to the request of the Senator from Alabama?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to be engrossed for a third reading, read the third time, and passed.

SALE OF MUNITIONS—ARTICLE IN WASHINGTON DAILY NEWS

Mr. BONE. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Washington Daily News on the sale of munitions.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Daily News of Tuesday, May 15, 1934]

UNITED STATES MACHINE GUNS USED BY BOTH SIDES IN GRAN CHACO WAR—LEAGUE OF NATIONS COMMISSION CITES SALES TO WARRING NATIONS IN URGING EMBARGO BY POWERS

By Lee Miller

When machine gun rattles at machine gun in the steaming underbrush of the Gran Chaco, the chances are that the weapons of both Bolivians and Paraguayans may display the legend "Made in America."

Commerce Department records today showed that 127 machine guns have been exported from the United States to Paraguay since November. Bolivia has imported 29 from America since January 1.

Machine guns are only a part of the munitions American firms have sold to these nations that are waging—in the words of a League of Nations commission—a "senseless" as well as "pitiless and horrible" conflict.

EMBARGO IS SUGGESTED

This commission reported that although neither Bolivia nor Paraguay produces any considerable amount of war materials, "both continue to obtain arms and war materials without difficulty." The commission suggested an embargo by the powers on arms exports to the warring countries and on arms transit by the belligerents' neighbor nations.

The machine guns that have gone from this country recently to Paraguay are enough to equip almost four regiments up to the war-time complement of the American Army—that is, a dozen such guns each to the three machine-gun companies in a regiment.

Besides machine guns, for which Paraguay in recent months paid the United States manufacturers $91,000 and Bolivia $16,650, other munitions items appear in the prosaic export charts of the Bureau of Foreign and Domestic Commerce.

While the Bureau does not undertake to determine the ultimate use of these items, merely preparing the statistics from ship manifests, there appears little reason to doubt that the jungles of the disputed "green hell" are their final destination.

CARTRIDGES ALSO SENT

Last January $65,705 worth of cartridges were exported from the United States to Bolivia, and in the preceding month, $59,314 worth. Business dropped off in February, last month for which figures are available, to $12,510. Last November Bolivia imported $40,125 worth of explosives from the United States. In March of 1933 she bought from United States manufacturers 232,500 pounds of dynamite for $33,002.

As wars go, none of these items is big. But the United States is believed to provide only a fraction of the supplies for the Chaco war, in which in 1933 alone casualties were estimated at 28,000 dead and twice as many wounded. Manufacturers elsewhere in the world are said to be furnishing the rest of the munitions for this conflict.

Aviation activities have figured prominently in dispatches from the front.

SEARLE PURCHASES

While no airplane exports to Paraguay are recorded in the last 2 years, Bolivia has been a good customer. Aeronautical exports to Bolivia in the 26 months ending February 28 last, total as follows:

Airplanes, $493,491; airplane engines, $97,466; parachutes and parts, $6,098; aircraft parts and accessories, $91,282.

Along the rutted roads that lead from ammunition dumps to the actual theater of war there may be American-made trucks. Since January 1, 1932, this country has exported 1,273 trucks valued at $928,071 to Bolivia, and 454 trucks worth $181,838 to Paraguay.

EXECUTIVE BUSINESS

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers in the Navy.

The VICE PRESIDENT. The reports will be placed on the calendar.

The calendar is in order.

SIDNEY REYNOLDS

Mr. McKELLAR. Before we begin with the calendar, I ask unanimous consent that the nomination of Sidney Reynolds to be postmaster at Howard City, Mich., be recommitted to the Committee on Post Offices and Post Roads.

The VICE PRESIDENT. Is there objection? The Chair hears none, and that order will be made.

Without objection, the first nomination on the calender will be passed over.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters on the calendar be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations will be confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p.m.) the Senate took a recess until tomorrow, Thursday, May 17, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 16 (legislative day of May 10), 1934

POSTMASTERS

IDAHO

George P. Smith, Wendell.

MARYLAND

Taylor R. Biles, Rising Sun.

MASSACHUSETTS

William F. O'Toole, South Barre.
John H. Fletcher, Westford.

MONTANA

Albert W. Schammel, Scobey.
Jesse G. Henderson, Shelby.

NEBRASKA

Arthur G. Miller, Atkinson.
Plato C. Redfern, Big Spring.
James P. Jensen, Blair.
Tobie H. Wilken, Bruning.
William H. Leff, Carleton.
Earl B. Hardeman, Crete.

Richard M. Britt, Doniphan.
Paul W. McCoy, Edison.
George L. Koehler, Geneva.
Urv V. Dobbs, Grant.
Henry T. Dunn, Harrison.
George A. Kittle, Hayes Center.
Tim N. Cannon, Juniata.
Charles L. Schunk, Kenesaw.
Asa H. Nomer, Madrid.
Amos Frieden, Shickley.
Walter P. Flynn, Ulysses.
John Monahon, Valley.
Alfred E. Watkins, Venango.
Mary May Holley, Waverly.
Floyd A. Garrett, Whitman.

NEW MEXICO

Beatrice C. Melton, Mountainair.

NORTH CAROLINA

Don P. Steed, Candor.
Wilburn E. Berry, Drexel.
Robert S. Doak, Guilford College.
Lula G. Harris, Macon.
John A. Williams, Oxford.
James W. Ogburn, Jr., Rural Hall.
Carl G. Smith, Troutmans.
Leslie T. Fowden, Williamston.
Paul A. Bennett, Winston-Salem.

OHIO

Joseph Davidson, Chagrin Falls.
Henry D. Coate, Coldwater.
John B. Neth, Covington.

SOUTH CAROLINA

Paul F. W. Waller, Myers.
Edward O. Reynolds, Summerville.

SOUTH DAKOTA

Adolph M. Kaufmann, Colman.
Edward P. Amundson, Colton.
Harm P. Temple, Davis.
Emma Peterson, Draper.
Lulu Turner, Ethan.
Grace M. McGillivray, Garden City.
William H. James, Martin.
George L. Egan, Parker.
Francis J. Farley, Wagner.
Henry A. Wagner, Watertown.
George M. Bailey, Winner.

VIRGINIA

John T. Trevey, Big Island.
William R. Allen, Buchanan.
Judson J. Patterson, Chatham.
William S. Crockett, Hampton.
Benjamin W. Council, Holland.
James R. Gregory, Martinsville.
Robert W. Shultice, Norfolk.
Elijah S. Slate, South Boston.
Willie R. Slagle, Virgilina.
William A. Miller, Washington.

SENATE

THURSDAY, MAY 17, 1934

(Legislative day of Thursday, May 10, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Wednesday, May 16, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Pope
Ashurst	Cutting	Keyes	Reynolds
Austin	Davis	King	Robinson, Ark.
Bachman	Dickinson	Lewis	Robinson, Ind.
Bailey	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Shipstead
Barkley	Duffy	Long	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Brown	Frazier	McNary	Thomas, Utah
Bulkley	George	Metcalf	Thompson
Bulow	Gibson	Murphy	Townsend
Byrd	Glass	Neely	Tydings
Byrnes	Goldsborough	Norbeck	Vandenberg
Carey	Hale	Norris	Van Nuys
Clark	Harrison	Nye	Wagner
Connally	Hatch	O'Mahoney	Walcott
Coolidge	Hayden	Overton	Walsh
Copeland	Hebert	Patterson	Wheeler
Costigan	Johnson	Pittman	White

Mr. LEWIS. I desire to announce that the Senator from California [Mr. McADOO] is detained from the Senate by illness; and that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Oklahoma [Mr. GORE], the Senator from Texas [Mr. SHEPPARD], the Senator from Florida [Mr. TRAMMELL], and the Senator from Georgia [Mr. RUSSELL] are necessarily detained from the Senate.

Mr. HEBERT. I desire to announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Wisconsin [Mr. LA FOLLETTE], the Senator from Pennsylvania [Mr. REED], the Senator from Delaware [Mr. HASTINGS], and the Senator from West Virginia [Mr. HATFIELD] are necessarily absent.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from the National Incorporative Board of the Master Workmen of America, Charles Town, W.Va., praying for the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the city council of Toledo, Ohio, favoring the passage of the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a petition from W. B. Hamilton, chairman of the Oil and Gas Committee, West Texas Chamber, San Angelo, Tex., praying for the enactment of Federal oil-control legislation, which was referred to the Committee on Mines and Mining.

PRODUCTION OF GOLD AND OTHER NONCOMPETITIVE METAL-BEARING DEPOSITS

Mr. THOMAS of Utah. Mr. President, there has been held lately in Salt Lake City, Utah, a prospectors' convention. I have been asked to have inserted in the RECORD and appropriately referred a resolution which they there adopted.

There being no objection, the resolution was referred to the Committee on Mines and Mining and ordered to be printed in the RECORD, as follows:

The Prospectors Educational Institution in convention assembled in Salt Lake City May 1-9, 1934, resolves that the President of the United States of America be requested to provide an appropriate Federal agency with $100,000,000, or other proper sum, in his discretion, to be used by such agency, upon reasonable safeguards, to assist in bringing gold and other noncompetitive metal-bearing deposits to profitable production, and/or prospecting and developing gold and other noncompetitive metal-bearing deposits and areas directly, or indirectly, or in connection with any other Governmental agency.

Salt Lake City, Utah, May 9, 1934.

PROSPECTORS EDUCATIONAL INSTITUTE,
By HARRY S. JOSEPH,
Mine Operator, Chairman.
By W. H. HOBBS, *Mining Engineer, Secretary.*

EXECUTIVE REPORTS OF THE FOREIGN RELATIONS COMMITTEE

As in executive session,

Mr. PITTMAN. Mr. President, I ask unanimous consent, out of order, to submit favorable reports from the Committee on Foreign Relations approving several treaties, and ask that the accompanying resolutions relating to ratification and adherence be read into the RECORD.

The VICE PRESIDENT. The clerk will read, as requested.

The legislative clerk read the resolutions, as follows:

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of executive D, Seventy-third Congress, second session, a treaty of friendship, commerce, and consular rights between the United States and the Republic of Finland, signed at Washington February 13, 1934.

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the adherence by the United States to Executive G, Seventy-third Congress, second session, the convention for the unification of certain rules relating to international transportation by air, signed at Warsaw, Poland, on October 12, 1929, and an additional protocol thereto relating to article 2 of the convention.

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the adherence by the United States to Executive H, Seventy-third Congress, second session, the Antiwar Treaty of Nonaggression and Conciliation, signed at Rio de Janeiro on October 10, 1933, by Argentina, Brazil, Chile, Mexico, Paraguay, and Uruguay, in accordance with article 16 thereof, but subject to a reservation as follows:

In adhering to this treaty the United States does not thereby waive any rights it may have under other treaties or conventions or under international law.

Mr. PITTMAN. I ask that the treaties be placed on the Executive Calendar and that the injunction of secrecy be removed therefrom.

The VICE PRESIDENT. The treaties will be placed on the Executive Calendar and, without objection, will be made public.

The treaties are as follows:

[Senate, Executive D, 73d Cong., 2d sess.]

TREATY OF FRIENDSHIP, COMMERCE, AND CONSULAR RIGHTS WITH REPUBLIC OF FINLAND

The United States of America and the Republic of Finland, desirous of strengthening the bond of peace which happily prevails between them, by arrangements designed to promote friendly intercourse between their territories through provisions responsive to the spiritual, cultural, economic and commercial aspirations of the peoples thereof, have resolved to conclude a Treaty of Friendship, Commerce and Consular Rights and for that purpose have appointed as their plenipotentiaries:

The President of the United States of America,

Mr. Cordell Hull, Secretary of State of the United States of America;

The President of the Republic of Finland,

Mr. L. Aström, Envoy Extraordinary and Minister Plenipotentiary of the Republic of Finland to the United States of America,

Who, having communicated to each other their full powers found to be in due form, have agreed upon the following articles:

ARTICLE I

Nationals of each High Contracting Party who conform to the laws and regulations of the other Party, shall be permitted to enter, travel, and reside in its territory for the purpose of carrying on trade between the two countries; also for other purposes insofar as entry, travel, and residence is or may be permitted by local law.

The nationals of each of the High Contracting Parties within the territory of the other shall be permitted to engage in professional, scientific, religious, philanthropic, manufacturing, and commercial work of every kind, to carry on every form of commercial activity, to own, erect or lease, and occupy appropriate buildings and to lease lands for residential, scientific, religious, philanthropic, manufacturing, commercial, and mortuary purposes, and generally to do anything incidental to or necessary for the enjoyment of any of the foregoing privileges, upon the same terms as nationals of the state of residence insofar as may be permitted by local law. In no case shall they be accorded less favorable treatment in respect of any of the aforesaid matters than nationals of the most favored nation. They shall be permitted in pursuance of any of the aforesaid activities to appoint representatives, agents, or employees of their choice, subject to the local laws in relation to the immigration of aliens.

The nationals of either High Contracting Party within the territory of the other shall not be subjected to the payment of any internal charges or taxes other or higher than those that are exacted of and paid by its nationals.

The nationals of each High Contracting Party shall enjoy freedom of access to the courts of justice of the other on conforming to the local laws, as well for the prosecution as for the defense of their rights, and in all degrees of jurisdiction established by law.

The nationals of each High Contracting Party shall receive within the territory of the other, upon submitting to conditions imposed upon its nationals, the most constant protection and security for their persons and property, and shall enjoy in this respect that degree of protection that is required by international law. Their property shall not be taken without due process of law and without payment of just compensation.

ARTICLE II

With respect to that form of protection granted by National, State or Provincial laws establishing civil liability for injuries or for death, and giving relatives or heirs or dependents of an injured party a right of action or a pecuniary benefit, such relatives or heirs or dependents of the injured party, himself a national of either of the High Contracting Parties and injured within the territory of the other, shall regardless of their alienage or residence outside of the territory where the injury occurred, enjoy the same rights and privileges as are or may be granted to nationals, and under like conditions.

ARTICLE III

The dwellings, warehouses, manufactories, shops and other places of business, and all premises thereto appertaining of the nationals of each of the High Contracting Parties in the territory of the other, used for any purposes set forth in Article I, shall be respected. It shall not be allowable to make a domiciliary visit to, or search of any such buildings and premises, or there to examine and inspect books, papers or accounts, except under the conditions and in conformity with the forms prescribed by the laws, ordinances and regulations for nationals.

ARTICLE IV

Where, on the death of any person holding real or other immovable property or interests therein within the territory of one High Contracting Party, such property or interests therein would, by the laws of the country or by a testamentary disposition, descend or pass to a national of the other High Contracting Party, whether resident or non-resident, were he not disqualified by the laws of the country where such property or interests therein is or are situated, such national shall be allowed a term of three years in which to sell the same, this term to be reasonably prolonged if circumstances render it necessary, and withdraw the proceeds thereof without restraint or interference, and exempt from any succession, probate or administrative duties or charges other than those which may be imposed in like cases upon the nationals of the country from which such proceeds may be drawn.

Nationals of either High Contracting Party may have full power to dispose of their personal property of every kind within the territory of the other, by testament, donation, or otherwise, and their heirs, legatees and donees, of whatsoever nationality, whether resident or non-resident, shall succeed to such personal property and may take possession thereof, either by themselves or by others acting for them, and retain or dispose of the same at their pleasure subject to the payment of such duties or charges only as the nationals of the High Contracting Party within whose territory such property may be or belong shall be liable to pay in like cases.

ARTICLE V

The nationals of each of the High Contracting Parties may exercise liberty of conscience and freedom of worship within the territory of the other Party. They may, without annoyance of molestation of any kind by reason of their religious belief or otherwise, conduct services either within their own houses or within any appropriate buildings which they may be at liberty to erect and maintain in convenient situations, provided their teachings or practices are not contrary to public morals; and they may also be permitted to bury their dead according to their religious customs in suitable and convenient places established and maintained for the purpose, subject to the reasonable mortuary and sanitary laws and regulations of the place of burial.

ARTICLE VI

Between the territories of the High Contracting Parties there shall be freedom of commerce and navigation. The nationals of each of the High Contracting Parties, equally with those of the most-favored nation, shall have liberty freely to come with their vessels and cargoes to all places, ports and waters of every kind within the territorial limits of the other which are or may be open to foreign commerce and navigation.

ARTICLE VII

Each of the High Contracting Parties binds itself unconditionally to impose no higher or other duties or charges, and no other conditions or prohibitions on the importation of any article, the growth, produce or manufacture of the territory of the other Party, from whatever place arriving, than are or shall be imposed on the importation of any like article, the growth, produce or manufacture of any other foreign country. Nor shall any such duties, charges or conditions affecting importations be made effective retroactively.

Each of the High Contracting Parties binds itself unconditionally to impose no higher or other duties or charges and no other conditions, restrictions or prohibitions on the exportation of any article to the territory of the other Party than are or shall be imposed on the exportation of any like article to any other foreign country.

Nothing in this Treaty shall be construed to restrict the right of either High Contracting Party to impose on such terms as it may see fit, and subject to the sole requirement that there shall be no arbitrary discrimination against the other Party as compared with any other foreign country where similar conditions prevail, prohibitions or restrictions designed to protect human, animal, or plant life and health, or regulations for the enforcement of police or revenue laws of the United States or of Finland relating to imports the importation, transportation, or sale of which is prohibited or restricted, nor shall anything in this Treaty be construed to restrict the measures applicable in either the United States or Finland to seeds of agricultural plants which, on account of their origin, are deemed not to thrive in the territory of the respective countries.

Neither High Contracting Party shall establish or maintain restrictions on imports from or exports to the territory of the other Party which are not applied to the import and export of any like article originating in or destined for any other country. Any withdrawal of an import or export restriction which is granted even temporarily by one of the Parties in favor of the articles of a third country shall be applied immediately and unconditionally to like articles originating in or destined for the other Contracting Party. In the event of rations or quotas being established for the importation or exportation of articles restricted or prohibited, each of the High Contracting Parties agrees to grant for the importation from or exportation to the territory of the other Party an equitable share in the allocation of the quantity of restricted goods which may be authorized for importation or exportation.

ARTICLE VIII

Merchandise the growth, produce or manufacture of either of the High Contracting Parties, after importation into the territory of the other Party, shall not be subjected to other or higher internal taxes or charges, or to other or higher charges in respect of warehousing or other facilities, than those payable under like circumstances and conditions on like articles of national origin.

ARTICLE IX

Any advantage of whatsoever kind which either High Contracting Party may extend to any article, the growth, produce or manufacture of any foreign country, whether such favored State shall have been accorded such treatment gratuitously or for compensation, shall simultaneously and unconditionally, without request and without compensation, be extended to the like article the growth, produce or manufacture of the other High Contracting Party, from whatever place arriving.

ARTICLE X

The stipulations of this treaty regarding the treatment to be accorded by each High Contracting Party to the commerce of the other do not extend.

(1) to the treatment which is accorded by the United States of America to the commerce of Cuba under the provisions of the Commercial Convention concluded by the United States and Cuba on December 11, 1902, or any other commercial convention which hereafter may be concluded by the United States with Cuba; or to the commerce of the United States with the Panama Canal Zone or with any of the dependencies of the United States or the commerce of the dependencies of the United States with one another under existing or future laws;

(2) to the benefits which either High Contracting Party has accorded, or may accord, to its neighboring states in order to facilitate local traffic;

(3) to the treatment which Finland accords or may hereafter accord to the commerce of Estonia.

ARTICLE XI

There shall be complete freedom of transit through the territory including the territorial waters of each High Contracting Party on routes convenient for international transit to persons and goods coming from or going to, or passing through the territory of the other High Contracting Party, except such persons as may be forbidden admission into its territory or goods of which the importation may be prohibited by law. Persons and goods in transit shall not be subjected to any transit duty, or to any unnecessary delays or restrictions, or to any discrimination as regards charges, facilities, or any other matter.

Goods in transit must be entered at the proper custom house, but they shall be exempt from all customs and similar duties.

All charges imposed on persons and goods in transit shall be reasonable, having regard to the conditions of the traffic.

The provisions of this article do not apply to the Panama Canal or to waterways and canals which constitute international boundaries.

ARTICLE XII

All articles which are or may be legally imported from foreign countries into ports of the territory of the United States or are or may be legally exported therefrom in vessels of the United States may likewise be imported into those ports or exported therefrom in Finnish vessels without being liable to any other or higher duties or charges whatsoever than if such articles were imported or exported in vessels of the United States; and, reciprocally all articles which are or may be legally imported from foreign countries into the ports of the territory of Finland or are or may be legally exported therefrom in Finnish vessels may likewise be imported into those ports or exported therefrom in vessels of the United States without being liable to any other or higher duties or charges whatsoever than if such articles were imported or exported in Finnish vessels.

In the same manner there shall be perfect equality in relation to the flags of the two countries with regard to bounties, drawbacks, and other privileges of this nature of whatever denomination which may be allowed in the territory of each of the Contracting Parties, on goods imported or exported in national vessels so that such bounties, drawbacks and

other privileges shall also and in like manner be allowed on goods imported or exported in vessels of the other country.

With respect to the amount and collection of duties or charges on imports and exports of every kind each of the High Contracting Parties binds itself to give to the vessels of the other the advantage of every favor, privilege or immunity which it shall have accorded to the vessels of a third State, whether such favored State shall have been accorded such treatment gratuitously or for compensation.

ARTICLE XIII

No duties of tonnage, harbor, pilotage, lighthouse, quarantine, or other similar or corresponding duties or charges of whatever denomination, levied in the name or for the profit of the Government, public functionaries, private individuals, corporations or establishments of any kind shall be imposed in the ports of the territory of either High Contracting Party upon the vessels of the other, which shall not equally, under the same conditions, be imposed on national vessels. Such equality of treatment shall apply reciprocally to the vessels of the two countries respectively from whatever place they may arrive and whatever may be their place of destination.

ARTICLE XIV

Merchant vessels and other privately owned vessels under the flag of either of the High Contracting Parties shall be permitted to discharge portions of cargoes at any port open to foreign commerce in the territory of the other High Contracting Party, and to proceed with the remaining portions of such cargoes to any other ports of the same territory open to foreign commerce, on the same terms as national vessels and without paying other or higher tonnage dues or port charges in such cases than would be paid by national vessels in like circumstances. They shall be permitted, on the same terms as national vessels, to load in like manner at different ports in the same voyage outward.

Exceptions, however, shall be made to the provisions of this Article and other provisions of this treaty in regard to

(1) coasting trade (cabotage), respecting which the High Contracting Parties shall concede to each other the most-favored-nation treatment;

(2) traffic in natural or artificial inland waterways, not ordinarily navigable by transoceanic vessels, provided, however, that in regard to such traffic each High Contracting Party will grant to the other most-favored-nation treatment; and provided further, that such vessels of one of the High Contracting Parties as may be permitted to engage in traffic on inland waterways of the other, and the cargoes of such vessels, shall be subject to no other or higher charges than national vessels and their cargoes;

(3) it is further understood that without modifying the stipulations of this Treaty, so far as the amount of pilotage fees is concerned, the United States agrees not to claim, under this Treaty, for American ships any special concessions in regard to the employment of Government pilots which the Finnish Government has granted or may grant to Finnish and Swedish ships on voyages between Finland and Sweden confined to the Baltic Sea and its bays north of 59 degrees north latitude, so long as such concessions are not extended to the vessels of any third country;

(4) it is also understood that the United States will not claim, under this Treaty, any benefits which Finland has accorded, or may accord, to Russia in respect of fishing or sealing in its territorial waters in the Arctic Ocean.

ARTICLE XV

For the purposes of this treaty merchant vessels and other privately owned vessels under the flag of either of the High Contracting Parties and carrying the papers required by its national laws in proof of nationality shall be deemed to be the vessels of the Party whose flag is flown both within the territorial waters of the other High Contracting Party and on the high seas.

ARTICLE XVI

Limited liability and other corporations and associations, whether or not for pecuniary profit, which have been or may hereafter be organized in accordance with and under the laws, National, State or Provincial, of either High Contracting Party and maintain a central office within the territory thereof, shall have their juridical status recognized by the other High Contracting Party provided that they pursue no aims within its territory contrary to its laws. They shall enjoy free access to the courts of law and equity, on conforming to the laws regulating the matter, as well for the prosecution as for the defense of rights in all the degrees of jurisdiction established by law.

The right of such corporations and associations of either High Contracting Party so recognized by the other to establish themselves within its territory, establish branch offices and fulfill their functions therein shall depend upon, and be governed solely by, the consent of such party as expressed in its National, State or Provincial laws. If such consent be given on the condition of reciprocity the condition shall be deemed to relate to the provisions of the laws, National, State or Provincial under which the foreign corportion or association desiring to exercise such rights is organized.

ARTICLE XVII

The nationals of either High Contracting Party shall enjoy within the territory of the other, reciprocally and upon compliance with the conditions there imposed, such rights and privileges as have been or may hereafter be accorded the nationals of any other State with respect to the organization of and participation in limited liability and other corporations and associations, for pecuniary profit or otherwise, including the rights of promotion, incorporation, purchase and ownership and sale of shares and the holding of executive or official positions therein. In the exercise of the foregoing rights and with respect to the regulation or procedure concerning the organization or conduct of such corporations or associations, such nationals shall be subjected to no conditions less favorable than those which have been or may hereafter be imposed upon the nationals of the most favored nation. The rights of any of such corporations or associations as may be organized or controlled or participated in by the nationals of either High Contracting Party within the territory of the other to exercise any of their functions therein, shall be governed by the laws and regulations, National, State or Provincial, which are in force or may hereafter be established within the territory of the Party wherein they propose to engage in business.

The nationals of either High Contracting Party, shall moreover, enjoy within the territory of the other, reciprocally and upon compliance with the conditions there imposed, such rights and privileges as have been or may hereafter be accorded the nationals of any other State with respect to the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain of the other. It is understood, however, that neither High Contracting Party shall be required by anything in this paragraph to grant any application for any such right or privilege if at the time such application is presented the granting of all similar applications shall have been suspended or discontinued.

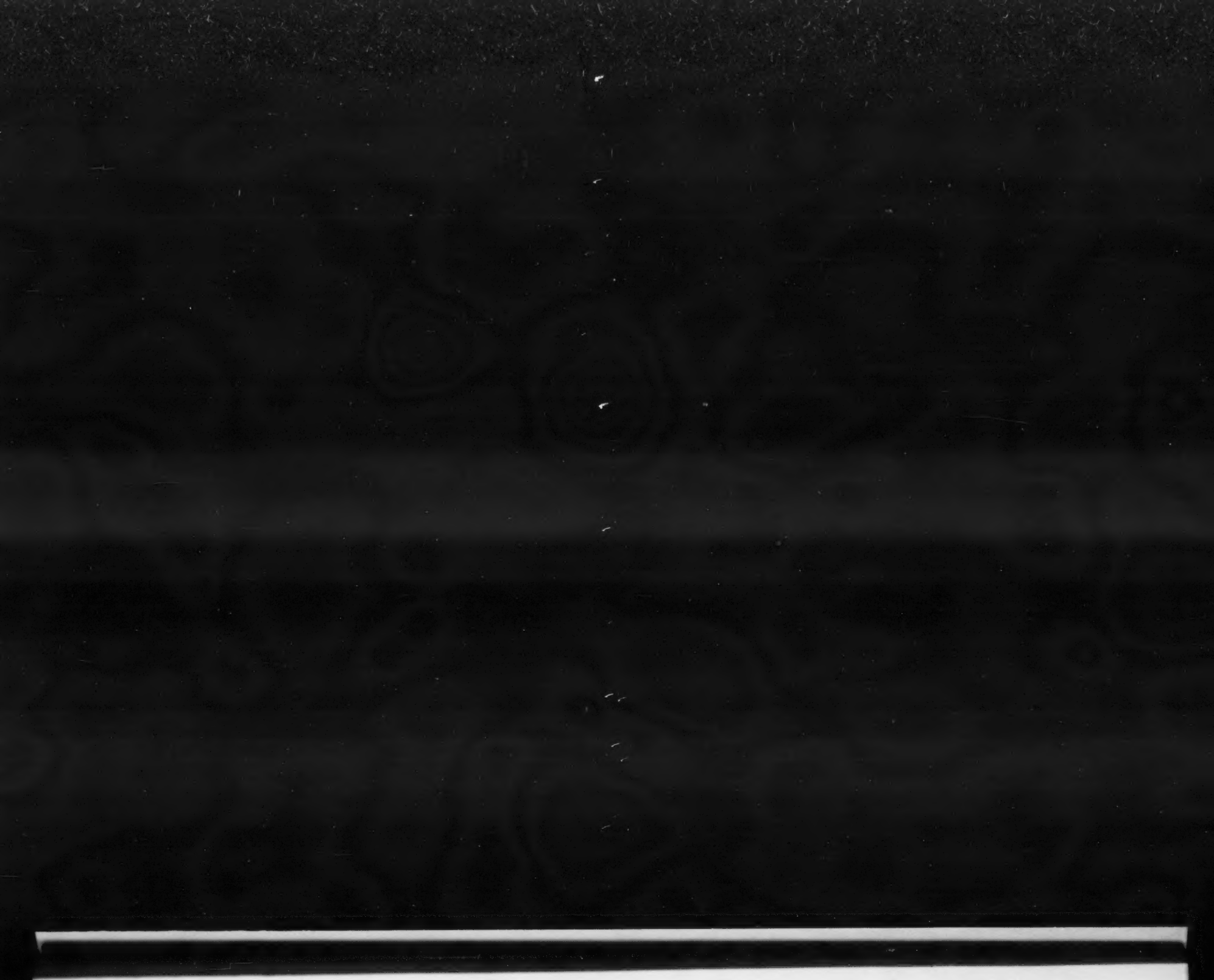
ARTICLE XVIII

Commercial travelers representing manufacturers, merchants and traders domiciled in the territory of either High Contracting Party shall on their entry into and sojourn in the territory of the other Party and on their departure therefrom be accorded the most-favored-nation treatment in respect of customs and other privileges and of all charges and taxes of whatever denomination applicable to them or their samples.

Commercial travelers, for the purpose of this article, shall be understood to include representatives of commercial concerns who are traveling for the purpose of soliciting orders.

Either High Contracting Party may require, as a condition for granting the pivileges mentioned in Paragraph 1 of this article, the presentation of an authentic document establishing the identity and authority of the commercial traveler. For this purpose any of the following documents, issued in the country where the commercial concern represented is domiciled, shall be accepted as satisfactory to the authorities of the country of destination:

a) a certificate issued by the official authority designated for the purpose;



b) a certificate issued by a Chamber of Commerce, or

c) a signed statement, issued by the concern or concerns represented, in which case it may be required to be certified by a consular officer of the country of destination.

ARTICLE XIX

Each of the High Contracting Parties agrees to receive from the other, consular officers in those of its ports, places and cities, where it may be convenient and which are open to consular representatives of any foreign country.

Consular officers of each of the High Contracting Parties shall, after entering upon their duties, enjoy reciprocally in the territory of the other all the rights, privileges, exemptions and immunities which are enjoyed by officers of the same grade of the most favored nation. As official agents, such officers shall be entitled to the high consideration of all officials, national or local, with whom they have official intercourse in the state which receives them.

The Government of each of the High Contracting Parties shall furnish free of charge the necessary exequatur of such consular officers of the other as present a regular commission signed by the chief executive of the appointing state and under its great seal; and they shall issue to a subordinate or substitute consular officer duly appointed by an accepted superior consular officer with the approbation of his Government, or by any other competent officer of that Government, such documents as according to the laws of the respective countries shall be requisite for the exercise by the appointee of the consular function. On the exhibition of an exequatur, or other document issued in lieu thereof to such subordinate, such consular officer shall be permitted to enter upon his duties and to enjoy the rights, privileges and immunities granted by this treaty.

ARTICLE XX

Consular officers, nationals of the state by which they are appointed, shall be exempt from arrest except when charged with the commission of offenses locally designated as crimes and subjecting the individual guilty thereof to punishment as a criminal. Such officers shall be exempt from military billetings and from service of any military or naval, administrative or police character whatsoever.

In criminal cases the attendance at the trial by a consular officer as a witness may be demanded by the prosecution or defense. The demand shall be made with all possible regard for the consular dignity and the duties of the office; and there shall be compliance on the part of the consular officer.

Consular officers shall be subject to the jurisdiction of the courts in the state which receives them in civil cases, subject to the proviso, however, that when the officer is a national of the state which appoints him and is engaged in no private occupation for gain, his testimony shall be taken orally or in writing at his residence or office and with due regard for his convenience. The officer should, however, voluntarily give his testimony at the trial whenever it is possible to do so without serious interference with his official duties.

ARTICLE XXI

Consular officers, including employees in a consulate, nationals of the State by which they are appointed other than those engaged in private occupations for gain within the State where they exercise their functions shall be exempt from all taxes, National, State, Provincial, and Municipal, levied upon their persons or upon their property, except taxes levied on account of the possession or ownership of immovable property situated in, or income derived from property of any kind situated or belonging within the territory of the State within which they exercise their functions. All consular officers and employees, nationals of the State appointing them shall be exempt from the payment of taxes on the salary, fees or wages received by them in compensation for their consular services.

The Government of each High Contracting Party shall have the right to acquire and own land and buildings required for diplomatic or consular premises in the territory of the other High Contracting Party and also to erect buildings in such territory for the purposes stated subject to local building regulations.

Lands and buildings situated in the territory of either High Contracting Party, of which the other High Contracting Party is the legal or equitable owner and which are used exclusively for governmental purposes by that owner, shall be exempt from taxation of every kind, National, State, Provincial and Municipal, other than assessments levied for services or local public improvements by which the premises are benefited.

ARTICLE XXII

Consular officers may place over the outer door of their respective offices the arms of their State with an appropriate inscription designating the official office. Such officers may also hoist the flag of their country on their offices including those situated in the capitals of the two countries. They may likewise hoist such flag over any boat or vessel employed in the exercise of the consular function.

The consular offices and archives shall at all times be inviolable. They shall under no circumstances be subjected to invasion by any authorities of any character within the country where such offices are located. Nor shall the authorities under any pretext make any examination or seizure of papers or other property deposited within a consular office. Consular offices shall not be used as places of asylum. No consular officer shall be required to produce official archives in court or testify as to their contents.

Upon the death, incapacity, or absence of a consular officer having no subordinate consular officer at his post, secretaries or chancellors, whose official character may have previously been made known to the government of the State where the consular function was exercised, may temporarily exercise the consular function of the deceased or incapacitated or absent consular officer; and while so acting shall enjoy all the rights, prerogatives and immunities granted to the incumbent.

ARTICLE XXIII

Consular officers, nationals of the State by which they are appointed, may, within their respective consular districts, address the authorities, National, State, Provincial or Municipal, for the purpose of protecting their countrymen in the enjoyment of their rights accruing by treaty or otherwise. Complaint may be made for the infraction of those rights. Failure upon the part of the proper authorities to grant redress or to accord protection may justify interposition through the diplomatic channel, and in the absence of a diplomatic representative, a consul general or the consular officer stationed at the capital may apply directly to the government of the country.

ARTICLE XXIV

Consular officers may, in pursuance of the laws of their own country, take, at any appropriate place within their respective districts, the depositions of any occupants of vessels of their own country, or of any national of, or of any person having permanent residence within the territory of, their own country. Such officers may draw up, attest, certify and authenticate unilateral acts, deeds and testamentary dispositions of their countrymen, and also contracts to which a countryman is a party. They may draw up, attest, certify and authenticate written instruments of any kind purporting to express or embody the conveyance or encumbrance of property of any kind within the territory of the State by which such officers are appointed, and unilateral acts, deeds, testamentary dispositions and contracts relating to property situated, or business to be transacted within, the territory of the State by which they are appointed, embracing unilateral acts, deeds, testamentary dispositions or agreements executed solely by nationals of the State within which such officers exercise their functions.

Instruments and documents thus executed and copies and translations thereof, when duly authenticated under his official seal by the consular officer shall be received as evidence in the territories of the contracting parties as original documents or authenticated copies, as the case may be, and shall have the same force and effect as if drawn by and executed before a notary or other public officer duly authorized in the country by which the consular officer was ap-

pointed; provided, always, that such documents shall have been drawn and executed in conformity to the laws and regulations of the country where they are designed to take effect.

ARTICLE XXV

A consular officer shall have exclusive jurisdiction over controversies arising out of the internal order of private vessels of his country, and shall alone exercise jurisdiction in cases, wherever arising, between officers and crews, pertaining to the enforcement of discipline on board, providing the vessels and the persons charged with wrongdoing shall have entered a port within his consular district. Such an officer shall also have jurisdiction over issues concerning the adjustment of wages and the execution of contracts relating thereto provided the local laws so permit.

When an act committed on board of a private vessel under the flag of the State by which the consular officer has been appointed and within the territorial waters of the State to which he has been appointed constitutes a crime according to the laws of that State, subjecting the person guilty thereof to punishment as a criminal, the consular officer shall not exercise jurisdiction except insofar as he is permitted to do so by the local law.

A consular officer may freely invoke the assistance of the local police authorities in any matter pertaining to the maintenance of internal order on board of a vessel under the flag of his country within the territorial waters of the State to which he is appointed, and upon such a request the requisite assistance shall be given.

A consular officer may appear with the officers and crews of vessels under the flag of his country before the judicial authorities of the State to which he is appointed to render assistance as an interpreter or agent.

ARTICLE XXVI

In case of the death of a national of either High Contracting Party in the territory of the other without having in the locality of his decease any known heirs or testamentary executors by him appointed, the competent local authorities shall at once inform the nearest consular officer of the State of which the deceased was a national of the fact of his death, in order that necessary information may be forwarded to the parties interested.

In case of the death of a national of either of the High Contracting Parties without will or testament, in the territory of the other High Contracting Party, the consular officer of the State of which the deceased was a national and within whose district the deceased made his home at the time of death, shall, so far as the laws of the country permit and pending the appointment of an administrator and until letters of administration have been granted, be deemed qualified to take charge of the property left by the decedent for the preservation and protection of the same. Such consular officer shall have the right to be appointed as administrator within the discretion of a tribunal or other agency controlling the administration of estates provided the laws of the place where the estate is administered so permit.

In case of the death of a national of either of the High Contracting Parties without will or testament and without any known heirs resident in the country of his decease, the consular officer of the country of which the deceased was a national shall be appointed administrator of the estate of the deceased, provided the regulations of his own Government permit such appointment and provided such appointment is not in conflict with local law and the tribunal having jurisdiction has no special reasons for appointing someone else.

Whenever a consular officer accepts the office of administrator of the estate of a deceased countryman, he subjects himself as such to the jurisdiction of the tribunal or other agency making the appointment for all necessary purposes to the same extent as a national of the country where he was appointed.

ARTICLE XXVII

Each of the High Contracting Parties agrees to permit the entry free of all duty and without examination of any kind, of all furniture, equipment and supplies intended for official use in the consular offices of the other, and to extend to such consular officers of the other and their families and suites as are its nationals, the privilege of entry free of duty of their baggage and all other personal property, whether accompanying the officer to his post or imported at any time during his incumbency thereof; provided, nevertheless, that no article, the importation of which is prohibited by the law of either of the High Contracting Parties, may be brought into its territory.

It is understood, however, that this privilege shall not be extended to consular officers who are engaged in any private occupation for gain in the countries to which they are accredited, save with respect to governmental supplies.

ARTICLE XXVIII

All proceedings relative to the salvage of vessels of either High Contracting Party wrecked upon the coasts of the other shall be directed by the Consular Officer of the country to which the vessel belongs and within whose district the wreck may have occurred. Pending the arrival of such officer, who shall be immediately informed of the occurrence, the local authorities shall take all necessary measures for the protection of persons and the preservation of wrecked property. The local authorities shall not otherwise interfere than for the maintenance of order, the protection of the interests of the salvors, if these do not belong to the crews that have been wrecked, and to carry into effect the arrangements made for the entry and exportation of the merchandise saved. It is understood that such merchandise is not to be subjected to any custom house charges, unless it be intended for consumption in the country where the wreck may have taken place.

The intervention of the local authorities in these different cases shall occasion no expense of any kind, except such as may be caused by the operations of salvage and the preservation of the goods saved, together with such as would be incurred under similar circumstances by vessels of the nation.

ARTICLE XXIX

A consular officer of either High Contracting Party may in behalf of his non-resident countrymen, and without being required to produce his authorization, collect and receipt for their distributive shares derived from estates in process of probate or accruing under the provisions of so-called Workmen's Compensation Laws or other like statutes provided he remit any funds so received through the appropriate agencies of his Government to the proper distributees, and provided further that he furnish to the authority or agency making distribution through him reasonable evidence of such remission.

ARTICLE XXX

A consular officer of either High Contracting Party shall have the right to inspect within the ports of the other High Contracting Party within his consular district, the private vessels of any flag destined or about to clear for ports of the country appointing him in order to observe the sanitary conditions and measures taken on board such vessels, and to be enabled thereby to execute intelligently bills of health and other documents required by the laws of his country, and to inform his Government concerning the extent to which its sanitary regulations have been observed at ports of departure by vessels destined to its ports, with a view to facilitating entry of such vessels therein; provided however, that in respect of vessels of any country other than the High Contracting Parties, the Government concerned does not object.

ARTICLE XXXI

Except as otherwise provided in this treaty, the provisions thereof shall apply to all territories under the sovereignty and authority of each of the High Contracting Parties. It is understood, however, that they shall not apply to the Panama Canal Zone.

ARTICLE XXXII

The present Treaty shall be ratified and the ratifications thereof shall be exchanged at Washington. The Treaty shall take effect in all its provisions thirty days from the

date of the exchange of ratifications and shall remain in full force for the term of one year thereafter.

If within six months before the expiration of the aforesaid period of one year neither High Contracting Party notifies to the other an intention of modifying by change or omission, any of the provisions of any of the Articles in this Treaty or of terminating it upon the expiration of the aforesaid period, the Treaty shall remain in full force and effect indefinitely after the aforesaid period subject always to termination on a notice of six months.

In witness whereof the respective Plenipotentiaries have signed this Treaty and have affixed their seals thereto.

Done in duplicate, each in the English and Finnish languages both authentic, at Washington, D.C., this thirteenth day of February, one thousand nine hundred and thirty-four.

[SEAL] CORDELL HULL
[SEAL] L. ÅSTRÖM

PROTOCOL

At the moment of signing the Treaty of Friendship, Commerce and Consular Rights between the United States of America and the Republic of Finland, the undersigned Plenipotentiaries duly authorized by their respective Governments have agreed as follows:

1) Wherever the term "consular officer" is used in this Treaty it shall be understood to mean Consuls General, Consuls, Vice Consuls and Consular Agents to whom an exequatur or other document of recognition has been issued pursuant to the provisions of paragraph 3 of Article XIX, provided however that the customs courtesies accorded to consular officers under Article XXVII shall apply to consular officers en route to their post for the first time, prior to the receipt of an exequatur.

2) Upon entering into force of the accompanying Treaty of Friendship, Commerce, and Consular Rights, the Agreement effected by exchange of notes between the United States and Finland, signed at Washington, D.C., on May 2, 1925, and also the Agreement effected by exchange of notes between the United States and Finland, signed at Washington, D.C., on December 21, 1925, shall cease to be operative.

In faith whereof the undersigned Plenipotentiaries have signed the present Protocol and affixed thereto their respective seals.

Done in duplicate each in the English and Finnish languages, both authentic, at Washington, D.C., the thirteenth day of February, 1934.

[SEAL] CORDELL HULL
[SEAL] L. ÅSTRÖM

[Senate, Executive G, 73d Cong., 2d sess.]

[Translation]

CONVENTION FOR THE UNIFICATION OF CERTAIN RULES RELATING TO INTERNATIONAL TRANSPORTATION BY AIR

The President of the German Reich, the Federal President of the Republic of Austria, His Majesty the King of the Belgians, the President of the United States of Brazil, His Majesty the King of the Bulgarians, the President of the Nationalist Government of China, His Majesty the King of Denmark and Iceland, His Majesty the King of Egypt, His Majesty the King of Spain, the Chief of State of the Republic of Estonia, the President of the Republic of Finland, the President of the French Republic, His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, the President of the Hellenic Republic, His Most Serene Highness the Regent of the Kingdom of Hungary, His Majesty the King of Italy, His Majesty the Emperor of Japan, the President of the Republic of Latvia, Her Royal Highness the Grand Duchess of Luxembourg, the President of the United Mexican States, His Majesty the King of Norway, Her Majesty the Queen of the Netherlands, the President of the Republic of Poland, His Majesty the King of Rumania, His Majesty the King of Sweden, the Swiss Federal Council, the President of the Czechoslovak Republic, the Central Executive Committee of the Union of Soviet Socialist Republics, the President of the United States of Venezuela, His Majesty the King of Yugoslavia:

Having recognized the advantage of regulating in a uniform manner the conditions of international transportation by air in respect of the documents used for such transportation and of the liability of the carrier, have nominated to this end their respective Plenipotentiaries, who, being thereto duly authorized, have concluded and signed the following Convention:

CHAPTER I. SCOPE—DEFINITIONS

ARTICLE 1

(1) This Convention shall apply to all international transportation of persons, baggage, or goods performed by aircraft for hire. It shall apply equally to gratuitous transportation by aircraft performed by an air transportation enterprise.

(2) For the purposes of this Convention the expression "international transportation" shall mean any transportation in which, according to the contract made by the parties, the place of departure and the place of destination, whether or not there be a break in the transportation or a transshipment, are situated either within the territories of two High Contracting Parties, or within the territory of a single High Contracting Party, if there is an agreed stopping place within a territory subject to the sovereignty, suzerainty, mandate or authority of another Power, even though that Power is not a party to the Convention. Transportation without such an agreed stopping place between territories subject to the sovereignty, suzerainty, mandate or authority of the same High Contracting Party shall not be deemed to be international for the purposes of this Convention.

(3) Transportation to be performed by several successive air carriers shall be deemed, for the purposes of this Convention, to be one undivided transportation, if it has been regarded by the parties as a single operation, whether it has been agreed upon under the form of a single contract or of a series of contracts, and it shall not lose its international character merely because one contract or a series of contracts is to be performed entirely within a territory subject to the sovereignty, suzerainty, mandate, or authority of the same High Contracting Party.

ARTICLE 2

(1) This Convention shall apply to transportation performed by the State or by legal entities constituted under public law provided it falls within the conditions laid down in Article 1.

(2) This Convention shall not apply to transportation performed under the terms of any international postal Convention.

CHAPTER II. TRANSPORTATION DOCUMENTS—SECTION 1—PASSENGER TICKETS

ARTICLE 3

(1) For the transportation of passengers the carrier must deliver a passenger ticket which shall contain the following particulars:

(*a*) The place and date of issue;

(*b*) The place of departure and of destination;

(*c*) The agreed stopping places, provided that the carrier may reserve the right to alter the stopping places in case of necessity, and that if he exercises that right, the alteration shall not have the effect of depriving the transportation of its international character;

(*d*) The name and address of the carrier or carriers;

(*e*) A statement that the transportation is subject to the rules relating to liability established by this Convention.

(2) The absence, irregularity, or loss of the passenger ticket shall not affect the existence or the validity of the contract of transportation, which shall none the less be subject to the rules of this Convention. Nevertheless, if the carrier accepts a passenger without a passenger ticket having been delivered he shall not be entitled to avail himself of those provisions of this Convention which exclude or limit his liability.

SECTION 2. BAGGAGE CHECK

ARTICLE 4

(1) For the transportation of baggage, other than small personal objects of which the passenger takes charge himself, the carrier must deliver a baggage check.

(2) The baggage check shall be made out in duplicate, one part for the passenger and the other part for the carrier.

(3) The baggage check shall contain the following particulars:

(*a*) The place and date of issue;

(*b*) The place of departure and of destination;

(*c*) The name and address of the carrier or carriers;

(*d*) The number of the passenger ticket;

(*e*) A statement that delivery of the baggage will be made to the bearer of the baggage check;

(*f*) The number and weight of the packages;

(*g*) The amount of the value declared in accordance with Article 22 (2);

(*h*) A statement that the transportation is subject to the rules relating to liability established by this Convention.

(4) The absence, irregularity or loss of the baggage check shall not affect the existence or the validity of the contract of transportation which shall none the less be subject to the rules of this Convention. Nevertheless, if the carrier accepts baggage without a baggage check having been delivered, or if the baggage check does not contain the particulars set out at (d), (f), and (h) above, the carrier shall not be entitled to avail himself of those provisions of the Convention which exclude or limit his liability.

SECTION 3. AIR WAYBILL

ARTICLE 5

(1) Every carrier of goods has the right to require the consignor to make out and hand over to him a document called an "air waybill"; every consignor has the right to require the carrier to accept this document.

(2) The absence, irregularity, or loss of this document shall not affect the existence or the validity of the contract of transportation which shall, subject to the provisions of Article 9, be none the less governed by the rules of this Convention.

ARTICLE 6

(1) The air waybill shall be made out by the consignor in three original parts and be handed over with the goods.

(2) The first part shall be marked "for the carrier", and shall be signed by the consignor. The second part shall be marked "for the consignee"; it shall be signed by the consignor and by the carrier and shall accompany the goods. The third part shall be signed by the carrier and handed by him to the consignor after the goods have been accepted.

(3) The carrier shall sign on acceptance of the goods.

(4) The signature of the carrier may be stamped; that of the consignor may be printed or stamped.

(5) If, at the request of the consignor, the carrier makes out the air waybill, he shall be deemed, subject to proof to the contrary, to have done so on behalf of the consignor.

ARTICLE 7

The carrier of goods has the right to require the consignor to make out separate waybills when there is more than one package.

ARTICLE 8

The air waybill shall contain the following particulars:

(a) The place and date of its execution;

(b) The place of departure and of destination;

(c) The agreed stopping places, provided that the carrier may reserve the right to alter the stopping places in case of necessity, and that if he exercises that right the alteration shall not have the effect of depriving the transportation of its international character;

(d) The name and address of the consignor;

(e) The name and address of the first carrier;

(f) The name and address of the consignee, if the case so requires;

(g) The nature of the goods;

(h) The number of packages, the method of packing, and the particular marks or numbers upon them;

(i) The weight, the quantity, the volume, or dimensions of the goods;

(j) The apparent condition of the goods and of the packing;

(k) The freight, if it has been agreed upon, the date and place of payment, and the person who is to pay it;

(l) If the goods are sent for payment on delivery, the price of the goods, and, if the case so requires, the amount of the expenses incurred;

(m) The amount of the value declared in accordance with Article 22 (2);

(n) The number of parts of the air waybill;

(o) The documents handed to the carrier to accompany the air waybill;

(p) The time fixed for the completion of the transportation and a brief note of the route to be followed, if these matters have been agreed upon;

(q) A statement that the transportation is subject to the rules relating to liability established by this Convention.

ARTICLE 9

If the carrier accepts goods without an air waybill having been made out, or if the air waybill does not contain all the particulars set out in Article 8 (*a*) to (*i*), inclusive, and (*q*), the carrier shall not be entitled to avail himself of the provisions of this Convention which exclude or limit his liability.

ARTICLE 10

(1) The consignor shall be responsible for the correctness of the particulars and statements relating to the goods which he inserts in the air waybill.

(2) The consignor shall be liable for all damages suffered by the carrier or any other person by reason of the irregularity, incorrectness or incompleteness of the said particulars and statements.

ARTICLE 11

(1) The air waybill shall be *prima facie* evidence of the conclusion of the contract, of the receipt of the goods and of the conditions of transportation.

(2) The statements in the air waybill relating to the weight, dimensions, and packing of the goods, as well as those relating to the number of packages, shall be *prima facie* evidence of the facts stated; those relating to the quantity, volume, and condition of the goods shall not constitute evidence against the carrier except so far as they both have been, and are stated in the air waybill to have been, checked by him in the presence of the consignor, or relate to the apparent condition of the goods.

ARTICLE 12

(1) Subject to his liability to carry out all his obligations under the contract of transportation, the consignor shall have the right to dispose of the goods by withdrawing them at the airport of departure or destination, or by stopping them in the course of the journey on any landing, or by calling for them to be delivered at the place of destination, or in the course of the journey to a person other than the consignee named in the air waybill, or by requiring them to be returned to the airport of departure. He must not exercise this right of disposition in such a way as to prejudice the carrier or other consignors, and he must repay any expenses occasioned by the exercise of this right.

(2) If it is impossible to carry out the orders of the consignor the carrier must so inform him forthwith.

(3) If the carrier obeys the orders of the consignor for the disposition of the goods without requiring the production of the part of the airway bill delivered to the latter, he will be liable, without prejudice to his right of recovery from the consignor, for any damage which may be caused thereby to any person who is lawfully in possession of that part of the airway bill.

(4) The right conferred on the consignor shall cease at the moment when that of the consignee begins in accordance with Article 13, below. Nevertheless, if the consignee declines to accept the waybill or the goods, or if he cannot be communicated with, the consignor shall resume his right of disposition.

ARTICLE 13

(1) Except in the circumstances set out in the preceding article, the consignee shall be entitled, on arrival of the goods at the place of destination, to require the carrier to hand over to him the air waybill and to deliver the goods to him, on payment of the charges due and on complying with the conditions of transportation set out in the air waybill.

(2) Unless it is otherwise agreed, it shall be the duty of the carrier to give notice to the consignee as soon as the goods arrive.

(3) If the carrier admits the loss of the goods, or if the goods have not arrived at the expiration of seven days after the date on which they ought to have arrived, the consignee shall be entitled to put into force against the carrier the rights which flow from the contract of transportation.

ARTICLE 14

The consignor and the consignee can respectively enforce all the rights given them by Articles 12 and 13, each in his own name, whether he is acting in his own interest or in the interest of another, provided that he carries out the obligations imposed by the contract.

ARTICLE 15

(1) Articles 12, 13, and 14 shall not affect either the relations of the consignor and the consignee with each other or the relations of third parties whose rights are derived either from the carrier or from the consignee.

(2) The provisions of Articles 12, 13, and 14 can only be varied by express provision in the air waybill.

ARTICLE 16

(1) The consignor must furnish such information and attach to the air waybill such documents as are necessary to meet the formalities of customs, octroi, or police before the goods can be delivered to the consignee. The consignor shall be liable to the carrier for any damage occasioned by the absence, insufficiency, or irregularity of any such information or documents, unless the damage is due to the fault of the carrier or his agents.

(2) The carrier is under no obligation to enquire into the correctness or sufficiency of such information or documents.

CHAPTER III—LIABILITY OF THE CARRIER

ARTICLE 17

The carrier shall be liable for damage sustained in the event of the death or wounding of a passenger or any other bodily injury suffered by a passenger, if the accident which caused the damage so sustained took place on board the aircraft or in the course of any of the operations of embarking or disembarking.

ARTICLE 18

(1) The carrier shall be liable for damage sustained in the event of the destruction or loss of, or of damage to, any checked baggage or any goods, if the occurrence which caused the damage so sustained took place during the transportation by air.

(2) The transportation by air within the meaning of the preceding paragraph shall comprise the period during which the baggage or goods are in charge of the carrier, whether in an airport or on board an aircraft, or, in the case of a landing outside an airport, in any place whatsoever.

(3) The period of the transportation by air shall not extend to any transportation by land, by sea, or by river performed outside an airport. If, however, such transportation takes place in the performance of a contract for transportation by air, for the purpose of loading, delivery or transshipment, and damage is presumed, subject to proof to the contrary, to have been the result of an event which took place during the transportation by air.

ARTICLE 19

The carrier shall be liable for damage occasioned by delay in the transportation by air of passengers, baggage, or goods.

ARTICLE 20

(1) The carrier shall not be liable if he proves that he and his agents have taken all necessary measures to avoid the damage or that it was impossible for him or them to take such measures.

(2) In the transportation of goods and baggage, the carrier shall not be liable if he proves that the damage was occasioned by an error in piloting, in the handling of the aircraft, or in navigation and that, in all other respects, he and his agents have taken all necessary measures to avoid the damage.

ARTICLE 21

If the carrier proves that the damage was caused by or contributed to by the negligence of the injured person the Court may, in accordance with the provisions of its own law, exonerate the carrier wholly or partly from his liability.

ARTICLE 22

(1) In the transportation of passengers the liability of the carrier for each passenger shall be limited to the sum of 125,000 francs. Where, in accordance with the law of the Court to which the case is submitted, damages may be awarded in the form of periodical payments, the equivalent capital value of the said payments shall not exceed 125,000 francs. Nevertheless, by special contract, the carrier and the passenger may agree to a higher limit of liability.

(2) In the transportation of checked baggage and of goods, the liability of the carrier shall be limited to a sum of 250 francs per kilogram, unless the consignor has made, at the time when the package was handed over to the carrier, a special declaration of the value at delivery and has paid a supplementary sum if the case so requires. In that case the carrier will be liable to pay a sum not exceeding the declared sum, unless he proves that that sum is greater than the actual value to the consignor at delivery.

(3) As regards objects of which the passenger takes charge himself the liability of the carrier shall be limited to 5,000 francs per passenger.

(4) The sums mentioned above shall be deemed to refer to the French franc consisting of 65½ milligrams of gold at the standard of fineness of nine hundred thousandths. These sums may be converted into any national currency in round figures.

ARTICLE 23

Any provision tending to relieve the carrier of liability or to fix a lower limit than that which is laid down in this Convention shall be null and void, but the nullity of any such provision shall not involve the nullity of the whole contract, which shall remain subject to the provisions of this Convention.

ARTICLE 24

(1) In the cases covered by Articles 18 and 19 any action for damages, however founded, can only be brought subject to the conditions and limits set out in this Convention.

(2) In the cases covered by Article 17 the provisions of the preceding paragraph shall also apply, without prejudice to the questions as to who are the persons who have the right to bring suit and what are their respective rights.

ARTICLE 25

(1) The carrier shall not be entitled to avail himself of the provisions of this Convention which exclude or limit his liability, if the damage is caused by his wilful misconduct or by such default on his part as, in accordance with the law of the Court to which the case is submitted, is considered to be equivalent to wilful misconduct.

(2) Similarly the carrier shall not be entitled to avail himself of the said provisions, if the damage is caused under the same circumstances by any agent of the carrier acting within the scope of his employment.

ARTICLE 26

(1) Receipt by the person entitled to the delivery of baggage or goods without complaint shall be *prima facie* evidence that the same have been delivered in good condition and in accordance with the document of transportation.

(2) In case of damage, the person entitled to delivery must complain to the carrier forthwith after the discovery of the damage, and, at the latest, within three days from the date of receipt in the case of baggage and seven days from the date of receipt in the case of goods. In case of delay the complaint must be made at the latest within

fourteen days from the date on which the baggage or goods have been placed at his disposal.

(3) Every complaint must be made in writing upon the document of transportation or by separate notice in writing dispatched within the times aforesaid.

(4) Failing complaint within the times aforesaid, no action shall lie against the carrier, save in the case of fraud on his part.

ARTICLE 27

In the case of the death of the person liable, an action for damages lies in accordance with the terms of this Convention against those legally representing his estate.

ARTICLE 28

(1) An action for damages must be brought, at the option of the plaintiff, in the territory of one of the High Contracting Parties, either before the Court of the domicile of the carrier or of his principal place business, or where he has a place of business through which the contract has been made, or before the Court at the place of destination.

(2) Questions of procedure shall be governed by the law of the Court to which the case is submitted.

ARTICLE 29

(1) The right to damages shall be extinguished if an action is not brought within two years, reckoned from the date of arrival at the destination, or from the date on which the aircraft ought to have arrived, or from the date on which the transportation stopped.

(2) The method of calculating the period of limitation shall be determined by the law of the Court to which the case is submitted.

ARTICLE 30

(1) In the case of transportation to be performed by various successive carriers and falling within the definition set out in the third paragraph of Article 1, each carrier who accepts passengers, baggage or goods shall be subject to the rules set out in this Convention, and shall be deemed to be one of the contracting parties to the contract of transportation insofar as the contract deals with that part of the transportation which is performed under his supervision.

(2) In the case of transportation of this nature, the passenger or his representative can take action only against the carrier who performed the transportation during which the accident or the delay occurred, save in the case where, by express agreement, the first carrier has assumed liability for the whole journey.

(3) As regards baggage or goods, the passenger or consignor shall have a right of action against the first carrier, and the passenger or consignee who is entitled to delivery shall have a right of action against the last carrier, and further, each may take action against the carrier who performed the transportation during which the destruction, loss, damage, or delay took place. These carriers shall be jointly and severally liable to the passenger or to the consignor or consignee.

CHAPTER IV. PROVISIONS RELATING TO COMBINED TRANSPORTATION

ARTICLE 31

(1) In the case of combined transportation performed partly by air and partly by any other mode of transportation, the provisions of this Convention shall apply only to the transportation by air, provided that the transportation by air falls within the terms of Article 1.

(2) Nothing in this Convention shall prevent the parties in the case of combined transportation from inserting in the document of air transportation conditions relating to other modes of transportation, provided that the provisions of this Convention are observed as regards the transportation by air.

CHAPTER V. GENERAL AND FINAL PROVISIONS

ARTICLE 32

Any clause contained in the contract and all special agreements entered into before the damage occurred by which the parties purport to infringe the rules laid down by this Convention, whether by deciding the law to be applied, or by altering the rules as to jurisdiction, shall be null and void. Nevertheless for the transportation of goods arbitration clauses shall be allowed, subject to this Convention, if the arbitration is to take place within one of the jurisdictions referred to in the first paragraph of Article 28.

ARTICLE 33

Nothing contained in this Convention shall prevent the carrier either from refusing to enter into any contract of transportation or from making regulations which do not conflict with the provisions of this Convention.

ARTICLE 34

This Convention shall not apply to international transportation by air performed by way of experimental trial by air navigation enterprises with the view to the establishment of regular lines of air navigation, nor shall it apply to transportation performed in extraordinary circumstances outside the normal scope of an air carrier's business.

ARTICLE 35

The expression "days" when used in this Convention means current days, not working days.

ARTICLE 36

This Convention is drawn up in French in a single copy which shall remain deposited in the archives of the Ministry for Foreign Affairs of Poland and of which one duly certified copy shall be sent by the Polish Government to the Government of each of the High Contracting Parties.

ARTICLE 37

(1) This Convention shall be ratified. The instruments of ratification shall be deposited in the archives of the Ministry for Foreign Affairs of Poland, which shall give notice of the deposit to the Government of each of the High Contracting Parties.

(2) As soon as this Convention shall have been ratified by five of the High Contracting Parties it shall come into force as between them on the ninetieth day after the deposit of the fifth ratification. Thereafter it shall come into force between the High Contracting Parties which shall have ratified and the High Contracting Party which deposits its instrument of ratification on the ninetieth day after the deposit.

(3) It shall be the duty of the Government of the Republic of Poland to notify the Government of each of the High Contracting Parties of the date on which this Convention comes into force as well as the date of the deposit of each ratification.

ARTICLE 38

(1) This Convention shall, after it has come into force, remain open for adherence by any State.

(2) The adherence shall be effected by a notification addressed to the Government of the Republic of Poland, which shall inform the Government of each of the High Contracting Parties thereof.

(3) The adherence shall take effect as from the ninetieth day after the notification made to the Government of the Republic of Poland.

ARTICLE 39

(1) Any one of the High Contracting Parties may denounce this Convention by a notification addressed to the Government of the Republic of Poland, which shall at once inform the Government of each of the High Contracting Parties.

(2) Denunciation shall take effect six months after the notification of denunciation, and shall operate only as regards the party which shall have proceeded to denunciation.

ARTICLE 40

(1) Any High Contracting Party may, at the time of signature or of deposit of ratification or of adherence declare that the acceptance which it gives to this Convention does not apply to all or any of its colonies, protectorates, territories under mandate, or any other territory subject to its sovereignty or its authority, or any other territory under its suzerainty.

(2) Accordingly any High Contracting Party may subsequently adhere separately in the name of all or any of its colonies, protectorates, territories under mandate, or any other territory subject to its sovereignty or to its authority or any other territory under its suzerainty which have been thus excluded by its original declaration.

(3) Any High Contracting Party may denounce this Convention, in accordance with its provisions, separately or for all or any of its colonies, protectorates, territories under mandate or any other territory subject to its sovereignty or to its authority, or any other territory under its suzerainty.

ARTICLE 41

Any High Contracting Party shall be entitled not earlier than two years after the coming into force of this Convention to call for the assembling of a new international Conference in order to consider any improvments which may be made in this Convention. To this end it will communicate with the Government of the French Republic which will take the necessary measures to make preparations for such Conference.

This Convention done at Warsaw on October 12, 1929, shall remain open for signature until January 31, 1930.

For Germany:
R. RICHTER.
Dr. A. WEGERDT.
Dr. E. ALBRECHT.
Dr. OTTO RIESE.
For Austria:
STROBELE.
REINOEHL.
For Belgium:
BERNARD DE l'ESCAILLE.
For Brazil:
ALCIBIADES PECANHA.
For Bulgaria:
———— ————.
For China:
———— ————.
For Denmark:
L. INGERSLEV.
KNUD GREGERSEN.
For Egypt:
———— ————.
For Spain:
SILVIO FERNANDEZ VALLIN.
For Estonia:
———— ————.
For Finland:
———— ————.
For France:
PIERRE ETIENNE FLANDIN.
GEORGES RIPERT.
For Great Britain and Northern Ireland:
A. H. DENNIS.
ORME CLARKE.
R. L. MEGARRY.
For the Commonwealth of Australia:
A. H. DENNIS.
ORME CLARKE.
R. L. MEGARRY.
For the Union of South Africa:
A. H. DENNIS.
ORME CLARKE.
R. L. MEGARRY.
For Greece:
G. C. LAGOUDAKIS.
For Hungary:
———— ————.
For Italy:
A. GIANNINI.
For Japan:
KAZUO NISHIKAWA.
For Latvia:
M. NUKŠA.
For Luxembourg:
E. ARENDT.
For Mexico:
———— ————.
For Norway:
N. CHR. DITLEFF.
For the Netherlands:
W. B. ENGELBRECHT.
For Poland:
AUGUSTE ZALESKI.
ALFONS KUHN.
For Rumania:
G. CRETZIANO.
For Sweden:
———— ————.
For Switzerland:
EDM. PITTARD.
Dr. F. HESS.
For Czechoslovakia:
Dr. V. GIRSA.
For the Union of Soviet Socialist Republics:
KOTZUBINSKY.
For Venezuela:
———— ————.
For Yugoslavia:
IVO DE GIULLI.

ADDITIONAL PROTOCOL

(With reference to article 2)

The High Contracting Parties reserve to themselves the right to declare at the time of ratification or of adherence that the first paragraph of article 2 of this Convention shall not apply to international transportation by air performed directly by the State, its colonies, protectorates, or mandated territories, or by any other territory under its sovereignty, suzerainty, or authority.

For Germany:
R. RICHTER.
Dr. A. WEGERDT.
Dr. E. ALBRECHT.
Dr. OTTO RIESE.
For Austria:
STROBELE.
REINOEHL.
For Belgium:
BERNARD DE l'ESCAILLE.
For Brazil:
ALCIBIADES PEÇANHA.
For Bulgaria:
———— ————.
For China:
———— ————.
For Denmark:
L. INGERSLEV.
KNUD GREGERSEN.
For Egypt:
———— ————.
For Spain:
SILVIO FERNANDEZ VALLIN.
For Estonia:
———— ————.
For Finland:
———— ————.
For France:
PIERRE ETIENNE FLANDIN.
GEORGES RIPERT.
For Great Britain and Northern Ireland:
A. H. DENNIS.
ORME CLARKE.
R. L. MEGARRY.
For the Commonwealth of Australia:
A. H. DENNIS.
ORME CLARKE.
R. L. MEGARRY.
For the Union of South Africa:
A. H. DENNIS.
ORME CLARKE.
R. L. MEGARRY.
For Greece:
G. C. LAGOUDAKIS.
For Hungary:
———— ————.
For Italy:
A. GIANNINI.

For Japan:
KAZUO NISHIKAWA.
For Latvia:
M. NUKŠA.
For Luxembourg:
E. ARENDT.
For Mexico:
———— ————.
For Norway:
N. CHR. DITLEFF.
For the Netherlands:
W. B. ENGELBRECHT.
For Poland:
AUGUSTE ZALESKI.
ALFONS KÜHN.
For Rumania:
G. CRETZIANO.
For Sweden:
———— ————.
For Switzerland:
EDM. PITTARD.
Dr. F. HESS.
For Czechoslovakia:
Dr. V. GIRSA.
For the Union of Soviet Socialist Republics:
KOTZUBINSKY.
For Venezuela:
———— ————.
For Yugoslavia:
IVO DE GIULLI.

[SENATE, EXECUTIVE H, 73D CONG., 2D SESS.]

[Translation]

ANTI-WAR TREATY ON NON-AGRESSION AND CONCILIATION

The states designated below, in the desire to contribute to the consolidation of peace, and to express their adherence to the efforts made by all civilized nations to promote the spirit of universal harmony;

To the end of condemning wars of aggression and territorial acquisitions that may be obtained by armed conquest, making them impossible and establishing their invalidity through the positive provisions of this treaty, and in order to replace them with pacific solutions based on lofty concepts of justice and equity;

Convinced that one of the most effective means of assuring the moral and material benefits which peace offers to the world, is the organization of a permanent system of conciliation for international disputes, to be applied immediately on the violation of the principles mentioned;

Have decided to put these aims of non-aggression and concord in conventional form, by concluding the present treaty, to which end they have appointed the undersigned plenipotentiaries, who, having exhibited their respective full powers, found to be in good and due form, have agreed upon the following:

ARTICLE I

The High Contracting Parties solemnly declare that they condemn wars of aggression in their mutual relations or those with other states, and that the settlement of disputes or controversies of any kind that may arise among them shall be effected only by the pacific means which have the sanction of international law.

ARTICLE II

They declare that as between the High Contracting Parties, territorial questions must not be settled by violence, and that they will not recognize any territorial arrangement which is not obtained by pacific means, nor the validity of the occupation or acquisition of territories that may be brought about by force of arms.

ARTICLE III

In case of non-compliance by any state engaged in a dispute, with the obligations contained in the foregoing articles, the contracting states undertake to make every effort for the maintenance of peace. To that end they will adopt in their character as neutrals a common and solidary attitude; they will exercise the political, juridical or economic means authorized by international law; they will bring the influence of public opinion to bear but will in no case resort to intervention either diplomatic or armed; subject to the attitude that may be incumbent on them by virtue of other collective treaties to which such states are signatories.

ARTICLE IV

The High Contracting Parties obligate themselves to submit to the conciliation procedure established by this treaty, the disputes specially mentioned and any others that may arise in their reciprocal relations, without further limitations than those enumerated in the following article, in all controversies which it has not been possible to settle by diplomatic means within a reasonable period of time.

ARTICLE V

The High Contracting Parties and the states which may in the future adhere to this treaty, may not formulate at the time of signature, ratification or adherence, other limitations to the conciliation procedure than those which are indicated below:

(a) Differences for the solution of which treaties, conventions, pacts or pacific agreements of any kind whatever may have been concluded, which in no case shall be considered as annulled by this agreement, but supplemented thereby in so far as they tend to assure peace; as well as the questions or matters settled by previous treaties;

(b) Disputes which the parties prefer to solve by direct settlement or submit by common agreement to an arbitral or judicial solution;

(c) Questions which international law leaves to the exclusive competence of each state, under its constitutional system, for which reason the parties may object to their being submitted to the conciliation procedure before the national or local jurisdiction has decided definitively; except in the case of manifest denial or delay of justice, in which case the conciliation procedure shall be initiated within a year at the latest;

(d) Matters which affect constitutional precepts of the parties to the controversy. In case of doubt, each party shall obtain the reasoned opinion of its respective tribunal or supreme court of justice, if the latter should be invested with such powers.

The High Contracting Parties may communicate, at any time and in the manner provided for by Article XV, an instrument stating that they have abandoned wholly or in part the limitations established by them in the conciliation procedure.

The effect of the limitations formulated by one of the contracting parties shall be that the other parties shall not consider themselves obligated in regard to that party save in the measure of the exceptions established.

ARTICLE VI

In the absence of a permanent Conciliation Commission or of some other international organization charged with this mission by virtue of previous treaties in effect, the High Contracting Parties undertake to submit their differences to the examination and investigation of a Conciliation Commission which shall be formed as follows, unless there is an agreement to the contrary of the parties in each case;

The Conciliation Commission shall consist of five members. Each party to the controversy shall designate a member who may be chosen by it from among its own nationals. The three remaining members shall be designated by common agreement by the parties from among the nationals of third Powers, who must be of different nationalities, must not have their customary residence in the territory of the interested parties nor be in the service of any of them. The parties shall choose the President of the Conciliation Commission from among the said three members.

If they cannot arrive at an agreement with regard to such designations, they may entrust the selection thereof to a third Power or to some other existing international organism. If the candidates so designated are rejected by the parties or by any one of them, each party shall present a list of candidates equal in number to that of the members to be selected, and the names of those to sit on the Conciliation Commission shall be determined by lot.

ARTICLE VII

The tribunals or supreme courts of justice which, in accordance with the domestic legislation of each State, may be competent to interpret, in the last or the sole instance and in matters under their respective jurisdiction, the Constitution, treaties, or the general principles of the law of nations, may be designated preferentially by the High Contracting Parties to discharge the duties entrusted by the present treaty to the Conciliation Commission. In this case the Tribunal or Court may be constituted by the whole bench or may designate some of its members to proceed alone or by forming a mixed commission with members of other courts or tribunals, as may be agreed upon by common accord between the parties to the dispute.

ARTICLE VIII

The Conciliation Commission shall establish its own rules of procedure, which shall provide in all cases for hearing both sides.

The parties to the controversy may furnish and the commission may require from them all the antecedents and information necessary. The parties may have themselves represented by delegates and assisted by advisers or experts, and also present evidence of all kinds.

ARTICLE IX

The labors and deliberations of the Conciliation Commission shall not be made public except by a decision of its own to that effect, with the assent of the parties.

In the absence of any stipulation to the contrary, the decisions of the commission shall be made by a majority vote, but the commission may not pronounce judgment on the substance of the case except in the presence of all its members.

ARTICLE X

It is the duty of the Commission to secure the conciliatory settlement of the disputes submitted to its consideration.

After an impartial study of the questions in dispute, it shall set forth in a report the outcome of its work and shall propose to the Parties bases of settlement by means of a just and equitable solution.

The report of the Commission shall in no case have the character of a final decision or arbitral award either with respect to the exposition or the interpretation of the facts, or with regard to the considerations or conclusions of law.

ARTICLE XI

The Conciliation Commission must present its report within one year counting from its first meeting unless the parties should decide by common agreement to shorten or extend this period.

The conciliation procedure having been once begun may be interrupted only by a direct settlement between the parties or by their subsequent decision to submit the dispute by common accord to arbitration or to international justice.

ARTICLE XII

In communicating its report to the parties, the Conciliation Commission shall fix for them a period which shall not exceed six months, within which they must decide as to the bases of the settlement it has proposed. On the expiration of this term, the Commission shall record in a final act the decision of the parties.

This period having expired without acceptance of the settlement by the parties, or the adoption by common accord of another friendly solution, the parties to the dispute shall regain their freedom of action to proceed as they may see fit within the limitations flowing from Articles I and II of this treaty.

ARTICLE XIII

From the initiation of the conciliatory procedure until the expiration of the period fixed by the Commission for the parties to make a decision, they must abstain from any measure prejudicial to the execution of the agreement that may be proposed by the Commission and, in general, from any act capable of aggravating or prolonging the controversy.

ARTICLE XIV

During the conciliation procedure the members of the Commission shall receive honoraria the amount of which shall be established by common agreement by the parties to the controversy. Each of them shall bear its own expenses, and a moiety of the joint expenses or honoraria.

ARTICLE XV

The present treaty shall be ratified by the High Contracting Parties as soon as possible, in accordance with their respective constitutional procedures.

The original treaty and the instruments of ratification shall be deposited in the Ministry of Foreign Relations and Worship, of the Argentine Republic, which shall communicate the ratifications to the other signatory states. The treaty shall go into effect between the High Contracting Parties 30 days after the deposit of the respective ratifications, and in the order in which they are effected.

ARTICLE XVI

This treaty shall remain open to the adherence of all states.

Adherence shall be effected by the deposit of the respective instrument in the Ministry of Foreign Relations and Worship of the Argentine Republic, which shall give notice thereof to the other interested states.

ARTICLE XVII

The present treaty is concluded for an indefinite time, but may be denounced by one year's notice, on the expiration of which the effects thereof shall cease for the denouncing state, and remain in force for the other states which are parties thereto, by signature or adherence.

The denunciation shall be addressed to the Ministry of Foreign Relations and Worship of the Argentine Republic, which shall transmit it to the other interested states.

In witness whereof, the respective plenipotentiaries sign the present treaty in one copy, in the Spanish and Portuguese languages, and affix their seals thereto at Rio de Janeiro, D. F., on the tenth day of the month of October one thousand nine hundred thirty and three.

For the Argentine Republic:
(L.S.) CARLOS SAAVEDRA LAMAS,
Minister of Foreign Relations and Worship.

For the Republic of the United States of Brazil:
(L.S.) AFRANIO DE MELLO FRANCO,
Minister of Foreign Relations.

For the Republic of Chile: with the reservations under letters a, b, c, and d of Article V:
(L.S.) MARCIAL MARTINEZ DE FERRARI,
Ambassador Extraordinary and Plenipotentiary at Rio de Janeiro.

For the United Mexican States:
(L.S.) ALFONSO REYES,
Ambassador Extraordinary and Plenipotentiary at Rio de Janeiro.

For the Republic of Paraguay:
(L.S.) ROGELIO IBARRA,
Envoy Extraordinary and Minister Plenipotentiary at Rio de Janeiro.

For the Oriental Republic of Uruguay:
(L.S.) JUAN CARLOS BLANCO,
Ambassador Extraordinary and Plenipotentiary at Rio de Janeiro.

A true copy.
(Signature illegible)
Director General for the Ministry of Foreign Relations.
[Seal of the Ministry of Foreign Relations and Worship Argentine Republic]

REPORTS OF COMMITTEES

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 1895) for the relief of C. B. Dickinson, reported it with an amendment and submitted a report (No. 1020) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2802. An act for the relief of Ed Symes and wife, Elizabeth Symes, and certain other citizens of the State of Texas (Rept. No. 1021);

S. 3317. An act for the relief of Sarah Smolen (Rept. No. 1022); and

H.R. 1405. An act for the relief of the Yosemite Lumber Co. (Rept. No. 1023).

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3017. An act for the relief of Edwin C. Jenney, receiver of the First National Bank of Newton, Mass. (Rept. No. 1024);

S. 3594. An act for the relief of the heirs of Burton S. Adams, deceased (Rept. No. 1025); and

H.R. 5636. An act for the relief of Jose Ramon Cordova (Rept. No. 1026).

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1707) for the relief of Carlos C. Bedsole, reported it with an amendment and submitted a report (No. 1027) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (H.R. 2692) for the relief of Lula A. Densmore, reported it without amendment and submitted a report (No. 1018) thereon.

He also, from the same committee, to which was referred the bill (S. 2238) to provide for the payment of damages to certain residents of Alaska caused by reason of extending the boundaries of Mount McKinley National Park, reported it with an amendment and submitted a report (No. 1019) thereon.

He also, from the Committee on Commerce, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

H.R. 7922. An act authorizing the Secretary of Commerce to dispose of a portion of the Yaquina Bay Lighthouse Reservation, Oreg. (Rept. No. 1033); and

S. 3506. An act granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington (Rept. No. 1042).

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 3353. An act to provide a preliminary examination of Stillaguamish River and its tributaries in the State of Washington, with a view to the control of its floods (Rept. No. 1028);

H.R. 3354. An act to provide a preliminary examination of Snohomish River and its tributaries in the State of Washington, with a view to the control of its floods (Rept. No. 1029);

H.R. 3362. An act to provide a preliminary examination of the Nooksack River and its tributaries in the State of Washington, with a view to the control of its floods (Rept. No. 1030);

H.R. 3363. An act to provide a preliminary examination of Skagit River and its tributaries in the State of Washington, with a view to the control of its floods (Rept. No. 1031);

H.R. 5175. An act to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods (Rept. No. 1032);

H.R. 8234. An act to provide a preliminary examination of the Paint Rock River in Jackson County, Ala., with a view to the control of its floods (Rept. No. 1034);

H.R. 8562. An act to provide for a preliminary examination of the Connecticut River, with a view to the control of its floods and prevention of erosion of its banks in the State of Massachusetts (Rept. No. 1035);

H.R. 8644. An act to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy (Rept. No. 1036);

S. 1386. An act to provide for a preliminary examination of Nisqually River and its tributaries in the State of Washington, with a view to the control of their floods (Rept. No. 1037);

S. 2010. An act to provide for the establishment of a Coast Guard station on the coast of Georgia, at or near Sea Island Beach (Rept. No. 1038);

S. 3431. An act authorizing a preliminary examination of the lower Columbia River, with a view to the controlling of floods (Rept. No. 1039);

S. 3503. An act to provide a preliminary examination of Chehalis River and its tributaries in the State of Washington, with a view to the control of its floods (Rept. No. 1046);

S. 3504. An act to provide a preliminary examination of the Lewis River and its tributaries in the State of Washington, with a view to the control of its floods (Rept. No. 1040);

S. 3505. An act to provide a preliminary examination of Columbia River and its tributaries in the State of Washington, with a view to the control of its floodwaters (Rept. No. 1041);

S. 3507. An act to provide a preliminary examination of the Cowlitz River and its tributaries in the State of Washington, with a view to the control of its floods (Rept. No. 1043);

S. 3525. An act to repeal certain laws providing for the protection of sea lions in Alaska waters (Rept. No. 1044); and

S. 3589. An act authorizing associations of producers of aquatic products (Rept. No. 1045).

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3540) to amend section 32 of the Emergency Farm Mortgage Act of 1933, reported it without amendment and submitted a report (No. 1047) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3113) to add certain lands to the Malheur National Forest in the State of Oregon, reported it with amendments and submitted a report (No. 1048) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HAYDEN:

A bill (S. 3629) authorizing the Secretary of the Interior and the Arizona State Highway Commission to construct, maintain, and operate a toll or free bridge across the Colorado River at or near Parker, Ariz., within the Colorado River Indian Reservation; to the Committee on Commerce.

By Mr. WAGNER:

A bill (S. 3630) to provide compensation for disability or death resulting from injury to employees in interstate commerce, and for other purposes; to the Committee on Interstate Commerce.

By Mr. BAILEY:

A bill (S. 3631) for the relief of E. Jeanmonod (with accompanying papers); to the Committee on Claims.

By Mr. PATTERSON:

A bill (S. 3632) to amend section 5153 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

A bill (S. 3633) directing the conveyance of certain lands to the State of Missouri; to the Committee on Public Lands and Surveys.

By Mr. COPELAND:

A bill (S. 3634) for the relief of Malcolm P. Nash; to the Committee on Naval Affairs.

By Mr. LEWIS:

A bill (S. 3635) to authorize the reduction of the required distance between liquor distilleries and rectifying plants and to authorize higher fences around distilleries; to the Committee on the Judiciary.

By Mr. GLASS:

A bill (S. 3636) relating to dividends and surplus of national banking associations; to the Committee on Banking and Currency.

A bill (S. 3637) for the relief of the heirs at law of Barnabas W. Baker and Joseph Baker; and

A bill (S. 3638) for the relief of the heirs of Reuben Ragland; to the Committee on Claims.

CHANGES OF REFERENCE

Mr. CLARK. Mr. President, Senate bill 3402 when introduced was referred to the Committee on Finance and in that committee was referred to a subcommittee. The bill related to relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes.

Since the bill was referred to the Finance Committee an exactly similar bill—in fact, an identical bill—has been passed by the House of Representatives. In the House the bill was referred to and considered by the Committee on the Judiciary. When the House bill came to the Senate it was referred to the Committee on the Judiciary. I have had an opportunity to consult with the Chairman of the Finance Committee and the Chairman of the Judiciary Committee of the Senate, together with various other members of both committees. We have decided that since the measure is essentially one having to do with legal questions, the reference of the Senate bill should be changed to the Committee on the Judiciary.

Therefore, I ask unanimous consent that the Finance Committee be discharged from the further consideration of the bill (S. 3402) to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes, and that the bill be referred to the Committee on the Judiciary.

The VICE PRESIDENT. Without objection, that order will be made.

Mr. HARRISON. Mr. President, the bill (S. 2007) to exempt from taxation certain property of the National Society of the Sons of the American Revolution, relates to their property here in the District of Columbia. The bill was referred upon its introduction to the Finance Committee. It seems to me that it ought to go to the Committee on the District of Columbia. Therefore I ask unanimous consent that the Finance Committee be discharged from the further consideration of the bill and that it be referred to the Committee on the District of Columbia.

The VICE PRESIDENT. Without objection, it is so ordered.

RECIPROCAL TARIFF AGREEMENTS—AMENDMENTS

Mr. METCALF submitted two amendments intended to be proposed by him to the bill (H.R. 8687) to amend the Tariff Act of 1930, which were ordered to lie on the table and to be printed.

EMERGENCY CONSTRUCTION OF PUBLIC ROADS, ETC.—AMENDMENTS

Mr. HAYDEN submitted amendments intended to be proposed by him to the bill (H.R. 8781) to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and for other purposes, which were referred to the Committee on Post Offices and Post Roads and ordered to be printed.

CONTINUANCE OF GENERAL SURVEY OF INDIAN CONDITIONS

Mr. WHEELER submitted the following resolution (S.Res. 241), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That Senate Resolution 79, agreed to February 2, 1928, and continued by subsequent resolutions, authorizing the Committee on Indian Affairs, or any subcommittee thereof, to make a general survey of the condition of the Indians in the United States, hereby is continued in full force and effect throughout the duration of the Seventy-fourth Congress.

WILLIAM BARTLETT HAEGELE—WITHDRAWAL OF PAPERS

Mr. JOHNSON. Mr. President, in 1931 my then colleague, former Senator Shortridge, introduced Senate bill no. 2043, a pension bill, which never became a law. With it he filed certain papers, which are in the hands of the Secretary of the Senate. I ask that the Secretary of the Senate be permitted to return the papers then filed in behalf of that bill.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The order was reduced to writing, as follows:

Ordered, That the papers filed with the bill (S. 2043) for the relief of William Bartlett Haegele (72d Cong., 1st sess.) be withdrawn from the files of the Senate, no adverse report having been made thereon.

CHARGES FOR ELECTRIC POWER—ADDRESS BY FRANK R. M'NINCH

Mr. NORRIS. Mr. President, night before last the Honorable Frank R. McNinch, Chairman of the Federal Power Commission, delivered an address over the radio on the work of that Commission. I ask unanimous consent that the address may be printed in full in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From the Evening Star, Washington, D.C., May 16, 1934]

TEXT OF ADDRESS

The text of Chairman McNinch's speech follows:

I am glad of the opportunity to talk to you on the subject of electric light and power, and want at the outset to express my appreciation of the courtesy of the Radio Forum in giving me this privilege.

Electricity has become so essential to modern society that all are vitally concerned in the problem of making it available at low cost for domestic, agricultural, commercial, and industrial purposes. Any plan to make electricity more universally available and to reduce the cost to the consumer is of very great importance to the whole Nation.

The generation and distribution of electricity is a highly technical art and is too often spoken of in technical and engineering terms, which tend to confuse rather than to inform the average man. Tonight I will put aside the language of the experts and discuss the subject in plain, everyday terms, which, I hope, may give you a practical understanding of some of the problems which directly affect your interests.

THE COMMISSION'S WORK

I realize that the Federal Power Commission is such a relatively new national agency that the scope of its jurisdiction and the field of its activities are not well known, and I shall therefore make a brief statement as to the organization and work of the Commission.

The Federal Water Power Act, which created the Federal Power Commission, was enacted in 1920 during the administration of Woodrow Wilson. Prior thereto President Theodore Roosevelt had in public messages pointed out the necessity for the conservation of the Nation's water-power resources and the development thereof under such legal restrictions and provisions as would protect the people's rights therein. Then followed years of discussion in Congress of legislation designed to prevent private interests from exploiting for purposes of private greed and profit this great national resource. Through successive sessions Members of Congress, Democrats and Republicans alike, fought for the enactment of such a statute as would protect the people's interest, while a power lobby battled against effective legislation. Finally, under the leadership of President Wilson, came a victory for the people through the enactment of the Federal Water Power Act and the creation of the Federal Power Commission.

The first commission was composed of three Cabinet members: the Secretary of War, Secretary of Agriculture, and the Secretary of Interior. For 10 years the Commission sought to administer the act, but it was realized that the law could not be adequately administered except by a commission which was free to devote its whole time to this work; and in 1930, upon the recommendation of President Hoover, Congress amended the act and provided a whole-time independent Commission composed of five members.

A BRIEF SUMMARY

Time does not admit of a statement in detail of the jurisdiction and work of the Commission, but it may be summarized briefly as follows:

The Commission is vested with the jurisdiction of granting or denying preliminary permits and licenses for the construction of hydroelectric projects on all navigable waters in the United States and on the headwaters thereof, where the construction of a dam or power plant would affect navigation on the stream below and also on federally owned or controlled lands.

A further duty is to audit, ascertain, and determine the actual legitimate cost of all power projects built under license granted by the Commission. This is known as the determination of the capital investment in such power plant. This is an important function, because the statute further provides that at the expiration of the license the Federal Government shall have the right to recapture or take over any or all of these licensed power plants at the actual legitimate cost or net investment therein. Such recapture plants may thereafter be operated either by the Federal Government or any State, district, or municipality that may desire to operate them.

Furthermore, the determination of the actual cost and the elimination of fictitious and padded values from the capital structures of these licensed plants is of great importance to the people, because the amount of capital investment as determined by this Commission has an important bearing in the determination of fair rates for electric service.

STATE REGULATORY BODIES

But I want to make it clear to you that the Federal Commission has only a very limited jurisdiction over rates, as this rate-making power is vested in the State regulatory commissions. The Federal rate-making power exists only in those States which have not provided a State commission or other body with authority to regulate the rates. All but seven States now have regulatory bodies. Even in States where there is no State authority, the Federal Commission has no jurisdiction over rates if the legisla-

ture has delegated such authority to the municipal governing bodies of the State. The practical result is that as to intrastate rates the Federal Commission has only the most limited rate-making power.

As to rates on electricity transmitted across State lines, the jurisdiction of the Commission is also limited, and can only be exercised if the adjoining States which are involved in the interstate transmission of electricity are unable to agree, through their respective State regulatory bodies, in the regulation of such interstate traffic.

The same general principles apply to the regulation of securities issued by the Commission's licensee companies. The Federal Commission's supervisory power over securities applies to its licensees in only 18 States which have not vested such power in a State commission.

One of the most fundamentally important powers vested in the Commission is that of making a comprehensive investigation of the water-power resources of the Nation and the preparation of a plan and program for their economical development, and the relation of such future development to other industries and to our general social and economic advancement. This function has not heretofore been exercised, and in August of 1933 President Roosevelt, by Executive order, directed the Federal Power Commission to make a national power survey and plan of development, and provided funds for this purpose. The Commission is now actively engaged in this work, and substantial progress has already been made by the staff of experts engaged for this special task.

WASTE AND OVERDEVELOPMENT

Heretofore the development of our water-power resources has not been in accordance with any coordinated plan, but instead has been largely controlled and projected by various power industry groups in the development of particular water-power sites. The lack of accurate knowledge of our water-power resources and the absence of a national plan for their economical development to meet the present and future requirements of the various sections of our country have resulted in a waste of these resources in some sections and an overdevelopment in other sections.

In the making of this national power survey the Federal Commission has set out to obtain the essential facts relative to our power resources, the cost of their development, their capacity, the market, present and future, and the effects of such developments upon industry, commerce, and agriculture and the needs and uses for electricity in the homes in cities, towns, villages, and the countryside.

We are not undertaking to prove any particular theory or to establish any preconceived idea or plan. We are making a scientific search for all of the elements involved. We are hewing to the line of facts and letting the chips fall where they will. We have invited and have the assurance of the cooperation of leaders of the privately owned power interests and likewise of the publicly owned power plants. It is believed that with their cooperation and through the independent efforts of our own staff we will be able to assemble all of the essential information necessary to an understanding of our national power resources and their comprehensive and coordinated plan for future development.

DISTRIBUTION COSTS STUDIED

Under a Senate resolution introduced by Senator COSTIGAN, of Colorado, the Commission is also engaged in an investigation and study of the cost of distribution of electricity. This is an important and necessary part of any national power survey. The power industry and State and Federal officials now know what it costs to generate electricity in any particular plant and to transmit it to the substation, but it is safe to say that what it costs to distribute electricity over the network of wires to the meter of the consumer is not accurately known. Knowing as we do the generating and transmission costs under given conditions, if to that is added a substantially accurate knowledge of the cost of distribution, we would then know three of the most important elements entering into the cost of electricity.

To round out and complete this national power program, the Congress recently passed a joint resolution, introduced in the Senate by Senator NORRIS, of Nebraska, and in the House by Representative RANKIN, of Mississippi, authorizing the Federal Power Commission to assemble and analyze the electric rates prevailing in every city, town, hamlet, and rural community in America. This is an undertaking of the greatest importance to both the electric light and power industry and to all who use electricity. For as the result of this investigation and analysis of rates the regulatory commissions and the governing bodies of municipalities and even the individual citizen will be able to make intelligent comparisons of the rates being paid in any particular community with the rates prevailing in other communities similarly situated.

It may surprise you to learn that there is no such information now available. The only published compilation of rates is that in the Ratebook of the Edison Electric Institute, an association maintained by the privately owned utility companies. But this Ratebook gives the electric rates only for cities of more than 20,000 population. It covers, therefore, only 3 percent of the 15,500 communities which receive electric service, and omits entirely the rates charged in small towns and for rural service, where the rates are generally much higher than they are in the larger cities. And the rates published in this Ratebook are so complicated and expressed in such technical language and vary so much in their structure that only rate experts can understand them. They bewilder and confuse the ordinary citizen. This matter of rates for electricity is a most vital one, both to the company that sells and to the consumer who buys. The consumer has a right to know that he is paying no more than a fair price, and the producer has a right to know whether the rates in force afford opportunity for a reasonable return on the investment useful and necessary to render such service.

WIDE VARIATION IN RATES

There is a wide variation in the rates charged for electricity throughout the United States. Some private companies and some municipal plants have gone a long way in supplying domestic consumers, as well as commercial and industrial users, with relatively cheap electric service. Other private companies and municipal plants have held to the theory that the higher the rate, the greater the return on the investment, and have therefore resisted attempts to secure rate reductions. These private companies have fought rate reductions in the belief that they were protecting their profits, while many municipal plants have likewise maintained high rates in order to secure large revenues in lieu of taxes.

Experience is teaching, however, that even from the selfish standpoint of assuring large revenues, high rates for electric service is a mistaken policy. It has been shown in many cases that substantial rate reductions, instead of reducing revenues, induce consumers to use more electricity and thus actually increase both the revenues and the profits of the business. There is much evidence to support the view that well-considered rate reductions will mean more certainty of earnings for the power industry and tend toward steadier and more uniform returns for the investors.

There is a very general belief that electric rates are too high, and one of the important items in the program of President Roosevelt for recovery and for the establishment of a new and solider base for equality of burdens and benefits is the making of electricity available at the lowest practicable rates. Electricity should not be an agency for excessive profits for a few, but the common servant of all. It is desired through intelligent planning to put electricity within the means of all of the people for use in the home, store, factory, field, and mine, that burdens may be lifted from the backs of men and women. This social and economic objective the people are determined to achieve. After costly yet enlightening experience, the public is resolved that electric light and power shall no longer be their master, but shall, instead, be their servant.

Electricity should be the inexpensive tool of all men rather than the wheel of fortune of private greed, bent on speculative profit through watered stock and capital investment write-ups and other forms of fictitious values, to make a Roman holiday for a priviliged class while innocent investors and consumers are condemned to the role of helpless victims in the arena.

BALANCING THE SCALES

This objective of generally lowered electric rates involves injustice to no one but only the balancing of the scales for everyone. Such a program will deprive no one of property rights but will recognize that the property rights of the consumers are of equal dignity with those of the producers. This policy says with firmness, yet with fairness, to a monopoly selling to a consumer who has but one seller to buy from, "Thus far but no further."

The plan to assure consumers electric power at low cost will not be based upon any visionary theory nor upon any hocus-pocus formula for economic relief but upon a careful analysis and survey of the whole subject. One of the keys that will help unlock the door to low rates is the simple, tried, and demonstrated principle of volume production and increased consumption. In no other industry is there better reason to expect that larger consumption will follow volume production and lowered costs. In no other industry will volume consumption so certainly yield larger returns. No other industry offers greater possibilities for increased production with such relatively small additional capital investment and operating expenses. Once the power plant is constructed, the addition of another generating unit represents a relatively small additional cost. Once the transmission and distribution lines are constructed, the delivery of greater volume of energy to the meters of consumers imposes little or no additional expense for such delivery. These are facts known not only to all who are technically informed on the subject but are now fairly well understood by the man on the street.

May I give you one illustration of the effect of lowered rates upon consumption. The private power company which serves the National Capital is a steam plant whose fuel supply is about 200 miles distant. Ten years ago it was charging the high rate of 10 cents per kilowatt for domestic service. As the result of an agreement between the Public Service Commission and the company, rate reductions have been made each year for 10 years. The result today is one of the lowest schedules for residential use in the United States, ranging from 3.9 cents to 1.5 cents per kilowatt-hour. An analysis of the rate and consumption data shows that every time the rate was reduced the consumption increased. The annual kilowatt consumption per customer was 456, while today it is 868, or almost double. In 1926 the revenue received per customer was $30.68, while the revenue received in 1933 was $31.69, or only $1.01 greater cost to the customer for practically double the volume of electric energy. While most utility stocks have suffered radical declines during the depression, the record shows that the value of the preferred stock in this company has continued without impairment and has today a higher market value then it had in 1926, while the earnings on the common stock have increased from $26.90 to $68.08, all notwithstanding a reduction in rates in the meantime to a point little more than one third of the original

rate. Decrease of rates has resulted in increased consumption, increased earnings, and an increased surplus in the company's treasury.

EXPECTS FURTHER REDUCTIONS

I hold no brief for this rate schedule as being ideal, as I am confident yet further reductions will be realized. But this is an illustration of what may be done when there is cooperative effort between the power company and the regulatory authority, and without a waste of energy, time, and money in resisting public regulation.

An illustration in another industry may indicate the practicability of this program. Industrial vision years ago led leaders of the automobile industry in the direction of volume production, and marketing at a reasonable price. This put the automobile within the reach of the average man. It is now the serviceable utility for the millions. Had a short-sighted policy controlled the industry, the automobile today would be the luxury of the few. If the electric-power industry will think constructively of how the millions of potential customers may be made consumers of electricity, and how present consumers may be encouraged to increase their consumption by reduction of rates, I believe it will thus find a larger measure of permanent and deserved prosperity.

The American farm is an almost virgin field inviting the resourcefulness, the ingenuity, and the business ability of the industry to electrify the millions of farms which are now denied this great economic and social agency. Of the 6,250,000 farms in the United States, only 700,000 have utility electric service, while 150,000 have individual lighting plants. This leaves 5,400,000 farms without electricity to light their homes or to relieve the farmer and his family of burdens and drudgery. Here is a great unconquered empire awaiting eagerly the coming of this beneficent agency.

THE HOME APPLIANCE FIELD

Yet another field of opportunity for lowering rates is volume production and distribution of the various useful home appliances, such as refrigerators, ranges, washers, dishwashers, small heat units, and others too numerous to mention. These are available today, but not at prices within the means of the masses. It follows that these appliances are not to be generally found in the humble homes, but only, or chiefly, in the homes of the well-to-do. The wide distribution and use of these appliances would create an enormous additional demand for power and would also serve to equalize social conditions in town and country.

The objective of lower rates is not to be fully obtained by employment of only the means I have thus far indicated, but will also require a thorough house cleaning in those portions of the industry which need it.

Before we may have adequately lowered rates, it is my judgment that the present holding-company system must be subjected to thorough Federal supervision and regulation. Through holding-company control of the operating companies which generate and sell you electricity, and through holding-company control of system service companies, many operating companies are carrying an unjust burden through payment of excessive management, supervision, construction, purchasing, engineering, legal, accounting, and other fees. Some holding companies in this way are taking the cream of the profits collected by the operating companies from the consumers. If this siphoning of profits from operating companies into great pools of profits in distant financial centers is stopped, if this "old man of the sea" is thrown from the back of the operating company, this needed reform would tend to reduce the cost of electricity. I am glad to say that some operating companies have no holding company dominance and pay no tribute through such fees.

Further reforms which would justify lower rates in many instances are the decapitalization of those investment structures which are inflated and include unreal and fictitious elements of so-called "value." These inflated capital structures should be stripped of all except that which represents real money prudently invested.

OBSOLETE MACHINERY ITEMS

In some capital structures there are still to be found large items representing cost of machinery and equipment which are now either obsolete or inefficient. It is neither fair nor right for the public to continue to pay a return on such values. Depreciation reserves have been set up to take care of these items, and it is of course unfair for a company to continue to base rates on such property when in fact it has in its depreciation reserve fund, collected from the consumers, the money which represents these depreciated values.

Lower rates would follow the simple process of hanging these watered capital structures in the sunlight to dry and shrink to their true size in actual cost or depreciated value.

Recent official investigations have shown that the salaries of executives of some companies are excessive and that many of these high salaries were not reduced during the depression, while in a few instances they were actually increased at a time when reduced purchasing or paying capacity of the consumers should have prompted these companies to reduce these top salaries and to otherwise economize in every practical way.

This problem of cheaper electricity is a challenge to the far-seeing leaders of the industry. The Nation is now waiting to see whether the responsible officers and directors of this industry have the vision, the courage, and statesmanship to readjust their policies and methods to the demands of a new public opinion which is demanding a new deal in power. If this industry will recognize that a public utility is a public trust, to be administered primarily in the interest of the consuming public, it will find that there is no war between the investor's dollar and the consumer's dollar, but that the two working together can benefit the producer and consumer alike. They will find in such a policy no threat to the legitimate profit system, but only a denial of any right to exploit the consumers.

Notwithstanding the wrongs and abuses of some false leaders in the past, and which created suspicion and hostility toward the industry, there is evidence of the presence of some leaders in the industry who are thinking in terms of public service. It is hoped these men, like the "saving remnant" of Isaiah, may become the new leaven which will transform the leadership of this great industry and win for it the confidence and the esteem of the American people through cooperation for a new deal and a fair deal in electricity.

AMERICAN RADIO POLICY

Mr. NORRIS. Mr. President, on the day before yesterday the Senator from Washington [Mr. DILL] placed in the RECORD a portion of a statement entitled, "Fundamental Principles Which Should Underlie American Radio Policy", adopted by the National Conference of Leaders in Education, Government, and Civic Affairs. It pertains particularly to the radio, and I ask unanimous consent that the entire statement may be printed in the RECORD.

There being no objection, the pamphlet was ordered to be printed in the RECORD, as follows:

FUNDAMENTAL PRINCIPLES WHICH SHOULD UNDERLIE AMERICAN RADIO POLICY ADOPTED BY THE NATIONAL CONFERENCE OF LEADERS IN EDUCATION, GOVERNMENT, AND CIVIC AFFAIRS, WASHINGTON, D.C., MAY 8, 1934

Radio broadcasting, an instantaneous, universal means of communication, reaching literate and illiterate, young and old alike, exerts an inevitable educational influence upon American standards, ideals, and actions. This influence is either good or bad. It either improves or debases American standards. Radio broadcasting—this great, new agency—should be so guided and controlled as to insure to this Nation the greatest possible social values. The social welfare of the Nation should be the conscious, decisive, primary objective, not merely a possible byproduct incidental to the greatest net returns to advertisers and broadcasters.

To promote the greatest general welfare the following principles must be observed:

Listeners' choice: The wholesome needs and desires of listeners should govern the character, the content, and the relative extent and frequency of broadcast programs. Variety sufficient to satisfy the tastes of all groups of effective size should be provided. Material detrimental to the welfare of listener groups should be eliminated regardless of commercial profit. The present operation of commercial stations secures neither a genuine expression of listeners' choice nor an effective fulfillment of that choice.

Minority voice: Responsible groups, even the minorities, should not be debarred from broadcasting privileges because of their relative size, for radio is but the amplification and extension of the individual's free speech and discussion.

Youth protected: Positive, wholesome broadcasts for youth at home and in schools should be provided. The impressionable, defenseless minds of children and youth must be protected against insidious, degenerative influences.

America's best: The control and support of broadcasting should be such that the best obtainable of culture, of entertainment, of information, of statecraft, shall have place on the air available to all the people.

Controversial issues: Discussion of live, controversial issues of general public concern should be encouraged for the safe and efficient functioning of a democracy and should not be denied a hearing because offensive to powerful advertisers or other groups.

If a universal means of communication is to be used for general social welfare, it must be controlled by the people's agency, which is Government. A private organization is incapable of exercising adequate control. This need not imply full Government ownership or operation nor should it preclude governmental units' owning and operating stations. Neither must offensive censorship necessarily follow any more than it does in the post office or the telegraph today. Government must be the umpire.

Finance: If these objectives for a national broadcasting program are to be realized, adequate support must be provided. The individual listeners, whose investment in receiving sets is already 90 percent of the total broadcasting capital, are deserving of the best possible programs. The Government should cease incurring expense for the protection of channels for the benefit of private monopoly without insuring commendable programs satisfactory to citizen listeners.

If general public welfare is to be promoted by radio communication, some specific recommendations immediately present themselves.

Impartial studies: Thorough, adequate, and impartial studies should be made of the cultural implications of the broadcasting structure to the end that specific recommendations can be made for the control of that medium to conserve the greatest social welfare values. These studies should also include: An appraisal of the actual and potential cultural values of broadcasting; the effective means for the protection of the rights of children, of minority groups, or amateur radio activities, and of the sovereignty of individual States; the public services rendered by broadcast-

ing systems of other nations; international relationships in broadcasting.

Appeal to President: We recommend to the conference the appointment of a committee to wait upon the President of the United States to urge that the recommendations of the conference be put into effect by the President.

THE NEW DEAL

Mr. FESS. Mr. President, I ask permission to have printed in the RECORD an editorial which was published in the Chicago Sunday Tribune on May 13 last, entitled "The Tenons and Mortises of the New Deal."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Chicago Sunday Tribune, May 13, 1934]

THE TENONS AND MORTISES OF THE NEW DEAL

The Tribune's program for America leads off today with "repeal the tyranny laws."

It is decidedly unpleasant to think of the American Government as revealing the slightest Hitlerite tendency. Whatever may come in the enthusiasm of party controversy or the acrimony of economic and social disputes and conflicts, we all pray to be saved from anything approximating the methods of European political control.

Decent Americans will prefer to avoid even suspicions as long as possible; and the administrators, it is to be hoped, will be equally resolved not to give color to the thought that they may be yielding to temptations urging them to make conspicuous examples of persons who do not follow them in their theories or practices.

Zeal may go a long way in a wrong direction and may even give sanction to questionable procedures. It seems to be time to raise this question in order that it may have prompt consideration both by the administration and by the opposition.

Attorney General Cummings causes a tax complaint against Andrew Mellon to be taken before the Federal grand jury in Pittsburgh. Mellon was charged with evasion of his personal income taxes in his return for the year 1931. The Government presented its case, and the grand jurors refused to indict. The public had no means of knowing the truth, but it must accept the conclusion that the Government could not make its case before its own grand jury. Mr. Mellon, in public statements, said that he could not understand the method of procedure, there being other ways of taking up a disputed point, and he being of the opinion that, so far from evading any taxes, he had overpaid and proposes to seek a return.

The Government has been making some adjustments in rebates of large sums to other wealthy taxpayers and estates. So far as the public knows, Mr. Mellon has taken very little part in the opposition to the Government, but he was a conspicuous member of the previous administration in conflict with much of the "new deal." As the matter stands, he has the better of his controversy with the Government, and Mr. Cummings' procedure in using the grand jury is not fully explained.

The scene presents many pictures of administrators who, in reaching for great extensions of their power to control industry, commerce, and utilities, warn the alarmed citizens whose property and life's work are involved that they must be compliant and not carry their instinctive objections to the point of opposition and obstruction. Secretary Wallace makes plain his indignation that men heavily involved in the handling of farm products should consider organizing to defend their legal rights. The Secretary has withdrawn the trading privileges of Arthur Cutten, the country's best-known grain operator, upon allegations of alleged improprieties years back. Mr. Wallace is seeking arbitrary authority over the prices and costs of food production in legislation which has been scandalized by secrecy and haste.

General Johnson, the blue eagle of industry, although he has his open moments of candid doubt, is pressing for the adoption of the N.R.A. in every State to remove any restrictions preventing the cracking-down upon little fellows in business in every American community, and the fate of these little fellows under joint Federal and State regulation has been vividly illustrated in the New York bread and milk case, the New York tailors' case, and the New Jersey pants presser's fine and imprisonment, with Mr. Wallace continuing along the same line with his star-chamber milk inquisitions and trials.

The administrators who are revolutionizing American life are dispensing with civil liberties, and guaranties, and legal protections such as the right of trial by jury. The victim gets his hearing before his accusers, and their findings virtually terminate his legal resources. His property and his person are at the mercy of the new laws.

The newspaper publishers of the country, who know with what prolonged governmental opposition their demand for freedom of the press was resisted and with what astonishing difficulty they were able to get a guaranty written in their code, are in a position to view the Government's approach to control of communications with just alarm.

The Radio Commission is the present model of the control sought over the wires. Mr. Henning's articles have revealed how arbitrarily politics has dealt with property rights and what influences have prevailed from time to time to favor one applicant and injure another. There have been some conscientious men in the radio control, but there is also a determination to bend this virtually helpless medium of communication to governmental will and make it serve governmental purpose, at its peril if it does not. The channels can be taken away upon any pretext the administrators care to set up, and Mr. Henning has shown how inconsistent one pretext may be with another. Full and punishment are factors in regulation, and warning has been given that the character of the broadcasts, an admonitory phrase, will establish the eligibility of the licensee. An extension of this system to other means of communications would carry premonitions of the worst sort.

Exchanges and markets, institutions of what the communists distinguish as the bourgeois class, are in a state of constant fear that legislation will cripple if not destroy them. Americans have never consciously classified their normal citizens as bourgeois. The term has been to them, if they thought of it at all, merely a synonym for democracy, the society of the average citizen going his free way within the law to earn his living in pursuits which he chose for himself. All the institutions of this free society are now uncertain of their future, and some consciousness is arising that bourgeois is taking on in Washington the meaning it has in Moscow.

When the Government selects a judge such as Judge Wilkerson, a capitalist such as Mellon, a trader such as Cutten, a tailor such as Maged, a milk dealer such as Nebbia in New York or such as Shissler in Illinois for impeachment, loss of privileges, grand jury investigation, juryless prosecution or star chamber trial, a suspicion that the shadow of Hitler is on the governmental wall is hard to dismiss.

Single and isolated acts of government may not contain the full meaning; but when they are pieces which may be put into a mosaic within which then is found a distinct picture or pattern, the conclusion that there are purpose and design revealed by the composite is not one easily put out of mind.

A historic parallel may be found illustrated in a celebrated speech of Abraham Lincoln when, after the Dred Scott decision, he accepted the nomination of Illinois Republicans to run against Stephen Douglas for the United States Senate. To explain his reference, Stephen was Douglas, Franklin was Franklin Pierce, Roger was Roger Taney, and James was James Buchanan. Douglas had said that the Supreme Court must decide whether the people of a Territory could prohibit slavery. Franklin Pierce in his last message had said that the compromise was unconstitutional. Buchanan in his inaugural had exhorted the people to abide by the decision, whatever it might be, and Taney had written the Supreme Court opinion saying that the Missouri compromise was unconstitutional and that Congress could not prohibit slavery in territories over which it had jurisdiction. In the opinions of these four Democrats Lincoln found a political prearrangement to destroy the compromise in which the slavery question had been tranquilized. The following is his comment:

"We cannot absolutely know that all these exact adaptations are the result of preconcert. But when we see a lot of framed timbers, different portions of which we know have been gotten out at different times and places and by different workmen—Stephen, Franklin, Roger, and James, for instance—and when we see these timbers joined together and see they exactly make the frame of a house or a mill, all the tenons and mortises exactly fitting and all the lengths and proportions of the different pieces exactly adapted to their respective places, and not a piece too many or too few—not omitting even scaffolding—or, if a single piece be lacking, we see the place in the frame exactly fitted and prepared yet to bring such piece in—in such a case we find it impossible not to believe that Stephen, and Franklin, and Roger, and James all understood one another from the beginning, and all worked upon a common plan or draft drawn up before the first blow was struck."

Are we seeing the tenons and mortises which exactly fit in the new framed house of government?

One conclusive answer would be found in the repeal of the laws in whose operation tyranny may entrench itself.

A SILVER POLICY—ARTICLE BY WALTER LIPPMANN

Mr. BORAH. Mr. President, I ask to have printed in the RECORD an article entitled "A Silver Policy", written by Walter Lippmann, which was published in the New York Herald Tribune.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, May 15, 1934]

A SILVER POLICY

By Walter Lippmann

There are many men who believe that the best silver policy would be to ignore silver and to do nothing about it. They would like the President to resist the silver Senators in the belief that the agitation will die down. They recall that Bryanism died down after the Republican victory of 1896 and that for more than 30 years thereafter silver was not an issue in American politics. They believe that the same chain of events would take place today if Mr. Roosevelt would imitate Cleveland, would stand by gold alone, and would, if necessary, let his party be split on the silver issue as Cleveland's was.

History does not repeat itself quite so regularly as that. And if we look at the whole history of the silver agitation in the United States from 1873 to the present day, we can see, I believe, why the events of 1896 are not likely to repeat themselves. The first big silver movement ran its course between 1873, when

silver was demonetized, and 1896, when Bryan was defeated. This was a period of falling prices throughout the world, and within that period the United States had two very severe and long depressions and some minor ones.

Most of us who grew up in a Republican atmosphere have been taught to believe that the recovery after 1896 and the prosperity which followed were due to the victory of sound gold money in the McKinley campaign. No doubt the ending of monetary uncertainty was a good thing. But it may be seriously doubted whether the nonpartisan historians would agree today that it was McKinley's victory which ended the uncertainty that had prevailed for more than 20 years, or that it was the Republican Party which made sound money sound. The best historical opinion today is, I believe, that it was not McKinley and Bryan who settled the silver question after 1896, but the opening of the South African gold mines and the invention of new processes for the mining of gold. In this view it was the unexpected abundance of gold at the turn of the century which ended the silver movement of that era by reducing the purchasing power of the gold dollar.

If that is the true view of the past, then the present silver movement is not likely to subside unless for one reason or another gold again falls in value and world prices rise once more. Now the fact is that gold is not falling in value. Even if the world gold supply is sufficient, as some experts think it is, the supply is hoarded and sterilized practically everywhere. The gold that has been coming out of the mines and out of the hoards of India is promptly buried again in the central banks and in private vaults.

As long as this condition exists, the silver agitation will not only not subside but will become more intense. For what does this hoarding of gold mean? It means that an immense part of the world's purchasing power, all the value represented by the sterilized gold plus all the credit that could be built on the gold, is withheld from the markets for goods and from investments and is frozen into inert gold bars that lie underground in Paris, New York, Washington, London, and elsewhere.

The need of the world is to release this purchasing power that has taken refuge in gold and is captive there. This means that the gold hoarders of the world, the governments, the central banks, the individuals frightened by the deflation of the past years, must somehow be induced to believe that it is safer and more profitable to sell gold and to buy things. The way to induce them to believe this is to show them that gold itself is depreciating while other things are appreciating; that if they cling to gold they will grow poorer, whereas for the past 5 years the one investment that was sure to be profitable was in gold.

The silver movement has no importance except as one means to accomplish this result. There is no more point in buying silver for its own sake than there is in buying coffee or peanuts or scrap iron. The silver producers are entitled to no better treatment than any other group of producers. For that reason a mere proposal to purchase silver and then store it in the Treasury vaults would be of no general interest. Unless silver is used to break up the world-wide corner in hoarded and sterilized gold, there is no true silver policy. There is merely a subsidy to the silver interests.

That is why the recent proposal of the silver bloc that there be a declaration of policy reestablishing silver as reserve money is of such great interest. A declaration of this sort would serve notice upon the whole world that the weight of the United States would be exerted to depress the value of gold. For if silver becomes basic money in the United States, it means that the United States is making silver interchangeable with gold, not necessarily at a fixed ratio and preferably not at a fixed ratio, but at the ratio which it determines it most likely from time to time to make gold cheaper and thereafter to keep it reasonably stable.

Thus an effective silver policy would require a mandatory declaration by Congress that silver was in fact an equivalent for gold. A prudent silver policy would require that the President should be free to decide at what price he will buy and sell silver. The mandatory declaration is desirable, because it is the most convincing way to make plain to the whole world that a rival for gold has been created by the nation which has the resources needed to make the rivalry effective. The execution of the policy should be permissive because Congress, when it adjourns in a few weeks, cannot hope to foresee all that may happen in the world until next January. No one can say, for example, just what will happen if continental Europe revalues, or embargoes gold, or has great political disturbances. Nor can anyone be perfectly sure how the silver-using Orient will react. It would, therefore, be the height of folly to bind the President so that he cannot deal with circumstances as they arise.

It is hard to see why there should not be an agreement on a measure of this sort. It accepts the thesis of all disinterested advocates of silver which is that silver should be restored to the status of reserve or basic money. It avoids the danger of bimetallism, which is demonstrably unworkable except possibly by an international agreement that no one has a right to hope for now. It avoids the danger, which many apprehend, of the dumping of silver in enormous quantities. It involves no commitments to spend unlimited sums. It keeps the situation under control.

With silver set up in this fashion, the Government would be able to test out the possibilities of positive action to reduce the value of gold. It may be that gold hoarding will not stop even if men see gold falling in terms of silver. They may not flee from gold as the silver people expect them to. I do not see how anyone can be perfectly certain what men suffering from an economic psychosis will do.

The most one can say is that in theory based on past experience the thing ought to have some effect, and it is better to have an intelligent silver policy than no policy.

RECIPROCAL TARIFF AGREEMENTS

Mr. HARRISON. I move that the Senate proceed to the consideration of House bill 8687, the so-called "tariff bill."

The motion was agreed to; and the Senate proceeded to the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930, which had been reported from the Committee on Finance with amendments.

Mr. HARRISON. Mr. President, in recent years many of the commercial countries have seemed intent upon destroying international trade. Each government has seemingly tried to get ahead of the others in the ruinous game, with tariff increases, cartels, quotas, or any other device that might appease the selfish appetite of one or destroy the trade of another. Yet each government has inevitably sustained injury to its own trade because of the prompt retaliatory measures invoked by its competitors. Today scarcely a third of the 1929 value of world trade remains. The heaping-up of trade barriers helped to bring on the depression, which, in turn, brought more barriers and with them the near destruction of trade between countries. The United States, which has been one of the most serious offenders in this commercial warfare, has been the most acute sufferer. Trade has declined everywhere, but in no other country has this decline been so steep or so far-reaching as in this country.

One should never put himself in the "I told you so" class, but this Chamber still echoes with the warnings made by some of us when the Smoot-Hawley tariff bill was under discussion here. Not only did we point out with prophetic vision the disastrous effect of increasing tariff duties, but we buttressed our appeals and prophecies with the views of the leading economists of the country. That is history now, but what of the present situation?

The proportion of the total international trade of the world enjoyed by the United States has declined more since 1929 than that of any of the 11 leading commercial countries. In respect to exports, the proportion enjoyed by 8 of the 11 leading countries has, indeed, increased. Thus, Germany in 1929 enjoyed 9.72 percent of the total world exports. In 1932 the figure had increased to 10.7 percent. In France the corresponding figures were 5.95 percent and 6.08 percent. The United States in the meantime had dropped from 15.61 percent in 1929 to 12.39 percent in 1932. If imports and exports are combined, Great Britain, whose export trade suffered a decline, increased relatively from 13.04 percent to 13.38 percent, while the United States declined from 13.83 percent to 10.92 percent. These figures tell a startling story. Had the United States maintained the proportion of world trade which it enjoyed in 1929, its imports and exports in 1932 would have been greater than the actual figures by more than $750,000,000. That is something to give us concern.

In 1929 the international trade of the United States amounted to $9,640,000,000; in 1933 it had shrunk to $3,124,000,000.

Illustrations of this sort might be multiplied. But no matter what they are based on, or from what source they are taken, the result is essentially the same: The United States has led the world in the universal loss of international trade—a loss more complete than what history records to have been the case in any other economic depression.

These cold facts form a compelling reason for passing the bill which is now before the Senate. If ever reason dictated a clear course, this is the time.

Just as the countries have vied with one another in destroying international trade, they must now cooperate in its restoration.

What we propose is simply to enable—perhaps I should say to instruct—the Chief Executive to execute the will of Congress promptly and thoroughly, so that obstructions to trade in this country shall be reduced proportionately to the reduction in trade barriers imposed on us by other countries. If we are to accomplish that, the machinery at the com-

mand of our Government can be no less efficient for meeting emergencies of international trade than the machinery of any other government.

The executive branches of other governments, as we all know, possess authority and power to negotiate trade agreements and to bring them into force at once. We propose by the bill to state the policy of Congress and to give the Executive the power to carry out that stated policy by the most effective means practicable. To cope with the rapidly shifting currents of international trade and to take advantage of existing opportunities, this is an essential part of the program.

Other countries are acting. During the last few months the commercial countries of the world have entered into many scores of commercial agreements. These vary in content, but a large proportion of them is of the type contemplated under this bill.

The Assistant Secretary of Commerce, Mr. Dickinson, testified before the Committee on Finance that the records of that Department showed something like 150 such agreements were negotiated in 1933 alone. About 45 countries participated in one or more of these agreements; and according to the Department of Commerce, about 40 countries now have up for negotiation or consideration trade agreements of this sort.

Of course, no nation not a party to these negotiations knows how much time is required to conclude a particular treaty. Investigations must, of course, be made. Facts and data must be accumulated. But once a nation is ready to act, there is no delay. When the facts are all in, action can be taken almost overnight. That is what has been done; that is the experience of all countries. In other words, no advantage is lost because of needless delay between the time such a contract is agreed on by the parties and the time it is put into effect.

In reducing barriers to their international trade by reciprocal agreements, other governments have succeeded in increasing trade. It is our hope that when the machinery set up by this bill is in full operation, we will see a change in the figures of the foreign trade of the United States—a change from a relative decline to a holding of our own with the rest of the world—if not to an actual increase.

The enactment of the bill into law should mean increased trade; and only by increased trade can the full capacity of our industries which produce a surplus for export be profitably employed. It means freight for our railroads and ships. It means traffic for our ports. It means increased business in all activities which serve trade. All these propositions together mean increased employment, increased business, and a return of industrial and agricultural stability.

II

ANALYSIS OF BILL

The proposed legislation deals with a problem which vitally concerns the welfare of the whole country—a problem which transcends party lines and party politics. It overshadows any one locality or section of the country. Unless some practical measure is taken to stem the growing decline in American foreign trade, not only will our export industries and producers be menaced but our whole economic structure will be disastrously affected.

The stated purpose of this proposal is the expansion of foreign markets for the products of the United States. Under its terms the Congress lays down a broad policy of seeking to assist in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, and in increasing the purchasing power of the American public in the present emergency through the expansion of foreign markets for American products. The bill so states. In order that this purpose may be carried out, the Executive is authorized, whenever he finds that existing duties or import restrictions are unduly burdening and restricting the foreign trade of the United States, (1) to enter into foreign-trade agreements with foreign governments, and (2) to proclaim such modifications of existing duties or such continuance of existing customs or excise treatment of any article covered by foreign-trade agreements as are required or appropriate to carry out any foreign-trade agreement that the President has entered into in pursuance of the authority of the bill.

Definite limitations are nevertheless laid down restricting the President's action. These limitations, following the pattern established by section 315 of the Tariff Act of 1922 and continued in section 336 of the Tariff Act of 1930, provide that no proclamation shall be made increasing or decreasing by more than 50 percent any existing rate of duty or transferring any article between the dutiable and the free list. As I shall shortly suggest, the powers thus conferred upon the President follow previous precedents. The bill contains no single element that is essentially new; its only novelty is to combine in a single bill powers which heretofore were conferred singly by separate laws.

In order that no change shall be made in American duties without obtaining compensating advantages for American producers in foreign markets, the President is authorized by the bill to modify American duties and import restrictions only in connection with foreign-trade agreements in return for corresponding undertakings by foreign governments for the expansion or the protection of American exports.

In addition to permitting the modification of duties or restrictions, the bill permits the President to enter into commitments whereby the existing customs or excise treatment of specified articles will be maintained; that is, the excise taxes upon oil, coal, copper, lumber, and so forth. Unless it were possible to provide in such trade agreements against the increase of excise taxes, the advantages derived through a lowering of customs duties guaranteed in such trade agreements might be entirely lost through the imposition of excise duties such as consumption taxes and the like; so these agreements will provide for inhibitions upon such a policy.

The stabilization of customs duties and restrictions which the proposed legislation will make possible is an important consideration. The proposed agreements will remove the risk which, owing to the possibility of capricious action by foreign governments, now attends every international transaction.

Under the provisions of the bill the proclaimed duties and other import restrictions shall not be confined alone to articles coming from those foreign countries which are parties to such trade agreements. The United States has already entered into treaties and agreements with the great majority of nations under which the parties agree to grant to each other the treatment accorded to the most favored nation. It would, therefore, be impossible, without violation of these treaties, to restrict the privileges of a trade agreement to the single nation with which the agreement is made. It would also be unwise; for the effort to give special favors to individual nations is the pathway to keen competition, discrimination, and eventual trade warfare. If concessions made under the agreements are withheld from countries with which agreements have not been concluded, we cannot expect such countries to extend to us concessions which they have made under similar agreements with other countries. Since foreign countries have concluded many more such agreements than we have, American commerce would lose heavily from the withdrawal of most-favored-nation treatment from us. Advantages obtained by reciprocity with some countries might thus be nullified by discrimination in others. The sound pathway to follow in international trade lies through a generalization of rates and an equality of treatment to all. For this reason the privileges granted to each nation are to be applied under the terms of the bill to all countries alike. To this general policy, however, the proposed legislation makes certain exceptions. The President may withdraw the enjoyment of such rates from any country because of its discriminatory treatment of American commerce or because of other acts or policies which in his opinion tend to defeat the purposes of the measure. A further exception relates to the Republic of Cuba. Because of the peculiar relationship existing between the United States and Cuba, the bill, following the established policy of the United States in such matters, excepts Cuba

from the operation of its provisions for the generalization of rates, thus making it possible to grant special reductions to Cuba which need not apply to other countries.

The right to accord preferential treatment to Cuban commerce is specifically reserved in most of the favored-nation treaties and agreements to which this Government is a party. Of course, we could not do anything else than that, because we now have this preferential agreement with Cuba, and it ought to be maintained.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Nebraska?

Mr. HARRISON. I yield to the Senator; but I should prefer to conclude my remarks first, and then answer any questions.

Mr. NORRIS. Then I shall not interrupt the Senator until he finishes.

Mr. HARRISON. Under the terms of the bill certain inconsistent provisions of the Tariff Act of 1930 are repealed or rendered inapplicable with respect to the foreign trade agreements. That matter has given some concern to one or two Senators, who have called it to my attention. One of these involves section 336, the so-called "flexible tariff provision", under which the President is authorized to raise or lower duties in accordance with the findings of the Tariff Commission based upon the difference in cost of production between the United States and the principal competing foreign country. Obviously it would be impossible to exercise this function with respect to a rate of duty which the President in a foreign-trade agreement had promised should be maintained at a stated level. The provisions of section 336, therefore, are made inapplicable to any article with respect to the importation of which a foreign-trade agreement has been concluded pursuant to the present proposal. Except, however, for its inapplicability in such a case—namely, in the trade agreements which might be entered into—section 336 remains in full force and effect. Except as above stated, the present bill does not take away from the Tariff Commission any power which it now possesses, nor does it prevent its exercising its functions under section 336 with respect to all rates that are not made the subject of agreements with other countries.

The proposed legislation would repeal certain contingent-duty provisions contained in the Tariff Act of 1930. In that act a number of paragraphs contain provisions whereby the duties on specified commodities are levied in excess of the general rate and made to vary according to the height of the duties imposed by foreign countries on such products of the United States. The effect of such provisions is to violate existing treaties granting most-favored-nation treatment; and, since most of these provisions are mandatory, they compel discrimination against foreign countries which may be guilty of no discrimination whatsoever against American goods. If those who are particularly interested in that matter will read the report of the Finance Committee or the report of the Ways and Means Committee they will find that the reports point out specifically and particularly the paragraphs alluded to here which are repealed by this measure.

Moreover, it will probably be found desirable to include in the proposed Executive agreements a general most-favored-nation clause, so that there will not only be reductions in foreign duties but a safeguard against greater reductions being later given to our competitors. If these contingent-duty provisions remain in force, the Executive would be unable to include a general most-favored-nation clause in the proposed agreements. The bill accordingly provides for the elimination of these indefensible contingent-duty provisions.

As an illustration of that, I may say that we have at present a 10-percent duty, I believe, on automobiles. Other countries may have a duty of 10 percent against us. England might, perchance, put a 30-percent duty on automobiles. If so, under the law, we have the right to impose a 30-percent duty on automobiles imported from England. Of course, if we enter into these agreements and desire to treat all countries alike and have a most-favored-nation clause in our agreements with them, we ought not to have such a provision as that. Rather, there ought to be general equality of treatment, because if England imposes a 30-percent duty, she does not put it specifically against us; she puts it against all the nations of the world. Contingent duties such as these are not to be confused with countervailing duties. Countervailing duties under section 303 of the Tariff Act of 1930 may be imposed on any dutiable article imported into the United States with respect to which a bounty or grant has been paid in a foreign country. Such additional duty is a countervailing duty. No one proposes to repeal the provision of law for the imposition of countervailing duties of the kind to which reference has just been made. Consequently, we do not repeal that law in this measure. Similarly, the present bill does not repeal provisions for antidumping duties under the act of 1921, nor does it repeal section 337 of the existing tariff law, the purpose of which is to prevent unfair practices, nor section 338 of the Tariff Act of 1930 to prevent discrimination, nor section 3 (e) of the Industrial Recovery Act to prevent importations under such conditions as to render ineffective or seriously to endanger the maintenance of any code made under the National Industrial Recovery Act. We do not touch those matters at all in this proposal.

The third paragraph of section 311 of the Tariff Act of 1930 contains special provisions with reference to wheat. The purpose was to prevent any benefit accruing under the exclusive reciprocity treaty between the United States and Cuba to flour manufactured from imported wheat. Under the bill it is provided that this section, which was enacted with the preferential treaty with Cuba in mind, shall be inapplicable to any agreement concluded under the bill with any country which does not, like Cuba, grant by such agreement exclusive preferential duties to the United States with respect to flour.

Many will recall that when that provision was adopted there was quite a fight here between the millers of Buffalo, I believe, and the southwestern millers, which lasted many days. Much controversy arose. Now, however, the southwestern millers and the Buffalo millers have agreed upon this proposal, and I am sure that no controversy will arise at all. In this proposal we maintain the status quo, so far as imported wheat and wheat exported to Cuba is concerned.

The bill is written to meet an emergency arising out of disastrous economic conditions. The bill, therefore, provides that the authority of the President to enter into foreign-trade agreements under its provisions shall terminate at the expiration of 3 years from the date of its enactment. That is to say, after 3 years have passed, the President will no longer be empowered to enter into foreign-trade agreements under the act. Nevertheless, such foreign-trade agreements as have been already entered into under the proposed legislation may, if they prove advantageous to the United States, be continued in force until terminated in accordance with the terms of the agreements themselves. These terms must provide for opportunity to terminate the agreements on not exceeding 6 months' notice at any time under 3 years from the date on which the agreements come into force.

In other words, after 3 years from the enactment of the law the President will have no more authority to enter into these trade agreements, and if trade agreements are made, say two and a half years from now, they might run along for 3 years, but they can be terminated at any time after that time upon 6 months' notice.

I am sure that the Senate will appreciate that that is a very wise provision, because if the agreements are advantageous to the United States in opening up new markets to us, and in assisting in the sale of our exportable surpluses, they ought to be preserved and ought to be maintained, and ought to be continued for longer than 3 years.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER (Mr. ADAMS in the chair). Does the Senator from Mississippi yield to the Senator from Oregon?

Mr. HARRISON. I yield.

Mr. McNARY. I hesitated to interrupt the Senator, because I recall the request he made of the Senator from Nebraska.

I simply desired to ask whether the committee had made a study and was advised that there were any markets in the world where we could sell our surplus products if this bill should become a law?

Mr. HARRISON. The committee have given a great deal of study to this subject. I think it is axiomatic that that result would follow.

Mr. McNARY. Will the Senator discuss that phase of the subject before he concludes? Is that a part of his prepared speech?

Mr. HARRISON. No; I do not go into that matter except in a general way, but I am sure that as the discussion proceeds, each Senator will express his own viewpoint about it. The figures I cited a moment ago, however, as to the international trade of the world, showed that 11 large countries which had entered into trade agreements had increased their exports, while the United States, the big sister of the world, has been just closed out, and her exports have constantly declined.

Mr. McNARY. It is not my purpose to suggest to the Senator how to present the subject, but I think the most important question, which the Senator says he is discussing in generalities, ought to be discussed particularly with respect to whether we are to accomplish under this measure the sale of those products of which we now have a surplus in this country.

Mr. HARRISON. I am sure that at least the Democratic members of the Committee on Finance were convinced that it would be very advantageous to the producers of the United States, not only of agricultural products but of other commodities to enter into trade agreements. The administration has been convinced of that fact, and if it were not so this proposal would not be here to consume the time of the Senate.

III

SAFEGUARDS AGAINST ILL-CONSIDERED ACTION

It is natural that when the Congress proposes to place additional authority in the hands of the Chief Executive assurance should be given that this added authority will be used in the public welfare and will not be misused to the possible detriment of any portion of our people. In the case of the pending legislation there is no real reason for fearing misuse on the one hand or failure of aggressive and efficient use on the other.

Bear in mind the fact that the objective of every move which the administration is making is to increase employment and to insure profitable production. What Senator here could contradict the statement that the heart and soul of this administration are in the effort to carry out such a policy, based upon such a principle? It follows as a matter of course that no step will be taken without weighing carefully the question whether this objective will be accomplished. No agreement looking toward an increase in exports will be made if it would produce an increase of importation of such commodities as would retard employment and production in this country.

Nevertheless, to allay the fear that the needs and desires of private business interests might be ignored or that ill-considered action might be taken, the Committee on Finance has adopted an amendment which meets the approval of the administration, making it compulsory on the Chief Executive to give public notice of intended negotiations so that interested persons may have an opportunity to present their views, and requiring that the President utilize the information and advice which the Tariff Commission and other branches of the Government are in a position to furnish.

IV

CONSTITUTIONALITY OF LEGISLATION

Now I wish to cite some precedents. It has been contended that this legislation would be an unconstitutional delegation of legislative power to the President; it has been said that it would be an unconstitutional delegation of treaty-making power to the President, and thereby would conflict with the provisions of the Constitution relating to these two matters. Your committee has looked into the constitutional problems raised by the proposed legislation with much care, and has been impressed with the fact that the bill goes no further in invoking the assistance of the Chief Executive than do numerous former enactments whose constitutionality has been sustained by the Supreme Court. In fact, this bill simply carries forward the same policy which the Congress, under both Republican and Democratic administrations, has been following over a long period of years.

As early as 1794, when many of the framers of the Constitution were still active on the scene, Congress enacted a law empowering the President of the United States whenever, in his opinion, the public safety shall so require, not merely to impose restrictions upon the carrying on of foreign commerce but to cut off foreign commerce altogether by laying an embargo on all ships and vessels, both domestic and foreign, in the ports of the United States under such regulations as the circumstances of the case may require, and to continue or revoke the embargo whenever he shall think proper. Wide and discretionary powers were given the President in that act. Following this, various acts were passed by Congress giving the President the power to issue proclamations regulating commerce in one way or another. Such were the acts of 1799, of 1806, of 1807, of 1809, and of 1810.

In order to put an end to the disastrous warfare over tonnage duties, Congress passed an act, approved March 3, 1815, which provided for the repeal of the existing discriminating tonnage duties between foreign vessels and vessels of the United States "whenever the President of the United States shall be satisfied that the discriminating or countervailing duties of such foreign nation, so far as they operate to the disadvantage of the United States, have been abolished." Similar statutes were passed in 1824 and in 1828, and these were substantially preserved in section 4228 of the Revised Statutes. Under these acts proclamations were issued by Presidents Adams, Jackson, Polk, Fillmore, Buchanan, Lincoln, Johnson, Grant, and Hayes. Under such acts Executive agreements were entered into providing for reciprocal abolition of discriminating duties, and these agreements were brought into force by proclamations issued by the President. These agreements were not submitted to the Senate.

A program of tariff bargaining by Executive agreements was initiated by a Republican administration through the McKinley Act of 1890. Section 3 of this act provided that certain specified commodities should be admitted free of duty, but that the President should be authorized to impose specified rates of duty against nations charging unequal and unreasonable duties against the United States. The McKinley Act provided that, "whenever, and so often as the President shall be satisfied that the Government of any country producing and exporting sugars, molasses, coffee, tea, and hides, raw and uncured, or any of such articles, imposes duties or other exactions upon the agricultural or other products of the United States, which in view of the free introduction of such sugar, molasses, coffee, tea, and hides into the United States he may deem to be reciprocally unequal and unreasonable, he shall have the power and it shall be his duty to suspend, by proclamation to that effect, the provisions of this act."

Following the passage of the act, Secretary Blaine began the negotiation of a series of agreements. During the years 1891 and 1892, 10 such reciprocal agreements were concluded, none of them being submitted to the Congress for approval or ratification. That is what a Republican administration did, under Republican leadership.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. I hope the Senator will permit me to conclude. Then I will submit to any interrogation.

Mr. LONG. If the Senator will permit, I just want to say it is principally Republican authority we have for this Democratic thing we are fixing to do, as I understand.

Mr. HARRISON. The Senator overlooks the fact that I quoted from acts inspired by such Democratic leaders as Jefferson, Madison, and others of that day.

As I said, during the years 1891 and 1892, 10 such reciprocal agreements were concluded, none of them being submitted to the Congress for approval or ratification. At once the cry went up that the act of 1890 was an unconstitutional delegation of legislative and of treaty-making power. The issue was fought out in the courts, and the act of 1890 was sustained by the United States Supreme Court in 1892 in the case of *Field* v. *Clark* (143 U.S. 649). Mr. Justice Harlan, rendering the opinion of the Court, declared that—

> The words "he may deem", in the third section, of course, implied that the President would examine the commercial regulations of other countries producing and exporting sugar, molasses, coffee, tea, and hides, and form a judgment as to whether they were reciprocally equal and reasonable, or the contrary, in their effect upon American products.

Mr. Justice Harlan concluded that—

> The Court is of opinion that the third section of the act of October 1, 1890, is not liable to the objection that it transfers legislative and treaty-making power to the President.

This policy of tariff bargaining by Executive agreement was still further extended by another Republican administration in the Dingley Tariff Act of 1897. The Dingley Tariff Act contained two interesting sections—the one, section 3, authorizing the President to enter into negotiations for commercial arrangements by Executive agreement without submission of the agreement to the Senate; and the other, section 4, providing for the negotiation of commercial treaties, requiring their submission to the Senate for ratification.

Section 3 of this act provided that "for the purpose of equalizing the trade of the United States with foreign countries, and their colonies, producing and exporting to this country" certain articles therein named, the President was authorized to enter into negotiations with the governments of such countries with a view to the conclusion of commercial argeements in which reciprocal and equivalent concessions might be secured in favor of the manufactures and products of the United States, and "with a view to secure reciprocal trade * * * whenever and so often as the President shall be satisfied that the government of any country" producing and exporting to the United States certain specified commodities "imposes duties or other exactions upon the agricultural, manufactured, or other products of the United States, which * * * he may deem to be reciprocally unequal and unreasonable, he shall have the power" to suspend by proclamation the provisions of the act for such time as he shall deem just.

Pursuant to the authority thus conferred by section 3, the President concluded agreements with France in 1898, 1902, and 1908; with Portugal in 1899 and 1902; with Germany in 1900, 1906, and 1907; with Italy in 1900 and 1909; with Switzerland in 1906; with Spain in 1906 and 1909; with Bulgaria in 1906; with the Netherlands in 1907; and with Great Britain in 1907. These agreements were not submitted to the Senate, but were brought into force by proclamation by the President and were given full force and effect by various decisions of the courts of the United States.

Section 3 proved practicable and valuable in regulating and benefiting the foreign trade of the United States. But compare the results under section 3—and this is to answer those who would bring the agreements back to the Senate for ratification—with the results under section 4 of the law, which provided for entering into these treaties, and for their submission to the Senate of the United States. Section 4 authorized the President, by and with the advice and consent of the Senate, to negotiate treaties with foreign countries providing for reciprocal tariff concessions. Pursuant to this authorization the President concluded a series of treaties, known as the "Kasson Treaties", all of which made provision for reciprocal concessions of considerable importance. But every one of these treaties failed to receive ratification by the Senate, and therefore never came into force. Section 4 of the Dingley Tariff Act proved a dead letter and demonstrated the futility of seeking to improve the foreign trade of the United States by commercial agreements which are required to be submitted to the Senate for ratification.

A further step in the direction of this same general policy was taken by another Republican administration in the Fordney-McCumber Act of 1922 by the enactment of the flexible provision, concerning which when it was before the Senate some Senators grew eloquent in their criticism.

Section 315 of this act, the so-called "flexible tariff provision", provided for the lowering or raising of duties by proclamation of the President on the basis of differences in the cost of production of articles in the United States and the like or similar articles in foreign countries. Although section 315 delegated to the President the power to raise or lower tariffs up to a 50-percent limit, this power was to be based upon a finding of fact with regard to the differences in the cost of production. After a number of years' experience, however, the matter of determining such differences in cost of production has proved to be an impracticable, if not an impossible, proposition.

We heard before our committee the Chairman of the Tariff Commission, Mr. O'Brien, who happens to be a Republican, but who even advocated the elimination altogether of the difference-in-cost-of-production feature. As has been pointed out by the Chairman of the Tariff Commission in his testimony before the Ways and Means Committee and before the Committee on Finance, the test of difference in cost of production constitutes anything but a definite and precise fact basis upon which to reach determinations. Because of great variations in cost of production over different sections of the country, because of varying costs due to varying crop conditions in the case of agricultural products, because of the impossibility of determining costs in the case of byproducts in the making of other commodities, because of fluctuating currency values as between different countries, and because of many other facts, it has proved extremely problematical in some cases and wholly impossible in others to determine exact costs of production. In no less than eight of the recent studies made by the Tariff Commission, the Commission was compelled to report itself unable to determine the cost of production.

Therefore, although the flexible provision enacted in 1922 empowers the President to raise or lower tariffs on a supposed finding of fact, in practical experience it leaves to the President large discretionary powers, particularly in view of the fact that the President is not compelled to put into force the recommendation of the Tariff Commission. The constitutionality of section 315 of the Tariff Act of 1922, no matter what we then thought about it or may have thought about it since, was upheld by the Supreme Court of the United States in the Hampton case and in other cases.

In the Fordney-McCumber Act of 1922, section 316 gave to the President power whenever unfair competition and unfair acts in the importation of articles into the United States should tend to destroy or injure an industry, to cause additional import duties to be imposed, or in extreme cases to cause such articles to be excluded altogether from the United States—a most broad power given to the President by that section.

Section 317 of the same act went even further. This section provided that when the public interest would be served thereby, the President should, by proclamation, specify and declare new or additional duties on the products of any foreign country whenever he should find that such country was discriminating against the commerce of the United States as compared with that of other countries. Under this section no finding by the Tariff Commission was required, and the President was given the widest sort of discretion.

The same policy was pursued again by a Republican administration in the Smoot-Hawley Tariff Act of 1930. Section 336 of that act substantially reenacted section 315 of the Fordney-McCumber Act of 1922, and section 337 substantially reenacted the former section 316, and section 338 substantially reenacted the former section 317. The con-

stitutionality of section 336 of the Smoot-Hawley Act of 1930 was again questioned and upheld in 1932 in the case of the United States against Sears, Roebuck.

It must be evident that the tariff-bargaining bill goes no further in the delegation of power than preceding measures have gone. It merely carries forward the policy long ago inaugurated and subsequently continued by various Republican administrations. It combines the feature of the tariff bargaining by Executive agreement embodied in the McKinley Act of 1890 and the Dingley Act of 1897, and the feature of tariff adjustment by Presidential proclamation within a 50-percent limit inaugurated in the Fordney-McCumber Act of 1922 and continued in the Smoot-Hawley Act of 1930.

The discretion given to the President by the proposed bill, which empowers him to enter into foreign-trade agreements "whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States" and that the "purpose of expanding foreign markets for the products of the United States * * * will be promoted" thereby is no greater than the discretion conferred upon the President by the act of 1794, which empowered him to take drastic action "whenever in his opinion the public safety shall so require." It follows the same policy laid down in the act of 1890 which authorized the President to act whenever he "shall be satisfied" that a foreign government imposes rates which "he may deem to be reciprocally unequal and unreasonable."

Again, it is similar to the policy of the act of 1897, which authorized the President to enter into agreements with foreign countries whenever concessions are made by foreign countries which, in the judgment of the President, are "reciprocal and equivalent." It is a discretion no wider than that conferred by section 317 of the Fordney-McCumber Act of 1922 and section 338 of the Smoot-Hawley Act of 1930, which authorized the President to declare new or additional duties on the products of any foreign country whenever he finds that such country "discriminates in fact against the commerce of the United States directly or indirectly." The proposed act does no more than to carry forward the policy established and continued by various Republican administrations, as well as Democratic administrations, through previous congressional enactments which have been uniformly upheld by the courts.

CONCLUSION

There should be no politics in this question. The former Secretary of State, Mr. Stimson, made an eloquent radio address on this subject. Of course, I see smiles upon the faces of certain Senators on the other side of the Chamber, but Mr. Stimson stood high in the councils of the Republican Party. He was the Secretary of State in the last administration. He had never gotten away from Republican principles and Republican adherence.

The Senators on the other side of the Chamber can snicker and they can smile if they please, but they are obliged to accept in part at least from one great Republican leader of this country the views which he expressed in his broadcast speech of a few days ago, in which he urged the renewal and increase of that American spirit which seeks to expand economic life and to make the whole world its market. No less eloquently did he denounce the attitude of those who would restrict the production of this great country to its own immediate consumptive needs.

Overproduction has frequently been charged as a contributing factor in the depression. To my way of thinking, however, it is more a case of underconsumption than of overproduction. But whatever the term, our great surpluses, both industrial and agricultural, have dragged our markets down and down. The results have been particularly obvious, and particularly tragic, in the case of those agricultural products which are on an export basis. Surpluses of cotton, wheat, and corn, for example, have necessitated the adoption of certain highly artificial crop-reduction programs. None of us like the idea of economic waste, but, as a temporary expedient, applied to agriculture, it is certainly preferable to economic destruction. The Agricultural Adjustment Administration, despite the criticisms heaped upon it, has been the salvation of American agriculture.

I greatly admired both the vision and the courage of Secretary Wallace, when he stated to the Committee on Finance:

> You have under consideration * * * the problem of restoring foreign purchasing power by accepting more goods from abroad, which policy, if completely successful, would enable us to do away with these acreage-control measures, a situation which would make us, in the Agricultural Department, exceedingly happy.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. McNARY. I am very much interested in this portion of the discussion, more so than that which has preceded. Does the Senator believe, if this great power shall be conferred upon the President, that he will be able to find new markets for some of our basic commodities; for instance, wheat?

Mr. HARRISON. We hope so.

Mr. McNARY. Of course we hope so; I have been hoping so for a great many years.

Mr. HARRISON. No one can tell, of course, what will happen.

Mr. McNARY. As I said a few moments ago, the weakness of the Senator's position is the fact that he is discussing the question very generally without specifying, from the testimony given to the committee or according to his own views based upon any substantial reasons, where the markets are to be obtained, how they will be obtained, and who will discover them, if this power shall be conferred upon the President.

Mr. HARRISON. I may say to the Senator that it is quite historic that some years ago Mr. McCumber, who was a very distinguished Member of this body and Chairman of the Finance Committee; and also, I am sure, the distinguished then Senator from Massachusetts, Mr. Lodge, who at that time was the leader of his party in the Senate, as he had been for a long number of years, and who was likewise a member of the Finance Committee; Mr. Nelson, who was a very distinguished Senator from the great Northwest; and, I think, Mr. Smoot, who afterward became Chairman of the Finance Committee, all agreed, so far as wheat is concerned, that its price was fixed in the markets of the world. They were trying to get a market in the world for wheat, and they thought, if they could find such a market, the price of wheat would go up. Of course, in this day I do not know whether any Republicans agree with those distinguished gentlemen or not. I agreed with their idea then, and I think it is correct today. I have no doubt that the passage of this measure will give us an opportunity to sell some of our exportable agricultural products abroad, as well as to sell some of our industrial products abroad.

Mr. McNARY. Mr. President, I do not want to quarrel with the Senator——

Mr. HARRISON. The Senator could not quarrel with me.

Mr. McNARY. I would not do so if I could, of course, but the whole justification, if there is any, for the conference of this peculiar power on the President is upon the theory that he may be able to find, through himself or some agency, markets for our surplus products. The Senator mentioned wheat, and I again refer to wheat. The Secretary of Agriculture, who has attained fame since he became a Cabinet member, served as a delegate at London and at Geneva on the occasion of the great wheat conference in the effort to bring about a curtailment of the production of wheat. We have today a policy adopted and applied by the Congress giving power to the Secretary of Agriculture to curtail production by the retirement of excess acreage in order to put wheat upon a domestic basis. If, on the one hand, we are to put it upon a domestic basis, what use is there of the President's attempting to find foreign markets, when it is the policy of his department to proceed in another way; namely, to bring about a balance between production and consumption?

Mr. HARRISON. Let me say to the Senator——

Mr. McNARY. If I may say just one word more, I have asked the Senator several times what study was made by the committee of the subject, and what has he in his manuscript that has any bearing on that very substantial factor in the discussion of this question?

Mr. HARRISON. The Senator is one of the shrewdest——

Mr. McNARY. I will admit that without any reference on the part of the Senator.

Mr. HARRISON. I will not say one of the shrewdest politicians, but I will say statesman. He is as adroit a strategist as I know, because anybody who can hold in line the Senators on the other side of the Chamber has got to be classed as a very successful political strategist. The Senator knows, however, whenever we start to discuss one particular commodity in connection with a proposal to enter into reciprocal trade agreements that the house falls. It so happens that one gentleman in this administration mentioned, I think, lace in one of his speeches, and the lace manufacturers came here in a great horde saying that we were going to try to destroy that industry. It so happened that at one time some gentleman mentioned wool, and immediately some politically minded persons, and the wool manufacturers in the East, in order to secure an effect from that statement, began to send word out to the wool growers and producers in the West, to influence them against this proposal by saying that this whole measure was proposed with the idea of trying to reduce the price of wool.

So, I will say to the Senator, whether it was good strategy or not, we tried in the hearings not to go into the details and not to inquire into particular commodities, because I have in my experience here found out if there is the slightest grain of something produced in somebody's State, and it is sought to reduce the tariff thereon, that there arises immediately opposition on the part of the individuals interested. So I want to avoid going into details as to such matters. I believe if we can enter into reciprocal trade agreements that wheat might be helped; I believe that cotton might be helped; I believe that corn might be helped; I believe that other agricultural products might be helped; and that many industrial products might also be helped. Certainly no one can tell me, with the world full of markets and people ready to buy and other nations selling, that there is no market for this country, if we pursue a wise, statesmanlike course and try to trade with them and to sell some of our surplus products to them.

Mr. McNARY. Mr. President, will the Senator be kind enough to yield further?

Mr. HARRISON. Yes.

Mr. McNARY. The Senator has just referred to wool. A few days ago I had the privilege of discussing the subject with the accredited agents of the wool producers of this country. They advised me by reason of the threat of the passage of this bill the market was demoralized, that the price level had descended about 30 to 40 percent; and if the fear which this bill engenders in the mind of growers is to continue for 3 years, I doubt if we will have even a domestic market for wool.

Mr. HARRISON. The Senator has put his finger right on the point I was trying to emphasize, namely, that it does not pay to discuss some particular commodity. The woolen manufacturers of the East, of course, used to be against the wool producers of the West; but the Senator remembers the debacle that caused a wedlock between the two; and now it is to their interest, of course, to work pretty much together. If the manufacturers of wool of the East desired to create propaganda against this bill and to destroy it as being a step forward against economic isolation and for the building up of international trade, they naturally would use every device and every scheme and every kind of propaganda, even to the extent of outwitting the Senator from Oregon, though I think they could hardly do that, to create the impression that this measure is against the interests of the wool producers of the West. So that is why they came here. I have not the slightest idea—I never heard anyone say who may have charge of the administration of this measure—that wool is in contemplation in the slightest degree; and yet it is part of the plan, if possible, to destroy this bill, to fool the wool growers of the West. I hope they have not fooled my friend from Oregon, and I know they have not.

Mr. McNARY. I thank the Senator, and I do not think they have, either.

Mr. HARRISON. No.

Mr. McNARY. But the people about whom I spoke were wool producers throughout the country.

Mr. HARRISON. Yes.

Mr. McNARY. Their statement is supported by the condition of the wool market, which has declined by the reason of this simple fear entertained because of the prospective passage of this act and the great power it confers upon the President; and it will continue to be demoralized, I fear, so long as legislation of this character may remain upon the statute books.

Mr. HARRISON. Of course, they point out the decline in the wool market; I do not know as to that; I have not kept up with that; but it is just as reasonable to suppose that the manufacturers in the East, who have led astray the wool producers of the West, and, in turn, certain Senators into the belief that it might affect them, have driven the price down lower. If these people had kept on their feet instead of having howled without cause, without rhyme or reason, no idea would ever have been created in the market places or anywhere else that anything was going to be done about wool; and perhaps the price would not have been affected. I say to you, Mr. President, that I have talked to those who will be in charge of the administration of this measure, who say that wool has not been in the mind of anybody. I have not the slightest idea that it will be touched; but the suggestion is a part of the propaganda of people who will cut their own noses off and hurt their own interest by creating an impression that something is going to be done which is not going to be done.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. HARRISON. Yes.

Mr. McNARY. May I infer from the Senator's remarks that he speaks the voice of the Executive, and that Executive does not intend to touch the wool problem at all?

Mr. HARRISON. No, I do not speak the voice of the Executive; but I will say that in this controversy I have been in pretty close touch with "the powers that be."

Mr. McNARY. Let me ask the Senator, if he is now assuring the wool growers of the West, as I am satisfied he is, that wool will not be touched by any Executive trade agreement, what other basic commodities will remain untouched during the 3-year period?

Mr. HARRISON. Of course, that is the strategy of the Senator. He not only wants an assurance as to wool, but after a while he will bring up olives, and after a while he will bring up some other commodity. That is the whole scheme of the opposition. That is why I say that we are not going to discuss details in connection with a measure of this kind.

Here is a letter or a memorandum which was written by the Secretary of State which it might now be well to read.

Members of Congress from the wool-growing States have called the Department's attention to reports being circulated in those regions to the effect that if the tariff-bargaining bill is passed there is an intention of immediately reducing the duty on wool. The object of these reports, according to the word sent me by the Members of Congress who know conditions in the wool-growing States, is to depress current prices for wool.

All reports regarding any contemplated action affecting wool are wholly unjustified and irresponsible. As set forth in a recent letter to Senator O'MAHONEY—

"In the first place no discussion whatsoever has been had here about wool nor has there been any negotiation concerning any other specific commodity apart from the very narrow range of items which entered into our discussions with Cuba. Secondly, the broad and definite policy on which all reciprocity trade agreements will rest is that of mutual and equal profitableness to the countries participating. Thirdly, it must be apparent that after the passage of the tariff-bargaining bill an effective organization freely accessible to all interests concerned must be developed. Ample time will be required for the making of necessary studies and for carrying on exploratory conversations with various governments before steps can be taken for the negotiation of definitive agreements."

Furthermore, a recent amendment to the tariff-bargaining bill incorporating the administration's plans provides for opportunity to any interested person to present his views to the President or

to such agency as the President may designate before any action is taken.

In conclusion I may state that no action of any kind affecting wool has ever been entered into in any discussions in regard to the tariff-bargaining policy.

Now let me proceed.

Mr. McNARY. I shall; but will the Senator be kind enough to advise me who is the author of the letter?

Mr. HARRISON. This is Secretary of State Hull's statement on the question.

Mr. McNARY. So in concluding our colloquy, am I to have the understanding that the administration spokesman has stated that wool will be left out of consideration during the time this measure shall be on the statute books?

Mr. HARRISON. I can only give the Senator my own individual views with reference to that matter. I have stated that there will be no politics in the question, and I am sure the Senator from Oregon, as the leader of his party, will not permit politics to enter into it. [Laughter.]

Mr. McNARY. Oh, no.

Mr. HARRISON. The Senator from Oregon spoke about agriculture. The figures of the Department of Agriculture are to the effect that foreign purchasing power has in the past absorbed the products of some 50,000,000 acres of crop land. The market for that vast farm territory has been practically destroyed. Is it not worth regaining?

What is true as to agriculture is no less true as to industry. We cannot shut out imports without at the same time shutting in potential exports. And when we do that we are reducing the standard of living of our people, throwing out of use untold acreage of productive soil, requiring the transfer of whole populations from their homes and from the scenes of their present activities to new and presumably less profitable employment in other sections. When you recall that the vast and important industries in this country, both agricultural and manufacturing, would have to curtail their operation and close down in some cases as much as three fifths of their production if international trade should be cut off, you will appreciate the beneficial effect which must come from the stimulation of international trade that this proposal seeks to produce. The cotton farmer; the worker in the automobile, machinery, and electrical-appliance industries; the farmer who raises hogs or wheat or rice or tobacco or numerous other necessities do not have to be reminded of these facts. They must have a market abroad. It concerns vitally the well-being and the economic recovery of our entire country. Unless some constructive program is formulated and affirmative action taken, America will not regain the proportion of world trade which she has been steadily losing since 1929. We shall not regain business prosperity by a policy of drifting or doing nothing. We must act; and in order to meet existing world conditions and the competition of foreign nations equipped with efficient bargaining machinery and now winning the trade of the world away from the United States, the program embodied in the proposed legislation seems the most advantageous, if not the only practicable, program.

I can do no better than close with the words of a Republican President, spoken in his last public utterance—words which at this time seem strangely prophetic. At the Pan American Exposition in Buffalo in 1901, President McKinley, speaking of world trade and the policy which America should follow, said:

> The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Commercial wars are unprofitable. A policy of good will and friendly trade relations will prevent reprisals. Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not. If perchance some of our tariffs are no longer needed for revenue, or to encourage and protect our industries at home, why should they not be employed to extend and promote our market abroad?

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Michigan?

Mr. HARRISON. Certainly.

Mr. VANDENBERG. I should like to have the Senator's interpretation of the prohibition against the application of the new power to articles upon the free list. There is, on page 3, line 3, a specific prohibition against the transfer of any article from the free list to the dutiable list. Would the Senator construe that prohibition as prohibiting any use whatever of the new power in connection with the free list?

Mr. HARRISON. I construe it that we did not think we had the power, perhaps, to delegate from Congress the right to take from the free list and put on the dutiable list, and so, rather than get involved on that point, we said the power was only to increase by not to exceed 50 percent or to reduce by not to exceed 50 percent. The President has no power to take from the free list and put on the dutiable list, or to take from the dutiable list and put on the free list.

Mr. VANDENBERG. I understand that is so; but perhaps I have not made myself clear. Could the President deal with the free list by the application of quotas, even though he did not take an article off the free list?

Mr. HARRISON. Oh, he has the power granted in another part of the bill to deal with quotas and "to proclaim such modifications of existing duties or other import restrictions." He can apply quotas and other "additional restrictions."

Mr. VANDENBERG. He can use that power in respect to the free list as well as the dutiable list?

Mr. HARRISON. Oh, yes; I think he could apply it without doubt. He would be dealing with a particular article and if he wanted to apply the quota he would have the right to do it. That would have to come under the particular agreement then under consideration.

Mr. VANDENBERG. I understand. It is the Senator's judgment, then, that the power would extend to the free list insofar as quotas or kindred methods of dealing with commodities are concerned?

Mr. HARRISON. Yes.

Mr. VANDENBERG. I should like to ask the Senator for another interpretation. In the clause on page 6 which provides for hearings before any foreign-trade agreement shall be concluded, it is provided that there shall be a hearing. Is it the Senator's judgment that that means there shall be a hearing before the President undertakes to negotiate a tentative agreement with a foreign country, or would it come after the tentative accord had been created?

Mr. HARRISON. Of course, the Senator appreciates that if we should let the other countries with which we are trying to reach a good bargaining agreement know everything that our people think and say, it might embarrass our negotiations. They probably may get that information, but there is no use to put all the cards on the table at the same time.

Mr. VANDENBERG. I think that is right.

Mr. HARRISON. For that reason necessarily the hearings ought to be under rules and regulations prescribed by the President. I can only give the Senator my own idea. I imagine if the President contemplates entering into a trade agreement with some country, say Spain, there will be notice immediately published to the country that such action is contemplated and that interested persons may appear and make their protests or give their reasons and advice to the Secretary of State.

Mr. VANDENBERG. Is that notice to be given before or after the subject has been discussed, for example, with Spain and a tentative arrangement has been reached?

Mr. HARRISON. I cannot say as to that. The Senator will appreciate that is true, because the rules and regulations have to be fixed by the President and his advisers. My opinion is that this is what ought to happen: Of course, negotiations will begin, but nothing that will bind this Government will be done until public notice shall have been given to all persons interested and they shall have had an opportunity to file their protests or give their views about the matter. They might cooperate with the Government, and they might desire to get the Government's viewpoint. In other words, nothing would be concluded that would bind this Government until our citizens had notice and opportunity to be heard.

Mr. VANDENBERG. I understand that; but manifestly there would not be anything to submit to a hearing until

there was a tentative agreement as to what commodity was to be treated here for what commodity over there.

Mr. HARRISON. I should imagine they would, of course, begin to have some conversations.

Mr. VANDENBERG. Is it not a fact that there would be a tentative conclusion of an agreement before the hearing would be held?

Mr. HARRISON. There would be a hearing first.

Mr. VANDENBERG. I am trying to find out what "first" means. Is it before Spain is approached on the proposition, or is it after we have talked with Spain about the kind of bargain it is proposed to make?

Mr. HARRISON. I assume that what we would do before entering into one of these reciprocal trade agreements would be to find out, after conferences and counseling together, whether we wanted to take up with a country a certain proposition and see if we could trade along a certain line. That would be done first. Then we would have to feel out the other country to see whether or not it even wanted to confer. Before we conferred with them about it, if they desired to confer, we would give public notice, and so forth, and sound out the sentiment of the country. That would be done even before we had conversations with the other country, but after we had received some kind of assurance that the other country might be willing to talk along certain lines. Of course, what would be done with reference to that would have to be arranged at another place.

Mr. VANDENBERG. The Senator stated earlier in the colloquy that obviously we could not tip off our hand in negotiating one of these bargains before we made the bargain; so I conclude from his observation—which is a very practical one—that there would be an approximate meeting of minds between our negotiators and the foreign negotiators before the public hearing would occur.

Mr. HARRISON. No; it is my opinion, from my conversations with those who would have in charge the administration of the measure, that naturally there would be no need to serve notice that we contemplated doing a certain thing and have a lot of people come in and protest, and so forth, or give their advice, unless the other country had been sounded out as to whether or not they would even listen to some kind of proposal. When our Government received the assurance that the other country would be glad to enter upon a conversation on a certain line, I imagine the notice would be given immediately, and the protests would be made, and the feeling of this country would be obtained.

Mr. VANDENBERG. May I ask the Senator one further question? I understand that the present flexible tariff provision remains in all respects except the detail to which the Senator adverted.

Mr. HARRISON. Yes.

Mr. VANDENBERG. Then, would we confront a situation where there would be two tariff-reducing powers in existence, and the President in the first instance could reduce the tariff 50 percent under his flexible power and then another 50 percent of the remainder under his bargaining power?

Mr. HARRISON. We do not disturb the present tariff at all except as to the agreements which may be made, and, of course, they are limited to 50 percent up or down; but if we should enter into an agreement with one country, and the Tariff Commission should take up the same article, I think they would have a right to go ahead and deal with it without affecting the trade agreement. I do not think anything could be done by this Government that would affect trade agreements we might have entered into.

Mr. VANDENBERG. In other words, there would then be upon the statute books, through the combination of these two tariff-reducing powers, the power to reduce tariffs a total of 75 percent.

Mr. HARRISON. The Senator will see that on pages 2 and 3 the bill provides:

> No proclamation shall be made increasing or decreasing by more than 50 percent any existing rate of duty.

Mr. VANDENBERG. I understand; but before the President undertook to apply this power he could use his flexible-tariff power first to reduce the duty 50 percent, and then he could use this trade-agreement power to reduce the remainder of the duty another 50 percent. I am asking if that is not the situation which would exist.

Mr. HARRISON. I think if the Tariff Commission tomorrow should recommend, and the recommendation should be approved by the President, the reduction of some tariff duty 50 percent, 30 percent, or what not, that would then be the existing rate; and the President could then negotiate treaties, and so forth, that might reduce that rate further.

Mr. BORAH. Mr. President, did the Senator say "negotiate treaties"?

Mr. VANDENBERG. Yes; that was his language.

Mr. HARRISON. I did not mean "negotiate treaties." I meant he could enter into these reciprocal trade agreements.

Mr. VANDENBERG. The Senator has referred to his conversations with those who contemplate the administration of this measure, and the assurance, for instance, which he has received that there will be no reduction in the tariff on wool. Without intending to be controversial, I am wondering whether, in the course of those conversations, any specific possible bargain has been discussed to personify and illustrate the point about which we are talking. Is there any contemplated bargain which the Senator might suggest to me from his contact with the administration, or from his wide knowledge of the subject, which would illustrate the point about which we are talking?

Mr. HARRISON. I should hesitate to do that. I should get into hot water immediately.

Mr. VANDENBERG. I concede that it would be very dangerous.

Mr. BORAH. Mr. President, before the Senator takes his seat I should like to ask him a question.

Mr. HARRISON. I yield to the Senator from Idaho.

Mr. BORAH. Referring again to section 4, it says:

> Before any foreign-trade agreement is concluded with any foreign government—

That contemplates that a trade agreement with a foreign country has been under consideration, but has not yet been concluded. I take it that the section is not obscure. It simply contemplates that these agreements will be talked over, and, in a measure, agreed upon. That is, in a measure the minds of the parties will have met; and then, before the agreement shall have been concluded, the President will take counsel of whomever he desires to hear from.

Mr. HARRISON. I do not think they will go that far.

Mr. BORAH. I do not see how it could be otherwise as a practical proposition, because the bill says:

> Before any foreign-trade agreement is concluded—

So that it contemplates a trade agreement.

Mr. HARRISON. If the Senator will notice further, while the bill does say "before any foreign-trade agreement is concluded", it also says "public notice of the intention to negotiate an agreement * * * shall be given."

Mr. BORAH. That seems to be contradictory of the other provision. If the bill said in the first instance, "Before any foreign-trade agreement is negotiated", that would be one thing; but the Senator does not want that. Before starting in upon a negotiation, and before we had sounded out the other country, we could not give this notice to the country that we were going to do so and so. Our minds must necessarily in a measure have met with the minds of the foreign countries in an agreement; but the President will not conclude the agreement and bind himself until he has heard from his constituents.

Mr. HARRISON. Until these people shall have been heard.

Mr. VANDENBERG. Mr. President, it is the view of the Senator from Idaho, then, that the net result of the hearing is simply to assure the industry a seat at its own funeral?

Mr. BORAH. What I mean to say is that as a practical proposition, when we begin to negotiate, for instance, with Brazil—as I understand negotiations have been had now upon certain matters—we will not advertise to the United

States that we are contemplating a negotiation with Brazil upon certain products or certain articles. We will first meet with Brazil, and in a measure we will meet the minds of the Brazilian representatives. After we have done so, before the matter is concluded, the parties at home will be given an opportunity to be heard. That, in my judgment, will be the practical working of the bill. Whether, as the Senator says, it simply means a seat at a funeral—if there is to be a funeral—that is true.

Mr. LONG. Mr. President, before the Senator from Mississippi takes his seat, I should like to propound just one question to him. It has been in a measure answered by the Senator from Idaho; but, as I understand this matter of calling in the interested parties before the trade agreement is concluded, it is in the nature of what would be done in a criminal case, where, after the defendant is convicted and a new trial is refused, the judge asks if he has any reason to state why sentence of the court should not be imposed. [Laughter.]

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the joint resolution (H.J.Res. 325) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. SAMUEL B. HILL, Mr. CULLEN, Mr. TREADWAY, and Mr. BACHARACH were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. BLANTON, Mr. JACOBSEN, Mr. DITTER, and Mr. POWERS were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H.R. 8700) to establish a Code of Laws for the Canal Zone, and for other purposes, in which it requested the concurrence of the Senate.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

RECIPROCAL TARIFF AGREEMENTS

The Senate resumed the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

Mr. McNARY. Mr. President, the legislative scenes have been shifting rapidly during the past week. Within the past 5 or 6 days we have had four measures of major importance before the Senate for its consideration. We have had the stock-exchange bill; we have had the modification of the Securities Act; we have had the communications bill; and now we have the tariff bill. They have come upon us with such rapidity that no one has had opportunity thoroughly to study the hearings, or give to the subject matter the attention to which it is entitled.

I regret that there are not present today the Republican members of the Finance Committee who have heard the testimony adduced at the hearings, and are able adequately to present the Republican view of this question. I agree with the Senator from Mississippi [Mr. HARRISON] that we are not going to discuss the subject from a purely political and partisan standpoint; but certainly time should be given to every Member of the Senate to study this very great and important question.

I doubt if there are many Members of the Senate who have more than a superficial acquaintance with the measures which have been before this body during the past week. I have not had time to read all the testimony which has been taken on the pending bill, and the question I propounded to the able chairman of the committee a few moments ago was based wholly upon the theory that I feared the chairman himself had not given sufficient consideration to one of the most important and vital phases of this question; namely, if this great and unusual power is conferred, can we find, through its exercise, new markets for our surplus agricultural products?

After a colloquy the Senator finally assured me that it was not contemplated to include wool in the agricultural products that might be the subject of trade agreements. At this point I desire to ask the Senator from Mississippi, inasmuch as he has given his assurance, so far as he could, and that of the Secretary of State that wool will not be the subject of trade agreements, whether the Senator will include the other basic commodities set forth in the Agricultural Adjustment Act?

Mr. HARRISON. Mr. President, I could not do that. I put in the RECORD what the Secretary of State said with reference to wool. What I said was my own idea about it.

Mr. McNARY. I appreciate that, and I like the frankness of the Senator. If, however, an amendment should be proposed to exclude agricultural commodities from the scope of this bill, would the Senator accept it?

Mr. HARRISON. I do not know what the Senate would do, but I should very much hope we would not get into a fight between agriculture and industry in this country, because if the Senator from Oregon or someone else should offer such an amendment as that and it should be adopted, I fear that just as great an effort might be made to exclude the products of industry generally, and that we might not have anything left; that the bird might be feathered before we got through. So I should oppose such an amendment as that.

Mr. McNARY. I think I somewhere read that the President did not intend, if given this power, or at least did not have in mind to decrease tariffs on agricultural products.

Mr. HARRISON. The President has made the statement in some of his speeches, and I think in his message he has said, that he is trying to help agriculture; but I should think it would be very bad, almost destructive, to write into this measure a provision that he must not under any circumstances negotiate with reference to agricultural products.

Mr. McNARY. I would not be a party to arraigning manufacturers against producers of agricultural products; but, inasmuch as the Senator has taken wool out of consideration, aided by the Secretary of State, and having admitted a moment ago that the President had expressed a desire not to injure agriculture by bringing it within the scope of the act, will the Senator accept an amendment along the line that all agricultural commodities produced in this country shall be exempt from any power exercised by the President to decrease rates thereon?

Mr. HARRISON. I should hope very much that such an amendment, if offered, would be defeated.

Mr. McNARY. Of course, to me, as one who comes from an agricultural State, it is a great disappointment that the Senator from Mississippi, who wants to express, in the best way he can, the wishes of his President, will not accept an amendment of that kind, which I am sure would shorten the debate, satisfy the agricultural interests of this country, and bring hope to those agriculturalists who are in Washington seeking the defeat of the pending measure.

Mr. HARRISON. I may say to the Senator I thought when the opposition to this measure started out by asking for a provision allowing interested parties to be heard, and when I offered such an amendment and the provision was inserted in the bill, that we would be able to pass the bill almost by unanimous consent, and I now find that we cannot do that. I am sorry that I cannot agree to the other amendment.

Mr. JOHNSON. Mr. President, will the Senator from Oregon yield?

Mr. McNARY. I yield.

Mr. JOHNSON. I have just come into the Chamber, and I heard the statement made that it has just now been stated on the floor that wool is to be excepted from such agreements as may be made under the bill. Is that correct, may I ask?

Mr. McNARY. That is correct.

Mr. HARRISON. No; that is not correct, may I say to the Senator. I am sorry the Senator from California did not hear my discussion of the wool question. I read a memorandum from the Secretary of State with reference to wool, and I stated as my own individual view that wool would not be included; but I bind nobody by my statement. I could not do so.

Mr. JOHNSON. In the corridors I was told the other day that the definite statement had been made that wool would be exempted, and that wool would not be interfered with at all. I was very glad to hear that statement, so far as that is concerned.

Mr. HARRISON. I do not think the statement has been made in that way. Of course, the Senator appreciates that if the State Department, or the administration, those having this matter in charge, should say that any one particular commodity was not to be interfered with and would not be touched, there would be a tremendous demand for exemption of this, that, and the other.

Mr. JOHNSON. The Senator is quite right.

Mr. HARRISON. And that would be unfair. Consequently, we hope there will be no statement made with reference to the matter at all.

Mr. JOHNSON. That is exactly the reason why I rose at this time. But I take it, from what the Senator says, that while there has been no positive agreement written, either into the bill or into the records of the Senate, there is a "gentlemen's agreement" somewhere that wool is to be excluded. I am interested in what is done with respect to wool, of course, but I am interested in what may happen as to some other commodities which are produced in the territory from which I come. May I ask whether the Senator will see to it that lemons, walnuts, and almonds are excluded as well?

Mr. HARRISON. I think the Senator would have just as much right to get some assurance as to those matters as somebody else would have to get assurance as to some others.

Mr. JOHNSON. That is exactly my view; and if wool is to be excluded from this bill, either by edict of the Secretary of State or by direct agreement in some other quarter, in order that Wyoming may profit thereby, as I hope Wyoming may, I do not see any reason on earth why California should not profit by the exemption of lemons, walnuts, almonds, and the like, the products which come from the soil of that State and for which we fought here during the last 14 years in various tariff contests, and protection for which finally we won. To take it from us now would leave us remediless, and no one could foresee the peril that would ensue.

Mr. VANDENBERG and Mr. LONG addressed the Chair.

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Oregon yield; and if so, to whom?

Mr. McNARY. I yield first to the Senator from Michigan.

Mr. VANDENBERG. I hope the Senator from Oregon will not despair of ultimately obtaining the consent of the Senator from Mississippi to the exemption which he asks, because I am confident that when the Senator from Mississippi further contacts the Secretary of State and the White House and gets another letter of instructions tomorrow the President will be found to be standing firmly on his statement at Baltimore on October 25, 1932:

> It is absurd to talk of lowering tariff duties on farm products.

Surely there is not going to be resistance to the removal of any known absurdity which loiters in this pending tariff bill.

Mr. McNARY. I assure the Senator that I shall persist until the agricultural list is exhausted.

Now, I yield to the Senator from Louisiana.

Mr. LONG. It looks to me as if we could avoid a great deal of disagreement in considering this matter. If I understand the letter which the Senator from Mississippi has read, from what he terms "the powers that be", meaning, I suppose, the Secretary of State and other Cabinet officers, there is no intention of lowering the tariff on wool, and they censure the propaganda which has caused this falling off in the price of wool about 40 percent, for which they blame propaganda based upon the pending bill.

If this be the fact, why not get wool out of the way? Let us simplify the bill as we go along. The Chairman of the Committee on Finance, we recognize, knows what he is talking about, and if the Secretary of State knows what he is talking about, and wool is not to be interfered with, then the simpler we can make the bill the fewer will be the points of conflict left, and the better it will be.

Since that has been agreed to, the Secretary of Agriculture having said that wool will not be touched, and the Chairman of the Finance Committee having read his letter and having taken that view, why not exclude wool, and then go to the next commodity to see what we have to argue over?

I am going to vote with the Senator from California. I am going to stand by the President in his statement that it would be perfectly absurd to talk about lowering the tariffs on agricultural commodities. I am going to stand by the President if no other man in my party stands by him. I am going to be here backing him up on that proposition. But before we get to that, it seems to me that we ought to do everything possible to avoid confusion. I do not want to have to remain here and listen to a lot of unnecessary talk. If wool is to be exempted, and it is said that it will be, let us have it exempted, and then we will know where we are. Then I want to bring up the question of exempting sugar, because we have had several lickings on that lately.

Mr. McNARY. Mr. President, I enjoyed the contents of the manuscript so carefully prepared by the Senator from Mississippi, as I enjoy all statements made by him and his speeches on the floor of the Senate and elsewhere. During the course of his discussion I expressed disappointment that not sufficient information had been given by him in a particular way regarding markets for surplus American products to justify the submission to Congress of this proposal by the President.

The Senator admitted he was dealing in generalities. We had a specific illustration as to wool. Was any testimony taken which would substantiate the remark upon the part of the President and the Senator from Mississippi that other agricultural commodities, raised in various sections of the country, would not be touched by a lowering of the tariff duties, or used in bargaining over rates on products of other countries? To that question there has been no answer.

I think that is vital to the discussion of this measure. I think information should be given on the floor of the Senate, from those conversant with this important measure, as to how the law is to be applied. In what fashion is the President to use his extraordinary power? Will it be used upon manufactured goods, or upon agricultural commodities? Will it be used to the preference of the South and the detriment of the West? Will it be used to help the East, and will the Middle West be left untouched? Those are questions which I thought the able Senator from Mississippi would discuss in connection with his manuscript today.

Mr. HARRISON. Mr. President, will the Senator yield to me?

Mr. McNARY. I yield.

Mr. HARRISON. Of course, that requires no discussion on my part, because the Senator does not believe that the President of the United States—and I know he has a very high regard for him—would permit, in negotiating any trade agreements, that they should be employed to the disadvantage of one section as against another, or of one class as against another. I am sure the Senator believes that

the President would deal fairly with every section and with all interests of the country.

Mr. McNARY. I have a high regard for the President of the United States. I know he can give but little time and but spare attention to the execution of this proposal if it becomes a law. I know that if it is to be worth anything it must be made use of and properly administered. I know that if some articles are to be traded off they must be traded to the detriment of that section of the country where they are produced or converted. That is a simple fact.

I might give as an illustration the case, unfortunate to California but exceedingly fortunate to the States of Oregon and Washington, where apples and pears were traded off for wines manfactured in France to the detriment of wines of equal quality produced in California. That is an illustration of power recently exercised.

Let me say again to the Senator that another illustration came before us some weeks ago. In that case complaint was made by the Senator from California [Mr. JOHNSON] and the Senator from Idaho [Mr. BORAH]. In the Agricultural Adjustment Act there is a section which permits the Secretary of Agriculture to levy a processing tax upon competitive articles not enumerated in the act as basic commodities, and one morning the potato growers of Idaho and various sections of the country, and producers of fruits and vegetables in California, found there was a processing tax on jute bags. Without any notice that great power was arbitrarily exercised by the Secretary of Agriculture and the price of jute bags advanced 30 to 40 percent. What the Senator from Idaho called attention to on that occasion, Mr. President, is something which can again happen if we confer this tremendous power on the President of the United States. I have before me the CONGRESSIONAL RECORD, page 5892, and on that page appears a plaintive statement, but one expressing the very situation which will obtain if this power shall be given to the President:

> It is an extraordinary situation that presents itself.

Said the Senator from Idaho [Mr. BORAH]—

> Here is the taxing power of the United States under the Constitution—the Congress—and yet here we find a tax which the Congress did not impose and cannot remove or remedy. The Congress has seen fit to delegate away its taxing power to such an extent that the only power we now have is, as it were, in the nature of a petition to the authority to whom we have delegated the power which the Constitution dedicated or confided to the Congress. I am exercising today, therefore, with due humility, I trust, the right of petition as a Senator of the United States, petitioning a department of the Government to relieve my people of an unjust and exorbitant tax. Shorn of all power to repeal the tax, Congress may petition.

On the next page the Senator from Idaho continued:

> All I am interested in now is relief, and I am pursuing the only course I know by which to get a hearing. Of course, I may say that the able Secretary of Agriculture is exercising properly the power which was granted to him. I am not complaining of a usurpation of power or an exercise of power which has not been delegated to the Secretary of Agriculture. The Congress was generous and gave abundantly of its power. If there is fault anywhere, it is with the Congress and not with the Secretary of Agriculture—not with the "brain trust", but with the Congress. It is amusing to hear Congress talk about investigating the "brain trust" when the Congress has passed every bill I know of that the "brain trust" has suggested.

Mr. President, those are the plaintive words of the Senator from Idaho.

I recall in that connection that when the Agricultural Adjustment Act was before the Senate I specifically pointed out the unusual power proposed to be lodged in the Secretary of Agriculture and what might arbitrarily be done against some section of the country. Those words were scarcely dry in print until the able Senator from Idaho spoke the truth when he said that that power had been exercised against a section of the country.

Let me continue in that same regard——

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. WHITE. In that connection an illustration of the exercise of the taxing power by an individual can be found in my own State. The Secretary of Agriculture, as the Senator knows, was authorized to levy compensatory taxes when he feared there might be a shift away from cotton to an excessive use of a competing commodity, and so, for illustration, there was levied a so-called "compensatory tax" upon paper cement bags, and there was also levied a compensatory tax on paper towels, both of which happen to be made in the State of Maine; and, figured on the basis of use, the increase in the tax on the paper bags was about 600 percent, and the increase in the tax, on the basis of use, in the case of paper towels was from 1,100 percent to 1,300 percent more than the rate of the processing tax on cotton.

Mr. McNARY. I appreciate the contribution of the Senator from Maine.

The erudite Senator from California [Mr. JOHNSON], in supporting the Senator from Idaho, had this to say, which is to be found in the CONGRESSIONAL RECORD on the page following that from which I just read:

> Then we talk of reciprocal trade agreements, and we tell about how we are going to take our products and carry them here and there and some other place beyond the seas and relieve our farmers of the difficulties which have been encountered by them, when, within the borders of our own country, we are levying by one man's dictum—

Referring to the Secretary of Agriculture—

> a tax today that is ruinous upon the 4, 5, 6, or 7 States situated on the west coast.
>
> For these reasons I unite with the Senator from Idaho in the protest he has made concerning this tax. I have only a protest to make, it is quite true, but the protest thus I make.

Mr. President, the Senator from Mississippi has said, and other Senators will say, that the President does not desire to do any section of the country wrong. I concur in that statement. The President of the United States will not have all to do with the exercise of this power. Someone unwittingly, or someone desiring to extend our commerce with foreign countries, will bring about such a condition as the Secretary of Agriculture brought about concerning jute bags.

If the power is to be exercised, Mr. President, it may be exercised injuriously to every product which is on the dutiable list.

I desire to ask the Senator from Mississippi a question. If the power, which I think is contemplated by the language of the bill, shall be exercised upon those products on the dutiable list, necessarily those who are raising or manufacturing such products will come into competition with the producers of foreign products of a similar character. That is self-evident. Is it the opinion of the Senator from Mississippi that with respect to those products which are on the free list the President may exercise this power with regard to trade agreements?

Mr. HARRISON. As the Senator will recall, the bill expressly gives to the President two powers; not only the power to enter into foreign-trade agreements, but—

> To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions—

He has the power to put into these trade agreements quotas if he wants to, sanitary restrictions if he wants to, and quarantine restrictions if he wants to.

Mr. McNARY. That is the question I desire to develop. Let us take, for instance, coffee which enters this country from Brazil. We do not produce any coffee. I think the importation of coffee into this country from Brazil runs in excess of $100,000,000 annually, touching the gross annual value of the imports. Is it the opinion of the Senator from Mississippi that the President could enter into a trade agreement with Brazil that no coffee would be acceptable at the ports of this country unless Brazil should take from us an equal value of automobiles or other products of the factories of this country?

Mr. HARRISON. He could do so, of course, if Brazil would enter into such an agreement; but I doubt if Brazil would enter into such an agreement, and, of course, there is no power conferred upon the President except that which may be exercised by entering into reciprocal trade agreements.

Mr. McNARY. But has the President the power to say to Brazil, "We will place an embargo upon your exportations of coffee to the United States unless you will take an equal amount of American products of the farm and the factory"?

Mr. HARRISON. Not unless Brazil would enter into such an agreement as that. We give to the President no power outside of making agreements, and in making the agreements he can then impose additional restrictions, such as quotas, and so on. But we do not give him the power to browbeat some country and say to it, "If you do not do so and so we are going to do this to you." The President now has certain powers under the law with reference to countervailing duties and antidumping, and such powers as we give to him in the N.R.A. legislation, and in imposing embargoes, and with regard to the codes. But we do not give him such powers as referred to just now by the Senator from Oregon. We do not disturb such situations at all.

Mr. McNARY. That is what I want to know, because, in my judgment, the Senator knows more about this peculiar proposal than anyone else in the Senate on the Democratic side. I want to know if the President could place an embargo against the importation of coffee into this country, or provide quotas limiting the amount of coffee to come in, unless Brazil or other coffee-producing countries would agree to purchase a like amount of our products.

Mr. HARRISON. He could not do that under this proposal.

Mr. McNARY. Does not the Senator think that should be done?

Mr. HARRISON. No; we do not seek to do that under this proposal.

Mr. McNARY. Then, I will give another illustration. We import something like $104,000,000 of silk annually from Japan. Would it not be fair, would it not be proper, would it not be in the interest of the American Republic, if the President should say to Japan, "We will exclude the major portion of your silk from the market of America unless you agree, under this power given me, to take an equal amount of products from the farms or factories of the United States"?

Mr. HARRISON. There is nothing that would estop the President from saying that to the particular country; but under this proposal he could not do that unless Japan should enter into an agreement. What is done under this measure must be reciprocally done. We do not give the President any power to browbeat any nation into anything, the purpose being to get a market abroad and have an exchange of goods which will work to the advantage of both countries.

Mr. McNARY. Does not the Senator think we could give power to the President to deal with other countries that use our great market for their own benefit? Should we not permit him, if the power is not already granted, to deal with Japan and Brazil in the fashion I suggested a few moments ago?

Mr. HARRISON. The President and the Tariff Commission already have the right to increase tariff duties 50 percent on commodities imported into this country.

Mr. McNARY. I am speaking about articles on the free list and which the President and the Tariff Commission cannot place on the dutiable list.

Mr. HARRISON. I do not think, and I am sure the Senator from Oregon does not think, that we could give to the Tariff Commission the power to take an article from the free list and put it on the dutiable list without requiring that the action be referred back to Congress for its approval.

Mr. McNARY. What I wanted to do——

Mr. HARRISON. That is the only reason, may I say to the Senator? If we could do it constitutionally, I would see no objection. As the Senator will recall, in the amendment which we adopted, and which President Hoover vetoed—Mr. Collier introduced it in the House, and I helped to steer it through the Senate—giving to the Tariff Commission certain powers, but requiring that action taken by the Commission should be referred back to Congress for consideration, we gave them the power to take an article from the dutiable list and put it on the free list and vice versa from the free list to the dutiable list, but I doubt very seriously whether we could clothe the Tariff Commission or the President or anyone else with the power of taking an article from the free list and putting it on the dutiable list without reference to Congress. That is why we have left that phase of it out of this measure, and why we put in the other provision as to additional restrictions on which the bargaining countries might mutually agree, such as quotas, and so forth.

Mr. McNARY. The ambition I have is to make some contribution to the betterment of this measure, and it occurs to me that it would probably strengthen the proposal if we should give the power to the President to deal with commodities now on the free list, and which we do not produce in this country, rather than to give him the power to deal only with those commodities in the production and sale of which we compete with other nations. Will the Senator agree to a proposition to authorize the President to enter into reciprocal trade agreements as to articles which are on the free list, giving him the right to place a sufficient tariff on them to bring about an agreement, an embargo, or to superimpose a quota?

Mr. HARRISON. The Senator asks me whether I would favor a provision under which an article which is now on the free list might have a quota established against it or a duty placed upon it. I ask him in return, does he not think that if such an arrangement as that should be made, the same arrangement ought to be made with reference to articles that are now on the dutiable list with reference to putting them on the free list? I have heard suggestions made by certain Senators on the other side to the effect that proposals might be submitted under which an article now on the free list could be placed on the dutiable list, but nothing was said with reference to taking the tariff off a dutiable article and putting that article on the free list. I understood the Senator to agree with me that the principle ought to work both ways.

Mr. McNARY. I am not admitting that that suggestion is pertinent or is in the least in my thought, but I do say frankly to the Senator, who is in charge of the bill, that with those countries which raise silk, rubber, spices, tin, and coffee some arrangement should be made whereby we receive some benefit from them in exchange for the market we afford their products. Will the Senator listen to me to the extent in this connection of saying to him that where we import from other countries hundreds of millions of dollars annually of products, which we ourselves do not produce, I think some power should be given to the President to encourage those nations thus using this as their market to buy from us reciprocally some of our products equal in value to those which we buy from them. The Senator says that that power is not contained in the provisions of this bill.

Mr. HARRISON. I do not think, unless an agreement could mutually be entered into, that any other countries would agree to such a proposal.

Mr. McNARY. Does the Senator think it is fair to select dutiable or competitive goods wholly, and make them subject to reciprocal trade agreements, overlooking the great volume of imports which come in free of duty?

Mr. HARRISON. I say to the Senator that if I thought we had the authority, and it could be upheld by the courts, I should be very glad to broaden the provision to include the power to take commodities from the dutiable list and put them on the free list and take them from the free list and put them upon the dutiable list; but I do not believe such a legislative enactment would be upheld, and that is the only reason why the suggestion was not accepted.

Mr. McNARY. Is it the judgment of the able Senator from Mississippi that such an act would be unconstitutional?

Mr. HARRISON. Yes.

Mr. McNARY. Then, I understand the only doubt under which the Senator is suffering is the fact that he believes such legislation would be unconstitutional, but, as an eco-

nomic proposition and one that would be just to the producers and consumers of America, he thinks it would be well so to provide?

Mr. HARRISON. I think it would be well to confer the power if we could grant it constitutionally; but I would not rather restrict it as the Senator would, if I understood him correctly, because I would let it work both ways, and allow articles to be placed on the dutiable list from the free list or to be removed from the free list to the dutiable list, in the bargaining process.

Mr. McNARY. Will the Senator, then, accept an amendment along that line and take it to conference and in the meantime confer with his own good mind and the constitutional lawyers of the Senate?

Mr. HARRISON. No; and for the reason, I am sorry to say, that that question has already been given a very great deal of consideration by those who formulated this proposed legislation.

Mr. McNARY. Mr. President, I shall hurry along in the desultory remarks which I am making.

Mr. VANDENBERG. Mr. President, will the Senator yield to me before he leaves the subject he was just discussing?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Michigan?

Mr. McNARY. I yield.

Mr. VANDENBERG. I think the Senator from Oregon has put his finger squarely upon one of the major vices of the pending legislation. We are admitting into the United States $900,000,000 worth of foreign goods free, gratis, for nothing, without a penny's tariff. That volume of imports represents 60 percent of our foreign purchases. We are proposing now to embark upon a bargaining program without charging the foreigner one single penny for $900,000,000 worth of advantage which he already enjoys in this market. Our best chance for bargains is foreclosed. We start with that handicap; we put ourselves $900,000,000 behind before we ever begin to bargain. It is a perfectly absurd arrangement.

Mr. McNARY. I thank the Senator.

Mr. JOHNSON. Mr. President, the Senator overlooks that it would be unconstitutional to do the thing he first suggested.

Mr. HARRISON. If I may ask the Senator from Michigan a question—I imagine that he has in view rubber, for instance, which comes in free? Would the Senator be in favor of putting a tariff on rubber?

Mr. VANDENBERG. The Senator from Michigan would be willing to propose to put a tariff on rubber—assuming that any bargains at all are to be made—if it were necessary in order to drive a proper tariff bargain reciprocally with countries from which we buy rubber. But the Senator from Michigan is opposed to the use of any such bargaining power in respect either to the free or dutiable list. I simply point out that bargains are futile unless the free list is included.

Mr. HARRISON. It is the Senator's viewpoint that we have the power to do that?

Mr. VANDENBERG. I think we have the power, if we have the power to do any of the things which are proposed by the bill. I do not believe the power exists at all. If it exists in one respect, it would exist in the other.

Mr. McNARY. Mr. President, passing on to another subject, and again referring to the very pleasant and erudite Senator from Mississippi, I understand his position today is that he believes the constitutional power to do what I have suggested is lacking. I recall, Mr. President, most agreeably, the discussion of the tariff bill of 1930, when the able Senator from Mississippi declared himself forcefully, as a member of the Senate Finance Committee, against transferring power of this character to the President of the United States at that time, saying it was unconstitutional. That was in connection with the flexible provisions of the tariff act. The Senator then was a student of legal and economic questions, as he is today. The former Senator from North Carolina, Mr. Simmons, was at that time Chairman of the Finance Committee. Much of the work was left to the able Senator from Mississippi, who gave that particular subject matter very great thought. I recall that he most forcefully voiced his opposition to such a provision as is now in this bill, though in this instance the power is proposed to be given in a less restricted sense.

I refer, Mr. President, to a statement signed by the Senator from Mississippi, a portion of which I will read. I read it in no sense by way of criticism, for I agree with the aphorism that great men are permitted to change their views; and the Senator from Mississippi is a great man. At that time, after considerable study, he thought it would be ruinous to the country if the Congress should abdicate its power to legislate in this body and turn it over to the President of the United States. The language is so eloquent that I cannot, without reference to the RECORD, quote it accurately. I read:

> We do not hesitate to say that if this extraordinary and what we believe to be unconstitutional authority passes now from the Congress, it is questionable if there will ever again be a tariff bill originated and enacted by the Congress.
>
> It is our solemn judgment that hereafter all taxation through the tariff and regulation of commerce thereby will be made by the Executive. It is the inherent tendency of this tariff-changing device and the apparently conscious purpose of its proponents to use it to keep the tariff out of Congress, where it is such an embarrassing business, as everybody knows, to the party that profits politically by it. So, also, it will be of distinct advantage to the interests that are the direct beneficiaries of the tariff.
>
> In an age where there has been a steady tendency to rob the individual citizen of his power and influence in his Government through bureaucracy, we deem it our duty to vigorously protest any further encroachments in this direction, and especially with respect to taxation.
>
> In the hope of arousing the people, regardless of party, to take a broad and public view of this important public question, we make this appeal.

Among the signers was the very able Senator from Mississippi, the author of the measure now before us and who today has presented the first speech in its advocacy.

I have read the eloquent words penned by the able Senator from Mississippi against the flexible provisions whereby some power was transferred by the Congress to the President, when the Senator said, in a voice strong and filled with emotion, that "if it is done today the power will never come back to Congress, and therefore we appeal to the American people to support us in our opposition to giving this great power to the President"—which, parenthetically, is not the only power which it is now proposed by the Senator to confer upon the President of the United States. Has the Senator now, after deep study and meditation and prayer, changed his views? Of course he has that right.

Mr. HARRISON. Is that the question the Senator wishes to ask me?

Mr. McNARY. I think that is sufficient unto the hour.

Mr. HARRISON. I thought the Senator wanted to ask me whether it was an eloquent speech.

Mr. McNARY. I said it was an eloquent speech, a very forceful speech, and the ablest speech the Senator ever made.

Mr. HARRISON. Of course, I have been here too long to believe I can be consistent all the time in all things. I have voted on different questions in different ways, and probably sometimes expressed myself in an inconsistent way. The situation which at that time confronted the country, as the Senator is well aware, was such that we had made a tremendous fight with reference to the high rates the country faced when we enacted the Fordney-McCumber tariff law and when we carried on in the Smoot-Hawley Tariff Act. Under the flexible provisions proposed at that time, as the Senator will remember, in practically every instance the rates were increased still higher, inordinately high, and only in the rarest instance were the rates lowered.

We were trying to take away from the President the power to increase those rates still higher. I felt and my colleagues of the minority on the committee felt at that time that it should not be done, and that is why we opposed the flexible provisions. Of course, the Supreme Court has declared the grant of power to be within the constitutional functions of Congress and that the law is constitutional. But I can see a marked difference between giving the President the power to increase tariff rates as prescribed at that time, and giving

him the power to enter into reciprocal trade agreements which are designed to sell our surplus goods, designed to build up an international trade, designed to help the economic condition of the country.

If the Senator wants to consider that an inconsistency upon my part, he may do so.

Mr. McNARY. The Senator has made a lame explanation. I do not hold it against him. I think he was right 4 years ago.

Mr. HARRISON. I believe the Senator voted with us, did he not—or does the Senator recall?

Mr. McNARY. I do not recall my vote, but I know it was right. [Laughter.]

Mr. HARRISON. I know it was right, too. I merely asked for information. I am not sure, but I have the feeling that the Senator was right and voted with us at that time.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Missouri?

Mr. McNARY. I yield.

Mr. CLARK. The Senator does not remember having voted on this very important question 2 years ago. Apparently it was not of as much importance then as it is now, in the opinion of the minority leader.

Mr. McNARY. Mr. President, I am not going to cover the whole subject matter today. I repeat, and I hesitate to repeat, that I think the Senator from Mississippi, who at that time was more or less in charge of the bill and gave the subject matter very great study, was pioneering in a new field and knew precisely what limitations should be placed upon the President. When that bill was passed by the Congress and became a law, there were limitations placed about the power of the President which are not to be found in the pending measure. I am satisfied if at that time we had proposed to give carte blanche to the Chief Executive without the advice of the Tariff Commission, the power to act independently and practically without notice, the able Senator from Mississippi would even more vigorously, if possible, have opposed the grant of such power.

I am not going to accuse him of inconsistency. I know that new situations require new viewpoints—from the Democrats! [Laughter.] I shall only remark in passing that I was surprised when the Senator from Mississippi, whom I know so well and so affectionately regard, made the first and opening speech in favor of a bill which would involve forsaking a principle for which he contended a few years ago.

Mr. President, the question has arisen, Who opposes the measure? It cannot be said that all the Republicans of the country oppose it. A great majority do. I know some Republicans, one of whom was mentioned today, who favor in a small degree the enactment of the bill into law. But I know that the great majority of the American people who belong to the Republican Party disapprove of the measure.

One of the great organizations of the country that has not taken any active part in politics, which represents the agrarians of the country in a large measure, is the National Grange. They have an organization of probably 2,000,000 men and women. It would be interesting to know what that great nonpolitical organization thinks about the measure. I had no apprehension as to what their final attitude would be. I have been a member of the organization for years. They compose, in my opinion, the solid thought of America. They have taken action on this question, and at this time for the benefit of the RECORD and those few who may read the RECORD, and at least for my own pleasure, I am going to give to the Senate the views of this great organization.

This is a statement by the Washington representative of the National Grange. I shall read only excerpts from it, in order to shorten the time that I shall occupy the attention of the Senate. I ask unanimous consent that the entire statement may be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. McNARY. This statement says:

Since the surplus problem has been one of the most difficult with which agriculture has had to deal in recent years, it naturally follows that the farmers of the United States are eager to find an export market for their products, provided the home market is not sacrificed in bringing this about. However, we cannot overlook the fact that the home market is all important in American agriculture. The best market for American farm products and in the case of many crops the only market, is to be found in the United States. * * *.

Among the objections to the pending bill are:

1. As it is now written, that feature of the measure which authorizes the President to proclaim modifications of existing duties and "other import restrictions" is so sweeping that it would be possible to bring cattle into this country having the foot-and-mouth disease. It would also make it possible to set aside the Lenroot-Taber Milk Act, providing that imported milk must conform to the same sanitary requirements as are in force domestically. That provision of the present revenue bill which imposes an excise tax upon certain imported oils could be voided; the antidumping laws could be suspended and convict-made goods could be imported into the country under the present wording of the bill. Import restrictions enter into all these matters.

2. Our whole recovery program aims to raise the American price level above the world level. For the time being at least everybody seems to approve of that. Under the N.R.A. we have adopted the 40-hour week in industry; there is a possibility that before Congress adjourns legislation may be enacted making the 30-hour week mandatory in industry, and we have abolished child labor. Naturally, all this increases our cost of production. It follows, therefore, that we must have proper protection, or American producers would speedily be deprived of their own market by a flood of imports from abroad. When I say "proper protection", I do not mean the kind of protection that breeds monopoly, enriching the few at the expense of the many.

3. Everybody agrees that tariff tinkering unsettles business and creates uncertainties. That is true even when the tinkering is done in the open and everybody knows what is going on. The more secrecy there would be in negotiating reciprocal trade arrangements, the greater would be the uncertainty. It would seem that the bill should make provision for public hearings before agreements are consummated.

Mr. President, I think it is fair for me to say, and it is proper that I should say, that that paragraph was penned before there was incorporated in the bill the Finance Committee's amendment which suggests some form of notice; but, in my opinion, does not completely give to those affected the notice to which they are entitled. I make that remark, however, because I think this language was placed in this document before the bill was liberalized by action of the committee.

I proceed:

4. The bill provides that after a trade agreement has been negotiated, section 336 of the Tariff Act shall become inoperative so far as the commodity covered by any particular agreement is concerned. This means that regardless of how conditions might change, necessitating lowering or raising of tariff rates, it would be impossible to make any changes.

5. While the bill is to be in force for only 3 years, the prospects are if it is passed, the people will never regain the power they now have to frame their own tariff laws.

Mr. President, the executive representatives of the great organization known as the "National Grange" must have been reading the speech of the Senator from Mississippi [Mr. HARRISON], made 4 years ago, when he said, as I recalled a few moments ago, that if this power is ever transferred from the Congress it will never again be lodged in that body. So the Grange fears that if this unusual power shall be given to the President of the United States, Congress will never regain it; it will be an abandoned jurisdiction.

6. Since the Presidency is a man-killing job, and the President cannot possibly give his personal attention to more than a small fraction of the matters already devolving upon him, he would necessarily have to delegate to others the functions of negotiating tariff treaties. This means that the power to make reciprocal trade agreements would largely be delegated to the Department of State or some other agency of the Government.

To my satisfaction and gratification and somewhat to my surprise, earlier in the day, while the Senator from Mississippi was discussing this bill, he produced a letter from the Secretary of State taking out of the jurisdiction of this bill and the authority of the President any power or desire to decrease the duties on wool or in any way to enter into reciprocal treaties affecting wool. That is an illustration of what will occur. The President has not the time to deal

with these matters. He will leave to the Secretary of State—a capable and able international statesman, but a free trader at heart—possibly the negotiation of some of these treaties. The task will have to be delegated to someone. The President himself has not the time to take care of the functions of government imposed upon him by the statutes that have been passed from time to time. If now we thrust this great power upon him, it is not to be expected that he will have the time, the patience, or the opportunity to give the subject the consideration which a commission would give it and which the Congress has given it during much of the history of the country.

I repeat:

This means that the power to make reciprocal trade agreements would largely be delegated to the Department of State or some other agency of the Government.

I cited a few moments ago, in that connection, the complaint made by the Senator from Idaho [Mr. BORAH], supported by the Senator from California [Mr. JOHNSON], about the arbitrary power exercised by the Secretary of Agriculture when he declared jute to be a competitive product to cotton, and placed a processing tax on that competitive industry which, the Senator from California said, injuriously affected the producers in seven or eight States of the Union. So, Mr. President, I concur with the National Grange in the statement that when this power is conferred and used, it must necessarily result in abuse and injustice to some.

The danger is that under these circumstances the needs and wants of our farmers might be subordinated to questions involving international relationships.

That is the frank statement of the representative of the National Grange.

I have had an opportunity to confer with the representatives of the American Farm Bureau Federation, one of the large agricultural organizations, whose membership is limited wholly to the rural population. I think I am justified in saying that every farm organization in the country and most of the farmers of the country will be possessed of fear, and will entertain doubts as to market conditions, and the possibility of selling and marketing so long as this measure shall be on the statute books. In the instance I cited, regarding wool, it was admitted, I think, by the Senator from Mississippi, that the reason why it was taken out of the power granted by the President was because the market became demoralized through the fear of the producers of the country that some trade agreement might be made in relation thereto.

It is fear which has done more to disturb the market conditions and the commerce in an article and its trading than any other one factor that might be introduced into a situation. If fear is entertained that the price of an article will be lowered or that the duty upon it will be decreased, whether or not it is done, it prevents long-time marketing agreements, and I am convinced that unless the Senator from Mississippi will be so kind as to accept the proposal I made earlier in the day to exclude from the jurisdiction of this bill all agricultural commodities there will be much unrest among the agrarian population of America.

I have not been advised during the time I have had to consider this subject, which has been greatly limited by reason of other work, what the attitude of the laboring man of the country will be; but I do know that during all the tariff discussion which has taken place in the Congress in connection with all the tariff bills which have been enacted labor has found itself on the side of adequate protection of American industry. I recur, however, to a statement from Matthew Woll, found in the CONGRESSIONAL RECORD on page 3999, where he makes some observations that may indicate the attitude of labor.

Mr. Matthew Woll is vice president of the American Federation of Labor, chairman of America's Wage Earners' Protective Conference, and president of the Union Labor Life Insurance Co. In a speech which he made on March 6 before the Bar Association of New York he indicated his violent opposition to this measure. I shall not ask that the entire speech be printed in the RECORD of today, because I am referring now to a statement which has already been embodied in the CONGRESSIONAL RECORD; but for the purpose of indicating that my view is well founded that labor will oppose this measure, I bring to the attention of the Senate the remarks of Mr. Woll, who is one of their leading representatives.

I commend the whole article to those who are interested in a fair discussion of this subject. It was not prepared from the standpoint of labor only, but also from the standpoint of those who desire to enjoy the benefits of our institutions, which they should receive through protection from lower costs in foreign countries.

What is now proposed is not alone the authorization of the President to enter into reciprocal trade treaties based on a bargaining flexibility of 50 percent of the present tariff duties, either upward or downward, but the consummation of such treaties without previous hearing to domestic parties and interests affected and without the necessity of approval by Congress. Thus it is proposed, first and foremost, to alter our constitutional division of power by having Congress abdicate its duty and responsibility under the Constitution to approve or disapprove treaties entered into with other nations with respect to trade relations.

Is America prepared to take this step?

That is a very pertinent inquiry.

Are we willing that hereafter exclusive control over our imports or exports shall rest solely with the President? It is, of course, argued that with imports and exports of European and Asiatic nations largely a matter of exclusive government control, to be exercised not through parliamentary channels but by "order in council" and like methods, that we can no longer trust such matters to our Congress. Are we ready to admit, as well as accept, the doctrine that democracy in international relations has failed and that the logic and force of events in Europe and Asia will compel us to alter our form of government and of institutions within its borders?

If it be the judgment that for practical efficiency Congress must no longer be trusted with joint treaty-making power in the matter of trade relations, why ought not sole authority be delegated to the President in dealing with agreements relating to international public debts, disarmament, and the like? Are we not thus hastening a time when power to be exercised by the President will be greater than the power of former kings, czars, and emperors?

Labor has implicit confidence in the present incumbent of the Presidency of the United States and has implicit faith and confidence in his humanitarian instinct and in his desire to maintain and hold secure our democratic ideals, ideas, and institutions. We are confident he is actuated solely by a desire to get our people and our institutions out of the terrible chaos into which we had drifted. But labor is without knowledge of the certainties of life and who may succeed him or when. In addition, powers of government should not be granted because of faith in any one individual temporarily in authority. Power once delegated is difficult to limit, regulate, or annul.

That is similar to language used in the famous resolution subscribed by the Senator from Mississippi.

Are we not thus building a dangerous structure for the future, even if it be confined to reciprocal trade treaties? Who knows what the future has in store and to what end we are building a permanent structure on the basis of meeting an emergency by devices of expediency?

Then, too, it must be clear that the motive underlying is to promote foreign trade by holding forth bargaining opportunities to foreign manufacturers in the American market.

That is precisely as we argued a while ago when discussing with the Senator from Mississippi the advantages of going to the free list, so that there would not be the competition which is feared by the ones dealing with commodities on the dutiable list.

Today the industrial nations of Europe and Asia have adopted American methods and means of production. Indeed, one nation in Asia is possessed of the most modern of industrial equipment. In addition, a number of the highly modernized plants in foreign countries are either owned or were financed by American surplus wealth and American skill. Those foreign American-owned plants are today, in part, supplying the world markets, thus precluding to that extent possible export trade on our part. Indeed, in a number of instances they have invaded our domestic market with the product of their foreign factories to the distinctive loss of employment of American workers.

Mr. President, without any desire, with no purpose whatsoever, to be tiresome, I commend this article in its fullness to every Member of the Senate. Everyone who wishes to treat American labor fairly, to see that it is employed, should consult this article by Mr. Woll, which, unhappily, has not been given the publicity which it should have received.

I stated a few moments ago that I had no personal knowledge, other than from this statement of Mr. Woll, of what the attitude of labor would be, but all through the years, when it came to schedules and policies and rates, labor has upheld the hands of those who were willing to vote and work for adequate protection to American manufacture, to American industry, and to American labor.

It is not my intention to detain the Senate long. I have had hastily to gather these facts together. There is one phase of the question which I desire to discuss with a little more care, without any desire to enter into all the factors involved in this subject matter. Others will discuss the constitutional delegation of power, if it be constitutional, the arbitrary power sought to be given to the President, and other phases of the problem.

I intend to be content, in conclusion, with discussing for a few moments a question which involves in my mind a subject matter of very great interest to the business men, producers, and manufacturers of the country.

When the bill was prepared in the House it contained a provision, which I thought was very inadequate, concerning public notice to be given to parties affected. I am frank to admit that the amendment incorporated in the bill by the Senate Finance Committee has somewhat improved the measure, but I still think it is inadequate and unfair and unjust to people who may be brought within the scope of its provisions and of the power we are about to confer upon the President.

Mr. President, it is my purpose briefly to direct attention to one phase of the proposed reciprocal tariff powers which in itself I regard as a sufficiently drastic departure from our tried and tested ways of government to justify stout opposition to the pending bill.

As the bill passed the House, no manufacturer or merchant, no agriculturist, or mine or timber operator, would have the right to be heard with reference to any reductions in duties that might be negotiated under these powers.

In the bill as reported by the Senate Committee on Finance there is an amendment which provides that before any foreign trade agreement shall be concluded public announcement of the intention to negotiate such an agreement shall be made in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe. While this is an improvement over the condition that would prevail without the amendment, I do not see how it is possible to argue that such a provision is sufficient to be fair and equitable to the parties who may be affected by any reductions in rates that might be forthcoming with the conclusion of a trade agreement.

I do not want to quibble or to be unjust in my interpretation of the opportunity to be afforded in giving interested persons a chance to present their views. However, it is very significant that the administration's representatives in testifying before the House and Senate committees in support of this bill emphasized the need of secrecy and dispatch if agreements were to be consummated favorable to the interests of the United States. It is even more significant that there is absolutely no formula provided in the bill by which we are to judge the reasonableness of making concessions in duties. Repeated attempts to obtain an expression of opinion on such matters from representatives of the administration were either evaded or answered in the most general terms, and it is against such an unknown quantity that interested parties are to be allowed to present their views.

I repeat, that earlier in the day I asked the Senator from Mississippi, who so ably represents the Finance Committee, to give us some idea of what we might expect under these unusual powers we are asked to confer upon the President, but, as happened when that information was sought from those who appeared before the committee, the information was not forthcoming.

The hearings held daily before various legislative bodies are a constant reminder of the extent to which this procedure has become an integral part of our lives. For all these proceedings there is a carefully developed course of procedure. It is now proposed that we should abandon this procedure, and place in the hands of a small group of men the authority to upset at will the protection on which these people depend.

It is not reasonable to presume that any man who firmly believes his enterprise to be worthy and efficient would regard himself and his industry as under suspicion, yet, as far as the law is concerned, it may well be that such a man and such an enterprise might be under suspicion. The very fact that there is no stipulation as to what tests shall be applied when certain enterprises are selected for sacrifice means that in many instances an adverse judgment will be rendered without the victim ever having an opportunity to raise his voice in protest.

That is also a reminder of the statement made a while ago by the Senator from Mississippi, who did not answer the inquiry as to whether he had changed his views of policies or principles when he protested loudly for an opportunity to be heard if the flexible-tariff provision was to be enacted into law.

Such a reversal of tactics is all the more tragic when we pause to realize the extent to which these same people have been giving largely of their time and energy in an effort to mold workable organizations under the many elements of our domestic recovery legislation.

Of course, it will be said—in fact, the President himself said at Wheeling, W.Va., in the course of his campaign—that American labor need have no fear of being stripped of protection against ruinous, unfair foreign competition. But how can the President keep such a promise if he inaugurates a program of tariff bargaining, the very basis of which is an increase in our competitive imports? Four years ago, when we passed the Tariff Act of 1930, we provided in it an effective machinery, through the Tariff Commission, whereby any rate in excess of the difference between foreign and domestic costs might be reduced by the President by as much as 50 percent. We gave to the importers the right to seek such a reduction in duties. A tariff rate is either protective or it is nonprotective; and if the latter, it makes no difference how nonprotective it is. A competitive tariff rate or a revenue-only tariff rate is in the same class with free trade so far as protecting American industry, American agriculture, and American labor against foreign competition in our own markets is concerned.

To be effective, the President's plan must reduce the rates on our competitive imports below protective levels. Otherwise, how can his plan bring about an increase in such imports? The President's program, in other words, however disguised it may be or however indirect it may work out, means an abandonment of our protective-tariff policy. I make this statement without fear of contradiction, and let him who wants further proof of it read the first half dozen words in the Democratic 1932 tariff pledge which the President accepted wholeheartedly and without reservations. Those first half dozen words pledged the Democratic Party to a competitive tariff for revenue. A competitive tariff for revenue, however it is accomplished, is not a protective tariff. So again I say that the adoption of the President's reciprocity trade program means an abandonment of the protective-tariff policy. An abandonment perhaps by a back door or left-handed method, but an abandonment nevertheless, by the President under an unwise, and, it may be, unconstitutional delegation of power by the Congress.

No one in public or private service has his time so completely employed as the President of the United States. If his time were multiplied by 10, he would be short on time and long on work. Indeed, Mr. President, it is a fanciful and fallacious observation to suggest that the President has the time or the sources to search or the resources to explore to give adequate consideration to the true test of tariff making, namely, the difference between the cost of domestic and foreign production. Necessarily he must rely upon some other agency. It is a serious thing for us to face the possibility that under these broad powers the representative

chosen by the President might see fit to reduce the duty on any commodities in our existing tariff schedules without having prescribed the tests which would be applied before a duty was reduced, and affording an opportunity for a hearing in such a manner that an industry may know it is in the position to be acquainted with the yardstick which will be applied in passing judgment on a situation.

I called attention a few moments ago to the fact that during the course of the hearings every effort was made to obtain from representatives of the administration some indication as to the standards that they would employ and the technique they would follow in settling upon the rate reductions that should be made in the course of completing a bargain. It is significant that no specific answers were forthcoming and that the representatives of the administration chose to confine their testimony to a series of general propositions. The law provides no test, no formula by which the President's representatives are to be guided in the completion of any trade agreement. The producers of these products are left to rely upon the promise of our Chief Executive that "no sound and important American interest will be injuriously disturbed."

I would be among the last to question the integrity or the good faith of our President in any action that he might take personally under the exercise of these broad powers, but it must be most obvious that these powers will have to be delegated to others, and from the statements that have already become a matter of public record it must be equally obvious that the standards and the formulas that will be used by others are open to grave and searching question. Our Secretary of State has on many occasions indicated one of the tests that he would apply in the exercise of such a policy. In discussing trade proposals, he has indicated that he would give much weight to certain tests that many of us would regard as questionable. In his proposal at the Seventh International Conference of American States at Montevideo the following statement is credited to Secretary Hull:

> They will endeavor in so doing to direct their greatest efforts toward the elimination of those duties and restrictions which completely or almost completely exclude international competition, such as those which restrict the importation of particular commodities to less than 3 to 5 percent of domestic consumption.

Last year, in response to a resolution approved by this body, the Tariff Commission prepared a list of articles of which imports represent less than 5 percent of domestic production—referred to in the statement of Secretary Hull which I just read. This list covers more than 100 pages in the document which they submitted in response to this resolution. It is not my purpose to burden you with a repetition of this list, but included in it are several hundred commodities in the chemical schedule; a large proportion of the commodities covered by the schedule relating to earths, earthenware, and glassware; commodities imported under almost every paragraph of schedule 3 concerned with metals and manufactures thereof; commodities imported in all but two of the paragraphs in the schedule relating to wood and manufactures thereof; even for the short schedules relating to sugar, molasses, and tobacco several commodities are included in this list. Included in this list of commodities are literally hundreds of products dutiable under the agricultural schedule, as well as countless more under the remaining dutiable schedules of the Tariff Act of 1930. Obviously, then, if we are to believe in the sincerity of our Secretary of State, the producers of any of these hundreds and hundreds of commodities are under suspicion. Unfortunately for them, it will be difficult to realize how such a test can be fairly applied in many cases, for in a competitive market it takes but a small quantity of imported goods to force the domestic price to a comparable level. In cases of this sort, which are most numerous, it is difficult for an industry to realize how seriously such a condition may be misinterpreted by individuals who have no intimate contact with the industry.

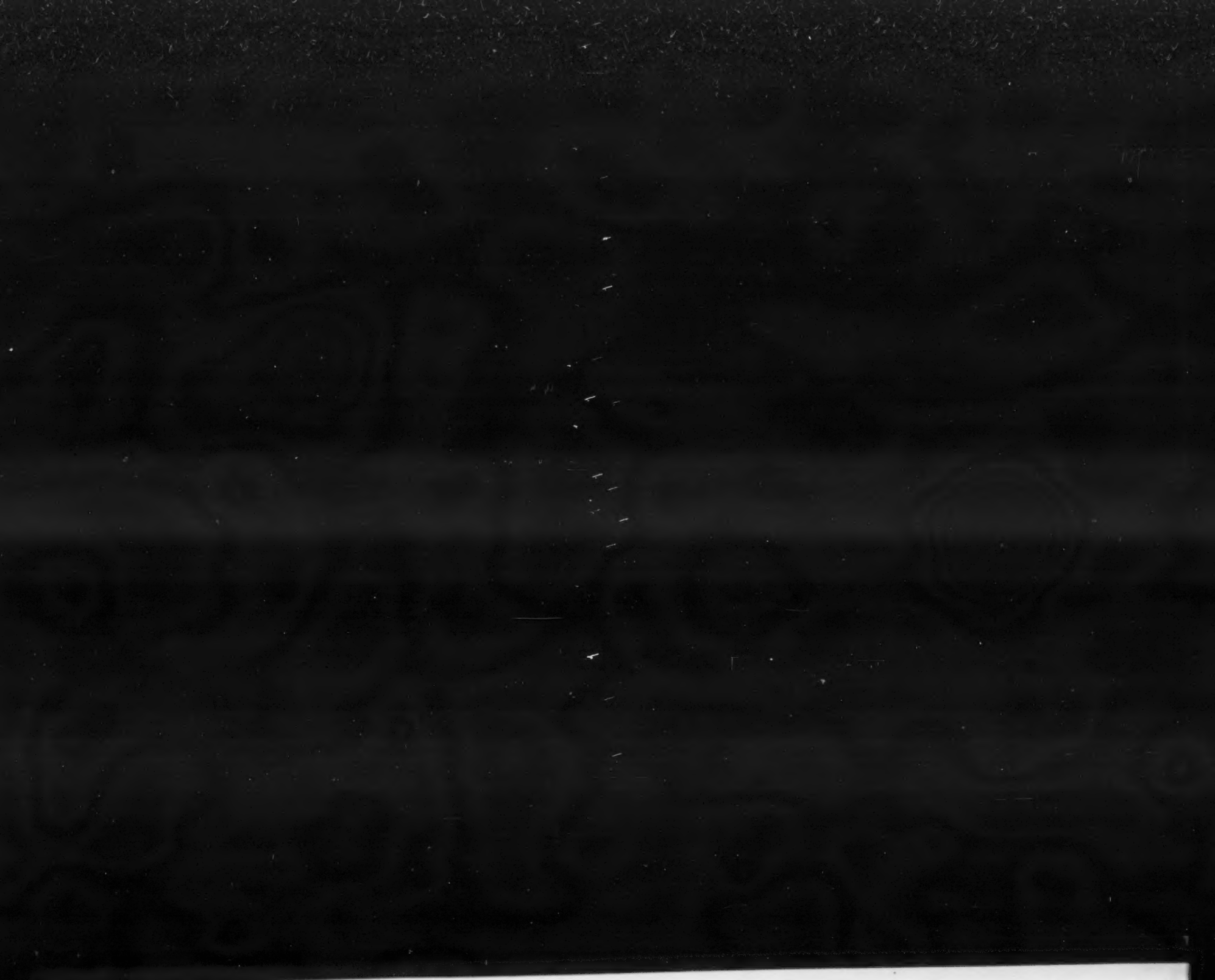
Naturally, I do not believe that the duties on all of these commodities will be reduced. But so far as this measure defines the powers of action, it is well within the possibility of future action that the individual producers of many of these commodities may some morning discover that the President has given his approval to negotiations, worked out by his assistants, reducing the tariff duties on some of these commodities. We will have to explain to these producers and manufacturers why we were willing to vote approval of a measure which because of its lack of a yardstick has left them in a position of false security. I cannot reconcile my thinking along these lines to support the delegation of such autocratic powers to a handful of men, who, even with the best of intentions, cannot be expected to have the intimate knowledge and background that is essential to anything approaching a judicial conclusion on such matters.

There should be no misunderstanding about my reference to the tabulation covering industries for which the imports represent less than 5 percent of domestic production. This is only one of many tests that might be applied in negotiating reciprocal tariff agreements.

I do not want to seem to carry this argument to an absurd and extreme position, but I cannot see how it is reasonable to expect that the producers of commodities in those lines of activity which are dependent for their existence upon tariff protection can go ahead with plans for the future which involve any capital commitments when they realize that we have delegated, without stipulation of the tests that are to be applied, the authority to reduce their tariff duties by 50 percent. I doubt very much if a producer of an agricultural commodity which is also produced in South and Latin America, or if a manufacturer turning out a product which is also manufactured in some European country, or engaged in a lumbering operation with the competing product in Canada, would be willing to enter into any very considerable long-term contract for capital goods if there were a prospect that on the morrow the manufacturer or producer should rise to find that the protection afforded his industry had been cut in half.

There is one other element involved in our consideration of this reciprocal trade program which follows logically from the preceding observations. In all the reorganization of our institutions that we have undertaken in the last 12 months, there has been a pronounced tendency for the Government to assume an obligation to indemnify those who are penalized as the result of the reorganization program. The most conspicuous phase of this policy is to be found in the operation of the Agricultural Adjustment Act. According to a tabulation introduced into the RECORD of April 18, the estimated obligations for 1934 for agricultural rental and benefit payments amounted to in excess of $724,000,000, in addition to which there was another eighty-five million for the removal of surplus products. The estimate for 1935 amounts to slightly more than $700,000,000 for these two divisions. In the words of Secretary Wallace, it is "in essense a program of governmental adjustment payments to cooperating farmers, rewarding a cooperative adjustment of acreage pro rata, farm by farm." I do not quarrel with this procedure, but I would point out that there is a gross inconsistency between a program which calls for the retirement from production of agricultural acreage and the indemnification therefor to a program which calls for the wiping out of certain of the producing units without enlisting their cooperation and without any semblance of concern with the question of compensating these units. A farmer may reduce his acreage, and if he retires the surplus thereof, he receives through the processing tax a benefit; but a man who suffers a 50 percent reduction in his tariff receives no compensating benefit, and both policies work to the same end.

We are asked under this reciprocal-tariff program to authorize the sacrifice of many such units, and we are told that the only way that this program may be effectively followed out is under a procedure which denies these units any of what have long been accepted as constitutional and moral obligations, and we are asked to approve of these sacrifices in advance under circumstances which would deprive all those associated with the units that are sacrificed of any compensation or redress. I cannot see how under



the circumstances any one of us who regards his position here as a position of trust can give his approval to such a bill.

Mr. President, I have attempted in the latter part of the remarks which I have made to confine my observations to that portion of the tariff bill which the Senate Finance Committee thinks gives adequate notice to those who are to be affected by the lowering of tariff rates.

EXHIBIT A

STATEMENT OF FRED BRENCKMAN, WASHINGTON REPRESENTATIVE, NATIONAL GRANGE, BEFORE THE SENATE FINANCE COMMITTEE, ON RECIPROCAL TRADE AGREEMENTS, MAY 1, 1934

Everybody recognizes the good intentions of the administration in asking for the enactment of H.R. 8687, the bill which is before you. The declared purpose of this bill is to expand foreign markets for the products of the United States. Under present circumstances this purpose cannot be accomplished without admitting to the United States imports in exchange for our exports in connection with any reciprocal trade agreement which may be negotiated with any country under the terms outlined in the bill.

It is only too true that the figures representing our foreign trade have shrunk to pitiable proportions during recent years as compared with the impressive totals which prevailed for the years up to 1929. According to the Statistical Abstract of the United States, during the year 1929 our total exports, excluding those to Territories and possessions of the United States, amounted to $5,147,000,000, while our imports, with those from our Territories and possessions excluded, amounted to $4,251,000,000. By 1932 our exports had dropped to $1,562,000,000 and our imports were $1,229,000,000.

In considering the reduced volume of our foreign trade, it is, of course, necessary to take into consideration the fact that the whole world is now on a lower price level than it was in 1929. The decrease in actual tonnage, therefore, is not as great as the figures I have cited might indicate. It is likewise interesting to observe that the falling off of our imports has been in about the same proportion as between the free list and the dutiable list.

If it be contended that excessive rates in the present tariff act are responsible for the falling off in the volume of our foreign trade, why has the present administration not done anything to lower such rates under the flexible proviso? Only four changes in tariff rates have been made during the past year. Two of these changes were downward revisions and two were upward. The tariff on hay and manure forks was reduced from 8 cents each and 45 percent ad valorem to 4 cents each and 22½ percent ad valorem. Other agricultural forks, hoes, and rakes, and parts thereof were reduced from 30 percent to 15 percent ad valorem. The tariff on tuna fish packed in oil was increased from 30 percent to 45 percent, while the rate on certain other fish was increased from 30 percent to 44 percent ad valorem.

Since the surplus problem has been one of the most difficult with which agriculture has had to deal in recent years, it naturally follows that the farmers of the United States are eager to find an export market for their products, provided the home market is not sacrificed in bringing this about. However, we cannot overlook the fact that the home market is all important to American agriculture. The best market for American farm products and, in the case of many crops, the only market, is to be found in the United States.

One of the cardinal principles in the tariff policy of the National Grange reads as follows:

"So long as the American protective policy is maintained, we favor such rates of import duty as will insure the American market to the American farmer upon farm commodities which can be produced advantageously in any part of our country."

Among the objections to the pending bill are:

1. As it is now written, that feature of the measure which authorizes the President to proclaim modifications of existing duties and other import restrictions is so sweeping that it would be possible to bring cattle into this country having the foot-and-mouth disease. It would also make it possible to set aside the Lenroot-Taber Milk Act, providing that imported milk must conform to the same sanitary requirements as are in force domestically. That provision of the present revenue bill which imposes an excise tax upon certain imported oils could be voided, the antidumping laws could be suspended, and convict-made goods could be imported into the country under the present wording of the bill. "Import restrictions" enter into all these matters.

2. Our whole recovery program aims to raise the American price level above the world level. For the time being, at least, everybody seems to approve of that. Under the N.R.A. we have adopted the 40-hour week in industry; there is a possibility that before Congress adjourns legislation may be enacted making the 30-hour week mandatory in industry; and we have abolished child labor. Naturally all this increases our cost of production. It follows, therefore, that we must have proper protection, or American producers would speedily be deprived of their own market by a flood of imports from abroad. When I say proper protection, I do not mean the kind of protection that breeds monopoly, enriching the few at the expense of the many.

3. Everybody agrees that tariff tinkering unsettles business and creates uncertainties. That is true even when the tinkering is done in the open and everybody knows what is going on. The more secrecy there would be in negotiating reciprocal trade arrangements, the greater would be the uncertainty. It would seem that the bill should make provision for public hearings before agreements are consummated.

4. The bill provides that after a trade agreement has been negotiated, section 336 of the tariff act shall become inoperative so far as the commodity covered by any particular agreement is concerned. This means that regardless of how conditions might change, necessitating lowering or raising of tariff rates, it would be impossible to make any changes.

5. While the bill is to be in force for only 3 years, the prospects are, if it is passed, the people will never regain the power they now have to frame their own tariff laws.

6. Since the Presidency is a man-killing job, and the President cannot possibly give his personal attention to more than a small fraction of the matters already devolving upon him, he would necessarily have to delegate to others the functions of negotiating tariff treaties. This means that the power to make reciprocal trade agreements would largely be delegated to the Department of State or some other agency of the Government. The danger is that under these circumstances the needs and wants of our farmers might be subordinated to questions involving international relationships.

I have received a telegram from the Idaho State Grange expressing dissatisfaction with this bill. It reads as follows:

"Idaho Grange protests passage of the tariff bill without the right of public hearing. Star-chamber proceedings do not please us. We demand the right to protest. Please take this up with our Senators and register our Grange against such a bill."

The telegram is signed by Ray McKaig, chairman of the legislative committee of the Idaho State Grange, and by W. W. Deal, master. I also have a telegram from Ray W. Gill, master of the Oregon State Grange, who is against the bill. George Sehlmeyer, master of the California State Grange, told me personally that he objects to the measure.

Mr. McNARY. Mr. President, I do not desire to continue further this afternoon. I had to prepare hurriedly the remarks which I have made; other Senators will follow; and I am going now to ask the able Senator from Arkansas [Mr. ROBINSON], in view of the absence of some of the members of the Finance Committee, who are unable to be present today, if he will be willing at this time to have the tariff bill laid aside and to proceed with the Calendar or take a recess for the day?

Mr. ROBINSON of Arkansas. Mr. President, I do not feel that that course can be consistently taken. This bill has been pending on the calendar now for a long time. It was reported on May 2, and some days ago I was asked to consent to an arrangement to refrain from taking up the bill until today, with the assurance that we might then proceed to its consideration and disposition. Under the circumstances, I am reluctant to consent to a delay, since every Senator has known for some time that the bill would be proceeded with today.

I cannot understand why those who are especially interested in the measure are not ready to present their views and such suggestions as they may desire to make with regard to the proposed legislation. I regret not to be able to respond to the request of the Senator from Oregon, but it occurs to me that we might proceed with the amendments to the bill, and at least dispose of them before considering a proposal to defer action.

Mr. HARRISON rose.

Mr. ROBINSON of Arkansas. I yield to the Senator from Mississippi.

Mr. HARRISON. Mr. President, of course, the desire of the Senator from Arkansas [Mr. ROBINSON] and of every Senator on this side is to reach a conclusion on the pending bill as soon as we can. I think that the final adjournment of Congress almost depends upon the conclusion reached in the consideration of this measure. Would the Senator from Oregon agree that at a certain time debate be limited upon the bill and on all amendments thereto, so that we may contemplate a certain time and thus expedite its passage?

Mr. McNARY. Of course, I would not agree to that. The measure has been only briefly and cursorily presented today, outside of the speech of the able Senator from Mississippi.

Mr. HARRISON. And outside the speech of the able Senator from Oregon.

Mr. McNARY. But I am not pleading for myself, and I want to assure the Senator from Arkansas and the Senator from Mississippi that I want to cooperate and not to cause delay. I think I have shown that to be my attitude during

this entire session of the Congress. We want, however, full consideration, adequate presentation, and a thorough study of the problems involved in the pending measure. Unfortunately, three members of the Finance Committee, who had much of this matter in hand, are out of the city today. The Senator from Pennsylvania [Mr. REED] is necessarily detained on account of personal matters, the Senator from Delaware [Mr. HASTINGS] was called to New York, and the Senator from West Virginia [Mr. HATFIELD] was called to his home. I am willing to suggest the absence of a quorum and ascertain if any Senator is willing to go forward. If not, I then appeal with confidence to the Senator from Mississippi to permit the Senate to recess until tomorrow. In order to be exceedingly fair in the matter, I will now suggest the absence of a quorum and make a survey of the situation.

Mr. BORAH. Mr. President, there is one phase of this matter that I am willing to go forward with and discuss.

Mr. McNARY. Very well. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). The absence of a quorum is suggested.

Mr. BORAH. I do not yield for that purpose, Mr. President.

Mr. McNARY. Very well, I withdraw the suggestion.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a joint resolution (H.J.Res. 345) to provide funds to enable the Secretary of Agriculture to carry out the purposes of the acts approved April 21, 1934, and April 7, 1934, relating, respectively, to cotton and to cattle and dairy products, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House had concurred in Senate Concurrent Resolution No. 16, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate is authorized and directed, in the enrollment of the bill (S. 2845) entitled "An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property", to strike out "1929" where it appears in section 7 thereof and insert in lieu thereof "1919."

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 258. An act for the relief of Wallace E. Ordway;

S. 1982. An act to add certain lands to the Mount Hood National Forest in the State of Oregon;

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal, penal, and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System;

S. 3364. An act for the relief of G. T. Fleming;

H.R. 211. An act for the relief of John A. Rapelye;

H.R. 276. An act to authorize the placing of a bronze tablet bearing a replica of the Congressional Medal of Honor upon the grave of the late Brig. Gen. Robert H. Dunlap, United States Marine Corps, in the Arlington National Cemetery, Va.;

H.R. 328. An act for the relief of E. W. Gillespie;

H.R. 473. An act for the relief of Irene Brand Alper;

H.R. 916. An act for the relief of C. A. Dickson;

H.R. 1197. An act for the relief of Glenna F. Kelley;

H.R. 1211. An act for the relief of R. Gilbertsen;

H.R. 1212. An act for the relief of Marie Toenberg;

H.R. 4516. An act for the relief of B. Edward Westwood;

H.R. 4533. An act for the relief of the widow of D. W. Tanner for expense of purchasing an artificial limb;

H.R. 4973. An act for the relief of G. C. Vandover;

H.R. 5284. An act for the relief of the Playa de Flor Land & Improvement Co.;

H.R. 5405. An act for the relief of Nicola Valerio; and

H.R. 5950. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

HOUSE BILL AND JOINT RESOLUTION REFERRED

The following bill and joint resolution were each read twice by their titles and referred as indicated below:

H.R. 8700. An act to establish a Code of Laws for the Canal Zone, and for other purposes; to the Committee on Interoceanic Canals.

H.J.Res. 345. Joint resolution to provide funds to enable the Secretary of Agriculture to carry out the purposes of the acts approved April 21, 1934, and April 7, 1934, relating, respectively, to cotton and to cattle and dairy products, and for other purposes; to the Committee on Appropriations.

LEGISLATIVE APPROPRIATIONS

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives relative to certain amendments of the Senate to the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES,
April 24, 1934.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 7, 8, 9, 10, 11, 13, 17, and 30 to the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, and concur therein.

That the House recede from its disagreement to the amendment of the Senate numbered 12 to said bill and concur therein with the following amendment:

In lieu of the sum proposed to be inserted by said amendment insert "$443,610."

That the House recede from its disagreement to the amendment of the Senate numbered 16 to said bill and concur therein with the following amendment:

In lieu of the sum proposed to be inserted by said amendment insert "$212,772."

That the House insist upon its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, and 15 to said bill.

Mr. TYDINGS. I move that the Senate disagree to the amendments of the House to the amendments of the Senate numbered 12 and 16 to the bill, further insist on the Senate amendments numbered 1, 2, 3, 4, 5, 6, and 15, and request a further conference with the House on the disagreeing votes of the two Houses on the amendments still in disagreement.

The motion was agreed to; and the Presiding Officer appointed Mr. TYDINGS, Mr. BYRNES, Mr. COOLIDGE, Mr. HALE, and Mr. TOWNSEND conferees on the part of the Senate at the further conference.

RECIPROCAL TARIFF AGREEMENTS

The Senate resumed the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

Mr. BORAH. Mr. President, it is probable that the constitutional question which I believe to be presented by this measure will not be the determining factor in the disposition of the measure. It may be that a majority of the Senate will conclude that economic reasons should be controlling. However that may be, I am not willing—in fact, I am quite unwilling—that the RECORD shall be silent as to the constitutional problem involved. I look upon it as controlling. There are other reasons why I could not support the measure. But the constitutional question transcends all others in importance.

It seems to me the bill runs counter to the plain provisions of the Constitution. I therefore beg the indulgence

of my colleagues while I discuss the bill in the light of these constitutional provisions.

There is no subject in which the people have or could have a greater interest than that of where the taxing power of government should rest and how and under what circumstances it may be exercised. The subject of taxation and where the taxing power should rest has always been an important question and sometimes a burning theme throughout the story of Anglo-Saxon civilization. Civil strife has sometimes ensued in the settlement of this problem, and dynasties have fallen and kings have been beheaded.

These things were fresh in the minds of the builders of our Government. They left nothing in doubt on this subject. The plain provisions of the Constitution place this power where it had been placed through centuries of strife and bloodshed, to wit, with the Parliaments or in the Congress. That is where it should remain in all its fullness, in all its integrity, in no wise to be compromised or surrendered.

Much has been said in popular discussion, and something was said this morning upon the floor with reference to the fact that an emergency exists and that this measure is to meet an emergency. I do not controvert the fact that an economic emergency exists and may exist for some time to come, but I do contend that, so far as the constitutional question is concerned, we may put aside the suggestion as to an emergency. If the Congress has power under the Constitution to pass this kind of a measure, then there may be an emergency justifying its passage; but the existence of an emergency throws no light whatever upon the constitutional question; an emergency, in other words, does not add to or take from the power of Congress under the Constitution.

There has grown up in recent years, both from popular discussion and even from language used by the courts, a view to the effect that an emergency has an expanding power, as it were, upon the Constitution of the United States. An emergency adds nothing to and takes nothing from the Constitution. It is the same at all times and under all circumstances, except as it may be changed by the people in the manner pointed out in the Constitution itself. We ought to eliminate that question before we proceed to discuss the constitutional question. I think it is disposed of by the Supreme Court in one of its latest decisions, where it said:

> Emergency does not create power. Emergency does not increase granted power or remove or diminish the restrictions imposed upon power granted or reserved. The Constitution was adopted in a period of grave emergency. Its grants of power to the Federal Government and its limitations of the power of the States were determined in the light of emergency, and they are not altered by emergency. What power was thus granted and what limitations were thus imposed are questions which have always been, and always will be, the subject of close examination under our constitutional system.
>
> While emergency does not create power, emergency may furnish the occasion for the exercise of power. Although an emergency may not call into life a power which has never lived, nevertheless, emergency may afford a reason for the exertion of a living power already enjoyed. The constitutional question presented in the light of an emergency is whether the power possessed embraces the particular exercise of it in response to particular conditions. Thus the war power of the Federal Government is not created by the emergency of war but it is a power given to meet that emergency. It is a power to wage war successfully, and thus it permits the harnessing of the entire energies of the people in a supreme cooperative effort to preserve the Nation. But even the war power does not remove constitutional limitations in safeguarding essential liberties. When the provisions of the Constitution, in grant or restriction, are specific, so particularized as not to admit of construction, no question is presented.

In other words, as I understand the Supreme Court, an emergency can do nothing more than to call into exercise some power found in the Constitution but which may not hitherto have been exercised. But the power must be found in the Constitution. So plain and self-evident a principle of constitutional law would not need to be stated were it not for the loose language and confused thought so often found in discussions at this time on this subject.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Virginia?

Mr. BORAH. I yield.

Mr. GLASS. But in the Minnesota case the Supreme Court called into exercise a specific prohibition of the Constitution against the right to impair the obligation of contracts.

Mr. BORAH. I would not undertake to defend the Minnesota case. Great as is the respect I have for that high tribunal, I am unable to agree with its decision in that case. The Senator will be interested to know I was reading from the Minnesota case with reference to emergency power.

Mr. GLASS. Yes; I knew that, and I should be more interested to have the Senator read the dissenting opinion of Mr. Justice Sutherland.

Mr. BORAH. The dissenting opinion confirms the position which I am taking today. I also find ample support of the position which I am taking in the majority opinion until the Court reaches the point where it decides the case. I have difficulty in following the application of the principle by which the Court reached its conclusions.

Mr. GLASS. In other words, the Supreme Court argues against the right to exercise the power which it ultimately exercises.

Mr. BORAH. As was said by the able Senator from Arkansas [Mr. ROBINSON] a few days ago, it is difficult to know just how the Court reconciled the declaration that an emergency gives no power with the declaration at the conclusion of the opinion. But that difficulty is one which I am not going to undertake to adjust today. I do not think I shall ever assume that task.

Mr. President, may we not properly enter upon the discussion of this matter, so far as the constitutional question is concerned, precisely as if no emergency existed? There may be an economic emergency, there may be a reason for trying to build up international trade—and I think there is—but the question of whether we have the power to do what is provided for in the pending bill must be determined wholly free from the question of any economic emergency.

There has been a supposition undoubtedly entertained by many people that an emergency, somewhat like the midnight hags upon the blasted heath tormenting the soul of Macbeth, can call up power from the unknown deep of the Constitution that is desired for any particular occasion. But we must come back to the undoubted fundamental principle that when we are searching for constitutional power an emergency has absolutely nothing to do with the question of whether the power exists.

Mr. President, if that be a correct principle—and I think it is from the decisions of the Court itself—what are the provisions of the Constitution which we ought to consider in connection with the bill? First, let us consider the treaty-making power. "He", the President, "shall have the power, by and with the advice and consent of the Senate, to make treaties, provided two thirds of the Senators present concur."

I ask, What is the agreement which is to be finally executed or agreed upon between two sovereign Nations, the United States and France, or the United States and Great Britain, or the United States and Germany? Is it not under all definitions a treaty? The Supreme Court has said that a treaty is a compact between sovereign powers. If this agreement is made, it binds the United States. It binds every citizen of the United States. It is the law of the land. It meets every essential and every attribute that appertains to a treaty.

If the President were making an agreement with an industry in Germany or in Italy, with individuals who were engaged in shipping goods into this country, that would be an Executive agreement; but when he makes an agreement with France to control her imports into this country, under all tests of what constitutes a treaty, that becomes a treaty. It is binding upon France, binding upon the United States, binding upon all the citizens of the United States, and is the law of the United States. Any citizen violating it would be subject to punishment under the general statutes of the

United States appertaining to the violation of treaties the same as if he violated a treaty between this country and Cuba with reference to sugar. There is no essential element of the agreement here to be made which would not be found if it were called a treaty or an agreement.

In my opinion, we are squarely presented with the question of whether we can authorize the President of the United States to make an agreement or a treaty between this country and Great Britain. Can we delegate the power to make a treaty? What else have we to delegate on the subject? Can we delegate the power to enter into a compact with France without the ratification of the Senate? Yet that is precisely what is proposed. Can we by calling it an agreement, but give it all the attributes, qualities, and conditions of a treaty, escape this provision of the Constitution? Looking through terms to the substance of the thing to be negotiated, it is a treaty. If it is not a treaty, no industry would be found to observe it should it conflict with its interest. But it is to have all the force, binding effect, and dignity of a treaty, for it is to bind governments and citizens alike.

The able Senator from Mississippi [Mr. HARRISON] said today the Kasson Treaties were rejected. Therefore he argued it is necessary to permit that to be done which the Kasson treaties did do in order that we make speed, in order that we may know what we desire to do will be accomplished. In other words, the very argument in support of the proposition presented by those who are supporting it concedes that it is a binding compact between those nations and the United States.

Secondly, article 1, section 8, clause 1, of the Constitution provides that "the Congress shall have the power to lay and collect taxes, duties, imposts, and excises." I do not believe it will be seriously contended that the laying of a duty or the increasing of a duty or the lowering of a duty is not dealing with the tax question. I have always felt and I have always contended that when we enact a tariff law we are taxing the people of the United States; we are imposing a tax. It may be that it is in interest of the Nation as a whole, taking into consideration wages, standard of living, and so forth, that it is wise to impose the duty, but it is a tax.

Mr. HARRISON. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Mississippi?

Mr. BORAH. I yield.

Mr. HARRISON. How does the Senator reconcile the view he is now expressing with the decision in Field against Clark, wherein, in construing one of the sections of the McKinley Act where the agreement did not come back to Congress, the court upheld the constitutionality of the act?

Mr. BORAH. If the Senator will permit me, I have that on my desk to discuss a little later.

Mr. HARRISON. Very well.

Mr. BORAH. I cannot escape the belief that we are dealing with the tax question when we are making tariffs. I remember that the able gentleman who regularly presides over this body—a straight thinker and a straight talker—declared, when the flexible tariff bill was before the House of Representatives, that it unquestionably delegated the taxing power. I agreed with him then. I cannot escape that conviction now. We are giving the Executive the power to increase or decrease any duties which may now be found in the law of the United States. He may impose a higher duty; he may reduce a duty; but he is all the time dealing with the taxing power—a power which was given exclusively to the Congress of the United States.

The fathers were so careful with reference to the taxing power that they provided that all tax bills should originate in the House whose Members the people have an opportunity to select every 2 years. The fathers not only provided that the taxing power should belong to the Congress, but they were careful to provide that tax measures should originate only in the body which most often responds to the people of the United States; and that was in exact accord with the history of taxation from the time of John Hampden down to the adoption of our Constitution. One king had lost his head, and one had lost his crown, by trying to take away from the parliament, from the law-making body, those who represented directly the people, any part or parcel of the taxing power.

So it was not a mere question of judgment as to how the Constitution should operate in the future. The fathers knew what the history of the past was, and they desired to incorporate in the Constitution a provision which would always hold the taxing power with the House of Representatives.

I pause long enough to say that I trust those who hear me will understand that no part of the view I am expressing has anything to do with any doubt on my part of the ability or the high purpose of the President of the United States. The view which I now express I urged as strongly as I could when the flexible tariff was before the Senate of the United States. In other words, I hold the settled conviction, formed after the best possible study I could bring to the subject through years of experience, that the taxing power in its integrity and its fullness should belong to those who are directly responsible in the different districts of the United States where the people can ask for a hearing and be heard at almost any time they choose.

Again, the Constitution provides:

> All legislative powers herein granted shall be vested in a Congress of the United States.

Is not the making of a tariff a legislative power? Has it not been so since the hour when the Constitution was framed? Has there ever been a time when we did not regard the fact of establishing a rate as the exercise of discretion, the exercise of judgment, the selection of facts, all of which constitute the exercise of legislative power? Yet here we are proposing to leave to the Executive entire discretion, entire judgment to select his own facts, to discard what facts he desires, to pass upon the matter exactly as you and I would pass upon it if we were passing a measure here.

The taxing power, the treaty-making power, the legislative power, are all involved in this bill.

There is still another provision which seems to me equally involved, and that is that the Congress shall have power to regulate commerce with foreign nations.

The able speech of the Senator from Mississippi today was addressed to the proposition of increasing or decreasing or regulating commerce with foreign nations. The very object and purpose of this bill is to impress upon international commerce our will, our desire, if it is possible to do so; either to increase it, decrease it, augment it, or diminish it. That is the supreme purpose of the measure—first, to make a treaty; second, to lay a tax; third, to regulate commerce.

Mr. President, may I ask: Why is this bill here? Why is this measure before Congress asking for power? If the President had the power, of course, it would not be here. He comes here and asks for power. What is the power for which he asks? He could not ask for something which we do not have. He can only ask for something we do have. All in the world we have to give him is either treaty-making power or legislative power, because that is all we possess on this subject.

If this were a mere Executive agreement, the President could make it without the consent of Congress; but when he reaches beyond that and makes a treaty he must come to Congress and ask for power. What does he ask for? He asks for power which we have, and that is the treaty-making power. We cannot part with something we have not, and we cannot give him something we have not. We can only give him the treaty-making power or the legislative power. They are the only two powers we have to grant. He would not be here asking for this power if it were not necessary for him to have something that we possess as a legislative body. He would not be here asking for the power to fix tariff rates if he had any power to do it without our action, and the very fact that he asks for the power is conclusive proof that it must be legislative power, because we are a legislative body, and have nothing to confer except legislative or treaty-making power.

Mr. President, the able Senator from Mississippi referred today to certain precedents which I now desire to examine. Let us take the one which he mentioned a moment ago—

the act of 1890—which was construed by the Supreme Court of the United States in the case of Field against Clark, in One Hundred and Forty-third United States Reports.

What was the act which the Court construed, and upon what principle did it base its decision? I not only contend that that decision does not support this bill, but I shall earnestly contend that it is in direct conflict with the terms of this bill, for the reason that the decision was based upon a principle which the Court said was necessary for the validity of the measure then under review, which principle is not found in this bill.

The act of 1890 provided for the free introduction into the United States of certain articles, such as sugar, coffee, tea, and so forth. The act itself provided that they should come in free. It further provided that if the President should ascertain that the countries exporting those articles were laying duties upon our products which were nonreciprocal, he should do what? Make different tariff rates, as provided in this bill? Certainly not. He should have power by proclamation to suspend the free clause, and the Congress itself provided the duties which should be imposed when that suspension took place.

The law was complete within itself. It provided, first, for free trade on these subjects; secondly, it provided for the duties which should obtain in case the President ascertained a certain fact and issued a proclamation. It was upon that principle that the Supreme Court based its opinion.

It will be seen that under the act of 1890 the President was to fix no rates. He was not given power to fix rates of any kind. The law provided that certain provisions of it were to be suspended when the President should ascertain that the countries from which these articles came had imposed nonreciprocal duties. Upon his ascertaining the fact that certain duties had been imposed by foreign countries, the Congress authorized him to issue a proclamation.

Let us now read from the decision to which I have been referring. I read from page 692 of One Hundred and Forty-third United States Reports:

> That the Congress cannot delegate legislative power to the President is a principle universally recognized as vital to the integrity and maintenance of the system of government ordained by the Constitution. The act of October 1, 1890, in the particular under consideration, is not inconsistent with that principle. It does not, in any real sense, invest the President with the power of legislation. For the purpose of securing reciprocal trade with countries producing and exporting sugar, molasses, coffee, tea, and hides, Congress itself determined that the provisions of the act of October 1, 1890, permitting the free introduction of such articles, should be suspended as to any country producing and exporting them, that imposed exactions and duties on the agricultural and other products of the United States, which the President deemed, that is, which he found to be reciprocally unequal and unreasonable. Congress itself prescribed, in advance, the duties to be levied, collected, and paid, on sugar, molasses, coffee, tea, or hides, produced by or exported from such designated country, while the suspension lasted. Nothing involving the expediency or just operation of such legislation was left to the determination of the President.

I venture to say that the whole question of expediency here is left to the President. The question as to whether he shall make a particular agreement covering particular duties, establishing a particular rate, is wholly and completely within his discretion. He may fix the rates. Here he could not.

Again I read from the decision:

> As the suspension was absolutely required when the President ascertained the existence of a particular fact, it cannot be said that in ascertaining that fact and in issuing his proclamation, in obedience to the legislative will, he exercised the function of making laws.
>
> Legislative power was exercised when Congress declared that the suspension should take effect upon a named contingency. What the President was required to do was simply in execution of the act of Congress. It was not the making of law. He was the mere agent of the lawmaking department to ascertain and declare the event upon which its expressed will was to take effect. It was a part of the law itself as it left the hands of Congress that the provisions, full and complete in themselves, permitting the free introduction of sugars, molasses, coffee, tea, and hides from particular countries shall be suspended in a given contingency, and that in case of such suspensions certain duties shall be imposed.

The whole question of the rate-making power, of establishing duties, of fixing rates, was retained by Congress, and the Supreme Court held that, in view of the fact that the Congress had fixed the rates, that completed the law and left to the President the ascertainment of a fact in the proclamation issued, but that that of itself did not constitute legislation.

Is there anything of that kind in this measure? As I read the bill, the President is authorized, first, to enter into foreign-trade agreements with foreign governments or instrumentalities thereof. There is no limitation.

> (2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign-trade agreements.

Whatever rate he fixes is the rate which, in his discretion, he thinks ought to be fixed.

In this decision the court left nothing to the President as a discretion with reference to rates.

Mr. LONG. Mr. President, I do not desire to interrupt the Senator if he does not want to be interrupted, but I have a question I should like to ask.

Mr. BORAH. I should like to finish first, and then I will answer any question.

Mr. LONG. Very well.

Mr. BORAH. Let me say, in passing, that there is no place to be found in any of the tariff legislation which I have been able to investigate where the President has ever been given power to fix tariff rates through agreements with foreign nations.

We come now to the act of 1922, which was construed by the Supreme Court of the United States in a case reported in Two Hundred and Seventy-sixth United States Reports, page 394. I should premise what I have to say in regard to that decision by the statement that I cannot reconcile my view of constitutional law with the decision. I may discuss that a little later, though it is not really pertinent.

Mr. HARRISON. That is the Hampton case, is it?

Mr. BORAH. That is the Hampton case. In that decision the court still stressed the fact that there must be a rule announced by the Congress to govern the President in fixing rates. It cannot be considered as a decision in support of this measure, however much I or others may disagree with the decision itself.

The pertinent question is, does it sustain the bill now before the Senate? Let us see what the Supreme Court said on that question. I read beginning with page 407 in Two Hundred and Seventy-sixth United States Reports. Said the Supreme Court:

> "The true distinction, therefore, is between the delegation of power to make the law, which necessarily involves a discretion as to what it shall be, and conferring an authority or discretion as to its execution, to be exercised under and in pursuance of the law. The first cannot be done; to the latter no valid objection can be made." (See also *Moers* v. *Reading*, 21 Penn. St. 188, 202; *Locke's Appeal*, 72 Penn. St. 491, 498.)
>
> Again, one of the great functions conferred on Congress by the Federal Constitution is the regulation of interstate commerce and rates to be exacted by interstate carriers for the passenger and merchandise traffic. * * *
>
> It is conceded by counsel that Congress may use executive officers in the application and enforcement of a policy declared in law by Congress, and authorize such officers in the application of the congressional declaration to enforce it by regulation equivalent to law. But it is said that this never has been permitted to be done where Congress has exercised the power to levy taxes and fix customs duties. The authorities make no such distinction. The same principle that permits Congress to exercise its rate-making power in interstate commerce, by declaring the rule which shall prevail in the legislative fixing of rates, and enables it to remit to a rate-making body created in accordance with its provisions the fixing of such rates, justifies a similar provision for the fixing of customs duties on imported merchandise. If Congress shall lay down by legislative act an intelligible principle to which the person or body authorized to fix such rates is directed to conform, such legislative action is not a forbidden declaration of legislative power.

The Court then cites the case of Field against Clark. If the Congress shall lay down an intelligible principle to guide or control the Executive in fixing the rates, then, says this decision, the delegation of power does not apply.

Where is the rule? What principle—what rule is provided for in the bill to which the President must adhere

in fixing these rates? When he enters into one of these treaties, must the rates be in accord with the theory of cost of production at home and abroad? The bill does not say so. Must it be in accord with some other rule? The bill does not say so. These rates may be in accord with any principle which the President chooses to accept. And therein is the fatal defect of this bill.

Mr. HARRISON. Mr. President, will the Senator yield to me?

Mr. BORAH. I yield.

Mr. HARRISON. We thought we had fixed the rule in order to come under that decision. On page 2 of the bill the Senator will see, in line 10, after giving the background, that the bill provides:

The President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States—

The Senator will note that in the bill as it passed the House they had the word "or." We have strengthened it by changing the "or" to "and"—

and that the purpose above declared will be promoted by the means hereinafter specified.

Of course, "the purpose above declared" is the purpose set out. We thought we had fixed the rule.

Mr. BORAH. It is my opinion that the fixing took place in the wrong place in the bill. The Senator fixed the condition upon which the President could assume to exercise the power, but no rule is given by which the President would be controlled in the exercise of the power, and that is the test. The committee laid down no rule in this measure which would control the President in any way whatever in fixing tariff rates between this country and other countries.

It is true that it is said that if the President finds as a fact that interstate commerce is burdened, he may act. How act? At his own discretion, at his own will, according to his own judgment. There is no rule whatever to guide him. So I say that while the Senator has carefully brought himself within the decision of the Supreme Court where he would authorize the President to suspend a rate, the Senator was dealing with Field against Clark, where the President was given no power whatever to make rates. They said that if he found as a fact that the tariff rates were nonreciprocal, he could do what? Not fix rates, as is provided in this bill, but that he could suspend rates which the Congress had fixed, and then such rates as the Congress had fixed would go into effect.

Mr. President, I do not believe that the committee has brought itself at all within the provisions of either the Clark case or the Hampton case, and God knows the Hampton case is bad enough. I think the opinion delivered in the Hampton case certainly goes as far as anyone could want to go if we are to have any constitution at all.

It is said in that case that if Congress lays down an intelligible principle, so-and-so shall be done. An intelligible principle? Suppose Congress should pass a law providing that we desired to have all tariff rates fixed upon the principle of a tariff for revenue only. That would be an intelligible principle, would it not?

Yet under this decision the President could fix all tariff rates after that rule was laid down. Certainly it is not desired to go further than that. And in this case it does go further, because it leaves no rule of principle whatever to guide the President in fixing the rate.

Mr. President, the old case which passed upon the embargo laws has been referred to. That is a case which I think was decided in 1813. I do not believe that it can have any real relevancy to this bill for this reason. In 1809, as I recall, Congress passed an act declaring an embargo against all goods coming from France or England. That act was passed because of the fact that both France and England had engaged in what were called nonneutral or unneutral acts. They had issued edicts and orders in council which affected trade with the United States. It was Mr. Jefferson's idea, followed by his successor, that the way to deal with that subject was to have no trade with them whatever. So Congress passed a law prohibiting all importations from those countries.

That law served out its time; but in 1810—I believe the year was, but I will not be sure as to dates—Congress reenacted the law, that is, simply passed a provision to the effect that it be extended to a certain time—and it was provided in the law that if the President ascertained the fact that either France or England had canceled its nonneutral acts, he should suspend the law and trade should go on as before. But he had nothing to do with fixing and controlling trade. He was simply authorized, upon ascertaining the fact that the orders in council had been revoked, or the edict of Nantes had been revoked, that the law which had been passed should be suspended. The case of Field against Clark came within that case.

I do not find, Mr. President, any decision of the court, which seems to me, speaking with great respect for those who framed this bill to come either within Field against Clark or the Hampton case. I can find no rule, no principle, in this bill controlling or guiding the President in what rates he shall fix.

In the Hampton case Congress undertook to say that the rule should be the difference between the cost of production at home and abroad. That is not the rule here. It is not in this bill. There is no rule here. Of course he would not, but he might say that "I will give them advantage on the question of the cost of production abroad."

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. As an initial proposition, before the decision in the flexible-tariff case, I think that doubt might have arisen in anyone's mind as to whether this bill constituted a delegation of legislative authority; but I point out now that the rule for the guidance of the agent of Congress, the Chief Executive, in the revision of rates or changes of rates which he was empowered to make was no more definite in that case than it is in this case. The pending bill provides that—

Whenever he—

The President—

finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified—

He—

is authorized from time to time—

And so forth.

That is the rule, as I understand it, laid down in this proposed statute, and it seems to me quite as definite as the rule laid down in the flexible-tariff case. The President is required to find certain facts; and when those facts are found, he is given the same power that was granted in the flexible-tariff case. It is true that this is not the identical rule that was employed in the flexible-tariff statute of 1922; but, in my judgment, it is also true that the rule in this case conforms to the precedents in that it defines what the President must do—the administrative acts that he must perform.

It is admitted, of course, that the power to make laws, the legislative power, cannot be granted to the Executive or to any other agent that the Congress might choose, but, in my view, this is not a delegation of legislative power. The President is not given authority to pass any law. He is merely required to perform certain administrative functions in conformity to a rule laid down by the Congress.

I thank the Senator for yielding.

Mr. BORAH. I quite agree with the Senator from Arkansas that the rule laid down in the Hampton case is very indefinite. I think it was a clear grant of legislative power. I think it so strongly that I do not desire to express any candid opinion of the case. But I differ with the Senator from Arkansas, however, upon the proposition as to the rule being announced in this bill with reference to fixing rates. While it is true that the rule passed upon in the Hampton case was a most general rule, yet it was a rule which had

reference to the fixing of rates. It was a rule which said that the President should establish rates in accordance with the principle of cost of production at home and abroad. Certainly that is a broad rule, but it did have some reference to the fixing of rates. It did not have reference to calling into power the action of the President. It had reference to controlling his power when it was exercised.

In the Hampton case the section reads:

SEC. 315 (a). That in order to regulate the foreign commerce of the United States, and to put into force and effect the policy of the Congress by this act intended, whenever the President, upon investigation of the differences in costs of production of articles wholly or in part the growth or product of the United States, and of like or similar articles wholly or in part the growth or product of competing foreign countries, shall find it thereby shown that the duties fixed in this act do not equalize the said differences in costs of production in the United States and the principal competing country he shall, by such investigation, ascertain said differences and determine and proclaim the changes in classifications or increases or decreases in any rate of duty provided in this act—

And so forth. In other words, the President was to ascertain, in order to fix his rate, the difference between the cost of production at home and abroad. He had an obligation circumscribed and controlled in the fixing of the amount of the rates. And upon that the Supreme Court based its decision. It seems to me that this bill does not at all undertake to control the President as to the amount of the rate, or as to what rule, whether the cost of production at home or abroad, or another, should obtain.

Mr. President, I conclude my remarks by reading from an old case of which I am very fond. It is the case of *Ex Parte Milligan*, found in 4 Wall. It arose out of the conditions which presented the most searching and awful emergency the country has ever known, and I pray that it may ever know. An emergency which involved the life of this blessed old Republic. It says:

The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men, at all times, and under all circumstances. No doctrine, involving more pernicious consequences, was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism, but the theory of necessity on which it is based is false; for the Government, within the Constitution, has all the powers granted to it, which are necessary to preserve its existence.

Mr. President, the people and the people alone may change the Constitution. Emergencies cannot do so. The terms and provisions of the Constitution—the very genius of the instrument itself can leave no one in doubt that it was made to deal with great national emergencies. Under it there is no want of power, no want of authority to enable a nation to meet and master all emergencies.

The Constitution was not the handiwork of men unschooled in practical affairs, of theorists and dreamers. It was written by men who all their lives had been compelled to look upon, to contend with, emergencies. It was framed at a time when the whole world was in turmoil and strife, when our own Colonies were contending with all those problems which spring from disordered finance, from overwhelming debts, from the absence of credit, and the complete breakdown of trade and commerce. A great and overwhelming emergency hovered about and threatened to engulf the whole vast adventure of free government in utter and everlasting ruin, even at the very hour these immortal lawgivers gathered for the purpose of planning a new scheme of government and framing a national charter. This Constitution is the child of one of the great emergencies of all times.

I know it will be said that this delegation of power is for a limited time and is given to one in whom the people have great confidence. But the precedent which Franklin D. Roosevelt establishes will be claimed and enlarged upon by all his successors, whoever they may be. Precedents established by competent hands for desirable purposes are still precedents for incapable hands and undesirable purposes. Let us see how precedents grow. Mr. Hoover asked power to change tariff rates. It was a vicious power. In my opinion, it ought never to have been given. But under the plea of service to the people and under the plea of party loyalty, it was given. Franklin D. Roosevelt succeeds Mr. Hoover and, using that precedent as a stepping stone, goes an arrow's flight beyond his predecessor. If I were going to search the realm of possibilities for the most subtle, the most insidious, the most persistent, and most insatiable foe of constitutional government, I would say that that enemy is to be found in precedents established outside the Constitution in the name of the people and under the party lash. A precedent once thus established, no one can know its ultimate use or effect. A child may play across the Mississippi at its source, but as it flows on, gathering strength, it may inundate territory, submerge farms, destroy property and life, and divide a continent.

Mr. President, the integrity of constitutional government has never meant so much to the average man and woman, to the common people, as Abraham Lincoln was wont to say, as it does at this hour. Nowhere on the round globe today do the common people enjoy the blessings of personal freedom except under constitutional democracy—there, and there alone, are to be found a free press, free speech, personal liberty, and all those priceless blessings which distinguish the citizens of a free country from the hunted, helpless, managed individuals who make up the cogs in the soulless machine of some absolute state. Fascism, nazi-ism, communism, appealing to the forces of terror and fanaticism, have submerged, buried, the individual beneath the schemes of personal aggrandizement. They have challenged democracy, and they have challenged democracy because democracy stands for free speech and personal liberty. Neither fascism, nazi-ism, nor communism as a form of government could exist for a fortnight in the pure atmosphere of intellectual freedom. These governments rest upon the political serfdom of the masses. They depend for perpetuity upon the economic and political enslavement of the people. They begin and they continue so long as they continue by putting chains upon the limbs and fetters upon the brain.

Constitutional democracy is the only scheme of government which preserves, or pretends to preserve, the rights, the liberties of the average man and woman; it is the only government which makes personal liberty the keystone of the arch, which rests its right to live upon the loyalty and love of its supporters.

Mr. President, let us not be deceived. All these forms of government which disregard the rights and liberties of the individual and emphasize the dictatorship and omnipotence of the state are but throw-backs to the days when the great body of the people were regarded as the mudsills of society—when the humble citizen was fit only to work and slave and fight and die for the glory of the king. There is not a principle, not a tenet, not a doctrine of fascism or nazi-ism which may not be found in the brutal creeds of every tyrant who has robbed the people of their liberties from the dawn of history down to the miserable representatives of despotic power who disappeared in the smoke and flames of the World War. They are all of the same creed, of the same faith, the same beliefs. They hate personal liberty. They are conspirators against the most sacred rights of the citizen. The voice of fascism has lately declared that "liberty is a rotten carcass." So it has always been a rotten carcass from the beginning with all those who deride, decry, and denounce democracy. These governments are not going forward; they are going back—back to serfdom and slavery, back to intolerance and tribalism, back a thousand years, when the people were lashed into submission by the iron discipline of a dictator.

But the disturbing fact is that in the face of this almost universal assault upon personal liberty, upon free government, democracy seems timid, apologetic, distrustful of its own powerful weapons of defense and its still more powerful weapons of advancement. An emergency seems to arise, and we immediately give evidence of a want of faith in our own institutions and in the instrumentalities provided by the Constitution. We seem to doubt the methods and means provided by the founders of democracy.

We have an emergency, and we immediately appeal to measures which cast a doubt upon our faith in our own institutions. We have an emergency, and we employ instrumentalities to discredit our faith in democratic institutions.

We need something of the ancient faith, something of the ancient vision. You will remember, Mr. President, in the history of the American Revolution when the British forces were in possession of the Old Dominion, when the traitor Benedict Arnold was leading his marauding forces up and down the coast, when Tarleton was burning the homes and villages, when Mr. Nicholas, a distinguished citizen of Virginia, seconded by Patrick Henry, moved that a dictator be appointed for the Commonwealth. Thomas Jefferson was then Governor of Virginia. He had just narrowly escaped capture at the hands of the British forces. When this resolution came to his attention, he said:

The very thought alone was treason against mankind in general, as riveting forever the chains which bow down their necks by giving their oppressors proof—

Do not forget that—

by giving their oppressors proof, which they would have trumpeted throughout the universe, of the imbecility of republican government in times of pressing danger to shield us from harm.

What vision! What trust! What confidence!

Of these things this Republic was built, and of these things alone it will be maintained.

We have had emergencies in the past. We have had more than one hour of peril. The Constitution has been sufficient and efficient in all instances. And now, of all times, we should show our faith in, and our devotion to, our form of government. Now, more than at any other time in our history, we should by word and act demonstrate the faith which made this Republic, and which will preserve it.

In the midst of world turmoil Washington pinned his faith to constitutional democracy. That steadfast soul never wavered, never doubted. In the midst of the fiercest hour of civil war Lincoln declared that the government of the people, for the people, and by the people shall not perish from the earth. There is a niche alongside of these two immortal defenders of free government for the brave American who in his place of power accepts the challenge of these apostles of terror and fanaticism, of these enemies, avowed enemies of free government and of personal liberty, and against all comers declares his faith in the efficiency and the worth of republican institutions and his determination to maintain and preserve them in all their integrity at any cost and at all hazards.

WAR CLAIMS

The PRESIDING OFFICER (Mr. BONE in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the joint resolution (H.J.Res. 325) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1923, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. HARRISON. I move that the Senate insist upon its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. KING, Mr. GEORGE, Mr. WALSH, Mr. REED, and Mr. COUZENS conferees on the part of the Senate.

LAURA GOLDWATER

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H.R. 4253) for the relief of Laura Goldwater, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BAILEY. I move that the Senate insist upon its amendment, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BAILEY, Mr. LOGAN, and Mr. CAPPER conferees on the part of the Senate.

RECIPROCAL TARIFF AGREEMENTS

The Senate resumed the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

WHAT IS LEFT FOR CONGRESS?

Mr. LONG. Mr. President, I probably am regarded, as I have been denominated by the papers recently, as a tariff Democrat. I am, however, no more a tariff Democrat than the others who sit on this side of the Chamber, with few exceptions. I have stood for a tariff when it affected commodities produced in my own State and in which my State was interested, except that I have been a little bit broader, realizing that I had to be reciprocal and vote for a tariff on the other man's products in order that we might have one on ours. That has been my practical understanding. I have not been one of those who defended the virtue of his own tariff and decried the virtue of the other fellow's tariff.

However, I have opposed the abdication of the functions of Congress. I shall soon be able to say that I have no further mission to perform in this body, along with my colleagues. My friend, the Senator from Idaho [Mr. BORAH], has been the only one beside myself that I have heard state on the floor that the purposes for which Congress was created are nearly entirely vanished. I know of no rule of law—and if there is one, with my limited knowledge of the law I should like to have it explained from a better source of knowledge if I am not correct—I know of no rule of law, if this is a piece of constitutional legislation, that would prevent us from giving the President of the United States the power to declare war.

If it is possible for us to empower the President to say that he finds there is an undue burden upon foreign commerce and that if he so finds he has the power to levy such a tariff as he wants to levy—and that is what the bill provides—and fix such tax as he wants to fix; if that is constitutional government, then we can just as easily write a law saying, or providing in this bill, that if the President finds in his own opinion that there is such a condition as indicates national peril threatening, he shall have the right to declare war and appropriate the moneys to carry on the war.

I call upon any constitutional lawyer who has ever been in this body to tell me why, if one is correct, the other is not correct. Is there power in the Congress to abdicate? To say we have not abdicated would be folly. No man, unless he be a Member of Congress, will say we have not been abdicating for the last year and a half; but no man here, I am sure, will say that the Congress has not the power to go on now and wind up its business and its duties and adjourn, simply by adding one more clause to the bill now before the Senate providing that if there is any such thing as national peril to the United States, the President of the United States shall have the right and power to declare war and to levy taxes for the purpose of carrying on the war. In fact, if there are those who yet persist in the belief that an emergency varies the terms of the Constitution, I am sure it would be more valid to empower the President to declare war than it is to empower him to fix revenues under this kind of a reciprocal arrangement in which is involved the treaty-making power and the legislative power as well.

Let me see what has been done since I have been in Congress in the way of granting power to the President of the United States. We have made the bold experiment of doing away with legislative government. Any Senator may say that we have not, but I insist that we have. We have made the test as to whether or not we need a Congress.

We have decided; whether constitutionally or not, nevertheless it has been done; and we have ventured upon the bold experiment of doing away with the Congress of the United States. Where did we start that plan? We started it when we vested the power in the President of the United

States, first, complete authority over the coinage of money and the regulating of the value of money.

We started it, secondly, when we gave the President the right to do that which was denied by the constitutional lawyers of the Senate as being within the sole right of the legislative branch itself—the power to fix the hours and pay of labor. That was another divestment of the constitutional prerogatives belonging to the legislative body.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. LONG. I yield.

Mr. CLARK. Is the Senator in his second specification referring to the N.R.A. bill?

Mr. LONG. Yes.

Mr. CLARK. Did the Senator vote for that bill or not?

Mr. LONG. I voted to strike out the N.R.A. provision.

Mr. CLARK. The Senator voted for the bill on its final passage, changing his vote at the end of the roll call.

Mr. LONG. Yes. The bill was a monstrosity; one of the worst that was ever brought before the Senate. Title 1 was the N.R.A. Title 2 dealt with Public Works. Title 3, I believe, provided for the carrying out of the Public Works title. I have forgotten exactly what title 3 did provide. However, I voted to strike out title 1 of the bill. I was in favor of the other two titles. I made my position clearly known on the floor of the Senate. The only vote I could cast in favor of Public Works and against the N.R.A. was such vote as I did cast.

Mr. CLARK. But the Senator did vote for the bill on its final passage?

Mr. LONG. I voted for the passage of the two titles after having voted to strike out title 1 and making my position very clear on the floor of the Senate, and speaking some few minutes in explanation of my position.

I have mentioned three of the functions we have abdictated. We went further. We decided to place in the control of the bureaus of the Government a power which constitutional lawyers have denied existed in the Congress itself, and that was the power to regulate the production of agricultural products and to fix the value of them, as well as to provide for their destruction. We abdictated that function.

Mr. CLARK. Mr. President, will the Senator yield again?

Mr. LONG. I yield.

Mr. CLARK. Is the Senator referring to the A.A.A. bill in that specification?

Mr. LONG. Yes.

Mr. CLARK. Did the Senator vote for that bill?

Mr. LONG. I voted for the A.A.A. bill. After expressing my opposition to it, I voted for it. I stated that if the President of the United States would put in it a provision for the expansion of the currency of the country, I would vote for it—voting for it because it was the only legislation we were permitted to vote for at the time, knowing at the time and stating at the time that it was a departure from the better and safer principles which we had been following and which we should continue to follow. No one here has been undertaking to deal with an emergency by pursuing a standard constitutional route. Those of us who have proposed such a course have been voted down. We have been faced with one alternative after the other, having to vote for bills containing 3 or 4, or even 8 or 10 titles, one dealing with the raising of squashes in South Africa, another with the freezing of ice in the Arctic, and another dealing with the growing of potatoes in the Congo, there being as much relevancy between the titles of the bills and the various and sundry things we were dealing with as though a man were to undertake to unlock a door with one key and fail, and tomorrow undertake to do the same thing with the same key. We have had to vote for that kind of legislation here because it was the only method by which we could cast a vote at all. Those of us who have proposed other legislative alternatives have been voted down and have been forced to take the path of least resistance, which we have taken.

Mr. CLARK. Mr. President, will the Senator yield again?

Mr. LONG. I yield.

Mr. CLARK. There is another method by which Senators can vote. I voted against those bills because I thought they contained obviously unconstitutional provisions and were new departures in government. The Senator from Louisiana had exactly the same right that the Senator from Idaho [Mr. BORAH] and I had when we voted against them.

Mr. LONG. I voted against more of them than the Senator from Missouri voted against.

Mr. CLARK. I am perfectly willing to challenge that statement.

Mr. LONG. Well, I will let the RECORD decide the matter. I think I voted against more of these administration bills than the Senator from Missouri did.

Mr. CLARK. I am not speaking about administration bills. I am speaking about obviously unconstitutional measures.

Mr. LONG. I voted against more obviously unconstitutional measures, I think, than the Senator from Missouri did. I do not know which one of us has voted for the most, but I think I voted against more of them.

Mr. CLARK. If the Senator will yield, he has produced only two measures up to date, against both of which I voted, and for both of which he voted.

Mr. LONG. I will go a little further. The Senator has not been seated there long enough to listen to all of them. I will go down the list when the time comes. I have voted against most of them, but I shall have to plead guilty to having voted for some of them, which, in my opinion, are obviously unconstitutional; not such as the Supreme Court may necessarily hold to be unconstitutional but which, according to my judgment and understanding of the Constitution, are nowhere within the spirit and purpose of the Constitution of this country.

Then we came along with the A.A.A., and we passed that measure, placing it within the power of the President's boards and departments to do certain things.

Prior to that time we came along with the veterans' act, placing it within the power of the President of the United States to prescribe rules and regulations to decrease and do away with the compensations and the provisions that had been made for the veterans of our wars. I happened to vote against that.

Then we came along—without enumerating all of them—with one measure after the other until we have only one other upon which to legislate, and that is to give the President the right to declare war whenever there may be circumstances to justify that declaration.

That is all that is left of the power of Congress. When we pass this bill empowering the President of the United States to negotiate a treaty, to bargain for international commerce, to fix a term of 3 years beyond which even the Legislature itself cannot institute an act of repeal—whenever we go so far as to give him the right to tax, the right to make a treaty, the right to fix a period within which the Congress itself can act; when we go and involve the taxing power itself and place within his ipse dixit the right to banish a business under the N.R.A., if he wants to do that; the right to destroy a business under the treaty-making power, if he wants to do that; the right by which he can make a sheep out in Wyoming worth 30 cents tonight that might have been worth a dollar the day before; the right by which he can lay a sugar refinery waste with one stroke of his pen; the right by which he can close up every clothing manufacturing establishment on the coast of New England tomorrow; the right by which he can abolish every thread of commerce in this country, which is contained in this bill—then let us be gentlemen enough to be fair with the American people and give the President the one sole power remaining in Congress to declare war, and adjourn Congress and save the anxieties which the people have. [Laughter.]

We have ventured upon the experiment. How well has it worked? Let me just recount a bit.

How well has it worked? We have spent $16,000,000,000. Now, how well has it worked?

Have we materially enhanced the conditions of the farmers in this country? Go out among them and ask them. You will find, Mr. President, that although we concluded

that we would venture upon the bold experiment which many of us, including myself, are to be condemned for yielding to for any purpose—and I indict myself as well as the Senator from Missouri might indict me for it, along with my other colleague here, for voting for much of it—when we went out on the bold experiment of expending $16,000,000,000, the end of which is not yet in sight, nor remotely prophesied at this time; when we went out and spent $16,000,000,000, as much as was owed to us by Europe, plus five billion more; more money than we already owed, and the national debt at that time was pronounced to be a staggering burden—when we went out and spent $16,000,000,000 in order that we might make the bold experiment of doing away altogether with legislative government, certainly we ought to have been pleased with the result of the experiment; or, if not pleased with the result of the experiment, we ought to be willing to admit at the end of a year and a half that the experiment of doing away with Congress is not working.

Has it worked with the farmer? Everyone knows it has not. The farmer today stands, regardless of all the various and sundry provisions that have been made, unable to realize the cost of production of the products of the farm.

It is true that there has been some moving up in commodity values; but an analysis will show that a bale of cotton today will buy only one half as many pairs of overalls as the same bale of cotton would have bought the day that the national election occurred on the 8th day of November 1932.

The bale of cotton itself is worth more money; but the bale of cotton will buy less clothes than the farmer could have bought with the same bale of cotton on the 8th day of November 1932 or the third day of March 1933. That is a fact which stands out. Notwithstanding the fact that we have done so much for cotton—and I am one of the southerners who will thank this Congress that it has done just as much for the cotton farmer as for any other farmer—and cotton, therefore, can be used as a straight line for the purposes of comparison; yet, with all that has been done, a bale of cotton will buy much less today of the actual necessities that a farmer must buy than the same bale of cotton would have bought before we took over the Government in 1933.

Has it worked in banking circles? Has doing away with the legislative branch of the Government worked in banking circles? With all that may be said in praise of what has been done for the banks, I still contend today that doing away with the little banks of the country has depreciated the currency of the United States—by which I mean the credit exchanges that were accepted for money throughout the country—many billions of dollars that did not need to have been depreciated.

Has it worked with the laboring element? Has the N.R.A. worked? Where is the report of Clarence Darrow and his committee that we were to have had by this time last week, but that we still cannot get hold of? Has it worked? I tell you it has not worked; and our administration has been fair and honest enough to admit that it has not worked, because it has raised the provisions of the N.R.A. Act insofar as it affects the small business man and has had to cancel out many of the arrangements insofar as it has affected other business. Instead of the N.R.A. working, the fault has been that Congress did not provide by mandatory legislative action of its own to meet the emergency which at that time existed.

Congress could have met the emergency in labor. It had its own bill here, a bill by which it would have drawn a line saying that at the end of 30 hours a man had done his week's labor. That was the bill proposed to Congress. It was argued with some ability on both sides of the Chamber that Congress did not have the right to impose a 30-hour law. It was argued with considerable genius that Congress did not have the right to fix a minimum wage. Regardless of whatever argument may have been made, none the less Congress at least possessed whatever power it could delegate to someone else to legislate on the subject; and so we have adopted a code system which has not worked, and which is not working at this time.

Take all the other experiments that we have tried: None of them, I contend, has topside or bottom proved itself to have anything like the efficacy that an ordinary legislative act would have had under the meaning and purport of the Constitution.

Now we come to the last one, the flexible tariff; or, rather, not the flexible tariff, but the proposal to give to the departments of this country the right to fix what are to be the terms of the interchange of trade with foreign countries.

I listened to the argument of the Senator from Idaho [Mr. BORAH]. I do not think anyone can dispute the soundness of the rule he laid down. I was in the caucus when my attention was called to what had been done under the McKinley Tariff Act and what had been done under the Dingley Tariff Act.

It had never been brought to my attention before, and I was surprised that it had not been; but after a little investigation I soon saw the vast difference between the rule therein laid down and what is proposed at this time, and even what was proposed under Mr. Hoover—an entirely different proposition, where the Congress, prescribing a rule, allowed the President either to suspend that rule or to put it into effect. That is an entirely different proposition which arose under the Dingley bill and under the McKinley tariff bill; but, coming to this provision, we now propose to give an unprecedented power to the President. If I would have given it to any President, I would give it to this President. If I would have given it to Mr. Hoover, if I would have given it to Mr. Harding or to Mr. Wilson, or, if I had been here in the days of Cleveland, if I had been willing to give this power to any of the Presidents whom I have mentioned, or any before them, if I had lived back in those days, I would be willing to give this power to the present President. Most of them, however, warned us against such power. Jefferson would not have accepted such power. It would not have been accepted, according to the declarations of most of the rest of the Presidents. Most of them not only would not have received it, but they would have stood aghast at the mention of it. They would have been like Washington when it was proposed to make him a king. They would have looked upon it as tearing down the one thing that kept a government imbedded among and in the hearts of the people, and responsible to them. They would have known that instead of men going back to their constituents, and instead of the lower House of Congress particularly being held accountable for its acts once every 2 years, they would have transferred the Government into the hands of an Executive, responsible only to the country as a whole once every 4 years; and in this particular instance an agreement is proposed to be made by the President which can stand as the law, irrevocable, 3 years after his own administration has come to an end.

This bill proposes not only to give power beyond any which Congress could exert—because no act which Congress may pass can stand any longer than Congress is willing for it to stand—this bill proposes not only to allow a rule of law, or a treaty—the same as law—to stand during the pendency of an ordinary law, to stand during the term of an ordinary Executive, but it proposes to allow an Executive to project 3 years beyond his own term of office a law that it would be beyond the power of Congress to repeal.

This would mean that the President of the United States could negotiate a trade agreement with Cuba, and provide that Cuban sugar could come into the United States at a rate 50 percent below what it now bears, which would mean the immediate laying waste of the sugar industry not only of Louisiana but the sugar industry of the West as well.

The sugar refineries are dependent upon the will, upon the caprice of the Chief Executive, upon just what the President of the United States may think tomorrow morning. If Mr. Roosevelt gets up and decides that the sugar in his coffee is costing him too much, if he gets up and decides that the chocolate that is furnished for the afternoon bridge game is not sweet enough, he can decide then that

he will take his pen and tear down every sugar refinery in the State of Louisiana, depopulate the sugar lands of the West, and lay absolutely barren the entire enterprise of sugar production by tomorrow morning. Not only that but we can go to the polls and defeat the Congress which gave him that authority, we can go to the polls and defeat him in his campaign for reelection, but still we would have that body of death tied around our necks for 3 more years after his term of office had expired, if he saw fit to take advantage of the power given to him by the Congress.

Out in the West the woolgrowers, we are told, are unnecessarily excited. I do not think they are excited half enough. It is said that wool has already fallen from 30 to 40 percent in its price. Now we are told that, as a result of that, the wool people have been given a gentleman's agreement. I have had some of those "gentlemen's agreements" myself. I do not know how well it is going to work with them.

I have had gentlemen's agreements once or twice myself. Sometimes they work, and sometimes they do not. But we are told that on account of the catastrophe that has already occurred by reason of people's being apprehensive on account of this abdication by Congress through this flexible tariff provision, by which the authority to make tariffs is to be given to the President, the price of wool has fallen 30 to 40 percent, and in order to keep wool from going down any further, the Department of Agriculture has had to give a letter to one of the Members of the Senate stating that they were not going to let the wool tariff be lowered if this bill shall be enacted.

Why not give me a letter? I am a Member here, too. If they can give a letter to the man who is representing some woolgrowers to the effect that they are not going to let the tariff on wool be lowered, why not give me a letter stating that they are not going to let the tariff on sugar or cotton be lowered?

I have a letter. I wonder whether Senators knew that. [Laughter.] I have a letter, and I am going to show that I have one. I have a letter which the President of the United States put into the paper in Baltimore year before last, during the campaign, in which he said that it was absolutely absurd to talk about lowering the tariff on agricultural products. I have a letter directed to the people of the United States, from the lips of the President of the United States, that it would be a monstrosity, an outrage, an absurdity, to lower the tariffs on agricultural commodities in the United States of America. If my letter is no good, the other letter is no good, either.

The other letter was from the same man who wrote mine. If there is a letter saying to the woolgrowers, "In order to keep your wool from going down any lower, in order to keep the wool which has already fallen 30 to 40 cents from falling 80 percent, I promise there will be no lower tariff on wool."

It is going to fall to about 20 percent before they get through with it, I am afraid. I hope not. When these tinkerers get to working on something they get all wound up. All you have to do is to let them tinker a little and mess up a little and they are just like one of these men coming out of an office and tinkering with an automobile. The only thing left on it will be the wheels, and they will take them off if they have time enough.

Are we to allow them to tinker with the tariff? It does not mean the President is going to tinker with the tariff. He cannot look into all these things. He is busy with more things than he can handle already. He has to give Mr. Wallace the job of fixing up agriculture. Mr. Wallace has said he wants to move a million farmers off the cotton land of the South to somewhere else. I do not know where he is going to move them, but he is going to take them somewhere. How about fixing the tariff on cotton? He will fix it up so as to make it possible to move a million men if he carries out his pet idea.

On the wool matter, the President will have Mr. Wallace helping, too. He is probably a better man than I am for that kind of a job. Mr. Tugwell is a good man, too.

Mr. SCHALL. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. SCHALL. Speaking of Secretary Wallace, has the Senator noticed that he has corn for sale, which he is advertising in his magazine, that will produce 19 percent more of a crop? That is exactly the amount he intends to cut off in planting, and his corn will raise on the area of land that is left to be planted exactly the amount the farmer would have raised had he planted the ordinary corn on the land.

Mr. LONG. I wonder whether that magazine contains any advertisement of something that will kill hogs 19 percent faster. [Laughter.] If it does, then there is no kick to be made against Mr. Wallace. As I have said, I may be the only man here who will defend him, but I am still defending him.

We come, then, to another tariff item. He is going to regulate the tariff on tobacco. I am sorry the Senators from Georgia have left the Chamber. They worked long and laboriously to get a tariff on tobacco, the tobacco they raise in the shade, called wrapper tobacco. They raise that variety down in Georgia, and they raise it up in Massachusetts. He is going to fix that.

I do not mind saying that we have taken over as our brothers the people of Cuba. If you get a lot of people in the family, you know just what you are going finally to have to do.

A young man who was fixing to get married said, "I am only marrying the girl. I am not marrying the family." I said to him, "You may think you are marrying the girl, but you are marrying the family as well." [Laughter.]

So, when we took over Cuba we thought we were just extending our hand over them in a little friendly way, but according to the present policy we were marrying Cuba; we are taking Cuba over lock, stock, and barrel, and it has been suddenly discovered that we have not done our duty by Cuba.

Mr. President, the only way they are ever going to be satisfied that they have done their duty by Cuba is when they have exterminated the sugar lands of Louisiana and the West. Make up your mind to that. They say already that there is no defense of the beet-sugar business of the West and of the cane-sugar business of Louisiana. One of my friends in the Senate was bold enough to tell me once that the United States Government would have saved money if it had bought the sugar lands of this country and had never had any sugar planted, compared with the amount it had been out in tariff duties.

When they have finally done away with that industry what is the next thing they are going to do? There are a million pounds of tallow lying in foreign countries today, ready to be brought into the United States. They have that tallow piled up so high that it is in stacks that a man could not climb with a spirit level and a compass and any gliding mechanism he might put on his feet. He still could not get to the top of it. They have it there, waiting, with this big tallow pile that is going to be moved to the United States as soon as they can get a reciprocal tariff agreement that will permit them to bring it in. They will do it.

We fought against the oils of the Philippines, we fought against other tropical soap products, and, lo and behold, they are waiting not only to wipe out some of the things we have done in that direction, but to bring into this country a supply of tallow that will be sufficient to supply the soap market so long that cottonseed oil in the South and vegetable oil in the West and the East will not bring anything even within shooting distance of the price.

With all these theories about what ought to be done, Congress could not be persuaded to do them; the laws could not be passed through Congress.

The Senator from New York cannot get a law passed in Congress taking the tariff off manufactured clothes. Even had he tried to do it, he could not have had it passed. The Senator from Connecticut could not get the tariff taken off shoes, even if he tried to do it; and he is not going to try to do it. The Senators from the West could not get the

tariff taken off sugar, if they tried to do it. They would not be left here long enough to complete the job by their people back home.

The Senator from Mississippi says we must not specify; that we must keep the pickle in the soak, but we must not tell who is to swallow it. If it ever does get out as to whom we are going to destroy, the whole kit and caboodle will be gone to the demnition bow wows. He said that if they found out just what we were fixing to do for them they would never let us get away with this thing. We have to keep them in the dark, he said—to keep that thing under the barrel. Do not let the little man who is drawing $2.50 a day making shoes know you are fixing to put him out of a job. He would be down here with a shotgun after Congress.

We ought to have passed the resolution saying, "Be it resolved by Congress that we have passed a law letting the President do whatever he pleases. Now we are going to quit and go home." That is what we ought to have done. But if we were to put in this bill today that we were going to cut the tariff on manufactured shoes, and they are going to cut either that or something else, what would they say? Or if we had put in the agricultural products, what would they have said? It got out that we were going to cut the price of wool, and what did they say? What is there honest about it?

Mr. President, the Congress of the United States first ought to be an honest Congress. That is the first thing Congress ought to be. Congress ought not to be legislating in the dark. We ought not to have it all rigged up to put a set of people out of business in this country and not be willing to tell them.

The Senator from Mississippi has gone. Perhaps someone will tell him what I say. Do I understand that Senators are afraid to put in this bill who it is with reference to whose products there is likely to be a cut in the tariff? Do I understand it be the sense of this Congress—and that is what the Senator from Mississippi certainly meant to say this morning—that Congress is afraid to put in here what it is going to exempt and what it is going to include?

Do I understand that the Congressmen are going back to the manufacturers of the East and the cotton farmers of the South and the sugar planters of Louisiana and of the Middle West and tell those people, "We have passed an act here which gives somebody the right to put you out of business, but just between you and me we think it is the other man who is going to be put out of business"? In other words, we sit down here in a game in which we have decided to cold-deck the other man. The hand is being dealt out in this game, and we are being told that we are in on a manipulation to put it on the other fellow, and we need not worry, that we are going to get a good hand. Well, we had better be sure we get the right hand.

Down my way we had an experiment of that kind. They took an old gentleman into a poker game and they said to him, "We are going to let you win this hand. We are going to make a good pot. We are going to deal this fellow over here four queens, and we are going to deal you four kings; and then I will take a small hand, and you will make a killing." The old fellow said, "What are you going to give me for the fifth card"? The man talking to him said, "I don't know—a 10 or a 9 or something." The old man said, "Give me an ace. [Laughter.]

Mr. President, we thought we had an agricultural agreement. We thought we had this thing fixed. I am pretty good at this business myself. I have been in this game of political trading for about 19 straight years. I have never been off the pay roll since I started, and that is a pretty good reputation. The secret of politics is "How long have you been in the work? How long can you stay there?" That is the proof as to whether or not you have been successful in politics. The minute you are moved away from the counter you are a political failure.

I have been at this business for 19 years—that is, when this present term is out, and I guess I have a fair chance of staying it out. But I thought I had an agreement; that I had a real agreement. I and all the farm people in this country thought we had an agreement. Where is that agreement made over here in Baltimore? I do not have it right before me, but I can quote it practically word for word. But when the President of the United States gave it utterance he was denounced by the then existing Secretary of Agriculture for having been willing to utter it, but the President said that it was an absurdity to talk about allowing the tariffs on any farmers and agricultural products to be reduced.

Representing an agricultural State, that was sufficient for me. What would it have meant to some Senators if he had said that it was an absurdity to talk about allowing a reduction in the tariff on wool? Senators certainly would not have expected them to come in here with a provision to reduce the wool tariff, would they?

It is said that there is an agreement, that there is an understanding. I do not know whether they are going to write it in this bill or not. I suggest that we come right out in the open. If there is a letter or an agreement which it is thought is going to protect anyone I am willing to go the full distance and help him protect himself to the full limit of the law, and I am willing to have it written into the law that wool is not to be included as one of the commodities that can be affected by a reciprocal tariff agreement, but whether others have such a letter, we have a letter, which I thought was sufficient. It ought to be sufficient, because it is a promise and a pledge to the American people that the President will not do any such a thing as to reduce the tariff on agricultural commodities.

We have now a surplus of agricultural commodities. We have a surplus of wool, we have a surplus of cattle, and I take it that we have a surplus of hogs. We have a surplus of corn, a surplus of wheat, a surplus of rye, a surplus of barley, a surplus of potatoes, a surplus of sugarcane, a surplus of sugar beets, considering what Cuba is allowed to import here and what is allowed to come in here from the Philippines, Puerto Rico, and Hawaii.

What are we now going to do? Are we now going to say that we will allow them to add to this surplus? There is nothing in this bill which says anything else. All we have to depend upon is the promise of the President. That is what we were led to believe in the campaign and that is what we are entitled to depend upon now.

First, Mr. President, we ought to pause and take stock as to how far we are going in this kind of legislation. We ought to pause and consider first whether or not it is constitutional.

Second, even though we think that the Supreme Court will stand for it, whether or not this trend of abolishing legislative government is a wise thing to do; and

Third, whether or not we should hazard every business and every enterprise to a transitory power, to a sword that is hung above its head, which may mean its life or may mean its destruction, and we ought in connection with that to say whether or not our growing public debt and surplus problems are made with these experiments, none of which have proved satisfactory to this time.

PROCEDURE IN IMPEACHMENT PROCEEDINGS

Mr. ASHURST. Mr. President, I submit a resolution and ask that it be read and referred to the Committee on Rules.

The PRESIDING OFFICER. The resolution will be read.

The resolution (S.Res. 242) was read, as follows:

Resolved, That in the trial of any impeachment the Presiding Officer of the Senate, upon the order of the Senate, shall appoint a committee of 12 Senators to receive evidence and take testimony at such times and places as the committee may determine; and for such purpose the committee so appointed and the chairman thereof, to be elected by the committee, shall (unless otherwise ordered by the Senate) exercise all the powers and functions conferred upon the Senate and the Presiding Officer of the Senate, respectively, under the rules of procedure and practice in the Senate when sitting on impeachment trials.

Unless otherwise ordered by the Senate, the rules of procedure and practice in the Senate when sitting on impeachment trials shall govern the procedure and practice of the committee so appointed. The committee so appointed shall report in writing to the Senate upon the completion of the taking of testimony, including therein a certified transcript of the same, and such report shall be received by the Senate, and the evidence so received and the testimony so taken shall be considered to all intents and purposes as having been received and taken before the Senate.

Mr. COPELAND. Mr. President, to what committee is it requested that the resolution be referred?

Mr. ASHURST. To the Committee on Rules.

Mr. COPELAND. Does the Senator consider the resolution so important that it ought to be adopted at this session?

Mr. ASHURST. I have no intention, Mr. President, of discussing the resolution I have submitted. It will be remembered that last May there was an impeachment trial in the conduct of which the rules of the Senate were punctiliously observed, and I have no comment to make on the result. Many Senators, however—I believe a majority on each side of the aisle—suggested that the Committee on the Judiciary study the question whether or not under the Constitution, when articles of impeachment are presented at the bar of the Senate by the managers on the part of the House, a committee of Senators may take the testimony instead of its being required that the testimony be adduced in the open Senate.

After a study of some 6 months—although many lawyers, members of my own committee, abler than I, do not agree with me—I am profoundly convinced that the Senate has full power and authority to appoint a committee to hear and take the testimony, to confer on that committee the power to compel the attendance of witnesses, and to compel them to testify under oath. The resolution I have submitted merely provides that such a special committee shall hear the testimony, have the testimony taken down in shorthand, have it transcribed and certified to the Senate; and, of course, after the testimony shall have been taken, certified, and printed, the Senate itself will vote upon the question of finding guilty or not guilty the respondent in any impeachment trial.

It is not intended, of course, to deprive the Senate of the right to vote. In fact, that would certainly be unconstitutional. I wish to say, however, that the Senate could, if it wished to run wild, convict a respondent without any evidence, though, of course, it would not do such a thing. Obviously therefore, the Senate may pass upon an impeachment trial on the basis of a small amount of evidence, even evidence taken by affidavit.

I think the resolution ought to go to the Committee on Rules; and, in answer to the question of the Senator from New York, I will say that I think it ought to be adopted at an early date. I do not wish to advert to what may take place within the next 2 or 3 weeks; but I will state that I am certainly sportsman enough, if I am not statesman enough, to refrain from endeavoring to change the rules of procedure after a case shall have been commenced.

Mr. COPELAND. Mr. President, speaking for a moment as Chairman of the Committee on Rules, it seems to me that this is rather an unusual responsibility to place upon that particular committee. It would seem to me that the Judiciary Committee, having in charge legal matters, should consider the resolution.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the resolution be referred to the Committee on the Judiciary.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas that the resolution be referred to the Committee on the Judiciary? The Chair hears no objection, and the resolution will be so referred.

Mr. COPELAND. Mr. President, I feel as does the Senator from Arkansas, that the resolution should more properly be referred to the Committee on the Judiciary because of the far-reaching significance of the procedure from a legal standpoint.

Mr. ROBINSON of Arkansas. Mr. President, the first question that will arise, I anticipate, is a question of the power of the Senate to proceed to take evidence in impeachment proceedings by a committee. I have made some investigation of the subject, and am inclined to think that, if the Senate chooses to pursue that course, it may do so. Nevertheless, I believe that the primary question is a legal one, and I think the jurisdiction properly lies in the Committee on the Judiciary.

Mr. COPELAND. I feel that way, too, because fundamentally it is a legal and constitutional question. If the Judiciary Committee or if the Senate should afterward decide that it is a desirable thing to do, then so far as procedure is concerned in the making of a rule, that subject might properly go to the Committee on Rules.

Mr. KING. Mr. President, several months ago, indeed immediately following the impeachment case to which the Senator from Arizona just referred, I took up the matter with the able chairman of the Committee on the Judiciary of the House, and informally discussed it. I am very much in sympathy with the resolution offered; indeed, I think some steps should be taken along the line indicated in the resolution. I believe, too, that the resolution should go to the Committee on the Judiciary.

Mr. ASHURST. Mr. President, when I asked that the resolution be referred to the Committee on Rules it was not with the intention of shirking an obvious duty and the labor involved, but because of my inborn desire not to raise the implication that, having proposed a very important resolution, I wanted my own committee to consider it.

The PRESIDING OFFICER. The matter has been disposed of. The Chair asked if there was objection to the resolution going to the Committee on the Judiciary. The Chair heard no objection, and ordered the resolution so referred.

HOUR OF MEETING

Mr. HARRISON. Mr. President, may I ask the Senator from Oregon [Mr. NcNARY] if he will consent that tomorrow the Senate shall convene at 11 o'clock a.m.?

Mr. McNARY. May we not meet at 12 o'clock noon? There is an important meeting of the Committee on Agriculture and Forestry, to say nothing of meetings of other committees. I think we should have notice of such a change in the hour of meeting. Let us go forward tomorrow at 12 o'clock as usual. Next week we may make an arrangement for an earlier hour of meeting if the Senator desires.

Mr. HARRISON. Very well. I shall not insist if the Senator feels that way about it.

EXERCISES IN COMMEMORATION OF DEATH OF GENERAL LA FAYETTE

Mr. ROBINSON of Arkansas. Mr. President, on next Sunday morning at 11 o'clock in the Hall of the House of Representatives a joint session of the Senate and the House of Representatives will be held in commemoration of the anniversary of the death of General La Fayette. It is expected that the Senate will convene at 10:45 o'clock a.m. and proceed in a body to the Hall of the House of Representatives.

I am giving this notice now in order that Senators may be advised in advance and, if practicable, may make their week-end engagements so as to participate in the proceedings.

The occasion will be memorable. An address will be delivered by the President. It is hoped and desired that Senators may find it practicable to attend.

FEDERAL TRADE COMMISSION REPORTS TO N.R.A.

Mr. HARRISON. Mr. President, yesterday there was adopted by the Senate a resolution, Senate Resolution 240, calling on the Federal Trade Commission for certain correspondence and reports. The resolution was presented by the Senator from North Dakota [Mr. NYE]. I desire to enter a motion to reconsider the vote by which the resolution was adopted.

The PRESIDING OFFICER. The motion will be entered.

COMMEMORATION OF THE TWO HUNDREDTH ANNIVERSARY OF THE BIRTH OF DANIEL BOONE

Mr. BARKLEY. I ask unanimous consent for the present consideration of a concurrent resolution which I send to the desk and ask to have read.

The PRESIDING OFFICER. The concurrent resolution will be read.

The legislative clerk read the concurrent resolution (S.Con.Res. 17), which was considered by unanimous consent and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the President be requested to return to the Senate the bill (S. 3355) to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone, to correct an error therein.

INVESTIGATION OF SO-CALLED "BOOK TRUST"

Mr. CLARK submitted the following resolution (S.Res. 243), which was read, and referred to the Committee on Education and Labor:

Whereas it has been openly published and charged for a period of years that the American Book Co. and other textbook concerns, commonly known as the "Book Trust", all dealing in textbooks and schoolbooks, throughout the country, have been engaged in unlawful practices in obtaining of contracts for furnishing schoolbooks through State legislation, and from public officials in States, and that, in the obtention of these contracts to furnish textbooks, it is charged that they have used large sums of money for entertainment and use of various officials; and,

Whereas it was published in the newspapers on Saturday, May 5, 1934, that, in a secret N.R.A. Code hearing held in Washington, D.C., in April 1934, it was disclosed that $500,000 had been paid out by the textbook manufacturers for "meals" and other gratuities to public officials having to do with the purchase of school textbooks for the children and the youth of our country; and,

Whereas these books are sold in interstate commerce: Now, therefore, be it

Resolved, That the President of the Senate be, and he is hereby, authorized and directed to appoint a committee of 5 Members of the Senate—not more than 3 members from any one political party—which committee is authorized and directed, during the session of the Senate, and during the recess of the Congress, to examine into such charges made concerning the book manufacturers selling books in interstate commerce, and report its findings to the next Congress.

For the purpose of this resolution, the committee, or any subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Congress until the final report is submitted, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $20,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

GEORGE A. FOX

Mr. WALSH. From the Committee on Naval Affairs, I report back favorably without amendment Senate bill 3586, for the relief of George A. Fox; and I call the attention of the Senator from Arkansas [Mr. ROBINSON] to the bill.

Mr. ROBINSON of Arkansas. I ask that the bill be read, and, if there is no objection, that it be considered at this time.

The PRESIDING OFFICER. The bill will be read.

The legislative clerk read the bill, as follows:

Be it enacted, etc., That the President of the United States is hereby authorized to appoint George A. Fox, chief pharmacist's mate, United States Navy, a chief pharmacist in the Navy, subject to qualification on physical examination, with the pay and allowance provided by law for chief warrant officers after 20 years' commissioned service and with creditable record: *Provided*, That no back pay, allowances, or emoluments shall become due prior to the date of this act.

Mr. McNARY. Mr. President, will the Senator from Arkansas explain the reasons for requesting immediate action on the bill?

Mr. ROBINSON of Arkansas. Mr. President, during the illness of President Wilson, Mr. Fox was assigned to attend and to assist him. He served in that capacity and is now attached to the White House. Under the circumstances, this is the only provision that can be made for him.

Mr. WALSH. Mr. President, the Senator from Arkansas has stated the facts as the committee understands them. I hope the bill will be passed.

Mr. ROBINSON of Arkansas. I thank the Senator.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. HATCH in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of Raleigh A. Gibson, of Illinois, now a Foreign Service officer of class 6 and a consul, to be also a secretary in the Diplomatic Service.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order.

Without objection, the first nomination on the calendar will be passed over.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. ROBINSON of Arkansas. I ask that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters will be confirmed en bloc.

HENRY R. PARK

Mr. HARRISON. On behalf of the Senator from Tennessee [Mr. McKELLAR], I report back favorably the nomination of Henry R. Park to be postmaster at Merigold, Miss. Some exceptional circumstances were presented to me by the Representative in whose district this post office is located, and I ask unanimous consent that the nomination may be confirmed at this time.

Mr. LONG. Mr. President, what is the nomination?

The PRESIDING OFFICER. The nomination will be read.

The legislative clerk read the nomination of Henry R. Park to be postmaster at Merigold, Miss.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations for promotion of officers in the Navy.

Mr. ROBINSON of Arkansas. I ask unanimous consent that the nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That completes the calendar.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p.m.) the Senate took a recess until tomorrow, Friday, May 18, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 17 (legislative day of May 10), 1934

COAST GUARD

The following-named cadets to be ensigns in the Coast Guard of the United States, to rank as such from May 28, 1934:

Walter Stephen Bakutis	Evor Samuel Kerr, Jr.
Edgar Vigo Carlson	Clarence Milton Speight
Thomas James Eugene Crotty	

PROMOTIONS IN THE NAVY

Lt. Charles L. Andrews, Jr., to be a lieutenant commander in the Navy, from the 30th day of June 1933.

Lt. Henry L. Pitts to be a lieutenant commander in the Navy, from the 1st day of January 1934.

Passed Assistant Paymaster Frederick Schwab to be a paymaster in the Navy, with the rank of lieutenant commander, from the 1st day of January 1934.

The following-named passed assistant paymasters to be paymasters in the Navy, with the rank of lieutenant commander, from the 16th day of January 1934:

Leon I. Smith	John C. Poshepny
Harold E. Humphreys	Henry C. McGinnis
Hugh A. Phares	Frank J. Manley
Percy W. McCord	Percival F. Patten
Tipton F. Woodward	Michael A. Sprengel
George L. Thomas	Chester B. Peake

POSTMASTERS

ALABAMA

Ethel G. Liddell to be postmaster at Butler, Ala., in place of E. G. Liddell. Incumbent's commission expired December 18, 1933.

John T. Maddox to be postmaster at Vernon, Ala., in place of J. A. Johnson. Incumbent's commission expired March 8, 1934.

ARIZONA

Ross H. Cunningham to be postmaster at Jerome, Ariz., in place of R. H. Cunningham. Incumbent's commission expired January 9, 1934.

Mary W. Hand to be postmaster at Winkelman, Ariz., in place of M. W. Hand. Incumbent's commission expired April 16, 1934.

CALIFORNIA

Lula G. Watson to be postmaster at Canoga Park, Calif., in place of V. I. Renick, deceased.

Ralph W. Dunham to be postmaster at Greenfield, Calif., in place of M. O. Pickering, removed.

Josephine M. Costar to be postmaster at Greenville, Calif., in place of J. M. Costar. Incumbent's commission expired May 7, 1934.

Marvin S. Wick to be postmaster at Hermosa Beach, Calif., in place of C. H. Salinas. Incumbent's commission expired April 2, 1934.

Otto G. Simon to be postmaster at Lancaster, Calif., in place of B. C. McMurray, removed.

Anthony F. Sonka to be postmaster at Lemongrove, Calif., in place of A. F. Sonka. Incumbent's commission expired January 8, 1934.

Miriam I. Paine to be postmaster at Mariposa, Calif., in place of M. I. Paine. Incumbent's commission expired April 22, 1934.

Joseph T. McInerny to be postmaster at Merced, Calif., in place of A. E. Daneri, transferred.

Julia M. Ruschin to be postmaster at Newark, Calif., in place of M. E. Bole. Incumbent's commission expired December 18, 1933.

James B. Stone to be postmaster at Redlands, Calif., in place of J. F. Wheat. Incumbent's commission expired December 18, 1933.

COLORADO

William J. Murphy to be postmaster at Breckenridge, Colo., in place of M. H. Hayden, removed.

Flora G. Hier to be postmaster at Castle Rock, Colo., in place of E. M. Kroll. Incumbent's commission expired February 6, 1934.

Agnes M. Padan to be postmaster at Fort Logan, Colo., in place of Charles Lawton. Incumbent's commission expired March 18, 1934.

Mary E. Dermody to be postmaster at Strasburg, Colo., in place of A. C. Hanson. Incumbent's commission expired March 8, 1934.

CONNECTICUT

Elizabeth J. Carris to be postmaster at Stepney Depot, Conn., in place of J. M. Osborn, deceased.

DELAWARE

Oliver G. Melvin to be postmaster at Frederica, Del., in place of W. H. Rogers. Incumbent's commission expired April 22, 1934.

Florence H. Carey to be postmaster at Milton, Del., in place of J. D. Robbins. Incumbent's commission expired April 8, 1934.

FLORIDA

Kathleen McCallum to be postmaster at Bay Harbor, Fla. Office became Presidential July 1, 1932.

Nancy L. Mims to be postmaster at Deerfield, Fla., in place of E. B. Colson, removed.

J. Andrew Shelley to be postmaster at Palatka, Fla., in place of G. E. Gay, removed.

Ralph W. Hartman to be postmaster at Stuart, Fla., in place of C. M. Loy. Incumbent's commission expired March 18, 1934.

GEORGIA

Thomas J. Hamilton to be postmaster at Augusta, Ga., in place of E. R. Johnson. Incumbent's commission expired November 12, 1933.

Theo B. Little to be postmaster at Cornelia, Ga., in place of S. T. Lassiter, resigned.

Paul L. Miles to be postmaster at Metter, Ga., in place of O. G. Yandle. Incumbent's commission expired June 19, 1933.

Goodwin M. Barnes to be postmaster at Midville, Ga., in place of J. C. Atkinson, resigned.

HAWAII

Harry K. Ching to be postmaster at Ewa, Hawaii, in place of John Lennox. Incumbent's commission expired March 22, 1934.

John M. Fernandez to be postmaster at Hana, Hawaii, in place of Joseph Herrscher, resigned.

Robert E. Lee to be postmaster at Olaa, Hawaii, in place of P. F. Sakamaki. Incumbent's commission expired May 23, 1933.

IDAHO

Clellan W. Bentley to be postmaster at Mullan, Idaho, in place of J. B. Newbury. Incumbent's commission expired December 13, 1932.

Wando J. Andrasen to be postmaster at St. Anthony, Idaho, in place of I. W. Moore. Incumbent's commission expired March 22, 1934.

ILLINOIS

Roy L. Campbell to be postmaster at Athens, Ill., in place of A. W. Cantrall. Incumbent's commission expired January 16, 1934.

Peter F. Harder to be postmaster at Atwood, Ill., in place of A. H. Gross. Incumbent's commission expired January 31, 1934.

James E. Muckian to be postmaster at Calumet City, Ill., in place of J. L. Lewandowski. Incumbent's commission expired February 5, 1933.

William S. Westermann to be postmaster at Carlyle, Ill., in place of H. C. Norcross. Incumbent's commission expired April 16, 1934.

William E. Leischner to be postmaster at De Land, Ill., in place of R. J. Murphy. Incumbent's commission expired February 11, 1933.

Thomas O'Donnell to be postmaster at Grafton, Ill., in place of E. C. Seik. Incumbent's commission expired April 16, 1934.

Anna E. Sullivan to be postmaster at Grand Tower, Ill., in place of L. M. Crow. Incumbent's commission expired December 18, 1933.

Porter Campbell to be postmaster at Hardin, Ill., in place of A. F. Eberlin. Incumbent's commission expired April 16, 1934.

Charles H. Knodel to be postmaster at Hull, Ill., in place of J. H. Maher. Incumbent's commission expired March 18, 1934.

Charles M. McCoy to be postmaster at Hutsonville, Ill., in place of G. R. Correll. Incumbent's commission expired February 6, 1934.

William H. Woodard to be postmaster at North Chicago, Ill., in place of J. L. Przyborski. Incumbent's commission expired December 18, 1933.

William A. Reeds to be postmaster at Oakland, Ill., in place of Carlysle Pemberton. Incumbent's commission expired January 31, 1934.

Michael E. Sullivan to be postmaster at Park Ridge, Ill., in place of L. G. Raymer, removed.

Thomas J. Cody to be postmaster at Peoria, Ill., in place of L. J. Gauss, removed.

William C. Dufrenne to be postmaster at Prarie du Rocher, Ill., in place of R. R. Larkin. Incumbent's commission expired December 18, 1933.

Samuel T. Duncan to be postmaster at Tamaroa, Ill., in place of C. G. Blanchard. Incumbent's commission expired December 20, 1932.

Curtis E. Veach to be postmaster at Valier, Ill., in place of John Hudson. Incumbent's commission expired December 20, 1932.

INDIANA

Leo McGrath to be postmaster at Fowler, Ind., in place of E. L. McKnight, removed.

IOWA

J. Murl Hamilton to be postmaster at Bedford, Iowa, in place of W. H. Lake, deceased.

Charles FitzPatrick to be postmaster at Churdan, Iowa, in place of R. H. Halloway, deceased.

Martin W. Brockman to be postmaster at Clarksville, Iowa, in place of M. C. Rhoads. Incumbent's commission expired February 10, 1934.

Max B. Bishop to be postmaster at Elkader, Iowa, in place of V. L. Gilje. Incumbent's commission expired March 18, 1934.

Fred W. Franzwa to be postmaster at Glidden, Iowa, in place of W. L. McLaughlin, removed.

Leslie E. Grady to be postmaster at New Hartford, Iowa, in place of C. B. DeVeny. Incumbent's commission expired January 22, 1934.

Lucy E. Newville to be postmaster at Titonka, Iowa, in place of M. L. Petersen. Incumbent's commission expired December 18, 1933.

KANSAS

George E. Broadie to be postmaster at Ashland, Kans., in place of E. W. Mendenhall. Incumbent's commission expired January 16, 1933.

Dixie Elliott to be postmaster at Blue Rapids, Kans., in place of H. C. Lathrap. Incumbent's commission expired December 19, 1931.

Eyman Phebus to be postmaster at Coldwater, Kans., in place of O. J. Mark. Incumbent's commission expired February 28, 1933.

Elmer R. Eyman to be postmaster at Deerfield, Kans., in place of H. N. Van Doren. Incumbent's commission expired January 8, 1933.

Augustus M. Graves to be postmaster at Garnett, Kans., in place of Harry Morris, removed.

Nat G. Walker to be postmaster at Great Bend, Kans., in place of F. G. Kienzle. Incumbent's commission expired January 28, 1934.

Rosa J. Munger to be postmaster at Hanover, Kans., in place of G. W. Gerardy. Incumbent's commission expired May 29, 1932.

Warren D. Gilmore to be postmaster at Highland, Kans., in place of L. W. Strickler, removed.

John J. Lindsay to be postmaster at Horton, Kans., in place of H. A. Luebbe, removed.

Pearl E. Holmes to be postmaster at Kincaid, Kans., in place of J. E. Scruggs, deceased.

Arthur G. Long to be postmaster at Kingman, Kans., in place of A. E. Palmer, removed.

Axel A. Peterson to be postmaster at La Harpe, Kans., in place of Ray Bartlett. Incumbent's commission expired December 18, 1933.

Helen M. Collins to be postmaster at Lenexa, Kans., in place of Maud Williams. Incumbent's commission expired January 5, 1933.

Francis G. Burford to be postmaster at Longton, Kans., in place of Sheridan Crumrine, deceased.

Harry M. Brodrick to be postmaster at Marysville, Kans., in place of O. A. Smith. Incumbent's commission expired January 31, 1932.

Nellie F. Walsh to be postmaster at Mayetta, Kans., in place of A. J. Laird, removed.

Ernest F. Gerber to be postmaster at Meriden, Kans., in place of R. E. Anderson. Incumbent's commission expired December 16, 1933.

Perry S. Kozel to be postmaster at Morrowville, Kans., in place of J. B. Schwab. Incumbent's commission expired December 19, 1931.

George W. Brownell to be postmaster at Moscow, Kans., in place of A. W. Lowe. Incumbent's commission expired December 16, 1933.

Charles Huffman to be postmaster at Norwich, Kans., in place of R. M. Skidmore, removed.

Cecil C. Pember to be postmaster at Olathe, Kans., in place of H. M. Limbird, retired.

Ruth Hopson to be postmaster at Phillipsburg, Kans., in place of D. F. Hahn, transferred.

Ronald E. Mangrum to be postmaster at Pittsburg, Kans., in place of M. C. True. Incumbent's commission expired April 15, 1934.

Clyde Williams to be postmaster at Preston, Kans., in place of N. V. Van Dolah. Incumbent's commission expired March 2, 1933.

Vie Peacock to be postmaster at Protection, Kans., in place of K. S. Dale. Incumbent's commission expired February 28, 1933.

Hugh Corcoran to be postmaster at Severance, Kans., in place of W. H. Dittemore, removed.

Tracy A. Hand to be postmaster at Veterans' Administration Home, Kans., in place of J. P. Pierce, deceased.

J. Raymond E. Simmons to be postmaster at Wellsville, Kans., in place of J. R. E. Simmons. Incumbent's commission expired January 28, 1934.

Ernest B. Hedge to be postmaster at Whiting, Kans., in place of G. E. Crawford, removed.

MAINE

Irenee Cyr to be postmaster at Fort Kent, Maine, in place of E. H. Roberts, resigned.

Leo V. Keenan to be postmaster at Mars Hill, Maine, in place of C. H. Pierce. Incumbent's commission expired September 18, 1933.

MARYLAND

William A. Strohm to be postmaster at Annapolis, Md., in place of J. M. Armstrong, retired.

Herbert L. Diamond to be postmaster at Gaithersburg, Md., in place of C. S. Duvall. Incumbent's commission expired March 8, 1934.

John M. Pearce to be postmaster at Monkton, Md., in place of R. G. Merryman. Incumbent's commission expired January 9, 1933.

MASSACHUSETTS

James Sheehan to be postmaster at Millis, Mass., in place of H. E. King. Incumbent's commission expired April 3, 1934.

Thomas B. Mulvehill to be postmaster at Norwood, Mass., in place of A. K. Parker. Incumbent's commission expired February 13, 1933.

Charles A. McCarthy to be postmaster at Shirley, Mass., in place of L. H. Bradford. Incumbent's commission expired February 10, 1934.

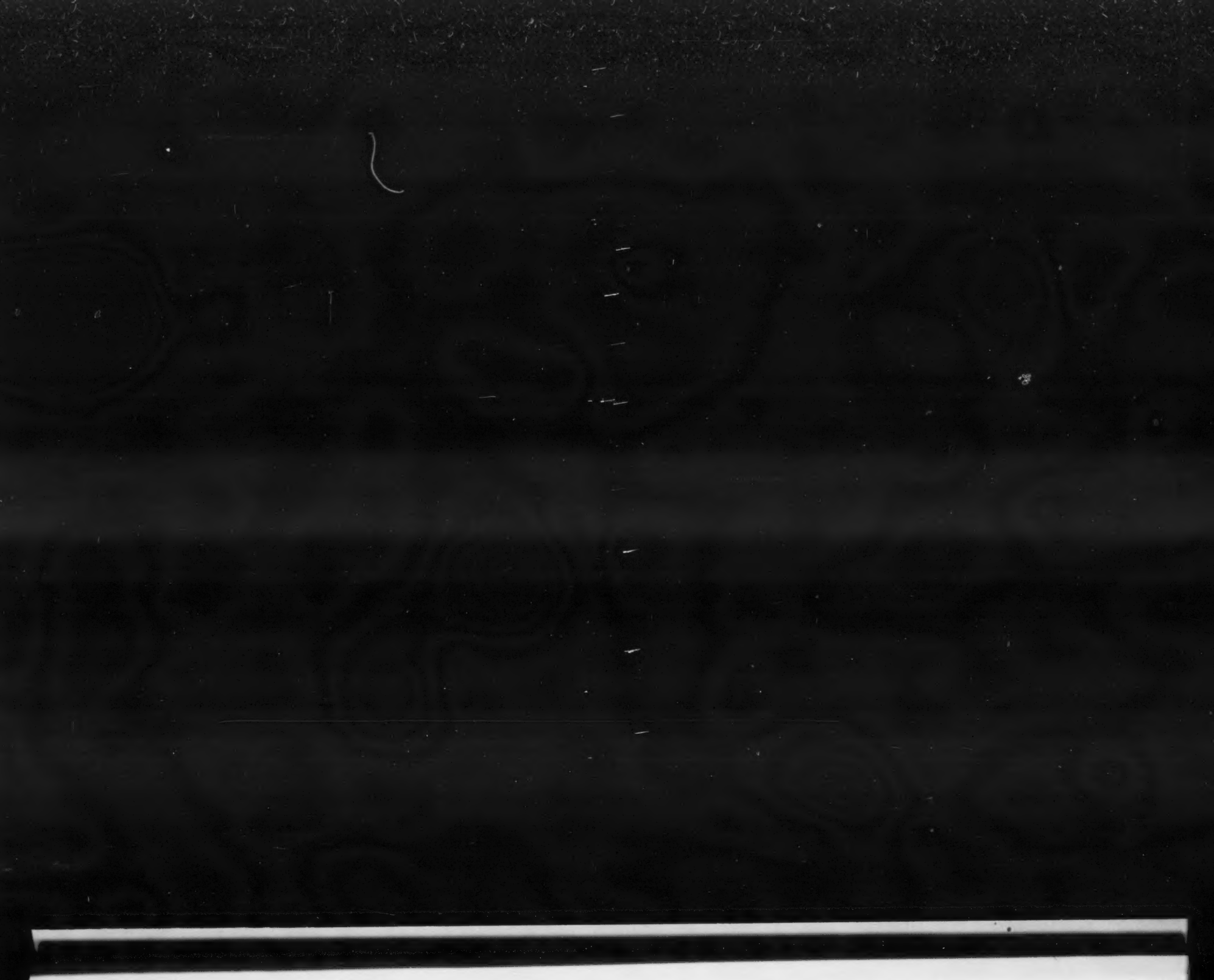
Margaret E. Coughlin to be postmaster at West Concord, Mass., in place of Benjamin Derby. Incumbent's commission expired April 2, 1934.

MICHIGAN

Roy P. Hallock to be postmaster at Almont, Mich., in place of G. W. Paton. Incumbent's commission expired December 8, 1932.

Josephine Salsbury to be postmaster at Alto, Mich., in place of C. R. Foote. Incumbent's commission expired February 28, 1933.

Clare E. Richardson to be postmaster at Augusta, Mich., in place of J. N. Kart, deceased.



Arthur E. Dann to be postmaster at Beaverton, Mich., in place of J. L. Oliver. Incumbent's commission expired December 8, 1932.

Walter J. Grace to be postmaster at Carson City, Mich., in place of H. E. Cowdin, removed.

Herbert D. Witherell to be postmaster at Chelsea, Mich., in place of O. T. Hoover, deceased.

Harry J. Lynch to be postmaster at Gaylord, Mich., in place of Frank Wilkinson. Incumbent's commission expired December 16, 1933.

Ruth G. Templeton to be postmaster at Harbor Beach, Mich., in place of E. W. Klump. Incumbent's commission expired December 8, 1932.

Bernice E. Knopp to be postmaster at Hartford, Mich., in place of R. C. Hubbard, resigned.

Peter J. Nora to be postmaster at Iron River, Mich., in place of Patrick O'Brien, deceased.

William M. Hankerd to be postmaster at Munith, Mich., in place of Elizabeth Riggs. Incumbent's commission expired December 7, 1932.

Edwin E. Thompson to be postmaster at Oscoda, Mich., in place of G. E. Stockman, removed.

Morton Rann to be postmaster at Perry, Mich., in place of Sumner Blanchard, resigned.

Byron O. Gillies to be postmaster at Prescott, Mich., in place of L. G. Poskitt. Incumbent's commission expired May 29, 1933.

Daniel S. Kelly to be postmaster at Reading, Mich., in place of G. W. Davis. Incumbent's commission expired January 22, 1934.

Martha M. Kern to be postmaster at Reese, Mich., in place of Alfred Buetow. Incumbent's commission expired January 28, 1934.

John D. Mershon to be postmaster at Saginaw, Mich., in place of E. E. Vibert, deceased.

Asa E. Streeter to be postmaster at Vassar, Mich., in place of J. M. Carr, retired.

Arthur Cavender to be postmaster at Wakefield, Mich., in place of A. M. Gilbert. Incumbent's commission expired December 7, 1932.

Clayton H. Norton to be postmaster at Walkerville, Mich., in place of E. L. Bunting. Incumbent's commission expired December 16, 1933.

Ernest F. Taylor to be postmaster at Walled Lake, Mich., in place of C. E. Rose, removed.

Flossie A. Brown to be postmaster at Williamston, Mich., in place of J. F. Krumbeck. Incumbent's commission expired December 16, 1933.

MINNESOTA

Thomas Hughes to be postmaster at Bemidji, Minn., in place of W. B. Stewart, resigned.

Joseph C. McGowan to be postmaster at Benson, Minn., in place of H. E. Bowers, removed.

Antoinette D. Hall to be postmaster at Campbell, Minn., in place of Benjamin Baker. Incumbent's commission expired December 18, 1933.

Carl S. Nygren to be postmaster at Lake City, Minn., in place of D. C. McKenzie. Incumbent's commission expired March 20, 1932.

Alphonse F. Scheibel to be postmaster at Mountain Lake, Minn., in place of I. I. Bargen, removed.

August M. Utecht to be postmaster at Richmond, Minn., in place of J. B. Schlener. Incumbent's commission expired June 19, 1933.

Arnold R. Krogh to be postmaster at Spring Grove, Minn., in place of H. M. Burtness. Incumbent's commission expired January 10, 1931.

Paul J. Arndt to be postmaster at Stillwater, Minn., in place of A. M. Croonquist, removed.

Ernest F. Schroeder to be postmaster at Wells, Minn., in place of C. B. Quinn, transferred.

MISSOURI

Eliza Belle Lile to be postmaster at Cowgill, Mo., in place of P. H. Percifull, resigned.

Charline Finley Gardner to be postmaster at Hardin, Mo., in place of H. S. Wilson, removed.

Benjamin R. Treasure to be postmaster at McFall, Mo., in place of E. W. Brewer. Incumbent's commission expired December 18, 1933.

Lilbourn B. Headlee to be postmaster at Morehouse, Mo., in place of E. F. Walden, deceased.

Fred H. Kurz to be postmaster at Savannah, Mo., in place of J. E. King, removed.

MONTANA

Helen P. Gibb to be postmaster at Belton, Mont. Office became Presidential July 1, 1932.

Ethel C. Hockman to be postmaster at Kevin, Mont., in place of E. J. Louis. Incumbent's commission expired January 26, 1933.

Leo Z. Francis to be postmaster at Medicine Lake, Mont., in place of J. F. Dolin. Incumbent's commission expired March 2, 1933.

Hazel M. Peterson to be postmaster at Nashua, Mont., in place of R. M. Sargent, deceased.

Mary E. Matthews to be postmaster at Oilmont, Mont., in place of G. H. White, removed.

Frank D. Stoltz to be postmaster at Park City, Mont., in place of R. M. Fry. Incumbent's commission expired December 18, 1933.

Philip W. Poindexter to be postmaster at Stevensville, Mont., in place of R. T. Spaulding. Incumbent's commission expired December 19, 1932.

John W. Huntsberger to be postmaster at Sunburst, Mont., in place of M. H. Keselring. Incumbent's commission expired February 9, 1933.

NEBRASKA

Walter O. Troxel to be postmaster at Elsie, Nebr., in place of J. F. Brittain, removed.

David S. Simms to be postmaster at Hastings, Nebr., in place of H. C. Haverly, resigned.

Herman G. Mattson to be postmaster at Kearney, Nebr., in place of C. R. Wareham, removed.

Dorothy A. Crawford to be postmaster at Maxwell, Nebr., in place of C. H. Kuhns. Incumbent's commission expired January 18, 1933.

NEVADA

James I. J. Lee to be postmaster at Boulder City, Nev., in place of J. L. Finney, resigned.

Grace G. Thompson to be postmaster at Mina, Nev., in place of V. B. Eckley. Incumbent's commission expired February 7, 1932.

William E. E. Kinnikin to be postmaster at Reno, Nev., in place of G. F. Smith. Incumbent's commission expired February 20, 1934.

NEW JERSEY

Harry J. Mack, Jr., to be postmaster at Bloomsbury, N.J., in place of C. R. Bassett. Incumbent's commission expired December 18, 1933.

Edward W. Walker to be postmaster at Cranbury, N.J., in place of E. W. Walker. Incumbent's commission expired May 31, 1933.

Harry N. Savage to be postmaster at Livingston, N.J., in place of A. W. Van Zee. Incumbent's commission expired January 19, 1933.

Carl M. Hermann to be postmaster at Milltown, N.J., in place of Christian Kuhlthau, removed.

James D. McErlane to be postmaster at Morris Plains, N.J., in place of I. L. Longcor. Incumbent's commission expired December 18, 1933.

James Entwistle, Sr., to be postmaster at New Milford, N.J., in place of Margarethe Grund. Incumbent's commission expired February 28, 1932.

Dominic Soriano to be postmaster at Raritan, N.J., in place of Olla Mehlenbeck, removed.

William N. Schwab to be postmaster at Ridgefield Park, N.J., in place of H. G. W. Hammarlund. Incumbent's commission expired January 18, 1933.

Michael A. Carroll to be postmaster at South Bound Brook, N.J., in place of H. H. Sheperd. Incumbent's commission expired December 14, 1932.

Harry E. Carter to be postmaster at White House Station, N.J., in place of W. C. Swackhamer. Incumbent's commission expired December 18, 1933.

NEW MEXICO

Alda M. O'Hara to be postmaster at Las Cruces, N.Mex., in place of C. C. Lee, resigned.

NEW YORK

John F. Gleason to be postmaster at Le Roy, N.Y., in place of W. M. Houston, transferred.

John M. Collins to be postmaster at Lyons, N.Y., in place of A. R. Betts, resigned.

Chester A. Miller to be postmaster at Oneonta, N.Y., in place of F. G. Sherman. Incumbent's commission expired January 28, 1934.

Ruth E. Perrin to be postmaster at Potsdam, N.Y., in place of W. T. Hinman, resigned.

Mary Gallagher to be postmaster at Witherbee, N.Y., in place of J. T. Gallagher, deceased.

NORTH CAROLINA

Wythe M. Peyton to be postmaster at Asheville, N.C., in place of D. W. Hill, resigned.

William E. Hooks to be postmaster at Ayden, N.C., in place of O. J. Prescott. Incumbent's commission expired June 7, 1933.

William C. Stockton to be postmaster at Ellenboro, N.C., in place of S. A. Padgett. Incumbent's commission expired February 28, 1933.

John F. Lynch to be postmaster at Erwin, N.C., in place of F. M. McKay. Incumbent's commission expired April 24, 1933.

Harry L. Ward to be postmaster at Gatesville, N.C., in place of M. W. Turner. Incumbent's commission expired April 28, 1934.

NORTH DAKOTA

Andrew O. Williams to be postmaster at Bottineau, N.Dak., in place of P. J. Scully. Incumbent's commission expired June 19, 1933.

James R. Brown to be postmaster at Heaton, N.Dak., in place of F. C. Rypka. Incumbent's commission expired September 18, 1933.

Benno G. J. Schimansky, Jr., to be postmaster at Solen, N.Dak. Office became Presidential July 1, 1932.

Charles K. Otto to be postmaster at Valley City, N.Dak., in place of Katherine Ritchie. Incumbent's commission expired February 25, 1933.

OHIO

Roy H. Kerns to be postmaster at Bellefontaine, Ohio, in place of Henry Kemper, deceased.

Gilbert C. Wilson to be postmaster at Hiram, Ohio, in place of G. A. Vincent. Incumbent's commission expired December 16, 1933.

Milton L. Dickason to be postmaster at Richwood, Ohio, in place of Owen Livingston. Incumbent's commission expired December 16, 1933.

OKLAHOMA

Elmer C. Croom to be postmaster at Okmulgee, Okla., in place of C. C. Chapell, deceased.

John R. Redwine, Jr., to be postmaster at Spiro, Okla., in place of M. M. Barbee. Incumbent's commission expired April 15, 1934.

OREGON

J. Dayton McLucas to be postmaster at Hood River, Oreg., in place of T. F. Johnson. Incumbent's commission expired April 9, 1932.

Elton A. Schroeder to be postmaster at Myrtle Point, Oreg., in place of E. O. Schneider. Incumbent's commission expired December 18, 1933.

Madge H. Fortune to be postmaster at Newport, Oreg., in place of C. C. Presley. Incumbent's commission expired January 9, 1933.

George A. Hartman to be postmaster at Pendleton, Oreg., in place of Thomas Thompson, deceased.

PENNSYLVANIA

Grace Baker to be postmaster at Claysburg, Pa., in place of Grace Baker. Incumbent's commission expired January 31, 1933.

John A. McShane to be postmaster at Clifton Heights, Pa., in place of G. F. Marsh, removed.

Harry A. McIntosh to be postmaster at Hollidaysburg, Pa., in place of F. J. Over, deceased.

John L. Clover to be postmaster at Knox, Pa., in place of G. H. Mull, removed.

Penrose L. Young to be postmaster at Northampton, Pa., in place of Howard Weiss. Incumbent's commission expired February 14, 1934.

Nevin L. Wuchter to be postmaster at Orwigsburg, Pa., in place of C. S. Yeager. Incumbent's commission expired January 11, 1933.

Russell W. Mosteller to be postmaster at Pen Argyl, Pa., in place of James Hewett, resigned.

Paul Q. Barclay to be postmaster at Punxsutawney, Pa., in place of S. A. Caylor, transferred.

Robert J. Miller to be postmaster at State College, Pa., in place of George Glenn, transferred.

Alfred R. Warner to be postmaster at Waynesboro, Pa., in place of W. E. Bowers. Incumbent's commission expired February 2, 1932.

SOUTH DAKOTA

Stephen E. Halva to be postmaster at Belvidere, S.Dak., in place of J. V. Drips, removed.

Anna Donohue to be postmaster at Bonesteel, S.Dak., in place of John Harms. Incumbent's commission expired December 20, 1932.

Ira H. Pinnell to be postmaster at Eagle Butte, S.Dak., in place of Frank Bowman. Incumbent's commission expired March 22, 1934.

Ray W. Pitsor to be postmaster at Faith, S.Dak., in place of A. J. McCormack. Incumbent's commission expired February 21, 1932.

John D. Cannon to be postmaster at Fort Pierre, S.Dak., in place of Solomon Hoy, removed.

Gustave I. Honsey to be postmaster at Hecla, S.Dak., in place of A. M. Lane. Incumbent's commission expired January 29, 1933.

David K. Batchelor to be postmaster at Hot Springs, S.Dak., in place of R. A. Hummel, removed.

Michael J. Matthews to be postmaster at Isabel, S.Dak., in place of T. L. Campman. Incumbent's commission expired February 5, 1933.

William J. Walsh to be postmaster at Lesterville, S.Dak., in place of A. J. Soukup, removed.

Ella M. Ottum to be postmaster at Mellette, S.Dak., in place of F. F. Cheatham. Incumbent's commission expired December 18, 1933.

Clyde M. McDonell to be postmaster at Murdo, S.Dak., in place of M. C. Burnham, removed.

Fae Thompson to be postmaster at St. Lawrence, S.Dak., in place of W. J. Morrow. Incumbent's commission expired January 28, 1934.

Arthur R. Siegmund to be postmaster at White River, S.Dak., in place of C. S. Hight. Incumbent's commission expired March 2, 1933.

TENNESSEE

Guy W. Mobley to be postmaster at Bells, Tenn., in place of W. R. Williams. Incumbent's commission expired January 30, 1933.

George F. Barfield to be postmaster at Henning, Tenn., in place of H. M. Johnson. Incumbent's commission expired December 11, 1933.

Paul S. Savage to be postmaster at Ripley, Tenn., in place of H. B. Nunn, resigned.

Ocie C. Hawkins to be postmaster at Stanton, Tenn., in place of O. C. Hawkins. Incumbent's commission expired April 15, 1934.

TEXAS

Claude Thompson to be postmaster at Breckenridge, Tex., in place of B. H. Trammell. Incumbent's commission expired June 19, 1933.

James R. Eanes to be postmaster at Comanche, Tex., in place of G. B. Black, removed.

John M. O. Littlefield to be postmaster at Crosbyton, Tex., in place of O. H. Sieber. Incumbent's commission expired March 18, 1934.

A. Warren Dunn to be postmaster at Fort Stockton, Tex., in place of C. E. Hart, deceased.

Fred E. Horton to be postmaster at Greenville, Tex., in place of C. A. Duck, removed.

Tom Calhoon to be postmaster at Liberty, Tex., in place of Don Parker. Incumbent's commission expired March 18, 1934.

William C. Bigby to be postmaster at Livingston, Tex., in place of A. W. Orr, removed.

Glad Campbell to be postmaster at Mertzon, Tex., in place of Mae Sheen. Incumbent's commission expired January 28, 1934.

Myrtle M. Hatch to be postmaster at Mission, Tex., in place of R. M. Hanson, removed.

Morris W. Collie to be postmaster at Pecos, Tex., in place of C. A. Young. Incumbent's commission expired January 16, 1933.

Ernest C. Waddell to be postmaster at Putnam, Tex., in place of W. L. Kennedy, removed.

Jack V. Gray to be postmaster at Rotan, Tex., in place of W. W. McNaron. Incumbent's commission expired March 18, 1934.

Carl R. Nall to be postmaster at Sherman, Tex., in place of E. N. Mulkey, removed.

Clarence Carter to be postmaster at Somerville, Tex., in place of R. D. Sterling, removed.

Frederick I. Massengill to be postmaster at Terrell, Tex., in place of A. W. Henderson. Incumbent's commission expired December 16, 1933.

UTAH

A. Carlos Schow to be postmaster at Lehi, Utah, in place of Leland Powell. Incumbent's commission expired February 14, 1934.

VERMONT

John E. Stewart to be postmaster at Morrisville, Vt., in place of E. W. Gates. Incumbent's commission expired December 18, 1932.

VIRGINIA

Kathryn C. Ross to be postmaster at Accomac, Va., in place of M. C. Berry. Incumbent's commission expired January 29, 1933.

John H. Bowdoin to be postmaster at Bloxom, Va., in place of R. L. Somers, resigned.

Hugh H. Adair to be postmaster at Bristol, Va., in place of F. D. Millard, resigned.

Norma H. Fulton to be postmaster at Drakes Branch, Va., in place of M. E. Gregory. Incumbent's commission expired December 20, 1932.

James H. Shiner to be postmaster at Front Royal, Va., in place of S. G. Allen, removed.

Charles B. Hogan to be postmaster at Heathsville, Va., in place of W. R. Hall. Incumbent's commission expired May 28, 1933.

Andrew W. Cameron to be postmaster at Hot Springs, Va., in place of L. C. Alphin. Incumbent's commission expired April 16, 1934.

Richard S. Jackson to be postmaster at Ivanhoe, Va., in place of W. W. Blair. Incumbent's commission expired June 7, 1933.

Thomas E. Simmerman, Jr., to be postmaster at Max Meadows, Va., in place of R. W. Grove. Incumbent's commission expired June 7, 1933.

Robert P. Holt to be postmaster at Newport News, Va., in place of W. T. Hopkins, resigned.

Kemp Plummer to be postmaster at Portsmouth, Va., in place of B. B. Lipscomb, resigned.

Samuel F. Atwill, Sr., to be postmaster at Reedsville, Va., in place of R. C. Dey. Incumbent's commission expired June 19, 1933.

John E. Pace to be postmaster at Ridgeway, Va., in place of G. B. Jones. Incumbent's commission expired December 12, 1932.

Wallace P. Ashburn to be postmaster at Virginia Beach, Va., in place of V. W. Marsteller, removed.

WASHINGTON

Herbert O. Thompson to be postmaster at Colfax, Wash., in place of A. H. Eldredge, resigned.

LeRoy C. Eastman to be postmaster at Longview, Wash., in place of L. M. Linck. Incumbent's commission expired April 10, 1932.

Jehu O. Patterson to be postmaster at Pullman, Wash., in place of I. G. Allen, deceased.

WEST VIRGINIA

Thomas M. Deegan to be postmaster at Benwood, W.Va., in place of C. L. Evans, deceased.

Clark E. Heckert to be postmaster at Cairo, W.Va., in place of Monroe Burns. Incumbent's commission expired February 28, 1933.

Della A. Kelly to be postmaster at Montgomery, W.Va., in place of S. J. Champe, removed.

William E. Burchett to be postmaster at Williamson, W.Va., in place of H. S. Hatfield, removed.

WISCONSIN

Albert Hess to be postmaster at Arcadia, Wis., in place of R. F. English. Incumbent's commission expired January 11, 1933.

Andrew J. Osborne to be postmaster at Barron, Wis., in place of L. B. West, removed.

Edward R. Kranzfelder to be postmaster at Bloomer, Wis., in place of C. L. Christianson, removed.

Carl Whitaker to be postmaster at Chetek, Wis., in place of J. W. Bell. Incumbent's commission expired January 21, 1933.

Carl J. Mueller to be postmaster at Jefferson, Wis., in place of L. M. Smith, deceased.

Louis O. Mueller to be postmaster at Portage, Wis., in place of E. B. Shanks, retired.

Helen T. Donalds to be postmaster at St. Croix Falls, Wis., in place of G. M. Boughton. Incumbent's commission expired January 22, 1934.

Bethel W. Robinson to be postmaster at Superior, Wis., in place of F. S. Thompson, transferred.

Thomas J. Kelley to be postmaster at Tomahawk, Wis., in place of H. L. Brooks, removed.

Edward A. Peters to be postmaster at Waterloo, Wis., in place of W. N. White. Incumbent's commission expired January 29, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 17 (legislative day of May 10), 1934

PROMOTIONS IN THE NAVY

TO BE CAPTAINS

William T. Smith
Baxter H. Bruce

TO BE COMMANDER

John L. Hall, Jr.

TO BE LIEUTENANT COMMANDERS

William E. Tarbutton
John Q. Chapman
Harry F. Newton
Charles M. Johnson
Charles R. Jeffs
Raymond E. Farnsworth
Leslie E. Gehres

TO BE LIEUTENANTS

James B. Hogle
Frank R. Davis
Max C. Stormes
Richard F. Johnson, Jr.
Henry W. Goodall
Glenn R. Hartwig
Harry B. Temple
Thomas C. Ritchie
John C. Waldron

TO BE LIEUTENANTS (JUNIOR GRADE)

William M. Walsh
Richard J. H. Conn
Joseph A. Ruddy, Jr.

TO BE PAYMASTER

Robert H. Mattox

TO BE PASSED ASSISTANT PAYMASTERS

Arnold R. Kline
Joseph L. Herlihy

POSTMASTERS

COLORADO

Michael F. O'Day, Lafayette.
Elmer M. Ivers, Loveland.

DELAWARE

George I. Bendler, Delaware City.

INDIANA

Willis E. Payne, Borden.
Ervin Sell, Columbia City.
Ellis B. Cates, Greentown.
Maurice L. Cory, Kingman.
Fred C. Brewer, La Porte.
Orville R. Nethercutt, Logansport.
Lyman Thomas, Pennville.

IOWA

Auzman H. Blackmore, Alden.
Willard L. Street, Center Point.
Mary Doris Carroll, Clear Lake.
John A. Davis, Colfax.
Gordon J. Mosby, Elgin.
Jacob A. Schwartz, Fenton.
Vestie L. O'Connor, Graettinger.
Benjamin Roy Bogenrief, Hinton.
Russell E. Whipple, Lehigh.
Paul M. Molleston, Lineville.
James B. Bellamy, Nashua.
Edna Pearl Feuling, New Hampton.
Harry E. Chichester, New London.
Alice A. Higgins, Orient.
Oscar C. Watts, Pisgah.
Charles E. Horning, Richland.
Joseph C. Kinney, Stacyville.
Leander A. Klisart, Strawberry Point.
Dudley A. Reid, Valley Junction.

KANSAS

Cyrus H. Wadsworth, Cottonwood Falls.
Ralph L. Hinnen, Potwin.
Harold Goble, Riley.
Leigh D. Dowling, Saint Francis.
James M. Michaels, Scranton.

KENTUCKY

Nathaniel M. Elliott, Corbin.

MAINE

Thomas L. Pineau, Chisholm.
Adelard J. Dumais, Livermore Falls.
Hildred M. Rider, Rockport.
Wesley E. Spear, Warren.

MISSISSIPPI

Henry R. Park, Merigold.

NEW HAMPSHIRE

Willis E. Herbert, Franconia.
Jeremiah D. Hallisey, Nashua.
Edward S. Perkins, Sunapee.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 17, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Once more, our Heavenly Father, through Thy loving providence, we have the promise and the hope of another day. Out of the mercy of grateful hearts, may we thank Thee. Come Thou, Almighty God, and reign over us. We rejoice amid the perils of life; we are safe not in our own virtue but in Thy guardianship and in the plenitude of the Father's love and care. The stress of circumstances, the conflicts of temptation, the burdens of duty bring heavenly teachings out of the clouds. We pray for a courageous faith in God, a steadfast trust in Him, our Savior. In these great qualities of soul there is a compelling expectation. Gracious Lord, bless the truth, winnow it, that the pure and the good may remain an abiding reality and a sweet memory. In the holy name of Jesus. Amen.

The Journal of the proceedings of Tuesday, May 15, 1934, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 9061. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. THOMAS of Oklahoma, Mr. GLASS, Mr. COPELAND, Mr. KING, Mr. NYE, and Mr. KEYES to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5950) entitled "An act to amend an act entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, and acts amendatory thereof and supplementary thereto."

The message also announced that the Senate agrees to the reports of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to bills of the Senate of the following titles:

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; and

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

The message also announced that the Senate had passed bills, joint resolutions, and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 2527. An act to amend the act of May 29, 1930, for the retirement of employees in the classified civil service;

S. 3285. An act to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes;

S. 3436. An act limiting the operations of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro-Metallurgical Co., New-Kanawha Power Co., and the Union Carbide & Carbon Corporation;

S.J.Res. 121. Joint resolution authorizing the President to return the mace of the Parliament of upper Canada to the Canadian Government;

S.J.Res. 123. Joint resolution empowering certain agents authorized by the Secretary of Agriculture to administer oaths to applicants for tax-exemption certificates under the Cotton Act of 1934; and

S.Con.Res. 16. Concurrent resolution authorizing the Secretary of the Senate, in the enrollment of the bill S. 2845, to correct an error.

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 3364) entitled "An act for the relief of G. T. Fleming."

The message also announced that, pursuant to House Concurrent Resolution No. 37, the Chair appoints, as the members on the part of the Senate of the joint committee to arrange a program for the joint session of the two Houses on May 20, 1934, in commemoration of the death of Marquis de La Fayette, the following: The Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. ROBINSON], the Senator from Kentucky [Mr. BARKLEY], the Senator from Ohio [Mr. FESS], and the Senator from New Jersey [Mr. KEAN].

OLD-AGE PENSIONS

Mr. BYRNS. Mr. Speaker, several days ago the gentleman from Oklahoma [Mr. DISNEY] delivered a very able address over the radio, and I ask unanimous consent to extend my remarks by printing it in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following very able address delivered over the radio by the gentleman from Oklahoma, Mr. DISNEY:

I have the honor and privilege of speaking to you on one of the most interesting subjects that is being discussed throughout the length and breadth of our land—old-age pensions—a subject that has occupied the attention of nearly all the nations of the globe.

In dealing with any problem we should first obtain facts and statistics regarding it and then formulate a policy in order to bring about its solution. If the question is debated, the solution is more easily reached; and if it has been tested, it is then possible to determine whether or not it is practical.

In every civilized country of the world, excepting China and India, the principle of the old-age pension has been adopted. Thirty countries in all, including the principal industrial countries of Europe, have enacted old-age-insurance laws in some form. As long ago as 1850 France passed the first old-age insurance law, which provided a voluntary system of insurance for all residents of France, irrespective of age or disability.

Germany was the first country to provide compulsory old-age insurance, the initial legislation passed in 1889 covering all wage earners, independent workers, and home industrialists; and Great Britain's compulsory old-age insurance law of 1925 covers all manual and nonmanual workers who earn less than 250 pounds annually.

In 1898 Italy enacted a voluntary system for all persons between the ages of 16 and 65 who paid in direct taxes to the State not more than 500 lire per annum and independent workers and members of the liberal professions. All these persons were covered in the compulsory insurance act of 1919, as amended in 1928, provided that those earning 800 lire per month or more might claim exemption from the compulsory insurance.

Czechoslovakia has two compulsory old-age insurance laws, one passed in 1906 covering all salaried employees and another enacted in 1924 for all wage earners.

Holland has had a compulsory-insurance system since 1913 for all wage earners over 14 years of age earning less than 2,000 florins annually. A voluntary insurance law for all Netherlanders regardless of residence, income, and property qualifications, was passed in 1919.

Sweden's compulsory law of 1913 provides that all citizens between the ages of 17 and 67, except persons covered by the pension systems for civil servants and for the Army and Navy, shall contribute to the insurance fund.

In Spain a compulsory-insurance law passed in 1919 covers all wage earners between the ages of 16 and 65 who earn less than 4,000 pesetas annually.

Switzerland has no Federal law, but five cantons have insurance systems, the earliest passed in 1898 and the most recent in 1930.

Other European compulsory-insurance systems have been established by Austria, Belgium, Bulgaria, Greece, Hungary, Lithuania, Luxemburg, Poland, Portugal, Rumania, and Yugoslavia.

Canada established a compulsory system for all employees of the Government railways in 1907, and a voluntary system in 1908 for all residents of the Dominion.

Our country can join in the solution of this problem, as well as the other economic problems of the day.

In the bill I introduced in the first session of the present Congress is a provision providing for a pension of $30 a month for persons over 60 years of age, with certain conditions and restrictions.

Fifty years ago the number of persons in the United States over that age was about a million; today it is over 6,000,000. One third of these are in the almshouses and charitable institutions and over a billion dollars in charity a year is expended in their maintenance.

This is charity, but what true-blooded American wants charity? Charity of a kind that does not come from the heart, but is doled out to those whose means of subsistence is gone and whose homes are destroyed never to be regained. A man without a home is a man without a country.

Industry in general refuses the application of the man who has passed the age of 45, no matter how able-bodied or useful he may be, or appear to be. Even the Federal Government in its civil-service applications has until recently refused to consider those who are of certain mature ages.

As stated by Hon. William M. Brucker, formerly Governor of the State of Michigan, "Penury in advanced age is a misfortune which may beset us all", and as our own illustrious President, who, when Governor of New York, in advocating consideration of a wider, contributory insurance plan, declared: "Our American aged do not want charity, but rather old-age comforts to which they are rightfully entitled."

Insurance for aged and infirm people is based on a principle as broad and as sound as humanity itself—that is, brotherly love—but it can properly be classed as sound business judgment to give the individual during his earlier years the assurance that in his later life he shall not be set adrift on charity.

To furnish a human being with the necessities of life through the medium of public charity is obnoxious to the donor, repugnant to the recipient, and a degradation to the public mind. It induces poverty, squalor, and crime because of its tendency to disarm pride and independence.

A pension or insurance advanced as a legal heritage based on the broad ground of paying a moral obligation which the Government owes those citizens who have supported it, and who became needy, stimulates and encourages its beneficiaries to usefulness and endeavor. Public begging and public almsgiving have impoverished every nation in history that has permitted this evil to thrive. Like a cancer, it eats its way in the public heart, destroys public confidence, fosters hypocrisy, and brings human fear of old age and poverty.

Aid extended by a kindly government inspires loyalty, patriotism, and encourages human kindness and friendliness; more especially it promotes a spirit of cooperation that is for the benefit of organized society itself.

From all the facts and figures available it costs no more, if as much, to support the aged under an insurance system than it does at the poor farm, so that business men need not flinch at the suggestion that the tax burden is enlarged.

Old-fashioned America once stood aghast at the sight of the laborers of the country going to work in their own automobiles, but industry has found that the best workmen are those satisfied with the comforts of life. Industry was not adversely affected by its artisans having their own automobiles and other luxuries. Yesterday's paper carried an interview by Frank A. Vanderlip, one-time Assistant Secretary of the Treasury, and for 10 years head of the biggest bank in the United States, the State National Bank of New York City, in which he advocated the principles for which I am contending, and recognized the necessity for handling the old-age pension problem in his advocacy of old-age annuities.

I would repeat that industry does not need to fear a people, which in its twenties, thirties, and forties, feels sure that it will be taken care of in its fifties and sixties.

Why has the last half century witnessed in the United States (not in any other country) the greatest age of creative inventive genius known to history? The answer is: A citizenship certain and satisfied and therefore mentally free, that under our form of government, our Constitution, and our bill of rights, their homes, persons, families, and property rights would be secure. This individual mentality arose in no other nation. In no other nation has the individual had the mental freedom that he has enjoyed in America.

I predict that before any great stretch of time, that those necessities of life, food, shelter, and clothing, those things that worry our days and nights, put upon us a badge of fear and care, that drives men to the suicide's grave, will become mere incidents in the life of tomorrow; that they will be substantially free to him who will expend a minimum of effort then required to acquire them, those things that God gave us for our use and benefit. This requires no stretch of the imagination, but simply honest reasoning. The kings of yesterday with all their riches did not have electric lights, airplanes, automobiles, radios; they could not be had for all the riches of the Indias. Today they are mere incidents of the average man's life. The luxuries of yesterday are the necessities of today.

The new deal for social justice would seem necessarily to include the whole plan of assuring the useful citizen of today that he will not be the pauper and the beggar of tomorrow. If the new deal drives discouragement and despondency from the land and replaces them with the calm, certain assurance that old age shall not mean penury, then this epoch is indeed a landmark of history.

In passing permit me to say to my audience that the assurances of the success of the new deal and the certainty of the success of the recovery program are each day appearing in the

Nation's Capital, making assurance doubly sure. Of course, certain of the opposition hold up their hands in holy horror at the President's budget of $10,000,000,000, but they overlooked his frankness in telling us what the country needed and when it might expect the liquidation of the debt and the balancing of the Budget. And, too, they refused to notice the headlines of the newspapers which carried the news of the $10,000,000,000-Budget, for blazoned on every other headline was such encouraging news as these: "Biggest Christmas trade in history of New York; world cotton activity near 1929 level; pig-iron output gains 52 percent; big come-back by industrial firms; Prudential Insurance Co. pays $79,000,000 dividends; shoe sales increase 50 percent; grain prices higher; cattle and hog prices stronger." Not much consolation for the oracles of gloom and despair, I should say.

As stated by W. A. Pat Murphy, commissioner of labor of my own State of Oklahoma, "The United States is the richest and foremost nation in the world. It is the only industrial nation in the world which has failed to realize the necessity of providing ways and means of taking care of its veterans of hard work and toil. Think of the plight of these old people confronted with unemployment as they approach the sunset of life, inevitable dependents on public assistance. Men and women, many of whom are without children to whom they might look to for support, victims of circumstances over which they have no control, caused by changed industrial operations, they being trained in occupations which no longer exist. Men and women striving to conceal, rather than parade, their poverty."

Can you imagine a sadder sight than the hungry man searching for employment and no one wanting to hire him because of his age? With industry neglecting him, with what weary feet of discouragement he plods on.

This problem confronts you and me. It is not new by any means.

Thomas Carlyle said: "It is not to die, nor even to die of hunger that makes a man wretched. Many men have died. All must die. But it is to live miserably, we know not why. To work hard and gain nothing. To be heartworn, weary yet isolated, unrelated, with a cold universal doctrine of 'let well enough alone.'"

This is the reason I come to the defense of our elderly people. This is the human need for which the ages cry out, and in such way as we can, we shall endeavor to meet that plea of the Psalmist when he said, "Cast me not off in the time of old age. Forsake me not when my strength faileth."

The bill I have been discussing is as follows:

H.R. 7019

A bill to provide old-age compensation for the citizens of the United States

Be it enacted, etc., That every person who gives satisfactory proof to the authority hereinafter designated that he or she (a) has reached the age of 65 years; (b) has been a citizen of the United States for 20 consecutive years; (c) who is not in receipt of an income from any source of over $360 per year, shall be entitled to receive until death a pension from the United States Government of $30 per month.

SEC. 2. That if such person has other income, then his pension shall be rated in proportion to such income, so his total income, including pension, shall not exceed $360 per annum: *Provided*, That any amount paid under the provisions of this act to any pensioner shall be a lien on the estate of said pensioner, the title to which shall automatically pass to the United States of America, and shall be collected by the said Federal Commissioner of Pensions and paid into the Treasury of the United States.

SEC. 3. That no person shall be paid a pension under the provisions of this act until he voluntarily withdraws from the field of competitive earning: *Provided*, That the occupation of agriculture shall not be hereby deemed as a field of competitive earning where the total area of land so cultivated shall not exceed 5 acres, and where no products of said 5 acres are sold or bartered or offered for sale or barter.

SEC. 4. The provisions of this act shall be administered by the Director of Pensions, who shall be appointed by the President of the United States, at a salary of $7,500 per annum, payable monthly, said appointment to be for a term of 4 years or until removed by the President. Said Director of Pensions shall be empowered to set up machinery and organization for carrying this act into effect, and for maintaining its administration and for such other purposes as are necessary to carry out the provisions of this act.

SEC. 5. In order to provide sufficient income for the purpose of this act it is provided that a levy of one half of 1 percent of all salaries, earnings, income, etc., of all persons between the ages of 21 and 45, inclusive, be paid into the Postal Savings Division of the Post Office Department and to be deposited in a fund designated as the "old-age pension fund."

SEC. 6. That an advisory board be created, said advisory board to consist of the Postmaster General, the Secretary of the Treasury, and the Secretary of Labor, who, in conjunction with the Director of Pensions, shall have the power and authority to scale downward or reduce the tax on earnings to any figure under the specified one half of 1 percent, provided it is found that the lower rate will be sufficient to take care of the necessary demands upon the pension fund.

SEC. 7. The benefits under this act shall not be granted to any person who has, within 5 years prior to making application for compensation, deprived himself, directly or indirectly, of any property for the purpose of qualifying for benefits hereunder.

SEC. 8. The benefits under this act shall not be granted to any person while an inmate of an insane asylum, eleemosynary institution, or while under penal sentence in any jail or prison.

EXTENDING THE TIME FOR AMERICAN CLAIMANTS TO MAKE APPLICATION FOR PAYMENT UNDER THE SETTLEMENT OF WAR CLAIMS ACT OF 1928

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House Joint Resolution 325, extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commissions, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment under the Settlement of War Claims Act of 1928 of awards of the war claims arbiter, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER appointed as conferees on the part of the House Mr. DOUGHTON, Mr. SAMUEL B. HILL, Mr. CULLEN, Mr. TREADWAY, and Mr. BACHARACH.

AMENDING THE GRAIN FUTURES ACT

Mr. SABATH, from the Committee on Rules, by direction of that committee, reported the following resolution, which was referred to the House Calendar and ordered to be printed:

House Resolution 387 (Rept. No. 1668)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9623, a bill to amend the Grain Futures Act, to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity-futures exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges, by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. CANNON of Missouri. Mr. Speaker, the Senate has just messaged over the bill H.R. 9061, making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes, the District bill, with amendments, and the bill with the Senate amendments is now on the Speaker's table. The Senate has taken the rather unconventional course of insisting on its amendments and asking conference, and has appointed conferees before the House was apprised of the disposition of the bill and without giving the House an opportunity to agree to the amendments.

In view of this intimation on the part of the Senate that its amendments are of such a nature that the House cannot be expected to agree to them, I ask unanimous consent to take the bill from the Speaker's table, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER appointed as conferees on the part of the House Mr. CANNON of Missouri, Mr. BLANTON, and Mr. JACOBSEN, Mr. DITTER, and Mr. POWERS.

WAR DEBTS AND SOME FACTS IN CONNECTION THEREWITH

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker, I rise to address the House on a matter which I believe to be at this time uppermost in the minds of the American people. I refer to the subject of the debts due and owing to this country by the foreign nations.

To refresh our memories it might be well at this point to say that in 1923, when the debt-funding agreements were entered into, Great Britain owed us $4,600,000,000, which we agreed to cancel if they paid 3.3-percent interest for a period of 62 years.

France owed us at the same time $4,025,000,000 and we agreed if she paid us 1.6-percent interest for 62 years, her debt would be cancelled.

Italy owed us $2,042,000,000, which we agreed we would cancel if she paid us 0.4 of 1 percent interest over the same period of time.

It must be remembered that we borrowed all this money from our citizens, on which we pay at least 4-percent interest. Our approximate loss in interest alone, from the date of the refunding of these debts (or 11 years) was $2,200,000,000.

Another thing it might be well to mention at this point is when we went to Europe with our supplies and our men to fight for the Allies France thought they ought to have duty on all our imports and did collect on them for some time. They also made us pay for all buildings and trenches taken over by our forces. They made us agree to sell them all our supplies after the war. When the war closed we inventoried our supplies and found we had $2,000,000,000 worth of supplies in France, but France at first said they could not pay us $2,000,000,000 but would pay us 20 percent, which was $400,000,000, and when we attempted to include this amount in what they owed us at the time of the debt settlements they refused to permit the item to be included, and we actually donated them $2,000,000,000 worth of supplies.

I will leave it to your judgment whether or not the United States has been fair and just with our debtors, especially in the case of France.

The enormous sum of $12,000,000,000 is now outstanding and remains unpaid. It is obvious that no earnest effort is being made to discharge these debts. I believe a frank discussion of this question is not only timely but imperative. We have been coddled along with this excuse and that excuse as reasons for nonpayment during the past several years, and the time has now arrived when we should, I think, begin to doubt seriously the good faith of some of our debtors in the representations they have been making of their inability to meet these past-due obligations.

If it were plainly a case of inability to pay on the part of these foreign nations, then I would be the last one on this floor to question the good faith of their varied excuses. But I submit, Mr. Speaker, that such is not the case. The greater part of the debts due our Nation is owing by the nations of Great Britain and France. It is only within the past few weeks that Great Britain published figures showing a surplus of some $200,000,000 for the fiscal year just closed, but no mention was made of the debt they owe us. In view of these figures, can it be truthfully said that Great Britain is unable to make some substantial payment on her indebtedness to this country? I think not. And in the case of France, the nation with the second largest gold holdings in the world, can it be truthfully contended that she is not in a financial position to commence payments on her obligations to our country?

When our Nation devalued the gold content of the dollar to the extent of approximately 60 percent of its former value, did we not thereby practically double the value of her gold holdings in terms of our dollars? Why then is she not in a position at the present time, with the enormous increase in the value of her gold holdings in terms of our dollar, to apply at least some of the increased value to the discharge of her indebtedness to us? By devaluation of the gold content of our dollar, we have automatically cut the amount of this indebtedness in half, in terms of American dollars.

If Great Britain and France show no disposition at the present time to consider seriously the payment of these obligations, are we not justified in the conclusion that they never intend to pay? And, if we are justified in this conclusion, should not our Nation, without further delay and procrastination, look to some means or methods of enforcing collection?

I realize that this is a delicate subject for discussion because of the diplomatic relations involved, but I submit that public sentiment throughout the country over this question is being aroused to such an extent that the American people will soon be demanding action, and vigorous action, regardless of the consequences, in a final disposition of this matter.

I make bold to assert that there are means and measures that can be taken by our country to bring these debtors to some sense of their moral and legal obligations. We have recently thrown down the bars on the unlimited importations of liquor and wines from both Great Britain and France into this country. I question the wisdom of this policy when it appears to me it would be no more than good business judgment for this Government to place an embargo on such importations until such time as these two nations would come to some terms on the payment of their indebtedness to us. There are other nations that are not in total default or that do not owe us anything that could supply the needs of our Nation with high-grade wines and liquors just as well as Great Britain and France. Scotch whiskies are no better than Canadian or Irish whiskies. French wines are no better than Italian or German wines. Why permit any defaulting nations to reap the harvest of the large importations of these wines and liquors, so long as they refuse to make an honest effort to discharge at least a substantial part of their large past due indebtedness? It is only by such an embargo on these and other articles that can be imported as well from other countries against these defaulting nations that we are ever going to collect any substantial sum.

You know, and I know, that they are not going to favor us in any particular trade relationships to enable us to gain any advantage in international commerce. If I owe you a sum of money, Mr. Speaker, and the matter of payment on same is in dispute between us, it is only natural that until the matter is adjusted in some definite terms, I am not going to do any business with you to your advantage. That is only human nature, and it applies to nations as well as to individuals.

It is my firm conviction that unless our Nation takes some immediate and determined steps to enforce such an embargo against these defaulting nations we may as well decide that we will never receive payment of this huge indebtedness. Mr. Speaker, I favor such an embargo now.

THOROUGHNESS, COURAGEOUSNESS, AND UNSELFISHNESS

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address by the gentleman from New York [Mr. CELLER].

The SPEAKER. Is there objection?

There was no objection.

Mr. BOYLAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by the gentleman from New York, Mr. CELLER, at the commencement exercises of boys' high school of Brooklyn, January 31, 1934:

"Commencement", at first blush, seems a misnomer. Why should the "commencement" be the ending of a 4-year period of instruction? It is like the Roman god, Janus, with two heads facing opposite directions. Tonight marks the ending of a creditable course of study and the beginning or facing of a new era for each one of you. It is also like opening the door into another room. Going through that portal marked "commencement" is indicative of the fact that nothing in this life is conclusive. There is never an ending. Just as the great Roosevelt said recently, "Civilization does not stand still", you, who make up that civilization, cannot stand still. You must move ever onward. Your triumph of 4 years is but the threshold leading to another conquest, beyond which is another door leading to a fresh experience.

It is well, however, at this state of your progress through life—this resting place—to wipe your brow and take out a compass and sextant to find your whereabouts.

You will discover that we are living in parlous times—times that try men's souls. In the protected surroundings of boys' high school, you may not have fully realized the economic perils that

besiege us. One can never see the mountain near. One must permit one's self a perspective before one can appreciate the majesty and magnificence of the mountain. We who are making history cannot grasp its full import. Posterity shall render the true verdict.

It has been brought home to most of us, however, even our youth, that we are in an economic maelstrom. The future looks to you, vigorous youth, blest with 4 years of fruitful training, for assistance and even leadership in the effort to steer our course away from this peril.

As I look into your faces I see marked indelibly thereon utmost sincerity, a will to achieve, and even a desire to lead. I know that you do not wish to be dumb, driven cattle, but prefer to be the heroes in the strife. I do not wish to be guilty of preachment and have no desire to deliver a dull lecture. I would dispel the popular theory that Congressmen are given to drab and tiresome oratory. This remark brings to mind one of my favorite stories. A young lad was carrying a tremendous burden of newspapers and magazines. A sympathetic old lady, seeing him stagger along under their weight, said, "My poor boy! Don't you find those papers tiring?" "No ma'am," he said, "I never read them."

I hope I may not be tiring.

In the pursuit of my own ideals and quest for happiness since my graduation in 1906 from boys' high school, I have found that one more easily avoids the pitfalls and levels the barriers if one is thorough, courageous, and unselfish.

Many of the tragedies of public and private life are caused by failure to think things through and act them through. We find the dilettante everywhere. His is an easy, care-free existence. He is rarely a success and most often a complete failure. Comparatively few men take the time to get to the heart of a matter, but, ever remember, that concentration is the price of success. Your training shall have been for naught unless and until you have learned thoroughness. It may be a habit hard to acquire, but it is a pearl of great price. Strange as it may seem, and this is said with no desire to be offensive or hypercritical, one of the most prominent men in the United States today, the veteran Senator Blank, lacks thoroughness—congressional courtesy precludes my naming him. In the slang of the moment, he is a "trimmer." He criticizes mercilessly. However, he merely trims the edges and never gets to the crux of the matter. It is a rather curious truth that there never has been a bill passed by both Houses of Congress which bears the name of Senator Blank. Let us look at the other side of the shield. Senator WAGNER, quite the junior of Blank in years and in service in the Senate, is a hard-working, hard-hitting, thorough-going legislator. He works incessantly and proceeds from the very edge to the center. Many bills bear his name. He is no mere faultfinder.

One of my favorite characters in American history is Grover Cleveland. He was by no means a genius. He did not have the great intellectual qualities of a Hamilton or a Lincoln. He did, however, possess a rugged honesty, firmness, common sense, and complete thoroughness. When this country was in dispute with England over the Venezuelan boundary line, Cleveland spent days without end in studying the situation. No details were too great for him to master. His Secretary of State Olney had prepared a message of protest but with circumspect care and thoroughness Cleveland revised it. It became an historical document and brought proud England to her knees and forced upon her settlement of the boundary dispute. It was Cleveland's courage and thoroughness that prevented Great Britain from making a willful aggression upon the South American Continent in violation of the Monroe Doctrine.

In the journey along life's highway, courage is a prime requisite. President Roosevelt's outstanding characteristic is courage. When he embarked upon his public career, he must have vowed that he would banish indecision and vacillation. When he was Governor he was confronted with the charges against Mayor Walker. He had to make a quick and courageous decision. He took his political life in his hands. He knew that a judgment against the mayor involved the hostility of a huge political organization that would wreak its vengeance upon him. Roosevelt cared not and vigorously decided against the mayor. This was courage of the highest order. Achilles could be justly envious.

Within a few minutes of taking the oath of office as President of the United States, he was faced with making a decision which was, to my mind, the most momentous in the history of our country. The banks of our Nation were closing with astonishing rapidity. A crisis had been reached. Something had to be done immediately. Rare wisdom was required. Roosevelt was keenly aware that action was imperative. Indecisiveness was inconceivable. Experience and training had taught him that vacillation in such instances invariably meant tragedy. In the language of Hamlet, "If 'twere done, 'twere well 'twere done quickly." He took pen in hand, and without hesitancy, signed the order proclaiming the national banking holiday. History does not reveal the name of the monarch or President who, upon his immediate assumption of power, closed all the money marts, banks, and exchanges of a nation. It took courage of an unearthly order to do this. It is this type of courage you should take unto your own hearts. It is such courage that solves the multitudinous problems which now confront us.

It was this same brand of courage which caused the immortal Lincoln, as a matter of military expediency, to draft the Emancipation Proclamation.

Let me illustrate with another historic incident. Jefferson Davis was President of the Confederacy. Judah P. Benjamin, former Senator from Louisiana, was his Secretary of War. The aristocracy of the South viewed him with disfavor. Jefferson Davis, knowing Benjamin's rare ability, courageously refused to force his resignation, among other reasons, on the score of his being a Jew.

The Confederate armies had suffered a serious defeat with the fall of Fort Donaldson at the hands of General Grant. The popular hero of the South, Gen. Albert Sidney Johnson, was killed. A scapegoat had to be found. They seized upon Judah P. Benjamin. Jefferson Davis, with rarest courage, refused to dispense with the services of Judah P. Benjamin. He accepted his resignation as Secretary of War and, despite public clamor, advanced him to the position of Secretary of State. His confidence in Benjamin, in the light of subsequent developments, was amply justified. It required, however, a tremendous fearlessness to withstand popular prejudice. This is the courage we expect of you after graduation when you commence your careers.

You must be thorough. You must be courageous. You cannot be selfish.

Aboriginal man fought nature. Not being satisfied with this conquest he turned to fight other men. His greed and selfishness wanted everything in sight. In this civilized age he has not yet learned to live and let live. He is a selfish, acquisitive creature who must rule or ruin. Now, more than ever, in the era of the new deal, he must learn to be his brother's keeper. Until the Nation acquires this knowledge and becomes selfless, the weak will still be stricken down and the new deal shall have been for naught. It is logical to suppose that we are in this economic mess because the past generation was selfish and greedy. It exploited and nearly exhausted many of our natural resources with little thought for the future. With reckless disregard for the individual, science substituted machinery. Technological displacement of laborers by machinery has caused untold misery and has resulted in the amassing of great wealth for the favored few.

Verily, we must agree with Robert Burns when he says, "Man's inhumanity to man makes countless thousands mourn."

Never more shall we permit, and you, the future leaders of the country must help in this regard, a Carnegie, or a Frick, or a Rockefeller, to selfishly and greedily acquire their millions through the sufferings of countless individuals. Theirs was selfishness on a grade scale. The Carnegie libraries cannot wipe out the stigma. The Rockefeller benefactions cannot make amends for the havoc wrought. It reminds one of a man condemned for the murder of his mother and father and who asks for clemency on the ground that he is an orphan.

Mr. Wiggin, of the Chase National Bank, yielded to the smug ethics of the age of greed. We read that while with his right hand, in 1929, he was ostensibly stabilizing the stock market, with his left he was authorizing his private corporation to make millions by selling short the stock of his own bank. In the following years, when the salaries of his employees were being cut, and the equity of his stockholders depreciated, Mr. Wiggin accepted a princely salary from his bank. When he retired, rich in a land of suffering, he accepted, in spite of his poor management, an annual pension of $100,000. An outraged nation forced him to let this go. Imagine, however, the brazen effrontery. That shall never happen again.

Never more shall you permit a Mitchell to escape payment of just income taxes by deceitful and self-serving means. Happily, Insull will soon be brought to book. Never more shall you permit a Clarence Dillon or a J. P. Morgan to speculate ruthlessly with other people's money. These men swept aside all honor and decency to satisfy their own cupidity. They ruled like the kings of old. Some of them have abdicated. A number yet remain. It is for you to cause their thrones to totter. It is well to recall what Roosevelt said in his inaugural address, concerning the practices of these unscrupulous men: "Money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men." Roosevelt has started to curb the money oligarchy of the Nation.

We must help him crush and destroy it utterly. We have passed banking-reform bills, bank-deposit guaranties, Federal securities acts, and have recently demonetized the dollar. Much remains to be accomplished in order to destroy this oligarchy and make the new deal a reality—to make the Nation less selfish and more selfless. We must license the New York Stock Exchange, the New York Curb Exchange, and all other commodity exchanges. We must prevent the operation of nefarious pools and predatory short selling and other objectionable practices, so as to put the last nail in the coffin of the wizards of high finance. A thoroughly aroused public opinion is necessary for this. We look to you—courageous, selfless, and thorough—to help in this fight.

Walter Lippmann recently stated: "There is no mistaking the conclusion that we are in the midst of one of the great revolutionary periods of history and that upon our generation and its successors the task is imposed of discovering and establishing a multitude of new relationships among the peoples of this planet."

We look to you, the future leaders of the race, to help us tide over this revolutionary period.

There is imposed upon you the duty of discovery and working out these new relationships.

We must help the Nation reaffirm the Golden Rule and reorganize our economic life on an equitable basis. We must redistribute supply to equal demand and espouse a social responsibility side by side with a healthy self-interest. Let there be a truce to greed. To you the Nation in part looks for leadership in the rescue, in the recovery, in the new deal.

MONEY AND THE CONTROL THEREOF

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PIERCE. Mr. Speaker, Will Rogers has said that there are two kinds of crazy people, those locked up in asylums and those still at large who think they have solved the money question. I have no desire to be included in the latter class. However, I cannot refrain from discussing this important question which is uppermost in the minds of those giving thought to our present economic difficulties. We, of the West, do have definite convictions on this subject. On behalf of the producing citizens of Oregon, whom I represent in this Congress, I feel it my privilege and duty to make a few observations upon money and the control thereof.

USE OF METAL AS MONEY

Centuries upon centuries ago, when our ancestors were taking their first steps in civilization, all trading or exchange of property must have been by barter: a cow exchanged for a horse, a sheep for a piece of woven goods. Slowly, but surely, our ancestors came to recognize various different articles as mediums of exchange between different commodities traded. Almost everything has been used for money: cattle, sheep, wampum, gold, silver, and iron.

Somewhere back in the mystic past, some enterprising chap commenced to use gold as the measurment for articles traded, those pieces of rock which he found in the river beds and the mountain ledges. We have today in our museums gold and silver coins out of Western Asia that were stamped fully 3,000 years ago. I do not believe that gold and silver were placed in the earth, by the ruler of the universe, for the sole purpose of being used as money by mankind. It just happened that way. These metals were scarce, hard to find, and limited in quantity. They could be easily divided, had a peculiar luster, and have been precious through all the ages. Stamps of the governments of the world give value to gold. It is the refusal of that stamp to silver that has caused its decline in value, when measured in gold. The so-called "intrinsic value" is a myth, a misnomer. We might say wheat has an intrinsic value, or value within itself, because it will sustain human life. Gold and silver will not so sustain life until exchanged for those things that a man must consume in order to live. The worship of gold and silver is a fetish from savage days. Humankind only slowly gives up traditions and ancient customs. For this generation, and perhaps for several generations yet to come, gold will continue to be the measuring stick in the world's trading centers: the article that will now, and probably for generations, continue to settle trade balances between nations.

All of the monetary gold in the world could be put into a 36-foot cube. It could all be put into the hold of an ocean-going ship, and then form only a part of the cargo. The total of all the gold in the world amounts to only about twelve billions, weighing about 24,000 tons. Suppose it were sunk in the middle of the Atlantic Ocean, and also all of the silver, would that mean the end of all things? I ask my gold friends to conceive a world in that condition. Does that mean the crops would not grow? No more grass? Would that cause trade to cease and civilization to break? What nonsense? But, to hear some of the money experts talk in this House, you would conclude at once that the rains would cease to fall, and the crops would fail to grow and ripen and men would revert to savagery if anything happened to the present money system. I cannot see nor find anything sacred or absolutely necessary in metallic money, still I recognize, as you must, that the gold ounce is today and has for centuries been the yardstick that measures value in the world trade centers. It is not the American dollar, the English sovereign, nor the French franc, but the gold ounce which is the world's yardstick.

Civilization has not advanced in a steady climb from the caves to the present wonderful, but really only half-bright day. The story of man tells us that highly civilized nations have given way to advancing savage hordes. It would seem that, after all our marvelous achievements in the arts and in science, we ought to be able to devise some sensible medium of exchange, so people and nations could more easily exchange commodities without dependence on any metal. That advance certainly lies in the future.

MONEY AND CIVILIZATION

Many causes have been given by different historians as the reason for the fall of Rome in 476 A.D. Whether it was one cause or the combination of a dozen that brought that most famous civilization of the ancient world down to the dust need not be discussed, but one observation I would make today. I would recall to your minds that when the savage northern tribes overcame Rome and murdered her senators within their marble halls there was less than 10 percent of the amount of gold and silver in Rome than was there 400 years earlier in the days of the Caesars. The mines had failed to yield, trading had ceased, the Dark Ages had begun. Money, metallic money, had largely disappeared.

When the bold, hardy adventurers of western Europe discovered and distributed the immense accumulations of gold and silver from Mexico and Peru they increased the quantity of metallic money 20 times; they gave to the world a new impetus in trade which increased by leaps and bounds. Man shook off the lethargy of a thousand years, and a modern world was born amid a flood of gold and silver.

When Marshall discovered the yellow rocks in Sutter's millrace in California, in '49, he unknowingly gave the world a forward push into heretofore untrodden ways of greatness and conquest over nature.

Whenever you look through the dusty books and read of the doings of man you will find that, after a marked increase in the world's stock of gold and silver, conditions have vastly improved. For many years now gold and silver have not been coming from the mines in sufficient quantities to keep up with the demands. The arts and sciences constantly take a large percentage of the world's output, and there have been no new large recent discoveries like California, the Rand, and Klondike.

THE GOLD STANDARD

Two Nations, the United States and France, have two thirds of the world's known monetary gold. Every nation is freezing with a deathlike grip to the gold it controls. The United States possesses today the largest stock of gold ever accumulated at any time by any nation in human history. A few days ago I saw in New York tons of gold in bars and bags buried in the vaults of the Federal Reserve bank, 45 feet beneath the sea level. It is truly "sterilized", seemingly as useless as when buried in the mountain ledges. Almost 40 percent of the world's monetary supply of gold is in the United States.

Were we on the gold standard today, freely redeeming our currency in gold, our storehouse of yellow metal, more than 9,000 tons, would vanish like a morning mist before the July sun.

We did not retire from the gold standard voluntarily, we were forced off. Had not Roosevelt acted swiftly and firmly when he took the oath of office on the 4th of March 1933, all of the gold in the country would have disappeared into hiding places. The country had completely lost confidence. We had, at that time, almost $58,000,000,000 of bank deposits, and most depositors wanted gold to bury in safety deposit boxes, ship to Europe, or hide in some old mattress. We then had, in metal money, less than 8 percent of the total of bank deposits which were, supposedly, payable in gold. We should pause to consider the startling position we were in so far as credit was concerned. The Nation's business, in its most prosperous period, was conducted through credit and not with metallic money. The great pyramid of credit on such a small money base was one of the causes of our financial break. In the future, we may see the same type of credit system built up without the necessity for a metal base—and, that, perhaps, is our distant goal.

I repeat, going off the gold basis was not a matter of choice, as our monetary system is now organized. It could not possibly have been avoided. We cannot return to the

single gold standard with our great volume of business. That kind of deflation would ruin those few solvent institutions and people still remaining. The adherents to the gold standard say we have simply lost confidence. Indeed, we have, and it is not going to be restored by further deflation. The fifty-eight billions we recently had in checking accounts in this country have been decreased about one third. The velocity of trade has been reduced more than one half.

QUANTITATIVE THEORY OF MONEY

By the "quantitative theory" we mean that commodity prices are regulated by the quantity of money. This theory is correct when all the factors are considered, namely, the gold, the silver, the currency in circulation, the substitutes for currency, like checking accounts and other credits, and also the velocity or speed of trading or turnover.

It requires no great amount of reasoning to prove to an unprejudiced mind that if the quantity of gold basic money were now doubled the prices of commodities would advance, unless hindered by an extraordinary surplus of any particular commodity. Cut the quantity of gold in half and prices would shrink. The same law holds good in money metal that all admit holds good in wheat. If the quantity of wheat were to shrink one half this year, then the price would rapidly advance. If the fields were to double their yield, then the price, when measured in gold, would shrink.

What we need today is gold coming from the mines in quantity and then a fair distribution thereof among nations and people. We cannot have world prosperity and world trade when the gold supply is hoarded by a few nations or a few people. What the United States, what the world needs is more money—more of the medium of exchange that can be used to promote trade and business. Higher prices for agricultural commodities must be brought about. It is this higher price for commodities in the world's markets that we need and must have. World prices, outside of national borders, are not affected by checking accounts nor by issues of currency. This has been proven beyond doubt in Russia and Germany. When those countries issued untold billions of marks and rubles, their issues of paper money did not in the least affect the prices of commodities in the world's markets, though startling changes took place internally. For instance, a colleague told me that his brother, farming the ancestral acres in Germany, had struggled for years under a mortgage of 15,000 marks. During the inflation period he paid off this mortgage by the sale of one fat heifer, but the heifer had no such unusual exchange value outside of Germany.

Prosperity through higher prices for agricultural commodities assumes a greater purchasing power among the employees of industry, and it assumes employment of all workers at decent living wages. Prosperity cannot come to one group or class. Where and when Government money is being freely spent in relief or public works, conditions have improved; but the disease that is eating at the very vitals of this Nation has not disappeared. Legislation of the Seventy-third Congress has been largely palliative. It is like rubbing a little salve on a desperately infected wound. We must not deceive ourselves by using the term "depression" and assuming that conditions will gradually return to the old status. This is not a temporary depression. It is a world crisis and a change to which we must adjust ourselves. It is shaking the very foundations of our economic life. We are fast drifting into general bankruptcy and financial chaos.

CONTROLLED EXPANSION OR REPUDIATION?

It is either cheaper money with higher wheat, corn, cattle, butter, or else repudiation of the mountain of debts of the individuals, municipalities, States, and nations. You, bondholders of the Atlantic border, who largely control legislation through your bankers, can take your choice between controlled expansion of the currency or repudiation. Three thousand municipalities, along with many States of this country, have defaulted on interest or principal, or rather find themselves unable to pay. What buyers of municipal securities could have realized a few short years ago that our Congress would pass legislation regulating municipal bankruptcies?

Millions of farmers and business men are nearing the danger line of repudiation. The present situation is just a forecast of what the future has in store. Do not dream for one single minute that the danger has passed. It is estimated that there are today more than 10,000,000 unemployed. With their dependents, almost one third of the population is on charity, and not consuming normally.

THE OUNCE OF GOLD

I heard an eloquent Congressman from Texas say a few days ago in this House that the United States could safely issue $15,000,000,000 additional currency and it would be sufficiently backed up by the required 40 percent of gold in the Federal Reserve bank and owned by the Government. If this currency were issued tomorrow and Government interest-bearing bonds to that amount retired, it would save annually nearly a half billion in interest, and internal business activity would take on new life. That currency would be better than the bonds because it would have the 40 percent gold backing. Both bonds and currency rest on the credit and vitality of this Government. However, that great issue of currency, while it would increase prices in this country and stimulate trade and be beneficial, would not raise the prices of exportable surpluses nor would the prices of wheat and wool in Liverpool advance; nor would the prices of shoes and other manufactured goods in South America be raised.

It is the world's commodity price level that must be advanced. It is futile to try to raise it by credit expansion.

I am told, on high authority, that one of the greatest disappointments to the officials of the Treasury Department is the fact that the deflation of the gold dollar to 59 cents has not noticeably affected commodity prices. The President himself made that admission a few days ago. Does anybody think in America today that France and England care how many grains of gold we call one dollar? Neither do we care how many grains of gold those countries put into their sovereigns and francs. The gold ounce is the yardstick in the world's marts of trade. Many people foolishly believe that cutting down the grains in the American dollar was equivalent to doubling the amount of gold. They lose sight of the fact that balances between nations are not settled by dollars and marks, but by weight of gold. The gold ounce is still the standard for measuring values and will still remain so, as far as we can now see, for generations.

Could the President have doubled the gold of the world prices would have moved up rapidly. He did improve conditions and stimulate mining by advancing the price of gold to $35 an ounce, paid in American dollars.

The gold standard is of English origin. That country, being an industrial nation, wanted low prices for food and raw materials. When the gold standard depressed world prices, so much the better for England, which was a buyer. The world a few years ago had to have England's manufactured goods. Disraeli, the wise English statesman, said:

> It is the greatest delusion of history to attribute the commercial preponderance and prosperity of England to the gold standard.

David Hume, historian, wrote:

> It is certain that since the discovery of the mines in America industry has increased in all nations, which may be ascribed to the increase in gold and silver.

Queer as it may seem, with the present psychology of the world, we are all largely dependent upon the yields of gold and silver. Metal money still represents and measures value in the world's markets.

SILVER MONEY NECESSARY

What has so depressed world prices for commodities? Is it not primarily the shortage of gold, which is not sufficient to sustain the commercial and credit needs of the world? Secondarily, the cause may be ascribed to the low price of silver when measured in gold. This prevents silver-using countries from buying products from gold-using countries. Silver has not fallen when measured by commodity prices, but gold has increased in value as a result of legislation. Laws can set in motion economic forces which affect values.

That is precisely what deliberate demonetization of silver has done in the United States. Gold and silver were freely coined at our mints from 1792 to 1873, for 81 years, at a ratio of 15 to 1, or 16 to 1. These ratios were used because the metals have come from the earth in about that proportion. By the term "ratio of 16 to 1" we mean that 1 ounce of gold has the same value or debt-paying ability as 16 ounces of silver. During the 81 years of bimetallism we had no such currency troubles as we have had during the last 60 years. The demonetization of silver was a deliberate act by the privileged and powerful classes to increase the values of their holdings.

There is no great amount of silver in the world. During the World War England had to have 200,000,000 ounces of silver for India. It could be obtained only in Washington from the United States Treasury. Silver is mainly produced as a byproduct. In 1920 it sold at $1.38 per ounce. No great quantity came forth. It is now proposed to establish a value of $1.29 an ounce, or 16 to 1, in relation to gold. Silver should be nationalized, the same as gold has been, thus vesting in the government the title to all monetary silver to be purchased at a price not exceeding 50 cents an ounce, curbing speculation and giving the profit to the Government.

Two thirds of the people of this world use silver as their basic money. On the Atlantic coast we rarely see a silver dollar; the prevailing small currency is a paper dollar, redeemable in one silver dollar, said to be deposited in the Treasury of the United States.

If an unlimited demand is created for an article at a certain price, any place in the world, that article will bring that price, less the cost of taking the article to that place.

I believe this Government should make all the profit honestly possible by reestablishing the double standard of money, or bimetallism; therefore, I think the Government should, at once, purchase all silver offered for sale and continue buying until the ratio with gold is 16 to 1. When the price of silver reaches that ratio, then freely offer to coin, or deposit in the Treasury, all gold and silver offered. If deposited, then issue paper currency against the deposit and give it to those who bring the metals to the mints. By "free coinage" is meant that there should be no limit on the amount that may be brought to the mints for coinage. Why should the Government buy either gold or silver after the ratio is established? Open the mints as they were open from 1792 to 1873 to all owners of gold and silver to have the metals tested for weight and fineness. By such action world commodity prices would advance at once. Millions would find jobs at living wages.

PAPER CURRENCY

I hold in my hand a $5 bill, issued by the Federal Reserve Bank in New York. It was issued, it says, in the series of 1929, and it is stated on the face that it is "national currency secured by United States bonds deposited with the Treasury of the United States of America"; and then, in smaller type, "or by like deposits of other securities." What does that mean? If it means anything, it means that back of this $5 bill are $5 worth of bonds issued or debts incurred by the United States, or "other securities." I wonder if "other securities" could possibly mean bonds from busted South American countries? "Other securities"—and that is what it says on the face of the $5 bill—might mean any sort of cats and dogs. Still this $5 bill floats freely in the Capital of the Nation. With millions of this kind of money floating in the land, no one has the right to yell his head off about printing-press money. We have it today, but not in sufficient quantities and not sufficiently evenly distributed to give us the prosperity we should have.

How clearly the curious use of money is illustrated by the story, current last year, of a stranger who deposited a $100 bill with the clerk of a hotel. The clerk paid it out on a butcher bill. It traveled around the town paying "butcher, baker, and candlestick maker" all day and was returned to the hotel at night for payment of a bill. The stranger that night asked for his $100 bill and luckily for the clerk it was in the cash drawer when called for. The stranger then calmly lit his cigar with the money, remarking to the astonished clerk that it was just counterfeit. It had, however, paid several debts during the day. What is money? What is value?

BIMETALLISM

The Government is now paying in Government interest-bearing bonds $35 an ounce for gold. Why? That gold is simply buried in the vaults, perhaps 45 feet beneath the ocean wave. No reason on earth except fear. The bankers fear they cannot retain their great privileges should we keep our mints open to the free coinage of gold and silver at the ratio of 16 to 1. For convenience of users, the gold and silver is stored in vaults, and currency issued against it. Why not give the currency to those who bring the metals? You wonder, perhaps, why it is not done? I think it is because those who control affairs here, I mean the banking group of the Atlantic border, fear that they would not then control the medium of exchange as they do now, and by controlling that medium of exchange they control the fate of the world.

Where is the gold now? If you have any gold in your possession you are breaking the law. If you dare to ship any out of the United States the strong arm of the Government will take hold of you at once. Do not forget that, with free coinage, there will be no cheaper money. An unlimited market at a fixed ratio will prevent fluctuation in value. I cannot agree with those who want to buy silver and issue currency against it, and then redeem the currency so issued at the bullion price of silver as measured in gold. As I said at the beginning of this address, there is no good, sound, sensible reason why the price of wheat, wool, and cattle in Oregon should be influenced by the quantity of the gold and silver that yearly comes from the earth. However, we should never forget that the love of the metals has been for generations ground into our very natures. Human nature cannot be changed in a minute. We have to deal with fixed traditions of mankind. I firmly believe the time will come when the metal base for currency will be abandoned. Silver is the only instrument available, other than gold, to which legal fiat can be applied, as it is to gold.

A large increase of metallic reserves is essential as long as we live under our present psychology. China, India, and the United States have together two thirds of all the silver used as money.

GOLD AND SILVER BOTH NECESSARY

There should be no dispute between the gold men and silver men. Gold men should welcome us, those who believe in restoring silver, the bimetallists, to help in the fight against unlimited paper expansion. The paper standard is new. During most of the world's history we have had only gold and silver as the medium of exchange.

Opening our mints to free coinage of silver means doubling the metal money of the world at once; it will have the same effect as if there could be found and thrown into circulation 24,000 tons of gold. Free coinage of silver will not prove a panacea for all the dangers that hang over our civilization but it will double the metal base of the world, and will materially increase the price level of the world's commodities. It will insure the payment of many an obligation that is sure to be repudiated under present conditions.

I hear someone refer to "Gresham's law", that old English statement that cheaper money will drive out at once the dearer money. They fear gold will disappear and we will be on a silver base. Too bad. What are we on now? A fiat base, the credit of the Government, that is all. We refuse to redeem in gold. It is a crime to have gold in your possession to the amount of $100.

In this House we hear much about sound money. Our President, in defining this term, said, "A dollar which will not change its purchasing and debt-paying power during the succeeding generations." How are we going to establish such a yardstick? What the President means is a yardstick stable in the terms of goods and acceptable in the world's trade. Gold is the safest store of value ever known. It is not, however, and never has been, stable in terms of goods.

TRADING WITH SILVER NATIONS

In the Pacific Northwest we raise a large quantity of wheat that must be exported. Its former market was northwest Europe, where for half a century or more it found a ready sale. The prosperity of our beautiful country rests upon the number of ounces of gold which can be obtained for a cargo of that wheat in Liverpool. Full well do we know that this Government cannot continue through a long series of years to bolster the price of wheat by the so-called "voluntary allotment plan" and by shipping the surplus out of our country at a governmental financial loss of millions. What will bring prosperity to my State is for a cargo of wheat to sell in Liverpool for double the number of ounces of gold that it does now. That end can be reached by increasing the quantity of metal money. If the export surplus wheat cannot be traded for gold, if the mines refuse to yield fast enough, and scientists have not yet learned to extract it from the ocean, then let us add silver to the gold, thereby doubling the quantity of metal money.

But I hear someone say silver is not equal to gold. Surely it is not. But it will answer the same use and the same purpose and the relation or ratio is easily established. Make it possible for the man selling that cargo of Oregon wheat in Liverpool to take in exchange a certain number of ounces of either silver or gold. The exporter can bring those ounces of precious metal back to the United States, where they will be interchangeable at a fixed ratio. That will bring prosperity to the State of my adoption, which I am honored to represent on this floor. Our Western Conference of Governors has officially taken the stand for silver. Congress does have under the Constitution the right to "coin money and regulate the value thereof." That power should not be delegated to any man or group of men. We could by legislative act rule that 5 grains of gold will be $1. It will not affect the Liverpool price of wheat any more than the President's Executive order affected that price when he fixed the dollar at 59.06 cents.

The Dies bill, which passed the House, is not a money bill. It is an agricultural bill. It will aid the farmer to find a market for the exportable surplus by making it possible for the foreign purchasers to pay in silver at a value of 25 percent over the world price of that metal. Then that bullion silver may be deposited with the United States Treasury and paper currency issued against it at a value of $1.29 an ounce.

Inflation is the bugaboo that scares so many. When I was a small boy, many preachers thought it necessary to keep before the people the horrors of hell in order to make them behave. So are our banker friends constantly reminding us of their insurance policies and what might happen to them, saying "They will not buy so much in the days of higher prices; insurance policies will not be as valuable." Inflation is warned against as the darkest pit into which we could possibly fall.

FEAR OF INFLATION

No other argument is more frequently used, on this floor, against silver than this one. "If you decrease the value of money, how about the wage earner? What about the investments and income of the great foundations and of the bond holder? His real income will be cut down as much as your income is increased", they say. Then students often say to me, "Inflation will not help your kind. You will get more for your wheat and cattle, but everything you buy will be correspondingly higher." They all forget that interest and taxes, debts, are large items. They will not advance because of more money. Taxes may, after a time. Before then, the bond clipper and wage earner and insurance policy holder are sure to have lost all they have had. The way we are now going, repudiation and bankruptcy stare us in the face. It is either a higher price level or a disaster ahead which will be far worse than anything we have yet seen.

In the home of an official in Washington I was recently shown a piece of German currency of the inflation period. It called for a billion marks. My brilliant friend said, "That is just what you are trying to bring on in this country, Governor." No intelligent and honest man believes in uncontrolled inflation. It is only an extremely small percent of our citizens who would willingly endanger or embarrass the Government in that manner. Well do we know today that Germany deliberately and intentionally made her marks valueless by issuing billions which she never intended to redeem or pay. Millions upon millions of dollars were taken out of the United States for German marks sold here, and then deliberately Germany made that currency valueless.

We are often reminded that Lincoln issued greenbacks in the time of the Civil War. He did, to the amount of almost half a billion. In no other way could he have paid the soldiers. The Southern Confederacy issued greenbacks and thereby prolonged the war. They could not pay their soldiers in gold or silver because it was not in the land. There was nothing to do but to use their credit. Of course, their greenbacks could not be redeemed, any more than all of the debts that were accumulated in the boom period of 1929 can be paid.

We often hear the expression "not worth a continental", having reference to the old continental money issued by the revolutionary fathers in the most trying days of the revolution. The issue of that money made possible the success of the American Revolution.

OWNERSHIP OF SILVER

Bimetallists have recently been falsely accused by some Government officials and part of the press of attempting to make profit out of free silver. Bimetallism is a religion with many of the men who have been students of the history of money for years. There is scarcely a bimetallist in our land who owns or controls any quantity of silver. The only gain we seek is our part of the general prosperity that we know is sure to follow. Pass the Wheeler bill, introduced by Senator WHEELER, of Montana, S. 70, and business would take on new life, as it did when tons of gold and silver came out of Mexico and Peru. It will have the same effect as great discoveries of gold and silver have had since the dawn of history.

America is today a creditor nation of the world. Very reluctantly do we import; we desire to export in great quantity. We apparently feel that we can no longer lend money to nations and people who have so brazenly repudiated their debts. We thus occupy an impossible position. If we refuse to buy goods, how are nations to buy from us? To retreat from the world's markets is exceedingly dangerous.

THE REMEDY

I am not so foolish as to believe that all our ills can be cured by opening our mints to the free coinage of silver. While I believe that the manipulation of money has been largely the cause of our trouble, I recognize that the coming of the machines has had very much to do with the break by adding many millions to the bread lines. If you wonder what has become of our money and credit, take a trip over Washington and see the unending lines of cars, automobiles of all kinds, and then think this is only one city out of hundreds. The internal-combustion engine, the trucks, the tractors, the automobiles, and the busses have had very much to do in bringing the country to financial ruin. We cannot now give up the machinery. It is here to stay. We must adjust ourselves to its use. Machinery has been a tremendous factor in piling up the wealth of the country into a few hands.

Before there can be any revival of prosperity there must be a general redistribution of wealth by income and inheritance taxes, so all may live in decency. Our tax system must be readjusted under a plan of ability to pay, and, above all things, interest or rental on the use of money must be brought down to a just and reasonable amount, not greater than the annual increase of wealth, about 2 percent.

Ruined by greed and privilege with its attendant political corruption, we seek relief from unbearable conditions. We have experimented for over 4 years. A remedy lies at hand, a remedy that we can use, a remedy that conforms to tradition, a remedy that conforms to history, a remedy that can be easily understood, and that is the free and unlimited coinage of silver by the United States at a ratio of not greater in debt-paying power than 16 to 1.

RECKLESS, UNTRUTHFUL PUBLIC STATEMENTS BY ASPIRANTS FOR CONGRESS ARE ANSWERED BRIEFLY BECAUSE THE PUBLIC SHOULD KNOW THE TRUE RECORD

Mr. FREAR. Mr. Speaker, I ask unanimous consent to speak on a matter of personal privilege.

The SPEAKER. Is there objection?

There was no objection.

Mr. FREAR. I am entitled to an hour as a matter of personal privilege, but will take only a limited time to discuss a matter that may affect any Member. In all the time I have been a Member of the House, I have never had occasion to rise to a question of personal privilege to reply to statements made back in my State which are dishonest and unfair in regard to any record vote cast by me in the House. I voted against the Philippine oil proposition on the tax bill in committee and in the House, and, as the gentleman from Nebraska [Mr. SHALLENBERGER], who offered the amendment, and the gentleman from North Carolina [Mr. DOUGHTON], chairman, and every member of the committee knows, I took active part in that debate. It has been said in my district, a dairy district, by ignorant or unscrupulous speakers, that I supported the Philippine oil proposition, and it has been published in a number of newspapers down as far as Madison, the State capital, where I was defended by the press. That attracted my attention to the canard.

Mr. Speaker, I rarely respond to unjust and unprovoked attacks from candidates looking for the office I hold. In such cases the purpose and animus by rival candidates is so well known that constituents are expected to measure political promises, pledges, and criticisms at their true value. For that reason I have made no answer or rejoinder to false statements of such candidates ordinarily deserving reply, but a leading editorial justly criticizing one of these political critics causes me to insert in the RECORD a letter of thanks received and a brief correction of repeated false statements made by this same critic. It is included in a letter of reply I sent the editor who kindly defended me from the false charge:

WASHINGTON, D.C., *May 17, 1934.*

Hon. WILLIAM T. EVJUE,
Publisher Capital Times, Madison, Wis.

DEAR MR. EVJUE: Thanks for vigorous defense of my record in the leading Times editorial of the 14th instant, with your exposé of record of Assemblyman Donley, an announced Democratic candidate for Congress.

The absurdity of his charges as to my record on Philippine coconut oil is in its misstatement of fact inexcusable under the circumstances. Every Member of Congress knows that I supported Governor SHALLENBERGER's oil-tax amendment in our committee to keep out hundreds of millions of pounds of imported oils and other substitutes that affected the dairymen of Wisconsin and other States. Congressman SHALLENBERGER is a Democratic leader of the House, with a Nation-wide reputation for honesty and ability, and when he heard of false statements made by Mr. Donley through the press as to my votes and record, he sent me the following letter, which speaks for itself:

"DEAR CONGRESSMAN FREAR: I wish to thank you on behalf of every dairy farmer in this country for your support in our committee and the House of my amendment shutting out foreign oils, now reaching over 600,000,000 pounds annually. Every vote you cast was against these oil imports and for the farmer.

"Sincerely yours,

"A. C. SHALLENBERGER."

Chairman DOUGHTON, of the Ways and Means Committee, just reminded me he would also say that every member of the committee knew of my active support of the Shallenberger amendment as well as of the tax bill.

Leading farm representatives write me in reference to Mr. Donley, a candidate and critic, saying that three Farmer Union county conventions in the district invited him to come and defend his assembly record of violation of promises to farmers, but that he refused to appear. Possibly more important, the Assembly Journal of January 23, 1934, discloses that this same Donley voted against Resolution 64 A, memorializing Congress to give the American people a right to vote on war before Congress declares war. That right, which he opposed, would prevent needless wars. I make no charges and rarely indulge in personalities in campaigns or at other times. If false in one case, it should discredit this witness thereafter.

I thank you, first, for exposing the record of this critic and, second, to say his criticisms were both untrue and without possible excuse.

Sincerely,

JAMES A. FREAR.

Mr. Speaker, every man has a right to be a candidate for any office. No criticism has ever been made by me of anyone from that fact. Many candidates seek to disparage any official whom they wish to succeed. That is their only method of campaigning and practice, ordinarily condemned by every reasonable, thinking person. Records and responsibility, not abuse, is the test of qualifications by which candidates should be measured.

I have no purpose to enter into a bitter campaign for the honorable place I hold, because my record is well known and constituents do not need be told. Regular endorsement by reelections indicates conscientious performance of duties has been given. If other candidates believe differently, the people, who are not easily misled, always decide the issue.

Those who have known my record as assemblyman, State senator, secretary of state, and Representative will not believe the barrage of falsehoods and misstatements which are beginning to appear from men who desire to hold the position I now occupy.

From the days when I pressed for passage the first Statewide primary bill in Wisconsin to the long list of Federal laws since passed the work has been constructive and valuable to the people. Representing agriculture consistently, I have ever sought correctly to represent and give helpful advice and legislation to dairy farmers, to labor, and all others I represent.

Forward progressive laws urged by the President for like reason have been supported. No political differences in Congress are to be found in such service. Frequent conferences here by men before the general relief commissions, together with letters, telegrams of advice to every county on drought, floods, and general-relief measures, have been sent to save delay and needless suffering.

Mr. Speaker, I am grateful for generous words received in the past and offer this brief statement to say that no act or purpose, to my knowledge, has ever run counter to the progressive legislative work we are advancing necessary to aid a distressed public.

Without control of any press or news publications, but through courtesy of a few papers, I have endeavored to keep constituents advised of congressional proceedings from the standpoint of a participant and not from that of critics who may be prejudiced because of their own candidacies.

Because of heavy printing expense, I am not sending speeches made on a variety of subjects of public welfare in the House, but include herewith a statement prepared by others cognizant of the facts affecting several measures sent to a limited number to explain the status of the Frazier bill, in which many thousands are interested; it also gives information on other matters of importance.

In answer to inquiries as to the status of the Farmers' Union Frazier bill, that primarily seeks to grant needed relief to farm debtors, and other queries, this brief statement is made:

Of 145 names required to sign Congressman LEMKE's petition to discharge the committee from control of the Frazier bill, 12 names were withdrawn by request of Democratic leaders, according to Mr. LEMKE. If passed by the House, he says it will pass the Senate, and assurances given him were that the President would sign the bill. I was one of the early signers and supporters of the Frazier bill back in 1932. A friend of both Senator FRAZIER and Congressman LEMKE, I know of its great need. I quote from the statement so prepared by others:

Approval of Congressman FREAR's record is found in strong letters. Senator FRAZIER said under date of June 23, 1932: "You have proven yourself a real representative of the people. I especially appreciate your fight in behalf of the farmers and labor. You are to be congratulated on your success in helping to defeat the sales tax, which was so strongly advocated by the great financial interests; also by the fearless fight you have made toward reducing Federal expenditures in general. * * * The progressive voters of your State and Nation appreciate the good work you have done. Wishing you success in your coming primary and election, I am,

"Yours truly,

"LYNN J. FRAZIER."
(Author of Frazier bill.)

John A. Simpson, former president of the National Farmers Union, June 11, 1932, writes, "Dear Mr. FREAR: As the end of this

session of Congress approaches, I want to thank you for the assistance you have given the measures introduced in the House and endorsed by the National Farmers Union. I have watched your record in Congress for nearly 20 years. I assure you that I approve of practically every position that you have taken on public questions, including war times, during that 20 years. I sincerely hope you will be successful in your campaigns, both in the primaries and general election, and thus the farmers have your services in Congress another 2 years. Yours very truly, John A. Simpson, president."

These two leading friends of the American farmer helped roll up 36,000 votes for your Congressman over that cast for President Hoover last election because of allegiance to the farmers and workers of our State.

Assistant Secretary of Labor McGrady writes: "While the press has stated that Congressman FREAR, of Wisconsin, has saved the people more than $500,000,000 during recent years, I feel this estimate is conservative. Your efforts in behalf of the people of the country have well merited the title of 'All-American Congressman', and I sincerely trust sometime I will have opportunity of telling the people of Wisconsin of your devotion in behalf of the workers of the United States. Sincerely yours, Edward F. McGrady, Assistant Secretary of Labor."

Federal Indian Commissioner Collier writes: "Since 1926 Congressman FREAR has been the best and most effective friend of the Indians in Congress. No man in or out of Congress has done as much for them."

Governor Pinchot (Pennsylvania), Cleveland speech, April 2, 1932: "Congressman FREAR is one of the ablest fighters for the square deal and one of the boldest and most persistent."

"Dear colleague, you are not afraid to fight, and you know how to fight. You were a vital factor in saving the Government close to $500,000,000. I know how important and valuable your aid was, and so did President Coolidge." (W. F. Kopp, former chairman Labor Committee, Feb. 17, 1933.)

"I know what a brave and single-handed fight you made for years for justice for the Indians." (Harold L. Ickes, Secretary of the Interior, Apr. 22, 1933.)

"Mr. President, the sales tax was practically defeated in the House largely under the leadership of a Member of Congress from Wisconsin, Representative FREAR." (Senator La Follette, Sr., in Senate debate.)

"I congratulate you progressives * * * There was removed from the Ways and Means Committee (later returned) Mr. FREAR, the biggest and bravest of them all. You dared not face in committee * * * or on this floor the arguments he could present." (Record of debate, Dec. 16, 1925, Mr. RAINEY (now Speaker of the House).)

United States Senator NYE won a great victory in the Senate to investigate activities of war-munition makers and paid high compliment to your Congressman when he introduced Mr. FREAR'S resolution on right to vote by the people before any foreign war is declared, thus insuring its consideration by the Senate. John Simpson wrote, February 4, shortly before his death, "I heartily approve of your letter to the President, calling his attention to the resolution you had introduced on war." Senator CAPPER, farm publisher, wrote, "Your address is the strongest argument in favor of this step (a war vote by the people) I have ever read." Governor Scheideman, Wisconsin, writes, "I am in full accord with the war resolution that you introduced in Congress." Jane Addams, a world-peace leader, writes, "Congratulations on the fine position you have taken on war."

Mr. Speaker, I do not claim to deserve all these good words, but they seem useful in combating criticisms that come from candidate critics. As stated at the outset I do not ordinarily pay attention to false statements of candidates made for the purpose of advancing their candidacy for office, but no man of intelligence can believe the many letters from which the above are quoted would be given to one entirely undeserving.

Men high in the American Congress and in public life rarely give voice to tributes I have quoted. If again a candidate, which is for the future to determine, it would be based on the faith that constituents are not easily misled nor affected by party lines when determining records and performance of their officials in positions of public trust. This is not affected by unfulfilled promises nor by claims of performances not vouched for by any man of public prominence. No one man materially changes the activities of Congress. To serve one's constituents faithfully and honestly is a record, however, well worth having. That is vouched for by a group of strong voluntary tributes quoted by those who know the record.

Members of Congress are flooded with petitions, resolutions, and correspondence on every conceivable subject, including hundreds—yes, thousands—of bills and resolutions out of more than 20,000 introduced. Sometimes these communications come from organized propaganda and often are inspired by proponents of a particular bill. A few days ago I received one petition signed by 300 names or more urging support of a bill affecting the long-and-short railway haul. It has always had my support, but with committee and subcommittee hearings and other legislative duties I was in a quandary how to reach the petitioners. The signed pages were soiled and begrimed by hands that work. They came from the railway-car shops in my home city. They came from men who had known me since the days when as a boy I worked in the car shops. Men who were anxious to have their townsmen and Representative know their wishes. For that reason I use this means of advising them that my views are the same as theirs on the bill and always have been.

Mr. Speaker, may I be pardoned for recalling an incident of long ago, when as a youth with a similar soiled petition of several hundred names I stood in the Governor's office at Madison asking that "soil" be overlooked because every name was that of a workingman, and often close, personal friend. The petition asked for my appointment to fill a vacancy as district attorney of the county, and I well remember the response that such "soil" gave assurance they were good citizens as well as hard workers. Whatever the argument by petitions, about equally balanced in names, endorsing two candidates, the Governor gave me the appointment. He, too, had worked with his hands and knew the value of my endorsement.

From that service as district attorney it proved a stepping stone to the State assembly, State senate, secretary of state, and Congress, and throughout the years those friends in the original petitions, succeeded by others, were among supporters who welcomed me home each year. It may add interest to know that that Governor Upham, long retired, called on me in Washington with Major General Dunwoody, under whom I had served when Dunwoody was a lieutenant in the Signal Corps of the Army. Both were veteran soldiers and men who honored the uniform they wore.

I have always been grateful for these first petitions from railway boys and the friendship they evidenced. In the shifting course of politics it was hard for some of the friends always to evidence their loyalty by their votes but no finer, stronger, or better citizens ever lived, and when "dressed up" last fall at a reunion of railway employees held in my home city, I challenge any audience to present a better or finer appearance than the shopmen.

Railway employees have never had cause to question my record because long ago I was one of them and acquainted with conditions without argument because also based on personal experience.

When the Frazier bill was urged I supported it because I knew that indebtedness and taxes are among the farmers' greatest burdens and worries. It is hard indeed to make those without personal experience understand the necessity for a reduction of both interest rates and taxes before farmers of the North can recover from their present distress. Their tariff protection is threatened by changing currency values, and many other troubles, like drought and milksheds, disturb them which cannot be reached by legislation. Some of these I have helped meet by securing aid from the national relief agencies through Mr. Hopkins.

Nine of the 10 Congressmen from Wisconsin have signed a petition to discharge the committee having custody of the Frazier bill and thus give the House and later the Senate a chance to vote directly on the bill. Senator Frazier believes the bill can be passed by the Senate if first passed by the House, but until opposition is withdrawn it is impossible for all the delegations from the Northwest combined to drive it through the Senate. We are for it because it is just and right in principle.

In conclusion, I submit a commending brief editorial on an accompanying communication furnished the magazine the Living Church at its request, that reaches a subject close to the heart of practically every citizen, because when war comes every home is affected.

The present unprecedented depression and great suffering in the world at large and among our own people is a ligiti-

mate result of the last war. For that reason I trust the extract, one of many I have discussed in and out of Congress, may be of interest.

[From the Living Church (Episcopal), Milwaukee, Wis., issue of May 12, 1934]

WHO WANTS WAR?

By JAMES A. FREAR

(How many foreign wars would we have if (1) the people could vote on them and (2) profiteering could be eliminated? At least one Congressman believes these steps can and should be taken, and he discusses in this article a constitutional amendment he has proposed to that end.)

Not 1 percent of our people on the average want war and not 2 percent of our young manhood would volunteer for foreign war service if called upon today. How, then, does war come?

The following resolution, one of several I have introduced in Congress during recent years, may give answer to potent influences responsible for fomenting recent wars throughout the world. National ambitions, century-old hatred, and other influences are always found, but other active agencies in a large part explain the query, "Who wants war?" Appeals to patriotism, national defense, and kindred efforts arouse the people to approve war and are ever urged on Congress after decision is reached by the leaders responsible for war. No truer words were ever uttered than those of President Roosevelt at the Wilson dinner last December when he declared wars are not made by peoples but by leaders. A powerful and largely controlling influence for war is set forth in the recitals preceding the proposed amendment to the Constitution I have introduced during the present session which reads as follows:

"Whereas House Joint Resolution 218—to grant a pre-war plebiscite to the people, and for other purposes—was heard by the Judiciary Subcommittee, at which hearing the following responsible statement was made by witnesses:

"'The world today is spending something over $7,000,000,000 on armaments, in preparation for war, every year. * * * President Wilson, General Smuts, Lloyd George, and others who were closely associated with the drafting of the Covenant of the League had become tremendously impressed during the closing days of the great war in the very close connection between armament manufacturers and the governments of the countries in which those factories lay. This committee went into the question, and in 1921 brought in their report. Their conclusions were:

"'1. That armament firms have been active in fomenting war scares and in persuading their own countries to adopt warlike policies and to increase their armaments.

"'2. That armament firms have attempted to bribe government officials both at home and abroad.

"'3. That armament firms have disseminated false reports concerning the military and naval programs of various countries in order to stimulate armament expenditures.

"'4. That armament firms have sought to influence public opinion through the control of newspapers in their own and foreign countries'; and

"Whereas statements recently made to the United States Senate by Senators in debate tend to confirm such powers alleged to be exercised by munition makers; and

"Whereas request was made by the Judiciary Committee members at the hearing that, to enable the Government to meet its national defense plan, an amendment should properly be offered to the resolution under consideration: Therefore be it

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following article is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as a part of the Constitution when ratified by the legislatures of three fourths of the several States:

"ARTICLE —

"Congress shall have power to declare war only after the proposition shall have been submitted by the President to the several States and a majority of the States, at general or special elections called by the Governors thereof, within 30 days or on a day fixed by the President, shall have approved the same. This amendment shall not be construed to prevent the President from using the Army and Navy to suppress insurrections and to repel invasions.

"Whenever in his judgment war is imminent, the President shall conscript and take over for use by the Government all the public and private war properties, yards, factories, and supplies, together with men and employees necessary for their operation. No interest or profit shall be returned for use thereof by the Government to private parties in excess of 4 percent per annum, to be based upon tax values assessed the preceding year by the municipality in which the property is situated.

"The right of the people to be secure in their persons except as herein provided shall not be violated by conscription or forced military service, but, when public safety demands, Congress may provide for forced military service on the North American Continent and in no other place."

Recitals are no part of a constitutional amendment but set forth the reasons for its support. Prior to the Spanish-American and World Wars, no clearly defined responsibility for such wars was found. Destruction of the *Maine* was loosely charged to the Spanish Government on one hand, and false propaganda of frightful brutalities, sinking of Americans, national insults, and appeals to war fostered by profiteering munition and other financial interests swept Congress into the World War.

It is now known that recent wars have been fomented by those who profit from war. A brief recital of findings by a war commission as set forth in the foregoing resolution furnishes explanation for many wars throughout the world that have been instigated by manufacturers of war supplies. The March number of Fortune magazine, read on the floor of the Senate, contained many pages relating to munition makers in practically every large country. Their tremendous war profits were made through material furnished to friend and foe alike for blood money.

FALSE PROPAGANDA PRECIPITATES WARS

Unfounded and purposely false war propaganda precipitated this Government into recent wars. Appeals to mob psychology through the press and other propaganda pressed on Congress brought declarations of war. Not 10 percent of our people, it was stated in debates, would have voted for recent foreign wars nor would 5 percent of the 4,000,000 American youth conscripted for war have volunteered for foreign service. War propaganda knows to the full a mob psychology that reaches alike from layman to the clergy. It causes men to see red and lose all reasoning power.

When in passion the individual kills. When uncontrolled rage occurs, Congress legalizes wholesale killing by war. Fear to refuse is as potent as desire to yield. The propagandist knows this and plays on emotions and prejudices to get results. Men are boys grown older, and brass buttons, gold braid, guns, and swords appeal to nonthinking people, including youth, but machine guns, poison gas, bombs, armed tanks have relegated all these to the rear and entire companies with regiments are as easily wiped out as single individuals were killed by sharpshooters in olden days. Yet war glories will be depicted when again war propaganda fires the imagination. Trench life, war horrors, sickness, death, and futile results endangering civilization are all concealed by the leaders who decide.

Shall we confess our failure as a Government to meet the hopes and plans for this great democracy? Lawyers split hairs when interpreting the Constitution and its purposes. That task is left for others, subject to one brief observation I would make on wars. When our forefathers framed our bill of human rights, they declared life, liberty, and the pursuit of happiness their goal. In every other land they saw the reigning sovereigns decide when wars should come, so they wrote specifically that Congress acting as representatives of the people, and not the President should have the war power.

During those days colonists were widely scattered, and it was impossible to get quick information or knowledge of world affairs until after long delay; in fact, the greatest battle of our second war was bitterly fought without either side knowing that a peace treaty had already been signed.

Recent history discloses that, contrary to the Constitution and its framers, every foreign war from the Mexican to the Spanish-American and European has followed a President's mandate to Congress. Even reelection of Presidents because against war have proved futile to prevent war.

Probably 99 percent of our people, the vast majority of whom want peace, are better informed on world events today than were any of the war leaders of a century ago, yet those who fight and pay are given no voice in the decision. They make Presidents, courts, and Congresses, but are helpless to preserve their own guaranteed rights of individual and national life.

PRESIDENT ROOSEVELT TRULY SAYS LEADERS, NOT PEOPLES, PROVOKE WARS

Congress and Presidents unitedly legislate, yet in protecting constitutional rights the courts without hesitation reverse unconstitutional law. A declaration of war once made cannot be reached by the courts. That power, if exercised, rightly belongs to the people to act in time and not to Congress, which latter body under modern custom capitulates to a President, and the President, following the example of kings of old, in his turn may be war minded or misled by a deluge of false propaganda. Truly Roosevelt says leaders, not peoples, provoke war. So let the people first speak and there will be few if any wars. The people can make Congress grant such rights of a plebiscite, thus avoiding needless wars. Will they do so?

That situation threatens and in fact confronts us again when peaceful men like ex-Secretary of War Baker with many other war experts predict another European war soon to occur and that our Government inevitably will join in that war. Not until the leaders so determine will our allies' names be definitely known to our own people who are expected to do the fighting. It is that preposterous situation I have sought to meet by a simple Constitutional provision that the people who fight and pay shall first determine on venturing into another great war.

'Bear in mind that Scandinavia, the Netherlands, Switzerland, Spain, and other countries at war's threshold refuse to join in century-old conflicts that regularly embroil Europe. It is significant that peaceful America, 3,000 miles distant, was thrown into the World War, and again war experts predict our inevitable entrance into the next. Washington warned against foreign entanglements. We disregarded that warning and the natural results followed.

What is the remedy when leaders, not peoples, determine war? World statistics recite that 116,000,000 Christians of all denominations are found in North America, and 455,000,000 in like classi-

fications live in Europe, yet with this tremendous influence for good in addition to millions of other beliefs and a vast army of others not church affiliated, we are unable to prevent wars. Praying to the same God for success at arms and glorying over victories that come to our arms, we show little superiority to the sensational metropolitan press that thrives on war, or those who profit through war plunder.

The same force argument that caused Cain to kill Abel has been exercised through the thousands of years that have elapsed. Nations indulge in that justification for legalized, organized killing, reaching countless millions, for war fatalities are not confined to battlefields, but encompass civilization throughout the world.

Following the World War there was promised a revolution in world sentiment against war. Its horrors were still with us. World disarmament, reduction of armaments, Leagues of Nations, World Courts, Kellogg Peace Pacts, and like peace movements were sincerely urged by peace advocates, only to face the acknowledged fact that, instead of a war to end wars, the last war and terms of settlement laid the foundation for future wars certain to come.

Fierce armament building is greater by far than ever before among European rivals and, sad to relate, Americans are among these builders. It is only one of the countless evidences of the war cyclone which threatens the world according to Baker, Hull, Simonds, and many others.

PERSONAL KNOWLEDGE OF SUBJECT DISCUSSED

My individual experience and views are unimportant in the discussion, but to explain briefly the reasons which may affect judgment I inject a personal word and say I have no pride in any family military record, although a direct ancestor was killed leading his company in the Revolution and others fought in practically every war thereafter. I have had personal experience of many years in military service of which 5 were years in the Regular Army, and a company offered for war service, with 11 years in the Wisconsin National Guard which with the Thirty-second Division experienced 13,000 casualities in the last war. This may have affected my judgment. A father and a son each served throughout the last two great wars as volunteers and the military company organized in my home town on my return from the Regular Army during the last war lost 88 men killed, or died in France, during the last war. More lives were lost by that company in one battle during the war than the entire American Navy suffered.

As a Member of the last war Congress, conscious of influences that forced us in, I have sought the only means to prevent, by an amendment to the Constitution that will grant the people the right to vote on war, to conscript war supplies when war is imminent, and refuse to conscript American boys for European wars. The President can place 20,000,000 men or more in the ranks to prevent invasion or insurrection, but only by enlistment of the church, women, and peace people who sometimes waste energies in fulminations against war will we prevent entrance into foreign wars.

Experience gives abundant proof of that fact. The average American would pledge every man and dollar in defending this country against invasion or insurrection, but in like manner oppose the Army staff's program of throwing millions of American youth into the next European or Asiatic country which our war leaders decide is to join us in another "war to end wars" or again "to make the world safe for democracy", now largely lost through many dictatorships. High-sounding purposes that catch the popular fancy will always be found, but war suffering means untold losses of life, and human misery.

In urging my resolution to permit the people to vote before any declaration of war is made by Congress, I know full well that Congress can be swept off its feet by terrific propaganda centered on men placed on naval committees and other points of war vantage to represent such interests.

That would be impossible to bring about if 30 days' deliberation was had by the American people prior to and through a plebiscite on war. Every nation is first interested in its own safety. Seizure of war supplies by the President when war is imminent will subdue war views of war profiteers, and knowledge that American boys cannot be conscripted for foreign wars will prevent cold-blooded, war-minded Army staff officers from unduly urging that means of decision. These are all human estimates that enter into the average war.

[From the Living Church, May 12, 1934]

A REFERENDUM ON WAR

Who, asks Congressman FREAR in an article written at our request and published in this issue of the Living Church, wants war? The question is certainly a pertinent one, because we hear war talk on every hand. One would think, from reading the daily papers, the secular periodicals, and even the religious press, that people all over the world are only awaiting a propitious moment to unleash the dogs of war.

But who actually wants war? President Roosevelt said recently that 90 percent of the people of the world want peace and are satisfied with their present national boundaries. Of the other 10 percent it is primarily a few leaders and those who stand to gain personally by the conduct of war who really want it; the rest are mostly victims of propaganda.

But that brings us back to Congressman FREAR's question and his answer to it. Mr. FREAR thinks it unlikely that, except in case of actual invasion or internal insurrection, the American people would of their own volition vote for war if the issue were placed squarely before them. He therefore advocates a constitutional amendment making a Nation-wide referendum obligatory before this country could engage in a foreign war or send troops overseas for war purposes. At the same time he would limit war profits to 4 percent and thus eliminate the opportunity for private interests to gain by war. But the President is given full power to use the Army and Navy and even to conscript civilians if necessary to repel invasion or suppress insurrection.

A radical proposition, you say? Well, this is a democratic country, isn't it? Then why shouldn't the people be allowed to vote on the vital question of war versus peace? Congress can be swayed by propaganda and influenced by secret lobbies. It is harder to propagandize 120,000,000 free citizens in time of peace. Moreover, when we select a Senator or Representative on some other issue—prohibition or the tariff or what not—how do we know how he is going to vote on a war resolution? Will he represent his constituents fairly? Why shouldn't his constituents be able to speak for themselves on a question of such vital importance?

We think Mr. FREAR is on the right track. Perhaps his proposed amendment can be improved in some respects. But in its essentials we believe it to be a genuinely progressive piece of legislation, in the best sense of that hackneyed term.

It is John Citizen who risks his neck in war, John Citizen who loses his job by going away to war, John Citizen whose family is left to shift for itself in his absence, and John Citizen who pays for the war. Isn't it high time that we give John Citizen the right to say whether or not he wants war before we ask him to bear all of the burdens of it?

LEAVE TO ADDRESS THE HOUSE

Mr. HASTINGS. Mr. Speaker, a few days ago I was granted permission to address the House today. I ask unanimous consent to defer that privilege until Tuesday next.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent that the special order by which he was granted the right to address the House today be deferred until Tuesday next. Is there objection?

There was no objection.

COTTON, CATTLE, AND DAIRY PRODUCTS

Mr. BUCHANAN. Mr. Speaker, I call up House Joint Resolution 345, to provide funds to enable the Secretary of Agriculture to carry out the purposes of the acts approved April 21, 1934, and April 7, 1934, relating, respectively, to cotton and to cattle and dairy products, and for other purposes, and ask unanimous consent that it be considered in the House as in the Committee of the Whole.

The SPEAKER. The gentleman from Texas calls up House Joint Resolution 345, which the Clerk will report.

The Clerk reported the title of the joint resolution.

The SPEAKER. The gentleman from Texas asks unanimous consent to consider the joint resolution in the House as in Committee of the Whole. Is there objection?

Mr. TABER. Mr. Speaker, I shall not object. This is a resolution that the House ought to be told about, and I assume that there will be no objection to the chairman of the committee and myself having reasonable time to explain it.

Mr. BUCHANAN. Mr. Speaker, I assume that the House will not be very strict in the matter of the extension of the 5-minute rule. If we consider this in the House as if in Committee of the Whole, it automatically comes under the 5-minute rule.

Mr. BLACK. Mr. Speaker, I reserve the right to object. I wonder if we cannot have an understanding now as to the time this resolution will take. We have a large District Calendar today, and I think we ought to make some arrangement right now in the House as to general debate.

Mr. BLANTON. But there is to be no general debate upon the resolution. It will be read under the 5-minute rule.

Mr. TABER. May I ask the gentleman from New York if he is disposed to object to an extension under the 5-minute rule, so that we may properly explain the resolution?

Mr. BLACK. No.

Mr. TABER. No one intends to filibuster and take up time.

Mr. BLACK. I know the gentlemen of the Committee on Appropriations will not filibuster, but I have my doubts about some of the other Members. If the Appropriations Committee will stand by and fight a filibuster, all right.

Mr. BLANTON. Mr. Speaker, I reserve the right to object. That is a rather impolitic remark for the Chairman of the Committee on Claims to make or for a member of the District Committee to make, because if any Member here objected to this present request and forced the consideration of the joint resolution into the Committee of the Whole House on the state of the Union, several hours could be taken up in general debate. A refusal to object to the present request shows a disposition not to take up time on this resolution, but to expedite it and transact business.

Mr. BLACK. Generally, Mr. Speaker, I take my parliamentary viewpoint from the gentleman from Texas [Mr. BLANTON], but not on this. However, I have no objection. I think the committee will be fair about it.

Mr. TABER. Mr. Speaker, I think we ought to have an opportunity to discuss the bill within reason, and I hope that the gentleman will not object to that sort of thing.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The Clerk will report the resolution.

Mr. TABER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. TABER. Is the resolution being read now generally to be read later for amendment? What is the practice?

The SPEAKER. The resolution will be read now for amendment.

The Clerk read as follows:

Resolved, etc., That to enable the Secretary of Agriculture to carry out the purposes of the act entitled "An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" (Public, No. 169, 73d Cong.), approved April 21, 1934, there is hereby appropriated and made available, pursuant to the authorizations contained in the said act, the funds available for carrying into effect the provisions of the Agricultural Adjustment Act, as amended, which shall be available for administrative and other expenses, and in addition thereto, the proceeds derived from the tax levied under said act of April 21, 1934, are hereby appropriated and made available for the purposes for which appropriations are authorized to be made under the provisions of section 16 (c) of said act: *Provided*, That the Secretary of Agriculture shall transfer to the Treasury Department, and is authorized to transfer to other agencies out of funds hereby made available for carrying out said act of April 21, 1934, such sums as are required to carry out the provisions of said act, including administrative expenses and refunds of taxes.

Mr. TABER. Mr. Speaker, I move to strike out the last word. I had hoped that the chairman of the committee would speak first, because I do not want to attempt to explain the resolution in general. There is an item in this paragraph which authorizes the employment of certain persons to do certain things under the Bankhead Cotton Act. I am not going to discuss that except to say that it calls for the employment of about 17,300 men and women, some of whom have been under employment of the A.A.A. The other part of the bill calls for employing 5,000 additional, a total for the bill of 22,300.

The rest of the bill relates to the cattle situation, and I want to talk on that subject for a few minutes. The cattle item is under the authorization of the bill which was passed here in March and April and became a law on April 7, authorizing an appropriation for the elimination of dairy and beef cattle to the extent of $50,000,000, to enable the Secretary of Agriculture to get rid of diseased cattle, and to provide relief up to $50,000,000 by buying dairy and beef products.

The estimate that has come in here is distributed in this fashion, as appears on page 52 of the hearings:

For disease control, $24,000,000.

For the purchase and making available for distribution of dairy products for relief, $25,000,000.

For the purchase and making available as beef for distribution of 2,000,000 head of cows for relief, both dairy and beef, at $25 per head, $50,000,000.

For benefit payments to producers cooperating in program to control production, $44,000,000.

For the purchase and distribution of cattle from drought-stricken areas, at the discretion of the Secretary as necessary, and reserve for other purposes, $6,000,000;

Total, $150,000,000.

Frankly, I can go along on the proposition to get rid of the diseased cattle. I can go along on the proposition to purchase dairy products and that sort of thing, $25,000,000, but I do not feel we should go into the proposition of a processing tax on cattle or on dairy products. If we go into a processing tax, which will raise $100,000,000, in order to raise $50,000,000 of it you would have to have a processing tax of approximately 2 cents a pound on butter fat. To raise $50,000,000 more, you would have to have a processing tax of approximately 50 cents per 100 pounds upon cattle. That proposition, in my opinion, would hurt the producer. I do not believe it would help them a bit. When you have a surplus of any agricultural commodity and put a processing tax on it, it has been pretty well demonstrated by the wheat and hog situation that that processing tax comes out of the producer. It will put another burden on our farmer and make his lot a little worse.

I think that this proposition of buying cattle in the drought-stricken area is probably all right. I think it should be done. I think it should be done out of the funds that are provided for the relief; but I do not believe we should go to the point of having a processing tax on either cattle or dairy products. To my mind, we are getting further into that than we should go at this time.

The SPEAKER. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. TABER. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. TABER. I want to call attention to the fact that the Department, in coming before us, told us that they did not know what the processing tax would be; that it would run anywhere from $14,000,000 to $42,000,000, but, frankly, there is no definite commitment. There was a definite commitment when this bill was before the House that there would not be any such processing tax, and I do not believe—and frankly a lot of dairymen and a lot of cattle people do not believe—but what the Department would put enough processing tax on the dairy and cattle industry to raise the $100,000,000.

Mr. GOSS. Will the gentleman yield?

Mr. TABER. I yield.

Mr. GOSS. How much loss would be assumed by the Government if they did not?

Mr. TABER. Oh, it will cost the Government the $100,000,000 if we do not have a processing tax. There is no question about that.

Mr. GOSS. Might it not cost more than that?

Mr. TABER. Not by this bill. If you appropriate $150,000,000, you will only lose $150,000,000. It would all be included in that. Of course, insofar as getting rid of diseased cows is concerned, that is a governmental function which has been going on for a long time; and it should be done; and it should be cleaned up. It is estimated that under this we would get rid of all of the tubercular cattle, or practically all of them, which now exist. Unquestionably that should be done. We would get rid of a very large number of other diseased cattle, both beef and dairy. There are at the present time unquestionably a larger number of cattle than there were 6 or 7 years ago. I think the increase in dairy cows runs from 23,000,000 up to 26,000,000 over the past 5 or 6 years.

Mr. HOPE. Will the gentleman yield?

Mr. TABER. I yield.

Mr. HOPE. It has not been the policy of the Department of Agriculture up to this time to impose a processing tax on any commodity unless it met with the approval of the producers of that commodity, as ascertained through meetings with the producers and their representatives. Did the gentleman get the impression from the hearings that the

Department might impose a processing tax on cattle or dairy products without the approval of the producers being secured?

Mr. TABER. Let me read to the gentleman, page 49 of the hearings:

How much processing tax do you expect to get out of the cattle industry?

Mr. PETRIE. Well, under the various plans considered, it will vary from $13,000,000 to $14,000,000 a year, up to three times that much.

That is taken from the hearings. Frankly, in view of the fact that it was generally understood when the bill was on the floor authorizing this thing, I am afraid that they will put on a processing tax for the whole business.

Mr. HOPE. Will the gentleman yield further?

Mr. TABER. I yield to the gentleman from Kansas.

Mr. HOPE. The gentleman knows that the A.A.A. very recently submitted a plan covering the levying of a processing tax on dairy products to the dairy farmers of the country, which plan was rejected by the dairy farmers. I understand that by reason of that rejection the Department has abandoned the plan, which would indicate, it seems to me, that they do not intend to force a processing tax on an industry which does not desire it.

Mr. TABER. These hearings were held on May 8, just about 10 days ago. Frankly, I believe that is the last word from the Department. That is their last message, that they are going to have a processing tax.

Mr. HOPE. Will the gentleman yield further?

Mr. TABER. I yield.

Mr. HOPE. I do not doubt but what the Department may further try to sell the idea of a processing tax to the producers, but I personally do not believe they will try to impose on the producers of any commodity a processing tax when they do not want it.

The SPEAKER. The time of the gentleman has again expired.

Mr. TABER. Mr. Speaker, I ask unanimous consent to proceed for 3 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HOPE. I do not believe they will try to impose a processing tax on any commodity where the producers themselves are adverse to such a tax.

Mr. JONES. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. JONES. The gentleman read a portion of Mr. Petrie's testimony. The gentleman understands that it was shown at the time of the hearings that none of this will be done without calling in representatives of the industry. They have appointed a committee of 25, of which a subcommittee of 5 has been appointed to work out a program. There probably will be no processing tax for the time, but if there is it will be a very small one, and then only if and as the industry is in condition to stand it.

Mr. TABER. I agree with the gentleman that the industry is not in condition to stand it; but we find ourselves in this situation, that we were told from the floor that there would not be a processing tax, yet they come back here now and tell us there will be a little one. I believe we are going to have a big one, and that it will do to these industries just what it did to the hog industry, and just what I believe it did to the wheat industry.

Mr. JONES. The gentleman understands that a processing tax may be levied under the terms of the original act. This bill simply makes an appropriation available for the payment of the benefits without waiting for the collection from the processing fee; and if they are to have any program at all without appropriations there certainly will have to be a processing fee.

Mr. TABER. If they are to have any program at all, without a doubt they will have to get away from this proposition of the benefits of reduction agreements and things of that sort. There probably will not be the necessity for any processing tax if we do not go beyond the $50,000,000. That amount will help the situation very markedly, and it will not hurt.

Mr. BLANTON. Mr. Speaker, will the gentleman yield while he is on this subject?

Mr. TABER. I yield.

Mr. BLANTON. In the gentleman's district in New York are a lot of dairy cattle.

Mr. TABER. There are.

Mr. BLANTON. There are also some beef cattle in the gentleman's district.

Mr. TABER. Quite a lot; yes.

Mr. BLANTON. This bill is designed to help both the beef-cattle industry and the dairy-cattle industry.

Mr. TABER. Frankly, I feel that that part of it which might result in a processing tax would hurt both the beef-cattle industry and the dairy-cattle industry.

Mr. BLANTON. I am not talking about that; I am talking about the purpose and the design of the bill, which are to help both industries.

Mr. TABER. I have not become convinced of the fact that the processing tax is designed to help them. I have always been of the opinion that it was designed to hurt them.

What we need to do, in my opinion, is to stop at least some of the importation of beef. We are still importing 19,000,000 pounds of beef annually from the Argentine. Now, I do not believe that when our beef is being sold at 8 cents a pound and Argentine beef can compete with it while paying a duty of 6 cents a pound that we should allow such a condition to continue.

I think we ought not to appropriate more than $50,000,000 in this bill, the amount authorized to take care of these diseased cattle and to take care of the relief proposed. I believe if we stop there that our cattle industry will be better off. My understanding is that the cattle industry and the sheep industry are beginning to brace up, and they are the only two items that were left alone by the Agricultural Adjustment Act.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman, a member of the committee, be allowed to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TABER. I think if the Department is given these two items involving the $50,000,000 which was authorized, that we will be doing all we ought to do, and that we will be doing something to help by getting rid of the diseased cattle, or getting them down to a very decided minimum.

Mr. CARPENTER of Kansas. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. CARPENTER of Kansas. The cattlemen in my district, and I think perhaps the greater part of my district is devoted to cattle raising, are opposed to a processing tax on cattle. They are shivering there right now for fear there will be a processing tax. I received a letter from one of my constitutents the other day asking me to call upon Secretary Wallace and ask him to take the processing tax off of hogs.

Mr. TABER. I think they feel that way all over the United States; and I think Congress ought to pay some attention to the way the people feel.

Mr. WITHROW. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. WITHROW. I think the gentleman should make it clear also that under the beef and dairy cattle emergency relief measure, which we passed in the House, there was authorized an appropriation of $200,000,000 which was raised to $250,000,000 in the Senate. This resolution has cut that amount by $100,000,000.

Mr. TABER. That is true. At the same time I think it is also true that probably not more than the $150,000,000 carried in this bill could be used to good advantage between now and the first of the year, when Congress will again be in session.

It is also true that if we are to go into the problem of getting rid of cattle, we do not want to get ourselves into trouble. We have now a very decided drought trouble throughout the North and Middle West, in the gentleman's territory to a certain extent, and in Minnesota and the Dakotas to a more marked extent. The drought area extends all the way down to the central part of the Middle West. How much it is going to affect the dairy-cattle industry, no one knows, and no one can know until we see the full extent of the drought.

Mr. WITHROW. Mr. Speaker, if the gentleman will yield further, do I understand the gentleman to say that in addition to this $100,000,000 cut that is recommended by the Committee on Appropriations, of which the gentleman is a member, the gentleman is in favor of cutting the amount by another $100,000,000?

Mr. TABER. I am not in favor of going ahead with anything that calls for a processing tax. I am more afraid of that than anything else. I think it will do more damage to the cattle and dairy industry than anything else that could be done to them at this time.

Mr. WITHROW. I am very much opposed to a processing tax, too.

Mr. TABER. If this $100,000,000 was in here to get rid of the surplus cattle and use them up in this relief proposition, I would go along with it, because I believe that unquestionably before we get through the winter we will need that much cattle to feed the people, but I do not want to do that with a processing tax where the farmers are burdened a little bit more than they are now.

Mr. WITHROW. But under the provisions of the A.A.A. they do not have to replenish this money with a processing tax. The gentleman is proceeding entirely on the theory that the Agricultural Department is going to raise the money through a processing tax, and I believe that is a false assumption.

Mr. TABER. Will the gentleman listen to this? We came on the floor with a bill and were told there would not be a processing tax. The Agricultural Department has the power under the bill, the way it was finally passed, to put a processing tax on. The Department now comes in and tells us that there is going to be a processing tax. Does the gentleman believe what the Department, who has the power to do the job, says or what the House thought when this bill was before the House and it was passed?

Mr. BACON. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. BACON. I think the gentleman is quite correct that the Department intends to put on a processing tax, although when the original bill was before the House it was stated here that there would be no processing tax. I propose to offer an amendment to this bill providing that in carrying out this final reduction program there shall be no processing tax, and I believe that we ought to add that provision to this bill.

Mr. TABER. I think that should be done.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, on one proposition he discussed I agree four-square with the gentleman from New York [Mr. TABER], and that is that in reducing, at Government expense, our supply of beef and dairy cattle in this country it is incumbent upon us to stop the foreign beef that is coming in here across our borders yearly, not only from Argentina but from all over old Mexico. Our market is flooded with millions of pounds of frozen beef from foreign countries. It is continually streaming in here. The big packers have their packing plants down there in Mexico and in Argentina, and peon labor is used to produce it.

In the first place, the beef is raised by Mexican peon labor and by South American peon labor that they can get for practically nothing. The seasons are fine in both Mexico and Argentina. They have fine grass all the year round, and do not have to pay one dollar for feeding. These Mexican and South American peons do not know what the American standard of living is, and are glad to work long hours and for only a very small part of what American labor receives. They get labor for practically nothing, and then the packers in Mexico and Argentina conduct their business with this cheap foreign labor, and constantly bring millions of pounds of this frozen beef into this country, and it helps to glut our market every year. They are going to continue to do so if we do not stop them. We should declare an embargo against all foreign cattle and beef.

It is foolish for this Congress to provide $100,000,000 or $150,000,000 to reduce the beef supply of this country and then continue to let this foreign frozen beef come in here across our borders. That ought to be stopped, and it ought to be stopped in this session of Congress. Let us put a rider on this bill, either by rule or in the Senate, where it does not require a rule and it could be added very easily, which will stop foreign beef coming across the borders.

Mr. McCLINTIC. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Oklahoma.

Mr. McCLINTIC. The gentleman will recall the bargaining provisions of a bill which we passed recently giving the President of the United States authority to make agreements with the other nations of the world. Under the authority of that act he could handle the situation that the gentleman refers to.

Mr. BLANTON. I hope he will. But he may not. We should direct it to be done. They not only bring in frozen beef but they bring in live cattle and then send it to pastures or feed pens, and thence to our packers.

A great multimillionaire, the editor of a string of newspapers all over the United States, William Randolph Hearst, has brought from his ranch in old Mexico, a ranch that is run with peon labor, cattle from across the Rio Grande, and for several months he has been feeding these cattle in feed pens out in the western counties of Texas. Every bit of that beef, when it is perfected, will be shipped to Chicago, or St. Louis, or Kansas City, and thus he and other such feeders will flood the country with Mexican beef. That ought to stop.

Mr. RICH. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Pennsylvania.

Mr. RICH. I quite agree with the gentleman from Texas. In order to protect the cattle industry from Mexican competition, does not the gentleman think we ought to have a protective tariff that will protect the cattle from all States of the Union?

Mr. BLANTON. We ought to stop it. We ought not just put a tariff in effect, but we ought to stop it altogether by putting an embargo on foreign cattle and beef.

Mr. GIFFORD. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. May I ask the gentleman if he agrees with me that probably all these industries that have a processing tax, which makes up for the gift we are making to them because it interferes with the volume of their sales, would not desire ultimately to have the ordinary taxpayer pay the bill and the consumer who is supposed to have been getting beef rather cheaply pay the processing tax?

Mr. BLANTON. Eventually when we get the consuming public of the United States back on their feet where again they can buy, we will not have any trouble with surplus beef or processing taxes. Beef is something that every working man must have if he has the money to pay for it. He needs meat when he works hard. He will have the meat if he has the money, and when Franklin D. Roosevelt and this administration gets the American people back on their feet again, they will buy all marketable beef and we will not have any trouble, and I think that day is coming soon.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Speaker, let us get this matter clearly before us. This bill is not a bill levying a processing tax. There is nothing in the world in the measure authorizing the levying of a processing tax. This question was passed upon when you had the legislation before the House

in response to which this appropriation is made. Therefore, I am not going to discuss the processing-tax feature except to say that the processing tax on wheat and cotton is practically paying the entire cost of administration, and if the Department levies a processing tax on beef, the estimates are it will be so small that it will not raise under $13,000,000 or over $40,000,000. In this event the Federal Government will be contributing to relief of the cattle and dairy industry $110,000,000 out of its Treasury. I am going to leave the further discussion of this matter to the gentleman from Texas [Mr. JONES] or someone else familiar with the subject.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BUCHANAN. I yield.

Mr. SNELL. I am very much interested in the matter of a processing tax. When this original measure was before the House I asked some very definite questions of the gentleman in charge of the bill, and I have been referring to the RECORD about it. I was definitely told by the gentleman from Texas [Mr. KLEBERG] that there was a definite understanding with the Secretary of Agriculture that there should be no processing tax of this nature in the immediate future. I should like to know whether, under the provisions of this bill, it is the intention of the administration now to put a processing tax of this character on beef cattle and on the dairy industry.

Mr. BUCHANAN. Not immediately.

Mr. SNELL. What does the gentleman mean by that?

Mr. BUCHANAN. I cannot tell the gentleman. I can only tell the gentleman what the hearings show. If there is a processing tax, the hearings show, it will be a very light one.

Mr. SNELL. As I understand from hastily looking over the hearings, there will be a processing tax, and very soon.

Mr. BUCHANAN. That is not clear; no.

Mr. SNELL. It is not clear, but the gentleman is responsible for this business, and the gentleman represents the administration and should be in a position to tell us the exact situation, in my opinion.

Mr. BUCHANAN. I am not in position to tell the gentleman what has not yet been determined. In other words, they had a conference yesterday, and they are perhaps having one today with the cattle and dairy industries at the Department of Agriculture, and the result of this conference will determine the policy of the Department.

Mr. SNELL. I do not want to seem persistent, but we were told definitely by the gentleman from Texas [Mr. KLEBERG] when the original bill was passed that it was understood with the Secretary of Agriculture there would be no such tax, and we are surprised to have this brought forward now.

Mr. BUCHANAN. I feel confident that whatever assurance was given the gentleman by my colleague from Texas will be lived up to.

Mr. JONES. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. JONES. If the gentleman will consult the exact language used then and the exact language used by Mr. Petrie in the hearings, he will find they are in exact accord—that there would probably be none immediately, or, if there was, it would be a very small one, and there would be no program laid out until they called in representatives of the industry and had them agree on a program; and this is what is being done.

May I also call attention in this connection to the fact that the question of levying the processing fee is not involved in this legislation.

Mr. BUCHANAN. Absolutely not.

Mr. JONES. Under the terms of the act already passed, they have all the authority that is necessary to put on a processing fee. This measure will make an amount of money available which will probably make a processing fee unnecessary for the time being or make unnecessary any considerable processing fee. It may be they will have a small one.

Mr. SNELL. Will the gentleman yield there?

Mr. JONES. Yes.

Mr. SNELL. I like the gentleman's statement except the very last of it. As I understand, the report states that the cattle-reduction program will be subject to the processing taxes like the other commodities under the Agricultural Adjustment Act.

Mr. JONES. Of course, it is and it has been all along. The statement was made in the report and made on the floor that this legislation enabled them to have all the benefits and privileges of the Agricultural Adjustment Act.

Mr. SNELL. There is no disagreement so far as that is concerned, because I agree that the power is there at the present time.

Mr. JONES. Then, why is the gentleman objecting to an appropriation that will at least make any considerable tax unnecessary for the present?

Mr. SNELL. At the present time I am not objecting to the appropriation.

Mr. JONES. Why does the gentleman object when the various organizations concerned want this money made available, just like money was made available in advance of the cotton program?

Mr. SNELL. I am not objecting to that part of the measure, but the industries do not want a processing tax, and when the gentleman and his committee presented the original bill the House was given to understand we would not have a processing tax.

Mr. JONES. I should like the gentleman to read the direct statement to the effect there would be none.

Mr. BUCHANAN. The gentlemen will have to wait and get recognition in their own time, because I cannot yield further.

Mr. SNELL. It ought to appear in the RECORD right here.

Mr. BUCHANAN. I cannot yield further.

Mr. JONES. On what page of the RECORD does that appear?

Mr. SNELL. Page 1963.

Mr. BUCHANAN. I cannot yield further.

Mr. SNELL. Very well, if the gentleman does not want to hear the facts.

Mr. BUCHANAN. The gentleman can bring that out in his own time.

Mr. Speaker, there is something else in this bill besides an appropriation for the livestock and dairy industry, and I want to discuss another feature of the measure.

The appropriation for livestock and dairying is $150,000,000, which will be sufficient to conduct operations until next January. By that time we can determine whether or not the program is a success.

If it is not a success, we need not use the other 100 million. If it is a success, we will go on with it.

The next section is an appropriation to carry into effect the Bankhead bill, the cotton bill. I want to talk to you about that. There are 1,075 cotton-producing counties in the United States. One thousand of them produce a material quantity, and in each of these 1,000 counties it will be necessary to have a separate organization. Here are the employees that will be necessary for each county. Mind you, there are 1,500,000 cotton farmers in the United States.

In each county they will have to have 1 executive secretary at $2,100; three clerks and stenographers, temporary employees, at $3 a day; 3 committeemen at $3 a day. These committeemen act as the court of a quasi-judicial character to pass on how large an allotment each farmer in that county will be allowed to produce, tax-exempt, under the Bankhead bill.

There will be 10 local committeemen at $3 per day who see to it that all contracts entered into are complied with. All are appointed from residents of such counties.

The extension agent, or county agent, will serve in collaboration without extra pay.

Then they have three State administrators, who will keep in contact with the organizations and keep them in order and have proper procedure. They get $10 a day when actually employed. Rentals, office and equipment, $100,000; telegraph and telephone, $75,000; administration expenses, Washington office, $279,030; making a total administration

expense, including allocation to Internal Revenue Bureau, $1,250,000, $8,250,000.

Now, how are we going to get the funds to finance this? In the first place, there is a $6,000,000 surplus in the processing tax of the A.A.A. They will have that $6,000,000 for the administration, which is authorized by this resolution, and that leaves $2,250,000 deficit for the administration of the bill. Where will you get that?

You will remember that under the Bankhead bill 10,000,000 bales is set as the maximum production. That is tax-exempt. If there is over 10,000,000 bales produced the surplus is taxed at 50 percent. If there should be an excess of 300,000 more than the 10,000,000 bales this act will be self-sustaining. In other words, the tax on the surplus cotton produced will be more than sufficient to pay for the entire administration expenses of the act.

Mr. MOTT. Will the gentleman yield?

Mr. BUCHANAN. I will.

Mr. MOTT. It was my understanding at the time the bill was passed that the tax was not on the cotton produced but on the cotton actually sold.

Mr. BUCHANAN. No; the tax applies to all produced over 10,000,000 bales.

Mr. MOTT. I understood that it only applied to the portion over the 10,000,000 bales which was sold.

Mr. BUCHANAN. Yes.

Mr. JONES. If he keeps it himself and does not put it into the market, he does not pay the tax.

Mr. BUCHANAN. If he puts it in the warehouse.

Mr. JONES. No; he may warehouse it and leave a record at the gin. He may take it home or put it in the warehouse, and it is not taxed until it goes in commerce.

Mr. HOPE. When it is sold, and it is assumed that it will be sold if a man goes to the trouble of ginning it and putting it in a warehouse, he may sell it the same year or the next year, and he pays the tax when it is sold.

Mr. JONES. He pays the tax when it is sold, but he may use it on his next year's exemption.

Mr. BUCHANAN. What difference does it make, whether the tax is paid next year or when the monthly report is required of him, which I think you will find is correct, or when it is sold? Whenever it is sold the tax is paid, and when that tax is paid, if there are 300,000 bales surplus, it pays the entire administration of this act.

Mr. WADSWORTH. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. WADSWORTH. Can the gentleman conceive of a cotton farmer selling his excess bales when he is faced with a 50-percent tax?

Mr. BUCHANAN. Certainly. The tax is there and it is going to stay there.

Mr. WADSWORTH. But he will not sell.

Mr. BUCHANAN. It is there, and it is going to stay there. He cannot get rid of it by keeping his cotton. If there is any money in it coming to him he will sell it.

Mr. WADSWORTH. There cannot be any profit in it with a 50-percent tax.

Mr. BUCHANAN. He can get his expenses out of it.

Mr. WADSWORTH. But it is aimed to be a prohibitive tax.

Mr. MOTT. How can he get expenses out of it if he is charged 50 percent of the cost of it?

Mr. BUCHANAN. He will get 50 percent of the value of that bale back, and he is not going to leave it in there.

Mr. MOTT. But his expense of raising that cotton is more than the 50-percent tax that he would have to pay, is it not?

Mr. BUCHANAN. No; the gentleman is getting into a problematical question now, as to what the price of cotton will be.

Mr. BOILEAU. The cotton bill provides that the tax shall be imposed only on that produced over and above his allotment. It is not contemplated that he will produce anything over his allotment, so that you cannot expect any real revenue.

Mr. BUCHANAN. Has the gentleman kept up on statistics of cotton production?

Mr. BOILEAU. The Bankhead Act does not contemplate the revenue.

Mr. BUCHANAN. I know that. It contemplates prohibition, but what decree of Congress can control the seasons and cotton pests that regulate production?

The SPEAKER pro tempore. The time of the gentleman from Texas has again expired.

Mr. HASTINGS. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 5 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. HASTINGS. In the event that a cotton farmer produces or raises more cotton than is allotted him, of course, as the gentleman has already explained, he can hold that excess amount over to the next year and reduce the amount next year, and let that come within the amount allotted him.

Mr. BUCHANAN. That is correct.

Mr. HASTINGS. There is one other question that I should like to hear the gentleman discuss. Is it not a fact that most of the cotton has been planted already in the Southern States?

Mr. BUCHANAN. Yes.

Mr. HASTINGS. It is pretty difficult now to reduce it.

Mr. BUCHANAN. Yes; but the beauty about it is that the contracts for cotton reduction of acreage have all been signed in 90 percent of the cotton area, and that reduction in those contracts will be just about what those allotments would be.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. TRUAX. Does the gentleman consider the processing tax on hogs a success?

Mr. BUCHANAN. I have not gone into the processing tax on hogs, but if the gentleman wants to know my humble opinion, I doubt whether a processing tax on livestock and dairy cows or hogs or any other livestock will ever be a success.

Mr. TRUAX. I agree with the gentleman.

Mr. BUCHANAN. However, on cotton and wheat and things of that kind it may be a success.

Mr. TRUAX. One year ago on the Chicago market lard sold for $6.75 a hundred. Today, with the processing tax, it is selling for $6.12, a loss of nearly 65 cents a hundred pounds since we have had the processing tax. They are taking it off of the farmer and putting it on the consumer, and both are losing money.

Mr. JONES. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. JONES. May I suggest in that connection, without undertaking to defend the hog program, the benefit paid to the hog grower will make the total price considerably above the price of a year ago.

Mr. TRUAX. But the benefits and the tax combined will not anywhere near equal the cost of production.

Mr. JONES. That is a different story.

Mr. TRUAX. I want a program that will give us the cost of production.

Mr. MOTT. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. MOTT. The argument now is that on account of the tax the revenue will be so large that this act will be self-sustaining?

Mr. BUCHANAN. That is correct. No appropriation out of the Treasury is carried in this resolution for the administration of this act.

Mr. MOTT. My recollection of the debate upon this bill is that the argument was that on account of the amount of the tax nobody would raise an over-plus of cotton and there would not be any revenue at all. Now, which is correct?

Mr. BUCHANAN. There is no cotton farmer on the face of the earth who can control the quantity of his production.

One year he might make a bale to the acre, according to the season. Next year he might have a half a bale to the acre, or a quarter or a few hundred pounds. Next year it might be a failure. There is nobody on earth who can control his production. I venture to say, I hope right now there will not be over 10,000,000 bales produced in the United States. Still, if we have extra good seasons, favorable seasons, we will make 12,000,000 bales of cotton.

Mr. MOTT. Then, if the gentleman will permit, this act is undertaking to levy a 50-percent tax upon the cotton farmer when he raises an overplus of cotton through no fault of his own, but by an act of God?

Mr. BUCHANAN. Correct.

Mr. MOTT. And the gentleman is still in favor of this bill?

Mr. BUCHANAN. Yes, I am still in favor of this bill as a temporary measure, and a temporary measure only, because the farmer who raises a surplus and is subject to a 50-percent tax, will get a great deal more than he loses, from the increased price on that which is exempt from the tax.

Mr. TRUAX. Will the gentleman yield for another question?

Mr. BUCHANAN. No; not on hogs. I am through with hogs.

Mr. TRUAX. But this is not with reference to hogs. Was it not the intent and purpose of the law that the fees collected through the processing tax should be returned to the growers and not to the bureaucrats down in the Department of Agriculture?

Mr. BUCHANAN. The processing tax levied on cotton will produce from one hundred and twenty to one hundred and thirty million dollars a year.

Mr. TRUAX. And that is to be spent for more jobs and more Wall Street lawyers and more professors?

Mr. BUCHANAN. That processing tax is dedicated to be returned to the farmer and for the administration of the act.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. BUCHANAN] has again expired.

Mr. SNELL. Mr. Speaker, I move to strike out the last three words.

There was something said a few moments ago about the argument that took place about the processing tax at the time the original bill was passed. I want to refer to page 1963 of the RECORD. I asked the gentleman from Texas [Mr. KLEBERG] this question at the end of some other remarks:

> I am especially interested in having the gentleman from Texas tell the House what it is intended to do in regard to the processing tax as affecting the dairy industry.

This is the gentleman's reply:

> Mr. KLEBERG. May I suggest to the gentleman that the taxes that might affect either of the two industries would affect them only as they both belong to the cattle industry. It has been tentatively and, I might say, tacitly agreed—and, with permission, I will include a statement of the Secretary of Agriculture in my remarks—that for the immediate future no processing tax would be adopted in connection with this program.

Now, if that is not a definite statement, I do not understand the English language.

Then, further, I said to the gentleman from Texas: "Now, the important part is what you mean by 'the immediate future.'" This is Mr. KLEBERG's reply—I do not seem to find it, but the important part was that he said there will be no processing tax until the price of these products has been increased, and they could not stand it until such time. I know very well that dairy products in my State have not increased. I think this is an entire reversal of the whole program if you are going to start now to put a processing tax on dairy products.

Mr. KLEBERG. Will the gentleman yield for a clarifying suggestion, since I have been brought into the discussion?

Mr. SNELL. I yield.

Mr. KLEBERG. I should like to call attention to the fact that in order to understand what we are trying to do it is necessary to reasonably know the Agricultural Adjustment Act and what it contains with reference to powers with reference to this money that we are talking about now.

Mr. SNELL. I agree with the gentleman that the power is there.

Mr. KLEBERG. The gentleman, of course, knows that under the Agricultural Adjustment Act, in addition to the processing-tax feature, there is a power whereby the producers and processors may set up marketing agreements.

Mr. SNELL. I agree with that.

Mr. KLEBERG. Under the expenditure of the $50,000,000 discussed so ably by the gentleman from New York [Mr. TABER], which will inevitably result in a reduction of the available supply of both dairy and beef cattle, and the gentleman is well enough acquainted with the law of supply and demand to know that when production is limited it is reasonable and proper to expect an increase in the price of the commodity involved. So it should be evident that the expenditure in reduction of available cattle should result in better prices.

Now, I would like to add that if and when that occurs the cattlemen, and I happen to be one of them myself, are not asking for any direct aid or contribution by the Government of the United States. They, and I as one of them, are willing to undertake to repay that which it costs the Government of the United States to bring them out of this difficult position.

Further in reply to the gentleman from New York I quote from the hearings before our committee last January on the bills H.R. 6133 and H.R. 7153, a question I asked Mr. Wilson, one of the "big four" packers who appeared before our committee, and his reply:

> Mr. KLEBERG. Do you agree with me to the extent that you would be willing to say that the Government would be safe in making an authorization of $200,000,000 and thereafter work out a means for the amortization of or otherwise to take care of the investment in beef cattle; that is, do you think that it would be a safe investment, or do you think that the money could ever be repaid?
>
> Mr. WILSON. Well, I think that a plan could be worked out, a practical plan, whereby it might be repaid by some agreement between the producers and the processors.

This reply by Mr. Thomas H. Wilson, of Wilson & Co., should convey at least the idea that there might be means other than the processing tax to recapture the expenditures of the Government on behalf of the cattle industry.

[Here the gavel fell.]

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. As I understand the statement the gentleman has just read from the report of this committee and from the statement made by the distinguished gentleman himself, there is no doubt in my mind but what it is the intention of the Department at a very early date to put a processing tax on the dairy industry of this country. It is my claim that if they do that, it will be putting into effect the absolute opposite of the proposition that was presented to us on the floor of the House by the gentleman from Texas himself at a time when he said he represented the Secretary of Agriculture and the Secretary's position on this proposition.

Mr. KLEBERG. I made the statement then and still make it, that no processing tax was contemplated for the immediate future.

Mr. SNELL. If the Department goes ahead and puts a processing tax on beef and dairy products, it will be contrary to the statements made on the floor of the House at the time the matter was originally under consideration, and will mean the complete destruction of the dairy industry of our State and the whole country.

Mr. KLEBERG. Now, may I ask the gentleman from New York a question?

Mr. SNELL. Yes.

Mr. KLEBERG. By what authority does the gentleman presuppose that the minute this bill is passed the Depart-

ment is going to place a processing tax upon the beef and dairy cattle industry?

Mr. SNELL. I can have no authority, but no Member on the majority side denied my statement. The gentleman from Texas [Mr. KLEBERG] and the chairman of the committee speak for the Department; I do not, and you both refuse to state that it will not be done.

Mr. KLEBERG. As I said a moment ago, I still stand by what I said.

Mr. SNELL. Neither the report accompanying the bill nor the hearings give us any assurance that a processing tax will not be imposed, and in my judgment they both infer an immediate processing tax. The gentleman stands here representing the Department and should speak as positively now against it as he originally did.

Mr. KLEBERG. I wish to ask the gentleman another question, for I desire to clear up what may be a misunderstanding. I should like to know why the gentleman undertakes to state with considerable alarm that in the immediate future a processing tax will be placed on these commodities? Can this be mere conjecture?

Mr. SNELL. Will the gentleman deny it? Will the Chairman of the Appropriations Committee deny it? You do not dare to. What I want is to get you who represent the administration to assure me and the dairy people you will not impose a processing tax on us.

Mr. McGUGIN. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, as of this late date there is nothing Congress can do except to enact this bill. The mistake was made when the Bankhead bill was passed and when cattle were made a basic commodity. It will require money to carry out this program, and the money obviously must come from one of two sources, either directly out of the Treasury of the United States, which means out of the pockets of all the people of the United States, or from a processing tax on the supposedly benefited industry.

As of this moment, a processing tax placed upon dairy products would be ruinous; for that matter it always will be ruinous. We can mark it down now that we are never going to use the processing tax successfully on hogs, dairy products, or beef. So, if we are to carry out this program there is but one source from which to get the money, and that is from the pockets of the taxpayers of this country. Having adopted the program there is probably nothing left to do but to go through with it. This much is certain, however, that at the end of the road—and it makes no difference whether you raise the money by a processing or by direct taxes on the people—you are not going to reduce production materially. When the time comes that by the act of Congress initiative is taken away from the American people to the point that they produce less than they are able to produce, then the American people will have deteriorated to the point of not being the class of people who were their fathers and mothers. It is simply contrary to every rule of human nature to talk about reducing production below the ability of human beings to produce. Let me give you an illustration: This very Congress adopted the Agricultural Adjustment program in an effort to force reduction; but at the same identical time Congress authorized appropriations for the purpose of increasing production. The very Agricultural Department which is now carrying on a program to do the unnatural thing of trying to reduce production has called upon this Congress and has been granted by it appropriations to increase production.

To cite a further illustration, the Secretary of Agriculture himself, Henry Wallace, this disciple of reduced production, cannot refrain from trying to increase production when he can sell seed corn for $6 a bushel. Wallace, who is advocating as the salvation of the American farmer 25-percent-reduced corn production, is connected with a company that has developed a seed corn which will increase production by 25 percent, a species of corn developed by Mr. Wallace himself, of his own ingenuity. So we see today Wallace, the Secretary of Agriculture, advocating a reduction of corn acreage; but Wallace, the individual, selling at $6 a bushel corn which will increase production 25 percent per acre. It is the most human thing in the world that he should sell a seed corn which would increase production. I cite this as proof to the House that the whole program of trying to reduce production by force is so unnatural that it cannot work as long as American people are human beings.

Mr. HART. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. HART. That corn is better than the gentleman thinks, for it is selling at $7 a bushel.

Mr. McGUGIN. Oh, I beg the gentleman's pardon.

[Here the gavel fell.]

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I yield to the gentleman from Texas.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that all debate on this paragraph close after the gentleman consumes his 5 minutes. This paragraph deals only with cotton.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McGUGIN. Mr. Speaker, speaking about Secretary Wallace and his two programs, the program of Secretary Wallace to reduce the corn acreage and the program of Citizen Wallace to increase it, may I read a few words from an article which recently appeared in the press of this country?

[From the Chicago Tribune of May 13, 1934]

HENRY WALLACE IN TWO ROLES ON CROP REDUCTION—OWNS FIRM SELLING SEED CORN

WASHINGTON, D.C., May 12.—As the Secretary of Agriculture, Henry A. Wallace is conducting an intensive campaign to induce corn growers to agree to reduce their acreage by 20 percent to boost the price of corn.

As a private citizen, Mr. Wallace, through his ownership in the Hi-Bred Corn Co., of Grimes, Iowa, is selling seed corn to Iowa and Illinois farmers which is advertised to produce 19.8 percent more bushels to the acre.

Farmers who will buy Citizen Wallace's seed corn, therefore, may cut their acreage by 20 percent, receive the Federal bonus money offered by Secretary of Agriculture Wallace, and still produce for the market the same quantity of corn which they grew with their old-fashioned local seed corn.

EDITOR ON LEAVE

In Wallace's Farmer, a farm weekly of which Secretary Wallace is "editor on leave of absence", farmers are besought in editorial columns to sign the corn-acreage-reduction contracts. In adjoining columns they are urged to buy and plant Wallace's Hi-Bred seed corn because it will produce more corn to the acre.

The farmers are told in so many words that they may cut their acreage by 25 percent and still produce the same amount of corn, with resulting economy of money and labor.

The consuming public pays the price of Secretary Wallace's program by increased costs of food, due to processing taxes, and Citizen Wallace profits personally by the sale of seed corn sold by his own company, advertised in the paper of which he is editor on leave, and used to defeat the very purpose of the reduction program.

CLAIMS MADE FOR CORN

In Wallace's Farmer of December 23, 1933, an advertisement of the Hi-Bred Corn Co. appears in which it is claimed that 210 farmers who used the company's seed corn averaged 11.4 more bushels per acre over local corn. This was an average increased yield, the advertisement stated, of 19.8 percent.

On the very next facing page, under the heading "Pushing the Corn-Hog Program", the readers are given arguments and specific directions on how to join the acreage-reduction campaign. At the top of the next page, under the heading "Editorials", the first editorial starts out as follows:

"We sympathize with the farmer who wants to grab the first copy of the corn-hog contract he sees, puts his signature on it, rush the contract to Washington, and get his check back next week."

ADVERTISES SEED CORN

In the issue of January 21, 1933, when Mr. Wallace was editor of the magazine and president of the Hi-Bred Corn Co., and when Mr. Roosevelt was awaiting his inauguration, the corn company, under Wallace's own signature, advertised its prolific seed corn under the heading "Balancing the Farm Acreage—Larger Yields from Smaller Fields."

Mr. Wallace stated that if the entire Corn Belt were planted with the best strains of his seed corn, the result in the ordinary

year would be an increase in corn yields of 300,000,000 bushels. He conceded this would be a "most serious calamity."

But then he stated:

"In our sales efforts we do our best to get corn farmers to cut their corn acreage by 25 percent by putting one fourth of the land into clover, and by planting Hi-Bred corn on the three fourths it is ordinarily possible to get the same yield with much less labor."

FOR MAXIMUM PRODUCTION

At the end of the same advertisement Mr. Wallace declared:

"The problem of civilization is to make it socially advantageous for the individual to produce to the maximum. The Hi-Bred Corn Co. is fully acquainted with this problem and through its officers is doing its best to get the people of the United States to use efficient methods for social ends. When we improve our efficiency and control it in a balance way, we can all of us have twice as high a standard of living as we now enjoy."

In the January 1, 1933, issue of Wallace's Farmer the Hi-Bred Corn Co. advertised its corn as "Wallace Hi-Bred seed corn", and said 1,000 tests had shown an average increased yield per bushel of seed of 84 bushels of corn over the yield with ordinary seed corn.

"Four more hogs in every bushel" was the heading on this advertisement, which in text explained that the 84 bushels would be enough to produce four extra hogs a year.

The issue of December 9, 1933, carries a head on the front cover: "We must cut hog production", and another advertisement of Hi-Bred seed corn appears on page 10.

URGES ACREAGE REDUCTION

In the magazine of November 25, 1933, an address by Secretary Wallace is published, in which he argued for the acceptance by the corn farmers of the acreage-reduction contracts. A half-page advertisement of the Hi-Bred Corn Co. appearing on page 2 repeats the promise of 12 more bushels to the acre by using the Wallace seed corn.

Secretary of Agriculture Wallace is now sending out thousands of "advance checks" to corn growers who have signed up under the acreage-reduction program. These partial payments are given for the farmers' promise to reduce acreage, the balance to be paid at the end of the season.

If they follow the advertisements in Wallace's Farmer, the farmers will take Secretary Wallace's checks, buy Citizen Wallace's seed corn, and market just as many bushels as they did in years past, and get another Federal money bonus at the end of the season, even though their production was not reduced by an ear.

There is the illustration. It makes no difference whether we use the processing tax or use money out of the Treasury of the United States, in the end we are not going to reduce production in this country. One way or the other, human ingenuity will see to it that the American people produce what they are able to produce. Down in the Cotton Belt we are told that they used more fertilizer and the production of cotton has not decreased. That was not criminal conduct. That was natural human conduct. It was ambition, which is instilled in thrifty citizens. It was the trait that made this country great, and this Congress, no matter what the political exigencies of the future may be, is not going to be able to destroy that trait in the American people.

So far as this bill is concerned, with the program already started, probably all that we can do is to pass it; but I warn you now that whatever may be the ultimate end, it will not include reducing production. The mistake was made when we started these two programs, the Bankhead bill and declaring livestock to be a basic commodity. However, that is water over the dam. Above all we should here today put in this bill that no processing tax shall be levied during the coming year on any dairy or beef products. If you do levy such a tax, you will have done incalculable wrong to the dairy and beef industry. You will not have been their beneficiary.

Mr. BLANCHARD. Will the gentleman yield?

Mr. McGUGIN. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. If we do not put a restriction on the passage of this resolution, maybe it will just lend encouragement to the Department to put a 5-percent-per-pound processing tax on dairy products immediately.

Mr. McGUGIN. Yes. Those who are in control of the Agricultural Department are primarily desirous of using this bill in order to obtain control over agriculture as an industry, so that the farms of this country will be operated under decrees from Washington, rather than by the farmers themselves.

[Here the gavel fell.]

The Clerk read as follows:

To enable the Secretary of Agriculture to carry out the purposes of the act entitled "An act to amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes" (Public, No. 142, 73d Cong.), approved April 7, 1934, there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, pursuant to the authorizations contained in sections 2 and 6 of said act of April 7, 1934, $100,000,000 for the purposes of the Agricultural Adjustment Act, as amended, and $50,000,000 for the purposes specified in section 6 of said act of April 7, 1934, including the employment of persons and means in the District of Columbia and elsewhere and other necessary expenses; in all, $150,000,000 to remain available until December 31, 1935.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that debate on this paragraph and all amendments thereto close in 30 minutes.

Mr. WADSWORTH. Reserving the right to object, would the gentleman be willing to make that 45 minutes? There are several gentlemen on this side who want to be heard.

Mr. BUCHANAN. I think we can get through in 30 minutes.

Mr. BACON. I have a real amendment to offer.

Mr. BOILEAU. Mr. Speaker, reserving the right to object, I tried to get in on the other paragraph, and the gentleman stated I might have that privilege here.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that debate on this paragraph and all amendments thereto close in 40 minutes.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, if I am allowed 5 minutes of that time, I will not object.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I want to know whether we on this side are going to get a chance to say something. From the gentlemen who are on their feet over there, it would seem they will consume all the 40 minutes.

Mr. BUCHANAN. The gentleman will have to get recognition from the Speaker.

Mr. TRUAX. I understand that, but I want 5 minutes.

Mr. BLACK. Anyone who can stop the gentleman from getting 5 minutes on anything is good.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BOILEAU. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, a year ago, when Congress passed the Agricultural Act, we established a policy authorizing a processing tax. It was in the original act that we authorized a processing tax, and that act provided no other way for paying cash benefits or giving direct assistance to the agricultural interests of the country except by raising the money through a processing tax. That was an essential part of the Agricultural Adjustment Act and of the program which has been carried out since that time.

We were successful in getting dairy products included as a basic agricultural commodity. A year passed, and no program was offered or given to the dairy industry of the country. During this session of Congress a bill was enacted to make cattle also a basic agricultural commodity, and the bill authorized $200,000,000 to be used for the relief of the dairy and cattle industry. That was a concession to the dairy and cattle industry, because it was realized on the part of the administration and by responsible Members of both Houses of Congress that the dairy and cattle industry was in such condition that it needed financial assistance and needed it promptly, and before the funds could be raised through a processing tax.

When that bill was originally sent over to the House Committee on Agriculture, it provided that the $200,000,000 would be made available under paragraph (b) of section 12 of the Agricultural Adjustment Act, which meant that it had to be repaid through a processing tax. We succeeded in the committee in obtaining an amendment making that $200,000,000 available under section (a), which leaves it to the discretion of the Secretary of Agriculture whether or not a processing tax should be levied to reimburse the Treasury to this amount.

Now, this amount of money, $200,000,000, was authorized for the purpose of giving this relief to the cattle and dairy

industries, and it is not compulsory that a processing tax be levied. I believe, however, that sometime in the future and after the program starts, and if they are successful in raising the price of beef and dairy products, a processing tax may be imposed.

This bill only carries $100,000,000 of the $200,000,000; but the Department has made it very plain that they believe this $100,000,000 is about all they can spend between now and the first of January in working out a dairy- and beef-cattle program and in eradication of tubercular and Bangs' disease-infected cattle. This does not mean they are cutting the amount down to $100,000,000. It means we are presently appropriating $100,000,000, with the possibility of appropriating the other $100,000,000 next January or at some later date when that amount of money can be used. I should favor appropriating the entire $200,000,000 now, but the Department says they can get along for the present with the smaller amount.

In addition to this, we have $50,000,000 carried in this bill which is to be used for the relief of the dairy industry and the cattle industry, and it is specifically provided that this $50,000,000 shall not be repaid through the imposition of a processing tax. This is direct aid to the cattle and dairy industry; and I submit that the dairy industry, particularly, has been suffering so long, has been in need of assistance for so long, that we should get behind this measure immediately and pass the bill and send this appropriation over to the Agricultural Adjustment Administration, thereby giving them funds to enable them to put out a program for the dairy industry that will give them the relief they need.

Not only have the principal dairy sections of the country suffered from low prices during the past few years but they have also suffered during the past 4 or 5 years from excessive droughts such as they have never before experienced in that great dairy section of Minnesota and Wisconsin where such a large part of the dairy products of the country are produced. They are in need of prompt assistance. This amount of money put into the hands of the Agricultural Adjustment Administration will place upon that Department the responsibility of putting out a program for the relief of the dairy industry. I may say now what I have said before, and that is, that I have confidence in the men who have charge of the dairy section of the Agricultural Adjustment Administration, and I believe they will solve this great problem in the interest of the dairy farmers.

Mr. KLEBERG. Mr. Speaker, I move to strike out the last two words and ask unanimous consent to revise and extend my remarks, and yield back such time as I may not use.

Mr. BLANCHARD. If the gentleman does not anticipate using all his time, will he yield to me before making his statement?

Mr. KLEBERG. I shall be pleased to yield the gentleman whatever time I have left, and I only expect to take a few moments.

The SPEAKER pro tempore (Mr. WEST of Ohio). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KLEBERG. Mr. Speaker, first of all, I want to heartily endorse the sentiments expressed by my distinguished colleague from Wisconsin [Mr. BOILEAU].

I also call the committee's particular attention to the fact that the legislation before us has been the result of long and exhaustive hearings, to which cattlemen and dairy farmers from all over the United States came to present their views. It should be clear to every member of the committee, first of all, with respect to the program to be undertaken in the expenditure of these funds, that an agreement is to be arrived at between the producers involved before any program goes forward; and I respectfully submit that ill-advised and ill-considered arguments concerning tentative possibilities are definitely in opposition to a return to that prosperity which we all desire, no matter to which side of the aisle we adhere; and I suggest particularly to my friend the distinguished gentleman from New York [Mr. TABER], whose statements I always appreciate, knowing his intelligence, that I cannot for the life of me see why he should undertake to say that something is going to take place before any of those involved have met to consider what plan is to be followed.

Mr. TABER. Will the gentleman yield there?

Mr. KLEBERG. I yield for a brief question, because I only want to take a moment or two.

Mr. TABER. When they come before us in the hearings and tell us what they are going to do, what would you believe?

Mr. KLEBERG. The gentleman should know the law, and the gentleman should know that in the past every one of these programs has been the result of agreement between the Department and the producers.

I now yield the balance of my time to my distinguished friend from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Speaker, there are two things about which I should like to be sure before this measure is voted upon.

First of all, if a processing tax is to be levied, I should like to know how much it will be, and, secondly, I should like to know whether or not the passage of this particular bill will lend encouragement to the Department to put into effect the processing-tax program they had in mind several weeks ago, a program which was abandoned as a result of the action taken by the dairy people of the country.

I cannot see that this measure is necessarily any encouragement to the Department of Agriculture to put into effect a 5-cents-per-pound processing tax on dairy products.

Mr. KLEBERG. If the gentleman will yield, may I ask why he says 5-cents-per-pound processing tax?

Mr. BLANCHARD. Of course, I say that only on the basis of some of the statements made by departmental heads several weeks ago. I have no right to assume they would ever put into effect a processing-tax program of that kind; and if I thought for one moment they were going to do it, I would certainly vote against this measure.

It is reasonable to contemplate that some processing tax may be levied, both in the beef-cattle industry and in the dairy industry. Mr. Petrie, chief of the cattle division of the A.A.A. testified that they do propose a processing tax to raise somewhere between $14,000,000 and $40,000,000.

If this resolution can be construed as an encouragement for heavy processing taxes on dairy products, then it should be defeated. The Agriculture Department has heretofore been committed to a processing tax of 5 cents per pound on butter fat, but had learned through regional meetings in the dairy sections of the country that the dairy farmers were bitterly opposed to such a tax. And the farmers are right. Any program of this nature would be disastrous to the dairy industry. Instead of helping a situation which is now admittedly bad, it would only make it worse.

If my memory serves me correctly, a processing tax of 5 cents per pound on butter fat would raise in excess of $100,000,000.

Now, it has been well said today that we have embarked on a program that will in no way be affected by this appropriation, except that it may mean the encouragement of the Department to put on a processing tax that the dairy industry is so bitterly opposed to and which it cannot stand, because of the situation in the industry itself. If I could be assured on those two points, I am perfectly willing to go along with this measure, because it does give some measure of relief to an industry that has reached the point where it cannot stand the strain much longer. [Applause.]

Mr. TRUAX. Mr. Speaker, I move to strike out the last two words. Mr. Speaker and Members of the House, I want to express my views on the general principle of the processing tax as a means of agricultural relief. In the N.R.A. we have fixed the price of practically every commodity you have to buy. You cannot trade in your old automobile for a new one unless you pay the price fixed by the N.R.A.

Last Friday the minimum prices of automobile tires were fixed, and you cannot go to any reputable dealer and buy a tire for one penny less than the price that has been fixed.

I ask you, if you have 10,000,000 unemployed men who are out of work, many starving, which will be the most benefit to them, some pork chops or a good beefsteak, or an automobile tire. Yet you fix it here so that these farmers are in an impoverished condition by the processing tax, and as proof of that I cite the fact that you have had the processing tax on hogs—and when Mr. Wallace put the tax on hogs, the Chicago packers said, "We will take that off the producer"; and they did that very thing, and they have been taking it off ever since.

Now, you come in and want to take the money that has been collected from the processing tax, $150,000,000, and use it to put some more bureaucrats down in this great mammoth building known as "the Department of Agriculture." You want to put in more young lawyers from New York to tell the farmers what to do; you want to put in some more professors, some more "crackpots", to tell the farmers how to farm.

Everybody knows what is wrong with the farmer. He has to sell his product at less than cost and has for the last 12 years. I want to say to you that in my State he is a damned sight worse off today than he was 1 year ago.

Every farmer in my State will bear me out. You do not want to give us the Frazier bill, for that would refinance them; you do not want to give us the McLeod bill—and we are willing to cut it to $2,500 maximum pay-off, including all banks. No; that will help the poor people of this country whose life savings are in these closed banks. You do not want to give us the Connery bill for 30 hours a week, for that would help the 10,000,000 unemployed who walk the streets today. No. When it comes to the farmer you have a Secretary of Agriculture making a specialty of selling seed corn at a high price, who makes a specialty of writing for newspapers and magazines, who makes a specialty of going back centuries ago to dig up religious problems of that day and compare them with the religious problems of our day.

You appoint as an Under Secretary of Agriculture a man who would serve better in a bureau of social reform or social economics rather than in farm economics; and, as usual, today the American farmer in the Corn Belt is the "forgotten man." I say to you that unless you do something more than you have already done for our farmers, then there is no hope and all is lost in despair. I yield right now for someone to stand up on this floor and tell me what we have done for the American farmer in the Corn Belt.

Mr. CARPENTER of Kansas. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I will yield to the gentleman to tell me what we have done for the American farmer.

Mr. CARPENTER of Kansas. I want to ask you if a little expansion of currency in silver——

Mr. TRUAX. Oh, yes, yes; but we want the expansion of prices first. We want 8-cent hogs and 10-cent cattle.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I will yield if you will tell me what we have done for the American farmer.

Mr. MAY. I will tell you. The gentleman and I were both for the processing tax in these bills when they were passed.

Mr. TRUAX. And we have found out that it does not work, and they want to take the money collected and put on more parasites in the Department of Agriculture.

Mr. JONES. One of the gentlemen from Iowa made the statement that corn was selling at 6 cents——

Mr. JOHNSON of Minnesota. Six dollars.

Mr. TRUAX. The remarks I heard were about the corn that belonged to the Secretary of Agriculture.

Mr. JONES. No. I was talking about the ordinary run of corn. What is corn selling for today as compared to what it was a year ago?

Mr. TRUAX. It is selling higher than it was a year ago, but in my State we do not have a dozen counties that sell corn. They feed it to livestock. I say this: That any 6-year-old boy ought to know that a program of acreage reduction will never control your surplus. Any boy ought to know that. Any boy ought to know that only God alone can determine that. It depends on your rainfall and upon the sun and upon natural conditions.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to proceed for 1 minute more.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. KELLER. What about the price of wheat as compared with what it was a year ago?

Mr. TRUAX. The price of wheat is lower by 10 or 15 cents today than what it was a year ago. We had wheat up above a dollar nearly a year ago. What is wheat selling for today?

Mr. BEAM. Seventy cents.

Mr. PIERCE. On what market was it selling for more a year ago?

Mr. TRUAX. On the Chicago market, operated by the gamblers, who are still operating and manipulating prices.

Mr. PIERCE. By no means.

Mr. TRUAX. Let me show you the fallacy of this program if this drought continues. You will have curtailed production. The farmer in many cases will have nothing to sell. The consumer in the city will be highjacked and robbed by the packers and food trusts, such as the Quaker Oats Co. and the Kellogg Co., and the others who never reduce the price of their products to the consumer.

The SPEAKER pro tempore. The time of the gentleman from Ohio has again expired.

Mr. BACON. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BACON: Page 3, line 7, after the figures "1935", strike out the period and add the following: "*Provided, however*", That in carrying out the provisions of this act, the cattle reduction program shall not be subject to any processing taxes."

Mr. BUCHANAN. Mr. Speaker, I make the point of order against the amendment. It changes existing law, and is legislation on an appropriation bill.

Mr. BACON. Mr. Speaker, will the gentleman withhold his point of order? I concede the point of order.

Mr. BUCHANAN. I reserve the point of order.

Mr. BACON. Mr. Speaker, I think it has become very apparent that it is the intention of the Agricultural Department to put a processing tax on the dairy industry and the cattle industry as soon as possible, in spite of the fact that when the original bill was passed it was indicated here on the floor of the House that that was not contemplated. In the report of the chairman of our committee he states:

The cattle-reduction program will be subject to the processing taxes like the other commodities under the Agricultural Adjustment Act.

Mr. COOPER of Ohio. Mr. Speaker, will the gentleman yield?

Mr. BACON. Yes.

Mr. COOPER of Ohio. Does this bill provide an appropriation for the destruction of dairy cattle?

Mr. BACON. Absolutely.

Mr. COOPER of Ohio. Does the President approve of it?

Mr. BACON. I understand that he does.

Mr. COOPER of Ohio. Will the gentleman yield to me while I read a quotation?

Mr. BACON. Yes.

Mr. COOPER of Ohio. What I am about to read is taken from a speech delivered by President Roosevelt at Topeka, Kans., September 14, 1932, when he was speaking to the great agricultural West:

When the futility of maintaining the prices of wheat and cotton through so-called "stabilization" became apparent, the President's Farm Board, of which his Secretary of Agriculture was a member, invented the cruel joke of advising the farmers to allow 20 percent of their wheat lands to lie idle, to plow up every third row of cotton, and to shoot every tenth dairy cow. Surely they knew that his advice would not—indeed, could not—be taken. It was probably offered as the foundation of an alibi. They wanted to be able to say to the farmers of the United States: "Why, you did not do as we told you to. Now go blame yourselves."

I am wondering whether, when the President made that speech, he was in favor of destroying every tenth dairy cow.

Mr. BACON. It must be obvious that the President has changed his mind. This bill provides for the killing and processing of some five to seven million beef and dairy cows. The measure here that we have under discussion today is an emergency measure. It is specifically an emergency measure.

I believe if Congress really intends to prevent a processing tax being placed on the dairy industry, it should adopt my amendment. I admit the amendment is subject to a point of order, but the hearings indicate that the Department intends to place a processing tax on dairy products in an amount ranging from $14,000,000 to $40,000,000. I am sorry the gentleman from Texas [Mr. BUCHANAN] has seen fit to make a point of order against the amendment, because in this emergency it seems to me we ought not subject the dairy industry or the cattle industry to a processing tax which will be very harmful to both of those industries.

Mr. JONES. Will the gentleman yield?

Mr. BACON. I yield.

Mr. JONES. Under the program of the previous administration the farmers were urged to plow up as a voluntary matter, with no compensation and no increase in price. This is an entirely different program. It means something to the farmer.

Mr. BACON. I recognize it as an emergency.

Mr. JONES. There has been more talk by people who do not know anything about what the program is than I have ever heard before.

Mr. BACON. I do not want to submit this cattle-reduction program to a processing tax that will be harmful to the industry.

Mr. BUCHANAN. Mr. Speaker, I make a point of order against the amendment.

Mr. BACON. Mr. Speaker, I concede the point of order.

The SPEAKER pro tempore (Mr. WEST of Ohio). The Chair rules the point of order is sustained.

All pro forma amendments are withdrawn.

Mr. HART. Mr. Speaker, I move to strike out the last four words.

I want to discuss for a moment or two the attack made upon Secretary Wallace, because he happens to develop seed corn that will produce 25 percent more corn per acre than the average farmer has been producing with his own seed. No Member of this House who wants to be logical would attack the Secretary upon that ground. The article referred to reads as if he waved a magic wand and, overnight, produced this corn which would yield 25 percent more. As a matter of fact, that has been a slow process running over a good many years, and qualifies him as a successful planner in agricultural matters. In the Department of Agriculture there are scientists who are working along that line and are being paid with money appropriated by this House. I have tried to cut from every appropriation bill for the Department of Agriculture since I have been in the House everything of a stimulating character in excess of what was carried under the organic law, and I have failed in this House to get more than 1 or 2 votes for it. There are some 6,000 county agents scattered over the United States, whose duty it was to make two blades of grass grow where only one grew before. I have tried to remove them and failed. I have tried to remove all the appropriations from every bill that tended to increase production since I have been here, but it has been impossible to do so; yet you come here and criticize the Secretary of Agriculture because he has developed a seed corn that will produce in excess of the average seed corn and, therefore, cheaper corn than the ordinary grade of corn.

When you take that position you should immediately get rid of every scientist in the Department of Agriculture and get rid of every stimulating process that you have within that Department or any other Department. There are plenty of them down there. You should get rid of the seed and fertilizer loans, except in a national calamity where a whole section has been wiped out. You should get rid of the Agricultural Credit Corporation which provides for the financing of excess production. When you wipe out all those things then you may attempt to criticize your Secretary of Agriculture because he has proved to be a scientist.

Mr. McGUGIN. Will the gentleman yield?

Mr. HART. Yes; I yield for a question, not for a speech.

Mr. McGUGIN. Without criticizing, does the gentleman say it is consistent that on one page of Wallace's Farmer he should have an editorial advocating corn reduction, and on the next page an advertisement appealing to them to buy his high-powered seed corn at $7 a bushel, which will increase production 25 percent per acre? Is that consistent?

Mr. HART. It would not be reasonable to expect that Mr. Wallace would immediately end his business because he became Secretary of Agriculture. His business happens to be producing seed corn. It would be illogical for him to order his company to dissolve and quit his scientific work. However, as he only owns a minority interest in the company he could not do this if he wanted to. So much for the Secretary of Agriculture and his seed corn.

I now want to reply to the gentleman from Ohio [Mr. COOPER], and with especial reference to that portion of his remarks quoting a part of the President's Topeka address and its relation to the appropriation which we are talking about here for the cattle industry. All that is intended under this bill is to remove those cattle which are suffering from tuberculosis and to purchase such beef cattle as may be used in the distribution of food by the Government for relief purposes. There is no intention in this bill of destroying any good cattle or going out and shooting every tenth cow. We are simply providing money to carry on the tuberculosis-eradication program. I do not think anyone in the House would object to that.

The State of Michigan is now rated at 100 percent clean, with reference to tubercular cattle. I think that is a wholesome and healthy program to carry forward. There is no intention under this bill to go out and shoot every tenth cow or every eighth cow or any other cow, except to remove those cattle which are tubercular, and even those are to be put to some use. Also there is appropriated money to buy beef cattle and distribute them the same as they have distributed hogs and flour and butter and many other things to those who need food.

Mr. Speaker, I yield back any time I may have.

The SPEAKER pro tempore. The time of the gentleman from Michigan [Mr. HART] has expired.

Mr. WADSWORTH. Mr. Speaker, I rise in opposition to the pro forma amendment. I beg the patience of the House for just a few moments. It is true that this bill does not add anything to or subtract anything from the power of the Secretary of Agriculture or the A.A.A. in the matter of processing taxes. It might be called a money bill. It is to finance, as I understand it, this proposed work between now and January 1 next. It does, however, bring up the whole question of how we shall treat the cattle industry. I have been in that business all my life. That is not to say by any means that I know all there is to know about it. There is something to learn about the cattle business all the time.

I wish to say a few words about the trend of the beef-cattle market during the last few months, in order, perhaps, that we may have a little better understanding of what the Government may do or may not do. The corn crop of 1932 was a very heavy one. It fetched a pitiably low price per bushel. When corn is low the feeders of cattle always put in more cattle to feed. That is their tendency. When feed is so cheap as 12 or 15 cents per bushel, of course, their temptation is to put more cattle on feed because they can produce the beef at such a low feed price. So a tremendous number of cattle were put on feed in the Middle West, or in the Corn Belt, commencing in the autumn of 1932, on account of the corn crop condition; and as feed was cheap many feeders started on the long feed, in other words to produce an animal that would weigh over 1,300, 1,400, or even up to 1,600 pounds when it was finished.

Inevitably, those cattle all arrived in the market a year later, and kept arriving on the markets at Chicago, Kansas City, St. Louis, and Omaha during the autumn of 1933 and the early winter of 1934. The finest finished 3-year-old steers weighing 1,600 pounds, animals fit for the show ring, fetched as low as 4½ cents a pound, and that was murder to the feeder. Lighter cattle, however, which are sometimes called "baby beef", sold for a good deal higher price per pound, up to 7½ cents, the animal weighing less than 1,000 pounds and not to exceed 2 years in age. In that particular class the supply had been constant.

The run of the heavies is over, and you may have noticed during the last 7 weeks there has been a complete transformation in the beef-cattle market. Heavy cattle—and I saw them in the Chicago yards myself last week weighing 1,600 pounds and down to 1,350—sold as high as 9½ cents a pound. Some Member on the floor a few minutes ago said that the cattlemen were praying for 10-cent cattle. They came within 50 cents a hundred of it last week.

The interesting and the important thing about it from the standpoint of the cattleman is that today and during the past 6 or 7 weeks, for the first time in 3 years at least, there is a proper spread between the finished bullock of weight and the raw material; by "raw material" I mean the thin stocker or feeder which was fetching in the yards last week from 4½ cents to 5 cents a pound. I happen to know because I went there to purchase them.

A spread between the stocker or feeder at 4½ cents and the finished product at 8¾ to 9 cents a pound puts the cattle market in a healthy condition, puts the range of prices in a healthy condition; and it is the first time we have had it in 3 years.

[Here the gavel fell.]

Mr. WADSWORTH. Mr. Speaker, I ask unanimous consent to proceed for 3 additional minutes.

Mr. JONES. Not to be taken out of the allotted time.

The SPEAKER pro tempore. Is there objection to the request that the gentleman from New York may proceed for 3 additional minutes, not to be taken out of the time?

There was no objection.

Mr. WADSWORTH. My fear is that the Government will step in and make some dreadful mistake at a moment when the cattle market is just beginning to look bright.

I call attention to the fact—and I think it has some significance—that the Government as yet has done nothing with sheep, and the market for lambs has been consistently favorable and good all winter long. Lambs reached 9½ cents a pound, as I recall, last December; and today they are selling in Chicago between 9 cents and 10 cents. There has been no processing tax, there has been no reduction, there has been no agreement, there have been no contracts, the Government has kept its hands off lambs and this is the only branch of the livestock business that has been prospering. The cattle business would appear to be on the verge of reaching a decent condition. My dread is that the Government will do something to spoil it.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. PIERCE. Is not that situation due to the number of sheep that have gone on the market? I am a sheep man.

Mr. WADSWORTH. Certainly it is. The law of supply and demand has been left undisturbed with respect to lambs and to sheep, and the market has been excellent.

If the Government goes into this thing now and begins to put a processing tax on beef cattle and dairy cattle, it will meet impossible conditions in the attempt to make such a processing tax fair. A tax of 50 cents a hundredweight on an animal selling for 9 cents a pound is, of course, a very low tax, but canners sell on the market all the way down to 2 cents a pound, the old canner cow; and a 50-cent tax on her would be a very heavy tax.

There are an infinite variety of cattle, many breeds, each with its special virtue, and in ages and qualities, from "tops" to "canners." No government on earth can classify the beef cattle; their variety is infinite. The judgment of two men will seldom agree on the exact value of a certain load of steers. One man has one conception and another man well informed has another conception. When the Government gets into it and tries to classify for the purpose of fixing taxes it will simply make a botch of the whole thing.

I have used this occasion only to raise my voice in protest as a cattleman against any proposal, any suggestion, that the Government of the United States put a processing tax on beef cattle.

[Here the gavel fell.]

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the gentleman may have 1 additional minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. The gentleman from New York made some observations on the classification of cattle, and I think he knows something about that, because his classifications are correct; but from my observation I would say that the men down in the Department of Agriculture, the only kind of cattle they know about is "bull."

Mr. JONES. Mr. Speaker, I think it is peculiarly appropriate that the gentleman from Ohio should bring up the subject he has just mentioned. [Applause.] I am not surprised and have no criticism when gentlemen over on the Jersey side attack the administration or its operation, but the gentleman from Ohio has been bawling around here for 6 months like a sick calf.

Mr. TRUAX. That is the way the farmers are. They are all sick under your program.

Mr. JONES. As a boy I visited a farm at one time and was looking at the cows. They had a big, fine brindle cow with long, wavy hair. I did not know much about dairy cows. I said, "That looks like a fine cow." The dairyman, who was an expert, said, "That cow? why that animal eats more and bawls louder and gives less milk than any cow in the world." [Laughter and applause.]

Mr. TRUAX. Will the gentleman yield?

Mr. JONES. No; I am sorry.

Mr. TRUAX. Mr. Speaker, I rise to a point of personal privilege.

The SPEAKER pro tempore. The gentleman from Texas has the floor.

Mr. TRUAX. I ask the gentleman to yield.

Mr. JONES. No. I did not take up the gentleman's time. I was telling a story. I was not referring to the gentleman, and I am sorry he has put that interpretation on it.

Mr. TRUAX. I want to tell a story, too.

Mr. JONES. The gentleman has told several already.

Mr. TRUAX. I am going to tell another one after the gentleman finishes.

Mr. JONES. Mr. Speaker, this question of handling a farm program is a tremendous one. Ever since I was a boy the farmer has had a hard time getting anything done in his behalf and getting justice and equality. One of the difficulties has been that when any program is started, there are always some of the supposed friends that begin to assault the program. I think the gentleman from Ohio [Mr. TRUAX] is sincere, but he is impatient and begins to complain before the program is started and before it has had a chance. Some people want the price raised over night, when for 12 long years policies have been pursued by the previous administrations that almost produced chaos. The farmer had been discriminated against so long that his efforts were paralyzed. Can you expect an administration in 12 months to clear all of the trash out of the White House which has accumulated there in 12 long years?

You cannot recover from a serious malady, such as typhoid fever, in 24 hours. You might have the best doctor that ever studied medicine and if you have had 3 or 4 months of typhoid fever and are nearly dead it takes time before you can improve. You might call in one of the finest physicians in the world. He might give you the best treatment that the human mind after centuries of experience could conceive. But he must give time for the healing wings of nature to assist in the restoration. The finest surgeon who ever wielded a knife cannot in 1 day restore

a patient who needs a major operation. Somebody standing on the sidelines at the end of the second day might say: "Why, he is not doing any good. Why do you not call in Dr. Quack? Why do you not call in Dr. Hoover, who produced 20-cent wheat and 10-cent corn and 5-cent cotton?"

They started to hang a judge out in the midwest about a year ago, someone stated here on the floor of the House, because a foreclosure was started when corn was selling at 10 cents a bushel. Corn has been selling for around 40 cents a bushel since this program started. Does anyone want to go back to the wheatless days, the meatless meals, and the sleepless nights of the Hoover administration? I do not think the program is perfect, but I do appeal in all good conscience to all of you. Practically all farm prices are higher than a year ago.

I apologize to the gentleman from Ohio. He and I are good friends. He is a great friend of the farmer. I want him to stop and think. I want him to use his fine energy to help build a program. I was just trying to call his attention to what is being done to work out a problem for agriculture which will cure a condition that has existed for years. Strong men do not leap from birth to full-bloom manhood in a day, except in mythology. It is going to take careful work, with the assistance of everyone who has sympathy. If there is anything wrong I suggest to the gentleman from Ohio [Mr. TRUAX], who is interested in farming and who I know is interested in promoting the welfare of the farmer, to go down and make suggestions. They will make mistakes. Let us work out a program. Let us get together and pull to lift the farmer out of this condition. If you look over the fields of the East and the South and West you will not find them in perfect condition, but they are in much better condition than they were a year ago.

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I ask unanimous consent to proceed for 3 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Speaker, I think one of the peculiar differences between the program they are trying to work out now and the one that has been adverted to over here is the fact they go back and consult the farmers under this program. That was not done under the old program.

They appeared at the hearings we had before our committee. They were consulted. We had a meeting of cattlemen and dairymen from all over the United States. They came and sat in conference in the rooms of the Committee on Agriculture and they asked for this bill. Mr. Petrie and the Secretary of Agriculture said that they would not work out a program until they had consulted with the cattlemen and dairymen. They are trying to do teamwork.

One of the reasons that the wheat and cotton programs have been successful so far is the fact that they have county and community committees, and all of the administrative details practically were worked out by those committees. If a farmer was not satisfied with his allotment, he went before a committee of his neighbors and argued the matter out. The committee usually did about the right thing. The program was taken back to the grass roots. That is Jeffersonian democracy, if I know anything about it, and if these men will be patient, I think some of the programs will have to be changed, but we will get somewhere, and we are getting somewhere. You go out in the fields of the West and South and in the East and look the actual farmer in the eye and ask him if he wants to go back to the debacle we had just before this last session and you will be met with a chorus of nays.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Minnesota.

Mr. JOHNSON of Minnesota. In my home county, containing only 17½ townships, the farmers will receive over $300,000 on account of the reduction in the production of hogs and the reduction in farm acreage.

Mr. JONES. I thank the gentleman for his suggestion. That is true everywhere. Benefits are being had, the money is going out, and the men are getting more than they would if they did not have an organized program.

The farm-machinery people reduced their production to the demand. The automobile people reduced their production to the demand. If they had not, automobiles would be selling for $100 apiece. If they were sold at that price and plows at $10 apiece, and other prices in proportion, we could then afford to have cheap farm products, but a planless agriculture in the face of a planned industry will condemn the American farmer to poverty. Take it, if you want it. [Applause.]

Mr. GIFFORD. Mr. Speaker, I have been desiring to say a word, perhaps on behalf of the consumer, but particularly for the manufacturer. Evidently this $150,000,000 is now to be borne by the general taxpayer, since the dairy and cattle interests object to paying this tax and are to demand assistance therein.

These processing taxes are apparently not going to succeed. If it cannot succeed in the case of cotton, where can it be successful? I wish to report what a manufacturer of certain cotton goods told me recently. When I asked him about the situation, he replied, in effect: "A year ago cotton was selling for about 6 cents a pound. Then we went off the gold standard and there was a natural increase in the price to approximately 11 cents per pound, which is what the farmer is now receiving. Then a processing tax was imposed and the cost to the manufacturer of cotton goods rose to about 16 cents a pound. The N.R.A. then came along and the cost to the manufacturer again rose, according to the fineness of the material produced, but in many cases to not less than 21 cents."

In consequence there has been a very large increase in the price of cotton goods to the ultimate consumer. The figures which I have quoted are those given me by a manufacturer, and I doubt whether they can be successfully challenged, for he knew what he was talking about.

Then I asked him about their present program, and he replied that they are now seeking to reach an agreement to curtail the manufacture of cotton by 25 percent. When the material was cheap the wheat farmers were accustomed to use a cotton bag and use it only once, for sanitary reasons. But now they cannot afford them and are going to use paper bags, and once they start doing that they will not return to cotton ones. Hence, a little later we shall hear from the cotton farmers again when they begin to realize that the volume of their sales is being adversely affected. And we are all now beginning to realize that the general public is, after all, to bear most if not all of these processing taxes.

The gentleman from Texas [Mr. JONES] has referred to Mr. Hoover's plan and the large expenditure of money made in taking off the market the surplus crops at the behest of the farmer. Of course, the theory underlying the processing tax plan is that these advances by the Government are supposed to be repaid, through the medium of the tax, by the consumer, who had been buying too cheaply and was supposed to be willing to stand the increased cost. But now we find that after all the processor has for various reasons been unable to pass this tax on to the consumer after all and is in effect making the producer pay it. We are faced with quite a different situation than what was promised. By next year we may very well compare the losses under the Hoover plan with this seemingly complete failure of the processing-tax scheme.

Mr. PATMAN. Will the gentleman yield?

Mr. GIFFORD. Gladly; yes.

Mr. PATMAN. Under the so-called "Dr. Hoover administration", many people were forced to use cotton sacks for bed sheets and towels, too, were they not? We do not want that condition to exist again.

Mr. GIFFORD. We had an actually prosperous time, compared with what we would have been having lately, I may say to the gentleman, if it were not for the loans and gifts of billions by which the Government has been bolstering up the country the past year.

Mr. TABER. Will the gentleman yield?

Mr. GIFFORD. Gladly.

Mr. TABER. Does the gentleman know that the number of families on relief today is just as large as it was a year ago?

Mr. GIFFORD. I will say to the gentleman that on the appropriation of this $950,000,000 more that is to be given away in any manner in which the President may see fit, the public may come to a realization of the fact that something very artificial and expensive is being resorted to in order to make the people believe that we are, in fact, more prosperous than we were a year ago.

Mr. ARENS. Mr. Speaker, the difficulty of adjusting agriculture seems to be unsurmountable. I rise to make some observations on what was said on the floor this afternoon in regard to this resolution.

The gentleman from Ohio [Mr. TRUAX] is opposed to a processing tax unless the Government fixes the price of the product effected at a cost of production plus a small profit. If a profitable price was fixed to the farmer, the surplus he would produce would be tremendous. Mr. TRUAX must be for some surplus control program and he should suggest one.

The gentleman from Wisconsin [Mr. BLANCHARD] wants to be assured that this bill does not provide for a processing tax, or at least not one as suggested at 5 cents per pound on butter fat.

We produced last year over one and three quarter billion pounds of butter fat in the United States, and 5 cents per pound tax on this would yield in 1 year eighty-seven and one half million dollars. There is no danger of such a tax, and this bill does not provide for any tax.

The gentleman from Kansas [Mr. MCGUGIN] takes a fall out of Mr. Wallace. He states that Mr. Wallace advertises seed corn that will produce one fifth more corn per acre at $6 per bushel, and thereby increase production, and at the same time the Secretary of Agriculture asks the farmer to reduce acreage of corn in order to produce less corn. If Mr. Wallace can produce seed that will produce on 8 acres as much as we can raise with common seed on 10 acres, he is the greatest benefactor that the farmers have and should return to his farm and do more work along the line of seed breeding. Why plow, seed, cultivate, harvest, and pay taxes on 10 acres if 8 will produce as much? Mr. Wallace could soon place the farmers under the N.R.A. or under the Conners 30-hour-a-week labor bill.

Many speakers dwelled on the insane policy of destroying food as it is supposed to be practiced, especially under the hog-reduction program. The Government bought 6,000,000 pigs and received every runty, sickly and thin pig that was not fit for food. They purchased 100,000 brood sows that had to be within 1 month of farrowing. The State law of Minnesota prohibits the sale of food from any animal that is within 1 month of producing its young. Hogs so destroyed are mostly responsible for the accusation made against the Government.

This bill does not provide nor will the Government destroy any cattle that are fit for food. How the $100,000,000 appropriated in this bill is going to be used toward the reduction of cattle is in the hands of a committee selected by the cattle breeders themselves.

I am going to vote for this bill. The $50,000,000 appropriated under the La Follette amendment in this bill provides for the purchase of dairy products and beef to be fed to the needy. This should be an outright appropriation and not be replaced by a processing tax. The Government should feed the poor and not expect the farmer to do it. A portion of the $100,000,000 available for the purchasing of cattle should be used to eliminate tubercular- and bangs-affected cattle. The Government should also bear this expense as a health measure and no processing tax should be levied.

If the farmers through their committee of five decide to eliminate more cattle, and they should, they therefore should not expect any more public help, but should raise the necessary funds by means of a processing tax.

Mr. TRUAX. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER pro tempore (Mr. WEST of Ohio). The gentleman will state it.

Mr. TRUAX. The gentleman from Texas made a personal attack upon me [laughter], and I desire to be recognized.

The SPEAKER pro tempore. The gentleman will state his question of personal privilege.

Mr. TRUAX. I repeat that the gentleman from Texas made a personal attack upon me by inferring and stating that I had been inactive and had opposed the President's program and did nothing but bawl.

Mr. JONES. Mr. Speaker, if the gentleman makes that statement I must insist that the language I used be read, because I claim that no such statement was made.

Mr. TRUAX. I demand that the language be read.

The SPEAKER pro tempore. The Chair is of the opinion that the request comes too late.

Under the rules of the House if a Member is called to order for words spoken in debate, the Member calling him to order shall indicate the words excepted to, and they shall be taken down in writing at the Clerk's desk and read aloud to the House; but he shall not be held to answer, nor be subject to the censure of the House therefor, if further debate or other business has intervened.

Other business having intervened, the Chair is of the opinion that the gentleman's request comes too late.

Mr. TRUAX. Mr. Speaker, I made the request before any further business had intervened and was not recognized by the Chair.

The SPEAKER pro tempore. The gentleman from Ohio [Mr. TRUAX] endeavored to secure recognition on a question of personal privilege but did not request at the time that the words objected to be taken down.

Mr. TRUAX. Mr. Speaker, the gentleman from Ohio made the statement he arose to a point of personal privilege.

The SPEAKER pro tempore. The raising of a question of personal privilege involving words spoken in debate does not give the Member affected the right to recognition on that question unless the words objected to be taken down at the time. The gentleman's remedy was to have demanded that the words be taken down at the time they were spoken.

Mr. TRUAX. I do not object to the story of the gentleman from Texas about the old brindle cow. During my farming experience I have always found that the jackass can bray louder than any other animal on the place.

Mr. JONES. The gentleman certainly qualifies.

Mr. TRUAX. Mr. Speaker, I now rise to a point of personal privilege.

The SPEAKER pro tempore. The gentleman has not qualified to make the point at this time.

Mr. TRUAX. Mr. Speaker, I make the point there is no quorum present.

The SPEAKER. The Chair will count.

During the counting Mr. TRUAX withdrew his point of no quorum.

The Clerk read as follows:

The sum of $3,000 of the appropriation "Contingent expenses, House of Representatives: Folding documents, 1933 (03114)" is continued and made available for the same purposes during the fiscal year 1934.

Mr. WHITE. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 3, line 11, after the words "year 1934", insert a new section:

"SEC. 2. That section 15 (d) of the Agricultural Adjustment Act (Public, No. 10, 73d Cong.) is hereby amended by adding thereto the following: '*Provided*, That where such competing commodity by reason of custom, practice, and/or utility is not in substantial competition with a basic commodity or where by reason of custom, practice, or use of such competing commodity in an industry or industries, there will be no excessive shift in consumption within the meaning of this act, within a State or States, the Secretary of Agriculture is authorized and directed to return the entire benefit of such compensatory tax to the purchasers and users thereof.'"

Mr. WHITE. Mr. Speaker and gentlemen of the House, let us get down to the practical operations of this bill and the processing tax. The operation of this tax on jute bags for the benefit of the cotton-producing industry is working an injustice to producers of many products. I refer to the marketing of potatoes in the State of Idaho; also to peas, beans, barley, and all kinds of products that are using jute bags.

The law should be repealed or modified; and, if my amendment is adopted, users of jute bags will be benefited by the refund of the tax collected to the users of jute bags in marketing their products.

The unfairness of the tax on bags used by other branches of agriculture than cotton is further accentuated by the fact that the cotton industry has been exempted from a tax on the jute which is used for bagging cotton itself. The jute regulations also were so drafted that burlap bags used for wool were exempted. Cotton bagging or cotton bags for wool had never been used in the past for either of these purposes, and the administration quite properly gave recognition to this fact in the regulations. Growers of grain, beans, potatoes, onions, and nuts can see no reason for not being given the same recognition. The facts relating to their use of burlap bags are identical with those of cotton and wool. California farmers on the average use annually about 44,000,000 burlap bags for purposes for which cotton bags has never been used. The processing tax on the jute used in their construction constitutes under present economic conditions a very real burden. The tax total for California alone is close to $900,000 per year. It touches practically every branch of agriculture practiced in this State.

We do not use cotton sacks in Idaho; we use gunny sacks or jute bags, and it costs us $6.36 for every carload of potatoes we send out. In presenting the facts with reference to the effect of the jute-processing tax on the cost of marketing potatoes, peas, and vegetables in the States west of the Rocky Mountains, I submit the following letter from the State commissioner of agriculture for Idaho and a resolution by the Idaho State Grange. For the consideration of the Members of the House I desire to present the facts outlined in the application of the California Farm Bureau Federation submitted to the Agricultural Adjustment Administration, for the elimination of the processing tax on burlap bags used for agricultural commodities, to be included in my remarks.

STATE OF IDAHO,
DEPARTMENT OF AGRICULTURE,
Boise, March 29, 1934.

Hon. COMPTON I. WHITE,
Washington, D. C.

MY DEAR CONGRESSMAN: Referring to your letter with reference to the jute tax placed on potato bags, will say that we are very glad indeed that you are carrying on your efforts with the Department of Agriculture to remove the tax which at the present time our potato growers are paying.

It does not seem possible that anyone could talk themselves into feeling that this tax is just, even if it does benefit somebody in some other part of the country. There would be just as much sense in saying that to place a tax on the wool bag would help to relieve the cotton farmer by paying him more for his cotton and thus make a better customer for the manufacturer and grower of wool. That kind of argument does not make sense when it gets back here to our growers in the West who are sacking their onions, beans, and potatoes and placing them on the market, knowing full well that they are paying a heavy penalty just because someone somewhere thinks it should be done. If we have to be a party to raising a surplus or bonus to be paid the cotton industry, or any other industry, why should an item like our potato bags be singled out from all of the rest of the things we buy?

I know full well that I am not trying to convince you with any argument that I may produce. I know very well that you have many arguments that beat some of the things I might mention. I know that you are whole-heartedly in sympathy with our growers here in Idaho, just as I am, and are trying in every way that you can to relieve them.

I am still hoping that through your efforts, along with others whom I know are trying, that we may finally get this tax removed.

Thanking you very much for your personal efforts, I am,

Very truly yours,

F. LEE JOHNSON,
Commissioner of Agriculture.

IDAHO STATE GRANGE,
OFFICE OF THE SECRETARY,
Caldwell, Idaho, April 4, 1934.

IDAHO STATE GRANGE RESOLUTION FORWARDED TO SECRETARY WALLACE

Whereas the United States Government, on December 1, 1933, imposed a processing tax upon all jute bags used in the United States as containers of potatoes, onions, and beans, ranging in amount from $15.65 to $22.94 per thousand, thereby placing an unjust, unfair, and unreasonable burden upon the farming interests of the State of Idaho, costing them up to the present time better than $100,000, and which will, if continued, cost them approximately $275,000 per annum; and

Whereas, without any notice or warning whatever, these taxes were imposed upon jute products, to the serious detriment of both the grower and shipper of Idaho beans, onions, and potatoes; and

Whereas the farmers of Idaho are today paying a heavy tariff upon all jute shipped into the United States, also a processing tax upon all cotton goods used by them; and

Whereas the farmers of Idaho have never used cotton bags, except in a small way, in the marketing of their products, and cannot use cotton bags in any quantity except for small consumer packages and on which jute bags cannot be used; and

Whereas jute bags are in no way competitive to cotton as the ordinary containers for potatoes, onions, and beans; and

Whereas the farmers of Idaho are today paying the heaviest freight rates upon their commodities moving to market of any like farming community in the United States; and

Whereas the farm commodities of the State of Idaho during the past few years have sold at prices averaging less than the cost of production, particularly all crops that are affected by the tax on jute products; and

Whereas there is no direct or indirect benefit received by the farmers of Idaho from the moneys that they have paid out as a result of this processing tax; and

Whereas the potato, onion, or bean industry has never received any crop advances or advances for abandoned acreage, nor do they anticipate requesting any such assistance; and

Whereas the tax upon jute products is only another unjust, unfair, and unreasonable burden added to those now being borne by the farmers of the State of Idaho, and further deprives them of any opportunity that they might have to recover from the depressed condition of their industry: Therefore be it

Resolved, That we, the executive committee of the Idaho State Grange, in regular meeting this 31st day of March 1934, protest the processing tax now imposed upon jute bags used in marketing of our commodities, and respectfully urge the United States Government, through the United States Department of Agriculture, to give the producers of potatoes, onions, and beans relief from these unfair, unjust, and unreasonable taxes by removing the processing tax upon all bags used in the marketing of these commodities.

BEFORE THE UNITED STATES DEPARTMENT OF AGRICULTURE—
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Application for the elimination of the processing tax on burlap bags used for agricultural commodities from jute regulations made by the Secretary of Agriculture, with the approval of the President, under the Agricultural Adjustment Act, effective December 1, 1933.

APPLICATION OF THE CALIFORNIA FARM BUREAU FEDERATION

Interests represented by applicant

The California Farm Bureau Federation is an incorporated, voluntary, mutual, nonprofit association, representing all agricultural interests within the State of California. It is organized for the purpose of protecting the economic, social, and educational interests of farmers. It is nonpartisan in its viewpoint, and is equally sympathetic toward all branches of agriculture.

Regulation complained of

On December 1, 1933, Mr. H. A. Wallace, Secretary of Agriculture, in pursuance of the authority vested in him by section 15 (d) of the Agricultural Adjustment Act, approved May 12, 1933, imposed a processing tax on jute fabric amounting to 2.9 cents per pound on the first domestic processing of jute fabric into bags. The reason given for imposing this tax was "that the payment of the processing tax upon cotton is causing, and will cause, to the processors thereof disadvantages in competition from jute fabric and jute yarn by reason of excessive shifts in consumption between such commodities or products thereof."

Since the date this tax was first levied, numerous complaints of unfair discrimination against them have been filed with us by growers of various agricultural commodities. These farmers have requested us to present their views to the administration in the hope that either it would grant immediate relief on the basis of the facts herein presented or would set a further hearing in this matter on the Pacific coast at an early date.

Position of the California Farm Bureau Federation

We should like at the outset to state our position clearly, so that the statements which we shall make later will not be subject to misinterpretation. Western agriculture is cognizant of the splendid and heroic work being accomplished by the Agricultural Adjustment Administration. It is a believer in and a supporter of the principles which the administration is putting into effect. The comments and such criticism as we shall offer are intended to be helpful and are made with the hope that they

may pave the way to a fair and speedy settlement of what has developed into a vexatious and embarrassing situation for all supporters of the recovery program.

The California Farm Bureau Federation desires to cooperate with the administration to the fullest extent possible. The working out of an equitable application of the jute processing tax is necessary to the success of the cotton plan. In order for the latter to be successful, the fair treatment of growers of other commodities must be considered in accomplishing this end.

The effect of the compensatory jute tax on western agriculture

The compensatory tax based on jute fabric manufactured into bags has imposed a great burden upon farmers in the Pacific Northwest without corresponding benefits to the cotton branch of the industry. Barley, beans, grain sorghums, nuts, oats, onions, peas, potatoes, rice, and wheat are all grown in large quantities throughout this area, and are now and always have been moved in burlap bags. Bulk handling of these commodities is not extensively practiced in the rural sections of the Pacific Northwest, and it is, therefore, customary to sell these agricultural products in burlap bags, usually of 100-pound capacity or greater. The selling price of grain, beans, rice, etc., is based on the delivery of the product in a bag, and in those rare cases where the commodities are delivered in bulk, the cost of a suitable burlap bag is deducted from the current price paid the farmer.

The producers of each and every one of these commodities has suffered from extreme price recessions during the past 4 years, and the amount of economic recovery to date in many instances is much less than that now attained by cotton growers.

The table on page 3 shows the farm prices paid during the past 5 years for the principal California farm commodities using bag containers. It shows that for each of these commodities the price recovery is far from being accomplished. Table I showa, further, that the cost of the customary burlap container has been so increased by the so-called "compensatory tax" that it now costs practically the same or more than it did during the year of highest farm prices during the period in question. There is, therefore, no justification for the assessing of this tax on the ground of ability to pay, nor is there any legal ground within the Agricultural Adjustment Act on which this exaction may be based.

The processing tax on jute applicable to bags used for the agricultural commodities named in table I is unreasonable, unfair, and unjust. Section 5 (d) of the Agricultural Adjustment Act, which is the authority relied upon by the administration for the levying of this tax, states: "The Secretary of Agriculture shall ascertain from time to time whether the payment of the processing tax upon any basic commodity is causing or will cause to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof."

Regardless of the relationship between the price of cotton and burlap, these agricultural commodities have always moved in burlap bags, if the quantity exceeded 50 pounds. Obviously, since cotton bags never have been used for these crops (except in an insignificant amount for experimental purposes) regardless of the extremely low cotton prices which have obtained in the past, there can be no justification for assuming that there has been or will be a shift in consumption resulting from a process tax being placed upon cotton. The application of a tax on bags used for these purposes is, therefore, a clear violation of the intent of the act, and merely results in burdening agriculture with higher costs of production.

Farmers growing most of the commodities named are not receiving Government assistance, except in a limited way; and, since there have been no important price recoveries, these growers find themselves in the dangerous position of being between a nether stone of rising production costs and a stationary upper stone of farm-commodity prices. They are not only unwilling to pay the tax because it is unfairly assessed, but also because they are unable to do so. Some relief is being sought through the reuse of old bags. The majority of growers, however, are forced through trade and operating practices to use new bags, and for them there is no escape from the tax.

TABLE I.—*Variation in December 1 farm prices of principal California commodities using bags*

Crop	Unit	Price					Price of crop in 1933 (in percent of 1929 price)	Present price of burlap bags (in percent of 1929 price)
		1929	1930	1931	1932	1933		
Barley	Bushel	$0.70	$0.48	$0.49	$0.25	$0.42	60	124
Beans	Hundredweight	4.90	4.80	3.50	2.85	3.50	71	96
Grain sorghum	Bushel	1.00	.70	.60	.40	.51	51	124
Oats	do	.61	.43	.36	.29	.38	62	[1] 100
Potatoes	do	1.40	1.10	.72	.56	.71	51	89
Rice	do	1.05	.83	.66	.56	.74	70	124
Wheat	do	1.20	.85	.65	.59	.69	57	124
Almonds	Ton	480.00	200.00	176.00	165.00	186.00	39	97
Walnuts	do	320.00	410.00	233.00	222.00	202.00	63	97
Onions	Bushel	.77	.57	.76	.30	.59	77	99
Peas	do	1.85	1.50	1.60	1.37	.90	49	[1] 100

[1] Estimated.

It is impossible under present economic conditions for these farmers to pass this tax on. They are faced with the problem of overproduction or failure of markets to absorb normal amounts. They are in most cases getting little if anything above out-of-pocket costs. This tax is, therefore, a direct levy upon returns to growers which are already insufficient to maintain economic existence.

Agricultural relief cannot be accomplished by taxing one portion of agriculture in order to assist another. Since cotton bags have never been used on the Pacific coast (nor elsewhere in the United States in recent years for containers of the commodities mentioned), a compensatory tax levied on burlap bags used for agricultural purposes is unreasonable, and in effect becomes merely a revenue tax placed upon agriculture generally for the benefit of one group, namely, cotton.

The tax on burlap bags used by agriculture is not legally assessed. It is levied in direct violation of the clear and unmistakable intent of the act. It reduces the purchasing power of farmers without widening the market for his products. This is clearly in contradiction of the purposes plainly stated in section 2 of the Agricultural Adjustment Act, which are to establish and maintain such balance between production and consumption of agricultural commodities and such marketing conditions therefor as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period. (August 1909–July 1914.)

The unfairness of the tax on bags used by other branches of agriculture than cotton is further accentuated by the fact that the cotton industry has been exempted from a tax on the jute which it uses for bagging cotton. The jute regulations also were so drafted that burlap bags used for wool were exempted. Cotton bagging or cotton bags for wool had never been used in the past for either of these purposes, and the administration quite properly gave recognition to this fact in the regulations. Growers of grain, beans, potatoes, onions, and nuts can see no reason for not being given the same recognition. The facts relating to their use of burlap bags are identical with those of cotton and wool. California farmers, on the average, use annually about 44,000,000 burlap bags for purposes for which cotton has never been used. The processing tax on the jute fabric used in their construction constitutes under present economic conditions a very real burden. The tax totals for California alone close to $900,000 per year. It touches practically every branch of agriculture practiced in this State. Table II shows the number used and the tax burden by commodities.

Factors governing the use of jute bags

As has already been pointed out, jute bags have been used in the Pacific Northwest exclusively for bagging certain agricultural commodities. The reasons for the choice of burlap are not the same for each commodity, but they all point to the conclusion that there has been and will be no shift from jute to cotton unless the so-called "compensatory tax" is increased to such a point as to actually make the use of jute impossible.

Each of the principal commodities will now be considered.

Barley, rice, grain sorghums, and wheat are almost exclusively handled in burlap bags throughout the Pacific Northwest. There is a small amount of bulk handling, but even in this case, as previously mentioned, the selling price is based on the cost of placing the grain in bags by the purchaser. Grain in bags is customarily stored in high piles in warehouses. It is necessary, due to trade practices, to sample each sack. For this purpose a metal tryer is inserted through the fabric. When the tryer is removed the hole in a burlap bag tends to close up without tearing. A cotton bag, on the other hand, will not stand this practice unless made of exceptionally heavy fabric.

TABLE II.—*Number of burlap bags used annually by California agriculture and the present jute processing-tax burden on commodities using burlap exclusively*

Commodity	Number of burlap bags used	Tax per bag	Total tax paid
		Cents	
Alfalfa meal	1,500,000	2.731	$40,965
Barley	14,400,000	2.200	316,800
Beans	4,000,000	2.217	88,680
Cottonseed meal	600,000	[1]	
Mill feeds	1,600,000	2.096	33,536
Mixed feeds	1,000,000	2.096	20,960
Grain sorghums	1,350,000	2.200	29,700
Almonds	380,000	2.731	10,378
Walnuts	600,000	2.731	16,386
Oats	1,000,000	[1]	
Onions	1,200,000	1.798	21,576
Peas	900,000	[1]	
Potatoes	7,000,000	1.676	117,320
Rice	3,200,000	2.200	70,400
Wheat	5,700,000	2.200	125,400
Total including seconds	44,430,000		892,101
Total excluding seconds	41,930,000		892,101

[1] Seconds.

Suitable cotton bags are now, and always have been, too costly for this purpose. Piles made of cheap cotton bags would soon break down due to leakage under the usual operating practices.

The cost of a cotton bag capable of standing customary uses would be about double the cost of a satisfactory burlap bag.

Jute grain bags are not reused for rice, wheat, barley, or beans, and since they are considered as part of the cost of production, it is essential that as cheap a bag be used as possible. Bags of grain when exported are deliberately "bled" after loading into the ship so that the cargo will load better. Obviously only cheap bags could be used under such circumstances.

The same size and weight of bag is used for barley, rice, and wheat and grain sorghum. It is of a special size (22 by 36 inches) and made of 10-ounce burlap. It holds from 100 to 120 pounds, depending upon the commodity. This size of bag was developed through long experience because it lent itself more readily to piling than the sizes used for other commodities. Only burlap bags have ever been used for these commodities.

Onions in this section are customarily moved in burlap bags of two sizes—18 by 32 inches and 24 by 37 inches, made of 5½- or 8-ounce burlap, and will hold 50 pounds and 100 pounds of onions, respectively. No cotton bags are used for this purpose.

Potatoes also require a cheap bag, as the container is considered a part of the cost of production. The weight of the container is deducted from the gross weight in determining the price paid for all agricultural commodities. Except for a very small quantity of cotton bags used experimentally, jute bags have been and are now being used exclusively. For this purpose a bag 23 by 36 inches, made of 8-ounce burlap, and capable of holding 100 pounds of potatoes is the customary container.

For walnuts and almonds, burlap bags made of 10-ounce burlap, 30 by 40 inches, having a capacity of 100 pounds, are used almost exclusively. A few bags of a smaller size have been used, mainly for advertising purposes or as holiday specials, but these also have been made of burlap. No cotton bags are used for nuts.

Peas and oats move almost entirely in second-hand burlap bags. Cotton bags are never used for this purpose. A processing tax on new bags, however, has increased the cost of second-hand bags materially. These crops are, therefore, also affected.

Bags used for feeds (mixed and mill) are ordinarily made of 9- or 10-ounce burlap, 23 by 36 inches, having a capacity of 100 pounds. A few of these bags are made of cotton where it is desired to use a fancy brand. For the usual run of mill feeds, however, the burlap bag is used almost exclusively, as it is entirely satisfactory and always has been a cheaper container than a suitable bag made of cotton. It will be noted that in this category the size of the bag is different from that used for other commodities which used jute exclusively.

Fertilizers ordinarily move in 9-ounce burlap bags, 21 by 36 inches, having a capacity of 100 pounds.

Alfalfa meal is handled exclusively in burlap bags constructed of 9½-ounce burlap, 30 by 45 inches, having a capacity of 100 pounds.

A summary of data relating to the use of bags by the agricultural industry in California is given in table III, following:

TABLE III.—*Data relating to the use of bags by the agricultural industry in California*

Commodity	Kind of bag used	Size of bag used	Weight of material (burlap)	Nominal capacity of bag in pounds of commodity	Cost of burlap bag in 1929 per 1,000	1934 cost of burlap bag (including tax)
			Ounces			
Alfalfa meal	Burlap	30 by 45 inches	7½	100	$155.00	$135.31
Barley	do	22 by 36 inches	10	100	95.00	118.25
Beans	do	19½ by 34 inches	12	100	118.75	114.67
Cottonseed meal	Burlap seconds.					
Feeds, mixed	Burlap	22 by 36 inches	9, 10	100	123.50	109.46
Do	Cotton	23 by 36 inches		100	(1)	120.00
Mill feed	Burlap	do	9, 10	100	123.50	109.46
Fertilizer	do	21 by 36 inches	9	100	97.00	89.25
Grain sorghum	do	22 by 36 inches	10	120	95.00	118.25
Nuts, almonds and walnuts	do	30 by 40 inches	10	100	178.00	172.34
Oats	Burlap seconds.					
Onions	Burlap	18 by 32 inches	5½	50	73.14	72.00
Do	do	24 by 37 inches	8	100	110.00	108.63

[1] Practically none sold.

TABLE III.—*Data relating to the use of bags by the agricultural industry in California*—Continued

Commodity	Kind of bag used	Size of bag used	Weight of material (burlap)	Nominal capacity of bag in pounds of commodity	Cost of burlap bag in 1929 per 1,000	1934 cost of burlap bag (including tax)
			Ounces			
Peas	Burlap seconds.					
Potatoes	Burlap	23 by 36 inches	8	100	$101.00	$90.16
Rice	do	22 by 36 inches	10	100	95.00	118.25
Wheat	do	do	10	120	95.00	118.25

The use of bags in California as indicated in table III appears to be similar to that in other parts of the country for the commodities considered. The use of burlap bags for handling grain is, however, a method peculiar to the Pacific Northwest. In other parts of the country, the other commodities named used burlap bags for the same reasons as they are used in California.

Character of relief sought

The definition of "bags" contained in the jute regulations complained of herein is unreasonable, unjust, and discriminatory to the entire agricultural industry, excepting growers of wool and cotton. We, therefore, earnestly urge the administration to grant relief to growers of other agricultural commodities in one of the following ways, or in such other manner as the administration in its judgment may deem advisable:

(1) By removing the 2.9 cents per pound processing tax on all jute bag containers having a nominal capacity of 50 pounds or more;

(2) Abate the processing tax on both cotton and burlap bags having a nominal capacity of 50 pounds or more;

(3) Remove the processing tax on burlap bags having a capacity of 50 pounds or more when used as containers of alfalfa meal, barley, beans, fertilizer, grain sorghum, nuts, onions, potatoes, rice, and wheat.

The first suggestion will grant relief to those growers of agricultural commodities who do not use cotton bags without prejudicing the use of cotton bags except to a very limited extent. It is unreasonable to penalize farmers who use burlap bags exclusively merely because 1 percent to a maximum of 25 percent, in some cases, of the total bags manufactured of a certain size happen to be made of cotton, particularly when in most of the cases the cotton bag would be used, regardless of the price of burlap. Likewise, it is unjust to farmers to penalize them in order to hold for cotton so small a portion of the total bag business, if this business has been obtained due to cotton prices being so low as to actually fail to pay costs of production. The loss of such business to burlap could not be deemed an "excessive shift."

In order to present a broader picture of the effect of suggestion no. 1 we have prepared a tabulation showing the total number of cotton and burlap bags used in the United States having a capacity of 50 pounds or greater. While in some instances it has been necessary to estimate the quantity of bags of a certain size used for a commodity, these estimates are usually of such small magnitude as not to affect materially the accuracy of the statement.

Out of approximately 560,000,000 bags, less than 20 percent as a maximum could possibly be considered as being competitive. Assuming for the moment that they are all competitive, then it appears that the administration has levied a tax on agriculture of over $11,000,000 in order to collect a tax of $2,000,000 on bags which might be deemed taxable under the law. It is also a fact that included in this $11,000,000 of tax is a levy of over $4,500,000 on burlap bags which never were in any manner or degree competitive with cotton.

In arriving at the $2,182,600 tax on so-called "competitive bags", the tax was applied to all cotton bags in the class. Obviously, many cotton bags are used for purposes for which burlap is not suitable and these are, therefore, noncompetitive and should be eliminated. A true picture would likely show that little over 10 percent of the bags listed are actually competitive. A $9 unjust tax should not be levied in order to collect $1 that may be due.

TABLE IV.—*Amount of taxes collected on noncompetitive jute bags compared with amount collected on competitive cotton bags*

Commodity	Approximate number of bags of 50-pound capacity or greater	Percent of bags—		Number of bags in—		Processing tax on competitive bags[1]	Compensatory tax on—	
		Competitive with cotton	Noncompetive with cotton	Competitive class	Noncompetitive class		Noncompetitive jute bags[1]	Jute by commodity using no cotton
Mill feed	137,000,000	[2] 6	94	8,000,000	129,000,000	$160,000	$2,580,000	
Mixed feed	98,000,000	[2] 52	48	51,000,000	47,000,000	1,020,000	940,000	
Fertilizer	73,000,000	0	100		73,000,000		1,460,000	$1,460,000

[1] Based on average of 2 cents tax per bag.
[2] Percent of bags actually made of cotton considered competitive because field has always been predominated by burlap, even with cotton at extremely low prices.
[3] For the purpose of this table, the entire number of cotton bags sold are assumed to be competitive with burlap, although obviously a much smaller proportion should be used.

TABLE IV.—*Amount of taxes collected on noncompetitive jute bags compared with amount collected on competitive cotton bags*—Continued

Commodity	Approximate number of bags of 50-pound capacity or greater	Percent of bags—		Number of bags in—		Processing tax on competitive bags	Compensatory tax on—	
		Competitive with cotton	Noncompetive with cotton	Competitive class	Noncompetitive class		Noncompetitive jute bags	Jute by commodity using no cotton
Potatoes	71,000,000	0	100		71,000,000		$1,420,000	$1,420,000
Wheat and barley	40,000,000	0	100		40,000,000		800,000	800,000
Onions	[4] 14,000,000	0	100		14,000,000		280,000	280,000
Chemicals	[5] 7,000,000	0	100		7,000,000		140,000	140,000
Sugar balers	30,000,000	4	96	1,200,000	28,800,000	$24,000	576,000	
Sugar bags	6,000,000	[3] 3	97	180,000	5,820,000	3,600	116,400	
Coffee	4,600,000	0	100		4,600,000		92,000	92,000
Rice	8,000,000	0	100		8,000,000		160,000	160,000
Flour	[6] 65,000,000	[3] 75	25	48,750,000	16,250,000	975,000	325,000	
Total	564,600,000			129,130,000	455,470,000	2,182,600	9,109,400	4,572,000

[1] Percent of bags actually made of cotton considered competitive because field has always been predominated by burlap, even with cotton at extremely low prices.
[2] For the purpose of this table, the entire number of cotton bags sold are assumed to be competitive with burlap, although obviously a much smaller proportion should be used.
[4] Open mesh cotton bags are competitive with paper, but not burlap, so are excluded from table.
[5] Cotton and paper bags are used only for small containers.
[6] 98-pound and 140-pound bags only. No burlap 50-pound bags used for flour.

The second proposal is offered if, in the opinion of the administration, processors of the small percentage of cotton bags used for containers having a capacity of 50 pounds or more should be fully protected against any possible shift in consumption. Again, we insist that this should not be done at the expense of other branches of agriculture which use enormous quantities of burlap bags exclusively. Full protection for cotton processors can be obtained by abating the tax on the small quantity of cotton bags used in the classification of 50-pound capacity and over without jeopardizing the interests of cotton growers or other agricultural commodities.

The third suggestion will entirely meet the requirements of Pacific coast agriculture. It does not in any way injure the cotton interests or the working of the cotton plan. It fully complies with the Agricultural Adjustment Act. Section 15 (d) of the act does not specify the means of applying a compensatory processing tax. The suggestion merely goes one step further than the exemptions now permitted under present jute regulations, which defines bags as "bags are all bags less than 6 feet in length and less than 3 feet in width made from jute fabrics." We ask merely that the regulations be modified so as to properly exempt all those commodities which have been heretofore moved exclusively in jute containers. We are asking for California agriculture the same treatment that has been accorded to cotton and wool growers; namely, the recognition of the fact that where a commodity has moved practically 100 percent in jute containers in the past, it is entitled to be exempted from the payment of a compensatory tax on the grounds that there has been and will be no shift from the use of cotton to jute.

We most earnestly urge your careful consideration of the matters set forth in this application, together with the supplementary letters attached hereto from representative growers and handlers of various agricultural commodities. We ask that if possible immediate relief be granted by the removal of the tax on jute bags which are not now and never have been competitive with cotton bags, and that if this action is not possible without a hearing, that such hearing be granted at the earliest possible date and be held in San Francisco, so that western agriculture may appear and be fully heard.

Dated at Berkeley, Calif., this 31st day of March 1934.

Respectfully submitted.

CALIFORNIA FARM BUREAU FEDERATION,
By R. W. BLACKBURN, *President*.

Mr. BUCHANAN. Mr. Speaker, I make the point of order against the amendment.

The SPEAKER. The point of order is sustained.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

On motion of Mr. BUCHANAN, a motion to reconsider the vote whereby the bill was passed, was laid on the table.

DISTRICT OF COLUMBIA BUSINESS

Mr. PALMISANO. Mr. Speaker, this day by unanimous consent was set aside for the consideration of District of Columbia business. In view of the time that has been taken up in the consideration of House Joint Resolution 345, I think we ought to have another day, sometime next week. Therefore, I ask unanimous consent that the business in order on Calendar Wednesday of next week be set aside, and that the day be devoted for the consideration of bills reported from the Committee on the District of Columbia.

The SPEAKER. The gentleman from Maryland asks unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with, and that the day be devoted to the consideration of bills reported from the Committee on the District of Columbia. Is there objection?

Mr. BLANTON. Mr. Speaker, I do not object to doing away with the business in order on Calendar Wednesday, but I object to the other part of the request.

The SPEAKER. Objection is heard.

THIS IS AN HONEST, DEMOCRATIC, AND AMERICAN METHOD OF ELECTING OUR PRESIDENT.—JOHN G. CARLISLE

Mr. COLDEN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. LEA] may be permitted to extend his remarks in the RECORD and to include therein certain quotations from Mr. John G. Carlisle.

The SPEAKER. Is there objection?

There was no objection.

Mr. LEA of California. Mr. Speaker, House Joint Resolution 136 proposes a plan which John G. Carlisle declared to be an "honest, democratic, and American method" of electing a President.

The purpose of these remarks is to present the fundamental differences between the existing and the proposed plan of electing the President. I shall also briefly quote from Mr. Carlisle's exposition of this problem.

ELECTORS USELESS

Under the electoral-college system, the people of each State vote for Presidential electors, who, in turn, act as an intermediate agency in electing the President.

The Presidential elector was provided by the Constitution with the intention that he should use his own free discretion in voting for the best possible man for President. It was not intended that his vote should be pledged in advance. Presidential electors of each State were free to vote independently or collectively, as they saw fit.

The electoral college was planned for a nonpartisan Government, at a time when there were no political parties as we know them today.

As soon as political parties developed, the system of unpledged electors was changed to electors pledged to the party which elected them.

Beginning with the fourth election in 1800 and ever since, all Presidential electors have been pledged in advance.

Deprived of any discretion as to how they should vote, the electors ceased to serve any useful purpose. For over 100 years we have continued to elect them, although they have ever since been a needless encumbrance of our election machinery.

They are not only needless, but, as our history has demonstrated, they are responsible for a good many of the uncertainties of Presidential elections. Instead of the popular election always settling the question as to who shall be President, sometimes the popular election is only the beginning of the uncertainties as to the election which at times have harassed the country.

THE UNIT VOTE

The electors are chosen by a plurality vote in each State.

The whole electoral vote of the State is cast for the plurality candidate, regardless of the size of his plurality, whether his vote, for instance, be 40 percent or 80 percent of the popular vote.

The plurality candidate, for instance, who receives only 40 percent of the popular vote receives 100 percent of the electoral vote. The votes of all persons in the State voting for minority candidates are disregarded in computing the result of the election on the final count at Washington.

In the average Presidential election of the last 60 years, over 45 percent of the voters of the country, being all those who voted for minority candidates in all the States, have been disregarded in computing the final results.

Not only are the minority votes disregarded, but the electoral votes represented by them are cast for their opponents.

Even if the minority voters in the State remain away from the polls, the electoral votes granted to the State on account of their residence therein are nevertheless counted in opposition to their wishes.

The electoral votes were divided, at least to some extent, in each of the first 11 Presidential elections. The practice of electing electors by the unit vote, or the general-ticket system, became firmly established in 1832 (with exceptions unnecessary to mention) and has been the universal practice since that time.

UNIT VOTE ADOPTED TO SUPPRESS MINORITY VOTES

The unit vote was a method adopted by the dominating political party in each State to prevent the minority parties in the State from having any voice in the selection of the President. This effort of dominant political parties to prevent minorities in the State from having a voice in the selection of a President was intense preceding the election of 1800, and subsequently developed into a universal practice.

The Tammany victory in New York in the spring of 1800 and the victory of the Jefferson Party in Pennsylvania forecast the election of Jefferson unless the system of selecting Presidential electors should be changed.

The Federalist leaders sought to forestall the election of Jefferson by bringing about a deadlock in the Legislature of Pennsylvania, and thus prevent the people of Pennsylvania from having any voice in the election. They sought to change the system of selecting electors in New York from the general to the district system of election in order that Adams might secure part of the electoral votes of New York instead of Jefferson securing them all.

The Legislature of New Hampshire took away the right of the people to select their Presidential electors, and they themselves chose Federalist electors. In the election that followed the Jefferson State ticket won by a popular vote of 10 to 6, but the electors chosen by the Legislature all voted for Adams.

In Massachusetts, the Federalist legislature did away with the district system of selecting electors and caused them to be selected by general ticket to prevent Jefferson securing any of the electors.

In Virginia, the general assembly did away with the district system of election and provided for the general-ticket system in order to eliminate the possibility of Adams securing any electoral votes from Virginia.

In 1812, within about 1 week of election, the Legislature of New Jersey took away from the people the right to vote for Presidential electors, and themselves selected the electors in order to prevent the opposition party from securing any electors from that State.

Thus the origin of the unit-voting system was a deliberate purpose to deny all minorities a voice in the selection of a President.

STATE PARTIES PREVENT THE COUNTING OF MINORITY VOTES

The only Federal officials for whom the Constitution gave the people the right to vote were Representatives in Congress.

After a good many years the universal practice of permitting the people to vote for Presidential electors was established by the States.

It was over 50 years after the Constitution was adopted before the common practice of selecting Representatives by the general-ticket system was abolished. The dominant political parties in some States continued for that length of time to deny the minority parties within the State the right to be represented in Congress through the selection of Representatives in Congress by districts. Full reform of that practice was accomplished as a result of the Whig victory in 1840.

After the district system of selecting Representatives was established, it soon became a common practice for the State legislatures to gerrymander the congressional districts to deny minority parties in the State their proper representation in Congress. That practice has continued until this hour. It is a form of discreditable politics, which evinces a lack of good sportsmanship by dominant State parties. It is a manifest abuse of legislative power that is a menace to good government. The public has been so long subjected to this abuse of power that it has become unduly tolerant to its malign influence.

The selection of Presidential electors by the unit vote is the same kind of a political offense as gerrymandering. It is the abuse of power by majority groups in the States to serve their own ends and to deny to all minorities their proper representation in the selection of a President. There is no difference in morals or in good politics between denying a minority its just representation in the House through gerrymandering and in denying a minority its just representation in the selection of a President. It is a denial of the just right of the minority to participate in the final count of the election. It is a form of political piracy. It is a refusal to count the votes as cast. In each case it is an abuse of power by those in control. The unit-voting system forbids any just system of mathematics in computing the results and creates what George McDuffie, over a hundred years ago, declared to be "a system of false equations."

DENIAL OF REPRESENTATION

Electoral votes were given to the States on the fundamental principle of electoral votes in proportion to population. Thus, the electoral votes represent the people.

We translate popular votes into electoral votes in the State to give the various States a common unit in which to express themselves in the election of a President.

The electoral votes represent the whole population of the State, those of the minority as well as of the majority parties. The denial of any representation of the minority of the State in the final computation of the result at Washington is a denial of representation, the fundamental principle on which our Government is supposed to be founded.

The minority in the State have as much right to be represented in the electoral college as in the House of Representatives through the election of Members by districts.

After the original struggle to deny minority representation began, it was soon found not practicable for one State to permit minority representation when that was denied in the other States. Thus all the States, through the necessity of adopting the bad example, were forced under the general-ticket system.

I present an illustrative table demonstrating George McDuffie's statement that the unit-voting system is "a system of false equations." The illustration assumes a State with 700,000 voters and 10 electoral votes.

Comparison of methods of computing State votes on final count under present and proposed plans

ELECTORAL-COLLEGE PLAN

Vote for leading candidate	Percent popular vote	Popular vote	Electoral vote	Minority votes disregarded
1. Unanimous	100	700,000	10	None
2. Majority (2 or more candidates)	60	420,000	10	280,000
3. Plurality (3 or more candidates)	40	280,000	10	420,000
PROPOSED PLAN				
1. Unanimous	100	700,000	10	None
2. Majority	60	420,000	6	None
3. Plurality	40	280,000	4	None

From the above table it will be observed that the leading candidate, whether he received 100, 60, or 40 percent of the popular vote, would receive the same 10 electoral votes. In one case no minority votes would be disregarded; in the second case 280,000 minority votes would be disregarded; and in the third case 60 percent of all the popular votes, or 420,000, would be disregarded.

Under the proposed plan no votes would be disregarded, and each candidate would receive the number of electoral votes to which his popular votes entitled him; no more, no less.

UNIT VOTE FAVORS GROUP CONTROL

Some ill consequences of the unit-voting system are manifest. One effect is the inducement it offers for group, sectional, and minority control of the Government.

The Presidential election is now a contest of political parties to secure 265 electoral votes. The other 264 are relatively unimportant if the other 265 votes are secured. These 265 votes are secured through plurality votes in each of the States which in the aggregate have that many votes. On the average, as measured by the last election, those 265 electoral votes come from States which have a little over 20,000,000 of the Nation's 40,000,000 voters.

A majority of the popular votes in those States represent less than 26 percent of the voters of the country, or a little over 10,000,000 voters. Thus, 10,000,000 voters representing a little over one fourth of the voters of the Nation actually cast the effective votes that elect the President. The other votes of the Nation are either minority votes or majority votes cast in States where unnecessary to the election.

In cases where there may be three or more candidates a plurality vote might be as low as 40 percent or less of the vote of the Nation. A plurality vote in the States having 265 electoral votes in that event would be less than 8,500,000 voters.

By permitting a plurality group in States having one half of the electoral votes to elect the President, the system unnecessarily caters to group minority and sectional control of the election. Minority groups in the Nation may be given an importance in the final count virtually twice their actual voting numbers.

Under the plan proposed in House Joint Resolution 136, no such results can occur. Under this plan it would require a plurality of the whole Nation, and not simply in half of the States, to elect the President.

So, in any form the election may take by which less than half the voters of the Nation may select the President, this plan would, on the average, require twice as many popular votes as are necessary under the electoral-college system. In other words, this system is more conservative, more sound, stable, and just than the electoral-college system in assuring that the result of the election reflects the will of the Nation.

UNIT SYSTEM INDUCES FRAUD

Another ill consequence of the unit-voting system is the inducement it offers for fraud. The result of the election depends on securing the "doubtful States." The party who secures the plurality secures the whole vote of the State.

It may be that half or more of the popular votes are cast for minority parties, but the plurality candidate receives the total electoral vote.

A few hundred or a few thousand votes fraudulently secured may decide an election when a great State like New York with its 47 electoral votes, may have half of them taken away from the minority, or a great State like Ohio with its 26 electoral votes may have half of them taken away from the minority and given to the majority.

The unearned vote thus secured, as a result of fraud, would be the number of electoral votes represented by the total minority votes in that State.

Under the system of dividing the electoral votes as proposed in House Joint Resolution 136, the inducement to fraud is relatively nonexistent.

In the last Presidential election the average electoral vote represented about 70,000 voters. As the vote would be divided in exact proportion to the popular vote, using two points beyond the decimal in the interest of accuracy for that purpose, a contest involving 10,000 fraudulent votes, say in a State with 20 electoral votes, would mean a contest over one seventh of 1 electoral vote, instead of a contest over the whole 20 votes, as under the electoral-college system.

Thus, under the present system a fraud of 10,000 votes may secure 20 electoral votes, or even 47 electoral votes. Under the proposed system a fraud of 10,000 votes would involve only one seventh of 1 electoral vote, and ordinarily would be insignificant in determining the result of an election.

DOUBTFUL STATES

Another ill consequence of the electoral-college system is its unwholesome concentration of the contest to win the doubtful States and thus win the unearned votes representing the minorities in those States. The whole intense compact of the contest is centralized on the doubtful States.

The certain States are comparatively on the side lines in the election. Whether the majority of the leading candidate there be 10 percent or 40 percent, 1,000 or 500,000, is immaterial.

The minority votes in all the States are disregarded and not computed in the ultimate result.

Under the system proposed in House Joint Resolution 136, the minority vote in every State would count in the final result, whether in Maine, Pennsylvania, Alabama, or Oregon, each voter could cast his ballot with the assurance that it would contribute to the ultimate result.

The contest for the Presidency would thus be everywhere instead of in the few doubtful States.

The political problem of parties would not be to carry a few doubtful States, but to win votes everywhere. Voters everywhere would participate and have their votes counted as cast.

DEADLOCKS; ELECTIONS IN THE HOUSE

The presidential electors are chosen by plurality votes, but a majority of the electors is necessary to elect a President. In the absence of a majority the election of the President occurs in the House of Representatives, where the election is confined to one of the three highest candidates.

In the election in the House the votes are taken by States, each State having only one vote, which is determined by a majority vote of the Representatives from that State.

In other words, in an election of the President in the House of Representatives the smallest is the equal of the largest State and every other State in selecting the President. The State with 300,000 inhabitants is equal in power with the State of New York with over 12,000,000.

As a majority of the States, 25, have only about 20 percent of the Members of the House of Representatives, it is physically possible for that number of Representatives to select a President against the will of the overwhelming majority of the membership of the House.

Manifestly an election would usually occur in the House of Representatives only where there are three or more candidates having electoral votes or where one of the three highest has died or is disqualified. It is fairly safe to assume that in all such cases the membership of the House would be divided between three or more parties, which would make it probable that no one party would control a majority of the State votes. In that event, the only chance to elect a President in the House is by securing votes by the Representatives of one party for the candidate of another party. Any such election is likely to involve cabal, intrigue, and scandal, such as accompanied the elections in the House in 1800 and 1824.

SUMMARY OF DIFFERENCES IN THE TWO PLANS

To summarize, the differences in the two plans are simple, plain, and important:

The electoral college requires the election of Presidential electors who uselessly encumber our election machinery. The proposed plan eliminates these useless electors and gives the people a direct vote.

The electoral-college plan, through its allotment of electoral votes to the States under the formula prescribed by the Constitution, preserves the relative strength, or voting

rights, of each State in the Federal Government. The proposed plan likewise preserves the relative strength of the States.

The electoral-college system, through its unit vote, denies minority participation in the final count for the election of a President. It is a form of discreditable politics akin to gerrymandering, which is another form of denying the minority its just participation in the election of Representatives.

The proposed plan would end this discreditable mistreatment of minorities and give every candidate the proportion of the electoral votes of the States to which he is entitled, no more and no less.

The electoral-college plan needlessly creates deadlocks and throws the election of the President into the House of Representatives.

The proposed plan would eliminate deadlocks and make the election of a President in the House unnecessary except in the cases where the elected candidate subsequently dies or becomes disqualified, as provided for in the "lame duck" amendment.

The other provisions of the proposed plan are routine and incidental to carrying out the fundamental purposes of the system.

PREVIOUS ATTEMPTS AT ELECTORAL REFORM

There have been two great periods of attempts at electoral reform in this country. The first had its setting in the controversial election in the House of Representatives in 1824, and the second in the controversial election of 1876. Thomas Benton and George McDuffie were the leaders in the first effort, and Senator Oliver Morton, of Indiana, was the leader in the second effort.

Senator Morton stood second on the first ballot for the Republican nomination in the convention of 1876. He was a member of the Electoral Commission which decided the Hayes-Tilden contest. With great ability and tenacity he advocated the elimination of presidential electors and the division of State electoral votes through district selection, as I have heretofore quoted him in presentation of this problem to committees of the House.

Petty politics and sectional and partisan strife made each of these great efforts for electoral reform fruitless.

The need of electoral reform has been almost universally recognized for a hundred years. The statesmanship of the country has presented the rather disheartening spectacle of being unable to reform the system in the face of bitter contests arising out of its defects. Inertia and indifference have made reform impossible when the country, in the absence of any acute injury, is unconscious of the evils that lurk in the system.

As an archaic, crude, and absurd system of selecting the head of the Nation, the electoral-college system is probably without an equal in any popular government in the world.

Its crudeness, inequalities, injustices, and possibilities for a national calamity challenge American statesmanship now when no bitter strife is impending, to correct these manifest evils.

JOHN G. CARLISLE

John G. Carlisle, of Kentucky, is rated as one of our outstanding statesmen of the last 50 years. He served here many years. He was three times Speaker of the House of Representatives, served at length in the Senate, and was Secretary of the Treasury under the last Cleveland administration. His experience, his ability and practical statesmanship will not be questioned.

I submit herewith an approval of this plan as stated by Mr. Carlisle shortly after retirement from the Cleveland Cabinet.

PLAN APPROVED BY CARLISLE

A constitutional amendment, providing simply that the President and the Vice President shall be chosen by the people of the several States, voting by ballot, on a day fixed by Congress, which shall be the same throughout the United States; that the electors in each State shall have the qualifications required for electors of the most numerous branch of the State legislature; that each State shall be entitled to a number of votes—to be called "Presidential", or "electoral", votes—equal to the number of its Senators and Representatives in Congress; and that, in ascertaining the result of the election each person voted for shall be entitled to have counted in his favor a number of the Presidential, or electoral, votes of each State corresponding to the proportion of the popular vote received by him in such State—this would not only secure uniformity and equality but would greatly simplify the proceedings and avoid nearly all the dangers incident to the existing system.

DIVISION OF STATE VOTE PLAINLY JUST AND FAIR

That each candidate should be entitled to the vote actually received in each State by the electors representing him is a proposition so plainly just and fair, not only to the candidate himself, but to the people who support him, that it ought to receive general assent. It is not suggested that the popular vote of the whole country should be consolidated, or aggregated, so that a majority, or plurality, of the whole number should be necessary to elect; but simply, that each State should control its own electoral or Presidential vote and divide it among the persons voted for, according to the expressed will of its own people, without reference to majorities, or pluralities, in other States. * * *

This can be done without impairing the rights of any State, or interfering with the legitimate interests of any citizen or political party.

Under such a plan the several States would retain all the powers that they now possess in respect to the election of a President and a Vice President, and that power would be exercised directly by the people, voting under such qualifications as should be prescribed by each State for itself.

STATE RIGHTS PRESERVED

* * * The two electors awarded to each State on account of its Representatives in the Senate are chosen by the people at large in the same manner as those awarded to it on account of its population. In this country, the people are the primary source of all political power, and their will, expressed in the form prescribed by the laws of the State, is the will of the State. It is apparent, therefore, that so far as the method of choosing the electors would be concerned, and so far as the equal power of the States as such, would be affected, the suggested amendment would make no change from the present practice, and, consequently, it cannot be justly said that any existing right of the States would be impaired.

ELECTION REGARDLESS OF STATE LINES IMPOSSIBLE, EVEN IF DESIRABLE

"Any attempt to disturb the compromises of the Constitution, by which the equality of the States in the Senate and in the election of President and Vice President was provided for, would provoke a controversy in which the merits of all other features of the proposed amendment would be entirely ignored; and, consequently, those who really desire to secure a reformation of what they regard as the most objectionable parts of the system must be content to leave all others as they now are."

DIVISION OF STATE ELECTORAL VOTES ESSENTIAL TO A REMEDY OF THE EVILS OF THE PRESENT SYSTEM

In my opinion, no amendment will afford a complete remedy for the evils now existing unless it shall provide for the distribution of the Presidential or electoral votes of each State among the persons voted for according to the number of popular votes actually received by each, and that a plurality of the Presidential or electoral votes shall elect. If the entire Presidential or electoral vote of a State should still be given to a single person merely because he received a majority or plurality of its popular votes, the very large and the so-called "doubtful" States would continue to exercise more than their proper share of political power and influence in the selection of candidates, and in the elections; and none of the existing temptations to resort to unusual or improper practices, in order to secure a majority or plurality of the popular vote in such States, would be removed.

MINORITY STRENGTH WRESTED FROM THEM AND TRANSFERRED TO THEIR OPPONENTS

The minorities not only have no representation in the electoral colleges but the political power, which rightfully belongs to them as citizens and qualified voters, is wrested from them and transferred to their opponents. Their votes are not merely lost, but, by reason of the interposition of a wholly useless body of electors, are actually counted for the candidate against whom they are cast. These are not, therefore, the ordinary cases in which minorities are justly required to submit to the will of majorities, or pluralities, but cases in which the minorities are compelled, in the final process of electing, to contribute their whole force to the success of their opponents.

DIVISION OF STATE VOTES WOULD END DEMORALIZING CONTESTS IN DOUBTFUL STATES

If the electoral votes of each State are distributed among the several persons voted for in proportion to the popular vote received by them, respectively, it will be just as important to secure a large vote in one State as in another; and the demoralizing contests for the control of the doubtful or "pivotal" States will not occur. A Democratic vote in the Republican State of Pennsylvania, or a Republican vote in the Democratic State of Texas, would be as valuable to the parties, respectively, as if it had been secured in the most doubtful State in the Union; and a vote for either party in a small State would be just as important as a vote in a large one. If such a provision as is here suggested had been in force in 1876–77, the controversies which arose in regard to the votes of Louisiana, Florida, and South Carolina would have

been of no practical importance, because their determination either way would have affected but a mere fraction of a Presidential or electoral vote in each State, and the result of the election would not have been involved. The rejection of all the disputed votes in the three States would not have defeated Mr. Tilden; and, consequently, there would have been no inducement to make partisan decisions in the local election tribunals, nor any ground for the fear of civil commotion, which disturbed the public mind and paralyzed business during the pendency of the proceedings. It seems that any proposed constitutional or legal provision which, without doing injustice to any part of the people, would insure the country against the recurrence of such a dangerous condition of affairs ought to receive at least the careful consideration of Congress and of the States; and, if rejected, something better should be proposed in its place.

PLURALITY VOTE SHOULD ELECT

The general American rule is that, in choosing public officers, a plurality controls; and the application of this rule to the election of a President and a Vice President is especially desirable, for the reason, among others, that it would almost certainly prevent the devolution of the election upon the House of Representatives, a contingency which is always to be apprehended under the operation of the present system. * * * The constitutional requirement, that the votes of a majority of the whole number of electors chosen shall be necessary to elect, has, twice in our history, made it the duty of the House of Representatives to choose a President, once before the adoption of the amendment of 1804, and once after. On both occasions the public mind was filled with the gravest apprehensions of danger to the peace of the country. At the election of 1824, which was held under the Constitution, as amended, General Jackson received a greater popular vote and more electoral votes than Adams, his strongest competitor, and, under the plurality rule, would have been legally chosen President; but the question was referred to the House of Representatives, and Jackson was defeated.

DEADLOCKS PREVENTED—HOUSE ELECTIONS UNNECESSARY

* * * The simplest and fairest way to prevent the election from being made by the House is to provide that a plurality of the Presidential or electoral votes shall be sufficient, and, as already intimated, this would be no departure from the common law of elections in this country. It is not only the rule in selecting State officials but also in choosing Presidential electors under the present system; but, after the electors have been chosen by pluralities in all the States, the rule or principle is changed and the electors can make no choice except by the concurrent votes of a majority of their whole number. * * *

ELECTORS ARE USELESS AGENTS

Electors are chosen by pluralities for the sole purpose of electing a President and a Vice President, and the propositions here made are simply that these useless agents shall be dispensed with and that the people themselves shall elect, by a plurality vote, but securing to the minorities in the States the right to be effectively represented according to their numbers. * * *

Dangerous defects of our electoral system

The existing provisions of the Constitution on this subject * * * are not only cumbersome and inconsistent with the democratic spirit of our institutions, but so imperfect in their details and so uncertain in their practical operation as to constitute a menace to the peace of the country at each recurring Presidential election, yet * * * we may be compelled to go on, without a change, until some catastrophe shall occur, which will either precipitate hasty and inconsiderate action, or prevent any action, because it has become too late to accomplish anything.

When the people have voted, and the result of the poll has been finally ascertained and declared, the question ought to be settled; but, under the present useless and cumbersome system, the greatest difficulties and dangers are encountered after the popular election has been held.

In no other country in the world would such a system have failed to produce civil dissensions of the most dangerous character; and we shall be fortunate indeed if, in view of the growing importance of the offices to be filled, we continue much longer to enjoy immunity from such discords. * * *

The electoral system, which, even according to its original design, was never consistent with our theory of government, is, in my opinion, the source of all the greatest dangers to which we are now subject. * * *

JUST CAUSE FOR DISSATISFACTION

In a free country, the will of the majority, or of a plurality—if such a rule has been adopted in advance—when constitutionally expressed in the form of a law, or in the selection of public officials, ought to govern; and the minority cannot rightfully complain when its votes are merely lost, or prove ineffective. But when they are transferred to, and counted for, the majority, as they are now in choosing electors, there is just cause for dissatisfaction. If this process were necessary, in order to make the final result of the election conform to the will of the actual majority of the people of the several States, there would be no just cause for complaint; but its tendency is to produce just the contrary effect, as shown by our whole experience under the system. It is, therefore, objectionable, in both form and substance. A majority, or plurality, of 1 in the popular vote of a State is just as effectual to give the entire electoral vote of that State to a single person as is a majority, or plurality, of a hundred thousand, or even a greater number, in another State. It can, therefore, happen that the result of an election will depend, not upon the majorities, or pluralities, received in all the States, or in a majority of them, but upon a bare majority, or plurality, received in a single State; and this has actually occurred more than once.

PRESENT SYSTEM IS AN INDUCEMENT TO FRAUD

The electoral system is not only unnecessary, and likely to defeat the will of the people of the several States in the selection of a President and Vice President, but as now conducted it affords many opportunities and offers great inducements for fraud and corruption in the prosecution of the contest, as well as in the ascertainment and declaration of the result. When the election of a candidate by the electoral colleges can be secured by the purchase or manipulation of a very few popular votes in what are called the doubtful or pivotal States, it is scarcely to be expected that the temptation to use improper means, if necessary, to influence public opinion in such States will be successfully resisted by those who are entrusted with the management of political campaigns. In fact, a comparatively small number of votes in any one of our great cities may determine the result in a whole State, and thus throw the State's entire electoral vote to one candidate; and this small vote, however improperly it may have been secured, may decide who is to be President of the Republic for 4 years.

DEMONSTRATED EVILS OF SYSTEM MAY BE REPEATED

* * * The severe test to which the temper of our people and the strength of our institutions were then subjected cannot be safely repeated, and yet, while the existing system is continued, we are liable to a recurrence of similar troubles at each Presidential election, under conditions not so favorable, perhaps, to the preservation of the public peace.

There is no good reason why these perilous obstructions should not be removed from our pathway and a plain and just method be adopted for ascertaining and declaring the choice of the people for the two most important offices in the Government. If there ever was a substantial reason for the intervention of electors, it has long since ceased to exist; and every consideration of justice, expediency, and political consistency demands that this antiquated remnant of European aristocracy should be eliminated from our system at the earliest possible day. * * *

I submit a copy of House Joint Resolution 136, introduced by me, with title heads I have inserted for the readers' convenience:

House Joint Resolution 136

Joint resolution proposing an amendment to the Constitution of the United States providing for the election of President and Vice President

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That an amendment is hereby proposed to the Constitution of the United States which shall be valid to all intents and purposes as part of the Constitution when ratified by three fourths of the legislatures of the several States. Said amendment shall be as follows:

"ARTICLE —

"SECTION 1. That the twelfth amendment of the Constitution of the United States be, and is hereby, amended to read as follows:

"'ARTICLE XII

"'ELECTORAL COLLEGE ABOLISHED

"'The electoral-college system of electing the President and Vice President of the United States is hereby abolished.

"'DIRECT VOTE

"'The President and Vice President shall be elected by the people of the several States. The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislature.

"'TIME OF ELECTION

"'Congress shall determine the time of such election, which shall be the same throughout the United States. Until otherwise determined by the Congress, such election shall be held on the Tuesday next after the first Monday in November of the year preceding the year in which the regular term of the President is to begin.

"'STATE STRENGTH RETAINED

"'Each State shall be entitled to a number of electoral votes equal to the whole number of Senators and Representatives to which such State may be entitled in the Congress.

"'CERTIFICATES OF RESULTS

"'Within 45 days after such election, or at such time as the Congress shall direct, the official custodian of the election returns of each State shall make distinct lists of all persons for whom votes were cast for President and the number of votes for each, and the total vote of the electors of the State for all persons for President, which lists he shall sign and certify and transmit sealed to the seat of the Government of the United States, directed to the President of the Senate.

"'VOTE—HOW COUNTED

"'The President of the Senate shall in the presence of the Senate and House of Representatives open all certificates, and the votes shall then be counted. Each person for whom votes

were cast for President in each State shall be credited with such proportion of the electoral votes thereof as he received of the total vote of the electors therein for President.

"'SIMPLIFIED COMPUTATIONS

"'In making the computations, fractional numbers less than 0.01 shall be disregarded unless a more detailed calculation would change the result of the election.

"'PLURALITY ELECTS

"'The person having the greatest number of electoral votes for President shall be President.

"'TIE VOTE

"'If two or more persons shall have an equal and the highest number of such votes, then the one for whom the greatest number of popular votes were cast shall be President.

"'VICE PRESIDENT

"'The Vice President shall be likewise elected, at the same time and in the same manner and subject to the same provisions, as the President, but no person constitutionally ineligible for the office of President shall be eligible to that of Vice President of the United States.'

"REPEAL

"SEC. 2. Paragraphs 2 and 3 of section 1, article II, of the Constitution are hereby repealed.

"LIMIT FOR RATIFICATION

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three fourths of the States within 7 years from the date of the submission hereof to the States by the Congress."

EXTENSION OF REMARKS

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in connection with the amendment that I offered to House Joint Resolution 345, and to include therewith certain data.

The SPEAKER. Is there objection?

There was no objection.

SOCIAL AND ECONOMIC ORDER

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an address delivered by a former Member of this House, ex-Gov. James Cox, at the Jefferson Day banquet.

The SPEAKER. Is there objection?

There was no objection.

Mr. HARLAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by a former Member of the House, ex-Governor James M. Cox, of Ohio, at the Jefferson Day banquet, Dayton, Ohio, May 12, 1934:

Our economic and governmental situation concerns every household in the land. It is a subject of such intimate interest that not a politically partisan word or thought should be expressed about it.

We must not forget what brought it about. It has not been created by the deliberate plans of public officers or laymen. The measures dealing with it are the best that could be devised in the emergency. We hope that it is the way out of chaos into a more contented and prosperous national life.

Its preliminaries were created in a moment of great hazard. Let those who criticize the course taken remember the emergency which saw its beginning. The man most responsible for it is the President of the United States, who, on the 4th of March 1933, assumed the governmental burdens of our people. Sixteen millions were unemployed. Banks were closed. Industry was paralyzed. Human hope was at the lowest ebb in all our history.

Confidence was inspired immediately by the mere fact of action. The President was not afraid to try. He knew mistakes would ensue. No one has been franker to admit them. He has not only admitted them but has taken quick steps to correct them. No responsibility since Lincoln has been comparable to that of Roosevelt, nor has any president since Lincoln selected such a nonpartisan cabinet. It was Lincoln's task to save the Union. It was Roosevelt's task to save organized society. He recognized that it could not be done except by strong governmental action restoring social and economic order.

It was no time for theories. The President could not fail to remember—nor must we fail to recall—the words of Lincoln: "I cannot control events. Events control me." No one can make a fair analysis of the present state of things without admitting that as Lincoln was forced into measures and devices by events, so has Roosevelt been. We were not in the midst of an ordinary financial panic. Panic had seized our whole people, and men and women who knew nothing about finance were troubled about the question of life itself.

When a camper is struck by a storm, he quickly drives pegs to tie down his tent. When the waters of the mad Mississippi swept over the lands, the farmers did not wait to call an engineer. They resorted to spade and shovel and other immediate devices both to stay and direct the flood of waters. Roosevelt has simply sought to meet emergencies by driving down stakes to which could be anchored the concerted energies of our people. He has sought to hold the flood waters by whatever means came to hand.

You may hear criticism of measures or of laws, but can you name a single one that has not been directed at an abuse which we all admit must be removed? Obviously, therefore, differences of opinion concern details rather than the basic principle of recovery.

Our disordered state was not the result of momentary indiscretions. It was the accumulation of the ills that had piled up in more than a decade. We refused to see or think. We entered into a period that could not escape the reactions of the most stupendous upheaval the whole world had ever experienced. Frontiers had been changed, governments had fallen, the normal currents of trade had been reversed or destroyed, and millions who could not find labor found death. Yet in this country the man who gave warning of the certain consequences of our smug complacency was an alarmist. He who urged change was denounced as a radical. Certain forms of organized wealth and human greed seized upon governmental preferences to further selfish aims. There could be but one end to that.

Well do I remember a political meeting in New York City at the close of the campaign of 1920. At that time I said, at the very seat of organized wealth, that if the enterprises in mind, when big business was financing a political campaign, were carried through, then in a comparatively brief season the well-meaning business men in America would thank God for the party of Jefferson, because it would be necessary to the salvation of the country. One extreme follows another. The result of extreme reactionism would carry us to the extreme of revolution unless some instrument to prevent could be found.

That instrument, happily, in the hour of crisis was at hand. The party of Jefferson has always been the liberal party; and upon the ground which he plotted then and we seek to maintain now, the balance is being regained. The philosophy of Jefferson in its essence was that government must respond to social needs, and it cannot do it unless it changes as our social conditions, under the relentless processes of evolution, change. Failure to do that very thing led to the evil times that fell upon us. Our economic and governmental organisms could no longer stand the infection of unhealthy practices and neglect. Then came the collapse. At that critical hour the President of the United States became the attending physician of a dangerously sick land.

When we call attention to the now-improved conditions, the critic insists that they will not last. There are those who honestly differ with the President in many of his policies. But can anyone deny that the passion of his soul is to save the country as Lincoln's was to save the Union? Is it not true that the propagandist critic is a man who wants a return of the old order which brought its preferences to him? We hear it said that business has been taken over by the Government. Is it not true that business, crying for help, threw itself into the hands of government? Did not the banks and the railroads come forward to be saved? Has supplication come from the Government to enter business, or has business as a whole turned to Washington for relief?

Business is but a process and result of human labor. In the modern order of things a man, to live, must work, and the products of his toil are the making of business. The President's one purpose is to restore social order, and social order is dependent upon an orderly industry. If society is prostrate, then what instrument more logically and naturally can be invoked than Government itself? It is the instrument of society, the thing created to act for the whole.

We hear it said that the cost of our recovery is too great, that the accumulating debt will wreck us. We had a large debt to start with, and it could only be paid by restoring prosperity. I remember as a farm boy that the old sucker pump in the well would not work until you poured water into it. And so the case has been with us. It was necessary to take of our reserves and pour the waters of our resources into the pump in order that things might be set going again.

I do not speak for the President, but I am certain in my own conviction that when business, which was sick—and sick unto death—is ready to leave the hospital and keep itself in health, it will find a wide open door. I recur to that figure of speech in which I stated that the President in his every measure was simply driving down stakes for a mooring. They are but the beginning. Legislative and Executive measures born in critical times of emergency will be refined and changed as social needs suggest. That is the theory of a liberal government. But they would never have been driven by the hand of reaction, because the selfish, designing reactionary has always profited by the salvaging of wreckage. Nor would they be refined and perfected by the hand of reaction.

One of the most reassuring things in our whole situation, as I, at least, see it, is that in the 14 months of our rebuilding, with public emotions aroused, with nerves tense and throbbing with the expressed fear that our beloved country was drifting into chaos, the captain of the ship of state has been calm. He has refused no one who sought to counsel with him. He has consulted every class and every condition of life. His continuing strength for his labors is nothing short of a miracle. He believes in the common sense of our people and the perpetuity of our Government, provided that Government is responsive to public needs; and in that faith he goes forward. Bear in mind that human despair brings the elements of turbulence into our public opinion, and they descend upon Congress. If we but knew what the President has withstood, he would by common consent be regarded as the great conservator of our sanity and stability.

LIGHTSHIP "NANTUCKET" DISASTER

Mr. GIFFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the Nantucket lightship tragedy, and to include therein two short editorials, not controversial, paying tribute to those men who lost their lives.

The SPEAKER. Is there objection?

There was no objection.

Mr. GIFFORD. Mr. Speaker, Tuesday evening the Nation was shocked by the news, given out by radio and the press, that the lightship *Nantucket* had been rammed and sunk by the White Star Liner *Olympic*.

This is the first time that so serious a disaster has occurred in our Lighthouse Service, and all our people will be deeply interested in learning the real cause underlying this new tragedy of the sea, which naturally tends to lessen the public confidence in our modern mechanical navigation. That an aid to navigation placed in a point of danger to protect ocean traffic and guide it safely to the haven should itself have been destroyed by collision seems as strange as it is regrettable.

For many years the lightship *Nantucket* had rendered faithful and efficient service, and it was known to all mariners sailing our North Atlantic waters. It was the largest craft of its kind in the world and equipped with the most modern appliances—an incandescent light of 3,000 candlepower, a powerful radiobeacon, and synchronized submarine oscillator. Its radiobeacon could reach out to ships from 300 to 500 miles distant and under ordinary conditions its masthead light was clearly visible for 12 miles.

The ship, securely anchored by heavy chains, and hence unable to guard itself against collision, was stationed some 42 miles from the island of Nantucket, and it now lies at its post, but 180 feet beneath the water. For years it had furnished the first point of contact with America for trans-Atlantic vessels bound for the port of New York, and navigators innumerable have breathed a sigh of relief upon sighting this friendly ship, which was their assurance that their course had been true and that, thanks to her, they could now escape the hidden reefs and shoals of those dangerous waters.

Of recent years the reassuring contact has been made through the medium of the radiobeacon long before the ship was actually sighted, and regardless of storm, darkness, or fog. Yet this great boon to navigators, operating through the dense fog, brought about the destruction of the lightship and caused the death of all but 4 of her crew of 11 officers and men. Five of the dead were from my city of New Bedford.

I wish to pay tribute to those who died at their post of duty, and to extend sympathy to their bereaved families. Under the best of conditions theirs was a most unenviable occupation. Their station was a lonely spot on the ocean, far from sight of land. The sea there was almost never still, and they were constantly tossed by waves which often became mountainous; but the light and the radiobeacon must not fail.

I am sure that I am expressing the wish of the Congress that the fullest possible investigation of this tragedy be carried out, not only to establish the blame, if fault there was, but that means may be found to prevent the recurrence of this disaster in the future; and also that the families of the men who died may be adequately cared for by a sympathetic and grateful Government.

A statement and editorial follow:

[From the New Bedford Mercury]

LIFE ON LIGHTSHIP IS ONE OF CONSTANT VIGIL AND LONELINESS

NANTUCKET, May 15.—Men that know loneliness man the rugged little ships that hold vigil on reef and shoal along the Atlantic coast.

For 2 months at a stretch the pitching lightship is their home. For 2 months at a stretch they oil and condition the huge oscillators that moan through the fog-blurred bay; that drawl their lullaby at night. They shine the big brass bell and test the beacon; and then go back to their toughest task, whiling away the hours.

Some play cards, many read, and nearly all listen to the radio. But the tender that comes once a month to bring ashore those who have completed their tour, usually carries back a load of hooked rugs, woodwork, and basketry. The men are allowed a month shore leave.

But 2 months is a long time to spend on a cramped ship, stalled in the ocean lanes, with only passing vessels for company. In his small quarters under the clanging bell and the shining beacon, the lightship man in his bunk occasionally hears the swish of a big hull and the pounding of heavy engines. He rolls over and peers through a porthole as a trans-Atlantic liner, ablaze with light, slides by in the darkness. Then the lightship writhes and twists in the grip of the wash and the lightship man rolls over to dream.

The lightship which went down today when the *Olympic* rammed her in a fog was the last word in this type of craft. And lightship men said she lost whom they regard the two most important members of her crew—the two cooks. One died after being picked up, and the other, it was feared, went down to the treacherous shoals, still in the galley.

[From the New Bedford Times]

THE LIGHTSHIP DISASTER

The disaster which overtook the *Nantucket* lightship, rammed and sunk by the *Olympic* yesterday morning, strikes home to New Bedford. Six of the 11 men on board belonged here; and of the 7 who lost their lives, 5 were credited to this city.

The accident emphasizes the hazards of the lightship service. Only a short while ago the *Nantucket* was grazed by a passing vessel, but on that occasion luck was with her, the damage was slight, and nobody was injured. In the thick fog of yesterday fate was less kind. The radiobeacon and other mechanical devices for insuring safety did not avail to prevent the collision which quickly sent her to the bottom.

An investigation will show whether the tragedy resulted from faulty navigation of the ocean liner or whether it must be classed as an unavoidable accident. Meanwhile, it is in order to give thought to the danger to which the lightshipmen are exposed on their lonely stations. Vessels are supposed to pass as closely as possible—and sometimes they come too close, and the result is death. Those who lost their lives yesterday must rank as heroes and are worthy of honor. They died at the hands of those they were safeguarding from the perils of the sea. For them no retreat to some safe haven when storms rage or fog intensifies their danger. Under such conditions it is all the more imperative that they remain on their station, sending out their calls to guide vessels safely clear of the treacherous shoals—aware of the risk they run but meeting it unflinchingly.

For those who were saved, and especially the mate, C. E. Mosher, of New Bedford, we can all give thanks. To those who died we should extend honors due to all who died bravely in the performance of duty.

WELFARE OF THE LABORING CLASS

Mr. CARPENTER of Nebraska. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARPENTER of Nebraska. Mr. Speaker, some remedy must quickly be found for the misery and wretchedness which presses so heavily on the large majority of the laboring class. Workingmen have been given over, isolated and defenseless, to the callousness of employers and the greed of unrestained competition. A small number of rich men have been able to lay upon the masses of the poor a yoke little better than slavery itself.

If business men ever adverted to the possibility that industrial relations might have an ethical aspect, they promptly satisfied their conscience by recalling the teaching of the classical economists to the effect that every free contract is also a fair contract.

Speaking generally, I may say that the rights and the obligations of both capital and labor and proposed remedies for the most destructive evils in the industrial system, showing partiality neither to employer nor to employee, treating both with evenhanded justice and charity, resolves itself into four general divisions, property, state, wages, and labor unions, which four subjects constitute the most fundamental and difficult of all our industrial problems.

Property should be widely distributed and as many as possible of the laboring class should become owners. The advantages of society would be greatly increased by a more equitable division of the productive wealth of our country, and, as far as possible, bridge over the gulf between vast wealth and sheer poverty. I do not believe in the doctrines of plutocracy, which teach that the function of ownership

belongs to a few industrial and banking supermen, while the great mass of people are competent only to use the property under the dominating direction of the so-called "supermen." No reconstruction will be satisfactory or stable which does not include a wide distribution of the ownership and the profits of ownership and advantages of modern scientific improvements among the laboring masses.

State: Whenever the general welfare and interest of the great majority suffers and is threatened with destruction, it is the duty of the State and public authority to intervene, as has this administration under the great leadership of Franklin D. Roosevelt. This intervention should be broad and progressive. Our situation justified the enactment into law the 30-hour week and all reasonable measures of labor legislation. The abolishment of child labor, minimum-wage laws, and insurance against sickness, old age, and unemployment must necessarily follow. "No class legislation" is one of the shallowest of all shallow slogans that have protected the strong at the expense of the weak and defeated the ends of social justice. Legislation should be adjusted to meet the varying needs of the different social classes. The rich have always had means of shielding themselves and stand less in need of help from the State, but are usually the first to apply; while the poor have no resources of their own to fall back on and must rely chiefly upon the State to recognize their need. The wage earners belong principally to this class, and it necessarily follows, must be protected and cared for by the Government. This principle has been followed, in my judgment, to a great extent in this new deal, and the 30-hour week should also be passed to round out the program.

Wages: It has been generally thought by many that the wage contract fell under the regulative principle of supply and demand. Outside of the working classes themselves it was almost universally held that the wages fixed in the market by the forces of unlimited competition were always fair and just. No matter how low the remuneration of labor descended, it was ethically right and correct if it was determined by a free contract. This is not so, and has been proven incorrect and the dictates of nature have decried that in any bargain between man and man the remuneration must be sufficient to support the wage earner in reasonable and frugal comfort. If, through necessity or fear of worse evil, the workingman accepts harder conditions because the employer will give him no better, he is made the victim of force and injustice.

Almost everyone renders at least lip service to the principle of the living wage. It is the principle embodied in the N.R.A. No business whose existence depends on paying less than living wages to its workers has any right to continue in this country, and by that is meant wages that insure a decent living.

If that principle had been heeded during the past 12 years this great depression would have been much less severe, and there is a possibility that it would not have happened at all. Persons whose judgment has not been perverted by antiquated economic theories or selfish economic interest realize that the main cause of the depression has been too little money in the hands of those who would have bought more of the products of industry and the farm, and too much money in the hands of those who were unable to spend more than a small part of it for consumption goods. Had employers given more to labor and kept less for themselves, they would not have carried so far the overexpansion of our industrial plant, and therefore caused so much unemployment. If all the workers in this country had been receiving living wages during the last 20 years, they would have been able to purchase much, if not all, the goods that would have been produced.

A living wage and shorter hours, thereby putting these idle men back to work, is peculiarly appropriate and necessary in our present situation, and our present situation will never be solved successfully until we do this. Until labor obtains higher wages and shorter hours and permanent employment, thereby obtaining a larger amount of purchasing power and a greater share of profit, we shall not make much progress in wading out of our present appalling situation of 10,000,000 unemployed. We will not be able to prevent the coming of another and even more destructive collapse unless we give labor more and capital less. Our recent experience has proved by demonstration that a living wage is not only right ethically but wise economically.

Labor unions: Another subject we must also consider is the organization of labor and their right to bargain. It is a general and lasting law that workingmen's associations should be so organized and governed as to furnish the best and most suitable means for attaining what is aimed at; that is to say, for helping each individual member to better his or her condition to the utmost in body, mind, and property. It is well to distinguish between effective unions and hypocritical imitations. Into the United States has come such imitation, known as the "company union", and the words just quoted are an implicit condemnation of that abominable invention. The company union does not enable its members to "better their condition to the utmost in body, mind, and property." The right of the worker to enter associations is and should be his natural right. The company union violates this right and principle because in practically every case it is imposed from above by threats and coercion. The worker's right to form labor unions and to bargain collectively is as much his right as his right to participate through delegated representatives in the making of laws which regulate his civic conduct. Both are inherent rights. The worker can exercise his God-given faculty of freedom only through a system which permits him to choose freely his representatives in industry. From a practical standpoint the worker's free choice of representatives must be safeguarded in order to secure for him equality of contractive power in wage contracts. Undue interference with this choice is an unfair labor practice, unjust alike to the worker and the general public.

This, I believe, in a general way and brief time explains my stand relative to labor.

I have wandered somewhat from the subject of the 30-hour week bill, which I had the honor and privilege of signing a petition to take the bill from further consideration of the committee, and when 145 names have been attached to the petition it will bring the bill before the House to have the Members, by roll call, show their true status. Certainly no man should hesitate to cast his vote upon his own full convictions without the fear of what anyone thinks. It is utterly ridiculous to think of Members of the House being in the frame of mind that they will hesitate to vote on questions of national importance such as this bill is. I have signed the petition to discharge the committee from further consideration of the Crosser bill, giving to the railroad men the 6-hour day and I most certainly hope we will not adjourn until we have had an expression upon both these measures.

In final conclusion no permanent progress can be made until these 10,000,000 men are put back to work, and that cannot be done except by shortening the hours of labor and at the same time paying decent living wages for those shorter hours of work. By this procedure employment would be spread so that again we will give to those people what this country guarantees to people who are willing and anxious to work—a right to make a living for their families and themselves.

FEDERAL INSPECTION OF GRAIN—A COSTLY LUXURY FOR THE FARMERS

Mr. LEMKE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein a statement made by a former Member of this House, Mr. Knute Wefald.

The SPEAKER. Is there objection?

There was no objection.

Mr. LEMKE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement made by a former Member of the House, Hon. Knud Wefald, Railroad and Warehouse Commissioner of Minnesota:

While Congress is fussing with the farm question and has a hard time in deciding what to do relative to new legislation, there are laws upon the statute books of long standing that ought to be

fearlessly and honestly administered in favor of the farmers, but which under the new deal work more harm to the farmers' interest than under the old deal.

It means more to the farmer to get every cent of what his products are worth than it does to be paid for wanton destruction of his products.

The United States Grain Standards Act, under which the farmer markets his grain, is being misinterpreted. Therefore I believe it timely that the attention of Congress be called to this matter, especially regarding the marketing of barley in the Northwest.

The United States Grain Standards Act was passed by Congress as an added protection for the farmers in the marketing of their grain. It conferred upon the Department of Agriculture the power to promulgate uniform grain grades and authorized the Secretary of Agriculture to act on appeals to him when disputes arise as to the correct grading of grain.

This law never intended that Federal inspection of grain should altogether supersede and displace inspection of grain in States. It was intended as an added protection for the farmers' interest.

The State of Minnesota has, and has had for many years, good and sufficient laws relative to grading, inspection, and marketing of grain, under which the farmers' interests are protected. Minnesota has the most highly trained and the most efficient grain inspection department to be found anywhere in the United States.

The personnel of this department has been carefully selected over a long period of years; it has been and is now free from political influence; the Minneapolis office of this department can be rated as the foremost grain inspection unit in the United States, both in regard to personnel as well as mechanical equipment.

I am familiar with its workings, as it is a department of the Minnesota Railroad and Warehouse Commission, where I serve as one of the commissioners.

Under the laws of the State of Minnesota, two State boards of grain appeals of three members each for each of the terminal markets of Minneapolis and Duluth was set up, long before the United States Grain Standard Act was passed. The members of this board are appointed by the Governor, who selects them for their experience in grain matters. To these appeal boards are referred all disputes between buyers and sellers over grades placed on grain by the State inspection department.

The Federal Department of Agriculture maintains an inspection set-up at both Minneapolis and Duluth, which is supervised by the Bureau of Agricultural Economics at Washington, D.C. It was intended by the sponsors of the United States Grain Act that the Federal inspection set-up should function as a last resort. If the buyer was dissatisfied with the grade given, he would appeal to the State board of grain appeals, and if still dissatisfied he would appeal to the Federal inspection department, whose decision would be final.

Instead of exercising its function, as intended by the law, the Federal inspection set-up, especially at Minneapolis, has a large and unwarranted force of men at work as inspectors who, often without occasion, invade the quarters of the State inspection departments, undertaking to instruct State grain inspectors, who know much more about the business of grading grain than do most Federal grain inspectors; threatening State inspectors who honestly cannot conform to their way of thinking, with revocation of their Federal license, which all State inspectors and members of the appeal board must have in order to qualify under the Federal law.

The last year and a half has been a very trying time for the Minnesota State grain inspectors and the members of the State grain appeal board due to continual controversy with the Federal inspection set-up. The main controversy has been the interpretation of the Federal grades on barley and the injustice of the barley grades themselves.

With the advent of legal beer, barley became a valuable grain. Instead, as grades on barley have been promulgated and interpreted the last 2 years, it has played into the hands of the processors of barley, the maltsters.

A grade of "scabby" barley was promulgated under which practically all discoloration in barley was classed as "scab." This definition was put on barley as a penalty against it, for malting purposes. The minute the designation "scab" was put on a car of barley it reduced the price of such barley from 2 to 10 cents per bushel. Yet most of this barley was eventually bought by the maltsters at the reduced price and used for the making of malt.

The Minnesota Grain Appeal Board, being men of long experience with barley, knew that very little of the barley marketed in Minneapolis (only a very little barley is marketed in Duluth) was affected by "scab" fungus, had extensive examinations made of many of the worst samples submitted to them at the Minnesota University Farm School by outstanding chemists of national reputation, who upheld the appeal board in its contention. Numerous feeding tests, wherein some of the supposedly most "scabby" barley was fed to hogs at the university farm school, were also made, and the "scabby" barley, so-called, proved itself to be of as good feed quality as barley that did not come under the ban of "scab" grade.

The State inspectors, being intimidated by Federal inspectors, had to tighten up on "scab" designation; the number of appeals to the State grain appeal board increased, and these men courageously protected the interests of the farmers, all the while protesting to the Bureau of Agricultural Economics against the unjust "scab" designation.

In the summer of 1933, for the 1932–33 crop year, the designation "scab" was changed to "blight", but to this was added "or mold", the result of which was the handicap for ordinary barley was increased.

The courageous stand of the State appeal board saved thousands and thousands of dollars for barley producers; in each carload from which the "scab" designation was taken it meant a saving of from $20 to over $100 a carload, according to the size of the car and the penalty intended, while the interest of the maltsters seems to have been uppermost in the minds of the Federal people. During the crop year 1932–33 the Federal people changed the method of inspecting barley four times.

Let it be said for the bulk of the buyers for the maltsters that even they consider the grades on barley and the inspection as unjust; but if they can buy barley at a discount, and especially when Federal grading rules practically say that they shall buy it at a discount, there is not much justification for them to do otherwise.

Some of the oldest and most experienced buyers of malting barley have told me that such barley as has been marketed in Minnesota during the last 2 years is exceptionally good malting barley. In no branch of either State or Federal Government have I ever met such an overbearing, bureaucratic haughtiness as that evidenced by the Bureau of Agricultural Economics in the controversy over grades on barley and inspection between it and the Minnesota inspection set-up.

In its pedantry, it has embarked upon a rule-or-ruin policy and a policy of expansion of its own power, wholly inconsistent with the public good. The United States Grain Standards Act was not passed with any thought of its being used as a club over the farmer's head in order to make him produce better grains of various kinds. Yet, in this case with barley, a penalty is placed on such grain as is not absolutely perfect for the purpose of making the farmers raise "perfect" barley, the Department working hand in hand also with various associations who do not represent the farmers.

When the Minnesota State Grain Appeal Board insisted upon interpreting the grading laws, both State and Federal, in conformity with their conscience, as it was their sworn duty to do, the Secretary of Agriculture, at the request of the Bureau of Agricultural Economics, revoked the license to inspect barley for the Minneapolis members of the appeal board, in spite of the fact that the grain trade stood solidly behind the appeal board. And the grain trade must understand grain.

The appeal board members demanded a hearing, which was finally given them; but as I was personally present, I can testify that the hearing was a star-chamber proceeding, presided over by an employee of the Bureau, who was biased against the appeal board members in the extreme. Only as a courtesy to the Governor of Minnesota, who appeared at one session of the hearing, was the main testimony of the defendants admitted; but all of this testimony seems to have been disregarded in the findings.

With the many great and pressing problems weighing down on the Secretary of Agriculture, it is reasonable to expect that a seemingly small matter, like the one I have here called to your attention, cannot come to his personal attention, so he can familiarize himself with it; yet it is no small matter for the farmer, especially with its ramifications into the future; nor is it of small importance with respect to State rights versus Federal prerogative. There should be a limit to the extension of Federal bureaucracy.

The members of the State appeal board have as yet not had their barley inspector's licenses restored to them, but they should not have to be under a cloud for having performed their sworn duty, nor should the efficient operation of the State of Minnesota's grain inspection be hampered.

However, there is an innate sense of justice in the American people, sometimes even in the marts of trade. Such is the confidence of the grain trade, from the country elevator men to the dealers in the terminal markets, in Minnesota inspection of grain, that since the State appeal board members were punished by the Department of Agriculture, the trade is losing faith in Federal inspection.

I herewith present a statement by the Minnesota State Board of Grain Appeals relative to the controversy I have described, which is a very sober and enlightening statement:

BUREAUCRACY AT ITS WORST

"The Bureau of Agricultural Economics caused Hon. Henry E. Wallace, Secretary of Agriculture, to wire the members of the state board of grain appeals, consisting of Otto A. Zimmerman, M. E. Jerdee, and C. M. Gislason, October 5, 1933, that their licenses to inspect barley had been temporarily suspended, they supposedly having misgraded 16 cars of barley between September 5 and October 4.

"The board requested an oral hearing, which was granted, and was held at 404 Flour Exchange, Minneapolis, Minn.

"There, of course, was no truth in the charges, as the board has always conscientiously performed its duties and applied the standards as promulgated by the Bureau of Agricultural Economics. But, as was expected by everyone familiar with the conditions, the board was found guilty and the license permanently suspended.

"The real fact of the matter is that the Bureau of Agricultural Economics was very much at sea itself regarding the inspection of barley as shown by testimony; that the method of inspecting barley was changed four different times in the crop year of 1932 to 1933. The methods orally prescribed were haphazard and led to heavy losses to producers and shippers of barley, showing losses

from 2 cents to 10 cents a bushel. The reason for those many changes were undoubtedly due to the evidence the state board of grain appeals, Minneapolis, gathered through plating tests made at the Agricultural School of the University of Minnesota, which showed that barley which was picked as 100-percent scab by the inspectors under the supervision of the Federal Inspection Department, showed only from 3 percent to 43 percent of scab, most of the samples ranging from 5 percent to 20 percent. In order to cover up their inability to pick scab the last change made in April, when the name 'scab' was changed to 'blight', they added to the 'blight' 'and/or mold.' By that act they admitted that they had been in error in their former interpretations.

"The Federal Inspection Department was not consistent in its grading, as its records will show that their inspectors and the Board of Review at Chicago differed as much as 4 percent and 5 percent, and possibly more, on the same sample inspected.

"It was also shown by evidence that the Federal inspectors at Minneapolis varied as much as 2 percent on the same sample, picking two different portions of the same sample. All this would indicate that the Federal inspectors were not competent to accuse the Minneapolis State Board of Grain Appeals of not having properly picked this barley when they themselves have been incapable of doing it, and considering that the State board of grain appeals worked an entirely different sample than the Federal inspectors and Board of Supervisors.

"The portion of the sample picked at that time contained only the amount of blighted barley as indicated by their certification. The Federal contact man between the Federal inspection and the Minnesota State inspection and the board of appeals, found some of the samples that he picked with members of the board to contain just the same amount as the board had picked; while other samples showed a small fraction of 1 percent difference, which can be easily accounted for by being another part of the sample, and as the Federal inspector's testimony showed might vary as much as 2 percent. And the fact, too, that the Federal inspectors and the board of review, Chicago, vary as much as 5 percent on the same sample, it would seem that they are in rather a poor position to assume the attitude that they have.

"The Federal supervisor and contact man between the Federal and the Minnesota State Inspection Departments, testified at the hearing to the effect that the State board of grain appeals at Minneapolis had made very few changes in the month of August and that he only noticed that the board was getting more lenient in the latter part of September. The records show an entirely different situation. In August the State board of grain appeals removed the blight notation on 66.66 percent of the barley that was submitted to them for judgment, and in the month of September it showed that the board had tightened up very materially and removed the blight notation on only 48 percent of the cars submitted to them for judgment. The records also disclose that the State board of grain appeals removed the blight notation as follows:

	Percent
October 1932	42.85
November 1932	50.00
December 1932	84.00
January 1933	96.67
February 1933	39.13
March 1933	95.00
April 1933	78.72

"The Federal Inspection Department did not take action during those months, which, in the face of what happened in October, proved positively that they were not sure of the ground on which they were operating. The producers and shippers of the Northwest were saved these enormous losses by the action of the board of State grain appeals at Minneapolis, which protected the producers and shippers in this market. The board's action was approved by the fact that buyers and sellers accepted the findings of the board. Producers and shippers that were compelled to use other markets that did not have an active, competent board to protect them were compelled to assume the losses of from 2 cents to 10 cents a bushel, and there is plenty of competent evidence to prove this contention. The Minneapolis market received during November 1933, December 1933, January, February, and up to March 26, 1934, 4,171 cars of barley. The elevators at Minneapolis during that same period loaded out 2,910 cars—total, 7,081 cars—and only 17 cars out of this total were appealed for Federal inspection, the trade evidently having lost confidence in the Federal inspection, as their experience in the past has been that the Federal inspection is constantly degrading, and so are selling mostly cars that they feel are undergraded by sample. The inspectors, working under duress, as they are (as was testified to at the hearing), makes it impossible to compute the losses that the producers and country shipper are suffering.

* * * * * * *

"On August 11, 1916, the Congress of the United States passed the United States Grain Standards Act. Section 6 reads as follows:

"'That whenever standards shall have been fixed and established under this act for any grain and any quantity of such grain sold, offered for sale, or consigned for sale, or which has been shipped, or delivered for shipment in interstate or foreign commerce, shall have been inspected and a dispute arises as to whether the grade as determined by such inspection of any such grain in fact conforms to the standard of the specified grade, any interested party may, either with or without reinspection, appeal the question to the Secretary of Agriculture, and the Secretary of Agriculture is authorized to cause such investigation to be made and such tests to be applied as he may deem necessary and to determine the true grade.'

"Congress undoubtedly never intended that the Federal Inspection Department should interfere with the grades as established on grain when there was no dispute between buyer or seller about the grain in question, taking for granted that both buyers and sellers are competent to know that the proper grade has been placed on same.

"Only 2 of the 16 cars in question were appealed to the Federal. On the other 14 cars buyers and sellers testified that the grade placed on the cars by the Minnesota State Board of Appeals was satisfactory, and they further proved it by the prices they paid for these cars. Some of them, notwithstanding they only graded No. 3 barley, sold within 1 cent to 3 cents of the very top of the market for malting barley of the cars that were of malting variety. Of the cars that were of the Trebi variety, only considered feed, brought way over the top for the closing price of feed barley on the day the cars were sold. All of the men, both buyers and sellers, are men of long years of experience and certainly know what they are doing."

NORTHWEST FARMERS HAVE BEEN PENALIZED MILLIONS OF DOLLARS BY DEPARTMENTAL IGNORANCE

"The name, 'Bureau of Agricultural Economics', is suggestive to the public mind not familiar with the true facts that this Bureau is a division of the United States Department of Agriculture, whose object is to aid the farmers of the country in their economic problems. This Department, however, as it has been administered by the men who have been in charge for the past 10 to 14 years, has been anything but a help to the producers of grain in their economic problems.

"Those men who are familiar with the true situation have expressed themselves as being convinced that the Bureau of Agricultural Economics has cost the producers of grain in the Northwest many millions of dollars through uncertain experimentation in the promulgation of Federal grades on grain.

"In 1928 buyers of American-grown barley in Germany reported that an epidemic had occurred among the hogs of that country, and that it had been determined that the said epidemic was the result of feeding American-grown barley which was infected with some disease. The United States Bureau of Agricultural Economics immediately attributed this epidemic to so-called 'scabby' barley and ordered the licensed inspectors to grade all barley containing one or two pinkish-colored kernels to approximately a 10-pound sample, to be graded 'sample grade barley, scabby.'

"This procedure was strenuously objected to by the Minnesota State Board of Grain Appeals at Minneapolis but was, nevertheless, carried out for several months, at the end of which time the Bureau decided that none of the barley from the Northwestern States was infected badly enough to be injurious for feeding purposes. The Department accordingly modified their instructions to the inspectors at Minneapolis and Duluth, and northwestern barley again sold at a premium over barley grown in other sections of the country. The result of this hysteria on the part of the Bureau of Agricultural Economics, before they were forced to admit their error in judgment, was the loss of thousands of dollars to northwestern producers of barley.

"This scabby-barley scare was again revived in 1932, when the claim was made by the Bureau that barley infected with scab was injurious to livestock, and especially to hogs. Another verbal order was given to all licensed inspectors to grade all barley containing 6 to 8 pinkish-colored kernels to the handful 'sample grade.' After another stormy protest from the Minnesota State Board of Grain Appeals at Minneapolis as to this unjust method of grading, the Bureau again changed the procedure and issued verbal instructions which required the inspectors to weigh 100 grams of each sample and sift it over a large chess sieve. If 12 to 15 kernels of grayish or pinkish kernels fell through the sieve, the inspector was required to grade the car 'sample grade' and the barley was considered as of distinctly low quality.

"This resulted in a great many cars of good barley, and in some cases of choice malting barley, being graded 'sample grade', and a consequent reduction in price of from 2 to 10 cents per bushel to the northwest producers.

"Subsequent to this decidedly unfair ruling, Mr. Knud Wefald, member of the Minnesota Railroad and Warehouse Commission, and Otto Zimmerman, chairman of the Minnesota State Board of Grain Appeals, went to Washington to lay a protest before the Secretary of Agriculture and the Bureau of Agricultural Economics. They were supported in this protest by shippers' organizations and elevator associations of the Northwest, but no changes were made in the method of grading until a recent new order which establishes grades for the crop year of 1934–35. Under these new grading rules, the bureau has again changed the method for barley grading, the rules providing that the blighted notation shall not be used unless there is more than 4 percent of so-called 'blight' and/or mold. Thus they have now more than doubled the percentage which was previously being used.

"When the Bureau of Agricultural Economics took over the inspection of grain in 1916, the Minnesota State Grain Inspection Department was one of the oldest departments of its kind in the United States, having been established in 1885. Minnesota grades were recognized and accepted in the world markets, and most of the inspection departments in the United States had adopted them.

"The Minnesota grades on Northern Spring wheat provided for numerical grades from No. 1 Northern Spring to No. 4 Northern

Spring. These grades also provided that 'all spring, durum, and western wheat containing 15 percent or more of moisture, or in a heating condition, or otherwise unfit for store, shall be classed "no grade" with inspector's notation as to what grade same would be if in condition. For example: No grade No. 1, no grade No. 2, no grade No. 3, etc., with a notation of the moisture content.' Thus wheat containing less than 15 percent of moisture was graded No. 1 if other factors permitted. And unless the percentage of moisture was 15 percent or more, no wheat was penalized by a no-grade notation.

"When the Federal grades became operative in 1917 they required that each numerical grade from 1 to 5 should have a maximum moisture content. This content on No. 1 wheat was established at 13½ percent, on No. 2 at 14½ percent, on No. 3 at 14½ percent, on No. 4 at 15½ percent, and on No. 5 at 15½ percent. All wheat containing more than 15½ percent moisture was graded 'sample grade.' These moisture limitations were established over the objections of the Minnesota Railroad and Warehouse Commission and the Minnesota State Board of Grain Appeals, who contended that the moisture-testing apparatus was not sufficently accurate to draw the line so finely in moisture content between the various numerical grades.

"The Minnesota Railroad and Warehouse Commission and the Minnesota State Board of Grain Appeals maintained also that wheat could be safely stored, especially in the Northwestern States, with a moisture content of 15 percent. They were, however, willing to compromise on a 14½-percent basis, but the Federal grades went into operation, and wheat containing 15 percent moisture was thereafter graded No. 4, whereas it had previously been placed in grade No. 1 if other factors permitted.

"Under the new grades now established by the United States Bureau of Agricultural Economics, and which became effective on July 2, 1933, the Bureau has now, after 17 years of operation, changed its grades on wheat insofar as moisture content is concerned, so that they nearly conform to the grades which were used by the Minnesota State Inspection Department prior to the time when the Federal grades became effective.

"The Bureau now justifies this change in Miscellaneous Publication No. 173 of the United States Department of Agriculture of September 1933, on page 56, under the heading of 'Moisture Content' in the following words:

"'The facts developed from a careful study of the use and application of the grade factor "moisture content" in the official grain standard, justify a recommendation to eliminate moisture content as a factor for the determination of numerical grade in the standards for wheat, rye, oats, feed oats, mixed feed oats, and barley.'

"And by the further statement on page 57 of the same publication, under the heading of 'Moisture Specifications in Relation to Inspection Efficiency':

"'Four principal reasons have motivated the Bureau in making these recommendations pertaining to the grade factor of moisture content. The first and probably the most important of these reasons is that of inspection efficiency and intermarket uniformity in the application of the standards.

"'Inspection experience has shown that considerable variation in the grades assigned to wheat by different markets or inspectors is caused by the one-half-percent moisture-content intervals between grades 1 and 2, and between grades 2 and 3, of the present official wheat standards. These moisture-content intervals between the important contract grades of wheat are too narrow for practical application by inspectors. In the operation of the Brown-Duvel moisture-testing apparatus a constant possible error factor of about 0.3 percent is present even with standardized equipment and careful management, whereas with apparatus that may be slightly nonstandard, or apparatus operated with variable gas quality or pressure or with careless management, the error factor may be, and sometimes is, as great as 0.5 or 0.6 percent. It is questionable, also, whether the more modern electric moisture-testing equipment can be relied on to eliminate the possible error factor in making moisture determinations below that of 0.3 percent. For these very practical reasons, the one-half-percent moisture-content intervals between some of the wheat grades are at times a source of considerable nonuniformity in the application of the wheat standards.'

"In other words, the United States Bureau of Agricultural Economics have now, after 17 years, come to realize that the contention of the Minnesota Railroad and Warehouse Commission and the Minnesota State Board of Grain Appeals were correct. They are, however, probably overlooking the fact that for 17 years the producers in the Northwest have been penalized millions of dollars in the reduced prices which they have received for their grain, in addition to the enromous expense which they have had to bear as taxpayers to pay the expenses of operating the Bureau of Agricultural Economics in its 17 years of experimentation.

"Thus, if it takes this Bureau the same length of time to discover that they are entirely wrong in their condemnation of perfectly good barley as being scabby or blighted, the producers will continue to suffer and pay the expenses for another 17 years."

THE AMERICAN LEGION IN POLITICS AND REPUBLICANS COMING INTO DEMOCRATIC PRIMARIES

Mr. ALLGOOD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALLGOOD. Mr. Speaker, I am taking this opportunity to let my Democratic colleagues in the House know what took place in the primaries recently held in the Fifth District of Alabama. I am doing this so you may be on the look-out and prevent such unfair tactics being used against you as were adopted by the American Legion and the Republicans against me.

The American Legion claims it is not in politics, but I want to tell you that the American Legion is in politics and that in my case its agents stooped to very unfair and unscrupulous methods which helped to defeat me. In Alabama ex-service men are exempt from payment of poll tax; this gives them an undue advantage over the younger voters.

On February 20, 1934, the Alabama Legionnaire, the official publication of and owned exclusively by the American Legion, whose editor is D. Trotter Jones, of Montgomery, Ala., published what was supposed to be the vote of Alabama Congressmen on veterans' legislation during the Seventy-second and Seventy-third Congresses. Our votes on 11 questions were recorded; however, the main 2 were the Rankin widows and orphans bill and the President's economy bill. The Alabama Legionnaire records my vote on the Rankin widows and orphans bill as "No." The CONGRESSIONAL RECORD of May 2, 1932, page 9695, shows that I voted for this measure. On April 11, 1934, one of my opponents, Maj. Joe Starnes, of Guntersville, Ala., a legionnaire, reproduced the record of our vote on veterans' legislation, undermarked, "Paid political advertisement." It was sent to the legionnaires through the entire district, by F. A. Miller, of Gadsden, Ala., formerly commander of the American Legion post at Gadsden. Mr. Miller stated in a letter he sent with the record of our votes that I had the worst voting record against the ex-service man of any Alabama Congressman and that with my voting record he did not see how any ex-service man in the district could support me. On May 26, 1934, I wired D. Trotter Jones, editor of the Alabama Legionnaire, to advise me who furnished him with the information that I voted against the Rankin widows and orphans bill. I received a wire from him that Col. John Thomas Taylor, vice chairman national legislative committee of the American Legion, Washington, had furnished him with this information.

On May 31, 1934, I wired Colonel Taylor and had a telegram from Kathlyn Burch, secretary, stating:

Colonel Taylor out of city. Checked back over record and find stenographic error in listing ALLGOOD's record. He voted "yes" for RANKIN'S widows and orphans bill.

If it was an error, it was a grievous one. It does seem to me that voluntary information of this importance should have been doubly checked before being released by a man heading so powerful a lobby as Colonel Taylor. I cannot, of course, prove collusion on this matter. However, collusion is implied, because Major Starnes, of Guntersville, Ala., announced for Congress almost the identical time this statement was published by the Alabama Legionnaire. Major Starnes should have checked my vote on such important matters with the CONGRESSIONAL RECORD before he used it for political advertisement. You can take a few drops of ink and darken a gallon of water. The same principle holds true in a political campaign. A misstatement of the above nature will poison the minds of hundreds of voters. The leaders of the American Legion in my congressional district also laid great stress on the President's economy bill. Please note they named it the "President's" economy bill. The truth of the matter is the American Legion leaders are disgruntled with President Roosevelt's stand on veteran legislation and are and will continue to do everything in their power to defeat Members of Congress who voted for the economy bill. They will also do everything in their power to defeat our President for reelection in 1936. The influence of the American Legion alone, however, did not defeat me. The Republicans of my district played as important part in my defeat as did the American Legion. There are eight counties in my district, and a Republican primary is held in but one, which is De Kalb. The Republicans in the other counties came into the primaries by the hundreds. During

the six terms I have been in Congress I have always had Republican opposition. My Republican opponents in the general elections received from ten to fifteen thousand votes. In Randolph and Cleburne Counties the vote is about equally divided between the Democrats and Republicans.

Two years ago the chairman of the Democratic executive committee in Randolph County requested me to make some speeches in the county to help elect the local Democratic ticket. I did so. Last year charges were brought against a Republican postmaster at Roanoke, who is the brother of the chairman of the Republican State executive committee. I helped to oust the Republican from office. In the run-off primary the Republicans in these two counties remembered my activities along the above-mentioned lines and voted solidly against me.

In the first primary in Randolph County I received approximately 1,600 votes, former Senator Heflin received 1,000, and Major Starnes 900. In the run-off I still received 1,600 and Major Starnes 1,900. In other words, he received the entire Heflin vote, which was the Republican and independent vote. In Cleburne County in the first primary I received approximately 800 votes, former Senator Heflin 700, and Major Starnes 600. In the run-off primary I still received my 800 votes and Major Starnes received 1,300 votes.

The entire independent and Republican vote, which was at least 7,500 in this district, went to Starnes in the run-off. I was defeated by 2,000 votes. My vote over Major Starnes in the first primary was 2,300. The Republicans voted to defeat me in order to discredit the Roosevelt administration. Newspapers throughout the country have carried news items stating an Alabama Congressman who had supported Roosevelt had been defeated.

The Republican leaders in Alabama have shown heretofore their opposition to President Roosevelt's program. On July 10, 1933, Col. Oliver D. Street, of Guntersville, Ala., Republican national committeeman from Alabama, addressed letters to Republican officeholders and leaders throughout the entire State, stating:

> Frantic appeals are being made by the Democratic bosses to the people of Alabama to vote for repeal of the eighteenth amendment on the ground that it is a Democratic measure. The liquor lash is being laid hard on the backs of Democrats in a desperate effort to drive them to vote for liquor on the plea that President Roosevelt desires it. Well, if repeal is a Democratic measure and if Roosevelt desires it, this should be sufficient proof that it is not a Republican measure and no Republican has any business voting for it.

This statement shows the animus of the Republicans in Alabama against Democratic Congressmen and President Roosevelt's program. We should have a State law in Alabama which would require a voter to register in the general election giving his politics. If he votes a Republican ticket in November, he should not be allowed to vote in the Democratic primary the following year.

In making my last statement of 12 years of service as a Member of Congress from Alabama, only 15 months of which time was under a Democratic President, I will say I have supported every single relief measure advocated by President Roosevelt. I aided in putting over the cotton reduction program and the loan which caused cotton to rise from 6 to 12 cents a pound. Muscle Shoals is no longer a political football. The Tennessee Valley Authority is now developing this property and it will ultimately revolutionize our entire section. When President Roosevelt came to Alabama to make an inspection of this property, I accompanied him on his special train. And when the bill was signed creating the Tennessee Valley Authority I was given one of the pens used by the President.

During the past year I was instrumental in securing a soil-erosion project for Tallapoosa and Chambers Counties. More than a half million dollars will be spent on this project in the next 5 years. Three of the eight C.C.C. camps of the Interior Department in the State were located in my district.

For many years I have tried to get favorable action by the War Department to open the Coosa River. Last spring I attended a meeting at Gadsden, Ala., at which $900 was raised, and to which I contributed, to provide funds for an engineer to secure evidence to set aside an adverse report on the opening of the river. This adverse report has practically been set aside, and if my successor gives this matter the proper attention the Coosa River will be opened for navigation within a short time. I have been working for appropriations for post-office buildings, and am pleased to advise that $85,000 has been set aside to remodel the Gadsden office, $68,000 for building a Federal building at Fort Payne, $63,000 for a Federal building at Guntersville, and $65,000 for a Federal building at Roanoke. This is four projects for my district, and the entire State of Alabama has been allotted only seven in addition to the appropriations I secured for my district. I am still hopeful of securing an appropriation for a post office at Alexander City, Ala.

In conclusion, I will say that I received over 2,000 more votes in the run-off primary than was ever accorded me before. I feel confident that had the Republicans been barred I would have been nominated. I have no recrimination against the Democrats, and take this opportunity to thank my thousands of Democratic friends who stood so loyally by the Roosevelt administration in the recent primary.

NATIONAL MOTOR VEHICLES THEFT ACT

The SPEAKER laid before the House the following Senate concurrent resolution:

The Clerk read as follows:

Senate Concurrent Resolution 16

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate is authorized and directed in the enrollment of the bill (S. 2845) entitled "An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property" to strike out "1929" where it appears in section 7 thereof and to insert in lieu thereof "1919."

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

LEAVE TO ADDRESS THE HOUSE

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection?

Mr. BYRNS. Mr. Speaker, I object.

SPEAKER'S SUSPENSION LIST FOR MONDAY, MAY 21, 1934

The SPEAKER laid before the House the following suspension list for Monday next:

H.R. 7290 (Private, 818). A bill authorizing the President to present a gold medal to George M. Cohan.—Mr. KELLER (Mr. PEYSER).

H.J.Res. 341 (Union, 384). Joint resolution authorizing an appropriation for the participation of the United States in the international celebration at Fort Niagara, N.Y.—Mr. ANDREWS of New York.

H.R. 7667 (Union, 314). A bill to provide for the measurement of vessels using the Panama Canal, and for other purposes.—Mr. LEA of California.

S. 2692 (on table). A bill relating to the record of registry of certain aliens.—Mr. DICKSTEIN.

S. 3397. A bill to amend the laws relating to the length of tours of duty in the tropics and certain foreign stations in the case of officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes.—Mr. SPENCE.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 211. An act for the relief of John A. Rapelye;

H.R. 276. An act to authorize the placing of a bronze tablet bearing a replica of the Congressional Medal of Honor upon the grave of the late Brig. Gen. Robert H. Dunlap, United States Marine Corps, in the Arlington National Cemetery, Va.;

H.R. 328. An act for the relief of E. W. Gillespie;

H.R. 473. An act for the relief of Irene Brand Alper;

H.R. 916. An act for the relief of C. A. Dickson;

H.R. 1197. An act for the relief of Glenna F. Kelley;

H.R. 1211. An act for the relief of R. Gilbertsen;

H.R. 1212. An act for the relief of Marie Toenberg;

H.R. 4516. An act for the relief of B. Edward Westwood;

H.R. 4533. An act for the relief of the widow of D. W. Tanner for expense of purchasing an artificial limb;

H.R. 4973. An act for the relief of G. C. Vandover;

H.R. 5284. An act for the relief of the Playa de Flor Land & Improvement Co.;

H.R. 5405. An act for the relief of Nicola Valerio; and

H.R. 5950. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 258. An act for the relief of Wallace E. Ordway;

S. 1982. An act to add certain lands to the Mount Hood National Forest in the State of Oregon;

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; and

S. 3364. An act for the relief of G. T. Fleming.

OLD-AGE PENSION

Mr. PALMISANO. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 4548) to provide old-age securities for persons over 60 years of age residing in the District of Columbia, and for other purposes, and pending that motion I move that debate upon the bill do now close, and on that I demand the previous question.

Mr. BLANTON. Mr. Speaker, I make the point of order that the motion is out of order because time has already been allotted in the committee to certain gentlemen whose full time has not expired.

The SPEAKER. The House can close debate at any time after debate has been had in the Committee of the Whole.

Mr. BLANTON. Then I ask for a division of the question.

The SPEAKER. The gentleman is entitled to a division. The question is on ordering the previous question.

The question was taken and, on a rising vote, there were—ayes 110, noes 9.

Mr. BLANTON. Mr. Speaker, I object to the vote because it shows that there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. It is evident that there is no quorum present.

ADJOURNMENT

Mr. PALMISANO. Mr. Speaker, I move that the House do now adjourn.

The question was taken.

The SPEAKER. The ayes have it, and the House, pursuant to House Concurrent Resolution 37, stands adjourned until Sunday, May 20, 1934, at 11 o'clock a.m., for the purpose of holding commemoration services.

Accordingly (at 2 o'clock and 44 minutes p.m.) the House, pursuant to House Concurrent Resolution 37, adjourned until Sunday, May 20, 1934, at 11 o'clock a.m.

EXECUTIVE COMMUNICATION

474. Under clause 2 of rule XXIV a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Commerce for the fiscal year 1934 in the sum of $7,500 and for the fiscal year 1935 in the sum of $306,550, amounting in all to $314,050 (H.Doc. No. 373), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 85. A bill to extend Federal aid to certain school districts in the State of North Dakota upon condition that the public-school buildings benefited shall be available to Indian children of Fort Berthold Indian Reservation; with amendment (Rept. No. 1658). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 7255. A bill for the relief of the Winnebago Indians residing in school district no. 17, Thurston County, State of Nebraska; with amendment (Rept. No. 1659). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 7256. A bill for the relief of the Omaha Indians residing in school district no. 16, Thurston County, State of Nebraska; with amendment (Rept. No. 1660). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUCHANAN: Committee on Appropriations. House Joint Resolution 345. Joint resolution to provide funds to enable the Secretary of Agriculture to carry out the purposes of the acts approved April 21, 1934, and April 7, 1934, relating, respectively, to cotton and to cattle and dairy products, and for other purposes; without amendment (Rept. No. 1661). Referred to the Committee of the Whole House on the state of the Union.

Mr. JAMES: Committee on Military Affairs. H.R. 8728. A bill authorizing the Secretary of War to lease or to sell certain lands and buildings, known as Camp Eagle Pass, Tex., to the city of Eagle Pass, Tex.; without amendment (Rept. No. 1664). Referred to the Committee of the Whole House on the state of the Union.

Mr. COFFIN: Committee on Military Affairs. H.R. 8352. A bill to amend sections 1, 2, and 3 of the act entitled "An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.", approved June 18, 1930, and to establish the Appomattox Court House National Historical Park, and for other purposes; without amendment (Rept. No. 1665). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 387. Resolution for the consideration of H.R. 9623; with amendment (Rept. No. 1668). Referred to the House Calendar.

Mr. CROSSER of Ohio: Committee on Interstate and Foreign Commerce. H.R. 9618. A bill authorizing the Sistersville Bridge Board of Trustees to finance, construct, maintain, and operate a toll bridge across the Ohio River at Sistersville, Tyler County, W.Va.; with amendment (Rept. No. 1669). Referred to the House Calendar.

Mr. ANDREW of Massachusetts: Committee on Naval Affairs. H.R. 9145. A bill to authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic to be held at Rochester, N.Y., August 14, 15, and 16, 1934; without amendment (Rept. No. 1670). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 8930. A bill to provide for the construction and operation of a vessel for use in research work with respect to ocean fisheries; without amendment (Rept. No.

1671). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H.R. 9563. A bill authorizing the county of Wahkiakum, a legal political subdivision of the State of Washington, to construct, maintain, and operate a bridge and approaches thereto across the Columbia River between Puget Island and the mainland, Cathlamet, State of Washington; with amendment (Rept. No. 1672). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2647. An act prescribing the procedure and practice in condemnation proceedings brought by the United States of America, conferring plenary jurisdiction on the district courts of the United States to condemn and quiet title to land being acquired for public use, and for other purposes; with amendment (Rept. No. 1673). Referred to the Committee of the Whole House on the state of the Union.

Mr. SEARS: Committee on Naval Affairs. H.R. 8539. A bill to authorize the attendance of the Marine Band at the United Confederate Veterans' 1934 Reunion at Chattanooga, Tenn.; without amendment (Rept. No. 1678). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H.R. 9234. A bill to amend section 601(c)(2) of the Revenue Act of 1932; without amendment (Rept. No. 1679). Referred to the Committee of the Whole House on the state of the Union.

Mr. LOZIER: Committee on the Census. H.R. 9391. A bill to provide for a census of unemployment, employment, and occupations to be taken as of November 12, 1934, and for other purposes; without amendment (Rept. No. 1680). Referred to the Committee of the Whole House on the state of the Union.

Mr. KNUTE HILL: Committee on Indian Affairs. H.R. 8662. A bill to modify the operation of the Indian liquor laws on lands which were formerly Indian lands; without amendment (Rept. No. 1681). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. S. 236. An act to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash.; without amendment (Rept. No. 1682). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. S. 1826. An act for expenditure of funds for cooperation with the public school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; without amendment (Rept. No. 1683). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. S. 1977. An act to provide funds for cooperation with the school board at Brockton, Mont., in the extension of the public-school building at that place to be available to Indian children of the Fort Peck Indian Reservation; without amendment (Rept. No. 1684). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. S. 2769. An act to provide funds for cooperation with Marysville school district no. 325, Snohomish County, Wash., for extension of public-school buildings to be available for Indian children; without amendment (Rept. No. 1685). Referred to the Committee of the Whole House on the state of the Union.

Mr. STUBBS: Committee on Indian Affairs. S. 2874. An act authorizing the submission of an alternate budget for the Bureau of Indian Affairs; without amendment (Rept. No. 1686). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. S. 2940. An act to provide funds for cooperation with the school board of Shannon County, S.Dak., in the construction of a consolidated high-school building to be available to both white and Indian children; without amendment (Rept. No. 1687). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 1060. A bill for the relief of Charles Y. Wilson; without amendment (Rept. No. 1662). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 7612. A bill for the relief of James R. Davis, Jr.; without amendment (Rept. No. 1663). Referred to the Committee of the Whole House.

Mr. FITZPATRICK: Committee on Military Affairs. S. 1214. An act for the relief of Zinsser & Co.; without amendment (Rept. No. 1666). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. S. 1654. A bill for the relief of George Yusko; without amendment (Rept. No. 1667). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 4778. A bill for the relief of Capt. Walter S. Bramble; without amendment (Rept. No. 1674). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 7172. A bill for the relief of George R. Slate; without amendment (Rept. No. 1675). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 521. An act for the relief of Henry Poole; without amendment (Rept. No. 1676). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 8614. A bill for the relief of Alice F. Martin, widow, and two minor children; without amendment (Rept. No. 1677). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CARTER of California: A bill (H.R. 9663) amending sections 2 and 3 of the Intercoastal Shipping Act, 1933, for the purpose of further regulating common carriers by water in interstate commerce of the United States engaged in transportation by way of the Panama Canal; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, a bill (H.R. 9664) to amend the Shipping Act, 1916, as amended, for the purpose of further regulating common carriers by water; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. BACHARACH: A bill (H.R. 9665) to authorize production credit associations to make loans to oyster planters; to the Committee on Agriculture.

By Mr. ZIONCHECK: A bill (H.R. 9666) to extend sick leave to all Government employees; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H.R. 9667) to amend section 215 of the act of June 30, 1932 (Public Law No. 212, 72d Cong.), by restoring vacations to Government employees; to the Committee on Expenditures in the Executive Departments.

By Mr. CONNERY: A bill (H.R. 9668) to extend the operations of section 23 of Public Law No. 141, Seventy-third Congress, to all employees in any bureau or establishment of which employees are affected by such section, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. GREENWOOD: A bill (H.R. 9669) to provide for the control of the flood waters of the Wabash and White Rivers and their tributaries, the improvement of the navigability of such rivers, the storage and delivery of the

waters thereof for beneficial uses, the development of electrical power with such waters, the development of recreational and home-site areas, and for reforestation and conservation of natural resources, and for other purposes; to the Committee on Flood Control.

By Mr. MOTT: A bill (H.R. 9670) to provide a preliminary examination of the Willamette River and its tributaries in the State of Oregon with a view to the control of its floods; to the Committee on Flood Control.

By Mr. COLMER: A bill (H.R. 9671) providing for an examination and survey in Mississippi Sound in the vicinity of Pass Christian, Miss.; to the Committee on Rivers and Harbors.

By Mr. CELLER: A bill (H.R. 9672) to amend the Securities Act of 1933; to the Committee on Interstate and Foreign Commerce.

By Mr. PRALL: A bill (H.R. 9673) to amend legislation relating to the Reconstruction Finance Corporation; to provide for the introduction of its books and accounts in evidence; to broaden its powers to facilitate exports and imports; to lengthen the period for which it may make or extend loans; to empower it to adjust its claims against railroads under certain circumstances; to empower it to extend credit to maintain and increase employment, to assist in the refinancing and reduction of existing commercial and industrial debt burdens, and to facilitate the extension of credit to small concerns through existing channels; to permit it to advance further funds to protect loans already made to irrigation, drainage, and levee districts, and for self-liquidating projects; to authorize it to purchase evidences of indebtedness of mutual insurance companies, and to permit increases in the compensation of officers and employees of insurance companies in which the Corporation has subscribed preferred stock; to amend the Federal Reserve Act, as amended, relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. BOLTON: A bill (H.R. 9674) to authorize the Secretary of Commerce to dispose of the lighthouse reservation in the village of Fairport, Ohio; to the Committee on Interstate and Foreign Commerce.

By Mr. REECE: A bill (H.R. 9675) amending Public Law No. 2, Seventy-third Congress, as amended; to the Committee on World War Veterans' Legislation.

By Mr. DISNEY: A bill (H.R. 9676) to regulate commerce in petroleum, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SABATH: Resolution (H.Res. 387) for the consideration of H.R. 9623, a bill to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges, by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes; to the Committee on Rules.

By Mr. COFFIN: Joint resolution (H.J.Res. 346) directing the American Battle Monuments Commission, or its successor, to restore the inscriptions obliterated from the Three Hundred and Sixteenth Infantry Memorial erected by a French organization on property of that organization at Sillon-Fontaine (Cote 378), Territoire de Sivry-sur-Meuse; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of Puerto Rico, that the final status of Puerto Rico should be statehood, and that the people of Puerto Rico desire that Puerto Rico become a state, forming a part of and associated with the federation of the United States of America, and for other purposes; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOLTON: A bill (H.R. 9677) to authorize the presentation of the Distinguished Service Medal to Karl F. Snearer; to the Committee on Military Affairs.

By Mr. BRUNNER (by request): A bill (H.R. 9678) for the relief of Julius J. Zimmern; to the Committee on War Claims.

Also (by request), a bill (H.R. 9679) for the relief of Ralph J. Lackner; to the Committee on Naval Affairs.

By Mr. CLAIBORNE: A bill (H.R. 9680) for the relief of the Rothschild Bros. Hat Co., of St. Louis; to the Committee on Claims.

By Mr. FULMER: A bill (H.R. 9681) granting a pension to J. M. Fogle; to the Committee on Pensions.

Also, a bill (H.R. 9682) granting a pension to Hugo W. Weathers; to the Committee on Pensions.

By Mr. GASQUE: A bill (H.R. 9683) granting a pension to William H. Worrell; to the Committee on Pensions.

Also, a bill (H.R. 9684) granting a pension to Joseph B. Player; to the Committee on Pensions.

By Mr. LEWIS of Colorado: A bill (H.R. 9685) for the relief of William J. Hart; to the Committee on Military Affairs.

Also, a bill (H.R. 9686) for the relief of Ben Durham; to the Committee on Military Affairs.

By Mr. LUDLOW: A bill (H.R. 9687) for the relief of the Nacional Destilerias Corporation; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 9688) granting a pension to James N. Dugger; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4661. By Mr. BOYLAN: Petition of the Booker T. Washington Society of the Brooklyn Evening High School, Brooklyn, N.Y., favoring the enactment of the Wagner-Costigan anti-lynching bill; to the Committee on the Judiciary.

4662. By Mr. BUCKBEE: Petition of the Young Men's Democratic Club of Peru, Ill., calling upon Congress to enact legislation for the inauguration of a program of Federal aid for home building; to the Committee on Appropriations.

4663. By Mr. BRUNNER: Petition of the Associated Office and Professional Emergency Employees, 232 Seventh Avenue, New York City, urging Congress to pass the workers' unemployment and social insurance bill (H.R. 7598) and demanding that their respective Congressmen sign the round-robin petition to bring it out of committee and publicly work for its passage; to the Committee on Labor.

4664. By Mr. FULMER: Petiton of the State Council of South Carolina, Junior Order United American Mechanics, endorsing the petition of Congressman BLANTON in regard to measure introduced to prohibit all immigration into the United States for a period of 10 years, and supporting him in his efforts to secure this much-needed patriotic legislation; to the Committee on Immigration and Naturalization.

4665. Also, petition of the South Carolina State Council of the Knights of Columbus, in convention assembled, condemning discrimination against radio Station WLWL as unfair and unjust, and that said State council urges the immediate restoration of Station WLWL to its former schedule of broadcasting hours; to the Committee on Merchant Marine, Radio, and Fisheries.

4666. Also, petition of the State session of the Junior Order United American Mechanics of the State of South Carolina, unanimously endorsing the bill introduced by Congressman J. WILL TAYLOR which provides that any alien who has been a resident of the United States for a period of 5 years must make application for citizenship through legal channels or be deported, and hopes that same may be enacted into law; to the Committee on Immigration and Naturalization.

4667. By Mr. LAMBERTSON: Petition of 91 citizens of Topeka, Kans., urging the passage of legislation for the benefit of old-age pensioners, signed by W. E. Stewart, president, 329 Liberty Street, Topeka, Kans., and the secretary, Ida Brown, 227 Jefferson Street, Topeka, Kans.; to the Committee on Labor.

4668. By Mr. LINDSAY: Petition of the Iron Molders Union, No. 96, Brooklyn, N.Y., favoring the enactment of the Wagner-Lewis bill; to the Committee on Labor.

4669. Also, petition of the American Federation of Labor, Washington, D.C., favoring the enactment of the Connery 30-hour week bill; to the Committee on Labor.

4670. Also, petition of the Order of Railway Conductors of America, S. N. Berry, president, favoring the Hatfield-Wagner pension bill (S. 3231) and House bills 9596 and 9597; to the Committee on Interstate and Foreign Commerce.

4671. Also, petition of the New Jersey Broadcasting Corporation, radio Station WAOM, favoring all restictions relating to separation of families be removed from the present immigration laws; to the Committee on Immigration and Naturalization.

4672. By Mr. RUDD: Petition of De Soto Council, No. 327, Knights of Columbus, New York City, favoring the proposed amendment to section 301, of Senate bill 2910, and the proposed amendment to House bill 8301, page 67, between lines 7 and 8, new section 507; to the Committee on Interstate and Foreign Commerce.

4673. Also, petition of the New Jersey Broadcasting Corporation, Station WHOM, favoring all restrictions relating to separation of families be removed from our present immigration law; to the Committee on Immigration and Naturalization.

4674. Also, petition of the Order of Railway Conductors of America, favoring the Hatfield-Wagner pension bill (S. 3231) and House bills 9596 and 9597; to the Committee on Interstate and Foreign Commerce.

4675. Also, petition of Commercial Credit Union, Brooklyn, N.Y., favoring the passage of Senate bill 1639; to the Committee on Banking and Currency.

4676. Also, petition of the Iron Moulders Union, No. 96, Brooklyn, N.Y., favoring the passage of the Wagner-Lewis bill; to the Committee on Labor.

4677. By Mr. SMITH of Washington: Petition containing approximately 400 names of residents in southwest Washington, in behalf of the Townsend old-age revolving pension plan; to the Committee on Labor.

4678. By Mr. TERRELL of Texas (by request): Petition memorializing Congress to enact an old-age pension law; to the Committee on Labor.

4679. By the SPEAKER: Petition of the provincial government of Abra, Bangued, P.I., bespeaking its gratitude for the enactment of the Philippine independence bill; to the Committee on Insular Affairs.

4680. Also, petition of the municipal government of Abulug, Province of Cagayan, P.I., bespeaking its gratitude for the enactment of the Philippine independence bill; to the Committee on Insular Affairs.

4681. Also, petition of the Parent Teachers' Association of Assumption Congregation, West Allis, Wis., supporting the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4682. Also, petition of the Central Illinois S.N.P.J. Federation, Virden, Ill., supporting House bill 7598; to the Committee on Labor.

4683. Also, petition of the Burroughs Citizens Association, Washington, D.C., with respect to the budget of the District of Columbia; to the Committee on Appropriations.

SENATE

FRIDAY, MAY 18, 1934

(Legislative day of Thursday, May 10, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Thursday, May 17, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Austin	Davis	King	Robinson, Ind.
Bachman	Dickinson	Logan	Russell
Bailey	Dieterich	Lonergan	Schall
Bankhead	Dill	Long	Shipstead
Barkley	Duffy	McCarran	Smith
Black	Erickson	McGill	Steiwer
Bone	Fess	McKellar	Stephens
Borah	Fletcher	McNary	Thomas, Okla.
Brown	Frazier	Metcalf	Thomas, Utah
Bulkley	George	Murphy	Thompson
Bulow	Gibson	Neely	Townsend
Byrd	Glass	Norbeck	Tydings
Byrnes	Goldsborough	Norris	Vandenberg
Carey	Hale	Nye	Van Nuys
Clark	Harrison	O'Mahoney	Wagner
Connally	Hastings	Overton	Walcott
Coolidge	Hatch	Patterson	Walsh
Copeland	Hayden	Pittman	Wheeler
Costigan	Johnson	Pope	White

Mr. ROBINSON of Arkansas. I announce that the Senator from California [Mr. McADOO] is absent because of illness; and that the junior Senator from Arkansas [Mrs. CARAWAY], the Senator from Oklahoma [Mr. GORE], the Senator from Texas [Mr. SHEPPARD], the Senator from Florida [Mr. TRAMMELL], and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate.

Mr. FESS. I desire to announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from West Virginia [Mr. HATFIELD], the Senator from Wisconsin [Mr. LA FOLLETTE], the Senator from Pennsylvania [Mr. REED], and the Senator from Rhode Island [Mr. HEBERT] are necessarily absent.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

NOMINATION OF CADETS TO BE ENSIGNS IN THE COAST GUARD

As in executive session,

Mr. STEPHENS. Mr. President, the graduating exercises of the Coast Guard Academy will be held within a few days. Five young men will be graduated from the academy, and their nominations to be ensigns in the Coast Guard have been sent to the Senate and referred to the Committee on Commerce. From that committee I report favorably the nominations, and ask unanimous consent that, as in executive session, the nominations of these five young men be confirmed.

Mr. HARRISON. Mr. President, may I ask the Senator if there will be any discussion about the confirmation of the nominations?

Mr. STEPHENS. I think not. I have conferred with the two leaders with regard to this matter. As I have said, the exercises will be held in a very few days, and it is desired that commissions may be presented to the young men on their graduation.

Mr. McNARY. Mr. President, is this the matter about which the Senator spoke to me yesterday?

Mr. STEPHENS. It is.

Mr. McNARY. For the RECORD, I suggest that the Senator make a statement touching the reasons why immediate action is desired.

Mr. STEPHENS. Mr. President, as I have said, the graduating exercises of the Coast Guard Academy will be held within a few days. There will be five graduates, and the nominations of those five young men to be ensigns in the Coast Guard have been sent to the Senate. The nominations promoting them from cadets to ensigns were referred to the Committee on Commerce, from which I have reported

them favorably. I ask unanimous consent for the confirmation of the nominations.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi? The Chair hears none, and the nominations will be read.

The Chief Clerk read as follows:

The following-named cadets to be ensigns in the Coast Guard of the United States, to rank as such from May 28, 1934:
Walter Stephen Bakutis.
Edgar Vigo Carlson.
Thomas James Eugene Crotty.
Evor Samuel Kerr, Jr.
Clarence Milton Speight.

The VICE PRESIDENT. Without objection, the nominations are confirmed.

Mr. STEPHENS. Mr. President, in view of the circumstances, I ask that the President be notified of the confirmation of the nominations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MONTHLY REPORT OF FEDERAL EMERGENCY RELIEF ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the secretary of the Federal Emergency Relief Administration, transmitting, pursuant to law, the report of the Federal Emergency Relief Administrator covering the period from February 1 to February 28, 1934, inclusive, which, with the accompanying report, was ordered to lie on the table.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram from Mrs. Ernest R. Grant, executive secretary, District Tuberculosis Association, dated Cincinnati, Ohio, May 17, 1934, embodying a resolution adopted by the National Tuberculosis Association favoring the making of appropriations for tuberculosis control and prevention, and the immediate erection of a new and adequate adult tuberculosis sanitarium in and for the city of Washington, D.C., staffed with the best available experts and provided with modern equipment, which was referred to the Committee on Appropriations.

He also laid before the Senate a telegram in the nature of a petition from a committee of the Railroad Employees' National Pension Association, Fayette Chapter, No. 506, Lexington, Ky., praying for the passage of the bill (S. 3231) to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes, which was ordered to lie on the table.

Mr. COPELAND presented a petition of sundry citizens, being members of David J. O'Connell Auxiliary, No. 2264, Veterans of Foreign Wars of the United States, of Ozone Park, N.Y., praying for the enactment of legislation to pay the adjusted-compensation certificates (bonus) of ex-service men, which was referred to the Committee on Finance.

He also presented a resolution adopted at a meeting of the New York League of Women Voters, Second Assembly District, Nassau County, N.Y., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of New York City and Brooklyn, N.Y., praying for the enactment of legislation authorizing the reunion of families separated from their near and dependent relatives abroad, which were referred to the Committee on Immigration.

He also presented a resolution adopted by the Woman's Missionary Society of Medina, N.Y., favoring the passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

He also presented a petition of sundry citizens, being members of Albany Lodge, No. 861, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, Albany, N.Y., praying for the enactment of pending amendments to the Railway Labor Act, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Men's Club of Arcade, N.Y., favoring the passage of the bill (S. 3171) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes, which was referred to the Committee on Interstate Commerce.

He also presented a petition of several citizens of New York City, N.Y., praying for the passage of the so-called "Dunn bill", being the bill (H.R. 8520) to authorize the operation of stands in Federal buildings by blind persons, to create a bureau for the blind in the Post Office Department, to issue licenses to blind persons for the operation of such stands, and to supervise the same, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of sundry citizens of Mechanicville and vicinity, in the State of New York, praying for the passage of the bill (S. 3231) to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes, which was ordered to lie on the table.

COMPANY UNIONS—WORKING CONDITIONS OF EMPLOYEES

Mr. WAGNER presented a resolution in the nature of a petition adopted at the annual session of the New York East Conference of the Methodist Episcopal Church, held in the Central Methodist Episcopal Church, Brooklyn, N.Y., composed of approximately 300 ministers, which was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

Whereas in recent months there has been a rapid growth in employer-dominated company unions and these unions have become a serious menace to the rights of the workers to organize into independent unions and bargain collectively through representatives of their own choosing, rights which the social creed of the Methodist Episcopal Church declares employees should have, we petition our representatives in the Congress of the United States to enact legislation which will make it illegal for a corporation or company to intimidate, coerce, or unfairly influence their employees in any way to join an employer initiated, financed, or controlled organization dealing with wages, hours, and grievances relating to conditions of work.

HOME MODERNIZATION PROGRAM

Mr. WAGNER also presented a resolution adopted by the New York State League of Savings and Loan Associations at Buffalo, N.Y., which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Whereas a comprehensive program to modernize, rehabilitate, and repair American homes at this time would greatly contribute to the restoration of the building industry, would put hundreds of thousands of American workmen back to work, would put millions of idle dollars into circulation, and would restore depreciated values in the home real-estate market; and

Whereas the Federal administration is planning to promote such a campaign on an unprecedently large scale; and

Whereas the savings and loan associations of New York State are admirably equipped by experience and close contact with their 500,000 members, some 300,000 of whom own their own homes, to assume an important role in the successful promotion of such a modernization program: Therefore be it

Resolved, That the executive committee of the New York State League of Savings and Loan Associations inaugurate a campaign among its 240 member associations in every section of this State to set in motion at once a home-modernization program; that this campaign be carried on through these member associations to their 300,000 home-owning members; that every cooperation be extended between these member associations and their central banking institutions to make available sufficient capital to supply every need of the modernizing home owner; and be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, to the New York State Members of Congress, and to the Governor of New York State.

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 3040) to give the Supreme Court of the United States authority to make and publish rules in actions at law, reported it without amendment and submitted a report (No. 1049) thereon.

Mr. STEIWER, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 5597. An act to afford permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg. (Rept. No. 1050);

H.R. 5823. An act to authorize the purchase by the city of McMinnville, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218) (Rept. No. 1051); and

H.R. 7185. An act to authorize the purchase by the city of Forest Grove, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218) (Rept. No. 1052).

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 3568) to amend section 824 of the Code of Laws for the District of Columbia, reported it without amendment and submitted a report (No. 1053) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 854) for the relief of the Ingram-Day Lumber Co., reported it with amendments and submitted a report (No. 1054) thereon.

He also, from the same committee, to which was referred the bill (S. 3151) to cancel certain Government liens on lands within the King Hill Irrigation District, State of Idaho, reported it with amendments and submitted a report (No. 1055) thereon.

Mr. ADAMS, from the Committee on Irrigation and Reclamation, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1510. An act to amend the act entitled "An act to adjust water-right charges, to grant other relief on the Federal irrigation projects, and for other purposes", approved May 25, 1926, with respect to certain lands in the Langell Valley Irrigation District (Rept. No. 1060); and

S. 3375. An act to provide for the distribution of power revenues on Federal reclamation projects, and for other purposes (Rept. No. 1057).

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (S. 3499) for the relief of Michael Ilitz, reported it without amendment and submitted a report (No. 1056) thereon.

Mr. WALSH, from the Committee on Naval Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 2287. An act for the relief of Warren Burke (Rept. No. 1061);

H.R. 3167. An act for the relief of Sue Hall Erwin (Rept. No. 1062);

H.R. 3423. An act for the relief of Benjamin Wright, deceased (Rept. No. 1063); and

H.R. 4962. An act for the relief of Joseph B. Lynch (Rept. No. 1064).

ENROLLED BILLS PRESENTED

Mr. LONERGAN, from the Committee on Enrolled Bills, reported that on the 17th instant that committee presented to the President of the United States the following enrolled bills:

S. 258. An act for the relief of Wallace E. Ordway;

S. 1982. An act to add certain lands to the Mount Hood National Forest in the State of Oregon;

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; and

S. 3364. An act for the relief of G. T. Fleming.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. STEPHENS, from the Committee on Commerce, reported favorably the nominations of several officers in the Coast Guard to be lieutenants (junior grade), to rank as such from the dates set opposite their names, as follows:

Ensign Harold A. T. Bernson, May 15, 1933;

Ensign George W. Dick, May 15, 1933; and

Ensign Russell J. Roberts, June 7, 1933.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. OVERTON:

A bill (S. 3639) for the relief of Joseph W. Ludlum and the estate of Oliver Keith Ludlum; to the Committee on Claims.

A bill (S. 3640) granting the consent of Congress to the Tensas Basin Levee Board of the State of Louisiana to construct, maintain, and operate a free highway bridge across Bayou Bartholomew at or near its mouth in Morehouse Parish, La.; to the Committee on Commerce.

By Mr. COPELAND:

A bill (S. 3641) to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; to the Committee on Commerce.

By Mr. McNARY:

A bill (S. 3642) authorizing the survey, location, and construction of a highway to connect the northwestern part of continental United States with British Columbia, Yukon Territory, and the Territory of Alaska; to the Committee on Agriculture and Forestry.

By Mr. WHEELER (by request):

A bill (S. 3643) authorizing certain employees in the Indian Service to administer oaths; to the Committee on Indian Affairs.

By Mr. PITTMAN:

A bill (S. 3644) to provide for the assignment of a military instructor for the high-school cadets of Washington, D.C.; to the Committee on Military Affairs.

By Mr. WHEELER (by request):

A bill (S. 3645) to conserve and develop Indian lands and resources; to establish a credit system for Indians; to provide for higher education for Indians; to extend toward Indians the right to form business and other organizations; and for other purposes; to the Committee on Indian Affairs.

ECONOMIC CONDITION OF AGRICULTURAL PRODUCERS

Mr. WHEELER. Mr. President, I ask unanimous consent to introduce a joint resolution, and request that it be printed in the RECORD and referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Without objection, the resolution will be received, referred as requested, and printed in the RECORD.

The joint resolution (S.J.Res. 124) authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic condition of agricultural producers generally was read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Joint resolution authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic condition of agricultural producers generally

Whereas the decline in agricultural income and the unsatisfactory condition of agriculture and of those engaged therein is

a matter of increasing concern to the Congress, and affects the general welfare of the Nation and its citizens; and

Whereas in recent years the agricultural income has decreased while the earnings and profits of concerns processing or dealing in certain lines of farm products have increased or declined only moderately; and

Whereas there has developed an increasingly large proportionate spread between the prices received by the farmer for his products and the prices paid therefor by the consumer; and

Whereas, according to the latest statistics of income published by the Bureau of Internal Revenue, 22 large corporations reported making over 45 percent of the gross sales of all corporations engaged in the processing and manufacture of food products in 1931, and 102 large corporations reported making 60 percent of the gross sales of such corporations; and

Whereas it is charged that monopolistic, oppressive, and unfair methods and practices of various middlemen, processors, manufacturers, packers, and handlers are in whole or in part responsible for the conditions above described, and that wasteful and uneconomic methods have contributed toward bringing about these conditions; and

Whereas it is charged that said various middlemen, processors, manufacturers, packers, handlers, and others have violated the various antitrust laws of the United States, that they have burdened, restricted, and restrained interstate and foreign commerce and adversely affected the volume and price of farm products moving in intrastate and foreign commerce; and

Whereas it is charged that many lines of processing or dealing in farm products are so dominated by a handful of large concerns as to impede the free flow of interstate and foreign commerce to the detriment of both the farmer and the consumer; and

Whereas it is charged that through the payment of high and excessive salaries and other devices said middlemen, processors, manufacturers, packers, and others escape just taxation by the United States, that said salaries tend unduly to diminish the tax revenues of the United States and tend to burden and restrain interstate and foreign commerce in farm products, and to divert and conceal the earnings and profits of the concerns paying said salaries, and that by various devices those receiving said salaries escape their just share of Federal taxation; and

Whereas it is believed that the Congress should consider whether new legislation should be enacted or existing legislation amended on any of the subjects hereinbefore described and in aid thereof should be informed on all of said subjects: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Trade Commission is hereby authorized and directed to investigate and report at the next session of Congress:

First. (1) The extent of the decline in agricultural income in recent years, including the amount and percentage of such decline;

(2) The extent of the increases or decreases in recent years in the income of the principal corporations and other manufacturers and/or processors of the principal farm products, as compared with the decline in agricultural income, including the amount and percentage of such changes;

(3) The proportion of total consumer cost of representative products manufactured or processed from the principal farm products which is represented by the proceeds received by (a) the farmer, (b) the manufacturers and processors, and (c) the distributors of such principal farm products and such representative products manufactured therefrom.

Second. The financial position of the principal corporations engaged in the manufacturing, processing, distribution, and marketing of the representative major products manufactured from such principal farm products, including—

(1) The capitalization and assets of such corporations and the means and sources of the growth of such capitalization and assets.

(2) The investment, costs, profits, and rates of return of such corporations.

(3) The salaries of the officers of such companies.

(4) The extent to which said corporations avoid income taxes, if at all, and the extent to which officers receiving such salaries paid income taxes thereon.

Third. The extent of concentration of control and of monopoly in the manufacturing, processing, distribution, and marketing of representative major farm products which is maintained or has been obtained by any corporation or other organization, including—

(1) Methods and devices used by such corporations for obtaining and maintaining their control or monopoly of the manufacturing, marketing, processing, and distribution of such commodities, and the proportion of any such major farm commodity handled by each of the large units involved.

(2) The extent to which fraudulent, dishonest, unfair, and injurious methods are employed in the grading, warehousing, and transportation of such farm products, including combinations, monopolies, price fixing, and manipulation of prices on the commodity exchanges.

Fourth. The extent to which the cooperative agencies have entered into the processing and marketing of representative major farm products and the general effects of such cooperative agencies upon the producer and consumer.

5. The extent to which other countries have adopted or promoted processing and marketing agencies of a public, quasi-public or cooperative sort for the simplification and cheapening of the processing and marketing of agricultural products, and other administrative agencies which may have been set up for the protection of the farmer-producer and the consumer.

6. Any conclusions and/or recommendations with regard to increasing the income of farm producers or other recommendations with regard to the improvement of the economic position of farmers or consumers growing out of the inquiry.

SEC. 2. The Department of Agriculture, the National Recovery Administration, the Department of Justice, and other agencies of the Government are directed to cooperate with the Commission in such inquiry to the fullest extent possible.

SEC. 3. For the purposes of this resolution the Federal Trade Commission shall have the same right to obtain data and to inspect income-tax returns as the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate, and to submit any relevant or useful information thus obtained to the Congress or to either House thereof.

SEC. 4. For the purpose of carrying out this resolution the Federal Trade Commission, the Attorney General, and the courts of the United States shall have and may exercise all of the powers and jurisdiction severally conferred upon them by the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes", approved September 26, 1914.

SEC. 5. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $50,000, which shall be available for expenditure as the Federal Trade Commission may direct, for expenses and all necessary disbursements, including salaries, in carrying out this resolution and prosecuting litigation necessary in aid of the powers conferred hereunder.

SEC. 6. The Federal Trade Commission is directed to present an interim report to the Congress on January 1, 1935, describing the progress made and the status of its work hereunder, and a final report with recommendations for legislation not later than July 1, 1935.

SALE OF ARMS AND MUNITIONS

Mr. PITTMAN. Mr. President, I ask unanimous consent to introduce a joint resolution and ask its reference to the Committee on Foreign Relations. It is an administration resolution. A similar joint resolution will be introduced in the House on Monday by Mr. MCREYNOLDS, Chairman of the Foreign Affairs Committee. I should like to have the joint resolution read.

The VICE PRESIDENT. Without objection, the joint resolution will be read.

The joint resolution (S.J.Res. 125) to prohibit the sale of arms or munitions of war in the United States under certain conditions was read the first time by its title and the second time at length, as follows:

Joint resolution to prohibit the sale of arms or munitions of war in the United States under certain conditions

Resolved, etc., That if the President finds that the prohibition of the sale of arms and munitions of war in the United States to those countries now engaged in armed conflict in the Chaco may contribute to the reestablishment of peace between those countries, and if after consultation with the governments of other American republics and with their cooperation, as well as that of such other governments as he may deem necessary, he makes proclamation to that effect, it shall be unlawful to sell, except under such limitations and exceptions as the President prescribes, any arms or munitions of war in any place in the United States to the countries now engaged in that armed conflict, or to any person, company, or association acting in the interest of either country, until otherwise ordered by the President or by Congress.

SEC. 2. Whoever sells any arms or munitions of war in violation of section 1 shall, on conviction, be punished by a fine not exceeding $10,000 or by imprisonment not exceeding 2 years, or both.

The VICE PRESIDENT. The joint resolution will be referred to the Committee on Foreign Relations.

RECIPROCAL TARIFF AGREEMENTS—AMENDMENTS

Mr. WALSH. Mr. President, I submit an amendment to the pending measure. It is very brief and I ask that it may be printed, printed in the RECORD, and lie on the table.

There being no objection, the amendment was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. WALSH to the bill (H.R. 8687) to amend the Tariff Act of 1930, viz:

On Page 6, line 6, after the words "public notice", to insert "of at least 10 days", so as to read:

SEC. 4. Before any foreign-trade agreement is concluded with any foreign government or instrumentality thereof under the provisions of this act, public notice of at least 10 days of the intention to negotiate an agreement with such government or instrumentality shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, etc.

Mr. JOHNSON submitted two amendments intended to be proposed by him to the bill (H.R. 8687) to amend the Tariff Act of 1930, which were ordered to lie on the table and to be printed.

ELECTION OF PRESIDENT AND VICE PRESIDENT—AMENDMENT TO CONSTITUTION

Mr. NORRIS submitted two amendments intended to be proposed by him to the joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and Vice President of the United States, which were ordered to lie on the table and to be printed.

EXPENSES OF SPECIAL COMMITTEE ON INVESTIGATION OF MUNITIONS INDUSTRY

Mr. NYE. Mr. President, since the formation of the committee to investigate the munitions industry, there has been a very general and decided opinion by the committee members that not a sufficient amount of money has been provided to carry on the investigation. Originally $50,000 was requested. At the time of the adoption of the resolution the Committee to Audit and Control the Contingent Expenses of the Senate granted $15,000. As a result of a meeting of the special committee this afternoon, we were unanimous in authorizing the introduction of the resolution which I send to the desk at this time. I ask that it may be read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read the resolution (S.Res. 244), as follows:

Resolved, That the special committee appointed by the Vice President, under authority of Senate Resolution 206, agreed to April 12, 1934, to investigate the munitions industry, hereby is authorized to expend from the contingent fund of the Senate $35,000 in addition to the amount heretofore authorized to be expended for the purposes set forth in said resolution.

The VICE PRESIDENT. The resolution will be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

SILVER IN OUR MONETARY SYSTEM—ADDRESS BY SENATOR PITTMAN

Mr. ADAMS. Mr. President, I ask unanimous consent to have published in the RECORD a most instructive and interesting address delivered before the Academy of Political Science on March 21, 1934, on the subject of Silver in Our Monetary System, by Hon. KEY PITTMAN, senior Senator from Nevada, who is recognized not only by his fellow Senators but by all students of monetary questions as an authority on monetary problems.

Senator PITTMAN's study of these problems has extended through a long and notable career in the United States Senate and has taken him to all the important countries of both Europe and Asia.

Senator PITTMAN is recognized as one of the ablest, most energetic, and influential of the advocates of the restoration of silver to its historic place in world finance. His efforts in behalf of this cause have been continuous and consistent. He has never hesitated or faltered in his devoted efforts and has always held the admiration and respect of all those who have disagreed with or opposed him.

The country now seems almost assured at the present session of Congress of silver legislation of greater importance and value than has been enacted for over 50 years. Much of the credit for this accomplishment will be due to the adroit, able, and scholarly leadership of Senator PITTMAN.

This address by this international monetary authority, and the leader to whom we are indebted for the international silver agreement resulting from the recent world conference at London, will be found of great interest and value to all who are interested in monetary problems.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SILVER IN OUR MONETARY SYSTEM

By Hon. KEY PITTMAN, United States Senator from Nevada

Permit me to express my pleasure in the honor you have conferred upon me by giving me this opportunity to express very briefly my opinion on the subject of silver in our monetary system. I say "express my opinion", because in 20 minutes it is impossible to make a complete argument.

The question is not whether we shall establish silver as a part of our monetary system, but whether we shall remove the restrictions that now exist as to the use of silver and permit its operation as currency and metallic base to the fullest extent.

At the present time, in approximate figures, our total currency is around $9,000,000,000. Of this amount a little over $800,000,000 is silver currency. I am attempting in this brief statement to avoid dealing in exact statistics. I hope, rather, to express the principle underlying my opinion.

I am quite conscious of the general belief in high economic circles, and among many of the peoples of the world, that silver is in the nature of a fiat currency, and, to say the least, but a monetary token.

For over 50 years in nearly all the great nations of the world gold has been maintained as the sole money and monetary base. It has therefore come to be considered as the only sound and safe money. I have no desire that this base shall be disturbed. It has proved to be an accurate measure of national and international values. It has served as a national measure of values and a restriction upon the unlimited issue of currency and credit. It is, of course, entirely unnecessary here to discuss the definitions of money and its functions.

In brief, however, money has been invented to serve two great purposes, namely, to provide a reservoir of surplus earnings and to function as a medium of exchange. The stability of money is most important with respect to its function as a reservoir of surplus earnings. A change in the value of money as an exchange medium is subject to compensation and is, therefore, of less importance.

A man dies and leaves to his heirs in the form of money a part of the savings of his lifetime. He hoped these savings would forever have the same exchange value as those things which he had denied himself. He believed, and had a right to believe, that the value of his money was natural and was not subject, therefore, to destruction through the vagaries or vicissitudes of governments. This belief was not blind faith. It was based upon and supported by the immutable laws of nature.

Metallic money was not the invention of any monetary financial or governmental genius. It was simply an evolution of nature. At the dawn of civilization men traded those things that they did have for those things which they did not have. This form of barter and trade was the first step in the evolution of commerce and an advancement in the standard of living. The exchange was limited by production, distances, and facilities for transportation. Neighbors found no difficulty in trading that which they produced, but the necessity for long transportation made it impossible to acquire many varied products. A measure of value of products became essential to overcome these limitations.

Producers discovered that a chunk of metal called "gold" was very rare and, by reason of this quality, was desirable. They termed it a "precious metal." One man would trade a sheep for this chunk of metal and another man would trade a cow, which contained 10 times as much food product, for 10 of these chunks of metal. And so gold became a medium for the measure of values and the exchange of products.

No government then declared that it was legal tender that could be tendered and must be accepted in payment for debts or in settlement of contracts of sale. The function of gold as money was based upon the confidence of those who used it, that it was a rare and precious metal, and so it was and is, a rare and, therefore, precious metal. It may seem a strange thing that it is rare. There is no human reason why there is not as much gold in existence as there is iron, but the history of the ages has proven that there is not.

Since the dawn of civilization it has been sought by all peoples. They have risked their lives in hard and dangerous countries; they have fought for it. Yet its production has been limited by nature, as has been the production of human beings and commerce. Both have increased, and yet both have been limited by nature. Such is the history of the origin, production, and use of gold as money. These facts are known either consciously or subconsciously by all peoples, even including our professors. Living professors, unfortunately, were born, were educated, have studied, and have existed in the modern gold-standard era. Most of them will trust nothing but nature, realizing the fallibility of the human intellect and human character. Strange to say, the same reasons that actuate them with regard to gold do not impress them with regard to silver, and yet the occurrence, production, and use of silver have been just as natural and just as limited by ratio as gold. Every argument that may be used in support of the gold standard extends to and applies with equal force to silver as a basic money.

Silver has always been recognized as a precious metal, not so rare as gold, not so precious, and, therefore, the money of the masses of the peoples of the world. Gold was the money of the monarch, the nobleman and the government; silver was the money of the peasant, the laborer, and the smaller trader. And, so, down through the ages the relative occurrence, production, and use of these two precious metals move. The history of the occurrence, production, and uses of these precious metals is clear. For over 400 years the statistics with regard to the facts attending such occurrence, production, and use are quite accurate.

It may seem strange, almost miraculous, that during all this period there has only been a small quantity of gold produced and a small quantity of silver, and that the relative production during

all that period was approximately 15 ounces of silver to 1 ounce of gold.

Not more than 1,000,000,000 ounces of gold have been produced in the world since the beginning of history. Few know how small a quantity of gold there is in existence, and no one seems to realize it. Everybody, however, knows there is not enough to go around. How about silver? All monometallists who have spoken or written seem to think that the law of preciousness which applies to gold does not apply to silver. They constantly intimate that there is some great supply of silver somewhere which some day will flood the world if silver is restored to its monetary uses. As a matter of fact, the production of silver has not exceeded 15,000,000,000 ounces. There has been, of course, a tremendous depletion through abrasion, loss, and destruction of both of these metals; and today, allowing for these factors, we may only estimate the amount of gold and silver in existence. No matter what factors may be used or what estimates may be made, both metals are extremely scarce and both are entitled to the definition of precious metals.

There are other reasons besides their preciousness that gave these metals their function as money. They are practically indestructible. They always have been and are now found everywhere throughout the world in the same limited quantities and natural ratios. They were acceptable, therefore, everywhere as money.

About 400 years ago banks were originated to facilitate the transfer of money. These institutions added greatly to the safety, convenience, transfer, and velocity of money.

These banks did not defile, injure, and depreciate the value of gold and silver money, but greatly added to their functions as media of exchange. It was not until governments attempted artificially to affect the functions of gold and silver as money that the natural conditions became disturbed.

Napoleon attempted to determine and fix the ratio of value between gold and silver. The result of his studies and his acts was to fix the ratio at approximately 15½ to 1. Subsequently Great Britain arbitrarily fixed the ratio of value at approximately 16 to 1. Silver, therefore, had a greater value relative to gold in France than in England. So the final result was that gold moved to England and silver moved to France and to other countries that followed France's example. The selfish element then interposed, and England, having quantities of gold, simply said, "From now on gold and gold alone shall be the full legal tender money of England and its measure of value." Such action, of course, diminished the demand for silver but not sufficiently to affect it materially, as the rest of Europe refused to follow the action of Great Britain. And we find still that the new relativity of value of gold and silver moves on until after the Franco-Prussian War, and then large quantities of gold moved into Germany from France as war indemnities.

Governmental cupidity moved Germany to establish the gold standard. This action was followed by other countries, including the United States in 1873. These acts again reduced the demand for and depreciated the value of silver. Those governments that had large reserves of gold were benefited, while those governments that had large reserves of silver were injured. These acts, however, were not sufficient to be destructive of monetary standards because all governments, by parity acts, maintained to a limited extent the monetary qualities of silver and its legal-tender functions.

Then came the post-war management of money. Germany, burdened with an artificial debt, abandoned all hope of anchoring its currency and credit system to either gold or silver and proceeded with an unmanageable currency which proved the absurdity to which managed currency might go. Conservative France, now a protector of gold and the gold standard, depreciated its own gold-standard currency 80 percent. But why go further? This history is common knowledge. Great Britain abandoned the gold standard. We abandoned the gold standard. The result was inevitable. The exchange value of currencies depreciated, and then various countries abandoned the gold standard and threw off all restraint in currency issues.

This depreciation of the exchange value of currencies invited purchases in countries having depressed currencies, and so money became a weapon of commercial exploitation instead of a measure of values.

The great lesson learned from this experience is that nature is sounder than the human intellect and that the immutable laws of nature alone may be trusted. It has dealt a death blow, in my opinion, to the theory of a managed currency not based on gold or silver. It has demonstrated the impossibility of any stability in international exchange where currencies are based on artificial rather than natural foundations. We have got to get back to the natural, age-long, accepted metallic base for money. The desired result can never be accomplished through an international conference until the most powerful governments in the world agree on the base. Such an agreement will be reached through necessity, and then money will cease to be used as a commercial weapon and will be restored to its function as a measure of values in domestic and international commerce.

But I have drifted away from the subject assigned to me—silver in our monetary system. Silver is now and always has been a part of our monetary system. Our monetary system was established on bimetallism. This system was not changed until 1873, when we adopted monometallism. The act in itself, as far as the establishment of a single standard of measure is concerned, had little disturbing effect. A provision of the act, however, which discontinued the coinage of standard silver dollars, was a violent attack upon the natural demand for silver. Its free and full functions as money were destroyed, and, of course, there naturally followed a depression in its demand and, therefore, its value.

Learned economists state that silver is only a commodity. Of course, that is true; but it is equally true that gold is only a commodity. Neither one of them, as commodities, if their use for monetary purposes were destroyed, would be as valuable, in my opinion, as iron. These same learned scholars would say, that the value of gold is stable, while the value of silver is unstable. When the chief value of anything is destroyed by governmental action it becomes unstable. Recent events have caused us to wonder whether or not even the commodity value of gold is stable.

I am not at liberty to argue further the question of the respective merits of the gold standard, bimetallism, the silver standard, or managed currencies. I am assuming for the purpose of this argument that at the present time—and possibly for ages—the fallibility of the human mind requires a natural check such as a metallic base for currency issues. Then the question arises whether we shall need both metals in the future as we have in the past with the exception of sporadic periods of governmental interference.

I hold to the position that there is not sufficient gold in existence to supply the need of specie money. I hold that there is not sufficient gold in existence to redeem paper currencies or contracts payable in gold. There was sufficient gold for these purposes as long as people believed there was. Now they know there is not enough, and therefore there is not enough. As long as peoples did not demand payments in gold there was ample gold. When peoples and governments realized there was not enough gold to go around, then all tried to obtain gold regardless of others' losses and transfers, and redemptions in gold had to cease.

I cannot conceive, however, that this condition absolutely prevents the maintenance of the gold-standard measure of the domestic and exchange value of currencies. If the chief governments of the world maintain gold in their treasuries or central banks at an agreed ratio to their currencies and utilize such gold for the payment of trade balances, it will, in my opinion, serve every purpose of the gold standard of the past. Even this use, however, will be a strain upon the gold reserves of the world.

Five countries have possession of probably two thirds of the gold of the world. This maldistribution cannot be maintained if there is to be a successful gold-standard measure. There must be a redistribution through either commercial or monetary action. In any event, the strain upon this gold reserve is inevitable.

Now, if gold is to be utilized solely in such capacity what is to be the basis of a sound and limited domestic currency? I know of no alternative except a managed domestic currency or a domestic currency based upon the precious metals. Gold will have to be used, on the theory that I have in mind, for the stabilization of international exchange and as a limitation upon currency issues. Silver, in my opinion, should be in part and largely the basis of currency issues for domestic purposes. It will not be an experiment. We have always used silver as specie currency and as a basis for currency issue. In 1900, for instance, over 30 percent of our currency was silver currency. Today it is less than 12 percent, taking any basis for the value of gold that you see fit. We could extend our silver currency in this country, if it were deemed necessary, by $1,800,000,000 and still it would not be in excess of the ratio of silver currencies to other currencies that existed in 1900. And, mind you, that estimate is based upon a valuation of 23.2 grains of gold to the dollar or $20.67 an ounce. If we should maintain the parity of silver and gold, then we could increase over 40 percent the silver-currency issue of this country without disturbing the ratio.

Our silver currency today is backed by 100 percent silver, while our Federal Reserve notes were backed by 40 percent gold. There are only credits now back of such notes. The parity value of our standard silver dollar today is $1.29, or was before the recent gold action of our Government. I do not know what it is now. The intrinsic value of our standard dollar measured by the world price of silver is 35 cents. In other words, while there was 40-percent gold back of the Federal Reserve notes there is today 35 percent back of our standard silver dollar. The intrinsic value back of our silver currency will inevitably increase rather than decrease and probably will reach 100 percent.

Whether we agree or not as to the soundness and safety of silver specie and currency we must agree that it provides a natural limitation for currency issues. There are only 12,000,000,000 ounces of silver in existence, according to the best estimates. At least, 6,000,000,000 of these ounces are hoarded in India and 2,000,000,000 similarly hoarded in China. This hoarded silver will not fly from India or China. Such is the age-long history of the movement of silver. When the world price of silver was above $1 an ounce in 1918, 1919, and 1920, the people of India and China purchased two thirds of the silver produced in the world during that period of time. Silver is their measure of wealth. It is the thing that they cherish above everything on earth. It is the thing that they pass down to their descendants; and the more valuable it becomes, the more they desire it, seek it, and hoard it.

Over 13 governments of the world carry over 30 percent of silver reserves in their treasuries and central banks.

There are bills pending in Congress looking to the acquisition of silver by our Government. All these bills have a sound and good purpose. None of them, in my opinion, will bring into our Treasury reserves as much silver as their proponents hope for. Economists of China threatened to place an embargo upon the export of silver if the United States adopted any act tending to

raise the price of silver. India has limited the sale of government silver to a total of 140,000,000 ounces during a period of 4 years. Then India will have no redundant silver and will cease to sell silver.

And, so, it must be evident that a silver basis for domestic currency will be a limitation upon the issue and that probably is the most important factor with regard to currency issues. The use of silver by the great commercial countries of the world will undoubtedly stabilize its exchange value as the exchange value of gold was stabilized prior to the recent crisis.

It is extremely important in our commerce that the exchange value of silver should be stabilized. Over half of the people of the world have silver money, and only silver money, with which to purchase in other countries. When the exchange value of this silver money is extremely low, they are unable to purchase in countries such as ours. In fact, China, as an illustration, has ceased to purchase from the United States all forms of manufactured articles that it may dispense with and is rapidly becoming highly industrialized through the protection afforded to Chinese manufacturing institutions by the depreciated exchange value of silver. The Chinese banker and the Chinese industrialist are gratified by this situation. The Chinese Government, on the other hand, cannot pay its foreign debts or establish credit or develop China under such conditions. The London Conference realized this. The conference unanimously adopted the American resolution promising that the 66 participant governments would abandon the practice and policy of melting up silver coins, would replace low-valued paper currency with silver coins, and would refrain in the future from legislation that would depreciate the value of silver in the world market. The adoption of this resolution, of course, was based upon the consummation of the agreement among five governments whose countries were large producers of silver and three governments whose countries were holders and users of large quantities of silver. The latter agreement has been ratified by 6 of the 8 governments, and there is hardly any question but that the other two will ratify.

I call your attention to this fact solely for the purpose of indicating the attitude of the 66 governments of the world toward silver for monetary purposes. We in the United States are more interested in the exchange value of silver than probably any other country, unless it be Great Britain. We cannot look to Europe with much optimism for future export trade. Europe has followed our example and is utilizing every expedient to protect its own markets against imports. China and South America are now, and will be for many generations, our natural export markets. They cannot buy from us at our prices so long as we hold down to so low a point the exchange value of their silver money. No matter what standards of money the governments have, the people have only silver with which to make purchases.

Some economists contend that we can only raise and stabilize the exchange value of silver moneys in the world through international agreement. That was undoubtedly true at one time. The world, however, has moved faster than these economists have grown. Today the United States is a creditor nation, and because of that fact, and in view of the consideration that so many nations desire the restoration and stabilization of the price of silver, our Government can accomplish this alone. There are many methods through which we may accomplish it. I would support any of the plans offered. All these plans grant discretion to the Government to prevent any sudden rise in the price of silver which might disrupt national monetary systems or existing contracts.

Our Government today, by virtue of the fact that it possesses one third of the monetary gold of the world, is in a splendid strategic position to bring about the restoration of the gold-standard measure of international exchange. It is through this power, and through this power alone, that the restoration of the gold standard can be accomplished. It will also be of great advantage for this Government to have a large silver reserve so that it may have influence in the stabilization of silver currencies throughout the world.

It is my hope, therefore, that our Government may not only maintain its silver reserves and its silver currency but that it will enlarge and fortify such reserves and aid in the stabilization of currencies throughout the world.

ADDRESS BY POSTMASTER GENERAL FARLEY BEFORE WASHINGTON CHAMBER OF COMMERCE

Mr. O'MAHONEY. Mr. President, I ask unanimous consent to have printed in the RECORD an interesting and able address delivered by Hon. James A. Farley, Postmaster General, before the Washington Chamber of Commerce, Wednesday evening, May 16, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President and members of the Washington Chamber of Commerce, it is a pleasure to me to speak to those who, in a real sense, direct the business and civic life of our beautiful Capital City. Administrations come and go, but you remain the custodians of the business of this great city; the leaders of city opinion and city conscience; and let me tell you, yours is no mean responsibility. The prosperity of half a million people is to a large degree in your hands, for, unless business is conducted efficiently and people get an adequate return for what they spend, your community will languish. Prosperity does not mean merely greater profits for the merchants. I think the lesson that a contented and thriving community is a necessary element in the success of every sort of industry has been thoroughly learned in every section of the country. It is as pertinent to Washington as to any great manufacturing or trading center. It is as much up to you to make business here a model for business throughout our country as it is to make the city government a model for all municipalities. Perhaps neither ideal has been realized, but it is something to strive for, and the nearer it is approached the more all of us will benefit.

I am aware of the fine efforts your body has made in the past. I know how much the beauty of this city has been enhanced and advanced by your insistence on such projects as the fulfillment of the dream of those who saw Pennsylvania Avenue as the most impressive boulevard of any world capital. I know how large a part you played in the great Mall project; in the erection of splendid bridges and memorials and in the development of a more complete park system. Your success in these enterprises should be an inspiration to all, for it indicates the vast influence you can exercise not only for your city's benefit but for the satisfaction of the entire Nation.

You occupy a great vantage point. Really you are sitting in the grandstand while the procession of Presidents, Congresses, Cabinet officers, and the rest of Government marches by. We come here, play our part, and go away. Yours is the continuing body, charged with watching over the interests of the Capital City, which is the pride of the whole United States.

Washington is to be congratulated on many things. While every city and every part of the country felt the depression, that, happily, is receding into the background, with the ranks of the unemployed becoming less, Washington did not feel this as keenly as other cities. Elsewhere you saw great mills and factories shut down, throwing hundreds of men and women out of employment and into the bread lines. You saw large buildings and stores almost empty and great hotels with few paying guests. In Washington even during the worst of the depression this was not as acute. Since March 4 of last year your hotels have seen a rapid rise in business, until today the difficulty is not vacant rooms but to find a vacant room. It is my information that this improvement in business applies to all lines of trade in this thriving city, which today is in the limelight of the Nation—in fact, of the world—as perhaps at no other time in our history, for the eyes of almost everyone have been turned to Washington for hope, guidance, and a renewal of their faith, and the ability of our Nation to again give to the people of America confidence not only in our institutions of government but in our institutions of commerce and industry. Instead of decreasing, the number of Federal employees in Washington has steadily increased during the present administration, due to the various emergency agencies. I feel certain that any effect your merchants might have felt from the necessary cuts under the Economy Act have been more than offset during the past year by the rapidly increasing number of persons on the Federal pay roll in Washington. One has only to go into some of your large stores and commercial buildings to realize that the shadows of the depression, so far as the District of Columbia is concerned, are faint. Your great buildings continue to rent offices. If I am correctly informed, most of your hotels are filled to overflowing.

Of course you had your banking troubles which no part of the country escaped. You are, however, fortunate that banking is on a firm foundation in Washington today, with only 1 unlicensed bank remaining of the 13 which failed to receive licenses to reopen on March 14, 1933. I am informed this 1 unlicensed bank in the District had restricted deposits of $568,000 on May 1, 1934, which is only a little more than 1½ percent of the deposits tied up in the 13 unlicensed banks on March 14, last.

In this connection I think it is of interest and most timely to say a few words with reference to the banking situation in general. Remarkable progress has been made in the rehabilitation of the Nation's banking structure since March of last year, when it became necessary for the President to close every bank in the country. On March 16, 1933, the were 1,417 national banks which were not granted licenses to reopen, and these banks had some $2,208,000,000 in deposits. By the 1st of May this year, less than 14 months since the holiday, 1,232 of these 1,417 unlicensed national banks had been reopened, liquidated, absorbed by other national banks, or placed in receivership. Of the remaining 185 unlicensed national banks, 156 had plans for reorganization approved by the Comptroller of the Currency and 29 had disapproved plans. The deposits tied up in these 29 banks represent less than three quarters of 1 percent of the $2,208,000,000 tied up in all unlicensed national banks on March 16, 1933.

Another significant contrast is that since the banking holiday only seven national banks have closed their doors. There is a particular reason involved in connection with each of these, and I feel certain that if time had permitted a more careful investigation practically none of these seven would have reopened. However, it is my information that these seven banks paid their depositors in full, so, strictly speaking, there have been no bank failures during the present administration.

At some time nearly everyone either comes to Washington or wants to come, for who does not want to see the central fountain from which flow the streams of Government and Federal relief? Because of this each day finds thousands of tourists who liberally patronize your hotels, restaurants, theaters, and other places of business. Of course, many of these would come even though

there were no organized effort on the part of this splendid organization, but you have not only added to the enjoyment and pleasure of your visitors but you have also made Washington the great convention city of America.

Yet aside from these group gatherings, every American wants to come to Washington. You have the advantage over the goals of other tourist armies in that there is an all-year-round pilgrimage. One of the reasons for this is that you have the country's most beautiful city. Thanks to the Government, your system of parks and museums is unequaled, and patriotic shrines like Mount Vernon, Arlington, the Tomb of the Unknown Soldier, the Lincoln Memorial, the Capitol, the White House, and other interesting public buildings are all magnets which draw people here. These thereby contribute to the business health of the community.

Occasionally, of course, I have heard echoes of a complaint that the vast expense of Government real estate places an undue tax burden on private property. I have not the inclination to discuss with you what should be the logical amount contributed by the Government to the maintenance of the District. It is the most natural thing in the world that Washingtonians should feel that the Government is not paying its fair share. That is typical of every political subdivision in the country. We are all of us inclined to pay more attention to our disadvantages than to our advantages. My only idea in mentioning this subject is to point out that perhaps your griefs are not as intense as you think they are when you match them up with civic joys.

Chambers of commerce and trade associations have always been important in our commercial structure. For a long time they afforded the only protection the customer had against combinations and monopolistic tendencies. Perhaps they did not always function as they should have in this direction. But I think we can lay the blame for that on the business psychology of the time. Money was so plentiful while the country was filling up with people that it was always more or less customary to regard the public as an adversary to be exploited rather than a clientele to be pleased and encouraged. The philosophy that general prosperity was a vital element in individual prosperity was slow in working its way to recognition. Under the new deal, inaugurated by the present administration as part of the emergency correction, such organizations as yours have assumed a vastly enhanced importance. It is the theory of the President's recovery program that business should regulate itself. Under the codes the authority to deal with unfair trade practices, as well as the enforcement of the provisions in regard to wages and hours of labor, is vested in a body made up from the membership of each particular industry.

The Government is only represented by an individual whose function it is to guard against antisocial trends in business. He has no vote in the determination of policies, for business is supposed to make its own rules. He is really only there as a precaution against a possible return of the old habit of greed and grasping. For example, it is among the possibilities that the more powerful among the membership in any given industry might seek to oppress the lesser membership. This has happened before and human nature does not change overnight. In such a case the Government's representative has what amounts to a veto power. The less this power has to be exercised, the happier everyone will be, for despite the protests of some who, I am glad to say, are decidedly in the minority, and who resent any effort to control their greed, the Government is anxious that business surrender only those functions that are absolutely necessary to meet the existing emergency.

One interesting development of the new deal is the circumstance that where people eminent in industry have been called in to assist the Government in forming and administering the codes they have functioned helpfully and unselfishly. In fact, in the building of the various codes, such organizations as this have been most helpful and have cooperated splendidly with representatives of business and industry in this important work. I think it is safe to say that the participation in government of those prominent in business is an insurance against such practices as would compel Federal interference with the enactments of the code authorities.

I know there are some people who seem to believe that our emergence from the period of grief and stress might have occurred anyhow; that by some unknown process business would have worked out of its paralysis even had there been no N.R.A. or A.A.A. or any of the numerous agencies by which people were put to work, homes and farms were saved from mortgage foreclosures, and the spirit of fear replaced by renewed hope and confidence. By the same sort of reasoning it might be argued that a person desperately ill might have recovered without surgical and medical treatment. We know that in the case of sick business the patient is convalescing under the new deal, and I believe there are few among you who would be willing to have the doctor cease his ministrations and trust to luck that business could go the rest of the way toward recovery on its own account.

As a business man I welcome this opportunity to discuss with business men problems with which you are familiar and in which you are vitally interested. Especially am I glad to talk to you about the Post Office Department—one of the largest business enterprises in the world. Many of our problems of the Post Office Department are your problems; and while we think we have been doing a pretty good job, we do not assume to have all the knowledge. We welcome suggestions and constructive criticism as to how we can improve postal service. There never was an institution so perfectly run that it could not be made better.

It was my desire when I came into the Post Office Department to try to run it efficiently, and, if possible, to balance the budget. It has been found difficult to make the Department entirely self-supporting, though this was possible at times, particularly in the period from 1911 to 1919, with the exception of 2 years. Since 1919, however, there has been, until March 4, 1933, a steadily growing deficit which in 1932 amounted to the staggering net sum of $152,246,188.

I am not prepared to make a definite statement, but I really believe, if business conditions improve for the remaining 3 months of the fiscal year as they have for the past 3 months, that the revenue of the Post Office Department will be sufficient to cover our expenditures and we will have a truly balanced budget.

I realize that what the public expects from the Post Office Department more than anything else is service, but there is no reason why, in rendering efficient service, the taxpayers may not at the same time expect our Department to strive to live within its income. To do otherwise is in reality a double tax upon the public. Postage fees are actually an indirect tax, and we of the Department believe that when such a tax has been placed upon the people it is our duty to so conduct the affairs of the Department that if it is possible there will be no deficit and no need for Congress to call upon the taxpayers to make further payments for the conduct of the Post Office Department.

Of course, of equal importance to that of service and a balanced budget is the maintenance of a policy of fairness and justice at all times to the personnel of the Post Office Department, for the new deal must at all times be a square deal.

I am not unmindful of my responsibilities along this line, for in normal times the Post Office personnel constitutes approximately half of Federal civilian employees. I have been forcibly struck with the loyalty and devotion of the postal workers and am vitally interested in seeing to it that they are justly compensated for the service they are so unselfishly and conscientiously rendering. During the past year, in order that the Department might get on a sound basis and live within its income, it has been necessary to call upon these workers to accept furloughs and pay cuts that meant real sacrifice on their part. They have accepted these in the finest possible spirit without any letting up of their devotion to the Department and determination to serve the public in that manner which is a priceless heritage of the Department.

I am very happy to say that increases in postal revenues, which I interpret as a good barometer of improved business conditions, make it possible to relieve postal workers of these reductions and to again put to work a large body of postal substitutes who have endured an unusually large share of these sacrifices. Of course this will mean more deliveries with more men and women at work, and better all-round service, and you as the representatives of the business of our Capital City will benefit in more ways than one.

When the Benjamin Franklin station moves to the new Post Office Department Building there will be in the heart of your city the last word in a postal station, with the finest and most up-to-date equipment and all-night service.

Washington has more than an ordinary interest in Air Mail Service, a subject that has been very much in the limelight this year. I know that you business men of the Capital City are deeply interested in the present status of this, particularly in the improved service which will be given to Washington under the new system that is rapidly being completed. Contracts have been awarded on 17 routes and service is in operation on most of these. Considering the air mail from a national standpoint, the new system will service 19 additional cities and 4 States which had no service when the contracts were annulled, namely, Maine, Vermont, New Hampshire, and West Virginia.

Improved service will be given to the States of Virginia, Ohio, Indiana, Illinois, South Carolina, Georgia, Minnesota, South Dakota, North Dakota, Tennessee, Arkansas, Texas, New Mexico, Wyoming, Montana, and Washington. Forty-six States will receive direct air-mail service under the new system.

When the contracts were annulled the route mileage in operation was 25,248 miles. The new system will service 28,548 miles, an increase of 3,300 miles. The cost of air-mail service for the fiscal years 1932 and 1933 in round numbers was nearly $20,000,000. The cost for the new service, including the increased mileage of 3,300 miles over that being served when the contracts were annulled, is estimated to be not over $9,560,000. This indicates that the new system will cost the taxpayers from eight to ten million dollars less than was being paid 2 years ago.

Washington will be served by the old routes from Newark to Miami, Newark to Atlanta, and Washington to Detroit, and, in addition, by two new routes which have not heretofore existed—a direct route to Chicago through Charleston, W.Va., Cincinnati, Ohio, and Indianapolis, Ind., and a direct route from Washington, via Lynchburg, Va., and Nashville and Memphis, Tenn., to Texas, the Southwest, and Mexico. With the establishment of the schedules contemplated, all but two States in the Union will have either direct service into Washington or connecting routes leading directly into Washington, and the Nation's Capital, in turn, will have air-mail-service connections to all but two States in the Union, and these States have large cities which are in close proximity to air-mail lines.

An example of the improved service which may be expected is the trip made on May 13 from Los Angeles to New York by an air-mail plane in the record time of 11 hours and 31 minutes. The contractors assure the Department that the equipment which will

be used on the routes giving service to Washington and the balance of the country will soon be superior to any in use prior to the cancelation of the contracts. Within a short while Eastern Air Lines, Inc., intends to use the new Douglas planes, and the Department has been informed that the Central Air Lines, Inc., will probably use the new Electra planes as soon as delivery can be made. The specifications on the route from Washington to Chicago and from Washington to Fort Worth provide for multimotored equipment.

The Army soon will have completed its work of carrying the air mail during the existing emergency. Their critics to the contrary notwithstanding, the service performed by the Army Air Corps will be to the everlasting credit of that unit. How well the Army was performing the task at the time it started to turn the service back to private operators is shown by the remarkable flight from San Francisco to New York on May 8 in 14 hours 8 minutes, the greater part of which was made in large bombers capable of transporting 2,000 pounds of mail or bombs.

Not one pound of air mail has been lost or destroyed, and the record is full of evidence of the heroic devotion to duty of Army pilots.

Gentlemen, I thank you for this opportunity to talk to your distinguished body, and for the privilege it has afforded me to discuss in this informal manner those things that are uppermost in our thoughts just now, and particularly to talk to you about the Post Office Department.

SUGAR BOUNTIES IN GREAT BRITAIN

Mr. COSTIGAN. Mr. President, about the 1st of March of this year, the Legislative Reference Service of the Library of Congress prepared a report of interest to domestic sugar growers and processors on the operation of the sugar bounty in Great Britain. That report presents in detail some little-known facts about Great Britain's recent 10-year experiment in stimulating beet-sugar production through bounty payments made by the Government.

The report, which states that the question of whether subsidies are to be continued, is under consideration by the British Government, presents information with respect to the willingness of a country, long favorable to free trade, to pay the price required to stimulate sugar production at home under conditions in some respects less naturally adapted to production than those to be found in some of Great Britain's oversea possessions and on the European Continent. Presumably the policy looks toward some continuing home production of sugar without reference to any probability of complete self-sufficiency. It indicates that the average yield in England is 7 or 8 tons per acre in contrast to 9 to 13 tons per acre on the Continent, although climatic conditions in England permit later crops and a high sugar content in the beets; that during the crop years from 1924 to 1932 the subsidy paid to the sugar companies for beets was about £24,158,000, and that during the same period the sugar companies paid for the sugar beets about £29,176,000.

I ask that the article, which was submitted by Dr. Rita Dielmann for the Legislative Reference Service on February 26, 1934, may be printed in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[Library of Congress, Legislative Reference Service]

SUGAR BOUNTIES IN GREAT BRITAIN

The backwardness of Great Britain in developing the sugar-beet industry was due to a number of circumstances: The industry on the Continent had got an early start and with the export bounty system and high tariffs, continental sugar could be sold cheaper in the English market than in the producing country; farmers were reluctant to grow sugar beets until factories were built to assure them a market, and capital was not attracted to the sugar industry because it was not certain that beets could be grown in England in sufficient quantities to make the operation of factories profitable. No aid could be expected from the Government, which had been a party to the Brussels Convention, 1903, by which it was agreed that no further subsidies should be granted to the sugar-beet industry.

The National Sugar Beet Association, established in 1910, encouraged beet growing by offering prizes. On August 1, 1912, the British Government gave formal notice of withdrawal from the Brussels Convention and opened the way for the establishment of the sugar-beet industry in England. The Board of Agriculture and Fisheries began a series of experiments under the direction of English technical and agricultural colleges to determine whether sugar beets could be grown profitably.[1]

The sugar-refining industry also met with difficulties in competing with continental refineries. In 1850 most of the sugar consumed in Great Britain was the product of home refineries; in 1885, 96 percent of the sugar was refined in England, but by 1902 the home refineries were producing only 29 percent of the sugar consumed.[2]

At the time of the World War about two thirds of the British sugar supply came from Germany, Austria-Hungary, Holland, and Denmark. The importation of sugar was prohibited lest even neutral sugar might be of enemy origin and shipping could not be spared to bring sugar from the colonies. The price of sugar rose from 1½ pence or 2 pence per pound to a shilling 2 pence per pound.[3]

In March 1917 the treasury sanctioned an advance to the British Sugar Beet Society of £125,000 as a loan for the development of the 5,000-acre Kelham estate. The Home Grown Sugar, Ltd., was chartered in 1920 with a capital of £500,000, half of which was subscribed by the Government.[4]

Early in 1922 the sugar-beet companies appealed to the Chancellor of the Exchequer to grant a temporary remission of the excise tax or they would be forced to stop refining sugar and close their factories. On March 30, 1922, Sir Arthur Boscawen announced in the House of Commons in advance of the buget that in view of the exceptional circumstances of the new industry and the condition of unemployment in the country no excise duty would be charged on home-grown sugar under the finance bill to be presented to Parliament at that session.[5]

The first excise duty on sugar was levied in the Finance Act of 1915, when a tax of 7 shillings was imposed on sugar and 3 shillings 2 pence on molasses. At that time the tariff on sugar was 9 shillings 4 pence and molasses 4 shillings 3 pence the hundredweight. This gave home-manufactured sugar an advantage of 2 shillings 4 pence and molasses a shilling a penny over the imported products.[6] While both the tariff and the excise were raised in 1916 and in 1918, home-manufactured sugar continued to enjoy an advantage of 2 shillings 4 pence the hundredweight.[7]

The finance act, 1919, reduced the excise by one sixth, making the rate 19 shillings 5⅓ pence. The tariff on foreign sugar remained at 25 shillings 8 pence the hundredweight, giving the home product an advantage of 6 shillings 2⅔ pence.[8] It was against this state of affairs that the factories manufacturing home-grown sugar complained in 1922.

The finance act of that year granted a remission of the excise tax for 1 year and in 1923 the remission was extended for 1 more year.[9] The actual aid to the sugar industry was then 25 shillings 8 pence, the amount of tariff on foreign sugar. But the sugar manufacturers were not satisfied. Remission of the excise was an unstable form of assistance dependent upon the policy announced at each budget. The industry wanted more definite assistance over a period of years. Moreover, the finance act of 1924 lowered the tariff on sugar to 11 shillings 8 pence the hundredweight.[10]

The beet-sugar subsidy act of 1925 provided for the payment of a subsidy for 10 years to manufacturers that paid a minimum price of 44 shillings a ton for raw beets washed and topped and delivered to the factory and having a sugar content of 15½ percent as ascertained by the cold-water digestive method. For beets testing greater or less than 15½ percent there should be an addition to or deduction from the minimum price of 3 pence for each one tenth of 1 percent above or below the 15½ percent. This price was to be offered for beets grown in the years 1924 to 1927.

As a condition of receiving the subsidy the factory was required to show that not less than 75 percent of the plant and machinery was manufactured in Great Britain, but in case of factories erected before the passage of this act it was required that machinery installed after the passage of the act should be of British manufacture to the extent of at least 75 percent. The minister of agriculture and fisheries was authorized to make further exceptions as he saw fit. The rate of subsidy was as follows:

Article	Rate per hundredweight		
	If manufactured between Sept. 30, 1924, and Oct. 1, 1928	If manufactured between Sept. 30, 1928, and Oct. 1, 1931	If manufactured between Sept. 30, 1931, and Oct. 1, 1934
	s. d.	s. d.	s. d.
Sugar which when tested by the polariscope indicates a polarization exceeding 98°	19 6	13 0	6 6.0
Sugar of a polarization:			
Exceeding 97 and not exceeding 98	17 11.2	11 11.5	5 11.7
Exceeding 96 and not exceeding 97	17 5.6	11 7.7	5 9.8

[1] Board of Agriculture and Fisheries. Report on Experiments in the Cultivation of Sugar Beet in 1911. [Cmd. 6162] 1912; Economic Series No. 27, pp. 23, 30.

[2] British Sugar Beet Council, annual report, 1912.

[3] Ministry of Agriculture and Fisheries. Economic Series No. 27, p. 14; Royal Commission on the Sugar Supply. Second report, cmd. 1300, 1920.

[4] 179 House of Commons Debates, 5s. 1301.

[5] 152 House of Commons Debates, 5s. 1554.

[6] Public General Acts, 5 and 6 Geo. 5, Finance (No. 2) Act, 1915, sec. 7.

[7] Public General Acts, 8 and 9 Geo. 5, c. 15.

[8] Public General Acts, 9 and 10 Geo. 5, c. 32.

[9] Ministry of Agriculture and Fisheries. Economic series, no. 27, p. 39; Public General Acts, 12 and 13 Geo. 5, c. 17, sec. 6.

[10] Public General Acts, 14 and 15 Geo. 5, c. 21, sec. 5.

Article	Rate per hundredweight: If manufactured between Sept. 30, 1924, and Oct. 1, 1928	If manufactured between Sept. 30, 1928, and Oct. 1, 1931	If manufactured between Sept. 30, 1931, and Oct. 1, 1934
	s. d.	s. d.	s. d.
Sugar of a polarization—Continued			
Exceeding 95 and not exceeding 96	17 0.0	11 4.0	5 8.0
Exceeding 94 and not exceeding 95	16 6.4	11 .2	5 6.1
Exceeding 93 and not exceeding 94	16 .8	10 8.5	5 4.2
Exceeding 92 and not exceeding 93	15 7.2	10 4.8	5 2.4
Exceeding 91 and not exceeding 92	15 1.5	10 1.0	5 .5
Exceeding 90 and not exceeding 91	14 7.9	9 9.3	4 10.6
Exceeding 89 and not exceeding 90	14 2.3	9 5.5	4 8.7
Exceeding 88 and not exceeding 89	13 8.7	9 1.8	4 6.9
Exceeding 87 and not exceeding 88	13 4.0	8 10.7	4 5.3
Exceeding 86 and not exceeding 87	12 11.3	8 7.5	4 3.7
Exceeding 85 and not exceeding 86	12 7.1	8 4.7	4 2.3
Exceeding 84 and not exceeding 85	12 2.9	8 1.9	4 .9
Exceeding 83 and not exceeding 84	11 10.7	7 11.1	3 11.5
Exceeding 82 and not exceeding 83	11 6.5	7 8.3	3 10.1
Exceeding 81 and not exceeding 82	11 2.7	7 5.8	3 8.9
Exceeding 80 and not exceeding 81	10 11.0	7 3.3	3 7.6
Exceeding 79 and not exceeding 80	10 7.2	7 .8	3 6.4
Exceeding 78 and not exceeding 79	10 3.5	6 10.3	3 5.1
Exceeding 77 and not exceeding 78	9 11.8	6 7.8	3 3.9
Exceeding 76 and not exceeding 77	9 8.0	6 5.3	3 2.6
Molasses:			
If containing 70 percent or more of sweetening matter	12 4.7	8 - 8.1	4 1.5
If containing less than 70 percent and more than 50 percent of sweetening matter	8 10.9	5 11.3	2 11.6
If containing not more than 50 percent and not less than 45 percent of sweetening matter	4 11.8	2 10.5	1 5.2
If containing less than 45 percent of sweetening matter, rates in proportion to the last rate above.			

The excise tax to the amount of 9 shillings 8⅓ pence the hundredweight was reimposed and no subsidy was to be paid until the excise was paid. Companies in receipt of subsidy were required to submit to the Minister of Agriculture and Fisheries each year a statement in the form of a balance sheet containing a summary of the company's share capital, its liabilities and assets, and a statement of profit and loss. These company reports were to be laid before Parliament. Companies in receipt of subsidies were to guarantee fair wages to laborers employed in their factories.

A considerable discussion had arisen during the debate on this bill as to whether the subsidy should be paid for the manufacture of raw sugar or would be limited to the refining industry. The old refineries which imported colonial sugar wanted the new factories to limit their operations to the manufacture of raw sugar.

The law provided that where sugar or molasses was manufactured in one factory and removed to another factory for further manufacturing, if claim was not made for payment of subsidy in the first factory, the subsidy should be paid in respect of the article when finally manufactured in the second factory. Both the subsidy and the excise were made to apply retroactively to the crop of 1924.[11]

At the end of the first subsidy period, 1928, there was a considerable falling off in the acreage put to beet. The period of a guaranteed minimum price to growers had ended in 1927. The subsidy paid under the act of 1925 was actually less than the amount of the excise remitted in 1922–24. When the world price of sugar fell it was increasingly difficult for growers to make satisfactory contracts with the factories. The finance act of 1928 gave some assistance to refiners by reducing the rate of tariff on imported raw sugar. Many of the refineries at the end of the season in England imported raw sugar in order to increase their output.[12] In 1929 the Government appointed a commission to make a thorough study of the whole industry.

In view of the difficulties in the sugar industry, Mr. MacDonald on February 12, 1931, appealed to Parliament for further aid in the form of a loan to the sugar companies.[13] The Government came to an agreement with nine companies, named in the act, that a minimum price of 38 shillings a ton would be paid for beets, washed and topped and delivered to the factory. In return for this promise of a minimum price, the Government offered an advance to the companies on the first 300,000 hundredweight of sugar manufactured during the season 1931-32 to be computed on the basis of the market price as follows: If the market price of raw cane sugar of 96 degrees polarization exceeded 7 shillings and 9 pence no advance would be made. If the market price was less than 7 shillings and 9 pence, but not less than 6 shillings and 7 pence the advance made would be an amount equivalent to one seventy-eighth part of the subsidy payable under the act of 1925 multiplied by the number of pence by which the market price fell below 7 shillings and 9 pence. If the market price was less than 6 shillings and 7 pence, the advance to be made would be an amount equivalent to fifteen seventy-eighths parts of the subsidy payable under the act of 1925. No advances were to be made to any company for any sugar not manufactured from home-grown beets.

Until the total amount of the advances made to any company are repaid deductions from the subsidy due the company under the act of 1925 shall be made in respect of sugar manufactured during the period of 2 years beginning on the 1st day of October 1932 as follows: A basic price is determined for each company by adding to 7 shillings and 9 pence an amount equivalent to nine hundredths of the value of the buildings, plant, machinery, and other equipment, less depreciation, divided by such number as the minister of agriculture and fisheries may determine to be the number of hundredweight of sugar of 98 degrees polarization which the company could manufacture from home-grown beets during a period of 90 working days, if sufficient beets were available to keep the factories employed during that period. No deduction is made from the subsidy payable under the act of 1925 unless the market price of sugar exceeds this basic price for that company. But if the market price exceeds the basic price, one seventy-eighth part of the subsidy payable is deducted for every penny of the amount by which the one price exceeds the other.[14]

The act of 1931 came in for considerable criticism from members of Parliament. It was charged that sugar companies were paying high dividends and putting away enormous reserves at the expense of the taxpayers. Dr. Addison, minister of agriculture, stated that no company could make profits when the price of sugar was below 7 shillings 9 pence the hundredweight, and when it reached that price no advances would be made under the act of 1931. He had made agreements with companies for the advance only on condition that no profits were made and nothing put to reserves nor counted for depreciation. The sole purpose was to guarantee a minimum price to beet growers in order to insure the cultivation of the land.[15]

Factories which had not accepted the special advance offered by the Government contracted for 80,000 acres of beets, representing 44 percent less than their contracts in 1930, while companies that had accepted the Government advances contracted for 152,000 acres, a decline of 18 percent from their 1930 contracts.[16]

The chief difficulty in the operation of the act of 1931 was with the group of factories known as the Anglo-Dutch companies. They made contracts for beets at 35 shillings a ton plus four fifths of any profit that might remain. As a matter of fact, farmers did not grow beets and the factories lost money.[17]

The finance act of 1932 imposed an excise tax of 4 shillings 7 pence per hundredweight on sugar of a polarization exceeding 90°, 3 shillings 7.1 pence on sugar of a polarization from 98° to 99°, and other rates in proportion. The excise on molasses containing 70 or more percent of sweetening matter is 2 shillings 11 pence, on molasses containing from 50 to 70 percent sweetening matter, 2 shillings 1½ pence and on molasses not exceeding 50 percent sweetening matter 1 shilling ½ penny.[18] A comparison of these rates with the subsidy rates in the third period of the subsidy shows only a small margin in favor of the sugar industry.[19] The finance act of 1933 made no changes in the rates on sugar.[20]

On July 27, 1933, Major Elliot, Minister of Agriculture, announced that the Government had decided as a temporary measure to continue the subsidy on sugar and molasses manufactured from home-grown beets for 1 year after the expiration of the present subsidy on September 30, 1934. The rate on sugar will be continued at 6 shillings 6 pence per hundredweight as under the present law. There will be no subsidy on molasses so long as the world price of raw sugar exceeds 6 shillings per hundredweight. A subsidy at the rate of 1½ pence per hundredweight of sugar will be paid for each penny by which the price of sugar is less than 6 shillings until the present maximum subsidy on molasses is reached.[21]

Besides receiving a direct subsidy for sugar and molasses manufactured, the sugar companies received £2,215,000 under the trade facilities acts. This amount was not a grant but a loan, the principal and interest of which was guaranteed by the treasury.[22] Up to July 1931 the treasury had paid £541,980 in respect of principal and £3,266 in respect of interest on advances to beet-sugar companies. The treasury had written off £162,446 as irrecoverable.[23] Installments due to lenders under the trade facilities acts will run until 1938. Members of Parliament have insisted that these be paid off during the subsidy period, but the Chancellor of the Exchequer has stated that this cannot be done.[24]

[11] Public General Acts, 15 Geo. 5, c. 12.
[12] Public General Acts, 18 and 19 Geo. 5, c. 17, § 4.
[13] 248 House of Commons Debates, 5s. 594–596.
[14] Public General Acts, 21 and 22 Geo. 5, c. 35.
[15] 255 House of Commons Debates, 5s. 2677.
[16] Ibid., 764.
[17] 266 House of Commons Debates, 5s. 107, 109.
[18] Public General Acts, 22 and 23 Geo. 5, c. 25.
[19] See page 4.
[20] Public General Acts, 23 and 24 Geo. 5, c. 19.
[21] 280 House of Commons Debates 5s. 2774.
[22] 11 and 12 Geo. 5, c. 65.
[23] Statement of the Financial Secretary of the Treasury. 254 House of Commons Debates, 5s. 2435.
[24] 262 House of Commons Debates, 5s. 544, 1974.

The following table shows the amount paid in subsidy as compared with the amount paid by the companies for beets:

Crop year [1]	Subsidy	Value of beet crop
1924–25	£509,200	£480,720
1925–26	1,121,581	1,193,540
1926–27	3,324,197	3,323,280
1927–28	4,214,060	4,158,350
1928–29	2,824,936	3,561,430
1929–30	4,233,776	5,301,000
1930–31	6,138,963	7,625,741
1931–32	1,791,792	3,520,093

[1] 1924–29, statement of the Minister of Agriculture, 239 House of Commons Debates 5s. 1781; 1929–30, ibid., 248: 1763; 1930–32, Manchester Guardian, Jan. 17, 1934.

Under the sugar act of 1931, £183,300 was advanced to those companies that came under the provisions of the act.[25] It is estimated that the continuation of the subsidy for 1 year, as now contemplated, will cost £3,000,000.[26]

In computing the cost of the subsidy, account must be taken of the loss of revenue which would have been collected on imported sugar, an item of considerable importance to the treasury. This revenue was not only lost, insofar as home-grown sugar was consumed in Great Britain, but the amount of colonial sugar imported under preferential tariffs has lately increased. Philip Snowden, Chancellor of the Exchequer, estimated the loss at £1,709,000 in 1930 [27]; and Mr. Hore-Belisha, Financial Secretary of the Treasury, stated recently that the total cost of the subsidy and the revenue abatement from 1924 to 1933 was £37,440,000.[28]

Company reports as of March 31, 1933, show that the 15 companies in receipt of subsidies at that time had a total capital of £4,445,954, debentures amounting to £1,479,535, and accumulated reserves, including advances under the act of 1931, amounting to £1,375,073.[29] Dividends were high up to 1931. The average for all companies in 1932 was 4.4 percent. The Anglo-Dutch group, which has come in for considerable criticism, paid from 5 to 20 percent dividends, which are tax free. The English Beet Sugar Corporation, Ltd., the oldest company of this group, paid 12½ percent in 1925 and 1926, and 20 percent from 1927 to 1931.[30]

It is generally admitted that sugar beets could not be grown in England without the subsidy, though the wisdom of encouraging the production of beets is sometimes questioned. Land which is unsuited for beets has been cultivated under the subsidy. New and incompetent growers produce beets at a great cost, which could only be met by the subsidy. There is a tendency to neglect proper rotation of crops, and beets grown repeatedly on the same land are susceptible to disease.[31]

On the other hand, beet growing has many advantages. Some root crop must be grown in rotation with grain. Beets enrich the soil better than any method of subsoiling. The long roots aerate the soil, the crop leaves the land clean, and the tops left after the harvest furnish in some instances as much feed for sheep as a fodder crop would do. The beet grower has the advantage of delivering his crop at the factory without having it handled by middlemen. He gets his cash return immediately, without producing for an uncertain future market, as in cattle and sheep raising. The liquid waste of manufacturing sugar is a valuable fertilizer. Beet pulp purchased from the factories makes good feed for cattle. Much of the pulp in England is sold abroad instead of to the farmers. A member of Parliament, who is himself a beet grower, stated that by the time he had bought back the pulp for his cattle he found that he had made no profit on his sugar crop.[32]

Beet growing in England has never been as successful as on the Continent. The average yield per acre in England is 7 or 8 tons, while on the Continent it is from 9 to 13 tons. England, however, has the advantage of longer autumns free from frost, which permits lifting the crop later and insures a high sugar content.[33]

The beet subsidy has saved much land from going out of cultivation. In the 10 years, 1920–30, the land under cultivation decreased not less than 1,153,000 acres. In 1920, 3,045 acres were under beet; 10 years later 348,920 acres were sown to this crop. An investigation conducted by Cambridge University in the eastern counties of England in 1932 showed that the income from livestock had decreased 16 percent, while the income from crops had increased 6 percent, a fact which was attributed by the university to the growing of sugar beets.[34]

English beet growers have long charged the factories with taking the larger share of the subsidy. They are dissatisfied with contracts which are offered by the companies. In the present crop year the profit-sharing contract predominates. The growers are guaranteed 35 shillings to 37 shillings a ton for beets with a share in profits of the companies. The Cambridge University estimate of the cost of production is 35 shillings a ton, although some account must be taken of the fact that their estimate was made in 1929.[35]

The sugar-beet industry is favored in some quarters as an aid to employment. In four sugar-beet counties employment decreased 1.2 percent during the first 6 years of the subsidy, while the decrease in the rest of England was 12.3 percent in the same period. Factory workers employed the year round number 2,135; seasonal workers, 9,900. It is impossible to estimate the number employed on beet farms, but the intensive cultivation required is said to give employment to many agricultural laborers. Besides the industry uses a large quantity of coal and limestone and requires considerable transportation facilities. Employment in the factories is regarded as especially important because it comes at a season when employment is normally low.[36] There are others who regard the subsidy as an extravagant method of creating employment. It has been said that the subsidy costs more than a dole to all the workers employed in the industry.[37]

Considerable debate in Parliament and the press has arisen concerning the injustice of the subsidy on English-grown beets to the sugar industry in the British colonies, where sugar is the only source of private income and public revenue. The sugar colonies can produce sugar cheaper than the British beet growers, and they are dependent upon the English market to dispose of their crops. It is doubtful, however, whether the small quantity of sugar produced in England has injured the colonies. Under the preferential Empire tariffs the imports from the sugar colonies have greatly increased. Whatever criticism may have arisen on this account, the problem of the colonies has been presented as one of competition, not with English-grown sugar but with dumped Cuban and Czechoslovakian sugar. The difficulty of finding a market elsewhere has enhanced the importance of the English market to the colonies.[38]

There is considerable uneasiness in the sugar-beet industry at the present time because of the delay of the Government in announcing its future policy. It was the intention of Parliament that the subsidy should be a temporary measure. The three subsidy periods in the act of 1925, with a diminution of the subsidy in each period, were provided on the assumption that the industry would gain in strength. At the end of each subsidy period the industry has come back for further assistance. The temporary relief to the industry in 1931 has been extended. The subsidy period which should end in 1934 has also been extended for 1 year.

Mr. Chamberlain, Chancellor of the Exchequer, announced in his budget speech, April 19, 1932, that a committee would be appointed to make a careful survey of the whole industry and to make a report before the expiration of the subsidy for the guidance of the Government in determining its policy. Parliament has shown considerable impatience with the delay in the appointment of the committee and the preparation of a report. Twice since the budget speech of Mr. Chamberlain the Government has come to Parliament for additional temporary aid. Permanent legislation cannot be introduced until the committee report is finished.[39]

In the meantime the growers, refiners, and factories have submitted an agreement which is under consideration of the Government, but which they have not seen fit to disclose. The present Minister of Agriculture is preparing an amendment of the agricultural marketing act of 1931 to include sugar. Any industry under that act is authorized to set up a board to regulate markets, fix prices, and, with the cooperation of the Board of Trade, to restrict importations of products likely to injure the operation of the scheme.[40]

RECIPROCAL TARIFF AGREEMENTS

The Senate resumed the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

Mr. DAVIS. Mr. President, from every section of Pennsylvania come requests to oppose House bill 8687 as reported by the Senate Committee on Finance. These requests are

[25] Minister of Agriculture. 274 House of Commons Debates, 5s. 802.

[26] International Sugar Journal (London), Jan. 1934, p. 2.

[27] 240 House of Commons Debates, 5s. 2158.

[28] 284 House of Commons Debates, 5s (Daily), Dec. 11, 1933, p. 26.

[29] 280 House of Commons Debates, 5s. 1524.

[30] Minister of Agriculture, 255 House of Commons Debates, 5s. 970; Manchester Guardian, Jan. 17, 1934, p. 6.

[31] New Statesman, vol. 31, p. 561; House of Commons Debates, 5s. 255:2667; 265:631; 234:415.

[32] Ministry of Agriculture and Fisheries, Economic Series, No. 27, pp. 50–52, 136, 137; London Times, Dec. 27, 1932, p. 15; Jan. 15, 1934, p. 18; House of Commons Debates, 5s. 180:1121, 1122; 209: 1259; 234:384.

[33] Ministry of Agriculture and Fisheries, Economic Series, No. 27, p. 87; House of Commons Debates, 5s. 248:2158; House of Lords Debates, 5s. 79:333.

[34] House of Commons Sessional Papers, 1931–32, vol. 24, p. 242; Debates, 5s. 244:221, 222; 280:997.

[35] International Sugar Journal, Jan. 1934, p. 2.

[36] House of Commons Debates, 5s. 173: 375; 211: 2440; 255: 2666; 273: 1232; 280: 998.

[37] Ibid., 211: 2424; 222: 553, 554; Manchester Guardian, Jan. 17, 1934, p. 6.

[38] Lord Olivier, The Government and Our Sugar Colonies. Nineteenth Century, vol. 108, p. 56; London Times, Jan. 4, 1934, p. 13; 255 House of Commons Debates, 5s. 2674; 79 House of Lords Debates, 5s. 344.

[39] House of Commons Debates, 5s. 227:1745; 264:1434–1436; 280: 1057, 2775; London Times, Nov. 22, 1933, report of the House of Commons session of Nov. 21.

[40] International Sugar Journal, January 1934, p. 2; Manchester Guardian, Jan. 17, 1934.

from labor as well as industrial leaders. We all agree that one of the most important problems before the American people today is that of foreign trade. However, we must keep in mind that the American market has a buying power equal to that of all of Europe, and, in light of that fact, we are called upon to determine how much of our market we wish to share with the rest of the world and upon what terms.

I have proposed an amendment to the pending bill providing that no agreement under its provisions shall be concluded with any foreign country with respect to articles in the production of which labor standards, as reflected in wages, living conditions, and labor costs are lower than those which obtain in the production of the comparable articles in the United States.

If we adopt this principle, the prize of our markets becomes an inducement to elevate the standards of living abroad, bringing them up to the level of our own. I am convinced that we can most effectively protect our own American market to the full extent it needs protection by using our purchasing power to enhance the value of our market to foreign countries for the purpose of elevating the standards of living in Europe and Asia instead of depressing them as we have often done.

When we put a tariff duty upon a foreign article the tendency is for the foreign producer to insist that the article must be produced more cheaply in order to meet our tariff, and he succeeds in depressing wages and lengthening the hours of the foreign workers in such a way as to shift the brunt of this burden to them. Thus, through this loss, he gains and maintains an active competition in American markets with goods made by sweated labor. Then the wages and conditions of labor abroad are used by the employers in this country—quite frequently the same men and the same corporations—as an argument for wage reductions and share-the-poverty programs here. I want a system of protection which actually protects the American worker and at the same time increases the world market for his product. Indeed, I want a system of protection which will give increased advantages to workers everywhere.

We desire our share of the markets of the world, but at the same time we should not fail to realize that the greatest buying power in the world is to be found within our own borders.

It is quite evident to all of us that if the foreign standards of living were as high as our own the foreign populations would absorb their own products for an indefinite period of time, and would also absorb some of ours.

Many plans are being launched today to increase our foreign trade, which is now, and has been, but a very small fraction of our total trade. All of us are more or less interested in our foreign trade. Complete isolation is impractical. We should do business with every country in the world that has something to sell without detriment to our own producers. In other words, that which we cannot produce we should buy from others, and others in turn should buy from us the things they cannot as satisfactorily produce as we can.

In these trying times many are urging us to lower our tariffs so that our foreign competitors may sell more of their competitive products to us, and thus it is urged they will be enabled to buy more of ours. Personally, I should want to make a close inspection of imports to ascertain the number of factories which we would be forced to close down if we gave a part of this business to foreign competitors. We have our own hands so tied by unemployment now that we can scarcely turn our attention to the problem of finding employment for the labor of the rest of the world. We certainly cannot find employment for them on any such basis as the American worker enjoys, and I am sure that we do not want to compel the American worker to compete with the low wages of the worker in foreign lands. We have recently set up codes of fair competition in American industries that we might end cutthroat competition, unfair practices, and reducing wages. How can we urge their practical application if we permit an all-paralyzing program of foreign cutthroat competition to invade our shores?

The declared purpose of the pending legislation is to expand foreign markets for the products of the United States. Under present circumstances this purpose cannot be achieved without admitting to our country imports in exchange for our exports through reciprocal trade agreements. It is proposed in the pending reciprocity bill that Congress shall give the President power to negotiate bargaining treaties.

If we are to follow the advice of the Secretary of Agriculture, we can readily see that the destinies of certain doomed industries will be placed in the hands of Presidential advisors who under this proposed act may bargain away and ruin the existing industry through competing imports from foreign countries. It may be argued that there is no such intention. However, in the case of the lace industry the intention of using it for bargaining purposes has been specifically mentioned by the spokesman of the Government. It must be presumed, therefore, that if the bill shall be passed in its present form and the President's advisers shall succeed with their program, the duties on lace will be reduced from 90 to 45 percent ad valorem. No greater reduction than 50 percent is permitted by the bill. Without doubt this would mean the prompt stoppage of all employment in the lace and kindred industries in our country.

The lace mills established here today represent a capital investment of at least $20,000,000 and give employment to 15,000 workers. The industry here would be disorganized and these thousands of people thrown upon relief rolls or put out on the street. It may be possible that the laces which at present are made in this country could be purchased from some European or Asiatic country, but we should not forget that their wages amount to less than 25 percent of those which our workers receive, and in the case of China they amount to practically nothing.

A great outcry has been raised about the falling off of our foreign trade. However, it should be remembered that since 1929 the total volume of goods exchanged between all important trading countries has been diminished 30 percent. According to the Statistical Abstract of the United States, during the year 1929 our total exports, excluding those to territories and possessions of the United States, amounted to over $5,000,000,000, while our imports amounted to considerably more than $4,000,000,000. By 1932 both our exports and imports had been reduced to considerably less than one half. Of course, considering the reduced volume of our foreign trade, it is necessary to take into consideration the fact that the whole world is now on a lower price level than it was in 1929. The decrease in actual tonnage, therefore, is not as great as I have indicated. It is likewise interesting to observe that the falling off of our imports has been in about the same proportion as between the free list and the dutiable list.

If it be contended that excessive rates in the present tariff act are responsible for the falling off in the volume of our foreign trade, I should like to ask why the administration has not done more to lower such rates under the flexible provision which now exists? Only four changes have been made in tariff rates during the past year. Two of these were changes downward and two upward.

From farmer and laborer come numberless requests to vote against the bill. This morning I received a telegram from the American Glass Workers' organization, which reads as follows:

> We, the glass blowers of Local Branch No. 15, Port Allegany, Pa., request you to oppose all tariff reciprocity legislation, as we feel assured, in the event of its passage, bottles will be made by men in foreign countries, and we will lose our jobs.

It was indicated yesterday on the floor of the Senate that the wool schedule will not be touched. Why disturb any other agricultural schedule? Indeed, I might ask, why disturb the industrial schedules? The glass workers are opposed to tinkering with the tariff, as indicated in their telegram, because in normal time, for normal consumption,

we can make in 6 months all the glassware we need in a year. The window-glass workers can supply all our normal needs in 17 weeks. The pottery workers are opposed to the bill because in normal times they average 7 months' work a year. Shall we subject them to the low wages and working conditions of the pottery workers of Europe and Asia?

With our high excise taxes, coal is still being imported into this country, and our bituminous-coal workers are lucky if they get 6 months' work a year in normal times. The anthracite workers are most fortunate if they average 7 months. This also applies to workers in the oil, copper, and lumber industries. Our own normal needs give the steel worker an average of only about 7 months' work a year; and, again, I ask those who advise the President if they recommend that our industrial workers share a part of their reduced time of employment with their competitors abroad?

I am standing on safe ground when I say that on the basis of our present tariff our seaboard market has been practically lost to American workers. I am told that tin plate can be shipped from the land of my birth by water so as to undersell the plate made in the Pittsburgh district. Moreover, this is made possible only because of the wage differential.

I believe in nationalism—a nationalism which is broad enough to be ever mindful of the needs of other nations, but which at the same time puts first the needs of the American people. I believe with all my heart that if the amendment which I have offered shall be adopted, the living standards of foreign workers and their buying power will be increased. Thereby a home market for foreign products will be made possible such as we have developed within our own land. Thus the workers of all lands will develop a buying power which will enable them to consume the products of every machine now in existence, and keep them active on three 8-hour shifts for the next quarter of a century.

Tinkering with the tariff always unsettles business and creates uncertainty, even when these changes are made by Congress. Under the reciprocity bill under consideration these changes would be made by the advice of the President, although it would be impossible for him to give all these matters his personal consideration. Of necessity they would be referred by him to some agency under his direction. The danger, under these circumstances, is that the needs of our own people might then be subordinated to questions involving international political relationships.

The one great hope of American labor is increased business activity with an eye to attracting American consumers, who, while they continue to consume, produce enough to restore to our capital structure that which they have consumed. There are enough basic-commodity needs in the United States to keep our industrial machine fully active for many years to come if we could but once recover from the paralysis of panic and fear which has overwhelmed us. American labor must have good wages in order to build honest purchasing power. If wages can be maintained without being too largely lost through artificially inflated prices, our industrial machine will be set revolving once again and we can get busy at the long, hard task of paying off our debts. This we can do if we protect the working conditions, the wage levels, and the living standards of the American worker.

I agree with the eminent Senator from Mississippi [Mr. HARRISON], Chairman of the Finance Committee, when he said yesterday that our problem today is not so much a question of overdevelopment of our agricultural and industrial machine as it is one of underconsumption. I repeat that which I have said many times: If the wages and working conditions and buying power of the workers in foreign lands were equal to the wages and buying power of the workers of the United States, they would enjoy, as we would enjoy, for an unlimited period of time the fruits of prosperity which crowned this land in 1926. To this end I have offered my amendment to the pending bill.

Mr. VANDENBERG. Mr. President, I desire to present to the Senate my argument against the pending proposal to clothe the President with unchecked and uncontrolled tariff-bargaining powers.

I do so with complete conviction that the proposal is wholly impractical and ill-advised, and calculated to be a grievous disappointment even to those who hopefully believe in it at the present hour.

But I also freely acknowledge that a contrary view is earnestly held by many men for whose judgment I have the greatest respect, and with whom I am exceedingly reluctant to disagree. Some of these men are business leaders in my own State. They include, for example, high spokesmen for the Michigan automotive industry. They include many of the leading newspaper analysts. They are entitled to have their approval of this bill recorded. They may be right. I may be wrong. None of us is entitled to be dogmatic upon this proposition. The needed encouragement of American export trade is an unsolved perplexity. But the very fact that this disagreement exists makes it the more necessary that I shall make clear what I believe to be the compelling and conclusive reasons why I find myself driven into opposition to the pending bill.

I shall not speak in political terms or implications. This is a problem in economics and government. It is more than a problem in trade; for none, I am sure, would bargain our birthright for a mess of pottage. It involves even the genius of our institutions, and it is from this viewpoint and this general statement of my objective that I seek to proceed.

Mr. President, I am opposed to this tariff-bargaining proposal for the following reasons, each of which I shall hope subsequently to develop and sustain:

First. The proposal demands a delegation of the congressional taxing power and the Senate's treaty-making power which is without color of constitutional warrant, and which finds no relevant precedent in any previous grant of Executive authority.

Furthermore, even if it shall be argued that the pending proposition falls within the letter of the Constitution, the argument submitted yesterday by the able and distinguished Senator from Idaho [Mr. BORAH] demonstrates beyond any possibility of successful controversion that it falls utterly outside the boundaries of the spirit of the Constitution. This is another case where the letter killeth but the spirit giveth life.

Second. The proposal clothes the President with dictatorial authority to ruin industrial and agricultural commodities which may be chosen by him for sacrafice in pursuit of these bargains; to ruin these commodities and the American communities which may be dependent upon them for existence.

Third. This fate will overtake them without adequate warning and without adequate recourse, because the final hearings, which are grudingly allowed by one Senate amendment to the administration bill, are calculated to come too late in the bargaining process and to be too perfunctory to serve as real protection.

I might repeat parenthetically what I said yesterday in the colloquy of debate—that the net result of these hearings, in practical effect, is little more than to assure these death-marked industries a front seat at their own funeral. That is rather cold consolation.

Fourth. The President's decisions cease to be based upon the traditional American tariff yardstick; namely, the difference in cost of production at home and abroad; but reflect, instead, the presidential judgment that one American commodity should be sacrificed to the advantage of another, thus substituting executive judgment for established rule, and thus inviting entirely too free an opportunity for experimentation in the new philosophy that Washington bureaucrats are entitled to identify so-called "inefficient industries" and to put them out of business by their fiat.

Fifth. This means 3 years of uncertainty throughout the life of this amazing new power—3 years of uncertainty in which no protected trade in industry or agriculture may know and plan its own future with any continuity of assurance that it will not be the next victim of the next bar-

gain. This could be an utterly fatal handicap to courageous long-range planning, so essential to recaptured prosperity.

Sixth. The proposal is not calculated to produce actual net advantage even for its chosen beneficiaries, because the "bargain" which trades new imports for new exports is likely, in the very nature of the case, to match every new sale abroad with an abandoned job at home. This does not cure our unemployment; it merely shifts it.

Seventh. The proposal tacitly ignores the primary and overwhelming importance of our own domestic market to our own domestic producers—the importance of maintaining our own domestic buying power. It emphasizes the importance of exports at the expense of the preservation of the home markets for home producers. The chances against the success of any such philosophy are as 13 to 1, because, in normal times our home sales are 13 times our export sales.

Eighth. The chances against profitable bargains—that is, profitable for us—are further accentuated by the fact that this bill, in terms, denies the use of the free list for bargaining purposes. This free list at this very moment represents more than $900,000,000 of foreign purchases which we made last year. This stupendous alien possession of our markets continues unabated and unrequited under this bill. We bargain only with future favors which we further extend to foreigners. We get nothing for the favors already enjoyed. But this, I confess, is no novelty. Uncle Sam usually plays Santa Claus to his neighbors and to his debtors.

Ninth. The proposal is squarely hostile to the administration's own theory and reliance in charting national recovery, namely, the N.R.A. and the A.A.A. These agencies deliberately plan increased costs of domestic production, thus increasing the spread between production costs at home and abroad. Each of these recovery laws contains within it specific authority to increase tariff protection, even to the point of complete embargo, thus specifically confessing the need for more rather than less domestic protection during this particular period when these tariff bargains are to trend in a diametrically opposite direction from the N.R.A. and the A.A.A.

Tenth. The proposal invites international complications of the precise type which we have been scrupulously avoiding for 140 years, because we cannot hope to open our markets to all of the foreign commodities for which entry will be eagerly sought, and as a result we may find ourselves accused of favoritism upon the one hand and further penalized with reprisals upon the other hand.

Eleventh. The proposal is opposed by much of the voice of organized industry, commerce, labor, and agriculture.

Mr. President, having set down this summary, I now desire to explore a few of these challenging fields in greater detail.

Of course, the most important thing, from a practical viewpoint, is to know precisely how these contemplated bargains are to work.

What American commodities are to enjoy increased export favors and which American commodities are to be stripped of their protection in whole or in part?

Secretary of Agriculture Wallace, one of the sponsors for this new movement, said at Cleveland on March 23 that out of 48,000,000 persons gainfully employed in the United States, 5,000,000 would be adversely affected by a tariff reduction. That is not my figure; it is the figure of the Secretary of Agriculture.

For the sake of the argument, let us use the Secretary's figure, although I think it would be much greater, because I believe it would involve the whole body of American agriculture. But take his figure. He identifies 5,000,000 American workers who could be adversely affected, and who, therefore, have a primary stake in this tariff thing we are considering.

Very well! Which of the 5,000,000 are to be sacrificed? What commodities are to be used as our bait in fishing for export advantages for other commodities?

No proponent of this bill dares to answer.

The distinguished Chairman of the Finance Committee, the able Senator from Mississippi, in his speech on yesterday declined to identify one single illustrative example. Why? Because, he said, it was too dangerous. The logical implication was irresistible; namely, that if we knew what was in store, the thing never would be allowed to happen. I beg to ask whether that is a sound reason why it should be allowed to happen?

Does the Senate discharge its obligation to the American people, at least 5,000,000 of whom, according to the Secretary's own mathematics, may be directly jeopardized by this thing proposed to be done, when it delivers them to a hazard which we are frankly told would never be tolerated if it were fully and fairly understood in advance?

If this is the necessary philosophy today, when we are framing the bill, the only philosophy which makes passage possible, will it not logically continue to be the philosophy tomorrow, if and when the bill goes into operation?

What, then, becomes of any reality of protection in these proposed hearings which the President will hold before he concludes one of these bargaining agreements? Will the hearings come in time to have any effective bearing on the possible rescue of a commodity marked for tariff slaughter? Or will it be a perfunctory hearing which keeps the word of promise to the ear and breaks it to the hope?

Can there be much doubt? If they admit they could never get this power except anonymously, do they not also admit that they could never hope to use it except in the absence of any public knowledge of specific intent? Does not this argue that these pretended hearings will be essentially post-mortem in character—a sort of review after the fact—a concession to the form of democracy but not to the substance?

Is this too violent an assumption when we remember that the original bill contemplated no hearings at all—contemplated nothing but a summary death warrant to the afflicted industry; when we remember that this provision in the pending measure is nothing but a Senate amendment which may easily expire ere the bill completes its legislative journey?

It was never intended by the authors of the bill that there should be hearings. It is the obvious truth that this whole bargaining process is necessarily a secret sort of operation wholly repugnant to the theory of our institutions.

So it is no wonder that we can get no information as to what would be considered a good or a typical bargain. Five million persons could be adversely affected by tariff reductions, says Secretary Wallace. There are probably mighty few tariff reductions of any sort which would not adversely affect some of them. Which are those likely to suffer? They say they do not know. That is probably true. But they also say they would not tell even if they did know. Otherwise they could not pass their bill.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER (Mr. BYRD in the chair). Does the Senator from Michigan yield to the Senator from New Mexico?

Mr. VANDENBERG. I yield.

Mr. CUTTING. If 5,000,000 citizens of the United States are to be adversely affected, is it not the fact that those 5,000,000 citizens might be the total population of some 10 or 12 of our States?

Mr. VANDENBERG. Yes; indeed. Or, stated differently, it represents a group of our citizens equal to the total population of the great State of Michigan.

Mr. CUTTING. In the case I indicated, these States might represent a quarter of the Membership of this body.

Mr. VANDENBERG. That is entirely correct.

Mr. CUTTING. How could any Senator justify the ruin of the entire population of his State, or the possible ruin of the entire population of his State, even though there might be a greater number of people elsewhere benefited by the passage of a measure of this kind?

Mr. VANDENBERG. Mr. President, I thank the Senator. He personifies the thing I am saying. It would be utterly

impossible to procure the consent of the Senate to the net result which is possible under the use of this tariff bargaining power. As the Senator from New Mexico indicates, the representatives of the affected States would not dare go home in the face of consent to some of these things, if they were proposed directly rather than by indirection.

Furthermore, I use the example submitted by the Senator from New Mexico for this further purpose; after one of these bargains had decimated one of the States, as the Senator from New Mexico suggests, I submit that in that very process we would have withdrawn a section of American buying power from the total reservoir of American trade, which would fully offset any speculative advantage which might be contemplated from the new export sales of other commodities abroad.

Mr. President, as I was saying, those who sponsor the legislation say they do not know what bargains are in contemplation. I repeat, they also say that they would not dare tell even if they did know.

Is not that a strange legislative contemplation in a republic? I can understand how it would satisfy a dynasty. I can understand how snugly it would fit a Fascist pattern. I can understand why the following significant Associated Press dispatch from Rome was printed under date of March 29:

ITALIAN PRESS HAILS HOUSE TARIFF VICTORY

ROME, March 29.—Approval by the United States House of Representatives of a bill conferring tariff bargaining powers upon President Roosevelt was welcomed prominently here tonight in the Italian press.

Although the news arrived too late for official comment, the Fascist attitude toward the action was easily predictable—

The Fascist attitude was easily predictable.

since fascism always has considered tariff commercial conventions a particular prerogative of the Chief Executive.

I repeat, Mr. President, that I can understand this Facist applause, but I cannot so easily identify justification for its American parallel and emulation.

The able Senator from Mississippi spoke yesterday of the so-called "reciprocity" sections of the Dingley Tariff Act of 1897, and pointed out that the Senate declined to ratify a single one of the so-called "Kasson Treaties" which were negotiated thereunder. He argued therefrom that the only way to get reciprocity agreements is to let the Executive ignore the Congress. That is only another way of saying that these Executive agreements invariably cannot stand congressional scrutiny; therefore, it is argued that the tariff-making authority ordained by the Constitution should be set aside, according to this new philosophy of action, so that agreements unsatisfactory to Congress and to the people it represents may be consummated. And they call this popular government.

No wonder they will give us no examples of the bargains they have in mind.

Just one tangible item seems thus far available. When the domestic wool market recently began to suffer seriously in price level because of the fear that one of the early Executive bargains would trade away our wool protection, there was hasty assurance from these prospective tariff autocrats that they have no present intention of attacking wool. It is not a firm warrant. But it will suffice to calm wool fears at least until the bill is passed.

But wool—and wool alone—thus far is the only commodity thus temporarily reprieved. Why should wool alone be immunized?

What of other farm commodities?

President Roosevelt delivered a notable campaign address at Baltimore on October 25, 1932. In it he particularly resented and rejected the notion that his administration, if elected, would lower farm tariffs. I quote:

Of course, it is absurd to talk of lowering tariff duties on farm products. I promised to endeavor to restore the purchasing power of the farm dollar by making the tariff effective for agriculture and raising the price of farm products.

The President of the United States speaking:

I know of no excessive high-tariff duties on farm products. I do not intend that any duties necessary to protect the farmer shall be lowered.

The President of the United States speaking:

To do so would be inconsistent with my entire farm program, and every farmer knows it and will not be deceived.

The President was right. He was equally forthright. I cannot believe that any farm tariffs are to be bargained away—although I confess I do not know what it is we are hoping to buy in increased imports from many of these foreign countries unless it be farm products. Many of them have nothing else to trade. Yet that would be absurd, says the President. But, once more, when we try to be specific, and when we suggest the direct exemption of farm tariffs from this new power, we are ominously told it cannot be.

So the eternal question recurs, What is it we are to give away to foreigners in order to get these fabulously increased exports? It must be something, and it must be something mighty substantial to justify the hope of all the good people who expect to get all these vast new foreign export orders in return.

The enthusiastic support, for example, which the great National Automobile Chamber of Commerce accords this bill is built up entirely upon its own undoubtedly earnest belief in and convenient acceptance of the theory that it will increase automobile exports by something like 250,000 cars per year.

But there is no suggestion in any of this literature or argument where or how these cars are to be sold. There is no discussion of what we are to give away in order to sell them.

Therefore there can be no consideration of that final, deadly question whether these manufacturers will not lose more sales at home because of the lost buying power of those Americans who lose their jobs when they lose their tariffs than can possibly be offset by new sales abroad. It is only the net that really counts.

No legislator could possibly be more interested than I am in greater sales of automobiles. I would sacrifice most other economic considerations to that end. But it does not suffice simply to claim this beneficent result in behalf of the pending formula. I warn that the net result might be an actual loss. First we must know the price to be paid for this bargain. We cannot know the price nor assess the net benefit of the bargain unless we know what the bargain is to be.

But we do not know, and I concede in the very nature of the use of this type of power that we cannot know.

Secretary Wallace has said, speaking at Athens, Ga., on May 12, that these bargains are to be made at the expense of "small, inefficiently conducted businesses." Perhaps that is a clue to the new tariff deal. Small, inefficiently conducted businesses are to be traded out of their existence. Instead of measuring the difference in cost of production at home and abroad by uniform and universal rule we are to submit American industry and agriculture and labor hereafter to the tyrannical decision of Washington commissars, who will decide for themselves by some theory of their own as to the inherent right of American business to live.

But this immediately brings us back to agriculture, which the President has said it would be absurd to disturb, because agriculture gives us one of our most concrete examples of what these administrators consider to be inefficient industry.

We had it on the word of the Secretary of Agriculture that the domestic sugar industry is inefficient. We had it on the word of the President in his message of February 8 that the domestic sugar industry is expensive. So, surely, here is one of those commercial operations which fits the Wallace formula as stated in Athens, Ga., on May 12, and which might be eligible for destruction.

I remind the Senate that this domestic sugar industry is consigned to the category of inefficiency and superlative expense, despite the fact that retail sugar sells in the United States cheaper than in any other spot on this globe, with four exceptions.

I submit to the Senate that any domestic industry struggling for its existence, as the sugar industry has struggled in the United States for the last decade, which can advantage the ultimate consumer to the extent of giving the

maximum quality and minimum price against a world-wide comparison, is not an inefficient industry and is not an expensive industry, and is not an industry which deserves to be jeopardized with the possibility that some Washington bureaucrat may pass a death sentence upon it.

We are not just supposing that the sugar industry is threatened by this proposed bargaining power, Mr. President. We have it in a letter from the Chairman of the Tariff Commission written to the President on April 11, 1933, from which I quote the opening sentence:

> In view of the possibility of early action by our Government in regard to tariff bargaining, I venture to send you certain conclusions that have been reached by the Tariff Commission from our study of the sugar industry.

Does this mean that domestic sugar, already having suffered one tariff reduction under the use of the flexible power, is now to suffer another under the use of this bargaining power? The question goes unanswered. I would not unduly emphasize sugar. I simply use it as an illustrative example.

Or is it to be domestic lace, which some other spokesman of the administration inadvertently identified one day as an inefficient industry? Is it to be lace which we trade away?

Or is it to be the manufacture of period furniture, which Mr. George N. Peek, in an unguarded moment, partially identified as one of those in which we might make an international trade? Nobody answers. Those who know, if any do, decline to tell.

What is an inefficient or an inexpensive American industry which entitles it to be marked for free-trade slaughter by these new tariff commissars?

Is it any American industry which cannot produce as cheaply as the equivalent foreign industry, with its low alien wage scales and its low alien standards of living? On that basis, we should start toward the maximum of free trade, one of whose last remaining oracles is the distinguished and greatly beloved Secretary of State, who will be in a key place when the knives are whetted for this great contemplated operation.

On that basis, if that is the rule which is to be followed—and we are left to blind supposition on the subject—if that is the rule which distinguishes inefficiency, namely, that the commodity cannot be produced here as cheaply as abroad; if that is the rule, copper, for example, would be eligible for tariff reductions. But if the Senators from Arizona or Utah or Montana thought that copper rates would be traded away, they would never support the pending bill for a single moment. Do they know otherwise? How can they know otherwise? Oil would be eligible; chemicals would be eligible; fruits would be eligible; lumber would be eligible; shoes would be eligible; countless other American products would be eligible. Would Senators vote to curtail or kill domestic production in these and multiple kindred lines? They would not. Yet they will vote to permit it to be done by indirection; and if it were done, I assert it would be of no net advantage to America.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Mississippi?

Mr. VANDENBERG. I yield to the Senator from Mississippi.

Mr. HARRISON. I know the Senator does not want to be incorrect and does want to give the true interpretation of the proposal. He mentioned copper. Copper carries the excise tax, and the Senator will appreciate that the proposal freezes that and gives the President no jurisdiction to revise the rates either up or down.

Mr. VANDENBERG. I understand that.

Mr. HARRISON. It gives him only the authority to continue them.

Mr. VANDENBERG. I understand that, and I thank the Senator for his interruption.

Mr. HARRISON. When the Senator alludes to copper, I think that explanation ought to be made.

Mr. VANDENBERG. I thank the Senator for his interruption, because I see I might be misunderstood. The point is that the excise protection for copper, oil, and lumber is the temporary, expiring excise protection, which runs out next year. Sooner or later, if there is to be any permanent warrant of protected life for these important American commodities, it must be written into the tariff law. But I am submitting the fundamental proposition that if we have come to a point where only those industries in America which can produce more cheaply than similar industries abroad can produce are entitled to protection, there never will be protection for copper or oil or lumber or for most of the major commodities; and then, Mr. President, there soon will be no domestic market in which we can sell automobiles or anything else a little later. It is against the anonymous nature of the use of the power that I protest; it is the fact that we are not given one single illustration of the probable and possible use of this power of which I complain.

Ah, you say, the difficulty in handling specific rates is the trouble with congressional tariff making; you say it fails of national advantage because of local interests. That is absolutely true, to a degree. But speaking of the Nation, what is the whole except the sum of the parts; and which evil is the greater, the infirmity of congressional tariff making, plus administrative flexibility through a commission, or the infirmity of tariff making in America by Executive decree, with its inevitable subsequent political reprisals if any of these essential local interests are crucified? You do not escape the specific challenge; you merely postpone it.

But, Mr. President, I am not striving for controversy in this argument; I am trying to find some basis of illustration upon which we may fairly join the issue in contemplating whether or not there is practical value in the tariff-bargaining prospectus.

Let us take the first three of these indicated commodities, for the sake of the argument, since each one of those in some sort of degree has been at least partially identified for prospective-bargaining slaughter. I refer to domestic sugar, domestic lace, and period furniture. Taking these three as an example, and assuming that a bargain has been made, let us suppose that automobiles were the benefited reciprocal commodity. Very well. We sell more automobiles to Cuba, it may be, but we inevitably sell relatively less, and probably greatly less, in the 16 beet-sugar-producing States of our own home land. We sell more cars in France, perhaps, and relatively less in Rhode Island and Pennsylvania where the lace industry is decimated. We sell more cars in Belgium and England, in return for having bought our furniture over there, but we sell infinitely less cars in the furniture centers of Michigan and New York, Illinois, and North Carolina. Why is not that a cross-sectional picture of this thing which we are asked to do? Where is the net advantage? Is there not calculated, rather, to be a net loss?

With greatest respect for the export views of those who know more about automobile exports in a minute than I shall know in a year, I cannot see where this produces more net sales; and it is only in net sales—I emphasize the word "net"—that we can measure any final advantage.

It seems to me, at best, that the net sales balance sheet stands still. That is the most we can hope for; that the net balance sheet will stand still, while, at the same time, thousands of our own fellow citizens who are thus traded out of their jobs are added to the army of unemployed or to the farm deficit upon the countryside. Meanwhile I know of no assurance that automobiles are going to be chosen for these alleged favors. They might not be chosen at all. I should expect southern cotton to be much more likely to be nominated as the favorite.

These arguments lead to the inevitable conclusion that (1) either those who anticipate large American advantages from these tariff bargains are to be disappointed; or (2) that their aspirations can be validated only at deadly expense to others of their fellow citizens who thus are added to the sum total of the national depression.

Do these arguments also lead to the conclusion that nothing can be done to re-create foreign trade? Not at all. While our relative loss of world trade is slightly greater than the ratio of total world-trade recession, yet the basic fact

is that our major loss of exports is the same loss suffered by others in a gigantic recession in world trade as a whole. Our prime menace in respect to export trade is a world depression. Our prime export hope is inherent world recovery.

I quote one significant sentence from the latest publication of the United States Automobile Chamber of Commerce, and I ask Senators particularly to attend to this quotation. Senators have a right to be earnestly interested in the recovery and recoupment of our export trade. Heaven knows, I am utterly concerned to that great end. The question is, How shall it best come? The question is, Can it be artificially stimulated? My proposition primarily is that, under the natural law of recurring world prosperity, in whatever degree it comes, we inevitably, without any of these doubtful bargains, are calculated again to be upon the forward march, and I call to the witness stand the United States Automobile Chamber of Commerce, from which I quote as follows:

> In the past year with more friendly foreign-trade policies not only here but abroad as well, mass buying power gradually became alive again and the volume of overseas sales of American motor vehicles rose to 240,000 and the increase during the first quarter of this year—

I beg Senators to note this figure—

> has exceeded by 100 percent the same period of the preceding year.

We are not standing still in respect to our export trade. We do not and shall not stand still in respect to exports when the world itself does not stand still. Here is the proof: A 100 percent export increase in a single quarter of the year in what is, perhaps, the most important of all our export commodities, and without a single bargain to speed the impulse. But I would not stop at this. I would further encourage export trade in every possible way and by every possible device short of domestic slaughter in other directions.

Meanwhile, Mr. President, our domestic prosperity is the major stake in all this thing, and one of my chief complaints against that which we are asked to do is that we lift our eyes away from the great blessing of our own home market and concentrate them almost exclusively beyond the seas.

Normal American prosperity is not dependent on an average of more than 10 percent of export trade. I believe the authenticated figure over the years is nearer 7 percent. That means, obviously, that our normal prosperity is 93 percent dependent upon our domestic markets. This utter predominance of the home market in relative importance is no excuse for abandoning all possible rational encouragement to enhanced foreign trade. But it is a 13-to-1 reason why any American economic prospectus should put at least 13 times as much emphasis upon the continued protection of home markets for home products as is put upon a quest for an export outlet. Further, it suggests a 13-to-1 chance that we shall lose more than we gain whenever we gamble the former against the latter. The lottery is pegged heavily against us.

If the President proves to be a shrewd trader, he may occasionally get the best of one of these tariff bargains. But experience warns us that we seldom outwit our international neighbors in an international deal.

If the President holds his own when he drives one of these bargains and the account stands even as between us and the alien, then we have merely traded an import for an export—one new domestic job for one abandoned domestic job—and the gain is zero. There is no advantage.

But if the President gets in any degree the worst of the bargain, then he has actually set us back instead of forward—and the mathematical chances, I repeat, are about 13 to 1 that this will be the unhappy result.

It is a gigantic speculation at best. Normal prosperity in the United States involves something like ninety billions of domestic consumption and five or six billions of export consumption. To risk the former in pursuit of the latter is sheer recklessness. It is worse than the folly of the dog in Aesop's fable who dropped a succulent bone into the pool while greedily reaching for its reflection.

To let one mortal man, no matter how able, take this risk at the possible expense of the whole American people would be amazingly wanton. It is bad enough that the Secretary of the Treasury should have $2,000,000,000 with which to play, at his own free will, with the money changers of the Old World. How much larger is the offense against caution and common sense if even so great a man as the President should have $90,000,000,000 with which to play at his own free will with the alien bargain hunters of the universe.

Here is another thing. We commission the President to this bargaining task under terrific handicap. He starts the race in hobbles. He cannot touch the free list. Our free imports last year were $906,000,000. Our dutiable imports were only $529,000,000. These contemplated bargains, under the terms of the bill, must leave this enormous free foreign invasion of our own markets practically alone. The President cannot transfer articles from the free list to the dutiable list. He cannot touch the alien free shipment to us of $20,000,000 worth of bananas, for example, $68,000,000 worth of newsprint, $13,000,000 worth of tea, $51,000,000 worth of tin, $124,000,000 worth of coffee, $33,000,000 worth of furs, $14,000,000 worth of grasses and fibers, $49,000,000 worth of rubber, $57,000,000 worth of wood pulp, and $102,000,000 worth of raw silk.

True, he could use a quota power against these imports if the foreign countries would agree to such restraints, but, of course, they will not agree to such restraints. Therefore, he is shorn of practical power to deal with this most important of all bargaining tools if there is to be bargaining at all. The only effective power which could be put into the hands of the President to make a tariff bargain to the shrewd advantage of the United States would be the power to let him agree in such a contract to leave articles upon the free list for a stated period.

Mark you, I do not advocate duties upon the raw products which I have mentioned. I do not advocate the extension of power of this bargaining process to the free list. I simply point out that the proposed bargaining powers are utterly ineffectual. They proceed on the untenable theory that foreigners are entitled to continue to enjoy all their existing free privileges in our markets, and that we in turn must pay, as Uncle Sam apparently always has to pay, for any advantages which we seek abroad. The free list runs on. In comes the Japanese silk, in comes the Brazilian coffee, in comes the Chinese tea, in comes the British tin. No charge is made against them for the invasion of our markets and our use of those commodities. No; the charges begin when we propose to reverse the process and seek a market for our goods over there.

I submit, and submit with all earnestness again, that if there were to be a bargaining power in connection with which there could be any hope of real American advantage without dire threat of subsequent loss, it would have to be a bargaining power in respect to the free list at least to the extent of permitting the President to make an international contract to leave a given commodity upon the free list for a stated time, in return for new American exports abroad.

Mr. President, we are constantly reminded by our economic philosophers that the world's trade—yea, and the world's peace—is beset by too many invidious barriers. We are told that there are too many handicaps to the free flow of goods; and that the new effort should be to level these restraints. Yet here is a proposed process which runs in the opposite direction, and with dire implications. We are told that the President needs these tariff-bargaining weapons in order to cope successfully with kindred maneuvers by other chancelleries. So we proceed to arm him from the very arsenals which have set Europe by the ears. Having armed him, we launch him into the greatest international bluffing game on record. The effects may be far reaching beyond calculation.

Let us be frankly warned that foreign countries, each jealous of the other, will manipulate their own tariffs for the express purpose of forcing our hand. None of these foreign countries will sit idly by and let favor or advantage flow to another. They will scheme to force us into a disadvantageous position to the end that we shall pay their price for trade clemency. Machaivelli never confronted a more intriguing game. We put ourselves at the mercy of our alien competitors in a game at which they are past masters and we are but innocent and gullible amateurs.

Listen to a few words from the letter of the Chairman of the United States Tariff Commission to the Senate of the United States in response to Senate Resolution 325 of the Seventy-second Congress. I am now quoting the official records, Mr. President. The thing I have just said does not rest alone upon my ipse dixit for its authority. I quote from this official report to the Senate of the United States:

> Unless a reciprocity policy is handled with skill it may succeed in obtaining no concessions other than removal of those high rates, trade barriers, and discriminations which foreign countries have erected or maintained for the very purpose of bargaining them away.

Mr. President, I submit that that is an astounding warning to find imbedded in an official document to this body coming from the very sources which recommend the pending bargaining bill. Listen: We are warned that these foreign countries have deliberately maintained the policy of increasing their rates in order to have something to bargain away and yet remain without net disadvantage to themselves. And we think we can cope with such a game.

Here is something more on the same subject, quoting the same official source:

> Since 1919, there is evidence that the increasing of tariff rates and the erection of barriers, principally for use in bargaining, has grown rather than diminished. Accordingly, the difficulty of making a reciprocity policy yield net reductions in foreign tariffs has increased rather than diminished as the bargaining countries have attained—

What?—

> greater experience.

What experience have we when we enter, like babes in the wood, upon this international market? Where is our experience as we deal with those who, we are warned upon official notice, have become past masters in the very art in which we gullibly think we might get the best of them?

Why ignore these implications? They tell us plainly that the Old World has put up its rates in order to bargain them down without net loss to itself. Are we so childish as to believe that the countries of the Old World will not do precisely the same thing with us? Are we equipped to play that game? No; we have not tilted our duties in order to have a gambling margin. No; we do not even propose to bargain with our free list. Is it sensible to think that we shall win in such a lottery?

I repeat that the Old World has been practicing this piracy for decades. They are old hands. We are kindergartners. We go as lambs to the slaughter.

I hope I am wrong; but, holding such views, there is nothing for me to do but to cling to our traditional tariff process, with all its admitted and unfortunate faults, rather than to fly to the embrace of ills we know not of. There is nothing for me to do but to stand by tariff protection, and not deliver its destinies to its traditional enemies. There is nothing for me to do but to pin my major American hopes upon domestic prosperity, and my export hopes upon our share of renewed trade in the world's reservoir as a whole. There is nothing for me to do but lean upon the already existing flexible machinery for some degree of more effective responsiveness to the fluxing need of the times.

One other thought, Mr. President: We are engaged today in a great nationalistic experiment. I refer to the N.R.A. It is frankly builded on a self-contained theory of economic nationalism which is the most pronounced and emphatic thing of its sort in the history of the modern world. It could not and cannot hope for success except as artificially stimulated pay scales and arbitrarily shortened work hours—all inevitably creating a higher American cost of commodity production—are protected by tariffs more effectually than ever before. The Republican theory of protection must be implicit in the N.R.A. program. Otherwise the N.R.A. program is suicide. This is an axiom. It is directly recognized by the National Industrial Recovery Act itself, which says, in section 3, that whenever the President finds an increasing ratio of imports of any competitive article which threatens to endanger the maintenance of any N.R.A. code, he shall, after investigation by the Tariff Commission—I quote:

> He shall direct that the article or articles concerned shall be permitted entry into the United States only upon such terms and conditions and subject to the payment of such fees and to such limitations in the total quantity which may be imported (in the course of any specified period or periods) as he shall find it necessary to prescribe in order that the entry thereof shall not render or tend to render ineffective any code or agreement made under this title. In order to enforce any limitations imposed on the total quantity of imports, in any specified period or periods, of any article or articles under this subsection, the President may forbid the importation of such article or articles unless the importer shall have first obtained from the Secretary of the Treasury a license pursuant to such regulations as the President may prescribe.

And he can even carry this increase to the point of complete embargo. He is given, indeed, specific embargo power.

I submit, Mr. President, that this is the exact opposite of the new proposal for tariff bargaining in pursuit of new export markets at the expense of increased imports.

Precisely the same thing is true with respect to processing taxes under the Agricultural Adjustment Act. Every processing tax is matched by a correspondingly increased tariff against kindred imports. This is the philosophy, I repeat, of the highest tariff protection in the history of the United States; and it has to be if these artificial domestic tonics are to succeed. Lowered tariffs, by bargaining or otherwise, run in exactly the opposite direction.

We should be attempting the impossible task of going in two opposite directions simultaneously. It cannot be done. No human power, no matter how universally supported, can thus contravene the natural law. I paraphrase the able Secretary of Agriculture: "America must choose"—and our choice must be confined to one direction at a time. Not even our imperial galaxy of young professors, now occupying the campus of the Government, can escape this inexorable mandate.

If this proposed bargaining power sacrifices any tariffs on industrial commodities under the N.R.A., or on agricultural products under the A.A.A., it vetoes the new deal in both of these respects. It nullifies the recovery program.

If it ignores all coded commodities under the N.R.A., and all nurtured products under the A.A.A., then its field is so limited that the innovation cannot possibly be worth its cost in its wrench to our traditional institutions and in the sentence of uncertainty which it pronounces upon every American economic activity from the hour that this new power is lodged with the Executive.

No industry thereafter can make a long-range production plan. It will not know at what moment the news of a tariff bargain may announce its own death warrant. The very nature of the use of the new power is essentially secret. Any hearings are tantamount to drumhead court martial.

The President proposes; the President disposes. The deed is done. There is no truly effective appeal. The sword flashes. The economic corpse is cold. If it is a bad bargain—and the mathematical chances probably lean this way in overwhelming odds—if it is a bad bargain, it is just too bad. The tears are futile. The supreme authority has spoken.

It is no answer to say that the power will not be abused. I freely consent that no abuse would be premeditated, but it could none the less result. You are just as dead from an unpremeditated accident as you are from premeditated murder.

Confident economic planning, Mr. President, would simply become impossible in the presence of such a secret, sum-

mary power as is contemplated by this new tariff program. It is an invitation to renewed industrial timidity. It is a blight on long-range planning for the new prosperity. It violates every American theory of a day in court for those citizens who may deem their rights to be in jeopardy. It potentially nullifies the N.R.A. and the A.A.A. It is illogical, unwise, and unsafe from the very standpoint of those precise objectives to which the rest of the President's recovery program is dedicated.

The anomaly goes even further. In all human probability, the N.R.A. will put our production costs so high that we could not compete for foreign orders in most commodities even if we had the so-called "benefit" of one of these so-called "bargains." The foreign customer does not have to buy, even after his government has made the bargain. Indeed, he will decline to buy unless the price entices. The whole trend of the N.R.A. is calculated to make any such enticement impossible. Thus we confront the poor consolation of possessing only the shadow, rather than the substance, of any theoretical advantage which the bargain might bring us. We probably should lose even in those rare instances where, on the surface of things, we might seem superficially to have won. The whole arrangement is a nature fake.

Mr. President, the voice of organized agriculture in America speaks squarely out against this thing which the Senate is asked to do. It speaks through the National Grange. It speaks through the National Cooperative Council, a conference body of farmers' cooperative business organizations. It speaks through others who have a right to say that agriculture does not want its head upon this fatal chopping block.

Not only does organized agriculture speak against it; so equally do those spokesmen for organized labor who are best informed respecting this phase of their well-being.

American labor has infinitely more to lose from this tariff-bargaining prospectus than it has to gain. When the President says that exports cannot be increased without a corresponding increase in imports, he is saying that for every artificially created sale abroad there must be an abandoned job at home. American labor cannot possibly gain thereby. The obvious chances are that it will lose.

This leads Matthew Woll, vice president of the American Federation of Labor, to say:

> As against all these urgencies for increased export trade, reciprocal trade treaties and other devices urged to that end, America's wage earners raise the more important issue of enlarging our domestic purchasing power and of increasing and protecting our home markets.

Hear him further:

> Regardless of how we balance advantages and disadvantages, the fact remains that the foreign market is not so desirable as the home market—either for capital or for labor. Goods exported must be sold at world prices in competition with goods produced by poorly paid, pauper, and even forced labor—and the certain result of large exports is always that labor of the chief exporting countries, such as England and Germany, is forced to accept lower wages in order to be able to compete effectively in the foreign market. In other words, the predominance of the foreign over the home market totally destroys the benefits of the protection of labor. What the Nation needs and is beginning to know it needs, is not great economic dependence upon the foreign market, but exactly the opposite—greater economic independence.

More—

> If it be the judgment that for practical efficiency Congress must no longer be trusted with joint treaty-making power in the matter of trade relations, why ought not sole authority be delegated to the President in dealing with agreements relating to international public debts, disarmament, and the like? Are we not thus hastening a time when power to be exercised by the President will be greater than the power of former kings, czars, and emperors?
>
> Labor has implicit confidence in the present incumbent of the Presidency of the United States and has implicit faith and confidence in his humanitarian instinct and in his desire to maintain and hold secure our democratic ideals, ideas, and institutions. We are confident he is actuated solely by a desire to get our people and our institutions out of the terrible chaos into which we had drifted. But labor is without knowledge of the certainties of life and who may succeed him or when. In addition, powers of government should not be granted because of faith in any one individual temporarily in authority. Power once delegated is difficult to limit, regulate, or annul. Are we not thus building a dangerous structure for the future, even if it be confined to reciprocal trade treaties? Who knows what the future has in store and to what end we are building a permanent structure on the basis of meeting an emergency by devices of expediency?

Mr. President, in addition to organized agriculture and organized labor, organized business, in most of its units, speaks out in a warning that we must stop, look, and listen before we proceed upon this way. I am speaking now primarily of the National Manufacturers Association, and of the recommendations of the United States Chamber of Commerce. This latter does not condemn the reciprocity theory; in fact, it is rather sympathetic with it, and in that aspect, under the existing circumstances, we totally disagree. But I point out that even these gentlemen cogently recommend:

> 1. That in granting authority to make tariff changes in the interest of reciprocal tariff negotiations the Congress write into the law the definite limitation that no rate be lowered to a point where American industry and agriculture shall be subjected to destructive foreign competition.
>
> 2. That the flexible provisions of the tariff act be maintained, embodying a basic controlling formula, laid down by Congress, according to which shall be determined the adequate protective level at which individual tariff rates shall be set.
>
> 3. That through a tariff adjustment board or other instrumentality, and in advance of such board making its recommendations to the President, there be full opportunity for American businesses likely to be affected by contemplated reciprocal tariff or other tariff changes to present testimony as to the incidence upon their respective enterprises of such changes.

These specifications cannot be said by any stretch of the imagination to fit the tariff bargaining bill upon which the Senate shortly will be asked to pass in spite of the new provision for some sort of incidental hearings after the fact.

Mr. President, I have talked entirely too long, infinitely longer than I had anticipated I would. I apologize to the Senate for this intrusion upon its good nature. My excuse is the intensity of my feeling that we are asked to embark either upon a futility or upon an error.

There are many other phases of this thing which I wish I could canvass. I should like to read Washington's Farewell Address, for example, with specific reference to his warning against entangling alliances, which may exist not only in the printed contract but exist equally through the display of extraordinary friendship toward one or more particular foreign countries.

Under the ultimate operation of this tariff-bargaining process, if it ever gets to working at all, we shall find ourselves classified by nations to whom we grant our favors as friendly, and we shall, as to nations whose requests we have to reject, find ourselves classified as hostile. This does not make for less friction in the world; it makes for more.

I wish I had the time to speak of favored-nation treaties. The fact of the matter is that every time we make one of these tariff bargains we will have to extend precisely the same favor to 28 other foreign countries in this world, and it is no answer to say that they have to give us in return the same advantage, because the thing we have traded to the particular foreign country may be a thing that foreign country alone can buy from us, whereas 28 other countries automatically, forthwith, must have the same privilege to send into our markets whatever it is the original country has traded in connection with this bargain. So here is another mathematical formula running against us, not a 13-to-1 chance that we lose, this time; now it is a 29-to-1 chance that we lose.

I wish I had time—and I do not intend to take the time—to review some of the superb arguments which were made not very long ago by eminent Democratic Senators across the aisle against a far more limited form of tariff flexion than is brought to us in this present amazing and astounding proposition. I do not refer to it through any thought of criticizing inconsistency. I realize that consistency is the vice of small minds, and I would not accuse any of my distinguished Democratic colleagues of possessing small minds. I refer to it only because out of the wealth of argument which they poured upon the land to demonstrate that the little, simple, existing flexible-tariff provision of the present law was an outrage upon the ark of the covenant—out of the

wealth of those arguments I find tremendous solace as I confront the present challenge.

I favored, and still favor, the existing flexing power. I was glad to trust the President with it. I am perfectly willing and glad to trust the present President with it. I said so then. I repeat it now. But that flexing power was and is as nothing compared with the bargain power now asked. Yet my good Democratic colleagues, who bitterly attacked that simple formula, now swallow this new dose without a gulp.

Here I have the statement of the vigorous senior Senator from Tennessee [Mr. MCKELLAR]. I can see him now as he used to speak at his desk yonder day in and day out during the last administration, and when he was confronted with the existing simple flexible tariff provision of the present law, he said:

> This is the break in the dike; we have been tinkering around this very weak spot for a long while, and now we are going to hit it, to open the crack, and destroy the legislative branch of our Government.

The Senator from Tennessee was right. We should have listened to the Senator from Tennessee at that time. It was the crack in the dike. Now the dike gives way. The difference, apparently, is that while the Senator from Tennessee objected to the crack in the dike, he has nothing to say when the dike itself goes out.

The distinguished senior Senator from Arkansas [Mr. ROBINSON], the leader of the Democracy across the aisle, subscribed himself to a powerful challenge against the existing flexible tariff law, although it holds the President within stringent boundaries established by Congress itself. I quote but one section from the brief to which he gave his faith:

> Tariff making and revision under our Constitution are legislative duties, and to impose such responsibilities on the President as are carried in the flexible provision confuses legislative and Executive responsibility.

Mr. President, I did not think he was right 3 or 4 years ago when he was applying that stricture to the comparatively limited confusion of executive and legislative power at the time. Now we confront a situation in which not only are the legislative and executive functions to be confused, but we can take off the first three letters and say they are to be "fused" and the legislative authority under the Constitution is to disappear. I await the testimony of the able Senator from Arkansas upon it.

Here is a quotation from the able Senator from Kentucky [Mr. BARKLEY], who is always earnest in his appeal to the conscience of the Senate and of the country. I quote the Senator as he inveighed against the comparatively limited use of a flexing tariff power a few years ago under Republican auspices:

> Under the Constitution the Senate, even though now Senators are elected by the people and are responsible to them, cannot originate a tax bill. It cannot originate a measure laying one dollar in taxes upon the American people. Yet we are seriously asked to delegate to the President a power which we do not ourselves possess.

That was a well-nigh unanswerable challenge then, although we evaded it; but if it was a challenge then, it is a challenge 10,000 times emphasized and multiplied in the presence of the existing complete proposed abdication of the Congress with respect to tariff-making power.

Here is a quotation from the able junior Senator from New York [Mr. WAGNER]. The Senate always listens with the greatest respect when he explores and illuminates a subject. I quote his words urging us not to let the President tinker with a tariff rate even if an impartial and nonpartisan Tariff Commission had recommended that it be done after exhaustive hearing. He said:

> The new danger line in twentieth century government is drawn across the economic field. Are we going to hold that line or are we going to renounce the victory of a thousand years of fighting to break up the concentration of political power and permit the concentration of economic power in the custody of a single individual?
>
> No Member of this body who has regard for the judgment of posterity can fail to make a correct decision or afford to make a wrong one.

Mr. President, if we were contemplating at that time one tenth as great a concentration of economic power as is being concentrated now, then I am indeed a tyro in arithmetic. I am not afraid of the alleged concentration as it was hedged about by metes and bounds in the existing flexible tariff law. But, Mr. President, I cannot understand for the life of me how Senators who declined to get the consent of their consciences to that limited use of Executive authority with respect to tariffs, can now consent to the complete abdication of the tariff power on the part of the Congress and in the direction of the President. I do not refer, of course, to the President personally. What I say would apply to any President, be he Republican or Democrat or otherwise.

Mr. President, here is another very eloquent quotation. I am now using the words of the earnest, crusading senior Senator from Texas [Mr. SHEPPARD], who always puts his whole heart and soul into the convictions which he pours out upon this floor. I quote him, begging us quite recently not to give the President the first nickel's worth of tariff flexing power:

> The proposal confronting us clothes the President with legislative power.
>
> It merges the Capitol in the White House.
>
> It deposits the dead body of a suicide Congress at the feet of Herbert Hoover.
>
> What a melancholy spectacle it would afford—the remains of a once courageous and coequal branch of government which yesterday might have stood against the world.
>
> Assuredly there would be none so poor to do it reverence.
>
> Not even pity would be its due—only the measureless contempt of mankind.
>
> The measure under consideration enables the President to make law—to legislate.
>
> It destroys, so far as its operation is concerned, one of the most vital features of our system of free government—the separation of the executive, legislative, and judicial functions.
>
> It is a part of that process of concentration in government and industry which is the most appalling mark of the time, a process which is banishing freedom and opportunity from American life.
>
> It makes the cynic laugh, the patriot grieve.

Mr. President, if the cynic could laugh and the patriot grieve just because we let a President of the United States use an utterly limited flexing power within metes and bounds written by our own votes and after an investigation by a tariff commission which must establish the difference in cost of production at home and abroad, then I do not know what the cynic will do, or where the patriot will go to find an adequate wailing wall in the face of the present contemplation in which we are asked to sweep all congressional prerogative into the basket of the White House.

Mr. President, this is very interesting reading. I am not going to continue it. I have scores of quotations here representing practically the entire Democratic Membership across the aisle as it sat here and fought bitterly under the sturdy steel of the leadership of the eminent Senator from Mississippi [Mr. HARRISON] against any use of a flexing power in the hands of an Executive of the United States.

"Times have changed", they say. That is right. "New times require new answers." That is right. I am not afraid of innovations. I have demonstrated that by more votes than one upon this floor in sympathy with this so-called "new deal." But when you start to innovate with respect to the Constitution of the United States, and by indirection, and when you know by the confession of your own words a few years previous that this is precisely the thing you do, then I do protest. And when you propose to deliver the economic life blood of labor and industry and agriculture and commerce into the sole dictatorial, autocratic possession of one President of the United States, I care not who he be, I protest that bureaucracy has gone too far to leave freedom breathing safely in our United States.

I conclude with the words of another great Democratic leader, the late President Wilson, speaking on January 8, 1918:

> The history of liberty is a history of the limitation of governmental power, not the increase of it. When we resist, therefore, the concentration of power we are resisting the processes of death, because concentration of power is what always precedes the destruction of human liberties.

Mr. President, I do not believe this bill should pass.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

RECIPROCAL TARIFF AGREEMENTS

The Senate resumed the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

Mr. McNARY. Mr. President, I suggest the absence of a quorum and ask for a roll call.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Austin	Davis	King	Robinson, Ind.
Bachman	Dickinson	Logan	Russell
Bailey	Dieterich	Lonergan	Schall
Bankhead	Dill	Long	Shipstead
Barkley	Duffy	McCarran	Smith
Black	Erickson	McGill	Steiwer
Bone	Fess	McKellar	Stephens
Borah	Fletcher	McNary	Thomas, Okla.
Brown	Frazier	Metcalf	Thomas, Utah
Bulkley	George	Murphy	Thompson
Bulow	Gibson	Neely	Townsend
Byrd	Glass	Norbeck	Tydings
Byrnes	Goldsborough	Norris	Vandenberg
Carey	Hale	Nye	Van Nuys
Clark	Harrison	O'Mahoney	Wagner
Connally	Hastings	Overton	Walcott
Coolidge	Hatch	Patterson	Walsh
Copeland	Hayden	Pittman	Wheeler
Costigan	Johnson	Pope	White

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. METCALF. Mr. President, when this Congress shall adjourn it will have made history. Never before have the Representatives of a democracy been forced to place their official sanction upon such strange and dangerous economic experiments as we have received from the "brain trusters" of this administration. Bills of tremendous import have been brought before us and voted into law almost before the ink has dried on the pens of those who wrote them. In rapid succession we have entered into experiment after experiment, until now we are to consider the gravest of all. We are asked to pass legislation which will, in effect, abandon the theory of protection in favor of a system of reciprocal trade agreements with foreign countries. This legislation is advocated on the ground that it is a part of an emergency recovery program, and that since we are in the throes of an economic panic we should adopt drastic and revolutionary measures with which to combat the evil which has befallen world commerce. The successive steps which have led up to this final economic experiment have included the creation of numerous bureaus, designated by alphabetical symbols, with authority to regulate the productive power of individuals engaged in agriculture and industry. The foundation upon which this theory rests is composed of the Agricultural Adjustment Act and the National Industrial Recovery Act. The first seeks to limit the productive power of the individual engaged in agriculture, while the second would reduce the productive power of those engaged in industry. The protective tariff, however, is of tremendous value to both industry and agriculture, and in any discussion of it we cannot ignore one in favor of the other.

Since the inception of the principle of a protective tariff the basic argument for its existence has been that high living standards in the United States cannot be maintained if domestic commodities are placed in direct competition with those produced abroad. The perennial answer to that argument has been that while the American worker receives a higher wage he at the same time produces more goods.

As late as a year ago numerous champions of a low tariff have expounded the theory that the differential between the American wage earner and the foreign wage earner is not as great as the relative productive power. It must follow that the philosophy of the whole new deal has been one designed to eliminate the main argument held out against protection. Through the Industrial Recovery Act we have limited the working hours of industry and maintained the wage scales. In effect, we have tremendously reduced the average productive power of the individual who shares in the fruits of industry. There may be some truth in the argument that wages should not be used as the sole basis for constructing a system of protection against foreign competition. There may be truth in the theory that domestic wages and productive power should both be analyzed in relation to those of foreign industries. Today, however, the industries of the United States have been subjected to regulation through our code authorities to a point where the commodities produced by the individual worker are less in many cases than those of our foreign competitors. It would seem, therefore, that the whole philosophy of the N.R.A. is in itself the answer to the main argument against the protective tariff.

It is true that world commerce has been greatly reduced during this depression, but international trade has declined in no greater proportion than the actual decline in consumption of commodities within the countries of the world. The trouble is not so much in the interchange of products between countries as it is the existence of economic maladjustments within the countries themselves. Just how we can expect to increase the purchase and use of commodities in the United States by trading off our industries to foreign countries is more than I can understand.

When we are forced to close down our lace mills in order that France and Belgium may sell lace in the United States, what are we going to do with the 20,000 families who gain their livelihood from the manufacture of lace? Under the plan of this bill these workers would be absorbed elsewhere, theoretically, in the manufacture of products for export to France and Belgium; but actually, I presume, we shall have to set up another alphabetical relief bureau in order to extend charity to those persons made destitute by our economic theorists. Every country of the world is faced with economic troubles. Each country, likewise, is seeking to rejuvenate its international trade. Domestic commerce in every country is dependent upon conditions peculiar to that country, and domestic conditions are something which no amount of international trade regulation can correct. To whatever drastic limits we might extend our system of codes and alphabets, they cannot reach into the mills of France and China and institute conditions which will compare with the factories of the United States.

If our ports are to be opened to foreign products, we must open our industrial system to foreign hours and wages. Competition is the very life of trade; and while it may be stifled for a short time by domestic laws and regulations, it can never be removed from its place at the very core of world commerce. Regardless of how many millions of dollars we might pay for the products of nations of low standards of living, we can only sell an amount of commodities which the same number of dollars would produce in this country. If this holds true—and it is certainly good logic—the experimentation which will follow the passage of the tariff bill will retard recovery in this country for many years to come.

When the Smoot-Hawley tariff bill was passed in 1930, the opposition argued over and over again that Americans could compete with foreign countries because they produce more commodities per capita. At that time American workers were paid about four times as much wage as the Belgians, while producing twice as much. Today, however, our workers must operate under a complicated system of codes and trade practices which have greatly depreciated the producing power while at the same time increased wage payments. How, then, can we expect to receive economic benefits from lower tariffs?

What will be the effect of this bill? It is primarily a bill designed to generally reduce the tariff. It gives the President power to enter into trade agreements with foreign countries. He will be clothed with the authority to enforce and encourage these agreements through the taxing power and through power to remove trade restrictions and import barriers. He will be able to reduce or increase tariff duties by 50 percent. He will be authorized to remove all restrictions on importations from abroad. He will have power to

remove excise taxes and processing taxes which have been imposed for the purpose of regulating importations. The basic purpose of this bill is to encourage the importation into the United States of some commodities in order that we might sell others abroad. It is intended to destroy the so-called "inefficient" industries, with the idea that the workers in those industries may be more profitably engaged in others. The proponents of the bill insist it is a temporary measure, but it has all the aspects of a broad and general policy. I have just received from the office of a Democratic Senator a pamphlet which analyzes this tariff bill from the standpoint of its authors. In this pamphlet it is declared that the program to wipe out certain industries in this country will cover a full generation. I quote:

The problem is one for far-seeing and dispassionate economic planning, with a continuity of purpose which overrides political changes and the hysteria of the moment, and overrules the pressure of special interests. The development of such a plan will be the work of a full generation; but it is none too soon for the beginning to be made, however imperfect such beginning may be.

If this bill is only a beginning, I hesitate to imagine what the concluding acts of those responsible for this program will be. In the same pamphlet which I have just quoted the tariff bill is defended on the ground that a relatively small number of industries will be completely destroyed, and that the number of workers in those industries is relatively small. It is claimed that the railroads, public utilities, service occupations, and professions will not be affected. I quote:

And, in the final summing up, the major changes would affect a limited number of those manufacturing operations in which the processes of mechanization have less than ordinary applicability, and the products of which involve minor transportation charges. Certain classes of textiles, crockery, and articles of skilled or artistic handicraft would be typical of the production most directly involved. In addition, there might be minor shifts in agriculture and elsewhere. Certain farmers now raising flax and hard wheat might shift to the raising of soft wheat and other exportable foodstuffs, and other minor shifts might take place even within the highly mechanized industries. But none of such shifts could affect any relatively large groups of workers.

Further, it is declared that in these specific industries slated for execution only 400,000 workers will lose their jobs. Only a million and a half people will have to find new sources for a livelihood. This is typical of the ballyhoo which the academics have been parading before the Congress during the past 18 months.

Another phase of the ballyhoo we have heard recently has been the poppycock about stabilized production. Any man who has had experience in a business enterprise knows that he cannot consistently operate his business under a systematized plan unless he can have complete confidence in the stability of all industrial fields into which his business reaches. One of the notes which I heard reiterated over and over again during the hearings on the tariff bill was that Presidential tariff-making could only result in a complete lack of confidence on the part of the producers of raw commodities and the processors of them. I heard the growers of wool lament the fact that the market price of their product had already dropped because of the possibility that this tariff bill would be enacted into law.

I heard the buyers of wool assert that they were afraid to invest in stocks of this commodity because they could not know when their investments would be jeopardized by an overnight revision of the tariff by theorists who probably have never seen a shearing. I heard one of the outstanding Democrats of New England, a prominent manufacturer of lace, characterize this bill as one which would be conducive to industry instability and which would destroy the jobs of workers. Argument after argument and fact after fact were presented to the committee with startling futility. We are concocting dangerous remedies for industrial ills without regard to the deleterious effects which these remedies may have upon our whole social and economic system. It cannot be long before thinking people become alarmed at our carelessly constructed laws.

As a practical matter the course of good logic should prove that we cannot limit the productive power of industry with burdensome code and trade practices, load the people down with excessive taxes, pour billions of dollars into relief experiments, and at the same time force the industries which naturally must bear this tremendous weight to compete in their own market with industries of countries which are free from codes and alphabets.

These are but a few of the many reasons why this bill should not be passed.

Mr. President, in looking over some of the speeches which have been made on this subject in the past, I came across one which would seem to be of special interest under existing circumstances. I want to read the words of the present Secretary of State, Mr. Cordell Hull, uttered on May 19, 1932. This is what he said at that time:

I am unalterably opposed to section 315 of the Tariff Act and demand its speedy repeal. I strongly condemn the proposed course of the Republican Party, which contemplates the enlargement and retention of this provision, with such additional authority to the President as would practically vest in him the supreme taxing power of the Nation, contrary to the plainest and most fundamental provisions of the Constitution—a vast and uncontrolled power, larger than had been surrendered by one great coordinate department of government to another since the British House of Commons wrenched the taxing power from an autocratic King.

The proposed enlargement and broad expansion of the provisions and functions of the flexible-tariff clause are astonishing, are undoubtedly unconstitutional, and are violative of the functions of the American Congress. Not since the Commons wrenched from an English King the power and authority to control taxation has there been a transfer of the taxing power back to the head of a government on a basis so broad and unlimited as is proposed in the pending bill. As has been said on a former occasion, "this is too much power for a bad man to have or for a good man to want."

I now desire to quote from a great friend of mine, a man for whom I have the greatest respect—the Vice President of the United States, Hon. John N. Garner.

On May 9, 1929 (CONGRESSIONAL RECORD, p. 1080), when he was a Member of the House, our distinguished Vice President said:

Sections 315, 316, and 317 are known as the flexible provisions of the tariff. No man has ever defended this as a proper policy of the Government.

Remember this gentlemen: When the legislative body surrenders its tariff power and its obligations to the Executive—under our system of government a majority can do that, but you can never recover them except by a two-thirds vote of the House and the Senate.

Remember that when you surrender this power of taxation you surrender it for all time to come or until the two bodies, by a two-thirds vote, can take it away from the Executive.

Again, on June 6, 1929 (CONGRESSIONAL RECORD, p. 2460), he said:

* * * I do not consider the rates the most vicious feature of the bill. The proposal of the Republican members of the Ways and Means Committee, contained in the administrative provisions of this measure, to surrender to the executive branch of the Government the power of taxation which, by the Constitution is reposed in the legislative branch, is unthinkable. With these administrative features retained I could not support this bill even if it carried every rate that I would write.

WILLIAM J. O'BRIAN

As in executive session,

The PRESIDING OFFICER (Mr. COOLIDGE in the chair) laid before the Senate a message from the President of the United States, which was read.

To the Senate of the United States:

I nominate William J. O'Brian, of Buffalo, N.Y., to be collector of customs for customs collection district no. 9, with headquarters at Buffalo, N.Y., in place of Fred A. Bradley.

This nomination is to correct an error in spelling of surname as previously submitted on February 26, 1934.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 18, 1934.*

Mr. COPELAND. Mr. President, about a month ago the Senate confirmed William J. O'Brian to be collector of customs at Buffalo, N.Y. As the commission came from the President the name was spelled in the classical way "O'Brien." It seems the name is "O'Brian." The President has just sent a new nomination to the Senate with the

proper spelling. As in executive session, I ask that the nomination of William J. O'Brian, to be collector of customs at Buffalo, N.Y., be confirmed and that the President be notified.

The PRESIDING OFFICER. Without objection, the nomination is confirmed and, without objection, the President will be notified.

RECIPROCAL-TARIFF AGREEMENTS

The Senate resumed the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

Mr. FESS. Mr. President, of the many questions that come before Congress or that have come before it during the past 140 years, there is no one that has been so constantly before us as the tariff question. I think it may be stated to be the rule of history, if there is such a thing, that issues come up and are disposed of, problems are presented and solutions agreed upon, and the issue passes and does not recur. Not so with the subject we are discussing today. In some form or other it has been constantly before the American people, and during all the period of our national existence it has come before them in great national contests in order to be determined one way or the other.

I need not repeat what is so well known, because so often stated, that the first law signed by General Washington as President was a tariff law. Nor need I state that it is the one question on which parties have taken different views at various times as on probably no other question which has been before us.

We all listened with interest to the historic discussion of the Senator from Arizona [Mr. ASHURST] some days ago, when he reminded us how the protective idea was supported by such men as Washington, Madison, and in a form by Jefferson, though not so distinctly as in the case of the other two, and even by General Jackson, to say nothing about more recent leaders.

One of the anomalies in the discussion of this question is that the author of the tariff measure of 1817 was none other than John C. Calhoun; and all who are familiar with the history of this issue will recall that later he became the most defiant opponent of it in our history, even denominating the act of 1828 "the bill of abominations."

It will also be recalled that the brilliant statesman from South Carolina, whom I regard as one of the most original, as well as one of the most daring, thinkers the politics of our country has yet produced, was opposed by none other than Daniel Webster. At that particular time the issue was being discussed on sectional grounds. Webster, representing the New England idea, had a conviction that tariff for protection carried with it an unconstitutional feature. Calhoun was not disturbed by that argument.

Seven years later the two men began to change places. In the discussion of 1824 Calhoun was rapidly drifting to opposition to the policy of protection, while Webster with equal pace was drifting away from his prior position of greater freedom of trade; and by 1828 Webster, who had been an opponent of the policy of protection in 1817, became a strong advocate of it, while, as I stated, Calhoun denominated it "the bill of abominations."

It is enough to say that the issue at that time was fought out largely on constitutional grounds. One theory was that the power to raise revenue, bills for which purpose were specifically required by the Constitution to originate in the House of Representatives, was limited solely to revenue raising; while the other theory was that if the duty were imposed in such a way and on such articles as to stimulate American production, it would be constitutional under the general-welfare clause of the Constitution.

From a study of the evolution of the discussion on this general issue, it will be observed that that line of demarcation ran all through our history. Up to this time the entire membership of no political party has with unity supported the one idea or the other. I may state that the different views have been advocated by leaders rather than by parties. The time to which I have been referring was before the day of national conventions and the adoption of platforms.

Previous to that time, speaking of 1828, all candidates were selected by the caucus system. The old caucus system was not the same as what we today call the caucus system. A candidate for President would be selected by groups found in the Senate and in the House of Representatives here in Washington. The caucus selecting candidates up to that time, therefore, was a sort of closed caucus.

Mr. President, before the national convention idea, and especially before the policy of adopting platforms was inaugurated, the method of selecting candidates was confined to the old caucus system, which became very objectionable and had to be abandoned.

After we entered upon the policy of announcing the position of a political party through a platform, we approached the practice of committing the members of a party, as a party, to the pledges made in its convention. Following that, it was comparatively easy to make a question a party issue, and go to the country upon the issue of whether this or that policy should be adopted or rejected.

It was never possible to get all the members of any political party to agree on the question of the tariff. There always was a very respectable element in the Democratic Party, after it had taken a position for tariff for revenue only, which would not go along with that view, and even within the Whig Party, which stood for a protective tariff, there was always a more or less brilliant minority which would not go along. Not until the time of the Civil War did the tariff question become such an issue that it really could be said that one party affirmed it and the other one rejected it.

Very largely this difference of opinion was local. So long as the issue was purely a local issue, no political party could be committed to it; but even after the platform plan was adopted, many in the Whig Party would not go along with those espousing the protective-tariff view, which was conceived by Henry Clay, who was known as the "father of the American system", meaning the protective tariff, and equally was it true that there were leading individuals in the other party who would not go along with tariff-for-revenue-only view. So it might be said that always in the Democratic Party there were protectionists, as in the Whig Party and later in the Republican Party there were those who were for tariff for revenue only.

In connnection with this question the mutations are very notable. For example, when it became a party issue, the party founded by Jefferson took the constitutional view that customs duties must be limited to the purpose of raising revenue; that any other position would be unconstitutional; while those who were the followers of the Hamiltonian theory took the position that if it were for the general welfare or would induce a better national defense, it would be constitutional to lay a tariff not for revenue but to protect the industries at home.

Anyone who is interested in following the discussion in connection with this particular line of dispute will find great authority on either side. I think now it has come to be generally conceded that the protective idea, which is not merely to raise revenue, but which is to stimulate American production while at the same time raising revenue, is constitutional, and now we do not hear that question very seriously discussed.

After the Civil War the tariff question made a very distinct line of cleavage between the two parties. Our Democratic brethren held to the tariff-for-revenue-only theory. There were exceptions, notably one very brilliant exception, to the solidarity of the party in its stand for tariff for revenue only. I refer to the famous Samuel J. Randall, a distinguished Speaker of the House of Representatives. Just how far his view on protection, he being a very distinguished Democrat, is explained by his coming from Pennsylvania, I am not able to state, but I assume that fact had something to do with it. And just how far John G. Carlisle, the very distinguished Democratic leader who was convinced that the theory of Randall was unconstitutional as well as uneconomic, may have had his views colored largely by the atmosphere in which he lived, I do not assume to say.

We had first the free-trade idea. Ultimately that idea had to be abandoned by every party which advanced it. It was not abandoned by all leaders, but it was not endorsed by any considerable number to that point of nicety of omitting all obstructions in the form of tariff duties.

Then we had tariff for revenue with incidental protection. That theory was announced by Samuel J. Randall.

Then later on we had what is called the "competitive tariff." That is a recent nomenclature. I think the first brilliant Democratic leader who announced that theory was our much-beloved, late-lamented Oscar Underwood, and the bill which bears his name was not, in his judgment, a tariff-for-revenue-only measure. It was not written as a measure providing a tariff with incidental protection, but it was written as a competitive tariff under which Europe was given an opportunity to compete with us, and we with Europe.

Personally I cannot see any difference in policy between a competitive tariff and a tariff for revenue only. In other words, it is not a protective tariff, and, therefore, I could not give my approval to the principle of a competitive tariff any quicker than I could to a tariff for revenue only, and not as quickly as I could to a tariff for revenue with incidental protection.

I mention this, Mr. President, to indicate the mutations of this question from year to year as we were trying to reach a decision as to the correct policy we should follow. But I think I am within the realm of accuracy when I say that the protective theory has always had a tremendous hold upon the majority of our people. We have had it in some form or other from the very days of the beginning of the Government, and, being placed purely upon the basis of employing labor and maintaining our wage scale—in other words, our standard of living—it has been rather a popular theory when the people of the United States have been appealed to on that particular issue. The few periods during which we have had legislation dealing with what we may call greater freedom of trade, or whatever it may be called, under a tariff for revenue, or tariff for revenue with incidental protection, or a competitive tariff, have been very brief, and not only that but have been followed by unfortunate circumstances.

I am within the realm of truth when I say that every occasion when we have abandoned the policy of the protection of American industry on behalf of labor has been followed by a serious depression. If I should now enumerate the crises, the economic disturbances that mark our history, it would be apparent that in nearly every case the crisis or disturbance was introduced, or at least was coincident with a change from the protective to the revenue system of tariff, and relief has always been afforded by a change back to the protective system.

Our Democratic friends say that is merely coincidental, that it is not cause and effect. I differ from that judgment.

If we take the crisis of 1817 and follow it through we find that what I state is true, that a crisis follows an effort to abandon the protective policy, and the crisis is relieved by the resumption of the protective policy. That was also true in 1837.

"The bill of abominations", so denominated by John C. Calhoun in 1828, created such a bitterness between two sections of the country that Henry Clay employed his powers as a pacificator to compromise the issue. That is one reason why he is called the "Great Compromiser." This was one of the first of his great compromises. It is hardly true to say that it was the first, because the first one was in connection with the Missouri Compromise, the authorship of which, by the way, does not go to Clay but to a Jesse B. Thomas, of Illinois. But in view of the fact that Clay was the most powerful figure, and ultimately carried out the compromise in the dispute on the admission of Missouri, it is credited to him.

In 1833, 5 years after the bitterness created by the tariff bill of 1828, Henry Clay offered the compromise to establish a certain decreasing rate of duties so that within 10 years the general average of duties would be lowered to a certain level. The mere introduction of that bill disturbed business and had a direful effect upon the industries of the country, although the very father of the American system was sponsoring the legislation. Following the crisis of 1837, the only way out was by the abandonment of that compromise.

Then, in 1846, what our Democratic brethren call the greatest tariff bill, from a Democratic standpoint, in our history was enacted. It was known as the "Walker Tariff Act" of that year.

Following the Tariff Act of 1846, which was a tariff-for-revenue-only act, there was a very great stimulus of business. Democratic historians always point to that fact as evidence that tariff legislation of that character—that is, tariff legislation framed in accordance with the Democratic view—is the promoter of great activity in business, because such activity did follow the enactment of the Tariff Act of 1846.

Mr. President, anyone who will examine the history of that period will find great significance in the events which immediately followed the enactment of the act of 1846. At that time there was a devastating famine in China, so that everything we could produce in the way of foods found there a market, and, especially, that was the period of the Crimean War when three of the greatest producing countries of Europe were involved in a 3-year conflict, thus affording a market in the Near East, which created a demand such as we never before had and which eagerly absorbed everything we could produce. Anyone considering those facts will find an ample explanation of the great export trade that followed the enactment of the Walker tariff in 1846. Instead of that great export trade following as a result of the enactment of the Walker tariff law, in my judgment, that measure had nothing whatever to do with it, but the stimulus was wholly due to the great demand for American products created by those two situations which had arisen in the East and in the Near East. It was the result of famine and war. That, however, has been entirely overlooked, and so, mistakenly, the Walker Tariff Act is cited as one of the outstanding examples for the claim of our Democratic friends that the enactment of their principles of tariff assures prosperity.

What I have said is reenforced tremendously by the conditions which existed during the entire period from the Civil War up to 1929. I do not need to rehearse those conditions because they are matters of commonplace information which are known to us all.

There is another thing that is of interest to us in this discussion, and that is that while the Federalist, then the Whig, and then the Republican positions were consistently for a tariff for protection, there has always been an effort to appease opposition and to cure certain disadvantages which grow out of such legislation. Let me illustrate: All of us know that tariff legislation offers an unusual field for logrolling; all of us know that when, through tariff legislation, industry is uprooted by materially changing most of the tariff schedules, it is bound to have a very deleterious effect on the employment of labor; first, because such legislation brings about a condition of uncertainty and capital will not invest in any enterprise when the one taking the risk does not know under what tariff schedule he is going to have to operate.

Tariff legislation, therefore, where the promise is to reduce tariff rates always throws business into a state of uncertainty, to be followed instantly by slowing down and unemployment.

Lawmakers have always wondered how they could get away from the untoward situation, that every time there is a threat to change the tariff schedules we inevitably face complete interruption of business and the danger of unemployment. The first suggestion, going back nearly to Civil War days, was that we ought to find a way by which we could revise the tariff by schedules without taking up all the schedules at the same time. The question was, if the textile industry, for instance, under the growth of competition from Europe, were endangered by the cheaper imported article, while other commodities were not affected in the same way, would it be possible for us to revise the textile schedule without touching any other schedule in the tariff

law? If the commodity involved was wool, the question was, Can we not take up the wool schedule and deal with that and not deal with any of the others? That idea for a long while had a great appeal, and I have no doubt that every Senator will recall how it was discussed in the magazines.

We usually say that a reformer performs the function of announcing his reform and then goes out of existence, his followers taking it up and working it out. That probably is true in some cases, but it was not true in this one. That discussion ran through decades, but finally the idea was abandoned on the ground that Congress never could be induced to agree to deal with 1 only of the 15 schedules of the tariff law to the exclusion of all others; that the moment Congress took up one schedule and it was sought to favor one item, voters would say, "Well, we have an industry in our district or in our State which is suffering just as badly as that one, and we are going to have that considered if you are going to take this up." So that theory which held sway for a long while in the mind of certain legislators had to be abandoned. I think Col. Theodore Roosevelt was at one time very strongly in favor of that particular plan of tariff revision.

Later Colonel Roosevelt suggested the Tariff Commission. I do not mean he was the first one to suggest it, but he was the first important personage to obtain national recognition of that method of tariff revision. All Senators will recall how bitterly the proposal was fought. It was said, "That is a step toward tariff legislation away from the legislative body, because a Tariff Commission must be executive unless it is created through appointment by the Congress, that is partially by the Senate, partially by the House of Representatives, and partially by the President." So that suggestion was bitterly assailed.

I always felt that it was a step in the right direction and that from it no serious harm could result. I had felt and still feel that tariff legislation, in order to be effective, logical, and philosophic, must be the result of painstaking investigation, examination, and recommendation by a group of experts, who ought to have the ability to tell what it is best to do in the particular case.

Senators will recall that finally, under President Taft, a board was created which was called a "tariff board." It was not christened "tariff commission." That tariff board was very bitterly assailed by those who were opposed to the principle of protection, and ultimately, after it had been in existence for some time, when those who believed in the theory of tariff for revenue only came into control of the Government, they refused to make the necessary appropriations to permit the tariff board to carry on; and so it died for want of appropriations to administer it. The law never was repealed; but the tariff board just simply went out of existence.

Then later the idea of the Tariff Commission was revived, and when it received the endorsement and strong advocacy of Woodrow Wilson it was given life and it became an instrumentality for tariff making.

Mr. President, since that day even the Tariff Commission has gone through many changes. The old tariff board was the first semblance of an attempt to effect tariff changes by means of a board of experts. That was followed by the Tariff Commission. Since that time there have been several changes. The original Tariff Commission had nothing to do but to gather facts. It scarcely was given authority to make recommendations. It had not much more authority than the old tariff board had. Later the Tariff Commission was given greater power than that.

I believe in the Tariff Commission. I think it is a step in the right direction of getting away from the logrolling method of levying duties on articles imported into the country. I would be opposed to the elimination of the Tariff Commission. Yet at the same time, with all the advantage of having an expert body to give us the facts upon which the Congress may act, we still have an element of logrolling in tariff legislation. Anyone can see why that is true, because the recommendations of the Commission cannot be more than mere recommendations. They have no binding force. When their recommendations have come to the Congress they have been open to all sorts of amendments from all sorts of interests, and thus we have with us still the element of logrolling.

I have been giving my attention to the gradual changes in the attitude of the Congress as reflected in the creation of the Tariff Commission and the successive amendments under which from time to time greater power has been given to the Commission. I went along with all those provisions without any reluctance. I felt that a very unfortunate situation was created in connection with the enactment of tariff legislation not only because it uprooted business, throwing the whole country into a state of uncertainty, but also because there was a certain element of give and take which was not entirely conducive to the public welfare.

When the proposal was made to write into the tariff law the flexible provision, giving to the President certain legislative authority in connection with tariff rates which up to that time had never been even dreamed of, I confess that it somewhat startled me, if it did not shock me.

I have never been much concerned with the question of whether the tariff is or is not a tax. The question of the delegation of the taxing power was not at that time in my mind. In campaign after campaign in which the tariff question was discussed, the controversy as to whether the tariff was a tax and who paid the tax was prominent. Every Senator knows and will recall with what force, pro and con, the argument along that line has been presented. I cannot imagine anyone saying that a tariff duty is not a tax. I think everyone will admit that it is a form of tax. While there may not be much division among the people as to whether or not it is a tax, there is a tremendous division, if I may use the term "tremendous" in that connection, as to who pays it. I admit that if we put a tax upon coffee, the American consumer pays it. If we put a tax on anything we do not produce, whatever tax in the form of a duty is levied the American consumer, of course, has to pay. If those who espouse that doctrine were consistent in their views on a tariff for revenue only they would seek to place a tax upon such goods as we do not produce and must have, because that would insure revenue. If there is no other consideration except to get revenue, then a tax on coffee or tea or rubber or silk insures revenue, and whatever revenue is raised by a tax on such articles is assessed to the consumer.

That is not so, however, where the tax is put on a competing article. If a tariff tax is put on tin in order to stimulate the domestic production of tin, not only will this country produce the tin it needs, but it will be produced at a lower figure to the consumer than before the tax was imposed. Nobody can say in that case that the consumer pays the tax, because the tax is the agency by which the price paid by the consumer is reduced.

Mr. President, some years ago I was in an audience when President McKinley, then Major McKinley, was running for Governor of my State against a very distinguished Democratic Governor who then was in office. Governor Campbell, the Democratic Governor, a warm personal friend of mine, made this startling statement in that campaign:

> I will pledge myself to swallow all the tin that will ever be produced under the McKinley Act.

He did not know what kind of a task he was undertaking when he made that statement, because it was not very long before the United States had the largest and the third largest tin mills in the world. The largest was at New Castle, Pa., and the third largest was at Elwood, Ind.; and we reached the point where we not only produced all the tin we consumed at a lower price than we had ever previously paid for it but we became one of the great exporters of the world.

Nobody could say that the tax which stimulated that industry was paid by the consumer, for under it the consumer was paying less than before it was put on; and so, as to the question of whether or not the tariff actually is a tax, I do not think there is any serious dispute about it; but as to who pays the tax there is a field of dispute. I do

not see how there is any real ground for dispute, however, unless the home competition fails to reduce the price to the consumer.

It has been claimed that under a protective system the producers will get together and fix prices so that they will have a monopoly, and therefore that the price will not be reduced, as it would be if they were in open competition; in other words, that reduction of price forced by competition fails because there is not any real competition, in that the competitors act together. There has been legislation enacted designed to prevent such practices.

Mr. President, I recall very distinctly, as probably most other Senators do, that when it was charged against the protective policy that it produced trusts all over the country, that argument was totally negatived by the mere recital of the fact that most of the great trusts then existing in the United States dealt in articles on which there was no tariff at all. Therefore that argument could not hold; but it was one of the arguments that were offered to claim the attention of the public.

I have mentioned the question which was discussed here yesterday, namely, how Congress may safely delegate to the Executive the exercise of the function of taxation. That question was not involved, of course, in any legislation up to the time of the flexible provision.

As I stated, when the flexible provision was first proposed to be written into law my reaction to it was very adverse; but I recognized the fact that if we maintained the scientific method of tariff legislation based upon the findings of a group of experts in the Tariff Commission, and then confined the President's action to the articles on the dutiable list, and also limited him within a given percentage, in all probability we would remove the element of logrolling; and not only that, but we would bring about the only method by which we could not only deal with a schedule without taking up all others but we could even deal with but one item of a schedule without taking up all the other items.

I voted with much reluctance for the flexible-tariff provision in the law when it was first written, but I did so with the argument in mind which I have just presented, that it was the first and only opportunity ever presented to Congress to avoid opening up the whole tariff question and disrupting the business of the whole Nation, and also to limit the number of items with which we dealt.

That argument appealed to me, and I voted for the bill, though with some reluctance. I agree with those who state that that was the opening wedge. That is where the camel got his nose under the tent. It may have been a mistake. When we take the first step there is no telling how soon the second step will be taken, how much longer the second step will be, and how long it will be until our exceptional step becomes our daily walk. That is the danger in these innovations; and I see clearly that that step was the basis on which this legislation is now demanded.

Mr. President, while it is perfectly justifiable for any Senator or legislator, in the course of his public duties to change his attitude if he can find a basis on which it should be done, and his action in doing so is not subject to condemnation, it is difficult for me to understand how any man who was strongly opposed to the first step, and who concisely and powerfully stated his opposition at the time of the original legislation, can so easily abandon his opposition, swallow all his words, and leap so much farther than the original step. The exigency must be tremendous to justify such a course. I do not think it exists in this case.

There is not any consistency in political life, no matter how much one may desire to be consistent. It has been the rule, I think, in every country—I know it has been in ours—that a leader who takes a position today may tomorrow completely reverse his position.

I think the most outstanding example is the case of Thomas Jefferson, a strict constructionist, a believer in the Bill of Rights, a believer in State rights as against central government, a man greatly concerned about the Federal Government going beyond its field, who came to the Presidency feeling the necessity of responsible power. One of the first problems that confronted him was what to do about the great territory west of the Mississippi owned by France, but which had been changing hands, once belonging to Spain and then to France, and which at the time was in danger of becoming the possession of Great Britain. Jefferson saw no way by which he could purchase Louisiana. There was not any authority in the Constitution, as he read it, to do so. France and Great Britain were at war, and it seemed very certain that Great Britain would win. Jefferson faced what he regarded as the fatal possibility of Great Britain coming into possession of all the territory west of the Mississippi River. Whether or not he knew it as well as we do now, of course none of us can know, but I am impressed with the belief that he knew that where Great Britain once plants her foot she does not lift it again, and he saw the possibility of the boundary of the United States being permanently fixed at the Mississippi, with the mother country owning the territory on the west, the consequences of which nobody could foresee.

With that picture in his mind, whatever might have been his dream of what the Nation in the ultimate might become, he counseled with such men as Albert Gallatin, who was, perhaps, next in ability to Hamilton. When he laid the picture before his Secretary of the Treasury, who was as well a great lawyer, Gallatin told him there was nothing for him to do except to proceed to purchase the territory. Jefferson replied to Gallatin that he had no power to purchase it, and he suggested the feasibility of having submitted an amendment to the Constitution granting him power to purchase it. But Gallatin, the practical-minded man, informed the President that long before the amendment could be ratified what was to be done would be done, and the deed would be closed. He said to Jefferson, "The thing to do is to buy it."

Later Jefferson said, in a letter:

> I proceeded to purchase Louisiana, and I stretched the Constitution until it almost cracked.

I think that was one of the greatest deeds of Jefferson's life, yet it was in direct opposition to the fundamental theory of the President being held to a strict view of the Constitution.

Mr. President, I have it not in my mind severely to criticize persons because they take a position on a question today diametrically opposed to their stand only a short time ago. It is only a suggestion that they believe there exists some very serious emergency.

I shall not today discuss the possibilities locked up in the proposal before us. I intend to discuss them early next week, confining myself entirely to the potentialities of the legislation, because I want to give my opinion of the trend of Congress in abdicating its authority, especially in view of the ease with which the second step is taken after the first. I am much concerned about where we are going, in the light of what we see happening.

On yesterday we were privileged to hear one of the most powerful dissertations upon the constitutional phase of this proposed legislation it has ever been my pleasure to listen to. I doubt whether the Senator from Idaho [Mr. BORAH] ever reached a higher level than that he reached yesterday in discussing that question. When I think of how the taxing power is reserved to this body by the organic law, the Constitution of the United States, which cannot be changed except by the people who made it; when I reflect that without an effort to change it we resort to such expedients as we did in the Agricultural Adjustment Act, namely, delegate to a Cabinet officer the power to lay a tax not only on every consumer but on behalf of a limited number of producers, violating two features, the very fundamentals, of the Constitution; when I realize that in the same law we authorized a second breach of the Constitution by appropriating money out of the Treasury, by the law which created the authority, before the money is collected and turned into the Treasury, violating directly the constitutional limitation on the expenditure of Federal money; when I think of the ease with which we are moving today in these directions, I become

absolutely concerned. But that is only one phase of the discussion.

I desire to take more time than I have today to discuss that phase of the proposal, and then I shall discuss the error in its philosophy, which I think we ought to avoid. But I will not go further than I have gone today, as I have just been notified that another Senator would like to be heard at this time.

CONTROL OF ARMS AND MUNITIONS TRAFFIC (S.DOC. NO. 180)

The PRESIDING OFFICER (Mr. BACHMAN in the chair) laid before the Senate a message from the President of the United States, which was read and ordered to be printed, as follows:

To the Senate of the United States:

I have been gratified to learn that, pursuant to a resolution of the Senate, a committee has been appointed to investigate the problems incident to the private manufacture of arms and munitions of war and the international traffic therein. I earnestly recommend that this committee receive the generous support of the Senate, in order that it may be enabled to pursue the investigation with which it is charged with a degree of thoroughness commensurate with the high importance of the questions at issue. The executive departments of the Government will be charged to cooperate with the committee to the fullest extent in furnishing it with any information in their possession which it may desire to receive, and their views upon the adequacy or inadequacy of existing legislation and of the treaties to which the United States is a party for the regulation and control of the manufacture of and traffic in arms.

The private and uncontrolled manufacture of arms and munitions and the traffic therein has become a serious source of international discord and strife. It is not possible, however, effectively to control such an evil by the isolated action of any one country. The enlightened opinion of the world has long realized that this is a field in which international action is necessary. The negotiation of the Convention for the Supervision of the International Trade in Arms and Ammunition and in Implements of War, signed at Geneva, June 17, 1925, was an important step in the right direction. That convention is still before the Senate. I hope that the Senate may find it possible to give its advice and consent to its ratification. The ratification of that convention by this Government, which has been too long delayed, would be a concrete indication of the willingness of the American people to make their contribution toward the suppression of abuses which may have disastrous results for the entire world if they are permitted to continue unchecked.

It is my earnest hope that the representatives of the nations who will reassemble at Geneva on May 29 will be able to agree upon a convention containing provisions for the supervision and control of the traffic in arms much more far-reaching than those which were embodied in the convention of 1925. Some suitable international organization must and will take such action. The peoples of many countries are being taxed to the point of poverty and starvation in order to enable governments to engage in a mad race in armaments which, if permitted to continue, may well result in war. This grave menace to the peace of the world is due in no small measure to the uncontrolled activities of the manufacturers and merchants of engines of destruction, and it must be met by the concerted action of the peoples of all nations.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 18, 1934.*

Mr. HARRISON. Mr. President, I ask that the message be referred to the Special Committee on Investigation of Munitions Industry recently appointed. It seems to me the message should go to that committee.

The PRESIDING OFFICER. The message will be referred to the special committee.

Mr. VANDENBERG. Mr. President, as one of the joint authors, with the able Senator from North Dakota [Mr. NYE], of the resolution which the President so graciously and so heartily commends, and as a member of the select committee, I desire to express my keen appreciation of the vigorous word the President has sent to the Senate, and his complete opening of all branches of administrative cooperation to the great work which we have in hand. The President may be assured that, under the able leadership of the Senator from North Dakota, this probe will proceed to the utmost limits and to the maximum of constructive results. It can easily become the most powerful peace factor in this modern world.

I am hopeful that under the impulse of this message the Committee to Audit and Control the Contingent Expenses of the Senate will seriously consider the need for a substantially increased appropriation above the limit of the $15,000 allowed to the committee for its heavy task, so that the job may be done as completely as the President and the committee and the country want it done.

Mr. NYE. Mr. President, I wish to express my appreciation of the words which the Senator from Michigan has spoken. For the information of the Senate, I may say that the committee which has been named to carry on the investigation of the munitions industry is proving one of the most cooperative, I believe, it has ever been the good fortune of the Senate to name. There is unity of purpose on the part of the committee membership, and, with the aid which I am sure the Senate will give when additional funds shall be provided, I feel secure in assuring the Senate that the study being undertaken will be most thorough and sweeping.

I hope the committee will be in position, before this day shall end, to announce the man who is to lead in the research in connection with the investigation and represent the committee as its counsel.

Mr. LONG. Mr. President, what was it the Senator was announcing, the appointment of the committee to investigate the munitions industry, in connection with the President's message?

Mr. NYE. That is correct.

Mr. LONG. I was hoping the Senator was making some announcement about the message on the N.R.A. Has the Senator made any announcement about that lately? What has become of that?

Mr. NYE. The Senator has made no such announcement, but I expect there will be an announcement made before long.

Mr. LONG. When are we to get the message? What is wrong that we cannot get hold of that document? I have been trying to get it for some time.

FARM CONDITIONS IN THE UNITED STATES AND IN RUSSIA

Mr. SCHALL. Mr. President, I ask consent to have printed in the Appendix of the RECORD a statement and an article appearing on May 10 in the St. Paul Dispatch, with reference to Russia.

Mr. McKELLAR. Mr. President, will the Senator state what it is?

Mr. SCHALL. It is an article pertaining to Russia, printed in the St. Paul Dispatch on May 10.

Mr. McKELLAR. Mr. President, I note from an examination of the article the Senator has sent to the desk that he has an address, apparently, connected with the newspaper article. I call the attention of the Senator to the fact that it is a violation of the rules of the Senate to print the address without reading.

Mr. SCHALL. Then I will have the clerk read it, if there is any objection.

Mr. McKELLAR. I think that would be better.

Mr. SCHALL. I ask that the clerk read the statement.

The PRESIDING OFFICER. Without objection, the clerk will read.

The legislative clerk read as follows:

Mr. SCHALL. Mr. President, I have just read an article in the St. Paul Dispatch of May 10 about Soviet Russia, which points out at least one of the blessings of communism and a collective state, namely, starvation of its teachers. Here in this country our children hear so much about the better conditions that prevail under some other form of government that it must have been enlightening for them

to hear the true conditions. In Minnesota especially has the Farmer-Labor Party, as the party in control of the State administration, decided that it will proceed forthwith to install a program à la Russia by taking over the factories and other economic institutions, and by setting up a plant for printing textbooks where the soviet doctrine may have free sway.

The Farmer-Labor Party left the farmers out of its soviet program largely because they are being subjugated and regimented by the Democratic administration in Washington, which, not being satisfied with the stringent rules laid down in the original Agricultural Adjustment Act and in the Bankhead Act, under which their property is to be confiscated if they do not obey the dictates of a Washington bureaucracy, is now trying to impose regimentation and subjugation on all farm products. But the weather has set in to upset their program, for in the Middle West we have just been visited by the worst dust storm in history, which left havoc in its wake, with strong prospects of hunger and starvation, as a reward for the administration's efforts in destroying crops and in killing and burning livestock.

The Democratic administration, like the Farmer-Labor platform, is evidently trying to emulate Russia, where, according to another article in the same paper, there is trouble in raising crops because of drought, in spite of regimentation, and Government inspectors checking up on livestock, acres, bushels, and bales.

We should hesitate to install a Russian program in my State or in our country to supplant the democracy of Washington, Jefferson, Lincoln, and Theodore Roosevelt, in spite of all the good we hear about communism from the Farmer-Labor program in Minnesota and the "brain trust" in Washington.

I ask leave to insert the two articles in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the St. Paul (Minn.) Dispatch, May 10, 1934]

RUSSIAN TEACHERS UNPAID FOR MONTHS—STEAL WOODEN CROSSES FROM GRAVES TO KEEP FIRES GOING

By William H. Stoneman

Moscow, May 10.—The plight of 10 village school teachers in Mikhailova, a village in the central black earth region, who were forced to steal crosses from the local cemetery in order to keep their fires going last winter, was reported today by the official Moscow newspaper, Izvestia, in connection with the campaign for the payment of teachers' salaries.

Unpaid for 3 or 4 months because of the complacence of local officials, these teachers, reports Izvestia, received nothing to eat except ancient vegetables and, being unable to afford kerosene, had to do their night work by the light of fagots.

When the secretary of the regional executive committee heard that the teachers were raiding the graveyard for wood, he is reported to have replied: "That is splendid. They are combining our fiscal interests with antireligious propaganda."

The teachers' complaints against unedible rations were answered by the retort, "What do you expect to eat—truffles?"

For weeks now there has been an intensive press campaign for the payment of teachers' salaries, which in five different districts are nearly 10,000,000 rubles in arrears. Unfortunately, many of the officials responsible for this situation either do not read newspapers or have already used up the money which the budgets assigned to the teachers.

[From the St. Paul (Minn.) Dispatch, May 10, 1934]

SOVIET ALARMED AT PROLONGED DROUGHT—HOT SUN BAKES FIELDS IN AREAS PRODUCING THREE FOURTHS OF RUSSIA'S WHEAT

By William H. Stoneman

Moscow (via Berlin), May 10.—Soviet officials are beginning to show extreme concern over the prolonged drought which has been laying siege to the rich grain fields of the Ukraine and north Caucasus for the past 2 months, and which already seems to have ruined the chances for anything better than a fair crop in those regions this year.

Since 1921, the year of the nation-wide famine, the Soviets have been riding their luck high, wide, and handsome, as far as the weather has been concerned, giving rise to the drollery that "God is always on the side of the Bolsheviks." Their only two crop failures during the intervening period came in 1931, when the region from the Volga to the Chinese frontier was parched, and in 1932, when the peasants refused to sow and reap their crops because of the resentment at the confiscatory methods of the Government.

All during the period of collectivization the weather has been good enough to compensate largely for the discontent of the farm population.

Day after day during recent weeks the charts of the agricultural newspaper, Socialist Agriculture, have shown nothing but baking sunshine in the Ukraine, Caucasus, and Volga districts, which together produce two thirds of Russia's grain and perhaps three quarters of its wheat. When this correspondent visited the southern districts 2 weeks ago every official encountered had the word "rain" on his tongue while the peasants constantly scanned the skies for the trace of a cloud. Numerous people asked for information regarding American rain-making devices, and were disappointed to learn that they were nothing but fakes.

The political results of a bad crop this year would be unfortunate, to say the least. Collectivized agriculture is just getting onto its feet, partly because of the good crop last year, which allowed the Government to leave sufficient food with the peasantry, and partly because of the activities of the political sections, composed of party members dispatched from the cities.

If there is another good crop this year, the Soviet's position with respect to the peasantry should be considerably strengthened, and collectivization may once for all be established on a permanent basis. If there is a poor or catastrophically bad crop, nobody can predict the consequences.

The peasantry, which is still morose and devitalized by the ghastly famine of 1933, would unquestionably suffer again, though perhaps not to such an unthinkable degree as it did last year. The political sections, which are now functioning satisfactorily, would have their morale threatened and be forced to start work all over again.

Finally, the situation in the Far East might take a quick turn for the worse if the Japanese were to know that there was great difficulty behind the lines.

So far there is no reason to predict a truly bad crop unless one takes stock in the pre-war tradition that one catastrophic year is due in every decade, in which case the Soviet is long overdue to have one.

Generally speaking, the Soviet fields have been sown well before schedule and throughout the south most of the wheat fields have been planted with winter wheat, which can be counted on to give from 4½ to 7½ bushels to an acre, if well planted, even when there is no rain during the spring and summer. Spring crops—oats, barley, corn—would be the hardest hit in case of a prolonged drought.

RECIPROCAL TARIFF AGREEMENTS

The Senate resumed the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

GEORGE THE THIRD AND ROOSEVELT THE SECOND

Mr. SCHALL. Mr. President, the American Revolution of 1776 was precipitated by the action of George III in levying duties at American ports without consent of the colonial assemblies.

George III, as admitted and freely charged by William Pitt and Lord Chatham, by Fox, and Edmund Burke, had violated Magna Carta by assuming to himself the power of taxation without representation.

Article I of the American Constitution places the tariff-making power, the revenue power, as the first grant of power by the American people to Congress. The power to tax, which is the power to destroy, is the fundamental power of the legislative branch of government in every republic and every nation having a democratic constitution.

The administration demands that Congress delegate to the White House the legislative power to raise or lower tariff duties 50 percent, article I of the Constitution notwithstanding.

The administration demands that the Senate shall abdicate its coequal treaty-making function as provided in article II of the Constitution.

The administration already, under the flexible clause of the present tariff act, has the power to raise or lower tariff duties 50 percent after hearings and findings of fact by the United States Tariff Commission. The President appoints the controlling majority of that Commission. Recommendations of the White House receive consideration at the hands of the Tariff Commission. Why have a Tariff Commission if it is to be shorn of all participation as a fact-finding body in raising and lowering tariff duties?

That the administration already has all the tariff-making powers that it needs in making needed tariff changes is shown by the President himself in his message to Congress on May 9, in which he informs Congress:

Acting upon the unanimous recommendations of the United States Tariff Commission, I have today signed a proclamation, under the so-called "flexible-tariff provisions" of the Tariff Act of 1930, reducing the rate of duty on sugar.

He estimates the reduction of the duty from 2 cents to 1½ cents a pound on Cuban sugar, consistent with the terms of the Jones-Costigan bill (H.R. 8861).

This reduction of duty on sugar proves that the President has ample power under existing law to revise the tariff without violation of the Constitution, without resorting to imperial secret actions, without placing all the industries of the country under the pall of uncertainty, and without destroying the confidence of the people in the Government.

What the White House has done with regard to the duty on sugar, under the Constitution and by aid of the Tariff Commission created by law, the White House can do with regard to all other tariff duties—give the industries affected the right of a public hearing before a fact-finding commission without secrecy and without fear of arbitrary and unconstitutional acts by the Executive.

Thus, the United States Senate in 1934 is confronted with the issue of 1776, when George III assumed the tariff-making power and precipitated the Boston Tea Party, and the same issue as that of 1215, when the farmer barons at Runnymede compelled King John to sign Magna Carta and surrender the taxing power to the Commons.

Strangely enough, the same Senators who, in drafting the Fordney-McCumber Tariff Act of 1922, and the Hawley-Smoot Act of 1930, were appalled at the flexible-tariff provision which authorized the President to sign a tariff change arrived at after hearings and testimony and published findings by a Tariff Commission are the Senate leaders today who are in favor of dispensing with Tariff Commission hearings and delivering to Roosevelt, the second, the tariff-making powers unlawfully exercised by George III.

Among the leading Democratic orators who made the Capitol dome echo with thunders against the flexible tariff were the honorable chairman of the present Senate Finance Committee, the eloquent Senator from Mississippi [Mr. HARRISON], and the Democratic floor manager, the able Senator from Arkansas [Mr. ROBINSON]. In the lower House one of the leading orators against the flexible tariff was the gentleman from Tennessee, Mr. Hull, our present Secretary of State, who said at the time that "no honest President would ask such power, and no President, however honest he might be, should have it." One can enumerate something like 30 Senators today with seats in the Senate who were horrified at the "unconstitutional" demand of the White House during the terms of Harding, Coolidge, and Hoover for tariff-making power—Senators who today are not even satisfied with the flexible power after hearings and findings of the Tariff Commission, but demand that Congress go one step further and give the White House direct power to act without Tariff Commission findings.

The Senate Chamber for 100 years has resounded to the eloquence of Democratic orators protesting against Executive encroachment upon the revenue power—the chief power of Congress.

As recently as October 2, 1929, a Senate majority of 47 to 42—including 33 Democrats and 14 Republicans—was so strongly opposed to yielding the White House any tariff-making powers beyond signing an act of Congress, that they voted to repeal even the flexible clause and voted for the Simmons amendment to require the President to submit the Tariff Commission report to Congress to insure constitutional enactment. A majority of the Senators in this Chamber may well recall the words and the committee recommendations submitted on that day by the Senator from Arkansas [Mr. ROBINSON], who—pages 4138, 4139 of the CONGRESSIONAL RECORD—submitted the report of the select committee on the Investigation of the United States Tariff Commission.

The first recommendation of this committee, signed "Jos. T. Robinson, Wm. Cabell Bruce, Robert M. La Follette, Jr.", provided:

(1) That the flexible provision of the Tariff Act of 1922, particularly section 315, be repealed.

The Senate, including all Democrats, except 2 from Louisiana, 1 from Florida, and 1 from Iowa, only one of whom was reelected, did not believe that it accorded with American principles to allow a President the power to sign a tariff revision even after investigation and recommendation by the United States Tariff Commission.

Among the reasons named by the Senate committee headed by the Senator from Arkansas [Mr. ROBINSON] were these:

It is impracticable for the President to devote the time and attention essential to the proper performance of the duties imposed upon him by the flexible tariff law. The Chief Executive is already overburdened with executive duties.

And 47 Senators agreed to this, including all the Democrats excepting 4, of whom 3 were defeated for reelection.

Concerning the one remaining Democrat, the Senator from Florida [Mr. FLETCHER], it must be said that he also advocated an amendment of the flexible-tariff section by requiring the President to submit the proposed tariff revision to Congress—the Presidential duty not to become effective unless Congress failed to act within 6 months. But 32 Democrats, including the Senator from Arkansas [Mr. ROBINSON] and the Democratic chairmen, I believe of every committee of the present Senate, voted "nay" even on the Fletcher amendment of October 2, 1929. See page 4149. There was too much tariff-making power granted to the President—so the Democrats and 14 Republicans, including myself, voted—even though the President had to submit his proposed revision with the findings of the Tariff Commission to Congress and gave Congress 6 months in which to amend the change of duty.

Further, the Senate committee headed by the Senator from Arkansas [Mr. ROBINSON] declared:

Tariff making and revision under our Constitution are legislative duties, and to impose such responsibilities upon the President as are carried in the flexible provision confuses legislative and executive responsibility.

And 47 Senators agreed to that, including 33 Democrats, 14 Republicans, including myself, and all the Democratic chairmen of the present Senate, including the Senator from Mississippi, Chairman of the Senate Finance Committee, in charge of the present White House bill.

This committee of investigation made a report, I will say to the Senator from Arkansas [Mr. ROBINSON], that not only filled two pages of the CONGRESSIONAL RECORD but a learned report which for economic thought appealed to all Democrats on the Senate Finance Committee and for legal and constitutional erudition appealed to all Democratic jurists on the Senate Judiciary Committee headed by the learned Senator from Arizona [Mr. ASHURST], who cast his every vote against White House encroachment on the tariff-making powers of Congress.

Because this or that European or Asiatic monarch has the power of secret diplomacy to change tariff duties overnight is no reason why the American people and American industries and American labor should be subject to the will of a monarch. Foreign powers have ways of their own which the American Republic is not bound to copy. The presence of 130,000,000 citizens in our 48 States is ample proof that the ways of Old World potentates, under which our ancestors once lived, are ways which freemen seek to flee.

One of the chief causes why the United States has double the population of any country under a king and an industrial production greater than that of any four European countries combined, is that the taxing power, which includes tariff making, has been taken from the Executive, whether king or other potentate, and placed in a Congress elective by the people, and representative of their industrial needs, under a Constitution of their own creation.

One of the most astounding revelations with regard to this White House demand is the apparent surrender by the Senate majority and by members of the President's Cabinet of all their proclaimed convictions on the very issue involved in this tariff bill.

The Constitution, Mr. President, has not changed since October 1929 with reference to the tariff-making powers of Congress. Have the convictions of Democratic Senators been changed, like so many political weather vanes? I shall never believe it, Mr. President, except on the record of their own recorded votes. I shall continue to believe that the Ship of State is still safely anchored to the Constitution, until I hear the rats scrambling from the hold to jump into an uncertain sea.

It seems that Will Rogers, himself a Democrat without hypocrisy and gifted with an American sense of humor, has grasped the essence of the new deal when he declares that the new-deal Democracy means:

Equal rights for none; special privileges for all.

To that he should have added the provision, "Provided, that special privileges go only to those who carry a Blue Eagle and subscribe to Farley's campaign fund."

American protests against this reversal of American history by giving to Roosevelt, the second, the unlawful powers of George III are coming from every American industry, if not from every American State, city, and county.

Unanimous approval of this tariff bill comes only from abroad. Are we here to represent the American people, American industries and employment, or the Europeans and European industries and employment?

The highest enthusiasm for this tariff bill comes from Great Britain and the British possessions. A press cable from Australia announces great enthusiasm there for the White House tariff bill, because Australia and New Zealand see in America their best future market for beef products, wool, and butter, which they will gladly exchange at New York, Boston, Philadelphia, Washington, and San Francisco for farm machinery, motor cars, Yankee notions, and cigarettes. India will send us wool and long-staple cotton in exchange for cars and calico. Canada will send us wheat, milk, and butter in trade for farm machinery and gasoline.

In short, this tariff bill has boomed British markets to a point comparable with the $14 premium which we are paying on gold from British mines, which caused the gold-mine stocks of Johannesburg to rise 100 percent at the opening of the present year. No wonder that Great Britain, Canada, and Australia have a market boom and balanced budgets when the White House and a subservient Congress are doing all in their power to build up Europe at the expense of the United States.

EFFECT OF TARIFF THREAT ON HOME MARKETS

If we turn to the financial page of the New York Times, leading New York organ of the administration, we can there read for ourselves in the Sunday issue of May 6 the logical effect of this tariff threat as affecting the volume of stock-market transactions, commodity prices, and employment.

Page N–11 of the financial page tells us that in the week ended May 5, 1934, only 6,991,764 shares of stock changed hands, as compared with 26,279,787 shares in the same week a year ago and before the N.R.A. and threat of tariff revolution paralyzed the market. The shrinkage from over 26,000,000 shares to less than 7,000,000—a shriveling of nearly 75 percent—reflects the normal reaction of the investing public to a bedlam of bold experiments which the dynasty in power chooses to call "recovery."

American industry, which employs American labor, buys American materials, and affords a field for the savings of American investors, is at the mercy of a smiling dictatorship which has no regard for consequences, for constitutional guarantees, or for legislative representation in Congress.

American industry and employment, if this tariff bill passes, may not stand under what is called the "sword of Damocles", but will halt under what may prove to be more disastrous—the uncontrolled edict of a bold experimenter who knows little and cares less about the conditions and factors that make for successful industry and sustained employment.

Turn to page N–15 of the same issue of the New York Times, May 6, and you will read the monthly report of the American Federation of Labor, which tells you that in the employment field "ground has been lost since October under the operations of the N.R.A."

That—

The individual worker in industry made no gain whatever in real wages from March 1933 to March 1934.

That—

At the end of March 10,900,000 workers were still unemployed.

That the present month of May, with the dull winter months past, there are still 10,000,000 workers unemployed at American mills and factories.

And now comes a tariff threat, throwing into chaos all plans of legitimate industry for expansion of production and employment. Under the former and existing system of hearings before the Tariff Commission, an opportunity is afforded the factory management to develop plans to meet tariff changes. Under the proposed Executive dictatorship, clouded in secrecy which not even Congress is permitted to share, the factory management has no chance whatever—except through Government "leaks" which go to favorites.

Under such a condition, abhorrent to all believers in American freedom and law, imagine the life of an industry which once labored in the faith that the flag and the Constitution were guarantees of industrial liberty. Without favoritism and "leaks" from the White House, an industry subject to disasters from tariff making by secret bold experiments has no option but to curtail its program of expansion and live from hand to mouth. And labor will suffer the consequences of uncertain employment.

In letting down the bars for certain foreign goods the American industry affected thereby will be sacrificed. The genius of this tariff bill is to leave that question to the President. The judgment of Congress, pursuant to article I of the Constitution, is to be prohibited, and the White House becomes the exclusive judge as to what industry must go on the block, or be cast in penal servitude for a 3-year term.

The White House will be judge and jury up to 50 percent of all exercise of tariff power—and 50 percent is just as effective for all practical purposes and results as 100 percent. A 50-percent lowering of the bars is all the foreign competitor asks—he can jump over the remainder of the fence if half the top is torn off.

Both the N.R.A. and the A.A.A., if they have had any marked effect, have boosted American production costs. The 350 N.I.R.A. codes compel price boosting in American markets at the penalty of fine and imprisonment. The $1,000,000,000 of estimated A.A.A. processing taxes from now till 1936 must all be added to industrial production costs. The N.R.A. and A.A.A. and 37 other alphabetical doles, which are adding $10,000,000,000 to public debt and a yearly interest burden and increased taxes, must all be absorbed by industry in the shape of increased production costs. Not lower but higher tariff fences are forced to protect American industry during the next 2 years.

If there is any method of blocking recovery, if there is any burden to crush legitimate industry and rob the consumer that we have not yet heard of, just wait another week until the "brain trust" boys recover from the booking agencies of the Kentucky Derby. If they did not pick up another bold experiment at the Derby, watch out for them when they get over the Preakness.

The pending tariff bill is the ripened experiment born of the fishing trip on the Caribbean Sea. The bonus of $14 an ounce on gold seems to have been the idea which Morgenthau senior and Barney Baruch brought back from London and Paris on their trip over there last summer and fall.

Congress has become a Democratic caucus. And a Democratic caucus, as defined by George Rothwell Brown, a Democratic paragrapher, is a place where politicians loaf around until somebody calls up the White House.

Hereafter, we will not have to go to the trouble of calling up the White House. After the Senate shall have abdicated both its treaty-making power and its tariff-making power, the White House will cut its Capitol wires, except to such

Senator who wants a "leak" for some contributor to Farley's campaign fund. And this was once a Republic, this was a Nation, instead of a bold experiment in patent medicines; this was the Senate, instead of a doormat for the "brain trust."

SUPERVISION OF INTERNATIONAL TRADE IN ARMS

As in executive session,

Mr. PITTMAN. Mr. President, I ask unanimous consent, out of order, to report back favorably with a reservation from the Committee on Foreign Relations, Executive H, Sixty-ninth Congress, first session, being "A convention for the supervision of the international trade in arms and ammunition and in the implements of war", signed at Geneva, Switzerland, on June 17, 1925, and I submit a report (Ex. Rept. No. 4) thereon. I ask that the accompanying resolution be read into the RECORD, that the injunction of secrecy be removed from the convention.

The PRESIDING OFFICER. Without objection, the report will be received, the injunction of secrecy will be removed from the convention, and the resolution will be read.

The legislative clerk read the resolution, as follows:

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive H, Sixty-ninth Congress, first session, "A convention for the supervision of the international trade in arms and ammunition and in the implements of war", signed at Geneva, Switzerland, on June 17, 1925, subject to the reservation that the said convention shall not come into force so far as the United States is concerned until it shall have come into force in respect to Belgium, the British Empire, Czechoslovakia, France, Germany, Italy, Japan, Sweden, and the Union of Soviet Socialist Republics.

The convention is as follows:

[Executive H, 69th Cong., 1st sess.]

SUPERVISION OF INTERNATIONAL TRADE IN ARMS

CONVENTION FOR THE SUPERVISION OF THE INTERNATIONAL TRADE IN ARMS AND AMMUNITION AND IN IMPLEMENTS OF WAR

GERMANY, THE UNITED STATES OF AMERICA, AUSTRIA, BELGIUM, BRAZIL, THE BRITISH EMPIRE, CANADA, THE IRISH FREE STATE AND INDIA, BULGARIA, CHILE, CHINA, COLOMBIA, DENMARK, EGYPT, SPAIN, ESTHONIA, ABYSSINIA, FINLAND, FRANCE, GREECE, HUNGARY, ITALY, JAPAN, LATVIA, LITHUANIA, LUXEMBURG, NICARAGUA, NORWAY, PANAMA, THE NETHERLANDS, PERSIA, POLAND, PORTUGAL, ROUMANIA, SALVADOR, SIAM, SWEDEN, SWITZERLAND, THE KINGDOM OF THE SERBS, CROATS AND SLOVENES, CZECHOSLOVAKIA, TURKEY, URUGUAY AND VENEZUELA

Whereas the international trade in arms and ammunition and in implements of war should be subjected to a general and effective system of supervision and publicity;

Whereas such a system is not provided by existing Treaties and Conventions;

Whereas in relation to certain areas of the world a special supervision of this trade is necessary in order to render more effective the measures adopted by the various Governments as regards both the import of such arms and ammunition and implements of war into these areas and their export therefrom; and

Whereas the export or import of arms, ammunition or implements, the use of which in war is prohibited by International Law, must not be permitted for such purpose;

Have decided to conclude a Convention and have accordingly appointed as their Plenipotentiaries:

[Here follow the names of the Plenipotentiaries.]

Who, having communicated their full powers, found in good and due form, have agreed as follows:

CHAPTER I. CATEGORIES

ARTICLE 1

For the purposes of the present Convention, five Categories of arms, ammunition and implements are established:

CATEGORY I. ARMS, AMMUNITION AND IMPLEMENTS OF WAR EXCLUSIVELY DESIGNED AND INTENDED FOR LAND, SEA OR AERIAL WARFARE

A.—Arms, ammunition and implements exclusively designed and intended for land, sea or aerial warfare, which are or shall be comprised in the armament of the armed forces of any State, or which, if they have been but are no longer comprised in such armament, are capable of military to the exclusion of any other use, except such arms, ammunition and implements which, though included in the above definition, are covered by other Categories.

Such arms, ammunition and implements are comprised in the following twelve headings:

1. Rifles, muskets, carbines.

2. (a) Machine-guns, automatic rifles and machine-pistols of all calibres;

(b) Mountings for machine guns;

(c) Interrupter gears.

3. Projectiles and ammunition for the arms enumerated in Nos. 1 and 2 above.

4. Gun-sighting apparatus including aerial gun-sights and bomb-sights, and fire-control apparatus.

5. (a) Cannon, long or short, and howitzers, of a calibre less than 5.9 inches (15 cm.);

(b) Cannon, long or short, and howitzers, of a calibre of 5.9 inches (15 cm.) or above;

(c) Mortars of all kinds;

(d) Gun carriages, mountings, recuperators, accessories for mountings.

6. Projectiles and ammunition of the arms enumerated in No. 5 above.

7. Apparatus for the discharge of bombs, torpedoes, depth charges and other kinds of projectiles.

8. (a) Grenades;

(b) Bombs;

(c) Land mines, submarine mines, fixed or floating, depth charges;

(d) Torpedoes.

9. Appliances for use with the above arms and apparatus.

10. Bayonets.

11. Tanks and armoured cars.

12. Arms and ammunition not specified in the above enumeration.

B.—Component parts, completely finished, of the articles covered by A above, if capable of being utilised only in the assembly or repair of the said articles, or as spare parts.

CATEGORY II. ARMS AND AMMUNITION CAPABLE OF USE BOTH FOR MILITARY AND OTHER PURPOSES

A.—1. Pistols and revolvers, automatic or self-loading, and developments of the same, designed for single-handed use or fired from the shoulder, of a calibre greater than 6.5 mm. and length of barrel greater than 10 cm.

2. Fire-arms designed, intended or adapted for non-military purposes, such as sport or personal defence, that will fire cartridges that can be fired from fire-arms in Category I; other rifled fire-arms firing from shoulder, of a calibre of 6 mm. or above, not included in Category I, with the exception of rifled fire-arms with a "break-down" action.

3. Ammunition for the arms enumerated in the above two headings, with the exception of ammunition covered by Category I.

4. Swords and lances.

B.—Component parts, completely finished, of the articles covered by A above, if capable of being utilised only in the assembly or repair of the said articles, or as spare parts.

CATEGORY III. VESSELS OF WAR AND THEIR ARMAMENT

1. Vessels of war of all kinds.

2. Arms, ammunition and implements of war mounted on board vessels of war and forming part of their normal armament.

CATEGORY IV

1. Aircraft, assembled or dismantled.

2. Aircraft engines.

CATEGORY V

1. Gunpowder and explosives, except common black gunpowder.

2. Arms and ammunition other than those covered by Categories I and II, such as pistols and revolvers of all models, rifled weapons with a "break down" action, other rifled fire-arms of a calibre of less than 6 mm. designed for firing from the shoulder, smooth-bore shot-guns, guns with more than one barrel of which at least one barrel is smooth-bore, fire-arms firing rimfire ammunition, muzzle-loading fire-arms.

CHAPTER II. SUPERVISION AND PUBLICITY

ARTICLE 2

The High Contracting Parties undertake not to export or permit the export of articles covered by Category I, except in accordance with the following conditions:

1. The export shall be for a direct supply to the Government of the importing State or, with the consent of such Goverment, to a public authority subordinate to it;

2. An order in writing, which shall be signed or endorsed by a representative of the importing Government duly authorised so to act, shall have been presented to the competent authorities of the exporting company. This order shall state that the articles to be exported are required for delivery to the importing Government or public authority as provided in paragraph 1.

ARTICLE 3

Nevertheless, export for supply to private persons may be permitted in the following cases:

1. Articles covered by Category I exported direct to a manufacturer of war material for use by him for the requirements of his industry, provided their import has been duly authorised by the Government of the importing country;

2. Rifles, muskets and carbines and their ammunition exported for supply to rifle associations formed for the encouragement of individual sport and duly authorised by their own Government to use them, the import of which is not contrary to any other provisions of the present Convention. Such arms and ammunition shall be sent direct to the Government of the importing country for transmission by such Government to the associations for which they are supplied.

3. Samples of articles covered by Category I exported for demonstration purposes direct to a trade representative of the exporting manufacturer, such representative being duly authorised by the Government of the importing country to receive them.

In the above-mentioned cases, an order in writing, endorsed by the Government of the importing country or by its representative duly authorised so to act, must have been presented to the authorities of the exporting country. It shall contain all the information necessary to show that the order is properly made under this Article.

ARTICLE 4

Permission to export under Articles 2 and 3 shall be signified by a license. An export declaration, if filed with and approved by the competent authorities of the exporting country, may take the place of a licence.

Such licence or declaration must contain:

(a) A description sufficient for the identification of the articles to which it relates, and giving their designation according to the headings in Category I, and their number or weight;

(b) The name and address of the exporter;

(c) The name and address of the importing consignee;

(d) The name of the Government which has authorised the import.

Each separate consignment which crosses the frontier of the exporting country, whether by land, water or air, shall be accompanied by a document containing the particulars indicated above. This document may be either the licence or export declaration or a certified copy thereof or a certificate issued by the Customs authorities of the exporting country, stating that the consignment is exported under licence or export declaration in accordance with the provisions of the present Convention.

ARTICLE 5

The articles covered by Category II shall only be exported under cover of an export document, which may be either a license issued by the competent authorities of the exporting country or an export declaration endorsed by or filed with them. If the legislation of the importing country requires the endorsement of a duly authorised representative of its Government, and if this fact has been notified by the said Government to the Government of the exporting country, then such an endorsement must have been obtained and submitted to the competent authorities of the exporting country before the export may take place.

Neither the license nor the export declaration shall entail any responsibility upon the Government of the exporting country as to the destination or ultimate use of any consignment.

Nevertheless, if the High Contracting Parties consider, on account of the size, destination or other circumstances of a consignment, that the arms and ammunition consigned are intended for war purposes, they undertake to apply to such consignment the provisions of Articles 2, 3 and 4.

ARTICLE 6

As a preliminary to a general system of publicity for armaments irrespective of their origin, the High Contracting Parties undertake to publish, within two months of the close of each quarter, a statistical return of their foreign trade during this quarter in the articles covered by Categories I and II. This return shall be drawn up in accordance with the specimen forms contained in Annex I to the present Convention and shall show under each heading appearing in Categories I and II in Article 1 the value and the weight or number of the articles exported or imported under a licence or export declaration, allocated according to country of origin or destination.

In all cases where the consignment comes from, or is sent to, a territory possessing an autonomous Customs system, such territory shall be shown as the country of origin or destination.

The High Contracting Parties further undertake, so far as each may be concerned, to publish within the same time-limits a return containing the same information in respect of the consignments of articles covered by Categories I and II to other territories placed under their sovereignty, jurisdiction, protection or tutelage, or under the same sovereignty, jurisdiction, protection or tutelage.

The first statistical return to be published by each of the High Contracting Parties shall be for the quarter beginning on the first day of January, April, July or October, subsequent to the date on which the present Convention comes into force with regard to the High Contracting Party concerned.

The High Contracting Parties undertake to publish as an annex to the above-mentioned return the text of the provisions of all statutes, orders or regulations in force within their territory dealing with the export and import of articles covered by Article 1, and to include therein all provisions enacted for the purpose of carrying out the present Convention. Amendments and additions to these provisions shall be likewise published in annexes to subsequent quarterly returns.

ARTICLE 7

The High Contracting Parties, in all cases covered by Category III, undertake to publish within two months of the close of each quarter a return for that quarter, giving the information detailed below for each vessel of war constructed, in course of construction or to be constructed within their territorial jurisdiction on behalf of the Government of another State:

(a) The date of the signing of the contract for the construction of the vessel, the name of the Government for which the vessel is ordered, together with the following data:

Standard displacement in tons and metric tons;

The principal dimensions, namely: length at water-line, extreme beam at or below water-line, mean draft at standard displacement;

(b) The date of laying the keel, the name of the Government for which the vessel is being constructed, together with the following data:

Standard displacement in tons and metric tons;

The principal dimensions, namely: length at water-line, extreme beam at or below water-line, mean draft at standard displacement;

(c) The date of delivery, the name of the Government to which the vessel is delivered, together with the following data with respect to the vessel at that date:

Standard displacement in tons and metric tons;

The principal dimensions, namely: length at water-line, extreme beam at or below water-line, mean draft at standard displacement;

As well as the following information regarding the armament installed on board the vessel at the date of delivery and forming part of the vessel's normal armament:

Number and calibre of guns;

Number and calibre of torpedo-tubes;

Number of bomb-throwers;

Number of machine-guns.

The above information concerning the armament of the vessel shall be furnished by means of a statement signed by the shipbuilder and countersigned by the commanding officer or such other representative fully authorised for the purpose by the Government of the State to whom the vessel is delivered. Such statement shall be transmitted to the competent authority of the Government of the constructing country.

Whenever a vessel of war belonging to one of the High Contracting Parties is transferred, whether by gift, sale or other mode of transfer, to the Government of another State, the transferor undertakes to publish within two months of the close of the quarter within which the transfer is effected the following information:

The date of transfer, the name of the Government to whom the vessel has been transferred and the data and information referred to in paragraph (c) above.

By the standard displacement in the present Article is to be understood the displacement of the vessel complete, fully manned, engined and equipped ready for sea, including all armament and ammunition, equipment, outfit, provisions and fresh water for crew, miscellaneous stores and implements of every description that are intended to be carried in war, but without fuel or reserve feed-water on board.

ARTICLE 8

Without prejudice to the provisions of Article 7, if the transport of any vessel of war is carried out otherwise than by such vessel's own motive power or towage, the vessel, whether assembled or in component parts, and the armament thereof will become subject also to the provisions of this Convention as if they were included in Category I.

ARTICLE 9

The High Contracting Parties undertake to publish, within six months of the close of each quarter, a return for that quarter of the export of aircraft and aircraft engines, giving quantities exported and their allocation according to country of destination.

ARTICLE 10

Subject to the provisions of Chapter III, the articles covered by Categories IV and V may be exported without formalities or restrictions.

ARTICLE 11

The High Contracting Parties undertake not to apply a more favourable regime to imports of articles referred to in Article 1 coming from territories of non-contracting States than that which they will apply to such imports coming from territories of contracting States, and to subject these imports, of whatever origin, to the same conditions of authorisation and, so far as possible, of publicity.

CHAPTER III. SPECIAL ZONES

ARTICLE 12

The High Contracting Parties agree that the provisions of this Chapter apply to the territorial and maritime zones hereinafter defined and referred to in the present Convention as the "special zones."

1. Land zone.

(a) The whole of the continent of Africa, with the exception of Egypt, Lybia, Tunisia, Algeria, the Spanish possessions in North Africa, Abyssinia, and of the Union of South Africa together with the territory under its mandate, and of Southern Rhodesia.

This zone also includes the adjacent islands which are situated within 100 marine miles from the coast thereof and also Prince's Island (Principe) in the Bight of Biafra, St. Thomas (São Thomé), Annobon and Socotra, but does not include the Spanish islands situated to the north of the parallel of 26° North latitude.

(b) The Arabian peninsula, Gwadar, Syria and Lebanon, Palestine and Transjordan, and Iraq.

2. Maritime zone.

A maritime zone, which includes the Red Sea, the Gulf of Aden, the Persian Gulf, and the Gulf of Oman and is bounded by a line drawn from and following the latitude of Cape Guardafui to the point of intersection with longitude 57° East of Greenwich and proceeding thence direct to the point at which the eastern frontier of Gwadar meets the sea.

ARTICLE 13

The High Contracting Parties undertake not to export or to permit articles covered by Categories I, II, IV and V to be exported to places within the special zones, unless a licence has been issued in conformity with the conditions defined in Article 14.

An export declaration, if filed with and approved by the competent authorities of the exporting country, may take the place of a licence.

The High Contracting Parties also undertake, each in respect of any territory under its sovereignty, jurisdiction, protection or tutelage situated within the special zones, not to permit articles covered by the Categories above mentioned to be imported into such territory unless their import has been authorised by the authorities of the territory concerned. Such articles shall only be admitted into territory within the special zones at such ports or other places as the authorities of the State, colony, protectorate or mandated territory concerned shall designate for this purpose.

ARTICLE 14

The High Contracting Parties undertake not to issue the export licences nor to approve the export declarations required under Article 13 unless they are satisfied that the conditions stated in paragraph (a) or (b) hereof are fulfilled and also, as regards articles covered by Categories I and II, the conditions laid down in Articles 2, 3, 4 and 5.

(a) That, if an export is being made to territory under the sovereignty, jurisdiction, protection or tutelage of a High Contracting Party, articles covered by Categories I, II and IV to which the licence or export declaration applies are required for lawful purposes and that the authorities of the territory to which they are consigned are willing to admit them; and that, in the case of articles covered by Category V, a copy of the license or export declaration has been set to the authorities aforesaid before the export takes place.

(b) That, if an export is being made to territory which is not under the sovereignty, jurisdiction, protection or tutelage of a High Contracting Party, articles covered by Categories I, II, IV and V are required for lawful purposes.

ARTICLE 15

The High Contracting Parties undertake to publish, in addition to the returns provided for in Article 6 and Article 9 in respect of articles covered by Categories I, II and IV, a return of articles covered by Category V exported to territory situated within the special zones. This return shall be published within the same time-limits and at the same intervals as those provided in the first paragraph of Article 6, and shall contain, as far as possible, the same particulars.

ARTICLE 16

The trade in articles covered by Categories I, II, IV and V within the special zones shall be placed under the supervision of officials of the authorities of the State, colony, protectorate or mandated territory concerned.

The admission and transit of and trade in such articles within the said zones shall also be subject to the provisions of Section I, §§ 1 and 2, of Annex II of the present Convention, to which provisions the High Contracting Parties undertake to conform.

An authorisation must be given by a duly authorised representative of the authorities aforesaid in each case before any such articles may be reconsigned to any place outside the territory to which they have been admitted.

ARTICLE 17

The manufacture, assembly and repair within the special zones of articles covered by Categories I, II, IV and V shall be subject to the provisions of Section I, § 3, of Annex II of the present Convention, to which provisions the High Contracting Parties undertake to conform.

ARTICLE 18

The High Contracting Parties undertake, each in respect of any territory under its sovereignty, jurisdiction, protection or tutelage situated within the special zones, not to permit the transit by land across such territory of articles covered by Categories I, II, IV and V when their destination is another territory also situated in the special zones, unless their transport to their destination is assured and the authorities of the latter territory have authorized their import.

The prohibition referred to in the above paragraph shall not apply to the transit of such articles through a territory situated in the special zones when their destination is territory of one of the High Contracting Parties not included in the said zones, provided that their transport to their destination is assured.

If, for the purposes of transport to a territory situated within the special zones, it is necessary to pass through a contiguous territory likewise situated within the said zones, the transit shall be permitted, subject always to the conditions laid down in the first paragraph hereof, at the request of the authorities of the importing territory, provided that such authorities guarantee that the articles in respect of which the request is made shall not at any time be sold, or otherwise transferred, contrary to the provisions of the present Convention. Nevertheless, if the attitude or the disturbed condition of the importing State constitutes a threat to peace or public order, permission for transit shall be refused to such State by the authorities of all such contiguous territories until this threat has ceased to exist.

ARTICLE 19

Subject to any contrary provisions in existing special agreements or in any future agreements, provided that in all cases such agreements otherwise comply with the provisions of the present Convention, the High Contracting Parties agree that in the special zones the authorities of the State, colony, protectorate or mandated territory concerned shall carry out within their territorial waters the supervision and police measures necessary for the application of the present Convention.

ARTICLE 20

The High Contracting Parties agree that within the special zones no native vessel, as hereinafter defined, of less than 500 tons (net tonnage) shall be allowed to ship, discharge of transship articles covered by Categories I, II, IV and V.

A vessel shall be deemed to be a native vessel if she is either owned, fitted out or commanded by a native of any country bordering on the Indian Ocean west of the meridian of 95° east of Greenwich and north of the parallel of 11° south latitude, the Red Sea, the Persian Gulf, or the Gulf of Oman, or if at least one-half of the crew are natives of such countries.

The provisions of paragraph 1 hereof do not apply to lighters or barges or to vessels engaged exclusively in the coasting trade between different ports of the same State, colony, protectorate or mandated territory where warehouses are situated. The conditions under which articles covered by Categories I, II, IV and V may be carried by such vessels are laid down in § 1 of Section II, of Annex II of the present Convention, to which the High Contracting Parties undertake to conform.

The provisions of this Article and of Section II, § 1, of Annex II do not apply:

(a) To arms, ammunition or implements carried on behalf of a Government either under an authorisation or accompanied by a duty authorised official of such Government; or

(b) To arms and ammunition in the possession of persons provided with a licence to carry arms on the condition that such arms are for the personal use of the bearer and are accurately described in such licence.

ARTICLE 21

The High Contracting Parties agree that, with the object of preventing all illicit conveyance within the special zones of articles covered by Categories I, II, IV and V, all native vessels within the meaning of Article 20 must carry a manifest of their cargo or a similar document specifying the quantities and nature of the goods on board, their origin and destination. This manifest shall remain covered by the secrecy to which it is entitled by the law of the State to which the vessel belongs, and must not be examined during proceedings for the verification of the flag, unless the interested party consents thereto.

The provisions of this Article shall not apply to:

(a) Vessels exclusively engaged in the coasting trade between different ports of the same State, colony, protectorate or mandated territory; or

(b) Vessels engaged in carrying arms, ammunition and implements on behalf of a Government under the conditions defined in Article 20 (a) and proceeding to or from any point within the said zones; or

(c) Vessels only partially decked, having a maximum crew of ten men, and exclusively employed in fishing within territorial waters.

ARTICLE 22

The High Contracting Parties agree that no authorisation to fly the flag of any of such High Contracting Parties shall be granted to native vessels of less than 500 tons (net tonnage) as defined in Article 20, except in accordance with the conditions prescribed in Section II, §§ 3 and 4, of Annex II of the present Convention. Such authorisation, which shall be in writing, shall be renewed every year and shall contain the particulars necessary to identify the vessel, the name, tonnage, type of rigging, principal dimensions, registered number and signal letters if any. It shall bear the date on which it was granted and the status of the official who granted it.

ARTICLE 23

The High Contracting Parties agree to communicate to any other High Contracting Party who so requests the forms of the documents to be issued by them under Articles 20 (a), 21 and 22 and Section II, § 1, of Annex II of the present Convention.

The High Contracting Parties further agree to take all necessary measures to ensure that the following documents shall be supplied as soon as possible to any other High Contracting Party who has requested the same:

(a) Certified copies of all authorisations to fly the flag granted under the provisions of Article 22;

(b) Notice of the withdrawal of such authorisations;

(c) Copies of authorisations issued under Section II, § 1, of Annex II.

ARTICLE 24

The High Contracting Parties agree to apply in the maritime zone the regulations laid down in Annex II, Section II, § 5, of the present Convention.

ARTICLE 25

The High Contracting Parties agree that any illicit conveyance or attempted conveyance legally established against the captain or owner of a vessel authorised to fly the flag of one of the High Contracting Parties, or holding the licence provided for in Section II, § 1, of Annex II, of the present Convention, shall entail the immediate withdrawal of the said authorisation or licence.

ARTICLE 26

The High Contracting Parties who have under their sovereignty, jurisdiction, protection or tutelage territory situated within the special zones, undertake, so far as each is concerned, to take the necessary measures to ensure the application of the present Convention and, in particular, the prosecution and punishment of offences against the provisions thereof, and to appoint the territorial and consular officers or competent special representatives for the purpose.

They will communicate these measures to such High Contracting Parties as shall have expressed the desire to be informed thereof.

ARTICLE 27

The High Contracting Parties agree that the provisions of Articles 16 to 26 inclusive and of Annex II of the present Convention establishing a certain regime of supervision in the special zones shall not be interpreted, as regards such High Contracting Parties as have no territory under their sovereignty, jurisdiction, protection or tutelage within or immediately adjacent to the said special zones, either as constituting an obligation to apply the regime defined in the above-mentioned provisions or as involving their responsibility with respect to the application of this regime.

However, the said High Contracting Parties shall conform to the provisions of Articles 22, 23 and 25, which relate to the conditions under which native vessels under 500 tons (net tonnage) may be authorised to fly the flag of such High Contracting Parties.

CHAPTER IV. SPECIAL PROVISIONS

ARTICLE 28

Abyssinia, desirous of rendering as effective as possible the supervision of the trade in arms and ammunition and in implements of war, which is the subject of the present Convention, hereby undertakes, in the free exercise of her sovereign rights, to put into force, so far as concerns her own territory, all regulations which may be necessary to fulfil the provisions of Articles 12 to 18 inclusive of the said Convention relating to exports, imports and the transport of arms, ammunition and implements of war.

The High Contracting Parties take note of the above undertaking, and, being in full sympathy with the desire of Abyssinia to render as effective as possible the supervision of the trade in arms and ammunition and in implements of war, hereby undertake to conform to the provisions of the above-mentioned Articles so far as concerns Abyssinian territory, and to respect the regulations put into force, in accordance with the said undertaking, by Abyssinia as a sovereign State.

If a State, at present included in the special zones, should at the moment of its accession to the present Convention assume with respect to its own territory the same undertakings as those set forth in the first paragraph of this Article, and also, when such State possesses a sea coast, those contained in Articles 19 to 26 inclusive in so far as the same are applicable, the High Contracting Parties hereby declare that they will consider such State as excluded from the said zones from the date that its accession becomes effective as specified in Article 41 and that they will accept as regards such State the obligations set forth in the second paragraph of the present Article, and also, when the State excluded possesses a sea coast, the obligations of Articles 19 to 27 inclusive in so far as they are applicable.

ARTICLE 29

The High Contracting Parties agree to accept reservations which may be made by Esthonia, Finland, Latvia, Poland and Roumania at the moment of their signature of the present Convention and which shall suspend in respect of these States, until the accession of Russia to the present Convention, the application of Articles 6 and 9, as regards both export to and import into these countries by the High Contracting Parties. These reservations shall not be interpreted as preventing the publication of statistics in accordance with the laws and regulations in effect within the territory of any High Contracting Party.

ARTICLE 30

The High Contracting Parties who possess extra-territorial jurisdiction in the territory of another State party to the present Convention undertake in cases where the rules of this Convention cannot be enforced by the local courts as regards their nationals in such territory to prohibit all action by such nationals contrary to the provisions of the present Convention.

CHAPTER V. GENERAL PROVISIONS

ARTICLE 31

The provisions of the present Convention are completed by those of Annexes I and II, which have the same value and shall enter into force at the same time as the Convention itself.

ARTICLE 32

The High Contracting Parties agree that the provisions of the present Convention do not apply:

(a) To arms or ammunition or to implements of war forwarded from territory under the sovereignty, jurisdiction, protection or tutelage of a High Contracting Party for the use of the armed forces of such High Contracting Party, wherever situated, nor

(b) To arms or ammunition carried by individual members of such forces or by other persons in the service of a High Contracting Party and required by them by reason of their calling, nor

(c) To rifles, muskets, carbines and the necessary ammunition therefor, carried by members of rifle clubs for the sole purpose of individual use in international competitions in marksmanship.

ARTICLE 33

In time of war, and without prejudice to the rules of neutrality, the provisions of Chapter II shall be suspended from operation until the restoration of peace so far as concerns any consignment of arms or ammunition or of implements of war to or on behalf of a belligerent.

ARTICLE 34

All the provisions of general international Conventions anterior to the date of the present Convention, such as the Convention for the Control of the Trade in Arms and Ammunition and the Protocol signed at St. Germain-en-Laye on September 10th, 1919, shall be considered as abrogated insofar as they relate to the matters dealt with in the present Convention and are binding between the Powers which are Parties to the present Convention.

The present Convention shall not be deemed to affect any rights and obligations which may arise out of the provisions either of the Covenant of the League of Nations or of the Treaties of Peace signed in 1919 and 1920 at Versailles, Neuilly, St. Germain and Trianon, or of the Treaty Limiting Naval Armaments signed at Washington on February 6th, 1922, or of any other treaty, convention, agreement or engagement concerning prohibition of import, export or transit of arms or ammunition or of implements of war; nor, without prejudice to the provisions of the present Convention itself, shall it affect any other treaty, convention, agreement or engagement other than those referred to in paragraph 1 of the present Article having as its object the supervision of import, export or transit of arms or ammunition or of implements of war.

ARTICLE 35

The High Contracting Parties agree that disputes arising between them relating to the interpretation or application of this Convention shall, if they cannot be settled by direct negotiation, be referred for decision to the Permanent Court of International Justice. In case either or both of the States to such a dispute should not be parties to the Protocol of December 16th, 1920, relating to the Permanent Court of International Justice, the dispute shall be referred, at the choice of the Parties and in accordance with the constitutional procedure of each State, either to the Permanent Court of International Justice or to a court of arbitration constituted in accordance with the Hague Convention of October 18th, 1907, or to some other court of arbitration.

ARTICLE 36

Any High Contracting Party may declare that its signature or ratification or accession does not, as regards the application of the provisions of Chapter II and of Articles 13, 14 and 15 of the present Convention, bind either all or any one of the territories subject to its sovereignty, jurisdiction or protection, provided that such territories are not situated in the special zones as defined in Article 12.

Any High Contracting Party which has made such a declaration may, subsequently, and in conformity with the provisions of Article 37, adhere entirely to the present Convention for any territories so excluded. Such High Contracting Party will use its best endeavours to ensure as soon as possible the accession of any territories so excluded.

Any High Contracting Party may also, as regards the application of the provisions of Chapter II and of Articles 13,

14 and 15 of the present Convention, and in conformity with the procedure laid down in Article 38, denounce the present Convention separately in respect of any territory referred to above.

Any High Contracting Party which shall have availed itself of the option of exclusion or of denunciation provided for in the preceding paragraphs undertakes to apply the provisions of Chapter II to consignments destined for territories in respect of which the option has been exercised.

ARTICLE 37

The High Contracting Parties will use their best endeavours to secure the accession to the present Convention of other States.

Each accession will be notified to the Government of the French Republic and by the latter to all the signatory or acceding States.

The instruments of accession shall remain deposited in the archives of the Government of the French Republic.

ARTICLE 38

The present Convention may be denounced by any High Contracting Party thereto after the expiration of four years from the date when it came into force in respect of that Party. Denunciation shall be effected by notification in writing addressed to the Government of the French Republic, which will forthwith transmit copies of such notification to the other Contracting Parties, informing them of the date on which it was received.

A denunciation shall take effect one year after the date of the receipt of the notification thereof by the Government of the French Republic and shall operate only in respect of the notifying State.

In case a denunciation has the effect of reducing the number of States parties to the Convention below fourteen, any of the remaining High Contracting Parties may also, within a period of one year from the date of such denunciation, denounce the Convention without waiting for the expiration of the period of four years mentioned above and may require that its denunciation shall take effect at the same date as the first-mentioned denunciation.

ARTICLE 39

The High Contracting Parties agree that, at the conclusion of a period of three years from the coming into force of the present Convention under the terms of Article 41, this Convention shall be subject to revision upon the request of one-third of the said High Contracting Parties addressed to the Government of the French Republic.

ARTICLE 40

The present Convention, of which the French and English texts are both authentic, is subject to ratification. It shall bear to-day's date.

Each Power shall address its ratification to the Government of the French Republic, which will at once notify the deposit of ratification to each of the other signatory Powers.

The instruments of ratification will remain deposited in the archives of the Government of the French Republic.

ARTICLE 41

A first proces-verbal of the deposit of ratifications will be drawn up by the Government of the French Republic as soon as the present Convention shall have been ratified by fourteen Powers.

The Convention shall come into force four months after the date of the notification of this procès-verbal by the Government of the French Republic to all signatory Powers.

Subsequently, the Convention will come into force in respect of each High Contracting Party four months after the date on which its ratification or accession shall have been notified by the Government of the French Republic to all signatory or acceding States.

In witness whereof, the above-mentioned Plenipotentiaries have signed the present Convention.

Done at Geneva, in a single copy, this seventeenth day of June, One Thousand Nine Hundred and Twenty-Five.

For Germany

H. VON ECKARDT

For the United States of America

THEODORE E. BURTON
HUGH S. GIBSON

For Austria

E. PFLÜGL

For Belgium

——— ———

For Brazil

Contre-Amiral A. C. DE SOUZA E SILVA
Major ESTEVAO LEITÃO DE CARVALHO.

Brazil reserves the right, during the whole period of application of the present Convention, to execute it, in so far as she is concerned, in accordance with the spirit of the clauses which aim at rendering the supervision general both as regards the trade in and the manufacture of armaments.

For the British Empire

I declare that my signature does not bind India or any British Dominion which is a separate Member of the League of Nations and does not separately sign or adhere to the Convention.

ONSLOW

For Canada

——— ———

For the Irish Free State

——— ———

For India

P. Z. COX

For Bulgaria

——— ———

For Chile

Général de Division LUIS CABRERA

For China

——— ———

For Colombia

——— ———

For Denmark

——— ———

For Egypt

——— ———

For Spain

EMILIO DE PALACIOS

For Esthonia

Subject to the suspension of the application of Articles 6 and 9 in virtue of the right accorded to Esthonia by Article 29.

J. LAIDONER

For Abyssinia

GUÉTATCHOU
BLATA HEROUY HEROUY
A. TASFAE

For Finland

Subject to the suspension of the application of Articles 6 and 9 in virtue of the right accorded to Finland by Article 29.

O. ENCKELL

For France

B. CLAUZEL

For Greece

——— ———

For Hungary

Dr. BARANYAI ZOLTÁN

For Italy

PIETRO CHIMIENTI
ALBERTO DE MARINIS-STENDARDO

For Japan

M. MATSUDA

For Latvia

Subject to the suspension of the application of Articles 6 and 9 in virtue of the right accorded to Latvia by Article 29.

Colonel HARTMANIS

For Lithuania

——— ———

For Luxemburg

CH. G. VERMAIRE

For Nicaragua

——— ———

For Norway

_____ _____

For Panama

_____ _____

For the Netherlands

_____ _____

For Persia

_____ _____

For Poland

Subject to the suspension of the application of Articles 6 and 9 in virtue of the right accorded to Poland by Article 29.

Général CASIMIR SOSNKOWSKI
G. D. MORAWSKI

For Portugal

_____ _____

For Roumania

Ad referendum subject to the reservation provided for in Article 29 of the Convention to the effect that the application of Articles 6 and 9 as regards both export to and import into Roumania by the High Contracting Parties shall be suspended until the adhesion of Russia to the present Convention and to its Annexes.

N. P. COMNENE
Général T. DUMITRESCU

For Salvador

J. GUSTAVO GUERRERO

For Siam

_____ _____

For Sweden

_____ _____

For Switzerland

_____ _____

For the Kingdom of the Serbs, Croats and Slovenes

J. DOUTCHITCH
Général KALAFATOVITCH
Capt. d. frég. MARIASEVITCH

For Czechoslovakia

Dr. VEVERKA, FERDINAND

For Turkey

_____ _____

For Uruguay

_____ _____

For Venezuela

_____ _____

ANNEX I.

STATISTICAL FORMS.

FORM I

Imports [1] into_____(name of importing country) during the_____quarter of 19__

Description [2] of arms and ammunition and implements of war according to the headings in attached schedule	Countries of origin							Total		
	A [3]				Z [3]					
	No. of articles	Weight	Declared value [4]		No. of articles	Weight	Declared value [4]	No. of articles	Weight	Declared value [4]
Totals										

EXPLANATORY NOTES

[1] The imports included in this table shall be the general imports of arms and ammunition and of implements of war set out in the attached schedule, arriving from abroad, i. e., the total of the goods imported for home consumption, into warehouse, free zones, free ports, and all other places excluded from the Custom-territory, also temporary imports, improvement trade, etc., but excluding goods for transit or transshipment.

When temporary warehousing pending transit or transshipment is permitted, arms and ammunition and implements of war arriving under these conditions shall not be considered as imports, provided that the consignments are accompanied by a license or similar document mentioned in Article 4 of the present Convention showing some other country as destination.

[3] Arms and ammunition and implements of war covered by Category I shall be tabled separately from those in Category II.

[2] Name of country which issued the licence or similar document mentioned in Article 4 of the present Convention. But when the goods come from a Colony or Dependency, not issuing licences in its own name, but having an autonomous Customs system, such colony or dependency shall be shown as the country of origin.

[4] In legal currency of the importing country. In cases where the values are the result of conversion on a gold standard basis, this fact should be expressly mentioned in the heading of this column. In all cases the value shall be shown, except in the case of samples referred to in Article 3, paragraph 3, of the Convention when it is not obligatory.

FORM II.

Exports and Re-exports [1] from_____(name of exporting country) during the _____ quarter of 19____.

Description [2] of arms and ammunition and implements of war according to the headings in attached schedule	Countries of Destination							Total		
	A [3]				Z [3]					
	No. of articles	Weight	Declared value [4]		No. of articles	Weight	Declared value [4]	No. of articles	Weight	Declared value [4]
Totals										

EXPLANATORY NOTES

[1] The exports and re-exports included in this table shall be the general exports and re-exports of arms and ammunition and implements of war set out in the attached schedule leaving for abroad, i.e., the total of the goods exported and re-exported from the internal market from warehouse, free zones, free ports, and all other places excluded from the Customs territory, also temporary exports and re-exports, improvement trade, etc., but excluding goods for transit or transshipment.

When temporary warehousing pending transit or transshipment is permitted, the arms and ammunition and implements of war arriving under these conditions shall not be considered as imports provided that the consignments are accompanied by a license or similar document mentioned in Article 4 of the present Convention showing some other country as destination.

[3] Arms and ammunition and implements of war covered by Category I shall be tabled separately from those in Category II.

[2] Country in whose favour the license or similar document mentioned in Article 4 of the present Convention has been issued. In the case of an application by a mother-country on behalf of a Colony or Dependency having an autonomous Customs regime, such Colony or Dependency should be shown as country of destination.

[4] In legal currency of the exporting country. In cases where the values are the result of conversion on a gold standard basis, this fact should be expressly mentioned in the title of this column. In all cases value shall be shown, except in the case of samples referred to in Article 3, paragraph 3, of the Convention when it is not obligatory.

SCHEDULE

CATEGORY I. ARMS, AMMUNITION AND IMPLEMENTS OF WAR EXCLUSIVELY DESIGNED AND INTENDED FOR LAND, SEA OR AERIAL WARFARE

Arms and ammunition and implements exclusively designed and intended for land, sea or aerial warfare, which are, or shall be, comprised in the armament of the armed forces of any State, or which, if they have been, are no longer comprised in such armament but are capable of military to the exclusion of any other use, except such arms, ammunition and implements which, though included in the above definition, are covered in other categories.

Such arms, ammunition and implements are comprised in the following twelve headings:

1. Rifles, muskets, carbines (number).

2. (a) Machine-guns, automatic rifles and machine-pistols of all calibres (number);

(b) Mountings for machine-guns (number);

(c) Interrupter gears (number).

3. Projectiles and ammunition for the arms enumerated in Nos. 1 and 2 above (number).

4. Gun-sighting apparatus including aerial gun-sights and bomb-sights, and fire-control apparatus (number).

5. (a) Cannon, long or short, and howitzers, of a calibre less than 5.9 inches (15 cm.) (number);

(b) Cannon, long or short, and howitzers, of a calibre of 5.9 inches (15 cm.) or above (number);

(c) Mortars of all kinds (number);

(d) Gun carriages (number), mountings (number), recuperators (number), accessories for mountings (weight).

6. Projectiles and ammunition for the arms enumerated in No. 5 above (number).

7. Apparatus for the discharge of bombs, torpedoes, depth charges and other kinds of projectiles (number).

8. (a) Grenades (number);

(b) Bombs (number);

(c) Land mines, submarine mines, fixed or floating, depth charges (number);

(d) Torpedoes (number).

9. Appliances for use with the above arms and apparatus (number).

10. Bayonets (number).

11. Tanks and armoured cars (number).

12. Arms and ammunition not specified in the above enumeration (number or weight).

Component parts, completely finished, of the articles covered by the above headings, if capable of being utilized

only in the assembly or repair of the said articles, or as spare parts, should be entered separately, by weight, under each of the above headings or subheadings to which they belong.

CATEGORY II. ARMS AND AMMUNITION CAPABLE OF USE BOTH FOR MILITARY AND OTHER PURPOSES

1. Pistols and revolvers, automatic or self-loading, and developments of the same, designed for single-handed use or fired from the shoulder, of a calibre greater than 6.5 mm. and length of barrel greater than 10 cm. (number).

2. Fire-arms designed, intended or adapted for non-military purposes, such as sport or personal defence, that will fire cartridges that can be fired from fire-arms in Category I. Other rifled fire-arms, firing from the shoulder of a calibre of 6 mm. or above not included in Category I, with the exception of rifled fire-arms with a "break-down" action (number).

3. Ammunition for the arms enumerated in the above two headings, with the exception of ammunition covered by Category I (number).

4. Swords and lances (number).

Component parts, completely finished, of the articles covered by the above headings, if capable of being utilised only in the assembly or repair of the said articles, or as spare parts, should be entered separately, by weight, under each of the above headings or sub-headings to which they belong.

ANNEX II

SUPERVISION WITHIN THE SPECIAL ZONES

Section I. Supervision on Land

§ 1

All articles covered by Categories I, II, IV and V admitted into the territory of a State, colony, protectorate or mandated territory situated in the special zones, except such articles imported by individuals for their personal use under an authorisation issued by the authorities of the territory concerned, shall be deposited by the importer at his own expense and risk in a public warehouse maintained under the exclusive custody and permanent supervision of the authorities aforesaid or their officials, of whom at least one must be a member of their armed forces, and who shall keep an official record of such deposit.

Every withdrawal from a public warehouse must be authorised beforehand by such authorities. No such authorisation shall be given except for the purposes of transfer to another public warehouse or to a private warehouse duly approved by the said authorities or for delivery to individuals who have proved to the satisfaction of the said authorities that the articles are necessary to them for their personal use.

Articles required for the equipment of the national forces or for the defence of the territory are exempted from all formalities in connection with deposit in or withdrawal from a public warehouse.

§ 2

No private warehouse for articles covered by Categories I, II, IV and V shall be allowed within the special zones unless authorised by the authorities of the State, colony, protectorate or mandated territory. Such warehouse must consist of enclosed premises, reserved for that purpose and having only one entry, which must be fitted with two locks, one of which can be opened only by officials of the authorities.

The person in charge of the warehouse shall be responsible for all such articles deposited therein and must account for them on demand by the authorities.

Such articles must not be withdrawn from the warehouse nor be transported or transferred without a special authorisation. The particulars entered on such authorisations shall be noted in a special register numbered and initialled.

Every arm imported under the provisions of § 1 by an individual for his personal use or transferred under the provisions of the same § from a public warehouse to a private warehouse or a private individual must be registered. A mark shall be stamped thereon if it does not already bear another mark or a number sufficient for identification. The mark or number shall be noted in the licence to carry arms issued by the authorities.

§ 3

The manufacture or assembly within the special zones of articles covered by Categories I, II, IV and V is prohibited otherwise than in establishments instituted for the defence of the territory or maintenance of public order by the authorities of the territory concerned, or in the case of mandated territory by such authorities under the supervision of the mandatory Power.

The repair of such articles shall only be carried out in establishments instituted by the authorities or in private establishments which shall have been authorised for this purpose by the said authorities. Such authorisation shall not be granted without guarantees for the observance of the rules of the present Convention.

Section II. Maritime supervision

§ 1

Cargoes of articles covered by Categories I, II, IV and V shipped on board the lighters, barges or coasting vessels referred to in Article 20, paragraph 3, must be covered by a special licence issued by the authorities of the State, colony, protectorate or mandated territory in which such cargoes are shipped, and containing the particulars specified in § 2 hereof. All articles so shipped shall in addition be subject to the provisions of the present Convention.

§ 2

Special licences referred to in § 1 of Section II of the present Annex shall contain the following particulars:

(a) A statement of the nature and quantity of the articles in respect of which the licence is issued.

(b) The name of the vessel on which the cargoes are to be shipped.

(c) The name of the ultimate consignee.

(d) The ports of loading and discharge.

It shall be certified on such licences that they have been issued in conformity with the provisions of the present Convention.

§ 3

An authorisation to fly the flag of a High Contracting Party may only be granted by the authorities mentioned in paragraph (b) below, and subject to the three following conditions:

(a) The owners must be nationals of the Power whose flag they claim to fly or companies who are nationals under the laws of that Power.

(b) The owners must have furnished proof that they are bona fide owners of real estate in the territory of the authorities to whom the application for a license is addressed, or have given to such authorities sufficient guarantees for the payment of any fines to which they may become liable.

(c) The owners and the captain of the vessel must have furnished proof that they enjoy a good reputation and, in particular, that they have never been convicted of illicit conveyance of arms or ammunition or implements of war.

§ 4

All native vessels before they are authorized to fly the flag of a High Contracting Party shall have complied with the following regulations for the purpose of their identification at sea:

(*a*) The initial letters of the port of registration of the native vessel, followed by the vessel's registration number in the serial port numbers, must be incised and painted in white on black ground on both quarters of each vessel in such a position as to be easily distinguishable from a distance.

(*b*) The net tonnage of the native vessel shall also, if practicable, be incised and painted inside the hull in a conspicuous position.

§ 5

The regulations referred to in Article 24 of the present Convention are as follows:

1. When a warship belonging to one of the High Contracting Parties encounters within the maritime zone but outside territorial waters a presumed native vessel of under 500 tons burden (net tonnage),

(*a*) Flying the flag of one of the High Contracting Parties, or

(b) Flying no flag,

and the Commanding Officer of the warship has good reason to believe that the said vessel is flying the flag of any High Contracting Party without being entitled to do so, or is illicitly conveying articles covered by Categories I, II, IV and V, he may proceed to stop the vessel in order to verify the nationality of the vessel by examining the document authorising the flying of the flag, but no other document.

2. Any vessel which presents the appearance of native build and rig may be presumed to be a native vessel.

3. For the purpose of verifying the nationality of the suspected vessel, a boat commanded by a commissioned officer in uniform may be sent to visit the vessel after she has been hailed so as to give notice of such intention. The officer sent on board the vessel shall act with all possible consideration and moderation. Before leaving the vessel, the officer shall draw up a proces-verbal in the form and language in use in his own country. This proces-verbal shall state the facts of the case and shall be dated and signed by the officer.

Should there be on board the warship no commissioned officer other than the Commanding Officer, the above prescribed operations may be carried out by a warrant, petty or non-commissioned officer at the discretion of the Commanding Officer.

The captain or master of the vessel visited, as well as the witnesses, shall be invited to sign the proces-verbal and shall have the right to add to it any explanations which they may consider expedient.

4. In the cases referred to in paragraph 1 (a) hereof, unless the right to fly the flag can be established, the vessel may be conducted to the nearest port in the maritime zone where there is a competent authority of the Power whose flag has been flown and shall be handed over to such authority, but if such a port should be at such a distance from the point of detention that the warship would have to leave her station or patrol to escort the detained vessel thereto, the vessel may be taken to the nearest port where there is a competent authority of one of the High Contracting Parties of nationality other than that of the warship and handed over to such authority, and steps shall at once be taken to notify this fact to the competent authority representing the power concerned.

No proceeding shall be taken against the vessel or her crew until the arrival of the representative of the Power whose flag the vessel was flying or without authority from such representative.

Instead of conducting the suspected vessel to a port as laid down above, the Commanding Officer of the detaining warship may hand her over to a warship of the nation whose flag she has flown if the latter consents to take charge of her.

5. The procedure laid down in paragraph 4 may also be followed if, after the verification of the flag and in spite of the voluntary production of the manifest, the Commanding Officer of the warship continues to suspect the vessel of engaging in the illicit conveyance of articles covered by Categories I, II, IV and V.

6. In the cases referred to in paragraph 1 (b) hereof, if it is ascertained, as a result of the visit made on board the vessel that, whereas it flew no flag, it was also not entitled to fly the flag of a recognised State, the vessel may, unless the innocent nature of her cargo can be duly established to the satisfaction of the Commanding Officer of the warship, be conducted to the nearest point in the maritime zone where there is a competent authority of the Power to which the detaining warship belongs, and shall be handed over to such authority.

7. The authority before whom the suspected vessel has been brought shall institute a full enquiry in accordance with the laws and regulations of his country and in conformity with the procedure laid down in paragraph 8 below.

This enquiry shall be carried out in the presence of an officer of the detaining warship.

If, however, the presence of such officer is impracticable owing to the duties upon which the warship is engaged, an affidavit sworn by the Commanding Officer may in special cases be accepted by the authority holding the enquiry in place of the oral evidence of an officer of the warship.

8. (a) In the case of vessels referred to in paragraph 1 (a) above, if it is proved at this enquiry that the flag has been illegally flown, but that the vessel is entitled to fly the flag of a recognised State, she shall, if that State is one of the High Contracting Parties, be handed over to the nearest authority of that State. If such State is not a High Contracting Party, the vessel shall be disposed of by agreement between the State responsible for her detention and the State whose flag she is entitled to fly, and, pending such agreement, shall remain in the custody of the authorities of the nationality of the detaining warship.

(b) If it should be established that the use of the flag by the detained vessel was correct, but that the vessel was engaged in the illicit conveyance of articles covered by Categories I, II, IV and V, those responsible shall be brought before the courts of the State under whose flag the vessel sailed. The vessel herself and her cargo shall remain in charge of the authority conducting the enquiry. The illicit cargo may be destroyed in accordance with laws and regulations drawn up for the purpose.

(c) In the case of vessels referred to in paragraph 1 (b) above, if it be established that the vessel had the right to fly the flag of one of the High Contracting Parties but was engaged in the illicit conveyance of any of the articles covered by Categories I, II, IV, and V, the procedure laid down in the preceding paragraph should be followed.

(d) In the case of vessels referred to in paragraph 1 (b) above, if it be established that the vessel was not entitled to fly the flag of any of the High Contracting Parties and was engaged in the illicit conveyance of any of the articles covered by Categories I, II, IV and V, the vessel and all cargo carried in addition to these articles shall be seized by such authorities and disposed of according to the national laws and regulations of the authorities before whom the vessel has been brought. The destruction of this cargo may be ordered according to the same laws and regulations.

(e) If the authority entrusted with the enquiry decides that the detention and diversion of the vessel or other measures imposed upon her were irregular, he shall assess the amount of the compensation which he considers to be due.

9. If the decision and assessment of the said authority are accepted by the detaining officer and the authorities to whom he is subject, the amount awarded shall be paid within six months from the date of the said assessment.

10. If the detaining officer, or the authorities to whom he is subject, contest the decision or the amount of the compensation assessed, the dispute shall be submitted to a Court of Arbitration consisting of one arbitrator appointed by the Government whose flag the vessel was flying, one appointed by the Government of the detaining officer, and an umpire chosen by the two arbitrators thus appointed. The two arbitrators shall be chosen, as far as possible, from among the Diplomatic, Consular or Judicial officers of the High Contracting Parties. These appointments must be made with the least possible delay. Any compensation awarded shall be paid to the persons concerned within six months at most from the date of the award of the court.

11. The Commanding Officer of a warship who may have stopped a vessel flying a foreign flag shall in all cases make a report thereon to his Government, stating the grounds on which he acted. An extract from this report, together with a copy of the proces-verbal, drawn up by the officer, warrant officer, petty or non-commissioned officer sent on board the vessel detained, shall be sent as soon as possible to the Government whose flag the detained vessel was flying and to such of the High Contracting Parties as may have expressed the desire to receive such documents.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. ADAMS in the chair), as in executive session, laid before the Senate several messages from the President of the United States, submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECIPROCAL-TARIFF AGREEMENTS

The Senate resumed the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

Mr. HARRISON. Mr. President, I ask that the clerk proceed with the readnig of the bill.

Mr. FESS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Cousens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Austin	Davis	King	Robinson, Ind.
Bachman	Dickinson	Logan	Russell
Bailey	Dieterich	Lonergan	Schall
Bankhead	Dill	Long	Shipstead
Barkley	Duffy	McCarran	Smith
Black	Erickson	McGill	Steiwer
Bone	Fess	McKellar	Stephens
Borah	Fletcher	McNary	Thomas, Okla.
Brown	Frazier	Metcalf	Thomas, Utah
Bulkley	George	Murphy	Thompson
Bulow	Gibson	Neely	Townsend
Byrd	Glass	Norbeck	Tydings
Byrnes	Goldsborough	Norris	Vandenberg
Carey	Hale	Nye	Van Nuys
Clark	Harrison	O'Mahoney	Wagner
Connally	Hastings	Overton	Walcott
Coolidge	Hatch	Patterson	Walsh
Copeland	Hayden	Pittman	Wheeler
Costigan	Johnson	Pope	White

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

FILING THE SWORD'S DULL SIDE

Mr. LONG. Mr. President, I am sorry there are not more of our Democrats here this afternoon. I have taken the pains to collect some of the promises made by the Democrats to the American people, and I am going to undertake to remind Democratic Senators of the promises that have been made up to the last few months. I do not want the Democrats to violate their word, which is still resting with the dew on it that has not yet disappeared. In other words, I should at least like to have a little more time pass before the Democrats break their word which they gave to the American people.

When the flexible-tariff provision was written into the law there were four Democrats in this body who were in favor of it. Two of them came from Louisiana. I led the fight and made it an issue in our State that both the Democrats from Louisiana who had voted for the flexible-tariff provision should be taken out of the United States Senate. I did it on the command of my party. I did it on the word of my party that the Democratic Senators from our State, who voted to take the taxing power out of the Congress and put it in the hands of the President of the United States, had violated their pledge and their oath to the American people and that they ought to be taken out of the United States Senate. Former Senator Ransdell and former Senator Broussard today are the victims of the decree of the Democrats who voted on this side of the Chamber that they were not fit on the basis of that principle to sit here and legislate for the people.

It was an issue in the State of Louisiana. Both those men who sat here were as honorable men, I suppose, as ever sat in the United States Senate, but they voted to take the taxing power, under the flexible provision of the tariff law, out of the hands of the Congress and put it into the hands of the President of the United States. Both those men were retired from the United States Senate because the Democratic Party was deserted in its hour when it was undertaking to serve the people along the lines of constitutional and valid congressional enactment.

I was asked in the campaign, when I ran against my illustrious predecessor in this body, whether or not I would stand for a tariff bill, if it protected sugar, regardless of what it might contain otherwise. I specifically answered to the people of my State that I would not countenance that kind of a measure even though it did protect sugar and other products of the State of Louisiana under a protective tariff.

Now we have come here after these two illustrious men have been defeated and removed from the United States Senate, and after the defeat of another of the four Democratic Senators who voted for that provision, after three out of the four have been retired from this body and after our party has gone on record on the question, to decide whether, instead of keeping the promise of the party to repeal what had already been enacted, we shall double the menace and make it a twofold wrong, instead of undoing what we promised the people we would undo.

Mr. President, I am going to read a few lines from the promises of the Democratic Party. It does not seem to me out of order that the words of some men should be read to them seriously. I do not understand the theory of government that a man's campaign promises mean nothing. I do not understand the theory of government by which a party's campaign promises mean nothing. I have said before on the floor of the Senate that a traitor in the Army is hanged, and I say now on the floor of the Senate that a party that is a traitor deserves a similar fate. Whether it is the Democratic Party or the Republican Party or any other party, when its word recently given is at cross purposes with what is now proposed to be done, I conceive it to be the duty of that party and of that party's organization to maintain its pledges given to the American people.

First, I am going to read from the Democratic platform of 1932. My friend the Senator from North Carolina [Mr. BAILEY], sitting near me at this moment, helped to write this platform. I helped to write it. Many others of us helped to write it. My colleague from Louisiana [Mr. OVERTON] was in the convention where the platform was adopted. I am going to read from that platform. It may not mean anything; but if we do not keep our platform pledges this time it may mean that the people will never trust the Democratic Party on another platform. I well recall the words of a former Senator from Iowa, who reminded the Republican Party in 1909 that if it broke its word, the promise which the Republican Party had given the people of the United States in the year 1908, it might mean disaster to that party. The words of Senator Dolliver rang through the country, and his prophecy was fulfilled.

Now we are here on the other side of the Chamber considering the matter which is now before the Senate, and I am going to read the even more specific words of our own party. Just before I read them let me say that I do not care how we may look upon the tariff. I am a tariff Democrat, but as a tariff Democrat I refused to sanction the bargaining away of the legislative power in the year 1930. I refused to do it in the year 1932, even though it did contain protection for the products of the State of Louisiana. I am arguing now that, even though there were no promise of the party, I could not stand for the bargaining and trading away of the power of Congress entrusted to its hands, and the placing of that power in other hands.

Let me read from our party platform the Democratic tariff plank of 1932, as follows:

> We advocate a competitive tariff for revenue, with a fact-finding Tariff Commission free from Executive interference.

Free from Executive interference. We advocated a competitive tariff for revenue, with a fact-finding Tariff Commission free from interference by the President of the United States. Yet we come here now and propose not only to transgress that promise of the party, we come here and not only propose that the Commission shall not be free from Executive influence, but we propose to put full power into the hands of the President of the United States, when we have gone before the American people and said to them that this taxing authority should be free from the influence of the Executive.

Does somebody mean to tell me that we are purporting, topside or bottom, to keep the word of the party with the kind of iniquitous legislation that is now pending here?

I will read further. We are told that we are going to make reciprocal-tariff agreements. Why, this very thing was covered by this plank, Mr. President. We not only said that we favored a tariff free from Executive interference, but we said that we favored reciprocal-tariff agreements free

from the same Executive interference. I will read the whole plank:

We advocate a competitive tariff for revenue, with a fact-finding Tariff Commission free from Executive interference, reciprocal-tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

How was that interpreted? It was interpreted by such men as the candidate for President of the United States on the Democratic Party platform. Let us see how he interpreted this matter, just in order that we may read some of the provisions.

Perhaps it would be better if I should first read the interpretation given by the gentleman put forward as our leading Democratic authority, the present Secretary of State, the gentleman through whose hands are to be made these reciprocal-tariff agreements. I will first read the interpretation, the promise, the pledge, the guaranty given to the people of the United States through its spokesman, now designated as the man who is to negotiate these reciprocal agreements. Let me read what was said by Mr. Cordell Hull on the 19th day of May 1932.

Does this mean anything, my friends? Listen as I read it to you. Here is the pledge of the Democratic Party, backed by its platform, backed by its record, backed by its declarations. I now read the words of the Secretary of State on May 19, 1932:

I am unalterably opposed to section 315 of the tariff act and demand its speedy repeal.

Section 315 is the provision of the law which allows the President of the United States to vary the tariffs fixed by Congress not to exceed 50 percent upon the fact being found by the Tariff Commission that the cost of producing those commodities in foreign countries shows that much difference from the cost of producing the same commodities in this country. In other words, section 315 does not to the remotest extent tend to give to the President of the United States any such extensive authority as the proposal now before the Senate; but said Mr. Hull:

I * * * demand its speedy repeal.

That is, he demanded the speedy repeal of such flimsy authority as then existed in comparison with what is now proposed.

Said Mr. Hull further:

I strongly condemn the proposed course of the Republican Party, which contemplates the enlargement and retention of this provision—

Imagine, my friends, Mr. Hull, who has since been appointed Secretary of State, standing before the American people speaking for the Democratic Party, condemning the Republican Party because it stood for the retention and the enhancement or the enlargement of the powers contained in the flexible tariff law, and yet after having told the American people that he demanded the repeal of that unconstitutional variety of Executive power, after having said that he condemned the party that undertook to retain it or that would undertake to expand it, he comes here now and asks the Democratic Party to break its word, given to the men and women and children of this country, and enlarge the very thing that he said should be repealed.

Let me read further from Mr. Hull:

I strongly condemn the proposed course of the Republican Party, which contemplates the enlargement and retention of this provision, with such additional authority to the President as would practically vest in him the supreme taxing power of the Nation, contrary to the plainest and most fundamental provisions of the Constitution—a vast and uncontrolled power, larger than had been surrendered by one great coordinate department of government to another since the British House of Commons wrenched the taxing power from an autocratic King.

We went before the American people and said that such a thing as is proposed here, or half the thing that is proposed here, was a greater power than the taxing power that was wrenched by the House of Commons from His Britannic Majesty. We said that instead of allowing this thing to be enlarged and expanded, we promised to restore a democratic government to the people, and to undo what had already been done; and yet the same man who said those things on our behalf now wants us to come in here and eat our words, and eat his words, and eat up the party platform, and throw the Constitution into the scrap-heap, and consign it to the demnition bowwows, so that no traveler will ever be able to recall it to memory, and not only give to the Executive and take away from Congress powers which were said to be twice as great as those which were wrenched by the House of Commons from the King of Great Britain, but confer upon the Executive powers which transcend and go beyond what was ever contemplated even by the Republican Party, or by the most monarchistic advocate that this country has ever seen in American politics.

Let me read a little bit further about the monstrosity that is attempted here. It is an outrage on this country. It is a perjury against truth. It is one of the most brazen efforts to perpetrate a fraud, contrary to what has been promised to the people of this country by a party that has been placed in office, that I have ever witnessed since I have been old enough to observe politics in this country. If I were faced today with such a declaration as I have read here, and I were faced today with undertaking not only to do what I had condemned but to double, treble, and quadruple such power, I would resign my seat in the Senate so quickly that the ink would not be dry on my resignation before I would walk out of this Chamber.

I can quit public life when I dishonor my promises in that way. It does not mean enough to me. Never has a public office meant so much to me that I would perjure the word that I gave to the American people before the snow had fallen in the following season. Never would I go before the American people with that kind of perjury in my teeth; and yet that is what we are doing. I should just like to see the color of the eyes of the man who would say that we are not doing it. I should just like to see one of the men I am quoting who would say that anything I am reading here is not his own words.

I will read a little bit further from the words of the Secretary of State:

The proposed enlargement and broad expansion of the provisions and functions of the flexible tariff law is astonishing—

Said Mr. Cordell Hull—

is undoubtedly unconstitutional, and is violative of the functions of the American Congress.

Bear in mind, Mr. President, I am not reading from something that was said away back yonder, at the time the flexible tariff bill was passed. I am reading from this man's words on the 19th day of May 1932, immediately preceding the time when he was called into the resolutions committee of the Democratic Party to draft a plank in keeping with these pronouncements, immediately following which, after a successful election, he was called into the office of Secretary of State, and sits there today. He says:

The proposed enlargement and broad expansion of the provisions and functions of the flexible-tariff clause is astonishing, is undoubtedly unconstitutional, and is violative of the functions of the American Congress. Not since the Commons wrenched from an English King the power and authority to control taxation has there been a transfer of taxing power back to the head of a government on a basis so broad and unlimited as is proposed in the pending bill. As has been said on a former occasion: "This is too much power for a bad man to have or for a good man to want."

I did not know yesterday that I was using the words of the illustrious Secretary of State of my party when I said that this was too much power for a good man to want; but I did say that there had been Presidents of the United States who had declined less power than this on the ground that it tended to destroy legislative government in this country and was a betrayal of the fundamental principles of the Constitution upon which this Government rested.

We had a few more words to the same effect along about that time or before that time. My distinguished colleague from the neighboring State of Mississippi [Mr. HARRISON], now serving in this body, gave utterance to his views on this question. He was not looked upon as being the great authority on the tariff that the present Secretary of State was

heralded to be; but, nevertheless, by reason of seniority, he held the ranking position for the Democratic Party on the Committee on Finance, which had to do with measures affecting revenue and tariffs; so he said to himself, and then got up and said to the country one morning bright and early or late at night, or at some other time, something about like this, on May 29, 1930:

No doubt President Hoover is happy today. No wonder we read in the papers that he is going to make a week-end trip into Pennsylvania. His heart is light. He is joyous now. He was hungry for more authority. He will have it now under this flexible tariff provision.

It is all wrong—

"It is all wrong", said this distinguished absentee [laughter]—

It is all wrong that such an opportunity as resides in this flexible-tariff provision should be afforded to any President of the United States. That statement applies, of course, to a Democratic President.

That sounds as though the speaker meant what he said. Let me read the last clause again:

It is all wrong that such an opportunity as resides in this flexible-tariff provision should be affordede to any President of the United States.

This is Brother HARRISON, of Mississippi, talking.

That statement applies, of course, to a Democratic President.

Does it? On the contrary, instead of the Senator who said that standing up here on his hind feet today and saying that "it is all wrong", instead of saying that this thing is wrong for a Democrat just the same as it is wrong for a Republican, Senators stand up here in an effort to keep section 315, known as the "flexible-tariff provision", a part of the law just as it was then, and to add to it the right to negotiate reciprocal tariff agreements and to fix tariffs by treaty to last 3 years beyond the time when the present President of the United States goes out of office, whether Congress wants to repeal them or not.

There is one thing that can be said for the Republicans, with all that they can be accused of—and God knows I have accused them of everything I could think of. There is one thing we can say for them: They never did fix a tariff so that it could not be repealed by an act of Congress at any time Congress wanted to do it. As badly as they may have acted there never had been one of these reciprocal-tariff agreements made that was not subject to the law-making power of this country. It is proposed today that we empower the President of the United States to enter into irrevocable treaties, slicing the tariffs of this country down to such a point as he wishes—and I use the word "wishes" advisedly—and that it shall remain in force for a period of 3 years, if he wants to make it a period of 3 years.

There is supposed to be some limitation. I have been an executive myself, governor of my State. It is said here that the President must be satisfied that there is a condition existing which justifies him in taking the action. It was said, when I went into office, that I must decide that every man I ousted from the highway commission was not efficient and that I was removing him for the good of the service.

I therefore was ready to remove all three of the members of that commission the day I went in and put in their places some men who had voted for me. That is what that provision meant. That is what the provision had meant to every Governor who had served ahead of me. That is what the provision has meant to the Governor of every other State in the United States I ever heard about. That is what such a provision would mean to anybody holding an executive position.

Where is the particular provision here that is supposed to cause the President to find out something before he acts? I have not even taken time to read it. I have heard it read. It is wasting that much paper to put it here.

Mr. BAILEY. It is in the tenth line, on page 2, of the bill.

Mr. LONG. The tenth line, on page 2. This is a great saving to the country:

Whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified.

Whenever he finds as a fact, in his own mind, that the existing tariff schedules are a burden to foreign commerce, he has a right to change them; that is all. What that means is that whenever the President thinks he ought to change them he can change them. Whenever the President thinks he wants to change them, that is when he ought to change them. Whatever a man thinks he wants to do is whatever a man thinks he ought to do nine hundred and ninety-nine and nine-tenths times out of a thousand, and that is what it means in this particular case.

Why not write another provision? I ask some of my constitutional lawyer friends who are here, why not write another provision, that whenever the President finds that foreign commerce is being restrained, and that national peril threatens, the President of the United States is hereby authorized to declare war, and to appropriate the funds necessary to carry on that war?

If we have the right to say that it is within the ipse dixit of anyone, be he President, Vice President, or anyone else, to invoke the taxing power and make a treaty with another country, we can provide just as easily and just as well and just as validly that he has a right to invoke the war-making power, and appropriate money in the United States Treasury, in order to protect this foreign trade, and in order to protect this country from national peril. No one will contradict the statement that that would be just as constitutional as is the proposed legislation.

I must pause before reading from Franklin D. Roosevelt himself, and pay my respects to the courts of this country, as well as to Congress. I have paid my respects to the Congress, and to myself included, for some of its activities, but never again will I raise my hand and say that the courts are the bulwark of constitutional government in the United States. No longer should it ever be written in the schoolboy histories of this country that the judiciary stands as a bulwark and safeguard of constitutional government in this country.

So long as courts were courageous enough to stand up and raise their hands against the onslaughts made against constitutional government, so long as they exercised the courage needed in such times as the present and in other crises in order to keep a balanced government and a legislative government functioning, so long did the courts deserve all praise. But it has reached such a point that, sitting among my friends the other night, I heard one of them say what I was unable to contradict, that "Never has a court held unconstitutional any power granted by the Congress to the President of the United States." Said he, "Whenever the Congress has abdicated, somehow or other, the Court has always upheld the action."

I must agree with the Senator from Idaho about the pronouncements I have read from the Supreme Court of the United States and from some of the circuit courts of the United States. They have destroyed the confidence I had thought I could always repose in those courts, that never would they allow a republican form of government to be sacrificed to the exigencies of power. But apparently, if this body is not willing to maintain its own prerogatives, if we are not willing to sustain the constitutional bulwark which we thought to be necessary against the varied modern theories of fascism, and communism, and Nazi-ism, and various and sundry other fictitious and transitory rules, apparently the Supreme Court will get itself out of the way and let the onrush be complete.

All that is left on the flimsy little ledge upon which we stand, to maintain constitutional government at all, all that persists in the form of congressional action, to levy taxes, to declare war, to continue as a government and do anything that needs to be done, to pass any law that may be necessary, all that is left of legislative action must be exercised by the Senate. The House has abdicated already, and we have abdicated about as fast as they have. Little remains.

Let us get back to our words, meaningless words, these meaningless promises made to the American people. Here is a great party, of great men, great statesmen, great Senators, standing before the American people saying, "Oh, we promised that. Oh, we said that. Oh, yes; we denounced it as being a riotous proposition from start to finish." We traveled the road from Dan to Beersheba and promised the people one thing, and now it is proposed that we come back, not with a single-edged sword which the party opposed to us had adopted, which we condemned, but we propose to sharpen the sword on the other side and slash at the people with a double-edged sword.

They have taken this flexible tariff sword, section 315, which was imbedded in the laws of this country, and instead of having taken that sword and broken it off at the handle and stabbed it into the ground so that it never again might cut against the constitutional process, we have filed off the other side of the sword, and now they propose to run amuck among the institutions of this country and destroy them with a two-edged sword.

Let us read the words. We have a Vice President, thank God. He had something to say about it. I will get up to the President in just a moment, just to show that there is no difference about it. Vice President Garner said:

I want you all to turn over in your minds and see what it means for Congress, representing the people of America, to surrender its rights to levy taxes. Remember this, gentlemen, when the legislative body surrenders its tariff powers and obligations to the Executive.

"Remember this", he said, "what peril threatens this country when Congress surrenders its legislative powers in fixing tariffs into the hands of an Executive." So spoke the Speaker of the House, our candidate for Vice President of the United States.

What saith he now? Ah, Mr. President, the voice is as stilled as though it were lying underneath a sign painted upon a nickel plate, "At rest." It has become as though it were encased in something from which no sound could be emitted.

"Remember this", said he to the American people when we were trying to make him Vice President of the United States, and did—"Remember this", said he, "Turn over in your minds and see what it means for Congress, representing the people of America, to surrender its rights to levy taxes." Remember this, Senators, when the legislative body surrenders its tariff powers and obligations to the Executive.

When the people of the United States heard those words, and heard the promises made in the campaign and heard the party platform read from one end of this country to the other, and placed in power the men from whose pens and whose lips fell those promises to keep legislative government in the hands of Congress, and to keep the power of taxation heretofore usurped by kings whose heads fell as the result thereof, out of the hands of the Executive of this country, the people believed in and had faith in what was promised, the American people had faith in the Democratic Party. But the promises were made apparently only to be broken. And then what will the American people say? They will say: "We ought to have had sense enough not to pay any attention to the promise of the Democratic candidate for Vice President; we ought to have had sense enough", they will say "not to pay attention to the Democratic platform of 1932; we ought to have had sense enough to pay no attention to that Democratic legislator who has been made Secretary of State; we ought to have had sense enough not to listen to"—whom?—"to the present President of the United States." And now I will read his words.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. STEIWER. Would it disturb the Senator if I asked him to hark back to the platform of the Democratic Party?

Mr. LONG. I have just read it.

Mr. STEIWER. It seems to me the Senator may be overlooking the fact that the President himself gave consideration to the platform. At the time he arrived at the Chicago convention, as I remember, he declared his adherence to that doctrine.

Mr. LONG. One hundred percent.

Mr. STEIWER. Will the Senator develop that fact?

Mr. LONG. Yes; I will.

Mr. STEIWER. It seems to me there is no declaration that a candidate could make which is more effectively a pledge to the people than asserting his allegiance to the party platform.

Mr. LONG. Oh, yes; we have something more important than that. Just before Mr. Roosevelt was nominated, we adopted this plank, and Mr. Roosevelt, as we all know, was nominated 2 days later, and arrived the next day and made a speech. When Mr. Roosevelt arrived at Chicago, among the first words which fell from his lips were, "I approve this platform 100 percent."

That platform read:

We advocate a competitive tariff for revenue, with a fact-finding commission free from Executive interference—

And so forth. Subsequent thereto our candidate for President said, on September 30, 1932:

What does the Democratic Party propose to do in the premises? The platform declares in favor of a competitive tariff which means one which will put the American producers on a market equality with their foreign competitors.

In other words, our platform had said that we would have a fact-finding commission free from Executive interference, and that fact-finding commission would determine the difference in cost of producing a commodity in England or Germany as compared with the cost of producing that commodity in America, and that thereupon a tariff would be levied sufficient to cover the difference in the cost of producing that commodity in a foreign land and in the United States, and our platform had said that that fact-finding commission should be free absolutely from Executive interference.

Said our President then:

The platform declares in favor of a competitive tariff which means one which will put the American producers on a market equality with foreign competitors, one that equalizes the difference in the cost of production.

Listen to that. And now we have representatives of our party who come here and talk about going back on this pledge.

Mr. SCHALL. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. SCHALL. Is there any part of that platform which has been carried out, to the Senator's recollection?

Mr. LONG. Yes; there is one part of it which has been carried out. In fact, there is more than one part of it which has been carried out. I will ask the Senator as to what he means by "carried out"? Does the Senator mean carried out in a barrel, or carried out in performance?

Mr. SCHALL. Carried out in operation.

Mr. LONG. The Senator will have to excuse me from answering that question now, because I am likely to be embarrassed in some campaign in the future if I answer such a question.

Mr. SCHALL. I have been unable to find a single part of the platform which it has even been attempted to carry out.

Mr. LONG. The Senator will have to excuse me from answering that question at this time. [Laughter.]

Our President said:

The platform declares in favor of a competitive tariff, which means one which will put the American producers on a market equality with their foreign competitors—one that equalizes the difference in the cost of production—not a prohibitory tariff, back of which domestic producers may combine to practice extortion of the American public.

But how is reduction to be accomplished? By international negotiation as the first and most desirable method, in view of present world conditions—by consenting to reduce to some extent some of our duties in order to secure a lowering of foreign walls that a larger measure of our surplus may be admitted abroad. * * *

Next the Democrats proposed to accomplish the necessary reductions through the agency of the Tariff Commission.

In other words, said he, we will only accomplish a reciprocal agreement through a competitive tariff, through

facts found by a commission showing the difference in the cost of producing that article in a foreign land and the cost of producing that article in this land. And no reciprocal tariff will be made except such as is strictly in accordance with the facts as found by this Tariff Commission, which shall operate entirely free from Executive interference.

That was the pledge of the party, I suppose. It had already been in the platform. But I am not yet through.

On November 4, 1932, 4 days before he was elected President of the United States, Mr. Franklin D. Roosevelt said this to the American people:

> I have sought during these months to emphasize a broad policy of construction, of national planning and of national building, constructed in harmony with the best traditions of the American system. I have concentrated of necessity upon the broad and immediately insistent problems of national scope. * * *
>
> At Sioux City, Iowa, I proposed a tariff policy aimed to restore international trade and international commerce not only with this Nation but between all nations of the world.

So again did the President reaffirm that we would have only a competitive tariff, and when the differences of the costs between the two countries are ascertained, that only then would he undertake to make an international agreement carrying that into effect.

On October 20, 1932, 18 days before the election of November 8, Mr. Roosevelt said:

> I have advocated a lowering of tariffs by negotiation with foreign countries. But I have not advocated, and I will never advocate, a tariff policy which will withdraw protection from American workers against those countries which employ cheap labor or who operate under a standard of living which is lower than that of our own great laboring groups.

Again was the President of the United States pledging himself that a fact-finding commission should find the difference in the cost of producing an article abroad and here, and would negotiate alone on that basis, and that the commission should be free from Executive interference in arriving at its findings.

On October 26, 1932—and now we are getting a little bit closer to home for me—Mr. Roosevelt made another statement. I will read the statement Mr. Roosevelt made on September 15, 1932, before I quote the statement of October 26. On September 15 he said:

> I seek to give to that portion of the crop consumed—

No; I desire to read what Mr. Roosevelt said before that date. I did not know that he had said this; I overlooked it entirely. I will go back to July 30, 1932. This is Mr. Roosevelt talking. I read it to show the Senate what this thing means which we are called on to do here. Mr. Roosevelt said:

> It is a difficult and highly technical matter to determine costs of production abroad and at home. A commission of experts can be trusted to find such facts. Then the facts should be left to speak for themselves, free from Presidential interference.

"Free from Presidential interference." Not only that he would not undertake to find them himself, but he said that to ascertain the difference in the cost in Europe compared with the cost in America is extremely difficult, and that he would not think of undertaking to find those costs himself. "They must be found", said Mr. Roosevelt, "by a fact-finding body free from Presidential interference."

Then, Mr. President, representatives of the Democratic Party come in here and dash those promises to the winds, as though the words were never uttered. We have the promises of the party in its platform, we have the promises of the President, promises made to the people, promises of the Democratic Membership of Congress, promises made that caused us to retire two Democratic Senators from the State of Louisiana for not going along with the party to uphold valid, constitutional, and legislative government, and after making those promises to the people and getting their votes they come here and say, "We are going to dash those promises to the demnition bowwows."

Mr. President, I understand several Senators have some matters they desire to present at this time, so I yield for the transaction of such business as they have to submit.

PURCHASE OF LAND AT RADIO STATION, GRAND ISLAND, NEBR.

Mr. THOMPSON. Mr. President, from the Committee on Interstate Commerce I report back favorably the bill (H.R. 9394) to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr., and I submit a report (No. 1058) thereon. The committee, having considered the bill, report it without amendment and recommend that the bill do pass. Accordingly I ask unanimous consent for its immediate consideration.

Mr. McNARY. Mr. President, what is the request of the Senator from Nebraska?

The PRESIDING OFFICER. The Chair understands the Senator desires immediate consideration of the bill.

Mr. HARRISON. What is the bill?

Mr. THOMPSON. It is a bill to authorize the Federal Radio Commission to purchase and enclose land at the radio station near Grand Island, Nebr.

Mr. McNARY. The Senator has a right to report the bill without any request. I shall object to its present consideration.

Mr. HARRISON. Am I to understand that the Senator from Nebraska merely desires to report the bill?

Mr. THOMPSON. No. I desire immediate consideration of the bill. It has passed the House. It is purely a local bill.

Mr. McNARY. Is it a House bill?

Mr. THOMPSON. It is a bill which originated in the House. It proposes to appropriate $1,200 for the purchase of some land at the Monitor station at Grand Island, Nebr. The bill has passed the House and has been considered by the Senate Committee on Interstate Commerce and I have just reported it favorably. I am asking unanimous consent for its immediate consideration. There is no objection to the bill so far as I know.

Mr. McNARY. I understand that it is a House bill which has just been reported by the Senator from Nebraska and that he is asking unanimous consent for its present consideration. What is the condition that justifies its immediate consideration?

Mr. THOMPSON. In order that the work which is to be done on the additional land may be proceeded with.

Mr. HARRISON. Mr. President, I hope the Senator will permit the passage of the bill.

Mr. LONG. It involves only $1,200, and is purely a local matter.

Mr. McNARY. Very well. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed, as follows:

> *Be it enacted, etc.*, That the Federal Radio Commission is authorized to purchase an additional tract of land containing approximately 10 acres adjacent to that now owned by the United States at Grand Island, Nebr., and to enclose the same for use in connection with the constant-frequency monitoring station located at said place. There is hereby authorized to be appropriated the sum of $1,200 to carry out the purposes of this act.

LOAN OF TENTS, ETC., TO UNITED CONFEDERATE VETERANS

Mr. BACHMAN. Mr. President, from the Committee on Military Affairs I report back favorably without amendment House bill 9092, and I submit a report (No. 1059) thereon. I ask unanimous consent for the immediate consideration of the bill. It is a bill merely authorizing the Secretary of War to lend certain tents to the Confederate Veterans' Reunion to be held at Chattanooga on June 6.

Mr. McNARY. Mr. President, may I ask the Senator if this is the usual bill which we pass for this purpose?

Mr. BACHMAN. It is.

Mr. HARRISON. It is in the usual form, I may say to the Senator from Oregon.

Mr. McNARY. I have no objection.

There being no objection, the Senate proceeded to consider the bill (H.R. 9092) to authorize the Secretary of War to lend to the housing committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16- by 80-

by 40-foot assembly tents; thirty 11- by 50- by 15-foot hospital-ward tents; 10,000 blankets, olive drab, no. 4; 5,000 canvas cots; 20 field ranges, no. 1; 10 field bake ovens, to be used at the encampment of the United Confederate Veterans, to be held at Chattanooga, Tenn., in June 1934, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to lend, at his discretion, to the housing committee of the United Confederate Veterans, whose encampment is to be held at Chattanooga, Tenn., June 6, 7, and 8, 1934, 250 pyramidal tents, complete with all poles, pegs, and other equipment necessary for their erection; fifteen 16- by 80- by 40-foot assembly tents, complete with all their poles, pegs, and equipment necessary for their erection; thirty 11- by 50- by 15-foot hospital-ward tents, complete with all their poles, pegs, and equipment necessary for their erection; 20 field ranges, no. 1, with necessary equipment for their erection; 10 field bake ovens with necessary equipment for their erection; 10,000 blankets, olive drab, no. 4; 5,000 canvas cots; 10 officers' tents complete with all their poles, pegs, and equipment necessary for their erection; 900 mess kits complete; 6 litters; 20 tent flys with poles for wall tents; and 30 garbage cans: *Provided*, That no expense shall be caused the United States Government by the delivery and return of said property, the same to be delivered from the nearest quartermaster depot at such time prior to the holding of said encampment as may be agreed upon by the Secretary of War and the chairman of the said housing committee, Mr. Maurice C. Poss: *Provided further*, That the Secretary of War, before delivery of such property, shall take from said Maurice C. Poss, chairman of the housing committee of the annual Confederate reunion, a good and sufficient bond for the safe return of said property in good order and condition and the whole without expense to the United States.

RECIPROCAL TARIFF AGREEMENTS

The Senate resumed the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

Mr. LONG. Mr. President, I do not desire to proceed further this evening. Nearly all Senators have left the Chamber, and it is after 5 o'clock. I suppose we are going to stop at about the usual time. I am not taking very much time in discussion of the bill. The few Senators who are here will agree with me that I have been speaking to the point.

Mr. McNARY. Mr. President, I may say to the Senator from Mississippi that I think the Senator from Louisiana will be satisfied to continue his remarks on Monday. I do not think he would consider Saturday as a desirable day for the conclusion of his remarks under the circumstances.

Mr. HARRISON. Mr. President, am I to understand that the Senator from Louisiana has concluded his remarks?

Mr. LONG. No; I have not. However, I am not going to speak very much longer.

Mr. McNARY. I am satisfied the Senator from Louisiana can conclude in a short time Monday. We have worked hard all week. I will state frankly to the Senator from Mississippi that I believe if we shall adjourn until Monday, so that we may have an opportunity tomorrow to catch up with the work in our offices, we will expedite the consideration of the tariff measure.

Mr. HARRISON. I will say to the Senator from Oregon that I have no desire in the world to cut off any Senator who desires to discuss the bill legitimately; and I do not believe there has been any illegitimate discussion of the bill or any unnecessary delay in its consideration. I can appreciate that there are certain Senators who, because of circumstances, perhaps, are not ready to proceed with the discussion of the bill at this time. Of course, the Senator from Oregon is aware of the fact that he was informed, and the Senate as a whole was informed, that we would take up this bill for discussion yesterday; and that date was fixed for the convenience of certain Senators.

I know that in the case of a bill of such magnitude and importance it is necessary that Senators shall express themselves. I desire to have the bill passed next week. I see no reason why it should not be passed next week. The Senator smiles, and makes me doubt my own statement. I may be wrong.

Mr. McNARY. I smiled because the Senator from Mississippi was speaking so eloquently.

Mr. HARRISON. I really thought the discussion of the bill might take 4 or 5 or 6 days, and it seems to me that that is ample time. While I do not wish to make an unreasonable request, I had hoped that at this time we might get an arrangement that beginning some day next week the debate might be limited. If the Senator desires to have Wednesday fixed as such date, or if he desires to have Thursday fixed, that will be all right; but I thought general debate might continue until that time, and then that there might be imposed a limitation of, say, 15 minutes upon amendments and 30 minutes upon the bill.

If such an arrangement may be made, we can be assured that by the end of next week—say, by Friday—we will reach a conclusion on the bill and get it out of the way.

Mr. LONG. Mr. President, I hope there will not be any unanimous-consent agreement made this evening with so many Senators absent. Perhaps we can reach a unanimous-consent agreement on the subject next week.

Mr. McNARY. Mr. President, I have conferred with the Senator from Mississippi, and I think it is quite impossible to enter into such an arrangement today. I should look with great favor upon such an arrangement if proposed during the first part of the coming week. A number of Members of the Senate are away who desire to discuss the bill. Before entering into an agreement, I should like to confer with them for the purpose of finding out the length of time they will require.

Aside from that, may we not recess or adjourn now until Monday?

Mr. HARRISON. Let me ask a question of the Senator, who is thoroughly familiar with what his side of the Chamber is going to do with reference to the discussion of this bill. Of course, we have heard various rumors. I have heard them contradicted. Does or does not the Senator think that we should be able to finish the consideration of this bill by the end of next week?

Mr. McNARY. I have not heard any rumors.

Mr. HARRISON. I will say quite frankly, for I have nothing to conceal, that I have understood that one of the Senators on the other side has 2,000 amendments which he is planning to offer to the bill. If there should be such an intention upon the part of any Senator to filibuster the bill, I may say quite frankly that I should try to hold the Senate in session tomorrow, and continue its consideration with a view of passing it.

Mr. McNARY. I will assure the Senator on my own responsibility that there is no Senator on this side who has 2,000 amendments to offer.

Mr. HARRISON. I did not believe the statement when I heard that there was such an intention, because I cannot imagine any Senator being so foolish as to plan to offer a great many amendments to the bill.

Mr. McNARY. I can also assure the Senator that there will be no filibuster. There will be an adequate presentation of the positions occupied by the Members of the Senate. If the Senator will move an adjournment now until Monday, we can resume the consideration of the bill at that time and go along in a businesslike way, and I am sure that some day soon we shall finish the discussion of the bill and have a vote upon it.

Mr. HARRISON. In other words, it is the Senator's opinion that that is what will happen, and he will cooperate to the extent of trying to reach an early conclusion of the bill; not, of course, taking away from any Senator the right to discuss the bill legitimately.

Mr. McNARY. As soon as Senators on this side and others have an opportunity for a full presentation of the views they entertain, I shall cooperate to obtain an early vote. That is as far as I can go; and it constitutes no pledge other than that there will be a straightforward exposition and discussion of the bill.

Mr. HARRISON. I do not ask the Senator to give any pledge, but I had hoped we could get a unanimous-consent agreement of the kind I have indicated.

Mr. McNARY. We could not do that at this time.

Mr. HARRISON. I appreciate the fact that the Senator is cooperating in trying to bring the bill to a conclusion. Does not the Senator think that if we should meet tomorrow

there are certain Senators on his side of the Chamber who would like to discuss the bill at that time, and thus reach an earlier conclusion upon it?

Mr. McNARY. No; I think it would be just a waste of time to meet tomorrow.

Mr. HARRISON. The Senator really thinks we would get to a conclusion sooner by not holding a session tomorrow?

Mr. McNARY. I am sure of that; and it would give us a much-needed opportunity to catch up with our office work.

Mr. HARRISON. The Senator is aware of the fact that there was a tentative understanding that on Monday the electoral-college joint resolution would come up.

Mr. McNARY. Yes; that measure has been made a special order for Monday.

Mr. HARRISON. Does the Senator contemplate that it will take much time?

Mr. McNARY. Let me say to the erudite Senator from Mississippi that his imagination is as good as mine.

Mr. HARRISON. My imagination was that not much time would be required. I did not think the discussion of the joint resolution would take over a couple of hours.

Mr. McNARY. Then I coincide with the Senator. I have not any idea on the subject; but I do think we ought to take a recess or adjourn until Monday.

RECESS

Mr. HARRISON. In view of the assurance and the fine spirit of cooperation manifested by the distinguished leader of the minority, joined in by the Senators who surround him—all of whom seem to approve his utterances—and in the hope that my action may expedite the disposition of the bill, I now move that the Senate take a recess until 10:45 o'clock on Sunday morning.

Mr. LONG. Sunday morning?

Mr. HARRISON. Yes, Mr. President; we have a special order for Sunday morning.

Mr. LONG. I do not want my church hour disturbed; but that is all right. [Laughter.]

The PRESIDING OFFICER. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and (at 5 o'clock and 16 minutes p.m.) the Senate took a recess until Sunday, May 20, 1934, at 10:45 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 18 (legislative day of May 10), 1934

COLLECTOR OF CUSTOMS

William J. O'Brian, of Buffalo, N.Y., to be collector of customs for customs collection district no. 9, with headquarters at Buffalo, N.Y., in place of Fred A. Bradley.

This nomination is to correct an error in spelling of surname as previously submitted on February 26, 1934.

UNITED STATES MARSHALS

R. Kenneth Kerr, of Ohio, to be United States marshal, southern district of Ohio, to succeed Paul H. Creswell, resigned.

William Ryan, of Illinois, to be United States marshal, eastern district of Illinois, to succeed Arthur M. Burke, resigned.

PROMOTIONS IN THE REGULAR ARMY

To be captain

First Lt. Ployer Peter Hill, Air Corps, from May 10, 1934.

To be first lieutenants

Second Lt. Robert James Dwyer, Air Corps, from May 10, 1934.

Second Lt. John Honeycutt Hinrichs, Field Artillery, from May 12, 1934.

Second Lt. Frederick Lewis Anderson, Jr., Air Corps, from May 16, 1934.

MEDICAL CORPS

To be lieutenant colonels

Maj. John Berwick Anderson, Medical Corps, from May 10, 1934.

Maj. Walter Paul Davenport, Medical Corps, from May 12, 1934.

Maj. Austin James Canning, Medical Corps, from May 15, 1934.

Maj. Lanphear Wesley Webb, Jr., Medical Corps, from May 16, 1934.

DENTAL CORPS

To be lieutenant colonels

Maj. Leigh Cole Fairbank, Dental Corps, from May 11, 1934.

Maj. Terry P. Bull, Dental Corps, from May 15, 1934.

VETERINARY CORPS

To be major

Capt. Frank Marion Lee, Veterinary Corps, from May 16, 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 18 (legislative day of May 10), 1934

COLLECTOR OF CUSTOMS

William J. O'Brian to be collector of customs for customs collection district no. 9, with headquarters at Buffalo, N.Y.

COAST GUARD

To be ensigns

Walter Stephen Bakutis.
Edgar Vigo Carlson.
Thomas James Eugene Crotty.
Ever Samuel Kerr, Jr.
Clarence Milton Speight.

SENATE

SUNDAY, MAY 20, 1934

(Legislative day of Thursday, May 10, 1934)

The Senate met at 10:45 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 5 minutes to 11 o'clock a.m. today.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to.

On the expiration of the recess the Senate reassembled.

Mr. ROBINSON of Arkansas. Mr. President, I move that at the conclusion of the ceremonies to be held today in the Hall of the House of Representatives, the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 11 o'clock a.m. today.

The motion was agreed to.

On the expiration of the recess the Senate reassembled.

JOINT MEETING TO COMMEMORATE ONE-HUNDREDTH ANNIVERSARY OF DEATH OF LA FAYETTE

Mr. ROBINSON of Arkansas. Mr. President, in conformity with House concurrent resolution 37, providing that the two Houses of Congress shall assemble in the Hall of the House of Representatives at 11 o'clock a.m. today to participate in exercises in commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette, I move that the Senate proceed in a body to the Hall of the House of Representatives.

The motion was agreed to.

Thereupon the Senate, preceded by its Sergeant at Arms, the Vice President, the Secretary, and the Chaplain, proceeded to the Hall of the House of Representatives.

RECESS

At the conclusion of the exercises in the Hall of the House of Representatives, the Senate, under the order previously entered, stood in recess until Monday, May 21, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

SUNDAY, MAY 20, 1934

The House met at 11 a.m., pursuant to House Concurrent Resolution 37, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, the Lord of lords and the King of kings, and our Father, too, whose life-giving currents course through the breasts of all men, we calmly wait at the altar of prayer. At Thy footstool we reverently acknowledge Thy sovereignty. We praise Thee that Thy merciful providence reaches to the ends of the earth. We pause today, as lovers of liberty, to breathe the deepest sentiment of gratitude. Heavenly Father, glorify Thyself in this service as the heart of the Nation is touched by the fidelity of soul and the loyal cooperation of a renowned son of another soil. He toiled valiantly to help seal the destiny of the New World. Thou who art "The Ancient of Days", richly bless the two great Republics, whose representatives are assembled in this service. May the ideals of free government, peace, and fraternity float on and on over the happy, prosperous union of these great peoples. Upon the breath of our prayer, we entreat Thee, O God, to let Thy light shine through all lands, inspiring good will and brotherhood the world over. Do Thou bless and enrich the Church universal and let the glory of the Lord be established in the souls of all nations; through Jesus Christ our Lord. Amen.

THE JOURNAL

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the reading of the Journal of Thursday, May 17, 1934, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

RECESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the House stand in recess subject to the call of the Chair.

The SPEAKER. Is there objection?

There was no objection.

Accordingly, at 11 o'clock and 4 minutes a.m., the House stood in recess to meet at the call of the Chair.

COMMEMORATION CEREMONY IN HONOR OF THE ONE HUNDREDTH ANNIVERSARY OF THE DEATH OF GILBERT DU MOTIER, MARQUIS DE LA FAYETTE

ORDER OF PROCEEDINGS

The House of Representatives will convene at 11 o'clock a.m. and will be called to order by the Speaker, the Honorable HENRY T. RAINEY.

Prayer by the Chaplain of the House, Rev. James Shera Montgomery, D.D.

Arrival of the Senate, preceded by the Vice President of the United States, the Honorable John Nance Garner, and the Secretary and Sergeant at Arms of the Senate.

The Speaker of the House of Representatives will relinquish the gavel to the Vice President, who will assume the Speaker's chair as the Presiding Officer of the joint session of the two Houses of Congress.

The Speaker of the House will take the seat at the left of the Vice President.

The following officials and guests of honor will be announced by the doorkeeper and escorted to the seats assigned to them, in the following order:

The Chief Justice and the Associate Justices of the Supreme Court of the United States.

The Ambassadors, the Ministers, and the Chargés d'Affaires of foreign governments.

The General of the Armies; the Chief of Staff of the United States Army; the Chief of Naval Operations of the United States Navy; the Major General Commandant of the United States Marine Corps; and the Commandant of the United States Coast Guard.

The Governors of the several States, the Commissioners of the District of Columbia, specially invited guests, and the representatives of the Revolutionary patriotic societies.

Court René de Chambrun, descendant of the Marquis de La Fayette.

The members of the President's Cabinet.

The President of the United States, escorted by the Joint Committee on Arrangements of the Senate and the House of Representatives.

Musical selection.

Salve Regina (Roeder), Catholic University Choir, Dr. Leo Behrendt, director.

The Presiding Officer will recognize Representative SOL BLOOM, of New York, Director of the Joint Congressional Committee on Arrangements.

Representative SOL BLOOM will read the concurrent resolution adopted by the two Houses of Congress relative to the commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette.

Leon Rothier—Musical selection.

The Presiding Officer will recognize Representative MARY T. NORTON, of New Jersey, chairman on the part of the House of the Joint Committee on Arrangements.

Representative NORTON will present His Excellency, Mr. André de Laboulaye, Ambassador from France.

Address by His Excellency, Mr. André de Laboulaye, Ambassador from France.

The Presiding Officer will recognize Senator HARRY FLOOD BYRD, of Virginia, chairman on the part of the Senate of the Joint Committee on Arrangements.

Senator BYRD will present the President of the United States.

Address by the President of the United States.

Lawrence Tibbett—Musical selection.

Benediction by the Chaplain of the Senate, Rev. ZeBarney Thorne Phillips, D.D.

The Vice President will then declare the Joint Session dissolved.

[The assemblage will kindly remain seated until the distinguished guests have retired.]

The Joint Congressional Committee on Arrangements will escort the President of the United States and the members of his Cabinet from the Hall of the House.

The Doorkeeper will escort the invited guests from the Hall of the House in the following order:

The Chief Justice and the Associate Justices of the Supreme Court of the United States.

The Ambassadors, the Ministers and the Chargés d'Affaires of Foreign Governments.

The General of the Armies; the Chief of Staff of the United States Army; the Chief of Naval Operations of the United States Navy; the Major General Commandant of the United States Marine Corps; and the Commandant of the United States Coast Guard.

The Governors of the several States, the Commissioners of the District of Columbia, specially invited guests, and the representatives of the Revolutionary patriotic societies.

Count René de Chambrun, descendant of the Marquis de La Fayette.

Upon the retirement of the guests, the Senate will return to its Chamber.

The House of Representatives will resume its session.

The Doorkeeper, Mr. Joseph J. Sinnott, announced the Vice President and the Senate of the United States.

The Vice President took the chair at the right of the Speaker, and the Members of the Senate took the seats reserved for them.

The Speaker relinquished the gavel to the Vice President, who, as the Presiding Officer of the joint session of the two Houses, called the session to order.

The Doorkeeper announced the following guests, who were escorted to the seats assigned to them.

The Chief Justice and the Associate Justices of the Supreme Court of the United States.

The Ambassadors, the Ministers, and the Chargés d'Affaires of foreign governments.

The General of the Armies; the Chief of Staff of the United States Army; the Chief of Naval Operations of the United States Navy; the Major General Commandant of the United States Marine Corps; and the Commandant of the United States Coast Guard.

The Governors of the several States, the Commissioners of the District of Columbia, specially invited guests, and the representatives of the Revolutionary patriotic societies.

Count René de Chambrun, descendant of the Marquis de La Fayette.

The members of the President's Cabinet.

The President of the United States, escorted by the Joint Committee on Arrangements of the Senate and the House of Representatives.

The Catholic University Choir, Dr. Leo Behrendt, director, sang Salve Regina (Roeder).

The VICE PRESIDENT. The Chair recognizes the gentleman from New York, Mr. BLOOM, to read the concurrent resolution (H.Con.Res. 37).

Mr. BLOOM read the concurrent resolution as follows:

House Concurrent Resolution 37

Resolved by the House of Representatives (the Senate concurring), That in commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette, the two Houses of Congress shall assemble in the Hall of the House of Representatives at 11 o'clock antemeridian, on Sunday, May 20, 1934.

That a joint committee consisting of 5 Members of the House of Representatives and 5 Members of the Senate shall be appointed by the Speaker of the House of Representatives and the President of the Senate, respectively, which is empowered to make suitable arrangements for fitting and proper exercises for the joint session of Congress herein authorized.

That invitations to attend the exercises be extended to the President of the United States and the Members of his Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, the Diplomatic Corps (through the Secretary of State), the General of the Armies, the Chief of Staff of the Army, the Chief of Naval Operations, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard, and such other persons as the Joint Committee on Arrangements shall deem proper.

That the President of the United States is hereby invited to address the American people at the joint session of the Congress in commemoration of the centennial anniversary of the death of General La Fayette.

Mr. Leon Rothier sang La Marseillaise.

Mr. BLOOM, a Representative from the State of New York, presented His Excellency, Mr. André de Laboulaye, Ambassador of the French Republic.

ADDRESS OF THE AMBASSADOR OF THE FRENCH REPUBLIC

His Excellency, Mr. André de Laboulaye, delivered the following address:

Mr. President, Mr. Vice President, Mr. Speaker, Members of the Congress of the United States, it is indeed a great honor for the French Ambassador to be invited by the American Congress to address you within these walls in the presence of the President of the United States and to add his own country's tribute to that which the United States is today paying to General La Fayette. I owe this honor to the courtesy of the Congress which, in the past, has given so many proofs of its appreciation and gratitude for La Fayette's contribution toward American independence.

It was the Continental Congress which, in 1777, accepted the young Frenchman's assistance and conferred upon him the rank of major general in the Continental Army. Again, it was the Congress which, in 1824, gave an impressive reception to La Fayette on the occasion of his memorable visit to the United States. The attachment of the Congress and of the American people to La Fayette's memory through a century and a half is touching evidence both of the gratitude of the United States and of the greatness of the man to whom this honor is rendered.

To my own and my Government's appreciation of this tribute may I add the thanks of La Fayette's family, of which a member, Count René de Chambrun, is with us today.

Today's ceremony carries me back quite naturally to the celebration held in Paris 2 years ago, at the time of the bicentennial anniversary of Washington's Birthday, when the then President of the French Republic, Monsieur Paul Doumer, personally participated just as President Roosevelt is taking part today.

History has indeed united the names of Washington and La Fayette with bonds that cannot be severed. A friendship, so rare and so true, grew up between La Fayette—youthful and impetuous—and Washington—mature and self-possessed—and continued to bear fruit long after the deaths of these two great leaders. Despite occasional differences of opinion, their intercourse always was marked by a spirit of the greatest courtesy and confidence. This friendship between these two champions of liberty, based on complete devotion to the same ideals, must continue, as in the past, to inspire the American and French Nations, not only in the present but in the days to come.

I have been instructed by the President of the French Republic to convey to you the following message as an expression of the sentiments which are felt on this occasion by the Government and the people of France:

It affords me great pleasure to convey to the American people and to the Congress of the United States the grateful and fraternal greetings of the French people. Faithful for generations to the traditions of your forbears and to the unalterable feelings which constitute the treasured heritage of our two democracies, you are conforming to Washington's spirit in solemnly commemorating on this day the memory of La Fayette, citizen of France and citizen of the United States.

Your eminent President's moral authority, the initiative of Congress, and the spontaneous support of the whole American public invest this function with an impressive and moving solemnity. It is thus that you bear witness to your attachment to the traditions and principles of civilization of which the noble figure of La Fayette is a symbol. It is thus that you confirm the enduring value of the human contacts on which our mutual friendship is founded.

On the banks of the Moselle River, in the heart of the ancient city of Metz, the society of the Knights of Columbus has generously erected a monument in honor of La Fayette. When I attended its dedication at the side of Marshal Foch, and on numerous subsequent occasions, I have pondered over the episodes of the War of Independence and the World War, depicted by the bas-reliefs, and I have meditated upon the great lesson which these glorious feats teach the present generation.

The ideals of liberty which bound us together in those heroic days continue to inspire us in the task of building peace. Our two peoples are seeking progress and prosperity through orderly processes and through respect for the individual. Their common endeavor is the strongest safeguard for these ideals. Their mutual understanding continues to be one of the basic conditions for the maintenance of world peace.

In this spirit, the French people understand the full meaning and implication of the impressive homage rendered to La Fayette by the United States. I am expressing the sentiments of all my countrymen in assuring you of France's unchanging gratitude.

(Signed) ALBERT LEBRUN,
President of the French Republic.

The VICE PRESIDENT. The Chair recognizes the Senator from Virginia [Mr. BYRD] to present the President of the United States.

Mr. BYRD, a Senator from the State of Virginia, presented the President of the United States.

ADDRESS OF THE PRESIDENT OF THE UNITED STATES

The President, Hon Franklin D. Roosevelt, delivered the following address:

Mr. President, Mr. Speaker, Mr. Ambassador, Members of the Congress, Gentlemen of the Supreme Court, my friends: A century ago President Andrew Jackson, in communicating the melancholy news of the death of La Fayette to the Congress of the United States, called it "afflicting intelligence." And so it was. It made more than one Nation mourn, none more than our own. The Marquis de La Fayette was referred to in a General Order to our Army and Navy as "the distinguished friend of the United States"; and the Congress, with rare felicity, added to this the phrase, "the friend of Washington, and the friend of liberty."

In this threefold role of friendship we, the people of this Nation, have enshrined him in our hearts, and today we cherish his memory more than that of any citizen of a foreign country. It is as one of our Nation's peerless heroes that

we hail him, just as his beloved France enshrined him in the Pantheon of her immortal sons.

Many generations later, more than two million American boys, backed by the solidarity of a great Nation, went to France. Those soldiers and sailors were repaying the debt of gratitude we owe to La Fayette, and at the same time they were seeking to preserve those fundamentals of liberty and democracy to which in a previous age he had dedicated his life.

There is no higher tribute we can pay to his memory than this we pay today. In communicating his death to the Nation, President Jackson ordered that "the same honors be rendered him as were observed upon the decease of Washington." Jackson was moved by the tenderness of a personal friendship—moved as he said, "by personal as by public considerations" to direct that every honor be paid "the last Major General of the Revolutionary Army."

We know the exquisite relationship which existed between Washington and La Fayette, and I am indeed pleased that the Ambassador of the French Republic has referred to this friendship. It was that of father and son. For the great Virginian the Frenchman had a veneration and love which approached homage. To him Washington was an ideal—almost more than human.

With Andrew Jackson, the friendship bore perhaps a more personal and intimate cast, because the two were more of an age. Both were mere youngsters at the outbreak of the Revolutionary War. Jackson, a boy of ten in 1777, first saw La Fayette when he landed in Charleston and before he started northward to meet the Congress. The sight of the gallant young Frenchman was so deeply engraved in the heart of Andrew Jackson that half a century later it was as vivid as the day it was etched. Jackson himself, even in boyhood, was to contribute his mite "to shake off the yoke of tyranny and to build up the fabric of free government." And when La Fayette visited our shores again in 1824, Jackson wrote him a paean of welcome, in which he referred to the state of his "own youthful feelings" on the occasion of that first visit. His coming then, he said—

> Aroused every patriot from a state of despair to that of confidence in our bleeding cause, while the shout of victory or death was sung through the welkin. It inspired an enthusiasm becoming the people who had resolved to be free.

When they met here in Washington, La Fayette said this to the hero of New Orleans:

> Had you witnessed my anxiety, when on a sudden all Europe was pacified, and the flower of the British Army were on their way to Louisiana, you would still better judge what I felt of relief, joy, and pride on receiving the glorious account of your victory. I have long anticipated the pleasure to take you by the hand, and whatever be your future movements I will not leave the United States before I have seeked and found opportunity to express in person my high regard and sincere friendship.

This first meeting was as simple and genuine as their natures. Jackson had come to Washington for the session of the Congress, as Senator from Tennessee. He put up with his old friend, John Gadsby, at the Franklin House; and immediately learned that La Fayette was a guest in the same inn. The mayor of Washington had informed the President of the United States that—

> The friend of the people (La Fayette) must be the guest of the people, and could not stay at the White House.

It was a memorable Congress that year, the last to elect a President of the United States, and Andrew Jackson was in the thick of the storm. The two old soldiers saw much of each other during that long winter, and as a Member of the Senate Jackson took part in all the ceremonies held in honor of the French patriot.

It stands on the record of the day that—

> La Fayette was the only man who ever was, in his personal capacity, publicly received by the Senate of the United States.

The record shows that they received him—

> as a brother, rather than a stranger, as one of a loving family, come from a distant shore, after a long and weary absence, to revisit the friends of his youth.

Senator Barbour, of Virginia, presented him. The President and the Senators rose from their seats, uncovered, and the General, advancing toward the Chair of the Senate, was invited to take a seat prepared for him on the right of the Chair. The Senate then was adjourned; for a while the Senators flocked about their guest and gave him a warm-hearted welcome.

It was given to the House of Representatives to extend the welcome of the Nation. Exactly such an assembly as this now before me met in the Hall of Representatives, every branch of the Government fully in attendance. Henry Clay, the Speaker, in expressing what was in the hearts of the people, said:

> The vain wish has sometimes been indulged that Providence would allow the patriot, after death, to return to his country, and to contemplate the immediate changes which had taken place.

To La Fayette had come, he said:

> The realization of the consoling object of that wish.
> General, you are in the midst of posterity.
> No, Mr. Speaker,—

Replied La Fayette,

> posterity has not begun for me—since, in the sons of my companions and friends, I find the same public feelings in my behalf which I have had the happiness to experience in their fathers.

I like to remember also the picture of the visit of General La Fayette to General Jackson at the Hermitage. When La Fayette landed at Nashville, the people stood far back and let Jackson go forward alone to greet him and to welcome him as his feet touched the shore.

At the official welcome of the State of Tennessee, a group of Revolutionary soldiers, some thirty or forty officers and men, stepped forward to greet the old patriot. He saluted each of them with animation and affection. Suddenly his eye fell on one whom he had known in France, who had come with him to America and had been at his side during the Revolution. This worn and wearied old soldier had ridden 1700 miles to see his old general; and when they met, they fell into each other's arms, kissed each other as only Frenchmen can perform that act of devotion, and sobbed aloud.

The next day Jackson entertained him at the Hermitage. The people seemed to sense that history was being made and left them much to themselves. They talked about the French and American Revolutions, and much about Napoleon. Jackson took pride in showing him over the house he had built for his beloved wife. He produced a box of pistols, and opening it, asked La Fayette if he knew whose pistols they were. "Yes," said La Fayette, "they are the ones I gave to General Washington in 1778, and," he added, "I feel a real satisfaction in finding them in the hands of a man so worthy of such a heritage."

Today I have brought to show to the Congress of the United States another link between La Fayette and our country—a sword which has never yet been shown to the American people.

After the termination of the World War and the reoccupation of Alsace by the French, this sword was rediscovered. Its history is this: Shortly before the death of Washington his old companions in arms—those gallant Frenchmen who had taken part in our War of the Revolution—joined together and had this sword made by special order to be presented to their former Commander in Chief.

Before the presentation could be made, Washington died; and 133 years later, through the fine courtesy and feeling of the present Government of France, the sword was brought to America by a distinguished descendant of General La Fayette and presented to the present President of the United States. This sword rests and will rest for all time below the portrait of President Washington in the White House.

I like to associate La Fayette and Jackson. La Fayette's last letter to Jackson was an appeal for help from the Congress for the family of a brave Frenchman who had served in our Revolutionary War. His last thoughts were of Con-

gress and of Jackson. He instructed his son to send to Jackson, for transmittal to the Congress—

A copper plate on which was inscribed the first engraved copy of the American Declaration of Independence to be deposited in their Library as a last tribute of respect, patriotic love, and affection for his adopted country.

It is a singular coincidence that Jackson's mind many years later turned to La Fayette in his last hours. When Jackson's will, signed with his palsied hand, was opened, it was found that he had bequeathed to George Washington La Fayette—

The pistols of General La Fayette which were presented by him to Gen. George Washington, and by Col. William Robertson presented to me.

These he desired sent to the son of his old friend, as his will declared—

As a memento of the illustrious personages through whose hands they have passed, his father, and the Father of His Country.

Mr. Ambassador, I trust that you will inform our good friend, the President of the French Republic, the Government of France, and through them the people of France that on this hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette, we, the representatives of the people of the United States, have assembled once more to do honor to the friend of America.

Mr. Lawrence Tibbett sang Kipling's Recessional and the Star-Spangled Banner.

BENEDICTION

Rev. ZeBarney Thorne Phillips, D.D., L.L.D., Chaplain of the Senate, pronounced the benediction, as follows:

May the peace of God, which passeth all understanding, keep your hearts and minds in the knowledge and love of God and of His Son, Jesus Christ, and may the blessing of God Almighty, the Father, the Son, and the Holy Spirit be upon the people of this country and our sister Republic and upon the peoples of the whole earth and remain with them from this time forth, henceforth, even forever more. Amen.

The VICE PRESIDENT. The joint session of the two Houses is now dissolved.

Thereupon the President and his Cabinet, the Chief Justice and the Associate Justices of the Supreme Court, the Diplomatic Corps, the General of the Armies, the Chief of Staff of the United States Army, the Chief of Naval Operations of the Navy, the Major General Commandant of the United States Marine Corps, the Commandant of the United States Coast Guard, the Governors of the several States, the Commissioners of the District of Columbia, Count René de Chambrun, representatives of the Revolutionary patriotic societies, the Vice President and the Senate retired.

AFTER RECESS

The House was called to order by the Speaker at 12:03 o'clock p.m.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the proceedings of today be printed in the Record.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent that there may be inserted at the proper place in the Record of today's proceedings cablegrams received from the President of the Senate of France, and other distinguished officials of the Government of France.

The SPEAKER. Without objection it is so ordered.

There was no objection.

The cablegrams referred to are as follows:

PARIS, *May 18, 1934.*

PRESIDENT OF THE CONGRESS OF THE UNITED STATES,
Washington, D.C.

At the moment when in a like sentiment of recognition our two Republics are celebrating the memory of La Fayette, the hero of liberty, I beg you to transmit to the Congress of the United States the cordial greeting of the French Senate. We will never forget that yesterday as formerly our two nations were united in defending an ideal of right and justice.

JULES JEANNENEY,
President of the Senate.

PARIS, *May 19, 1934.*

THE PRESIDENT OF THE CONGRESS,
Washington, D.C.

I wish to associate myself as the Minister of Foreign Affairs with the sentiments expressed in the Congress by the President of the French Republic on the occasion of this ceremony which consecrates and glorifies the time-honored friendship of our two countries.

LOUIS BARTHOU.

PARIS, *May 18, 1934.*

PRESIDENT OF THE CONGRESS OF THE UNITED STATES,
Washington, D. C.

The Committee of Foreign Affairs of the French Chamber wishes to associate itself with the pious ceremony organized by the Congress in honor of La Fayette, the hero of liberty in the two worlds and the symbol of the understructible fraternity which unites our two nations. We are grateful and proud of the homage rendered to the memory of our illustrious compatriot who was, with George Washington, one of the founders of the modern political civilization.

PAUL BASTID,
Chairman of the Committee of Foreign Affairs.

PARIS, *May 18, 1934.*

PRESIDENT OF THE CONGRESS OF THE UNITED STATES,
Washington, D. C.

As Chairman of the Senate Committee on Foreign Affairs and also as former Ambassador of France to the United States of America, I wish to associate myself solemnly in the celebration by the American Congress of the one hundredth Anniversary of the death of La Fayette. No celebration could be dearer to the hearts of the French Senators. They are deeply grateful to their American colleagues and salute the ever-living symbol of an indestructible spiritual friendship between the heirs of the American Revolution and the descendants of the French Revolution for the progressive development of individual liberties and collective civilization.

HENRY BERENGER.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 4 minutes p.m.) the House adjourned until tomorrow, Monday, May 21, 1934, at 12 o'clock noon.